

EXECUTIVE INTELLIGENCE REVIEW

Aug. 29-Sept. 4, 1978

Israel's War of Terror

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- The links between Zionism and Europe's Black Nobility
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- New revelations in the Moro murder investigation
-
- How Israeli intelligence runs 'inter-Arab' warfare
-
- Terror threats against the Bonn-Bremen accords
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EXECUTIVE INTELLIGENCE REVIEW

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Israel's War Of Terror

Our cover story this issue inaugurates our new **TERRORISM** section with a story that will be making front-page headlines soon: the fact — just beginning to emerge in the European press — that the Israeli and British intelligence apparatus and the oligarchic forces behind them control world terrorism.

The **TERRORISM** section includes a dossier on how the battle to expose the terrorists' deployers is being fought out across Europe's press and other public forums; translations of Italian, German, French, and other commentaries and revelations; and a powerful documentary expose of the Israeli terror role in the Mideast.

In sum, we've pulled together the full story on one of the darkest secrets of international politics — weeks in advance of its appearance in the rest of the press.

On our cover: Aldo Moro in the hands of the Red Brigades terrorists who later took his life.

IN THIS WEEK'S ISSUE:

Schlesinger Versus Fusion: A Dossier

In **ENERGY**, the blow-by-blow story of how Energy Secretary James Schlesinger and his Administration allies tried to keep a tight lid on the news of the Princeton fusion breakthrough. Our investigative reporters in Washington and New York have brought together the public and the covert sides of what Schlesinger did — and why. Our coverage also includes a survey of the press in the U.S. and elsewhere, sampling the exposure of Schlesinger's activities from some newspapers — and from others, the continued retailing of the Energy Secretary's "It's not a breakthrough" line.

Mondale Moves to Sabotage Carter

In **U.S. REPORT**, a range of interviews and in-depth documentary coverage of the forces shaping Washington's foreign and domestic policy. Our **Administration** column features a candid interview with a leading member of the Zionist lobby on his personal and political ties to Vice President Walter Mondale, while the **Energy** column features a series of comments from key Senators on energy czar Schlesinger and his energy compromise. There's also an exclusive interview with a source close to Senator George McGovern on his public organizing efforts against Zbigniew Brzezinski's policy of "playing the China card," in **Foreign Policy**, and in **Trade** we present an interview with an aide to Senator Stevenson on the legislator's efforts to keep Brzezinski from sacrificing U.S. exports to dangerous and costly economic warfare.

EXECUTIVE INTELLIGENCE REVIEW

THIS WEEK

Short Fuse on War and Terror	5
<i>The plot to terrorize Europe and detonate the Middle East</i>	
Schlesinger's 'China Card' Against Fusion	6
<i>The geopolitics of energy</i>	
West Germany: 'The European Monetary Fund Will Out-Dimension the IMF'	7

TERRORISM

Israel's War of Terror	9
1. How Terrorism is Deployed	9
2. The Battle Over Terror in Europe	14
3. The Worldwide Activation	16
4. Terror Circles Attack the Labor Parties	16
5. The Right-Left Networks in the Mideast	18
6. Mideast Moves for a Cleanup	19

INTERNATIONAL

Israelis, Falangists Plot Invasion of Lebanon	21
<i>Chicago Trib: Lebanese Rightists Seek Begin's Help</i>	
	22
Mexico Expropriates Latifundios	22
<i>Lopez Portillo goes after the enemies of his oil and nuclear development policies</i>	

SPECIAL REPORT

Thermonuclear War by October?	25
<i>Lyndon H. LaRouche warns that Mideast conflict and world terrorism could trigger World War III</i>	

ECONOMICS

Foreign Exchange: Europe Raises \$ Level	33
<i>London's Prescriptions for the Dollar</i>	
	34
<i>A survey of the press</i>	
World Finance: Despite British Countermoves, European Monetary Fund Moves Ahead	36
<i>Matthoefer: 'Firm Determination' to Defend the Dollar</i>	
	37
Banking: The International Bank Ring Behind Terrorism	38

ENERGY

Schlesinger Versus Fusion: A Dossier	41
The Press on Schlesinger's Sabotage	46

U.S. REPORT

The Administration: Mondale Moves to Sabotage Camp David, Carter-Congress Relations	49
ADLer: Mondale's Role in Mideast Policy	50
Energy: Schlesinger: 'Pass My Energy Bill Or I'll Resign'	51
What Congress Says About Schlesinger	52
Foreign Policy: McGovern Charges Cambodia with Genocide	53
McGovern Associate: Brzezinski 'Contained'?	54
Trade: A 'New' Trade Policy?	55
Including an exclusive interview with Senator Stevenson's aide Robert Russell, and excerpts from the Senator's tough challenge to Brzezinski on export policy	

THIRD WORLD

China Tries to 'Encircle' USSR	57
<i>The Hua trip took its cue from British geopolitics</i>	
1. Hua and Romania's Ceausescu's Greetings	58
2. What London's Press Had to Say	59
3. The Soviet View of Hua's Trip	59
4. Vietnam: China Seeking to Conquer SE Asia	60
Pushing Iran Into the 'China Option'	61
<i>Documenting the ugly intent of the</i> <i>'human rights' question</i>	

China Tries to 'Encircle' USSR

And in **THIRD WORLD**, another side of the "China card" story — a full report on Chinese Communist Party boss Hua Kuo-feng's trip to Eastern Europe and Iran that explains the geopolitical strategy behind it. The report includes extensive excerpts from Hua's speeches, and from Soviet and Vietnamese commentaries on China's foreign policy, plus a background report explaining how Brzezinski's "human rights" campaign is being used to push Iran toward a Chinese axis.

IN OUR NEXT ISSUE:

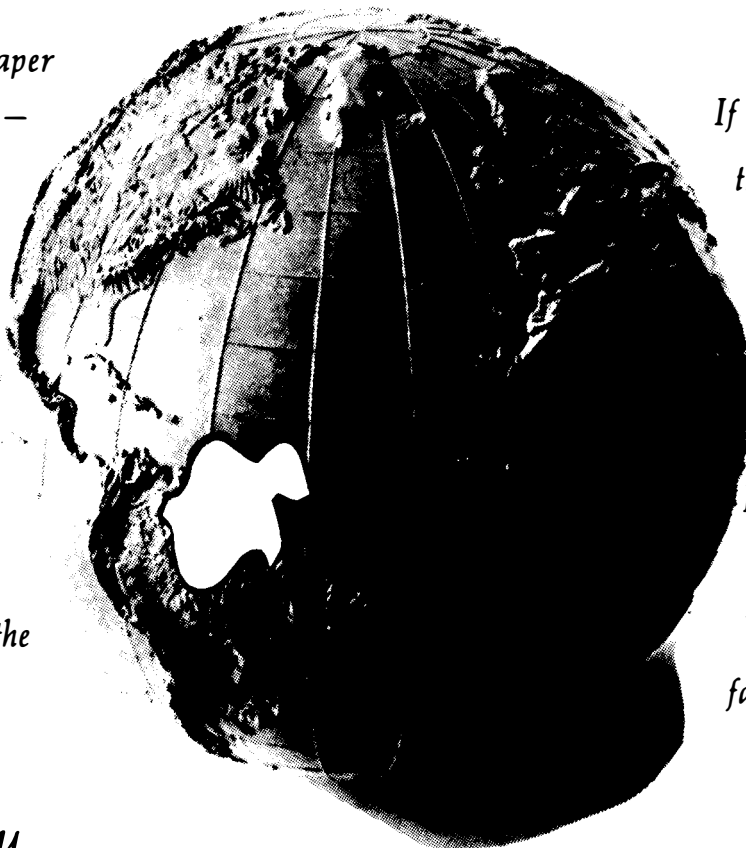
Our **SPECIAL REPORT** will present the full text of the Mitsubishi Research Institute's historic proposal for world industrialization. The scale of the development projects proposed in the Mitsubishi plan for a "global Infrastructure Fund" is indicated by its projected budget of an initial \$13 billion rising to an eventual total of \$500 billion, to be jointly raised by Europe, the U.S., and Japan and the OPEC countries. This blueprint for a real solution to both the problems of world dollar surpluses and world hunger is required reading, both for its own sake and as an extremely important indicator of the foreign policy perspectives motivating Japanese and other world leaders.

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Short Fuse On War And Terror

Zionists, oligarchs plan 'hits' in Europe, war in Mideast

Israel's intelligence and military command, the world Zionist movement leadership, and the Black Nobility of Europe in the Maltese Order have set a fuse to explode the Middle East into war and engulf Europe in terrorism and an oil crisis by early September.

The British-Zionist deployment is aimed at destroying the momentum of the Bremen meeting of EEC heads of state in July to set up a new monetary system to replace the International Monetary Fund. A particular target of the Zionists and the Knights of Malta is West German Chancellor Helmut Schmidt, who has secured support for the Bremen proposals from France, Saudi Arabia, Japan, and the Soviet Union.

Two related threats comprise the conspiracy, under the immediate direction of Israeli intelligence:

First, overt Israeli threats to exacerbate the conflict in south Lebanon and Beirut in order to provide a pretext for an Israeli blitzkrieg against Lebanon and Syria, combined with an attack on the Persian Gulf oil fields. Camille Chamoun, the No. 1 British agent in Lebanon and a top Nazi warlord, paid a secret visit to Prime Minister Begin's home in Jerusalem on Aug. 23 to plan a new invasion of Lebanon.

Second, a wave of terrorism in Western Europe and the Middle East to ignite a new war via "Sarajevo"-style provocations. General Meir Amit, former Shin Beth chief and presently Minister of Transport in Begin's government, has announced that Israeli Intelligence has sent special "hit teams" of crack commandos into Europe. Several murders in Athens, Milan and Paris have already been linked to the Israeli squads.

The timing of the Israeli offensive is linked both to the projected implementation of the Bremen plan, including the reported September linkup between the Bremen European Monetary Fund and the Saudi-led Arab Monetary Fund, and to the Sept. 5 Camp David summit on the Middle East.

On the Lebanon front, Israel, the Falangist militia, and key pro-Israeli conduits like the London Daily Telegraph and the French daily France Soir unanimously report that Syria is planning to make a "decisive" military move against the fascist Lebanese militia at the time of Camp David. The Falangists claim that Syria is building up a massive

troop and armor concentration outside Beirut. These and similar reports are meant to justify a joint Israeli-Falangist strike against Syria.

On the terrorism front, the Zionist establishment in Western Europe under the control of Edmond de Rothschild, the Warburgs, and British Intelligence is preparing a bloodbath. From two leading centers — Switzerland, especially Basel and Geneva, where B'nai Brith and the "Zionist lobby" is headquartered, and Paris, home of the International League Against Anti-Semitism (LICA) — special Mossad teams have been deployed to threaten bankers, industrialists, and politicians with assassination, in coordination with the so-called "left" terrorists like the Italian Red Brigades.

From all reports, France, Germany, Saudi Arabia, and Iran are well aware of the urgency of preventing an explosion in the Middle East and ensuring the success of Camp David — which means, at least, to force the Israelis to announce a commitment to withdraw from the West Bank. But within the U.S. Administration, there are few indications that the White House is aware of the arrogant intention of the Israelis to wreck the Camp David summit. While President Carter paddles down the Snake River in Idaho, Vice-President Mondale — a close collaborator of the Jake Javits-controlled Anti-Defamation League — and Zbigniew Brzezinski are reportedly dominating the U.S. planning for the Camp David talks. The Carter Administration is thus totally unprepared for Prime Minister Begin and the Israeli generals with him.

The crucial issue at Camp David, said an Egyptian official, is "whether the Israelis will get out of the West Bank." Put diplomatically, this means that Israel must adhere to the accepted meaning of Resolution 242 of the United Nations Security Council, passed in November 1967. This resolution, rejected by Israel in regard to the occupied West Bank, was endorsed this week by France, Saudi Arabia, and Iran, and will get EEC backing in a special meeting before Camp David.

Mondale, Javits, and the Zionists are backing Israel's demand that Washington not exert its muscle in an effort to compel Israeli acceptance of Resolution 242.

— Robert Dreyfuss

Schlesinger's 'China Card' Against Fusion

The 'geopolitical' motives for suppressing the Princeton results

When Princeton scientists announced on Aug. 14 that they now had incontrovertible proof that thermonuclear fusion power is scientifically feasible, the news made worldwide headlines. Now the press has begun to break the news of Energy Secretary James Schlesinger's astonishing efforts to suppress the news of the Princeton breakthrough (see **ENERGY**).

What has not yet become known to any but a few insiders is the political — or more properly, strategic — motivation of the energy czar's actions.

At the heart of the issue is the fact that Schlesinger and National Security Advisor Zbigniew Brzezinski are collaborating to block the Japanese government's offer for a \$1 billion fund to cooperatively develop fusion research.

Schlesinger and Brzezinski instead want to sell oil to the Japanese — Chinese oil, to be exact, that the United States and Great Britain plan to develop in the near future.

A crash program for fusion development, especially at a time when the U.S. fusion program is making significant breakthroughs, would completely bollix up this oil-based four-nation bloc intended as a strategic weapon against the Soviet Union.

According to a top Japanese government official, the Energy Department has refused the written proposal of Japanese Prime Minister Takeo Fukuda, which put fusion as the top priority in a joint development program for new energy sources. Instead, the U.S. representative at a meeting Aug. 2 put forward an alternative proposal that had coal liquefaction — of all things — at the top of the list of energy sources to be jointly developed.

"From the Top"

Sources in the Energy Department and the State Department subsequently made it clear to representatives of the Fusion Energy Foundation that the policy directive came "from the top"; that is, right from Energy Secretary James Schlesinger.

Additional pressure against the fusion deal has come quite openly from Brzezinski's office. Last week an official of the Department of Energy's Office of Fusion was telephoned by a representative of Brzezinski who stated: "People in the highest level of government will not cooperate with Japan on energy on a scale that will lead to undue benefits to Japan unless we get assurances that Japan will stop screwing us on the balance of trade."

While Schlesinger and Brzezinski think they may be

pulling a fast one on the Japanese by making them dependent on Chinese oil, the Japanese have made it clear privately that they will stick to their offer making fusion top priority for joint development. "Why should we subsidize coal gasification when the U.S. government is not willing to subsidize it?" one Japanese official said.

Even more important, the Japanese are clear on exactly what China card Schlesinger and Brzezinski are playing. They know that Schlesinger is going to China soon, in a trip admittedly coordinated by Brzezinski for strategic purposes, and they know that his specific mission there is to make a major deal on the offshore development of Chinese oil. They also know that this Anglo-American operation is designed to beat the Japanese out of their offers to develop the offshore Chinese oil, and at the same time to tie Japan into the anti-Soviet bloc.

According to one Japanese official, the Department of Energy is "sneaky" but its ploy won't work either with Japan or China. China is not about to hand its oil resources over to the United States and Britain, although it might string Schlesinger along. As one Japanese business official put it, the Schlesinger policy is "a high school theory...They (Schlesinger and Brzezinski — ed.) do not understand the Chinese mind."

The Princeton Upset

Once the Department of Energy's policy is located at the center of Brzezinski's China card, it becomes clear exactly why Schlesinger was so hysterical at the public announcement last week that the Princeton Plasma Physics Laboratory had achieved ignition conditions for fusion. Fusion and its enormous benefits are the opposite of Schlesinger's oil shortage-austerity option. In fact, the Christian Science Monitor accurately suggested in its article Aug. 15 on the Princeton results that Schlesinger was concerned that the fusion achievement would undermine the threat of oil shortages and thus spoil his China oil deal.

Brzezinski circles in the State Department, meanwhile, characterized the policy of energy cooperation implied by Schlesinger's trip as being subordinated to "broader strategic considerations," which translates into the same oil shortage-austerity option. This is also the line being broadcast by such Brzezinski opinion spreaders as the Aspen Institute, whose director, Harlan Cleveland, recently held a seminar for government officials around the theme "the bloom is off the nuclear rose."

Progress versus Retrogression

The Japanese had specifically named three areas of cooperation in their proposal for fusion research: the Princeton TFTR tokamak, scheduled to come on line in 1981; the Doublet III tokamak device of General atomic in San Diego, which should soon be making breakthroughs similar to those of the Princeton machine; and fusion devices that are not tokamaks.

Sources in the Department of Energy and the State Department told the Fusion Energy Foundation that coal liquefaction was at the top of the U.S. list because at the moment the U.S. synthetic fuel program "is not moving." During the winter, in fact, Schlesinger's antinuclear hatchet man, Assistant Secretary John

O'Leary, had stumped around the country for the coal conversion program. Coal conversion, it should be noted, is thermally inefficient as a major energy source, except in situations like those of Hitler's Third Reich, where it was a chief fuel source.

Ironically, the U.S. memo to the Japanese was submitted under the signature of Robert Thorne, the Assistant Secretary for Energy Technology who according to department sources sent a memo to Schlesinger July 31 saying that the Princeton results virtually assured the scientific feasibility of fusion. Thorne was not present at the Aug. 2 meeting with the Japanese, where the U.S. representative was Dr. Ben Huberman of the National Security Council.

West Germany: 'The European Monetary Fund Will Out-Dimension The IMF'

West Germany's finance minister, Hans Matthofer, put forward the most aggressive public formulation of Europe's "Grand Design" to appear in print, in an interview this week with the magazine *Deutsche Zeitung*. The heads of state of West Germany and France, he said, continue to have "firm political determination to launch this new instrument of monetary policy by Jan. 1" — the seed crystal of a new monetary system, launched last month at the Bremen summit of the European Community. Matthofer suggested to the *Deutsche Zeitung* that the European Monetary Fund created at Bremen is slated "to out-dimension the International Monetary Fund."

More than that, Matthofer slapped down efforts by opponents of the EMF to play up disagreements between the West German government and central bank, remarking that the problem was not between Chancellor Schmidt and Bundesbank President Emminger, but a fight within the Bundesbank itself. Matthofer indicated that Europe will walk into the end-of-September Annual Meeting of the International Monetary Fund in Washington, ready for a fight (See ECONOMICS).

With the West German position on record — even though Matthofer's groundbreaking statement went largely unperceived in the United States — the cat is out of the bag.

The political development accompanying this is the most lopsided in memory of transatlantic politics: the United States Administration has been toying around with modest gold sales, rumors of withdrawal of reserves at the IMF, jiggling of the discount rate, and other cosmetic measures to support the dollar. But Europe is trying to re-crown the dollar as the center of a development-based world monetary system.

Furthermore, the French and West Germans are

using every lever of influence to pry the United States away from Tony Solomon's dollar-depreciation position. The statements issued by Saudi Prince Fahd Tuesday and the Shah of Iran Wednesday promising there would be no oil price increase during 1978, and emphasizing that the Organization of Petroleum Exporting Countries would stick to the dollar as the basis of oil pricing, came after Western European intervention.

Top industrialists in West Germany, beyond the point of frustration in their efforts to pull the U.S. along for its own good, are reaching for their telephones and screaming at their contacts on the other side of the Atlantic.

West German finance ministry officials say that they and their French counterparts have to play a Mutt-and-Jeff game with the United States on the gold question. While the West Germans and French agree that gold should be the link between the Arab Monetary Fund and European Monetary Fund, a link agreed to early this month between Helmut Schmidt and Saudi Prince Saud, they do not want to push this position up front. They are leaving that to the French, officials said, and playing the gold issue down among themselves — in order to provoke a minimum of hysteria from the United States.

Nonetheless, the combination of events over the last week that Matthofer articulated most clearly adds up to a significant consolidation of European plans. Added to this was the Moscow visit of former Economics Minister and present Dresdener Bank Chairman Hans Friderichs, where he met top officials and signed a \$500 million loan agreement. Friderichs's deal represents the coming on line of the economic portions of the Schmidt-Brezhnev treaty of last May, the first step in the Grand Design process.

In contrast, U.S. Fed Chairman Miller, formerly the

inflation-fighting hero of American commercial bankers, has proposed to shut down America's world financial operations. In an Aug. 25 interview with Dow-Jones, Miller asked for world central bank efforts to control and perhaps impose reserve requirements on the Eurodollar market, to ward off a "19th century money panic"! Miller's view was stated last May by Gordon Richardson, now Governor of the Bank of England and formerly Chairman of Schroeder

Bank, and reiterated this week by Schroeder economist William Griggs in a Money Manager interview.

Miller and his British friends are proposing to shut the U.S. out of the international market, at the same time that the West Germans and French are inviting the Americans in.

—David Goldman

Israel's War Of Terror

Revealing the secret behind international terrorism

The secret of international terrorism is out. European leaders Hanns-Martin Schleyer and Aldo Moro, kidnapped and murdered by "radical" gangs; the bombing victims of the right-wing Croatian Ustashi; and the multiplying targets among leading Arabs of professional "hit" squads around the world, are not the prey of a legitimate "sociological phenomenon." Instead, a chain of revelations aired in the world press and largely blacked out in the United States have blown the cover off both the unified line of command and the unified purpose of all of these violent deployments, under their various false political labels.

Inaugurating a new TERRORISM section, Executive Intelligence Review brings you, in exclusive, the global picture of how the European "black nobility" centered in the British faction of the Knights of Malta deploy both the left and right varieties of terrorism through Israeli intelligence and the Zionist lobby.

Our survey begins with a systematic explanation of how the terrorism deployers work and why they are

now openly targeting as their enemy the "Grand Design" politics of the Bremen and Bonn summits — politics which aim to attain detente with the Soviet Union and peace in the Middle East through high-technology economic growth and the rapid development of nuclear energy. We include the shocking details of the Israeli cabinet's decision to deploy "hit squads" around the world to decimate the ranks of propeace Arab forces; the revelations around the Moro and Schleyer crimes which point the finger at Israeli intelligence's nurtured terrorists, among them Baader-Meinhof kingpins Klein and Klaar and the notorious "Carlos"; the press manipulations to divert attention from the real controllers and point the finger at the Kremlin, thereby contributing to the war climate; and the map and chronology of the most recent bloody events in Israel's war of terror.

Finally, we include the story of how the "Black Guelph" and Israeli-Zionist networks have singled out for harassment and attempted "hits" the key organizations centralizing the Grand Design efforts, namely the U.S. and European Labor Parties.

1. How Terrorism Is Deployed

Approximately two weeks ago, Israeli Minister of Transportation Meir Amit announced the deployment of Israeli hit teams all over Europe. The reason for the deployment was reiterated by Amit for the second time in a public speech he delivered on Aug. 23 at the Funeral of an El Al stewardess killed during an ostensible Palestinian raid on an El Al bus in London: other countries are not sufficiently tough on terrorism, he said, therefore Israel will do the job for them.

As we will show, it is in fact Israel, together with Britain, that controls international terrorist capabilities.

At the time of Amit's pronouncement, French intelligence sources reported that the Israeli assassination squads had already been in place in Spain, Greece and Italy, as well as other parts of Europe, including London. The teams, as usual, would operate without the knowledge of the governments of the countries concerned.

On the same day, Aug. 23, two Arabs were murdered by these teams in Athens, while in Syria the Interior Ministry's Director of Police, Ahmed Khalil, was also murdered. Khalil was the official who had successfully cracked some key networks of Israeli foreign terror operations operating out of Cairo, Switzerland, West Germany, and Italy.

Inside Israel itself, according to the *International Herald Tribune* and other sources, a nation-wide "antiterror" mobilization is taking place, linking all security and intelligence-military commands in a top-down gearup of Israeli terrorism capability, under the typical cover of further "antiterrorism control."

According to the Italian daily *La Stampa*, top U.S. authorities consider the possibility of a new Middle East war imminent — to be triggered by a predicted "unprecedented wave of terrorism" which has already begun. The timing was set to disrupt President Carter's Camp David summit, and with it the possibility of Middle East peace.

But the incontestable primary target for Israeli-controlled terrorism is no doubt the nation of West Germany, whose government under Chancellor Helmut Schmidt is the leading organizer of the "Bremen" program for a revamped gold-backed monetary system. This, the London *Times* and London *Financial Times* have repeatedly warned, would bankrupt the existing international bodies under London's control, i.e., the International Monetary Fund and its dependent Eurodollar speculative bubble, which keeps the London-based banking networks afloat. The international terror capability that Britain and Israel jointly control is the weapon being deployed in those networks' defense.

Press Exposure

These and earlier cited announcements of an international terror escalation come at the same time that the official channels in Italy, France, the Middle East, and elsewhere have begun to expose Israel as the source of international terrorism. The exposure campaign was launched Aug. 17 with an interview in the French daily *l'Aurore* with Italian General Dalla Chiesa, a carabinieri general recently appointed by Italian Premier Andreotti to head investigations into the foreign networks responsible for the March kidnapping and subsequent murder of former Premier Aldo Moro (See box). Dalla Chiesa identified Joaquim Klein as an agent of the Israeli Mossad (a branch of Israeli intelligence). Besides Klein's role in the founding of the Baader-Meinhof, he was the mastermind of the 1975 raid on the Vienna OPEC meeting.

Dalla Chiesa reported that Klein had been recently at an Israeli kibbutz for extensive Mossad debriefing before receiving new identification papers and deploying to an unspecified country.

On the following day, the Italian daily *Il Giorno* independently conformed the General's accusations, and a heated debate began in the Italian press, including denials of the charge by the general secretary of the Italian Socialist Party Craxi, whose funding comes directly from Jewish sources in West Germany through one Walter Hesselbach (whom we shall meet again below).

The West German *Frankfurter Allgemeine Zeitung* on Aug. 18 nonetheless further confirmed Dalla Chiesa's claims about Klein, and revealed that another Baader-Meinhof member, H. Klaar, was in Italy under Mossad auspices during the period of the Moro kidnapping, without Italian police authorities having been informed. West German television also picked up the story, announcing the beginning of an official government investigation. The density of exposure has prompted the Israeli government to issue a formal denial, widely circulated through the *Jerusalem Post*, *Ha'Aretz*, and similar press conduits.

On the Arab side, the European exposure campaign has been matched with parallel accusations against Israel as the manufacturer of intra-Arab warfare. The

claim was made by the Palestine Liberation Organization following the bombing of PLO headquarters in Lebanon, according to *Le Figaro* reports. Sources also cited Iraqi-based Abu Nidal's terror organization as an Israeli operation. These claims were backed up by Egyptian police authorities, including the cited murdered Syrian Police Director Khalil, who reported possession of massive evidence of the real source of Baader-Meinhof, Red Brigades, and so-called Palestinian terror. Their Israeli origins have also been widely reported privately by top Arab diplomats in the U.S. and Western Europe, as well as Pentagon intelligence sources.

Hit Teams, Cover, Money

What emerges through investigation are three parallel levels of operations which jointly run international terrorism, all ultimately tracing back to Israeli and British origins. These are:

(1) The professional hit team level, of the kind which Israeli Transport Minister Meir Amit admitted was being deployed by Israel.

(2) The "cover" level of the left-wing terrorist gangs which typically provide the suitable cover for the professional teams, and

(3) The level of financing both of the above, which leads to London-controlled Jewish financial houses.

The first level speaks for itself. The functioning level of the level two capability can be understood when traced back to its source. In this regard, the case of Daniel Cohn-Bendit is exemplary. During the 1968 events in France, Cohn-Bendit was protected, given cover from the police, and ultimately conducted safely into West Germany by the Red Cross, a seemingly innocuous organization founded by the Order of St. John of Jerusalem (Knights of Malta) as a terrorist conduit (documented in a special report, "The Black International Terrorist Assassination Plot to Kill Lyndon H. LaRouche, Jr.", published by Campaigner Publications.)

Following the French destabilization of 1968, Israeli agent Cohn-Bendit was relocated to Israel, where he led the Fourth International's Matzpen Party in a proterrorist direction, organizing a half-dozen individuals later arrested for terror and spying activities under the name of the "Red Front" scandal, which paved the way for terrorism that was later blamed on the Palestinians by the Israeli government.

Cohn-Bendit, over the past week, attended pro-Croatian rallies in Frankfurt, culminating in a meeting including the notorious terrorist Rudi Dutschke ("red Rudi") and others from contaminated sections of the Social Democratic Party (SPD) machine in West Germany. According to *Der Spiegel*, *Die Welt*, and other press conduits, the meeting was called to "re-found the SPD" through the integration of the terrorist underground and the "greenie" or environmentalist movement together with sections of the SPD, with Cohn-Bendit running as a state-wide candidate in the upcoming Hessen state elections.

New Openings In Italy's Moro Case

Simultaneous with the formation three weeks ago of a special Parliamentary Commission of Inquiry to investigate the assassination of former Italian premier and president of the Christian Democratic Party, Aldo Moro, security service officers in charge of the case are actively following up the "international links" of the Red Brigades into West Germany and Egypt. The officers have established that clues leading to an international network of terrorists were known to the Interior Ministry two days after Moro was kidnapped. The clues were found by the police in the headquarters and logistics center of the operation against Moro in via Gradoli, Rome. The paper of the Italian Communist Party, L'Unità, and Italy's paper of record Corriere della Sera gave broad coverage of this new development in the Moro case:

L'Unità, Aug. 10:

Behind the assassination of Aldo Moro there is a plot that goes beyond our borders. The suspicion is old...but now the investigators are sure: they are not working on a hypothesis but on concrete elements already gathered. Two judges working on the case — Ferdinando Imposimato and Rosario Priore — have gone to Wiesbaden (West Germany) to collect (more evidence)....Some of the decisive evidence was collected in the Rome apartment of via Gradoli, considered to be the Red Brigade

operational center for the Moro kidnapping. Among the many mistakes committed around the via Gradoli hideout, there is one that is most disconcerting: once the base was discovered March 18 (two days after the kidnapping — ed.) the deputy attorney general directing the investigation at the time ordered that all the material be confiscated and taken to the offices of Criminalpol (the Italian branch of Interpol — ed.) where it was "frozen" for many weeks....A qualitative shift in the investigation is expected in light of the new evidence....

Corriere della Sera, Aug. 13:

Rome has already asked for an official meeting with Cairo's attorney general, Ibrahim El Kaliubi. Late last April some 20 terrorists were arrested in Cairo, among them four Europeans charged with belonging to a terrorist central command center which links up with the Red Brigades and the Red Army fraction (the Baader-Meinhof — ed.)...There are talks about imminent arrests....Following cooperation requested from the West German police and magistrature...the judges want to personally check the (Cairo) clue....

The judges were very surprised to learn that less than 48 hours after Moro's kidnapping a clear clue had reached the chief of police (regarding the via Gradoli hideout — ed.)....On March 18 the police went to via Gradoli but only knocked at the door.

These networks are allowed to remain in place and operate with freedom through contamination of the official police apparatus. Indicative is the Hesselbach network, already cited, which conduits the funding for Cohn-Bendit's operation. The link-up in this case runs through the von Opel family, a band of drug-runners who are family friends of Hesselbach. Frauline von Opel is a close friend of both Cohn-Bendit and Rudi Dutschke.

Hesselbach is chairman of the Administrative Council of the Deutsche Bundespost, and the leading conduit for terrorism against the European Labor Party. He is a member of the Jerusalem Foundation, although according to the Foundation's West German director Hesselbach is not listed in the official rolls of the organization because he is so personally exposed as to endanger the position of the Foundation itself. The Jerusalem Foundation in turn is one of the leading international Jewish terror arms of the London-based Knights of Malta.

Recently, intelligence sources in Italy provided this newsservice with evidence linking Israeli intelligence and Zionist circles to the "black nobility" of Europe in the terrorist command. The evidence, which has already been substantially corroborated by this

magazine and by western intelligence services, centers around a Romanian Jew, George Mandel (alias Mantello) in the employ of Prince Umberto of Savoy. Mandel is reportedly a partner in a dummy firm in Switzerland named Cappocetto which launders money from the Israeli labor organization Histadrut into both overt terrorist operations and B'nai B'rith organizations in Europe and North America. Among Mandel's closest collaborators in this effort are Dr. Erlich, who heads the Basel quarters of B'nai B'rith, and J.P. Bloch, a Paris-based Rothschild family agent who runs the LICA. The LICA is a Zionist organization which, in its capacity as a subsidiary of the Jerusalem Foundation, has been behind a recent campaign of slanders and violence against the European Labor Party.

It was Mandel who safely smuggled out of the U.S. and into Italy one Colonel Shaw, who was involved in the Kennedy assassination. This was accomplished through the good offices of the Bank of Montreal, a bank operated by the Canadian machine of Edgar Bronfman, himself a member of the Jerusalem Foundation and a Knight of Malta with the closest historical ties to the British Montefiore-Samuel family, founders of Royal Dutch Shell, and a dozen

financial houses including Hill Samuel, Samuel Montagu, and others. Mandel has also been traced into a grid of other Canada-based corporate entities all intersecting the interests of the Bronfman family. These involve the Centro Mondiale Commerciale and interlocked entities in Basel and Geneva (heavily bankrolled by the Seligman banking family of London and New York City), which have a long history of financing Nazi and neo-Nazi operations. These connections included Jacques Soustelle's OAS (Secret Army Organization), which was responsible for an estimated 300 assassination attempts against French President DeGaulle during the 1960s.

At no time in recent history have the factions opposed to terrorism so demonstrated their willingness to shut down the centers of terrorist deployment by beginning to publicly brand

terrorism's international controllers. The statements of Italian General Dalla Chiesa, released in collaboration with West German, French and Egyptian intelligence, represent the beginning of the kind of exposure which could bring terrorism to a halt once and for all.

What is required now is for the actual City of London control of Zionist and related terrorism to be publicly aired, demystifying the carefully created "sociological" and other mystiques which have thus far been employed to divert the investigator away from the crucial "level three" operations of terrorist financing. Once these are fully documented, international terrorism will be exposed as the deployable weapon of a closely interrelated set of financial institutions who wield terror as a weapon to keep the rest of the world in line.

—Vivian Zoakos

Terror's Israeli Links Revealed In The Press

Below are excerpts of a front-page article that appeared in the French conservative daily L'Aurore Aug. 17, authored by Philippe Bernert and headlined "Carlos's Lieutenant in the Hands of the Mossad," documenting Israeli intelligence control over Baader-Meinhof terrorist Joachim Klein. The news was subsequently picked up in several leading West European newspapers.

A specialist of the secret war explained to me that the services of Dalla Chiesa will be able to benefit from the capital aid of the Israeli Mossad.... The Israeli secret services, who are among the best informed on questions of terrorism, recently succeeded in a master coup by taking over one of the leading members of the Baader-Meinhof, the ex-terrorist Joachim Klein, Carlos's lieutenant.... He began to reflect, and on April 26, 1977, in a symbolic gesture Klein sent the magazine *Der Spiegel* by mail from Milan his Zbrojovka 38 Czech revolver, with a few words: "I am abandoning. I have done enough evil as it is...."

Hounded by all... Klein began looking for protection. He negotiates with the Israeli secret services. Wasn't his mother Jewish?...

As proof of his good faith, he will give them indications which will permit them to foil two planned attacks against the Jewish community of Berlin and Frankfurt planned by the Baader-Meinhof.... But for years Klein has been the depository of the terrorist secrets: he knows the training camps of Southern Yemen and Iraq. Klein alone is more valuable than the Wiesbaden computer. The Israelis decided to set him up under an assumed name in a particularly well protected kibbutz in Negev.

Carlos's lieutenant has thus contracted a life insurance policy. If we agree to allow Italy to benefit from our discoveries in terrorism, the (Israeli) specialist whom I interrogated said, it is because Rome's policy toward Israel has evolved. We are not even talking about the historical compromise affair, but for a very long time, for oil reasons, Italy has flirted with the Third World, and found itself committed on the side of (Libyan leader) Qaddafi, to the point of making a secret agreement with him: in exchange for oil and the promise that the Palestinians would not attack Alitalia planes, Rome would free without trial the terrorists who killed more than 30 people at Fuimicino....The rapprochement between Rome and Jerusalem will also tighten the net around the terrorists who assassinated Aldo Moro....

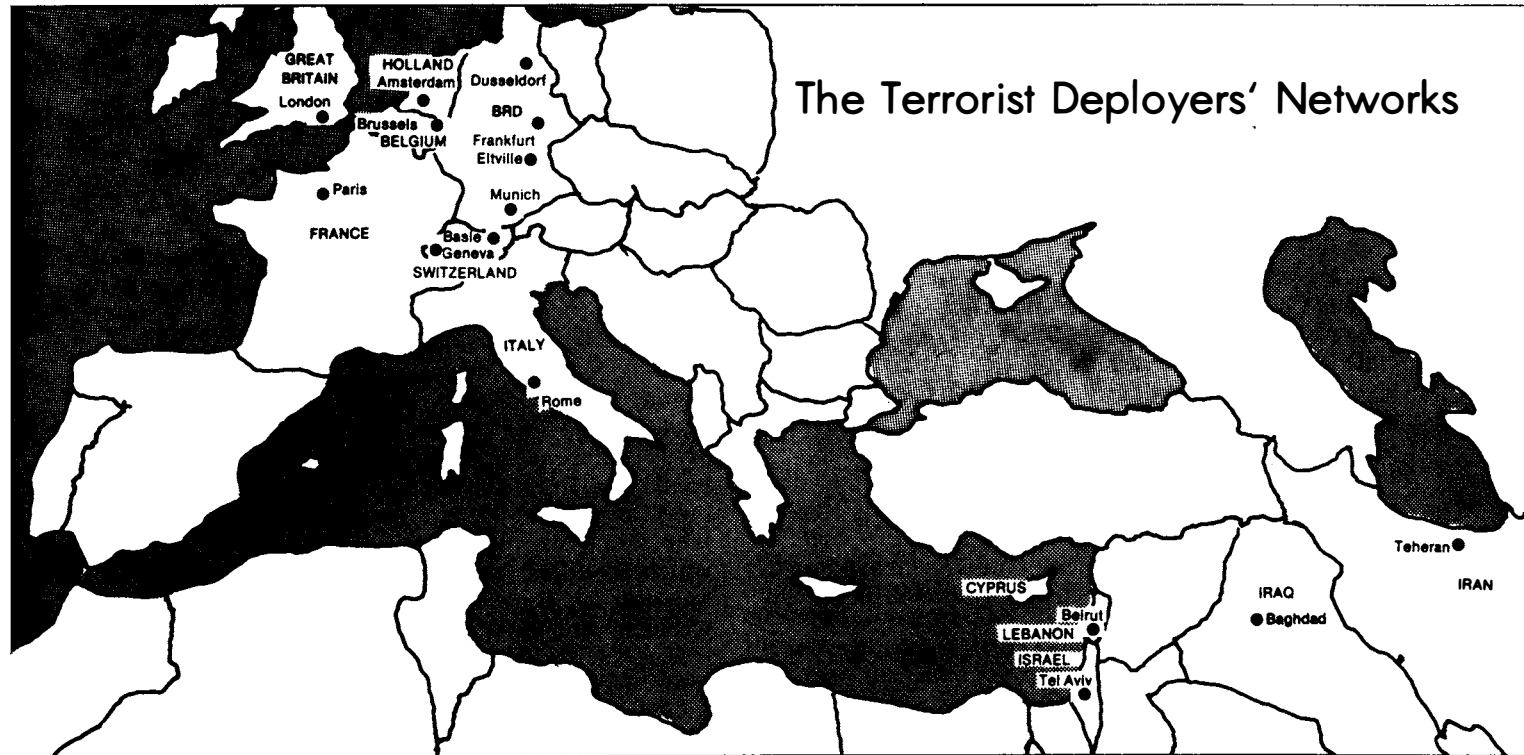
The treatment of Klein is particularly interesting when it is recalled that the West German newspaper, Bild Zeitung, ran this picture caption coverage of Carlos on July 23:

Unbelievable, and yet true: the most wanted terrorist in the world, Illich Ramirez, called Carlos, waiting in the middle of passengers with his arms crossed out of idleness, in London's Heathrow Airport.

Secret service agents photographed him, but did not arrest him. How come?...

A secret service agent (Israeli — ed.) deflected the indignation of German, English, and French terrorist experts by saying that in this way one has the international terrorist scene under better control. Besides, Carlos is wanted by so many countries that his extradition represents a legal problem....

The Terrorist Deployers' Networks



LONDON

Her Majesty the Queen
 British Round Table
 Jerusalem Foundation
 Royal Institute for International Affairs
 Institute for the Study of Conflict
 International Institute for Strategic Studies
 Center for Policy Studies
 Barclays Bank
 British Petroleum
 Aims for Industry
 Institute for Economic Affairs
 National Westminster Bank
 Bank of England
 BBC
 Reuters
 London Times
 Daily Telegraph
 S.G. Warburg and Co., Ltd.

BRUSSELS

Royal family of Belgium (top controllers of the Knights of Malta)

AMSTERDAM

Transnational Institute (the European wing of the Institute for Policy Studies' private intelligence-terrorist network.)

PARIS

Ligue Internationale Contre le Racisme et l'Antisemitisme (LICRA)
Le Nouvel Observateur (British-Rothschild-controlled weekly magazine, cover for "ecologist" terrorists)
 Guy and Edmond de Rothschild: founders of French Zionist lobby
 Jacques Soustelle (coconspirator of terrorist, anti-Gaullist OAS)
 Michel Poniatowski (former Minister of Interior, leading member of the "Black International")
Liberation (extreme-left news service, fronts for terrorism)

BASEL

Cappocetto (dummy corporation that launders terrorist financing; owned by George Mandel, agent of Italian pretender Umberto of Savoy)

MUNICH

Operating center for neo-Nazi Franz Josef Strauss.

ELTVILLE

Graf von Eltz (Grand Master for West Germany of the Sovereign Order of St. John of Jerusalem, Knights of Malta)

DUSSELDORF

Dr. Charlotte von Loeper (Deputy Chairman of the Jerusalem Foundation in West Germany; heavily involved in Zionist terror activities)

FRANKFURT

Deutsche Bundesposte headquarters
 Bank fur Gemeinwirtschaft (both under the control of Walter Hesselbach; leading conduits for terrorist funding)

CYPRUS

Two sovereign British military bases
 EOKA-B fascist underground
 Rauf Denktaş, Turkish Cypriot chief

BEIRUT

Falange (Al-Kataeb)
 National Liberal Party
 Camille Chamoun
 "Rejection Front"

TEL AVIV (Israel)

Mossad
 Modi'in (Mil. Intell.)
 Shin Beth
 Moshe Dayan and ex-Rafi-ites
 Ariel Sharon
 Ezer Weizman
 Yigal Allon
 Jerusalem Foundation
 Hebrew University

BAGHDAD

Abu Nidal
 Ayatollah Khomeiny
 Michel Aflaq, Baath "Old Guard"
 Barzani-Talabani Kurds

TEHERAN

Bahai Cult
 Shi'ite rebels

2. The Battle Over Terror In Europe

Aug. 1: Christian Democratic Minister President Albrecht of Lower Saxony announced he is in possession of a terrorist hit list which he will not make available to the authorities.

— *Muenchner Merkur*, newspaper of Bavarian neo-Nazi Franz Josef Strauss predicted Arab terrorism all over Europe.

— *Bayern Kurier*, similarly controlled by Strauss, alleged Chancellor Helmut Schmidt has a Nazi past.

Aug. 7: Hans Filbinger, Minister President of the state of Baden-Wurttemberg, was forced to resign for alleged past Nazi activity. Filbinger is one of the most outspoken supporters of Schmidt's economic policies in the German Christian Democracy.

— *Der Spiegel* interviewed Joaquim Klein, cofounder of the Baader-Meinhoff terror gang, who is in hiding at an undisclosed location. The article attempted to whitewash Klein who is portrayed as a "reformed" terrorist. Klein was subsequently exposed as a continuing Israeli terror operative.

Aug. 10: Franz Josef Strauss and others in his Christian Social Union party (Voss, Zimmerman) called a parliamentary question on the constitutionality of aspects of the Bremen summit economic program in West Germany.

Aug. 11: The Soviet military daily *Red Star* reviewed "Black Orchestra," a book recently published in Paris, which discusses the role of Western intelligence services in neofascist activities.

The spiritual closeness of neofascism and Zionism is noted in the book. The militarism of Israel and its brazen expansionist policy in particular command the respect of the neofascists, writes the author. In "the spiritual arsenal" of neo-Nazism there is a place for the ideas of the "Great Helmsman" (Mao Tse-tung — ed.).

Aug. 15: Guido Giannettini, Italian intelligence agent linked to Premier Andreotti of Italy, held a press conference after being allowed to return to Italy from exile. In 1974 key agent Giannettini had authored the "Dossier San Marco" (subsequently published in translation by the *Executive Intelligence Review*) which detailed the Israeli control, through the Mossad, of European terrorism and its links to Kissinger and the Watergate scandal.

Aug. 16: *Christian Science Monitor* correspondent Paul Wohl cited articles from the important Soviet weekly publications *Nedelya*, the Sunday supplement of *Izvestia*, and *Ogonyok*, reported to be an "unprecedented offensive against 'Jewish controlled

The Press Battle . . .

Last week the press was one of the most important battlegrounds in the fight over international terror. Here, several of the key articles:

London: Terror Is Soviets' "Covert War"

London Times, "The Intelligence War: Moscow Plan to Sabotage West," by Robert Moss (known to be directly tied to British intelligence), Aug. 21:

...A number of Soviet bloc defectors have testified that the secret departments of the KGB and the GRU (Soviet military intelligence) responsible for sabotage have detailed plans to orchestrate strike action, demonstrations, and physical destruction in a period of tension, short of armed conflict, to paralyze West European countries.

...But the most dramatic insights into Soviet plans for industrial sabotage came from Oleg Lyalin, the man who defected to Britain in 1971, bringing with him the darkest secrets of the KGB's Department V.

...Lyalin told his British debriefers in great detail about the KGB's preparations for the sabotage of vital services, industrial centres, communications and

computer facilities.

The Soviet interest in sabotage reveals a willingness to use terrorist methods to bring about the triumph of world "socialism" — and therefore casts doubts on Moscow's denials of any involvement with international terrorist groups that are currently active.

Western governments have a duty to make as much public as can be disclosed without compromising intelligence methods or sources.

The facts give the lie to those who persist in making out that any attempt to describe the reality of the Soviet threat is an effort to revive the "Cold War."

Covert warfare is being waged against the West by the KGB day by day, inside our borders...

"Moro Case Was Not a Simple Case of Terrorism"

Il Giorno (Italian daily), interview with Flaminio Piccoli, the new president of the ruling Christian Democratic (DC) Party, Aug. 22:

The pact (between the DC and Italian Communist Party, PCI — ed.) we are initiating now originated out of the national and international situation of crisis. Think of the fluctuations of the international currencies, which are indications of

capitalism' and 'Zionist terror'. As reported by the *Monitor*, the articles published a study dealing "with an alleged Jewish stranglehold over the world's multi-billion weapons trade, 'the most Zionist of businesses which pays the dividends of blood collected by the cosmopolites of the lord of hosts.'" The articles also "deal particularly with (Lazard Freres)... 'one of the world's principal financial empires, founded and controlled by Jewish bankers, Kuhn Loeb, the Rothschilds, etc.... Tell me who your banker is and I shall tell you who you are...'"

Aug. 17: Italian General Carlo Alberto Dalla Chiesa interviewed by the French daily *L'Aurore* cited terrorist Joachim Klein as being under control of the Israeli Mossad intelligence organization.

Aug. 18: Italian Socialist Party General Secretary Craxi authored an editorial in *Avanti*, the party paper, denying that Klein is an Israeli agent and charging that he is instead under the control of the East bloc.

Aug. 18: The Italian daily *Il Giornale* independently corroborated Dalla Chiesa's charge about Klein and his Mossad employers.

Aug. 19: The Soviet journal *Sotsialisticheskaya Industriya*, in an article titled "The Zionists Are the Gun Runners," said that the same capital that created Zionism today runs two-thirds of the international illegal gun traffic; international Zionism does not want a settlement to the Mideast crisis.

Aug. 21: *Spiegel* magazine reveals a coming wave of anti-German terrorism from Croatian, Baader-Meinhof, and other terrorist networks.

Aug. 21: *Der Spiegel*, together with *Die Welt* and others, covered the meeting of Cohn-Bendit, Rudi Dutschke, and others in the Social Democratic (SPD) machine of West Germany to "refound the SPD" through collaboration between terrorist and environmental circles.

Aug. 22: Italian magistrate Galluci announced an upcoming trip to Cairo to follow the tracks of exposed Israeli terrorist Joachim Klein.

Aug. 22: *L'Unità*, official daily of the Italian Communist Party, charged that London appears to function as an international center of terrorism.

Aug. 23: Two days after the appearance of Robert Moss's column in the *London Times* attempting to divert investigations into terrorist control to the East bloc (see box), the Italian *Il Messaggero* published an article attacking top DC foreign affairs advisor Granelli for refusing to admit in an earlier interview that terrorism does indeed originate from the socialist countries. Instead *Messaggero* counterposes Socialist Party secretary Bettino Craxi to Granelli, championing Craxi for being the only one who openly points to Czechoslovakia and other socialist countries as the terrorist deployers.

... Three Examples

economic and political contrasts... We must learn from the lessons of the Weimar Republic.... The attitude of the PCI has contributed a lot to the democratic order... and in particular in connection with the response we must give to the armed party (terrorists).... We are on the road of violence, of local wars and of terrorism. This is not the beginning, but is the climate of a world conflict.

(Asked about the attacks to which he has been subjected by some members of the press for "knowing and not saying" what he knows about the networks involved in the murder of ex-Premier Aldo Moro, Piccoli responds:)

The Moro case was not a simple case of terrorism. In him they wanted to strike at the autonomous Italian policy... I feel that the truth will come out, and think that (Christian Democrat General Secretary) Zaccagnini was very right to impose on the DC the effort to reach the truth at all costs.

"Terrorism: The Respite Is Over"

Der Spiegel, lead article, Aug. 21:

After the attack on the Consulate General in Chicago, Bonn fears an escalation of violence on

German territory. The signs are mounting that terrorists are becoming active once again. This could stymie Federal Chancellor Schmidt's idea of influencing the state elections in Hesse and Bavaria through concrete initiatives....

Nothing's over yet. On the contrary, much points to the assumption that the respite since the Schleyer kidnapping is coming to an end. For quite a while there have been an increasing number of signs that Red Army Fraction anarchists are planning new actions in the Federal Republic.... New kidnappings are considered just as probable as ambush murders or well-aimed bullets destined for prominent politicians, top officials or influential economic leaders....

(Schmidt's) plan for September is to begin an environmental protection offensive against the "greenies," and to have the government give a glowing report about itself during the budget debate, in order to warm up the memory of Schmidt's successful summer diplomacy and his tax relief decisions.

But the hostage-taking in Chicago has shown the people in Bonn once again how little their political calculations are worth when terrorists strike.

3. The Worldwide Activation

Aug. 14: Two bombs were set in New York locations. Croatian terrorists claimed responsibility. These were accompanied by a note threatening the life of West Germany's Chancellor Schmidt if Croatian terrorist Stephen Bilandzic, now in West German custody, is exchanged for Baader-Meinhof terrorists now held in Yugoslavia.

Aug. 15: Bilandzic's attorney threatens that if Bilandzic is handed over to Yugoslavia, there would be an unprecedented wave of terrorism against the West German state.

Aug. 17: Croatian terrorists attacked the West German consulate in Chicago, threatening to kill eight hostages and blow up the building if Bilandzic was not released.

Aug. 18: Eight bombs exploded on British Army installations in West Germany. This was later attributed to the Irish Republican Army by British army "terrorism experts" flown in from London and Belfast. Reuters — the press service of the British Monarchy — predicted that the IRA Provos, in association with the Baader-Meinhof and

"Palestinian" terrorists would launch a new campaign in West Germany.

Aug. 19: Moslem Shi'ite terrorists burned down a crowded movie theatre in Teheran, Iran, killing approximately 400 people. This was the latest in a series of attacks by the Shi'ites protesting the modernization policies of the Shah.

Aug. 20: Israeli-controlled Arab terrorists attacked a bus in London carrying an El Al airline crew and passengers. An Israeli stewardess and one of the gunmen were killed and nine others injured.

Aug. 20: Three smoke bombs were thrown into a Paris-Moscow train in Belgium by the Belgian "Youth Front" in protest of the Soviet invasion of Czechoslovakia 10 years ago.

Aug. 20: Two bombs were defused by police in Jerusalem, and a third bomb found and disposed of in Ramla, Israel.

Aug. 22: A prediction of a possible "radical" hit against Italian Communist Party General Secretary Enrico Berlinguer, who is a key individual for Italy's participation in the Bonn-Bremen arrangements, appeared in the *Washington Post*.

4. Terror Circles Attack The Labor Parties

The same Jerusalem Foundation-dominated Zionist networks behind an international terrorist activation and an Israeli-provoked Middle East War are presently in full deployment against the U.S. Labor Party and a cothinker organization, the European Labor Party.

The office of the European Labor Party in Sweden was visited by two Finnish women who identified themselves as members of "CIA Watch," an international organization founded by Philip Agee, whose express purpose is to "expose CIA agents" around the world to set them up for assassination. The women stated that they had been instructed to photograph members of the party and its offices for part of Agee's "research."

In late July, operatives of the Jerusalem Foundation and the Most Venerable Sovereign Order of St. John (Knights of Malta), including Henry Bloch of Warburg Pincus Investment House, Nahum Bernstein, founder of the Jerusalem Foundation, and members of the British Round Table-run Heritage Foundation were among those mentioned by sources as movers of an assassination attempt against U.S. Labor Party Chairman Lyndon H. LaRouche.

Since July 10, when West German Chancellor Helmut Schmidt and French President Giscard

announced the plans for the creation of a European Monetary Fund — the realization of the 1975 program for international development banks authored by U.S. Labor Party chairman LaRouche — these networks, using the gutter-level operatives of the B'nai B'rith Anti-Defamation League and their controlled "left" and "right" terrorist countergangs have channeled significant international efforts into closing down the Labor Parties.

Financial Warfare

In West Germany, through the Federal Bundespost, a financial warfare effort against the European Labor Party is being coordinated by Walter Hesselbach, chairman of the Administrative Council of the Bundespost. Hesselbach is one of the top Black Guelph plants in West German financial circles. (For a detailed discussion of Hesselbach and others' activities in the world flow of "dirty money," see *ECONOMICS*.) Hesselbach is a secret member of the Knights of Malta controlled Jerusalem Foundation. Through philanthropic fronts like the German Society for Cultivation of Economic Relations with Israel, which he founded, he has funneled millions of dollars of assets from the banks which he controls to Jerusalem Foundation projects in Israel.

The objective of the Bundespost operation is to close down the European Labor Party by cutting all international communication, at the very point that the party's own analysis of Israel's role in directing international terrorism closely intersects that of networks in the West European intelligence community who have exposed Israeli intelligence's fingertip direction of the Baader-Meinhof gang.

In France, the national Anti-Defamation League affiliate, LICA has conducted a daily surveillance and harassment campaign against members of the ELP in Paris. ELP members have received telephone death threats and have been physically attacked by psychotic LICA footsoldiers calling the ELP "anti-Semitic." On Aug. 19, the French leftist paper *Le Nouvel Observateur* slandered the U.S. Labor Party as an "extreme right sect," and complained that it is "ferociously fighting against ecology."

The source of the marching orders of this international campaign has been directly traced to the offices of the Anti-Defamation League's "Fact Finding Division" in New York, the same division which has terrorized Jewish communities for over 20 years by *funding* and creating synthetic Nazi groups. This is the same ADL whose leading member, Arnold Forstner, was once arrested for painting swastikas on synagogues as part of this shakedown operation. (For a full report on the ADL's operations, see our Aug. 7-13, 1978 issue, Vol. V, No. 30.)

Now the ADL in New York circulated an anonymous White Paper accusing the USLP and affiliated organizations of "anti-Semitic overtones." But the real concern of the ADL centers on what its White Paper describes as the three main proposals of the USLP — which in fact represent the greatest threat to the physical and financial hegemony of the Black Guelphs:

"1) Establishment of a so-called International Development Bank; 2) The use of nuclear and especially fusion power to advance technological development; 3) a so-called 'Grand Design' envisioning economic cooperation and broad working relationships among the U.S., France, German, and the USSR..."

"New Solidarity (the newspaper of the U.S. Labor Party — ed.) contends with monotonous regularity, that economic development, and peace will be halted if the conspirators have their way and 'unleash' war in the Middle East or 'assassinate LaRouche.'"

To stop the Labor Parties, the Zionists are going full tilt with operations that involve the terrorist networks of the Institute for Policy Studies and Philip Agee's British-inspired "anti-CIA" network.

To mobilize the "leftist" terrorist gangs for attacks against the Labor Party, the Los Angeles office of the ADL leaked its latest slander to the *Berkeley Barb*, a drug-advocating counterculture newspaper in Berkeley, California which has served as an "above-ground" communications source for terrorists like the

California-based New World Liberation Front. The *Barb's* story, titled "Right Wing Terror in California?" quoted ADL Los Angeles head David Lehrer at length. The same issue, devoted to terrorism, carried articles interviewing an above-ground member of the NWLF and "A Lesson from the Red Brigades."

The *Barb* article states:

As the Nazis and the KKK try to gain some undeserved legitimacy, the mantle of reactionary thuggery has recently passed to — the National Caucus of Labor Committees (founding group of the U.S. Labor Party)...many charged that the NCLC was itself a CIA or police front....Most recently, according to Lehrer of the ADL, the NCLC has 'formed a coalition with the most virulent right wing groups in California.'

On August 24, Paul Grabowicz, the author of the *Berkeley Barb* article and a correspondent for the Institute for Policy Studies-related *New Times* contacted the USLP national headquarters to announce that *New Times* was planning a feature-length slander on the USLP.

Knights of St. John Plan Suit against USLP

According to banking sources in Europe, the Order of St. John of Jerusalem, Rhodes and Malta is planning to undertake financial warfare against the European Labor Party following Labor Party exposés of the Order's attempts to capture the papacy and its participation in international terrorist networks.

According to these sources, a more than \$1 billion legal suit is planned. The extraordinary action is primarily motivated by the Order's anticipated recapture of the papacy following the death of Pope Paul VI.

Although the material and information disseminated by the European Labor Party and the U.S. Labor Party on the Order was obtained from the public record, including the publications of the Order itself, the latter view the exposure of their networks as responsible for destroying their plans to recapture the papacy.

The Order and the black nobility tied to it are the political backers and allies of Monsignor Lefebvre, a sworn enemy of the Vatican and of Paul VI. Furthermore, the action against the ELP in the form of a suit or other financial warfare is being pushed by order of St. John members directly linked to Lazard Freres bank, a central institution in London, New York, and Paris in the operations of the Black Oligarchy.

5. The Right-Left Networks In The Mideast

With great effort, the Arab states and Iran have begun to uproot the entrenched network of British-Zionist underground terror that has plagued the Middle East for several generations. With the close cooperation of the security services of Western Europe, the USSR, and the "American faction" of the CIA — that is, the non-Zionist Lobby faction — the Arabs have dismantled a large part of the destabilizing network. But the remaining nest of extremists, Moslem reactionaries, and old British Colonial Office agents is being activated full-tilt by the Israeli intelligence command and their British sponsors.

The terrorists in question involve the following networks, in part: first, the freemason and Bahai cult elite based largely in Israel and Iran with extensive penetration into the Arab world, in coordination with Scotland Yard; second, the ultra-rightist Moslem reactionaries such as the Iranian Shi'ite mullahs and the Sunni Moslem Brotherhood, including the Imam Musa Sadr in southern Lebanon, Ayatollah Khomeiny in Iraq, and certain Algerian support networks; third, the Palestinian extremists whose chief representative is Abu Nidal, now under increasing suspicion by the Iraqi authorities; and fourth, the ultra-rightist Lebanese Maronite militia led by Camille Chamoun

and the Gemayel family, with important connections to Israeli military intelligence and into the Egyptian Coptic community.

All four of these networks are jointly supported by the Order of Malta, the City of London financial establishment, and the old Zionist elite.

In various Middle East states, these networks have been, and are, responsible for civil wars, insurrections, terrorism and political assassinations, religious strife, and economic sabotage. The following brief grid details the recent activities of these forces:

— In Iran, an unholy alliance of rightist Shi'ites and left-wing and liberal "democrats" is in the midst of a virtual insurrection to break the Shah and his commitment to industrial development. Even the *London Times* reported this week that a "British conspiracy" has been blamed for the troubles, and a key ally of the Shah this week attacked "forces trained in the Nazi and fascist schools" as responsible for the trouble. The Shah, who has held back from naming the British, has blamed "outside forces."

— In Saudi Arabia, Palestinian extremists have attacked Saudi oil fields. Abu Nidal, based in Baghdad, took responsibility for the huge explosion that temporarily shut down Saudi production in 1977,

Charge Israelis Bombed Beirut PLO Offices

Following the Aug. 13 bomb explosion that destroyed an apartment complex in Beirut which housed the offices of the Palestinian Liberation Front, PLF leader Abul Abbas and Yasser Arafat, the chairman of the Palestine Liberation Organization, exposed the incident as an act of Israeli secret services. The Palestinian leaders' statements countered initial reports that Abul Abbas had charged Syria for responsibility for the crime, and undercuts British and Israeli intelligence efforts to foment inter-Arab hostilities by perpetrating this and similar terrorist incidents.

In an interview with the West German daily Frankfurter Rundschau this week, Iraq's Ambassador to Bonn, Zuhayr al-Bayragdar, underlined Israel's role in international terror:

Q: You had hardly taken over your position in Bonn when German security measures had to be intensified because of awareness of a series of assassinations at Iraqi embassies. Did you feel more secure at your earlier post in East Berlin?

Bayragdar: As is known, the Israeli secret service has no possibility of developing activities in East Germany, activities that could endanger any Arab.

Actually I expect from this side only unfriendly intentions. As regards my security and that of the Iraqi Embassy in the Federal Republic, I believe that it has been guaranteed by the responsible authorities.

Q: Are you therefore less endangered than your Iraqi colleagues elsewhere?

Bayragdar: I do not know what the Zionists are planning. At any rate it cannot be anything good. Currently it must be tempting for them to become active and pin their actions on some party or other.

Q: Can you explain, after the detestable assassinations at the PLF headquarters in Beirut—to a normal German citizen who does not know anything about the contrasting interests in the Arab camp—why the Palestinians are blowing each other up instead of fighting jointly for an acceptable peace agreement in the Mideast, using means other than terrorist ones?

Bayragdar: Sooner or later it will be discovered that the detestable assassinations at PLF headquarters was a deed of the Israeli secret service.

at a time when Israeli military personnel were threatening the fields.

— In Egypt, President Sadat has recently shut down major parts of a British colonial and promonarchist network that included Prime Minister Salem, Mustafa Amin of Al Akhbar, British-linked journalists like M.H. Heykal, the royalist New Wafd Party, and so forth. But the power of the terrorist Moslem Brotherhood remains strong.

— In Syria, a wave of assassinations in the past year has left dozens of top Syrian officials dead. President Assad's brother, Rifaat Assad, was reportedly killed by terrorists last month. Some Israeli sources have predicted the "Balkanization of Syria" by the eruption of tribal, sectarian, and religious warfare.

— In Lebanon, Israel has supported Henry Kissinger's ongoing civil war crisis that, since 1975, has left over 60,000 dead.

"Terrorist Spectacular"

Another key aspect of the Israeli-British terror has been the firefight that left many Iraqis and Palestinians dead in Europe, the Middle East, and Asia starting early this month. What initially had appeared to be a secret war between Iraq and the moderates in the Palestine Liberation Organization later turned out to be nothing more than a deliberate Israeli-sponsored effort to exacerbate divisions in the Arab world. It was launched to obstruct a general

process of reconciliation between Iraq and Arab moderates guided by Saudi Arabia, and it involved the activation of the fascist Abu Nidal network and special Israeli "hit teams" in several European cities, Beirut, and Pakistan.

Virtually all Arab factions, after initial disorientation, united to blame the Israeli intelligence squads for the attacks. In one case, in Beirut, a huge car bomb was discovered in front of a PLO office and the drivers arrested, among them two Falangists; the explosives had Hebrew markings, according to Lebanese authorities. A similar bomb, one week earlier, had leveled an entire nine-story building in Beirut, leaving 200 dead.

The urgent danger now is that Israel will stage what the London *Daily Telegraph* called a "terrorist spectacular" in Israel itself to provide its armed forces with a pretext for launching a blitzkrieg against Lebanon and Syria, and possibly Saudi oil fields as well.

A low-intensity wave of bombings has hit Israel in the past two weeks, and Israelis are getting jittery. On this pretext, Israel has begun a national antiterrorist mobilization that has seen Shin Bet and Mossad cooperating with Military Intelligence to form a worldwide network of assassins. Inside Israel, the population has been forced through a series of "drills" and practice runs to simulate terror-siege conditions. A full alert was declared on Aug. 22.

6. Europe, Arabs Move For A Cleanup

Two episodes of terrorism earlier this year, the February assassination on Cyprus of a leading Egyptian journalist and the March 11 raid on a schoolbus in Tel Aviv, have since catalyzed an ambitious clean-up of terrorist networks in the Middle East — in Lebanon, in Egypt, and, in preliminary form, Iraq. Throughout this period, an awareness of the involvement of Israeli intelligence in Middle East terrorism has grown, provoked in large part by the March 11 modus operandi: Israel dropping its security dragnet to allow the raid to transpire, thereby setting up the massive Israeli strike into Lebanon. That Israeli "Palestinian" agents may have carried out the Tel Aviv raid is widely suspected.

Following March 11, various Middle East countries began to get wise.

March: the pro-terrorist head of Libyan intelligence was fired, leading to a reconciliation between Libya, France, and its African neighbors.

April 19: Palestine Liberation Organization leader Yasser Arafat organized the arrest of 120 Palestinian extremist rejectionists who were intent on confronting the Israelis. The arrested Palestinians had ties to both key Iraq-based terrorist Abu Nidal and to Abu Daoud,

the alleged mastermind of the 1972 Munich Olympics massacre. These events in southern Lebanon were preceded by the timely death in East Germany of Wadi Haddad, head of the Special Operations Branch of the rejection front and a mastermind of several hijackings and other terrorist extravaganzas.

April 24: Egyptian security police announced the arrest of a large terrorist ring linked to the Red Brigades of Italy and to Abu Nidal's rejectionist faction. In an interview with Italy's *Corriere della Sera* newspaper, the Egyptian Prosecutor-General charged that the ring was led by Sergio Mantovani, the "contact . . . to coordinate work" between the Red Brigades and the Palestinian terrorists. The Egyptians further charged that Mantovani maintained a liaison in Zürich named Bellini and was a major controller of international terrorism.

Early May : West German Justice Minister Hans-Joachim Vogel visited Cairo for the first time and agreed with his counterparts to conduct a "relentless" campaign against international terror. At the time, Italy's *Il Giornale* newspaper reported that the security forces of Egypt, Italy, and the PLO had begun to systematically coordinate action against terrorists.

— Arafat pledged full cooperation with French and United Nations forces in Lebanon, initiated a crackdown against extremists, and sent a telegram to Italy condemning the Red Brigades. Soon afterward, French forces traced southern Lebanon provocations to a secret Red Brigades training base in Lebanon. On May 7, a Swiss woman was arrested in the midst of a bombing attempt and admitted to being an agent of Israeli intelligence.

—French press revealed that Israeli-French millionaire Samuel Flatto-Sharon is linked to the Red Brigades.

—Egyptian President Sadat concluded an internal crackdown on anglophile dissidents with several attacks on the British and British media. A terrorist ring linked to Algeria-based former head of Egyptian intelligence, Abdel-Meguid Farid, styling itself the "Egyptian Liberation Front," was cracked in Egypt.

June-July: The clean-up in Lebanon of terrorists continued, and an anti-Chinese coup in South Yemen brought the weight of the Soviets against old British intelligence nests operating in the former British colony of Aden.

By mid-July, the groundwork was laid for the following series of events:

— July 13, the PLO officially denounced Iraq for subversion of the Palestinian cause by sustaining Abu Nidal within Iraq's borders. Saudi Foreign Ministry and related officials arrived in Iraq to press the fight against terrorism. On July 15, PLO forces moved into southern Lebanon to crack down on Abu Nidal-linked provocateurs, and Arafat promised full cooperation with the United Nations. On July 18, the PLO declared full mobilization against Iraqi "state-backed terrorism" via diplomatic pouch, gun-running, Iraqi airlines, etc.

—July 16, signs began to emerge that the anti-terror campaign was taking effect in Iraq. An official government proclamation singled out "Freemasons and Bahais" as responsible for criminality in Iraq, and refused amnesty to them. Intelligence officials in the U.S. identified these two groups as the center of manipulation of terrorist groups in collaboration with Scotland Yard.

—July 15, Egyptian police cracked down on arms and drug traffickers and on small cells of known terrorists.

—July 20, the Cypriot government implicated the Franz-Josef Strauss right-wing networks and an Israeli intelligence agent in an attempted right-wing coup on the island. Cypriot President Kyprianou threatened to expose the "magicians" behind international terrorism.

—July 25, Libyan Prime Minister Jalloud, while visiting Pakistan, made a major attack on the Red

Brigades and the Japanese Red Army, calling them "fascists." Jalloud equated terrorism with "denying economic development assistance to the Third World."

—July 30, Iraq attacked British "colonialist mentality" as the British-Iraq crisis began over British arrests of Iraqi officials for "terrorism." Suspicion rose in intelligence circles that Britain initiated the crisis to preempt the Iraqi internal crackdown on Bahai-Freemason terrorist nests.

Early August: Targeting of terrorism became more precise. Lebanese U.N. Ambassador Tueni attributed full responsibility for Lebanon destabilization to Israel; State Department pressure increased to end the Israel-Falange relationship; a Defense Department official circulated an evaluation that "Abu Nidal is an Israeli agent"; Iraq, following visits to the country by leading Saudi officials, called off the "war crimes tribunal" against Sadat, aborting a key activation operation for new Mideast terrorism.

—Days later, "intra-Palestinian warfare" heated up, with ostensible Iraq vs. PLO assassinations and retributions hitting France, Great Britain, Lebanon, Pakistan, and elsewhere. France's *Le Figaro* noted a strange coincidence between outbreak of a terror war and recent success of Saudi intra-Arab mediation efforts. *Figaro* also revealed that Iraq had begun to take steps to distance itself from the rejection front and Lebanon provocateurs.

—Italian police arrived in Cairo Aug. 13 to investigate the Aldo Moro murder. French and Italian press commented on links between Cairo-based extremist Palestinians and the European wave of terrorism.

Mid-August: Egyptian press revealed that Iran-Saudi-Egyptian coordination against terrorism was taking shape.

—Aug. 13, a Beirut building was bombed, killing 200. On Aug. 15, Iraqi embassies in Italy and West Germany denounced terrorism, and blamed Israel for the terror wave. Palestinian commando group Fatah warned of an imminent Israeli "wave of terrorism." On Aug. 17, PLO security prevented a new bombing attempt that had been planned with Israeli weaponry. On Aug. 18, PLO representatives from centers abroad met in Beirut to discuss international security measures. On the same day, PLO journalist Falastin Al-Thawra officially attacked Israel for terrorism, blasting those western news agencies who are distorting this phenomenon, and stating that western reports of "intra-Arab fighting" are "just aimed at spreading confusion and splitting further the ranks of the Palestinians." On Aug. 21, Beirut press reported that Palestinian reconciliation efforts are on the upswing.

Israelis, Falangists Plot Invasion of Lebanon

On Aug. 22 the U.S. Armed Forces Network (AFN) reported that Prime Minister Menachem Begin, Foreign Minister Moshe Dayan, Defense Minister Ezer Weizman, Chief of Staff Rafael Eytan and a "high ranking official of the Lebanese right" met in Begin's home to discuss the situation in Lebanon.

Two days later the *Chicago Tribune* reported that the "high Lebanese official" was none other than National Liberal Party leader and fascist sympathizer Camille Chamoun, an advocate of a separate Israeli-backed Christian state.

Although the *Chicago Tribune* and certain other press claim that the meeting revolved around a discussion of the plight of the Christians in East Beirut and Mount Lebanon — and the "danger of an imminent Syrian attack" — it is more likely that Begin and company discussed the nuts and bolts of an Israeli strike into Lebanon which would aim specifically at crushing the 30,000-man Syrian peace-keeping force stationed in the Beirut area since the end of the Lebanese civil war.

The Israeli goal, according to numerous sources, is to provoke a Middle East war in the remaining weeks before the Sept. 5 Camp David summit on the Middle East. Such an Israeli strike at Syrian forces would trigger a confrontation between NATO and the Warsaw Pact forces. The Soviet Union, which has recently put Syria under its nuclear umbrella, has made it public that any threat to the sovereignty of Syria is a direct threat to the Soviet Union's sphere of influence.

According to AFN, immediately after the meeting the Israeli Air Force began extensive air reconnaissance of Lebanon. The overflights, illegal under international law, came two days after Israeli jets bombed and strafed two Palestinian refugee camps in Beirut.

The Soviet Union, through a Tass news release, has evaluated this provocation as tantamount to war and warned that an "invasion of Lebanon cannot be excluded."

In Europe, several sources expressed grave concern over the threat of a Middle East war on the eve of the Camp David talks. French intelligence sources warned that Israel is seeking to explode the situation in Lebanon by early September, and similar warnings

were carried by two Italian dailies, *L'Unita* and *La Stampa*. *La Stampa* reported that Washington was so worried that they dispatched State Department Special Envoy Roy Atherton to visit Cairo and Tel Aviv to urge restraint.

Still, Israeli intelligence is known to be planning a terrorist pretext for an attack into Lebanon, along the lines of the armed assault on the El Al airport bus in London on Aug. 20.

Following on the heels of the London incident, Israel announced a nationwide mobilization to prepare for a terrorist spree including a "mock alert" and practice of the entire Israeli military, police and secret services in a counterterror dry run. Transport Minister and former Chief of Intelligence Meir Amit has said that Israel has "information" that "Palestinians are planning to destroy the Camp David summit by terrorism."

According to the *Christian Science Monitor* of Aug. 22, the Lebanese government has issued a strong statement chiding the United States for allowing the situation in Lebanon to deteriorate by not using its diplomatic muscle to keep the Israeli government in check.

Camp David Fears

The intended Israeli assault to fragment Camp David comes at a time when the Israelis know that despite the Mondale-Brzezinski "separate peace faction" fancy diplomacy inside the U.S., and Begin's talk of a "permanent partial peace," the U.S. cannot force Egypt's Sadat to accept a separate peace treaty that shuts out the other Arab states and the Palestinians. A report from the Aug. 23 *Financial Times* indicates how Saudi Arabia, the financial backer of Sadat, is looking at the Camp David summit: "Saudi officials pointed out to PLO leader Yasser Arafat that the summit will be the final phase in the Sadat initiative as well as Israel's last chance. If it fails, the U.S. will take the blame and not President Sadat, after which Saudi Arabia can resume its efforts to close Arab ranks and formulate a common strategy to Israel." In response to rumors of a separate peace, Saudi strongman Prince Fahd said, "Under no circumstances will Saudi Arabia tolerate a bilateral Egyptian-Israeli deal."

Finally, Egyptian President Sadat in an Aug. 23 speech flatly rejected Begin's proposed "partial permanent peace" and said: "I shall work for an overall peace based on justice, and there is absolutely no room there for partial solutions or separate settlements or a third disengagement agreement."

—Mary Jane Coates

Chicago Tribune: Lebanese Rightist Seeks Begin's Help

The following are excerpts of an account of the Israeli cabinet's meeting with Camille Chamoun. The story was published Aug. 24 in the Chicago Tribune and filed from Tel Aviv by Jonathan Broder.

Israeli Prime Minister Menachem Begin and his top ministers met in secret early Wednesday with Lebanese Phalangist leader Camille Chamoun in Jerusalem to discuss an urgent appeal for Israeli assistance to beleaguered Christians in Beirut, a high government source told the Tribune Wednesday.

The source said Chamoun, one of two Israeli-backed Phalangist leaders in Lebanon, had requested the crucial meeting and was flown Tuesday by helicopter from the Christian stronghold of Jounieh, north of Beirut, to an Israeli gunboat off the Lebanese coast.

The gunboat brought Chamoun to Israel, the source said, where another helicopter brought him to Begin's official Jerusalem residence after midnight.

Chamoun told Begin, Foreign Minister Moshe Dayan, Defense Minister Ezer Weizman and Chief of

Staff Lt. Gen. Rafael Eitan that Syrian peace keeping forces in Lebanon were planning a decisive attack against Christians in Beirut in the near future, the source said.

The leader of the right-wing Phalangists apparently asked the Israelis not to abandon their Christian Lebanese allies.

But with the Camp David Middle East summit only two weeks away, Begin told Chamoun that Israel had to maintain a low profile in the interest of a comprehensive peace settlement. The source added that Begin advised Chamoun to "hold on" until the Camp David talks had started Sept. 5.

The Syrians began an offensive against the Christians in Lebanon two months ago to bring the Phalangist militias under Syria's peacekeeping authority. The Christians, backed by Israel, have resisted the Syrians in the Lebanese capital and in the south, where Christian villagers are ruling themselves independently of Beirut.

Israel sent warplanes over Beirut Tuesday in an apparent reminder to the Syrians of its support for the Phalangists.

The meeting at Begin's home lasted more than three hours. Then the ministers and the chief of staff left and declined comment to newsmen.

At the same time, a car with curtains tightly drawn across its windows sped off from a side entrance to the Prime Minister's house.

A government spokesman confirmed a late night session between Begin, his ministers, and Eitan, but denied knowledge of Chamoun's attendance.

In the past, Israeli leaders have expressed concern that the Lebanese Christian community in Beirut will be annihilated if Syrian peacekeeping forces renew their shelling.

Mexico Expropriates Latifundios

Taking on the enemies of oil and nuclear development

With less than two weeks to go before his second State of the Union address, Mexican President José Lopez Portillo has given a preview of what his strategy for the coming year will be. Breaking the traditional government silence which precedes the presidential State of the Union address, Lopez Portillo issued a decree ordering the expropriation of a 12,000-acre latifundio owned by the powerful Santos family.

While the actual amount of land involved is not great, the expropriation represents a declaration of war by Lopez Portillo's government against the latifundists and their allies in banking, business, and political layers. Traditionally the latifundists have

been at the center of the oligarchic network, and Santos, a former governor of San Luis Potosi, is known throughout Mexico as *the* leading latifundist. A private army of 700 men protects his property, and since 1940 several Mexican Presidents who have threatened to expropriate his latifundios have backed off rather than risk a bloody and potentially explosive confrontation.

Moreover, since the action against Santos, the government has followed through with further, politically targeted expropriations. On Aug. 22 the Agrarian Reform Ministry announced the expropriation of land owned by Robles Martinez, a

close political ally of monetarist Mexico City Mayor Carlos Hank Gonzalez, and since then Agrarian Reform Minister Toledo Corro has reported that the government is looking into charges that former president Miguel Aleman, the titular head of the Mexican oligarchy with extensive ties to the Black Guelph networks in Europe, owns latifundios.

Support for Development

At stake in the fight against the latifundists is the implementation of the government's ambitious economic development policies. Since taking office less than two years ago President Lopez Portillo has been able to consolidate a strong industrialization program based on the rapid exploitation of Mexico's vast oil resources. Recently the government has also begun to coordinate this program with the emergence of international agreements for the development of the Third World through transfers of advanced technology.

But thus far the government had only tentatively put forth proposals for dealing with the decades-old problem in the countryside by taking forward a progressive land reform policy based on mechanization, large capital inputs and the establishment of agro-industrial centers. The expropriations this past week are the first move towards implementing that program.

Significantly this offensive against the latifundists has received the full support of the Mexican population. While only two weeks ago the National Congress of the ruling PRI party concluded with division between the peasant, worker, and popular "sectors" of the party, today all attention has been refocused on the tasks of development ahead, with support from all the major sectors for the government's development strategy.

The overwhelming support for the government has forced the oligarchic circles around the local representatives of the European Black Guelph monarchy to respond in a much more subdued manner than is customary. The head of the National Employers Confederation, Clouthier, simply declined to comment "until after the State of the Union address." The ultraright daily *El Heraldo* responded more hysterically. On the day after the first expropriation *Heraldo* ran four editorials demanding "an end to demagogy" and threatening that if the government continues with this course "national production will be in jeopardy," because the peasants are "too ignorant" to run the productive units on their own.

This was the same threat that was wielded against former President Luis Echeverria in 1976 when he expropriated over one million acres of land in the northwestern state of Sonora. While Echeverria's

"Beginning of the End of Latifundios"

These quotes are drawn from the statement issued by Mexican Agrarian Reform Minister Antonio Toledo Corro announcing the expropriation of the Santos latifundio on Aug. 18, as reported by the Mexico City press:

President Lopez Portillo has said that "Nothing and nobody will stop the advance of the Agrarian Reform," and on this historic date we begin to put into action the presidential resolution affecting the Santos ranch. This legal action will be followed by many others.

When reporters arrived at the airport for the tour with the Agrarian Reform Minister Toledo Corro he indicated to us that the tour was to "witness the beginning of the end of latifundios. You will witness part of Mexico's agrarian history."

"At the latifundio," Toledo Corro added, "you will find that the army has already moved in to provide guarantees for the peasants who, as we well know, have been repressed there in the past. In this way you will see what we have been saying become a reality; under orders from the President

of the Republic we are going to distribute all the lands which are outside the law."

On the following day the daily El Universal reported in detail on the President's orders for providing the necessary capital inputs for the expropriated land:

President Lopez Portillo yesterday sent instructions to the Agrarian Reform Ministry to insure that the necessary measures are taken to provide economic and social infrastructure to the peasants who will receive the 12,000 acres expropriated from Santos. Yesterday, while a credit program was being put together for the 133 families who received the land, the various government agencies which will intervene with support programs for the new population center began to coordinate their efforts.

As for credits, the presidential resolution calls on the official banking system to provide the necessary capital, so that the peasants can proceed to clear the land, mechanize their activities and use improved seed.

Support for Mexico's Expropriation Action

extensive land expropriation was a defensive move in the face of a full-fledged "economic warfare" against his government, it clearly helped pave the way for the agrarian reform policy which Lopez Portillo has now started.

Significantly the course of the 1976 expropriations — like those under President Lazaro Cardenas in the 1930s — contradicts the latifundists' argument that "production will collapse" after expropriations. The Sonora collective farms set up in 1976, their first year of operation, superseded previous production levels.

President Lopez Portillo has emphasized the same point by stating that the issue involved in agrarian reform is not "land tenure" but "the need to increase production." There is clearly a production-oriented focus in the recent actions. On the day after the decree, Agrarian Reform Minister Toledo Corro announced that Lopez Portillo ordered the peasants receiving the land be supplied with the necessary equipment and credits to start production immediately.

The weapon Lopez Portillo is using to implement this development policy is the law. The Mexican Constitution of 1917 clearly stipulates limitations on the amount of land that can be owned, a measure aimed at breaking up the large, unproductive "haciendas" which have existed since the Spanish conquest and were used to loot the country's natural resources and population under a system of virtual slavery. But more important, Article 27 of the Constitution outlines the government's responsibility to insure that all the country's natural resources are subject to the country's development needs as a whole.

This concept of "*utilidad publica*" (eminent domain), combined with the other key stipulation in Article 3 that the government must insure the "constant improvement" of the population's standard of living, are the moving force behind the government's current development policies, particularly as reflected in the energy development program.

No to Nuclear Energy

For that reason it was not surprising that the monetarist response to the expropriations did not limit itself to agrarian reform. In fact, two days after the expropriation of the Santos latifundio, when all attention was focused on this issue, the daily *Novedades*, controlled by former President Miguel Aleman, started a campaign against nuclear energy. The purpose of the series of articles, interviews, and editorials in *Novedades* is to prevent the Mexican government from adopting the only type of energy policy — nuclear — which could insure that the country can keep moving ahead with rapid industrialization.

— Pablo Silva

The government's expropriation met with immediate support from peasant and labor organizations, progressive parties, and the press. Following are statements of support:

Statement issued on Aug. 19, the day of the expropriation, by the largest peasant confederation in Mexico, the CNC:

The agrarian reform is fully guaranteed under your leadership, Mr. President. The resolution taken by you today is the result of your constant preoccupation and firm decision to ... eliminate all injustices. It has the full and unanimous support of all peasants of Mexico.

Statement made the same day by Congressman Ortiz Mendoza, member of the progovernment Popular Socialist Party (PPS):

The expropriation of the latifundios must be done in a planned way so as not to break up the structures set up for production. The agrarian reform would take a great step forward if these latifundios would be converted into agroindustrial complexes. Politically the expropriation has a great significance for it occurs less than 15 days before the State of the Union address and it reflects the outlook of the President.

Editorial in the Mexico City daily El Sol on Aug. 20:

This action reflects the government's firmness in resolving one of the ancestral national problems.... If yesterday, the government was able to expropriate land belonging to the "untouchable" it will no longer be possible for other latifundios to remain much longer. Nueva Ahuacatitla (the new town established on the former latifundio) must become not only a symbol of the victory of the law but also an example of collective farming, of joint effort, by those 133 families, to produce better and more.

Statement by Arturo Romo, spokesman for the largest trade union in Mexico, the CTM, on Aug. 20:

To expropriate a latifundio also represents a blow to the financial and business monopoly. The expropriation of the Santos latifundio is the first time in a long time that the interests of a political class which has contributed to the undermining of the principles of the Mexican revolution are affected.

Thermonuclear War By October?

LaRouche warns of the conjuncture of terrorism and Mideast conflict

The following statement was issued on Aug. 22 by Lyndon H. LaRouche, Jr. It was first printed in the Aug. 25 issue of New Solidarity, the U.S. Labor Party's newspaper.

If the September Camp David "summit" meeting of President Jimmy Carter, President Anwar Al-Sadat and Prime Minister Menachem Begin were to fail, it is probable that the London-controlled warhawk-lunatic faction within Israel, currently in control of Israeli policy, would launch a war against Syria, and would also either bomb Saudi oil fields or collaborate with British intelligence to sponsor a Saudi coup by the National Guard forces under Prince Abdullah. In any combination built around such elements of policy, the Soviet Union must and will intervene by treaty-agreements to crush Israel in behalf of Syria.

According to the London press, this British-guided "scenario" could go into effect either immediately after, or during a Camp David summit failure, or might hang over the world as an escalating threat for some weeks before proceeding into an actual military operation. In either case, it would be probable that a thermonuclear showdown will develop between the Warsaw Pact and NATO forces. Among all the possible timings for such a confrontation which might fit such a scenario, the month of October 1978 is as probable as any other moment in sight at this time — while the U.S. government is still floundering in anticipation of the November elections.

Obviously, we must launch immediate actions on two main levels. First, we must act to the effect of ensuring a minimal risk of failure of the Camp David summit. Anyone who will not collaborate with us to that purpose is either some sort of lunatic or simply an ignorant fool. Second, we must act to create a "fall back" option, such that if the Camp David summit were to fail despite all noble efforts to the contrary, the United States has an operational alternative policy which ruthlessly enforces Middle East peace.

I do not argue that everything I have to report below is new to the leadership of the U.S. State Department. Most of the cited policy options are known to the U.S. government, either directly through our reports to appropriate government agencies and persons, or through other means known to us. However, not all of the essential elements of the package are presently

adopted by the U.S. government. Equally important, U.S. Middle East policy must be based in part on cold-blooded, credible threats, the kinds of threats which do not function unless they are offered as stated *public* policy of the U.S. government.

Most particularly, the gravest inner-governmental problem of the moment is centered in the Senate Foreign Relations Committee. This Committee, together with Vice-President Mondale and other complicit forces inside the Administration and Congress, have created a policy climate around the Camp David proceedings which effectively sabotages much of the Administration's efforts to secure a path toward Middle East peace. The chief threat being used to keep Congress and the Administration under control of the Mondale-Kissinger-Kennedy-Moynihan-Javits wrecking gang is the threat of that crew to use the muscle of the "Zionist Lobby" to wreck the electoral campaigns of any congressional candidate who does not stick to the Mondale-Kennedy-Javits line between now and the November elections.

However, if a significant portion of the U.S. electorate knew what is at stake in the Camp David proceedings, the present "blackmail" against the Administration and Congress would be nullified. No congressional candidate who supported the Mondale-Kennedy-Javits-Jackson line would have much of a chance of being elected in November. Under those circumstances, the Administration's options for securing Middle East peace would be enormously expanded.

Option for Middle East peace

The only general option for Middle East durable peace at this juncture is the new doctrine the U.S. Labor Party promulgated during Spring 1975. This policy is now widely accepted among key Arab forces — if not all Arab factions — and is also accepted among forces in Israel representing a majority of the Israeli electorate. In brief, this policy is as follows.

Point One: There can be no durable peace in the Middle East until Israel relinquishes the Arab territories conquered since 1967, and recognizes an Arab Palestinian sovereign state established in those territories, including recognition of the Palestine Libera-

Israel's government is presently at the mercy of the British monarchy.

tion Organization as the de jure, constituted and recognized representative government-in-exile of the Palestinian Arabs.

Point Two: However, no government of Israel can responsibly recognize such an Arab Palestinian state, in the sense of acting to aid in constituting its existence, if that new state becomes an ulcer of grinding poverty on Israel's borders. Economically-sick nations are politically and militarily unstable neighbors.

Point Three: The Israeli economy itself is financially bankrupt, its civil economy subsisting on thin financial rations from abroad, and already subjecting the native Israeli population to forms of austerity directly imitating those imposed in 1930s Germany by Nazi Finance Minister Hjalmar Schacht. Thus, as long as Israel depends upon financial largesse (in a manner of speaking) controlled by the British faction of the Maltese Order, and the Maltese Order's dominant faction in Zionist organizations, the Israeli state itself is a politically and militarily unstable nation, a menace to its neighbors — and to the peace of the world.

Therefore: Only an economic development package which simultaneously solves the indicated crucial problems of Israeli and Arab Palestinian states offers a sane approach to durable Middle East peace.

In broad terms, these points have been recognized long before 1975. Such approaches were incorporated in the Rogers Plan and have been the long-standing policy of "dovish" Zionists and UNO bodies toward a permanent solution to Arab-Israeli conflicts. However, following the events of 1964-67 in monetary developments, the old approaches were no longer workable in fact.

First, there were no adequate sources of continuing credits and grants adequate to meet the minimal requirements of such a program for both Israel and Palestinian Arabs. Second, since the 1967-1971 crisis in the monetary system, with accelerating depression of world-trade potentials and collapse of Third World import markets, the global climate needed for high-technology industrial and agricultural development of the Palestinian and adjoining regions has been evaporating.

Consequently, although the U.S. Labor Party's 1976 policy proposal intersected established, long-standing approaches to Middle East peace, the 1975 U.S. Labor Party proposal featured brand-new elements which were and remain indispensable to the success of any effort for peace in that region. The most crucial

element was the proposal for a new International Development Bank, to replace the bankrupt and counterproductive Bretton Woods system's relics.

The Bremen EEC agreements establishing the European Monetary System and European Monetary Fund are the keystones for a currently-emerging new world monetary system meeting the exact specifications of the International Development Bank proposal issued by the U.S. Labor Party during the Spring of 1975. In short, in practice, the only possibility for securing durable Middle East peace is subsumed under the successful implementation of the Bremen agreements.

The Washington, D.C. obstacles to this alternative are typified by Henry A. Kissinger, G. William Miller, James R. Schlesinger, W. Michael Blumenthal, and Senators Henry Jackson, Edward Kennedy, Jacob Javits, Patrick Moynihan, and others, including Vice-President Walter F. Mondale, of similar persuasions. If the British monarchy, the British faction of the Maltese Order, the City of London, and such Maltese branches of Zionism as the Jerusalem Foundation, succeed in wrecking the Bremen agreements, as they are presently dedicated to accomplishing in concert with Milton Friedman and the Heritage Foundation branch of British intelligence, then there will be war in the Middle East and probably an ensuing thermonuclear confrontation between the USA and Soviet Union.

The problem inside Israel is not that the dominant governing forces, based on a lunatic minority of the Israeli electorate, are lunatics — which is unfortunately the case. The key problem inside Israel is that Israel's government — and financial resources — are presently at the mercy of the British monarchy and its allies. Since the only path to Middle East peace demands success of the Bremen summit, and since the government of Israel is composed chiefly of witting puppets of the British monarchy, without collapsing the British pound and ensuring the success of the Bremen agreements, there is no basis for hope of avoiding a thermonuclear Armageddon in sight.

A temporary alternative

The only short-term, temporary alternatives to war in the Middle East — barring peace under terms of the Bremen agreements — involve very specific agreements between the governments of the USA and USSR. If the USA acts to penalize Israel for Israel's war crimes and violations of U.S.-Israel treaties in Lebanon, and if the USA announces that it will abandon Israel to the mercy of the Soviet-Syria alliance under conditions of an Israel war-strike, an Israel informed of such a firm policy-commitment by the U.S. government would withdraw from its crimes in Lebanon, dismantle provocative settlement programs in occupied Arab territories, and would absolutely not go to war.

It should be noted that representatives of Israeli political forces approached the U.S. Labor Party during 1976, proposing Israeli readiness to embrace the terms of negotiations offered by the U.S. Labor Party. Forces exist in Israel to turn to this option immediately, provided that the London-controlled warhawk policy and factional forces are ruthlessly humiliated.

USA-USSR policy should be absolute guarantees for a peaceful Israel's security within Israel's 1967 borders, on the sole added condition that Israel remedy its continuing violations of human rights against the approximately 10 percent Arab minority within Israel itself.

In dealing with a clinical paranoia of homicidal proclivities, which the Israeli government under London's influence represents at this juncture, the standard measure is a combination of "hard cop"- "soft cop." In peaceful containment efforts, as in the proper conduct of war, "unconditional surrender" and obliteration are tactics used only against absolute lunatics, such as today's international terrorists. With nations, such as Israel, in which the majority of the electorate are good human beings, despite their complicit offenses and other flaws, policy must provide conditions of acceptance of terms which are clearly more advantageous to the negotiations-adversary than the course of action against which ruthless containment efforts are addressed.

Such a policy would succeed, provided that both the Bremen agreements are actively supported by the USA and that both Israel and a new Palestinian state are offered the position of being immediate beneficiaries of such a new monetary system's development provisions.

The U.S. Labor Party acknowledges and respects the outstanding commitments to a Geneva conference on the Middle East. However, Geneva is not really a peace option in and of itself. It is not a peace option respecting relations between Arabs and Israelis, but rather a peace option respecting Middle East policy between the USA and Soviet Union. The only positive function of a Geneva conference is to establish an institutionalized framework for joint USA-USSR sponsorship of containment of war and pursuit of peace-initiatives for the Middle East.

The Carter Administration and State Department must not write off the Geneva summit option. However, in itself, the Geneva summit contains no intrinsic pathway to solution of Middle East problems. Any other view is a dangerous self-deception. On this point, Israel's criticism of Geneva has an element of merit. However, keeping the Geneva summit active in U.S. policy *keeps the door open between the USA and USSR* on Middle East policy. If the USA therefore says it desires an immediate Geneva summit, Israel is obliged to attend that summit promptly, and to behave well at it, out of obligatory concern for the vital strategic interests of Israel's principal protector.

The question is whether the State Department has the courage to ride roughshod over the "Zionist Lobby."

The only course which will succeed is the indicated, proposed settlement, within the context of the Bremen agreements. If Geneva provides needed delaying action against war in the interim, or if the Geneva conference performs a key role in implementing the proposed option, then Geneva is useful, and perhaps necessary. However, otherwise, Geneva is not an alternative itself, and only a fool could imagine otherwise.

The U.S. State Department

The U.S. State Department is fully informed of the proposed alternatives, and is, according to every indication, predominantly sympathetic to such solutions. Apart from some "bad apples" in the State Department, holdovers from the Kissinger and Kennedy machines predominantly, the problem does not lie within the State Department itself, but within the Senate Foreign Relations Committee, the Blumenthal-Solomon Treasury, the Joint Economic Committee of the Congress, and G. William Miller at the Federal Reserve.

The problem is not so much whether or not the leadership of the State Department can design a viable package for Camp David. It can. The question is whether it has the combined courage, ruthlessness, *and support* to ride roughshod over what Capitol Hill loosely describes as the "Zionist Lobby."

If State proposes an economic approach to a Middle East peace, including the development of a sovereign Arab Palestinian state, then that effort must be supported by every USA patriot, including pro-Zionist patriots. However, this can not occur without a matching U.S. total commitment to support of the new world monetary system being developed around the keystone of the Bremen agreements.

The Soviet predicament

If the Administration adopts an open posture of full support for the Bremen agreements — in opposition to such British agents as Henry A. Kissinger and the Heritage Foundation, and if that leverage is used to box Israel into accepting the indicated approach to durable Middle East peace, the problem will be solved.

However, on the contrary, if the USA does not immediately commit itself to open and full support of the

If the Soviet bloc is at any time "ringed" by NATO-ruled nations, this constitutes a war threat to the Soviets.

Bremen agreements, the policies of Blumenthal, Henry Reuss, Mondale, Kennedy, G. William Miller, and other opponents of the Bremen agreements remain in effect. Under the latter condition, in which the U.S. permits Miller, et al. to continue to wreck the dollar and to plunge the U.S. into the depression which Miller and his allies propose, the entire developing sector and many other nations go under the neo-Schachtian policy rule of the "IMF conditions." In that case, USA capitulation before the "Zionist Lobby" within the USA leads directly toward a general thermonuclear war.

The problem is identical with that I outlined summarily in my November 1, 1976 half-hour, nationwide TV broadcast.

There are only two general conditions under which the Soviet Union will go to war with the United States.

One case is a direct confrontation between NATO and Warsaw Pact (including Cuba) forces. In this case, the following order of warfare follows.

If the Soviet Union elects to initiate warfighting or reacts to any assault in progress, its first act of war will be a total launch of its intercontinental ABC capability against the continental United States. Detection of such a Soviet launch would immediately send every intercontinental USA ABC capability into flight against the USSR. No sane commander would dedicate ICBMs to an adversary's missile silos, since by the time a missile silo or equivalent installation were struck by counter-missiles, the silo would have been emptied. The Soviet intercontinental strike is dedicated to eliminating the in-depth capabilities of the United States to continue warfare, its capability to act as a support base for continuing warfare. Military bases and cities of over 50,000 population are thus the primary targets of an initial Soviet intercontinental full strike.

During the first ten minutes of warfare, Kissinger's strategic doctrine and all the various versions of "theater-limited nuclear warfare" or other versions of "counterforce" and "flexible response" are inoperable — as discredited in fact as they should be discredited in knowledge by any competent strategist in advance of warfare.

The intercontinental strike is accompanied by naval warfare, especially targetting nuclear-armed naval craft. It is also accompanied by strategic strikes against every NATO and allied force-concentration in the world. In the European theater, the medium-and-short-range targets are simultaneously struck by ABC "artillery" bombardment in advance of any Warsaw

Pact troop movement. Along the Warsaw Pact borders, an entire frontal zone is "paved" in depth with ABC bombardment, to eliminate every resistance capability in preparation for a broad, mobile assault through heavily-ABC-contaminated terrain.

War begins with a level of warfare which Kissinger, Schlesinger, et al. view as a never-quite-approached upper limit of "maximum deterrent capability." Because of inherent "civil defense" and related advantages of the Warsaw Pact nations, upwards of 30 percent of Soviet population and logistics are lost during Day One, while upwards of 50 per cent or more of U.S. population and capabilities are lost as a result of Day One assault. *It is out of the radioactive-smoking ruins of such initial assaults that the forces of continued warfare assemble themselves to continue combat.*

"Deterrent," whose algebra and political content is adequately expressed by the foregoing summary, operates only as long as the political threshold for warfare is not reached. If either superpower engages in attack against the principal forces of the other, the force deeming itself so threatened must immediately accept either immediate surrender or must accept the full magnitude of penalties expressed by "maximum deterrent" and other capabilities of the adversary force. An actual attack or confrontation threatening such attack on the main forces of the Warsaw Pact territory or Cuba, represents a condition in which all deterrent effect is superseded and the Soviet forces launch total war as indicated.

It is the second condition for general war which I emphasized in the cited TV address.

If the Warsaw Pact and Cuba are at any time "ringed" by a "geopolitical" combination of NATO nations and developing nations under rule of SATO or similar pacts, this condition constitutes a threat of war against the Soviet Union equivalent to a direct assault against the main Warsaw Pact forces. In the case in which USA and NATO policy is committed to developing such a "geopolitical" condition, the Soviets must intervene in the developing sector and other regions to nullify the effectiveness of such a U.S.-NATO policy. At the point in such a process the USA and NATO forces commit themselves with force to the success of such a policy, to the point the policy can not be frustrated except by war against the USA-NATO forces, the Soviets will go to total war in the same way as for a direct assault on Cuba or Warsaw Pact forces. From their vantage-point, they have no choice but to do so.

The "IMF conditions" policy, if supported by NATO countries, is a policy which leads quickly and directly to such a state of war. "IMF conditions" for developing nations mean measures of "austerity" which immediately cause economic genocide in the least-developed nations, and which can not be implemented without hideously totalitarian measures — and total-

itarian regimes — in any developing nation. The fascist RSS forces in India—recently endorsed by Senator Patrick Moynihan, and hailed by messages from Senator Kennedy and Vice-President Mondale — is one of the forces waiting to impose fascist horror-regimes in developing nations in behalf of the “IMF conditions” and “Brandt Commission” proposals.

The circumstances of coup, countercoup and endemic guerrilla warfare engendered throughout the developing sector by such policies and regimes leads either to general, Thirty-Years-War types of “chaos and confusion,” or collection of IMF and World Bank and Eurodollar-bank debts must be secured by regional military forces integrated with NATO forces and aided by the currently profascist ruling forces of Peking. Such a state of affairs establishes exactly the sort of order in the developing sector generally which provokes the Soviet Union to thermonuclear war against the USA and NATO.

Soviet policy is therefore to respond to any further spread of “IMF conditions” imposition on the developing sector with support of guerrilla and other armed resistance to regimes and nations which attempt to enforce such “IMF conditions.” For the moment this is not *actively* Soviet policy, as an anti-USA policy, solely because of May 1978 agreements with Chancellor Helmut Schmidt, agreements with France’s Giscard d’Estaing, and because of Soviet policy of affording Giscard, Schmidt, et al., the opportunity to implement the Bremen agreements as keystones of a new world monetary system nullifying the International Monetary Fund and Eurodollar market. However, if at any point it becomes clear to the Soviets that the Bremen agreements have been decisively sabotaged by London and its allies, Soviet policy is obliged to shift immediately to the alternative of active promotion of “wars of liberation” throughout the developing sector. From the Soviet standpoint, under those conditions they have no alternate rational choice.

Since the launching of an Israeli attack on Syria, especially if this includes either a Saudi coup by Prince Abdulla or an attack against Saudi oilfields, is itself a direct wrecking of the Bremen agreements, such an Israeli assault presents the Soviets with the immediate geometry of *preconditions* for general thermonuclear war.

The case of Israeli attack

The Soviet Union has effected a mutual defense treaty with Syria. It entered into that treaty with full foreknowledge of the strategic implications of such a military alliance, and has emphasized its determination to enforce the treaty in case of an Israeli war with Syria.

That military agreement has now assumed a life of its own. Having made the treaty, the Soviets must ruthlessly implement it, on condition of otherwise

An Israeli attack on Syria is a direct wrecking of the Bremen agreements.

losing all Soviet credibility throughout the developing sector. This means that an Israeli attack on Syria must be matched with Soviet assistance to effect at least an equivalent damage to Israel, and to bring Israel to such a state of combined damage and terms of surrender that Israel’s war-making potential in the Middle East is ended for the medium term. If the Israelis intervene by coup or assault into Saudi Arabia, causing disaster for Western European and Japanese economies, then Israel will be attacked at least to the point of placing Israel under military occupation by its conquerors.

The Soviets can not back down from such attacks upon Israel, *unless the United States intervenes preemptively with force against Israel to effect the same general result.*

An Israeli attack on Syrian forces would not occur as a direct act of a U.S. ally. Israel will act under the cover of the Rand Corporation’s “breakaway-ally” scenario. It would repudiate “U.S. pressure” and act on its own in direct opposition to U.S. warnings and other rebukes. Then, at the point the Soviet-aided Syrian forces were at the point of defeating Israel, or under conditions in which such a development was in sight, Israel would expect the U.S. to intervene against the Soviets in defense of Israel.

Since the Soviets could not back down under those circumstances, either the Soviets go immediately to a thermonuclear showdown with the USA — or make a temporary retreat into a propaganda phase preparatory to launching general war.

In short, in that scenario, up to 80 percent of the U.S. population would die in service of the folly of supporting London’s Israeli-puppets’ venture.

Would the USA be so stupid?

The question is, whether the U.S. government, including the Congress, would be stupid enough to back up Israel in such a situation? If not, this ought to be stated publicly at this time by the Carter Administration. If the Carter Administration will not commit itself, to its NATO allies and to Israel, to a policy of abandoning Israel to Soviet mercies under such conditions, then it is improbable that the U.S. government would do anything but wander blindly and insanely into World War III under actual developments. Worse, the best chance to stop Israeli lunacy at this juncture is to openly state exactly such a policy.

The "neutron bomb" lunacy is consistent with the far greater lunacy of "flexible response".

I firmly believe the U.S. government and Congress are presently capable of committing the indicated stupidity.

Military stupidity

The case of the professional military spokesmen who campaigned for the "neutron warhead" is exemplary of the reasons the USA is capable of committing such a stupidity. The officers who took that posture did in fact speak for the sentiments shared more discreetly by many others of the same peer-groups.

As I have indicated in earlier published statements, the posture of placing the "neutron warhead" up front as a centerpiece of NATO capabilities is a piece of military-professional incompetence. Granted, the officers who endorsed this incompetence are not otherwise incompetent military professionals in general. Nonetheless, their policy of this issue of the "neutron warhead" was lunacy.

The "neutron warhead" could have uses in situations *other than those of a NATO-Warsaw Pact confrontation*. Were I President, I would tend to develop it and place it *quietly* in the inventory against the possibility such special situations might develop. Against main assaults between NATO and Warsaw Pact forces in central Europe, such a weapon, deployed as a centerpiece of theater policy, is a piece of worthless garbage from a strategic standpoint.

The issue here is not that professional military men and others adopted such a stupid posture, but the background-policy reasons by which they were led to such a posture.

The "neutron warhead" does not work to NATO strategic advantage in any real warfighting situation between NATO and Warsaw Pact forces, but it does represent hypothetical advantage in a kind of NATO-Warsaw Pact warfighting which could never occur in reality. The deployment of the neutron warhead as a key weapon in NATO European theater capabilities depends entirely on the assumptions of NATO MC 14-4 and related doctrines of "flexible response."

The incompetence shown by professional military men in defending the "neutron warhead" as a key weapon of NATO capabilities is minor compared with the deeper reasons for that particular incompetence. The U.S. military-strategic policy as a whole is incompetent lunacy. *The professional military men accepted the lunatic conception of the neutron*

warhead because that conception is consistent with the far greater lunacy of "flexible response" in general.

The general situation in the Pentagon is monstrous. Since the assimilation of the so-called Kissinger doctrine by the Council on Foreign Relations during the 1950s, the acceptance of Maxwell Taylor's "cabinet warfare" lunacies during the early 1960s, the wrecking of the Pentagon by Robert McNamara's "body count" and "cost-benefit" approaches to warfare and strategic capabilities, and the swallowing of those versions of "flexible response" associated with the lunatic James R. Schlesinger, the Pentagon and Congress have collaborated in giving the U.S. a strategic-military capability specifically designed to lose World War III with the Soviet Union. For such realities, the term "lunacy" is no hyperbole, but a term which gropes for a condition of judgment so degraded as to exceed the powers of the language.

Under those conditions, military professionals, acting out of fear of being seen as less than "dedicated anticommunist cold warriors," are zealously associating themselves with the American Conservative Union and similar entities in proposing early showdowns with a Soviet military capability, showdowns which the 1960s and 1970s developments in U.S. military thinking and capability ensure the USA would lose.

If one stands back from the "trees" of Pentagon and related deliberations, and looks at the present U.S. military-strategic policy and capability as a whole, applying the most fundamental doctrines and lessons accumulated in military history to date, the judgment to be made is absolutely clear and irrefutable. The Pentagon budgets and related policy institutions define the U.S. strategic and subsumed capabilities vis-a-vis the Soviet Union in terms of first-line warfare within the context of escalation toward a never-quite reached asymptote of "maximum deterrent capabilities." All equations of "cost-benefit" analysis and correlated rules of thumb are adapted to the "geometry" of that indicated assumption.

The situation is that the NATO forces have presently "rough parity" with Warsaw Pact forces *up to the point of mutual deployment of maximum strategic ABC-bombardment capabilities at first stroke of war*. In short, the NATO forces have "rough parity" in "Blitzkrieg" capability for a form of general war which would never occur.

If the Kissinger-Taylor-McNamara-Schlesinger "geometry" is discarded, in favor of the order of warfare I have indicated above, the following transformation of evaluations occurs automatically. What appears under the prevailing Pentagon policies to be either a margin of NATO advantage or "rough parity" for Blitzkrieg warfare is immediately redefined as a decisive margin of *in-depth war-losing capability*.

In short, the prevailing doctrine of "patriotically

anticommunist" military professionals and other relevant persons combines a determination to seek a strategic confrontation with an acceptance of a war-losing doctrine of strategic capability.

Vietnam

The follies dinned into U.S. professional military strata during the War in Vietnam illustrates the point and casts useful light on the way U.S. military capabilities were destroyed during the post-Eisenhower period.

Under British manipulation of U.S. policy, the U.S. under Eisenhower declined a "land war in Asia" for the Indo-China region, but compromised, through the Dulles brothers and others, in establishing the preconditions for future U.S. embroilment in just such a war.

U.S. Policy for 1953-1954 should have been to recognize the government of Ho Chi Minh — who had been a U.S. protégé during World War II! — and to have taken Vietnam totally under U.S. protection in cooperation with the developing economy of Japan. Instead, at the end of the war, under the easily-manipulated Harry Truman and the British manipulators, we "gave" Indochina to the British monarchy's Fourth-Republic French colonialist puppets, and submitted to British influence in the course of French withdrawal.

As the situation in South Vietnam inevitably deteriorated during the late 1960s, the USA was manipulated into launching a "counterinsurgency" operation foredoomed to fail, a British-designed U.S. intervention modeled on Mountbatten's rigged insurgency-counterinsurgency game in postwar Malaya. The most-visible 1960 military spokesman for this bit of British eighteenth-century folly was General Maxwell Taylor, who acted as the official oracle for a broad transmission of this radical change in U.S. military doctrine into the Kennedy Administration.

Forgetting that "special forces" operations in a context of civil war are at best only a useful auxiliary to regular warfare, the U.S. pursued a colonialist "special forces" warfare in Vietnam, and found itself obliged to either withdraw its special forces effort or to make those forces effective by creating the conditions of general warfare under which "special forces" operations work.

Might the USA have "won" the War in Vietnam? In one sense, it could have.

It could not have engaged in "obliterating" North Vietnam. Such a resort would have had political consequences beyond the calculations of the misguided fellows who argue that that might have been done. The Vietnam War was posed strategically as a form of "surrogate" warfare against the Soviet Union and China, and also against "national liberation movements" generally. The kind of military thinking which attempted to treat the Vietnam War as a war

U.S. policy toward Israel's fanatics must be based in part on cold-blooded credible public threats.

isolable from other wars, or which accompanied such postures by the emotionalist nonsense of "showing the Soviets how tough we can be" is political strategic infantilism.

It could have been won by the USA if the USA had made the Atoms-For-Peace policy the model basis for a peace-settlement.

Vietnam was neither Malaysia, nor Kenya of the Mau-Mau period. The forces allied with Ho Chi Minh and General Giap had the same general order of capability as the Yugoslav resistance to the Nazis during World War II. Either the USA escaped that problem by obliterating the country — which could not be considered strategically, or it adopted war-aims leading to peace — which the USA could not do without repudiating the Kennedy and Johnson policies, or the USA became bogged down in an unwinnable war — which it did.

Every section of the U.S. military establishment became "brainwashed" in that prolonged war. The U.S. came out of the war minus a citizen army, and totally indoctrinated, by conditioning under an incompetent doctrine, into the British "cabinet warfare" method of strategic thinking. In general, the doctrine was defined: "Total war is so terrible that alternative options for war-fighting at a reduced level must be defined" — "flexible response."

So, defining U.S. military-strategic capabilities against a force who prepares to fight thermonuclear war as Stalin and Marshal Zhukov counterattacked against the Nazi Blitzkrieg capability during World War II, no professional military spokesman of the U.S. can express or apply competent military doctrines without thus denouncing the most fundamental strategic thinking of his government and breaking with the doctrines which he is now obliged to embrace as a serving or retired officer.

Where was the military-professional force which prevented us from getting into and staying in Vietnam? Who said, "From a military-strategic standpoint, this is insanity?" Granted, there were practical reasons no group of professionals so objected. The same kind of "practical reasons" apply now, and the number of professionals with the qualifications to reach the appropriate judgment has been sharply reduced since 1960.

Administration and Congress

If the military professionals can not denounce the essential folly of U.S. strategic-military policy and

To avoid war, the Soviet leadership must publicly corroborate the strategic picture I have outlined.

capabilities, and if most serving officers have apparently lost the capability for effective public judgment on this account, from whom, then, does the rationality come to prevent the United States from plunging into a war it would lose?

From the Congress? Not—under present moods—between now and November — lest the “Zionist Lobby” deprive the candidate and his friends of funds and votes.

From the White House and Administration generally? The Carter Administration has shown more “guts” against British and “Zionist Lobby” pressures than any administration since Eisenhower’s, yet it is currently running scared under “Zionist Lobby” pressure. At the moment, if Camp David fails, and if London pushes the lunatics in Israel into a war with Syria, it is probable that the United States will either enter or come very close to a general war the United States would lose. All the facts indicating that are knowable in advance, and yet — for “fear of the Zionist Lobby” — at the present moment, the best calculation is that that is exactly what would occur.

There are only two visible alternatives, only two courses of action which might give the reader reasonable assurance he and his family might be alive by Thanksgiving or Christmas. Granted, we might be “just plain lucky” and avoid these dangers “through no fault of our own,” but only an imbecile would take such a chance. We must act to prevent this sort of scenario from occurring.

The first course of action requires ruthless Administration action simultaneously in support of the Bremen agreements and in instructing Mr. Begin

and Mr. Dayan that the U.S. will neither tolerate Israeli adventures against Lebanon, Syria, or Saudi oil fields, nor come to Israel’s rescue if Israel faces Soviet power in consequence of adventures.

The second course of action must come from the Soviet leadership. The Soviet leadership must publicly corroborate the strategic picture I have outlined above — in advance of a confrontation. If the Soviet leadership were to do just that in terms and under both public and diplomatic auspices which could not be covered over by the lying anglophile press, sufficient forces in Western Europe, the United States and Israel itself would abandon their foolish delusions, and appropriate negotiations could then proceed.

If events are permitted to play themselves out down to the wire of a thermonuclear confrontation, it is probable that the U.S. government would, at this juncture, foolishly embroil the world in World War III, in defense of Israel and the “IMF conditions.” The world would discover afterward how wrong that decision had been — but at what a price. The world needs to savor the shock of what World War III means now, before the point of headlong confrontation is reached.

There may exist modifications of the approaches I have recommended on these two counts, but the basic approaches I have outlined here are the only courses of action which can be reasonably prescribed to prevent the human race from plunging into Hell. Whoever disagrees with me is a person who lacks the moral qualifications of combined guts and brains to survive.

If you disagree with me, I say this. Perhaps, because of the qualities which you, dear reader, are exhibiting by failing to join with me openly in these matters, we are witnessing the fact that the majority of the people of our nation and of other nations are lacking the moral qualifications of fitness to continue surviving. Perhaps, the United States will die in radioactive ruins, as the judgment of Armageddon on the moral imbecility you, dear reader, share in common with too many other fellow citizens.

Europe Raises Dollar Level

But austerity advocates still out front in U.S.

In the wake of President Carter's Aug. 16 announcement that his Administration will pursue active dollar-support measures, domestic and foreign advocates of U.S. economic shutdown moved into the foreground while European and Arab leaders stabilized the dollar's exchange rate.

FOREIGN EXCHANGE

Most explicit about the shutdown was Federal Reserve chairman G. William Miller. In an Aug. 24 interview with the *Wall Street Journal*, he conclusively confirmed this journal's January 1978 assessment that the former corporate asset-stripper would apply himself to the same task for the U.S. economy as a whole, under the influence of the Anglo-American deindustrializers who shaped his career. Miller targeted corporations in the interview with a proposal for an "excess profits tax," grotesquely suggesting that high profits per se are inflationary. He targeted U.S. commercial banks with a threat that his London-centered allies will create "19th-century money panic" in the Euromarkets, precipitating a wave of banking collapses, if U.S. institutions are not forced to relinquish their Eurodollar operations—which is what his proposed reserve requirements would mean. All this was in the name of dollar support.

Simultaneously, the *Financial Times* of London launched a rumor campaign picked up by the wires that the U.S. will draw some \$4.3 billion in foreign currencies and/or Special Drawing Rights from its reserve line deposited with the International Monetary Fund (IMF). Questioned by reporters on Capitol Hill, Treasury Undersecretary C. Fred Bergsten said that this means of adding to the Federal Reserve's foreign-exchange market intervention capacity was a possibility, but no decision had been made. Bergsten also confirmed that such a magnitude of withdrawal from the Fund might require an activation of the "rich countries'" General Agreement to Borrow to replenish IMF resources. Ironically, this in turn would enable the continental creators of the new European Monetary Fund to simply decline such replenishment, and throw the IMF into polite retirement.

Dollar Stabilization

In coordination with Carter's acknowledgement of a dollar crisis, meanwhile, those Europeans put an effective two-deutschemarks-to-the-dollar floor under the U.S. currency's parities through market support intervention and talking up the dollar. The French and West German central banks were joined in the action by the Swiss, whose operations against the dollar they had reversed through concerted pressure.

The dollar closed Aug. 24 at 2 marks—whereas before Carter's statements and the heightened European actions it had been at 1.92 on Aug. 15; during the same period it rose from 1.54 Swiss francs to 1.66.

The pound sterling had been pushing the \$2.00 level, and sank to \$1.92, not because of any Bank of England aid to the dollar, but because dollar strength is now universally viewed as adverse to sterling, and vice versa. The British-coached Kuwaitis at the same time tried to place a ceiling on dollar rates by selling off dollars, but were overshadowed by promising developments in the European Monetary Fund-Arab Monetary Fund negotiations (see *World Finance*) as well as Saudi Arabian statements of dollar commitment. The Federal Reserve, meanwhile, under Administration pressure, was making modest but conspicuous, repeated, and politically necessary dollar-support interventions in the markets as well.

U.S. commercial banks, however, were reported by the Aug. 24 *Journal of Commerce* and others to be "talking down the dollar" to save their short-term hides: they have not only been taking direct short positions against the dollar, but counting on the appreciated proceeds of their foreign-currency Euromarket credits to make up for the thin spreads on those assets forced by London's cut-rate competition, by the less-developed countries' shrunken ability to borrow due to IMF controls, and by a decline in multinational loan demand.

The Austerity Drive

What made the most thunder on the U.S. scene was not European support for the dollar, but the austerity drive. On Aug. 20, Energy Secretary Rodney Schlesinger declared on television that "imported oil is wrecking our balance of payments" and the dollar. Schlesinger claimed that if Congress does not move on his energy-contraction legislation, "the impact on the dollar will be devastating."

Schlesinger's falsehood about the balance of payments has been exposed repeatedly in recent weeks—yet those who point to the fact that energy-import-dependent West Germany and Japan run surpluses are promoting not a U.S. export drive but all-out austerity beyond the oil-tariff gimmicks.

Schlesinger and his antigrowth allies Treasury Secretary Blumenthal and Miller had been unable to win a full shutdown package at the National Security meetings the week of Aug. 14-18 that addressed the dollar question. While the London press played up alleged differences among the unholy trio, the *London Times* also leaked the Treasury's "maximum program." This program includes not only oil import fees and Miller-endorsed "voluntary wage-price controls" but a British-style "corset" on banks' ability to lend, and Miller's imposition of reserve requirements on Eurodollar dealings.

The Defense and State Department Secretaries, Harold Brown and Cyrus Vance, who had reportedly called the NSC conference to stem the disruptive effect of dollar depreciation on American foreign relations, had no counterpolicy to put on the table.

Miller proceeded to jack up the Fed funds rate—the overnight interbank lending charge—by a quarter of a point to 7.75 percent, with every prospect that a similar hike will occur to 8.25 percent in the discount rate, the rate at which banks borrow from the Fed. The action is intended to crimp credit at a time when the U.S. economy is beginning to show signs of a slowdown, and to serve as a simultaneous foil for propaganda (see below) that more stringent moves are required.

In tandem, the Treasury announced Aug. 23 that it would almost double its auctions of U.S. gold reserves to 450,000 ounces, or roughly 3 percent of total American holdings, over a four-month period starting in November. This is supposed to magically invert the drop in the dollar and the rise in the gold price. Mainly, it is intended to "represent further progress toward elimination of the international monetary role of gold, in the words of an official Treasury statement. This effort, short-sightedly sanctioned in the 1970s by the majority of growth-oriented American business leaders, has now become a specific if impotent attack on the European Monetary Fund's potential for gold-backed international development credits.

False Choices

The practical remedy for inflation is and has been expanded production and technological development, which under present conditions can only be attained by a new world monetary system based on long-term, low-interest credit flows for trade, productive investment, and cheap, highly efficient nuclear energy. Also required are corresponding penalties on speculation and a freeze on various categories of debt that are presently unpayable but continue to clog the

books and inflate costs. Both Carter's Washington supporters and a large number of top corporations, however, are still caught in a series of false choices regarding the dollar and inflation.

Many companies say anything would be better than the dollar decline that is eroding their profits and the dollar instability that is wrecking their planning abilities—so they will tolerate a credit crunch as the lesser evil.

London's Prescriptions For The Dollar

To preempt President Carter's public quest for a dollar policy, the London press redoubled its recent prescriptions for austerity. The New York and Washington papers followed suit, wailing about inflation and then advancing hyperinflationary remedies including oil-import reductions and higher credit costs. While U.S. money supply growth has not been abnormal, these austerity advocates clamor for a crunch in order to undercut the potential for extremely positive government outlays to underwrite nuclear energy and export expansion. The same commentators agree that whatever the Administration does about the dollar will put Carter in deeper and deeper political trouble—a true assertion, until Washington moves with an economic development policy.

Don't Intervene in Markets; Cut Oil Imports

Christian Science Monitor, Aug. 21, "The Disorderly Dollar"

...The Carter administration remains on solid ground with its basic policy of not intervening with specific dollar-boosting tactics except to reduce disorder in the international money markets.... Congress must do its part in providing the energy legislation to address such matters as the excessive import of oil. . . America's friends abroad . . . must continue measures to spur their own economic growth....

Sunday Telegraph, London, Aug. 20, "Carter Drops Oil Surcharge Plan"

The truth is that Carter's energy legislation, like his dollar policy, is long on good intentions and very short on correcting the specific problems that have brought the American economy and its currency to such a sorry state. . . the decision not to do anything about oil imports goes against the direct advice of Treasury Secretary Michael Blumenthal. . . . A presidential act clamping down on the flow of oil into America would

have, more than anything, demonstrated both Carter's seriousness in the crisis and his capability to do the other tough things needed. . . . overseas observers of the dollar's worth on Friday proved they have a dim view of Carter's expressions of "deep concern" about his nation's currency and will act accordingly in the week to come.

Cut Budget, Money Supply, Credit, Oil Imports

Wall Street Journal, Aug. 21, "A Reserve Currency"

...It remains to be seen whether the grudging steps to raise the federal funds rate and discount rate really express determination to slow the pace of dollar creation. A serious attempt to do that, for example, would also include draconian controls over federal expenditures to curb the deficit and facilitate monetary restraint. Do our leaders really understand the dangers with which they flirt? . . . we can see no (way the U.S.) can put down the role of world banker; the only question is what kind of banker it will be. . . .

Washington Post, Aug. 21, "The Sliding Dollar"

...To bring down the inflation rate will require further increases in interest rates. It will require firm decisions to hold down oil imports. It will require a federal budget of great stringency. It is not a pleasant prospect. But if it seems to you excessively harsh, think for a minute about the alternative.

Devaluation and Austerity

Daily Telegraph, London, Aug. 22, "Now It is the Dollar's Turn to Take a Slide"

The fall of the dollar is due to the United States Government producing too many dollars....To anyone from Britain it is all distressingly familiar — *déjà vu* 1973-1976....

America imports only about 19 percent of its energy consumption, whereas Japan imports about 80 percent. . . . Indeed, by far the most important market that determines the value of the dollar is the vast and intricate market for assets such as dollar balances, American securities, and so on. The total value of these held outside the United States is probably in the region of \$400,000 million. Foreigners will hold dollar assets if the return on them . . . exceeds the return they could obtain on any other asset. . . .

The dollar must fall until it is at a level where investors as a whole are just willing to hold the existing quantity of dollar denominated assets. . . the dollar must depreciate to such an extent that asset holders must be convinced that the only way it can go is up! . . . In Britain we saw a similar phenomenon in the performance of sterling during the 1976 crisis. . .

Washington Star, William Safire, Aug. 21, "How Carter Corrupted the Dollar"

...Now that Carter has suddenly discovered a dollar crisis that he could have averted, he has responded with a ringing announcement asking his advisors to tell him what in the world he should do next. This belated show of confused concern may temporarily halt the dollar's collapse, but absent a real economic policy will speed its further decline.

Europe's bankers, who saw British inflation sharply reduced after the International Monetary Fund demanded spending cuts and belt-tightening, know what America must do to rescue its dollar and restore world confidence. . . . Tax cuts to stimulate capital investment ought to be accompanied by cuts in federal spending to hold down inflation. The Carter administration should be willing to accept a mild recession now. . . .

Miller Escalates

Wall Street Journal, Aug. 25, "Miller of Fed Urges Carter to Consider an 'Anti-Inflation Tax' on Excess Profits"

...Such a tax, Mr. Miller said, could be imposed on profits that are considered "outside" reasonable limits in the context of the anti-inflation program. . . .

Mr. Miller said he is "concerned about the existence of stateless money" in the Eurodollar market. . . The Fed chairman indicated sympathy for the idea of some sort of central bank control over the growth of the market, possibly by requiring banks borrowing and lending Eurodollars to maintain reserves against their assets and liabilities. . . . The reason for his concern, Mr. Miller said, was the danger that the Eurodollar market might possibly be vulnerable to a "money panic." A panic, the type of crisis that plagued 19th century financial markets, is "highly unlikely" in modern, domestic financial systems, he said. But, he warned, "We don't know whether we could have one in the international field." . . . "There is an awful lot of dollars sloshing around" in the international market, he said.

Despite British Countermoves European Monetary Fund Moves Ahead

The strongest public announcement that Europeans and Arabs are pulling together the European Monetary Fund (EMF) appeared in an Aug. 24 *Deutsche Zeitung* interview with West German Finance Minister Hans Matthofer, who indicated that the

EMF — particularly to turn the fund in an anti-dollar direction — are less than honorable. Further, according to reports, Emminger has perceived that the British-Israeli terrorism is directed against the EMF. The Bundesbank has been heavily supporting the dollar in recent days.

WORLD FINANCE

European Monetary Fund will shortly out-dimension the International Monetary Fund. Americans will see that the EMF will stabilize the dollar, Matthofer said. The Finance Minister stated that he takes the dollar fall more seriously than the Bundesbank, the West German central bank, and pointedly noted that there is not now nor will ever be a fight between the Schmidt government and the Bundesbank; the fight is inside the Bundesbank itself.

Sources close to the central bank indicate that Bundesbank president Otmar Emminger has now been convinced to support the EMF. He is reportedly now aware that the British intentions towards the

Top West German industrialists say that they will tolerate the dollar dropping below 2 deutschmarks, and are preparing in good time to drive the dollar up to the previously agreed upon 3 deutschmark level.

Arab Coordination

The announcement by Saudi Arabia's Prince Fahd Aug. 23 that the Saudis will not raise the price of oil at least until 1979 and will not drop the dollar, not only provided support for the dollar, but is known to be a move in coordinating the Arab Monetary Fund with the EMF.

European ministries were briefed on Fahd's announcement several days before it was made public and agreed to "coordinate" with the Saudis. Strategic meetings to couple the EMF and the AMF, begun with a meeting between Chancellor Schmidt and Prince Fahd three weeks ago are continuing, while according to the French daily *Le Figaro*, the Arabs are converting British real-estate investments into dollar investments.

As a senior official in the West German Finance Ministry commented last week, "The British will not get into the EMF without paying a very high price."

The most immediate weakness perceived by the Europeans is the United States, where the Carter Administration and other political forces continue to flounder. While both the Germans and French agree that the EMF must be based on gold, the French are demanding gold backing now; the West Germans are taking a softer position reportedly in order to absorb possible attacks from the U.S.

In the same *Deutsche Zeitung* interview, Matthofer declared: "We will fulfill our commitment to the Soviet-German Accords (of May 6, 1978) . . . and if money is needed for that, it will not be withheld. Washington should not worry; it (the Accord — ed.) is not directed against America . . ." A West German banking consortium, led by Deutsche Bank, is in Moscow negotiating a \$500 million credit line for Soviet development projects and increased trade.

London Out on a Limb

With firm support for the dollar from the Saudis and the Shah of Iran, and the recognition that the EMF is not an antidollar currency bloc, the City of London has been left with few options.

Arab Monetary Fund Opens Door for Business

The Arab Monetary Fund (AMF) made its first loan last week to the government of Egypt in the amount of \$17.5 million. The loan was agreed upon by the Fund's President Dr. Jawad Hashim and Egyptian Central Bank Governor Dr. Mohammed Abdal Moneim Ibrahim in Abu Dhabi, AMF headquarters.

Ibrahim told the Abu Dhabi newspaper *Ittihad* that his government was gratified with the speed with which the loan came through. "It would have taken a long time if the loan was from a non-Arab monetary institution." The loan which will be used to help Egypt with its mounting debts, is being extended at between 3 to 4 percent over a three-year period — terms the International Monetary Fund would not likely meet.

Shortly after the Egyptian loan approval, a Sudanese delegation arrived in Abu Dhabi and a \$7.5 million loan was approved.

The Arab Monetary Fund was founded two years ago with the participation of all the Arab countries. Its capital is still quite small, a little more than \$910 million which is being lent in a unit of account known as the Arab dinar.

After a meeting of British Conservative leader Margaret Thatcher and West Germany's Christian Socialist Franz Josef Strauss in Vienna on Monday, Aug. 21, Strauss attempted to undermine the EMF from the Bundestag. The West German government is obliged under the constitution to answer Strauss's question: why Otmar Emminger was kept out of discussions leading up to the Bremen Accords. Matthoefer answered for Chancellor Schmidt that Emminger was kept more informed than even he, ending the discussion. The next round of monetary discussions will take place at the Paris Group of Ten deputy finance ministers' meeting scheduled for September 8.

Matthoefer: 'Firm Determination' To Defend \$

Excerpts of an interview conducted by Salchow of the Deutsche Zeitung, with West German Finance Minister Hans Matthoefer:

Hans Matthoefer, who has been Finance Minister for six months, is a man who thinks ahead: he does not want to be solely the nation's bookkeeper, but a political minister who fully uses "all the political possibilities for shaping developments" of his office.

Under present circumstances Matthoefer is taking the effects of the dollar's weakness more seriously than the Bundesbank. Matthoefer has in mind far more, however, than the 10.3 percent upvaluation he calculates the D-mark has undergone since the end of 1976. Like Claus Koehler of the Bundesbank directorate he is committed to the zone of European currency-rate stability resolved upon at the Bremen summit of the European Community, a stabilization of the foreign exchange markets.

Matthoefer: "Now, as before, there exists firm political determination on the part of the West German Chancellor and the French President to launch this new instrument of monetary policy by the first of January."

Because skeptical currency dealers fear that the EMF would generate a gigantic inflation machine,

Matthoefer himself concedes that during one of the most recent central bank meetings a "heated atmosphere" developed. Even Social Democratic Party members of the central bank council were openly mistrustful, because too little information on the monetary program had been presented prior to the European (Community) meeting.

Also intended to reassure the Bundesbank is Matthoefer's indication that it will be impossible to weaken the strict currency discipline of the European currency alliance, that is, the snake with new, enlarged currency links.

Matthoefer: "There will either be a European Monetary Community or nothing."

In the Finance Minister's view the zone of European currency stability will do more than contribute in technical market ways to the stabilization of the foreign exchange markets. A forceful expansion of intra-European trade is above all the expected result.

... The Finance Minister has taken precautions in case it should appear that he has placed an unrealistic degree of confidence in Jimmy Carter. In his usual prudent way, he also holds a Soviet joker in his back hand.

Matthoefer: "I have made up my mind to energetically bring to fruition the West German-Soviet economic agreement — which will be in effect into the next century — very soon indeed." If funds are needed to do this, Matthoefer will ensure their availability.

Washington, nevertheless, need have no doubts about the direction of Matthoefer's policies. The Finance Minister certainly believes that there exist no divisive differences between Bonn and Washington about diagnosis and therapy for the dollar. Nevertheless he considers the implementation of the therapy to be a domestic American problem — whatever that may mean.

The world monetary conference that begins in September in Washington will in any case bring new controversies if the Americans do not become liberated from the nightmare that the European Monetary Fund, which may out-dimension the International Monetary Fund itself, will, contrary to West German intentions become an institution directed against the dollar. The firming of the dollar (is) expected by Matthoefer as its first result

The International Bank Ring Behind Terrorism

Moro, LaRouche assassination probe leads to funding sources

The most advanced elements of the European counterintelligence investigation of the Moro assassination have opened up the long-closed dossier on the financing of terrorism. Combined, the Moro investigation, the investigation of the background to the July 16 attempted assassination of U.S. Labor

BANKING

Party Chairman Lyndon H. LaRouche, Jr., and a related investigation of illegal activities on the part of senior officials of the Deutsche Bundespost, have provided an outline of the banking networks that service terrorism (see cover story).

This preliminary report reflects the limitations of a report on a continuing investigation, which cannot prejudice the further progress of the inquiry — which currently involves the security forces of several nations, as well as several intelligence groups sponsored by multinational corporations, the U.S. Labor Party's intelligence group, and the similar arm of the European Labor Party.

As of current state of information, two criteria identify the terrorist banking networks. From a police-blotter standpoint, the world membership of the Jerusalem Foundation, an Israeli intelligence front operating under political control of the British section of the Order of St. John of Jerusalem, is the skien of the terrorist financiers. Its operations stretch from New York and Montreal to London, Paris, Geneva, Basel, and Tel Aviv. The three investigations referred to above provided interlocking pieces of the puzzle:

- The Moro investigation revealed that the Basel and Geneva banking nexus, including the shadier side of Edmond de Rothschild's financial empire, conduited funds from the Histadrut (via the European headquarters of B'nai B'rith) for the Moro killing, and pinned down the Israeli intelligence role.
- The investigation of the attempted assassination of LaRouche showed top-down political control of the U.S. "network" side of the operation through Jerusalem Foundation Honorary President Nahum Bernstein, employed for nine years by the Jewish Agency and the Israeli government as a professional hitman, and by Max Fisher of Detroit, a Jerusalem Foundation board member and contributor. The investigation further revealed that the higher level of political control over Bernstein and his friends traced back to the Lord Prior of the Most Venerable Order of St. John of Jerusalem, Lord Caccia, former head of Britain's Foreign Office.

- The investigation of Bundespost Chairman Walter Hesselbach and his associate Heinz Karry revealed a set of connections that include 1) the leadership of the West German branch of the Jerusalem Foundation, including Hesselbach and Karry; and 2) intimate financial ties to the Paris and Geneva-based Rothschilds, as well as to Basel money-laundering operations of the type cited in the Moro investigation.

However, neither the higher levels of European counterintelligence, nor the multinational corporate investigative teams, nor the Labor Party's counterintelligence proceeded from the mere web of connections. The view at the West German Chancellory and at the Italian Presidential Palace on the terror question is identical to that presented in the cover story of this issue of EIR. Terrorism in Europe and the Mideast is a mechanism deployed by British and other aristocratic circles, in alliance with a faction of Israeli intelligence and a group of nominally Jewish banks, intended to stop at all costs the European Monetary Fund-Arab Monetary Fund linkup. Those banking circles which have been most vocally antagonistic to the Schmidt-Giscard "Grand Design" policy are also the terrorists. The current round of exposures in the European media is the result of the coincidence between the results of ground-level security investigations, and the long-held suspicions of leading French, West German, and Italian political circles.

The Case of Hesselbach

Hesselbach's Investitions-und-Handelsbank (IHB), one of the larger banks in West Germany's second tier, is at the crossroads of Europe's dirty money traffic, which runs in a great arc stretching from Montreal, through Amsterdam, Brussels, Geneva and Basel, through to Tel Aviv. Hesselbach staked himself to the bank through the same Zionist lobby political circuit that came to light through the attempted assassination of U.S. Labor Party Chairman Lyndon H. LaRouche, Jr., and the illegal activities of the Bundespost. Hesselbach set out to make the IHB into a major international commercial bank from scratch in 1963, passing his hat from the Warburgs to the Lamberts to the Rothschilds, according to West German press accounts.

Not in the Directory

The organization that came through for Hesselbach is a little-known, but extremely high-powered, financial operation run by the Paris-based Guy de Rothschild, described by Der Spiegel as "the

Rothschild private millionaires' club" — the Union Financiere of Paris. Union Financiere, which publishes no annual report and is listed in none of the international banking directories, is a front for 30 partners who wish to make investments in which their names will not come up. Excepting a couple of old French families who are merely in on the Rothschilds' action, the membership list is the Murderers Row of European finance.

Included in this group are the Rothschilds; their Belgian cousins, the Lamberts; their Dutch affiliate, Pierson, Heldring, and Pierson; the Warburgs; and one of Basel's oldest institutions, the Baseler Handelsbank.

Union Financiere picked up 15 percent of the shares of the IHB, which Hesselbach still chairs. The IHB began to leverage this investment into shares in other companies, including some interesting joint ventures with Hesselbach's political cronies over at the Bank für Gemeinwirtschaft (BfG). Owned by the West German trade unions, the BfG has the double distinction of serving as the financial front in West Germany for the Second International — whose political interface with the Jerusalem Foundation and other Israeli intelligence fronts is the grid of European terrorist deployments — and also the financing of most of West Germany's trade with Israel.

Hesselbach's Paris backers control a number of suspects in European terrorism, including one Jean-Pierre Bloch, the publisher for the left-wing scum who hang around the French Socialist Party, e.g., Daniel Cohn-Bendit, before Cohn-Bendit moved to Israel. Bloch, who is the European chief of B'nai B'rith, reports back to B'nai B'rith headquarters in Basel, the conduit for the money that paid Aldo Moro's assassins.

Opening the can of worms in Basel and Geneva, the centers for Swiss dirty money operations, brings up a number of individual cases that shed light on the broader investigation. European security authorities — and American public and private security specialists — already know that the Israeli trade union funds that were used to hire Moro's assassins were sent first to Basel banks, then to European B'nai B'rith headquarters, and then to agents in the employ of Umberto of Savoy.

The operation is broader than one prominent man's death. Hesselbach's crew, for example his colleague in the Jerusalem Foundation and the Bundespost, **Heinz Karry**, were up to their necks in the 1975 bankruptcy of Tibor Rosenbaum's International Credit Bank in Geneva.

Rosenbaum, an intimate of World Jewish Federation President Nahum Goldmann, was Israel's top secret armaments purchaser abroad, post-bankruptcy investigation revealed. While Karry was responsible for banking oversight in the West German state of Hessen, Hessen's state bank paid for a 450,000 mark stake in Rosenbaum's bank — of which nearly half disappeared into the Geneva sewers. Heinz Karry

neatly juggled his way out of the ensuing scandal, which brought down the Hessen state government in 1975.

Another member of the gang, a Swiss-domiciled Dutchman named Nicola Krul, handled gun-running to terrorists in the Levant and the Persian Gulf over a number of years, behind his cover as "economist" for the old, respected, and dirty Geneva banking house Lombard Odier. (Lombard Odier retains close connection with the Brussels-based Lamberts, not so much through financial contact as through an interchange of their operatives.) Krul maintains a year-round apartment in Damascus, keeps up contact with Palestinian splinter groups, knows all the current economic theories, as well as how to strip down a submachine gun in less than 30 seconds.

The Secret War

Nicola Krul is important to counterintelligence investigators despite the fact that he is an office boy, as one prominent American economist characterized him. Krul left a slimy trail over a secret war against the U.S. Labor Party and its chairman LaRouche, starting early in 1976.

Krul personally profiled LaRouche for possible assassination during 1976, immediately after LaRouche's May 1976 tour of Italy confirmed the Labor Party chairman as a leader in the effort to pull down London's world order of indebtedness. In the period leading up to then Guyanan Foreign Minister Fred Wills's historic speech to the United Nations General Assembly in September 1976, the network in which Krul operates ran a major effort to destroy the Labor Party. The effort aimed directly at LaRouche and the Labor Party's organizing efforts for debt moratorium and a new world monetary system. London lived in terror of a politically inspired wave of debt moratoria, in which the vanguard position would have fallen to Vatican-linked political forces in Peru.

Warburg's Henry Simon Bloch — the same Bloch who stated that LaRouche would get the Malcolm X treatment during July — attempted to enlist the Labor Party in a plan to use the debt crisis to wreck the U.S. economy. Under Bloch's scenario an American banking crash would benefit London, Amsterdam, Brussels, and Geneva. Krul was working the same side of the street. Columbia Professor Robert Mundell, a paid agent of the Rothschilds' Italian affiliate, attempted to do the same, and informed the Labor Party then that he was working with Krul. Krul surveilled LaRouche during that period to prepare an assassination attempt.

Bloch, meanwhile, employed network connections ranging from the United Nations to the Far East to conduct a blackmail operation against LaRouche aides then involved in the effort to bring about a new monetary system.

Krul's little nest, the Geneva-Basel core of dirty money banks specializing in Mideast terrorism and

arms traffic, turns up once again in the aftermath of the Moro assassination, and in the financial empire of the Bundespost's Walter Hesselbach. Henry Bloch, who personally conducted a blackmailing operation against a leading Labor Party member, unwittingly became a source of direct testimony corroborating the Labor Party's documentation of a London-centered hit contract against LaRouche.

Jerusalem Foundation Coordination

The skein that wraps up the whole operation is the Jerusalem Foundation, the Israeli intelligence front whose West German branch runs under the control of Walter Hesselbach and Heinz Karry, also of the Deutsche Bundespost. Henry Bloch's partner at Warburg's Kenneth Bialkin is the Jerusalem Foundation's number two man in the United States. Krul, the late Tibor Rosenbaum, and the rest of the Geneva-Basel crew have lived off the Zionist lobby's dirty operations since 1934, when Swiss banking secrecy laws were first enacted to cover the combined flow of Zionist and Nazi funds into Switzerland.

Hesselbach got his start in the world of high finance through the main European financial supporters of Zionist lobby operations, operating out of Paris, the same financial groups who control the terrorist operators in the European branch of B'nai B'rith.

For a number of reasons — including the need to protect a continuing investigation and an interest in protecting individuals only peripherally involved in these events — we do not choose to reveal the full details of Henry Bloch's, Nicola Krul's, and Robert Mundell's dirty work. Part of this material we will publish at an appropriate later date.

But the series of reports the Labor Party has published on international terrorism contains sufficient leads to enable a competent law enforcement agency to put the above-named gentlemen, among others, behind bars. What competent law enforcement authorities should examine is the basic correlation in the case: in public, the institutions and individuals named are the most vociferous opponents of the new international monetary system that Giscard, Schmidt, Fukuda, and others have now agreed to build. In private, they are affiliated with a narrow group of financial institutions that law enforcement authorities have long suspected, or known to be involved with illicit money and terrorist operations. Viewing the network as a whole, the correlation is precise, and every sordid detail is

not required to make the case to shut them down for good.

The Sienna Connection

An undetermined part of this operation ran through Prof. Mundell's Villa Santa Colomba, to which he was staked by the Monte dei Paschi Bank in Sienna. At the Villa, Mundell conducts the annual conferences the bank sponsors, which regularly draw a fair sprinkling of the Mont Pelerin Society crowd, as well as Prof. Robert Triffin of Yale; Nicola Krul; and the entire "British wing" of Italian finance, including Banca d'Italia chief Paolo Baffi and his former deputy Giovanni Magnifico.

The Monte dei Paschi outfit itself is a fascinating operation, although its prominence is in international gold smuggling operations in the Far East and the Soviet Union. It controls and finances the Florentine jewelry manufacturing that provides gold in the appropriate form for use in the international drug trade. It also has the leading role in the Soviet black market in ruble bank-notes and gold — which works on the basis of the hard-currency privileges of Western bankers and diplomats operating out of Moscow. Monte dei Paschi officials estimate the size of this market at 20 billion rubles.

The Sienna crowd is the core Black Guelph contingency planning body, which first considered the possibility of leveraging the problems of the Eurodollar market and LDC indebtedness to London's advantage in 1976. At that time, Henry Bloch and Robert Mundell circulated a scenario under which a wave of Third World debt moratoria, probably led by the De La Flor group in Peru, would bring down the Eurodollar markets and the International Monetary Fund. The big American commercial banks would collapse. In the stead of these institutions would step the Bank for International Settlements, under the direction of its then rotating chairman Jelle Zijlstra, the Governor of the Dutch central bank.

The scenario was counteracted through a number of channels, failing on the leading point that the British and allied groups could not maintain control over the debt moratorium process. The Colombo meeting of the Non-Aligned heads of state in August 1976 established a political center for development policies unacceptable to London, Amsterdam, Brussels, and Geneva. The set of operations against the Labor Party that culminated in the attempted LaRouche assassination date from this period.

—David Goldman

Schlesinger Versus Fusion: A Dossier

An inside report on the attempt to suppress the Princeton results

Would the U.S. energy secretary actively try to suppress and downgrade the biggest fusion breakthrough in the history of U.S. fusion research? The answer is yes, as this day-by-day chronology of the Princeton story demonstrates.

In results announced at an Aug. 14 Department of Energy press conference, it was made public that the Princeton Large Torus fusion device achieved a first — ignition of fusion at temperatures above 60 million degrees. The achievement is by all scientific standards, a world-historical event in fusion research. Yet, the Department of Energy fought behind the scenes to conceal and downplay the news.

The *Executive Intelligence Review* staff compiled the following dossier of DOE interference from interviews with scientists, journalists, and government officials, and from interviews with reporters of *Fusion* magazine, who followed the breakthrough story closely from the beginning. *Fusion* is the monthly magazine of the Fusion Energy Foundation, a leading authority in the fusion field.

The dossier shows clearly these startling facts:

(1) that President Carter was never informed by Secretary Schlesinger's office of the Princeton research results and their pending release and that he was not adequately briefed, even after the story broke throughout the U.S. and international press;

(2) that Secretary Schlesinger's staff attempted to prevent a press conference from taking place here in the U.S. prior to the presentation of the Princeton results to fusion scientists meeting in Innsbruck, Austria Aug. 23, and

(3) that Schlesinger's staff downgraded the research results prior to the official release of the results and without any competent scientific evaluation.

Some Background

Fusion reporters told the *Executive Intelligence Review* that although they greatly appreciate the work of the Department of Energy Office of Fusion, they have been consistently critical of the attitude of Energy Secretary James Schlesinger toward the crucial R&D areas necessary for a secure energy future. In the past, many supporters of the fusion effort in industry and the scientific community did not give credence to *Fusion* magazine's charges that the DOE's mishandling of advanced technology research came right from the top.

The events around the Aug. 14 release of the PLT research results, however, demonstrate in the clearest possible terms the reality of the situation. *Fusion* staffers said that although the details of the investigation of these events were information normally kept confidential, the nature of this situation required publication.

"In the light of the historic significance of the actions President Carter's Administration might have taken had the President been properly informed and advised on the actual implications of the PLT results and a series of other imminent breakthroughs in fusion research, we feel that it is urgent to make the facts of the case available to all concerned," a *Fusion* spokesman said.

A similar appreciation of these events is clearly shared by a number of other public observers.

The *Christian Science Monitor* Aug. 14, in fact, explicitly spelled out the immediate basis for Schlesinger's antipathy to publicity for any groundbreaking fusion research. *Monitor* writer Harry B. Ellis gave the following account:

"Caution is what senior U.S. energy officials express" about the just-announced nuclear fusion experimental advance, said a Department of Energy (DOE) source, stressing that "this particular kind of (fusion) reactor has many problems to be solved."

Estimates that America might have abundant cheap energy from nuclear fusion in 20 or 30 years "very well could be optimistic," the source said.

Nor did he see anything in the fusion development to invalidate Energy Secretary James R. Schlesinger's warning that the world faces an inevitable oil shortage sometime in the 1980s, if Americans in particular do not curb their appetite for oil . . .

Senior energy officials, said a spokesman for Dr. Schlesinger, see a gap between the decline of oil supplies and the advent of "21st century" technologies, including some kind of breeder reactor (based on nuclear fission), solar energy, and — hopefully — fusion.

Meanwhile, U.S. energy officials do not want a "wrong signal" sent to Americans by reports calling the Princeton work a "nuclear fusion breakthrough." Officials well recall the great expectations when Alaskan oil came onstream, expectations not fully realized . . .

These and numerous accounts of Secretary Schlesinger's displeasure at reports of advances toward limitless energy make clear the policy outlook of anti-industrial Malthusianism that motivates his actions (see box).

As this exclusive dossier confirms, the attempt to circumvent and encumber U.S. fusion research and the dramatic Princeton achievement was the conscious policy of the Energy Secretary dating far in advance of public knowledge of the recent Princeton breakthrough.

Chronology Of Events In The Fusion Breakthrough

JULY 24

Experimental Results Obtained with PLT. During the July 22-26 period, scientists at the Princeton University Plasma Physics Laboratory (PPPL) completed experiments in its tokamak device achieving plasma temperatures high enough for continuous thermonuclear fusion reactions. Based on information subsequently released by staff of the Plasma Physics Laboratory, it appears that the first results in the Princeton Large Torus (PLT) were obtained July 24, and that the high temperature of 60 million degrees centigrade was obtained on the same day.

JULY 26-JULY 30

Experimental Results Widely Disseminated Among Scientists. The results of the Princeton experiments were disseminated widely on a private basis throughout the fusion scientific community, major research and development centers and fusion-connected private industry. It was understood that a public announcement of the results was embargoed until Princeton formally released the information at a press conference planned for Aug. 23 at a meeting of the International Atomic Energy Agency's Controlled Fusion and Plasma Physics Conference in Innsbruck, Austria.

JULY 31

'Energy Daily' Breaks Story. The *Energy Daily* published a front-page article titled "Big Breakthrough in Fusion at Princeton." Written by Richard Myers, the article described "persistent reports of a major breakthrough in the U.S. program in magnetic fusion," and attributed its information to "industrial sources."

Memorandum from Robert Thorne, Assistant Secretary for Technology, Department of Energy, to James R. Schlesinger, Department of Energy Secretary. According to DOE sources, Robert Thorne sent a memo to Energy Secretary Schlesinger on the day the *Energy Daily* story broke saying that the major press would get hold of the story soon and therefore the DOE would hold a press conference Aug. 15, rather than waiting for the Aug. 23 Innsbruck announcement. In the memo Thorne said that the Princeton Large Torus experiments had reached 80 million degrees; that this was a most significant development and breakthrough; that it was unique to

the United States; that it assured that the Tokamak Fusion Test Reactor (TFTR) scheduled for completion in 1981 would reach, and possibly go beyond, breakeven; and that the scientific feasibility of fusion was virtually assured.

(Note: Secretary Schlesinger's staff has implied that he never personally received the memo. However, the existence of the memo has been acknowledged by many sources in the DOE.)

AUG. 9

Press Release Drafted. Dr. Stephen Dean, Assistant Director of the Office of Fusion, and Dr. Harold Furth, Director of Research at PPPL, drafted a press release announcing a press conference for Aug. 15. The release was sent to the proper DOE channels for approval, and after some modifications it was approved for release.

AUG. 10

Phone Call Between Dr. Morris Levitt, Director of Fusion Energy Foundation, and Dr. Melvin Gottlieb, Director of PPPL. Dr. Levitt called Dr. Gottlieb to obtain an update on research progress at Princeton. Dr. Gottlieb informed Dr. Levitt that a press conference was scheduled for 11 a.m., Aug. 15, at DOE headquarters in Washington.

Fusion Energy Foundation Notifies White House of PLT Results and Scheduled Press Conference. Marsha Freeman of *Fusion* magazine called Dr. Ben Huberman, International Affairs Advisor to the White House's Office of Science and Technology Policy and science and technology staffer for the National Security Council. She asked him if he knew about either the Princeton results or the press conference. He said he knew about neither, and he promised to inform Dr. Frank Press, director of the Office of Science and Technology.

Thorne's Office Says White House May Participate at Press Conference. Len Kojam, press officer for Robert Thorne, told Laura Chasen, White House correspondent for New Solidarity International Press Service that President Carter was considering participating in the announcement of the Princeton results at the Aug. 15 press conference.

AUG. 11, 9 AM

Further Confirmation of Press Conference. Charles Stevens, director of fusion engineering for the Fusion Energy Foundation talked to John Clarke, Assistant Director of the Office of Fusion, who confirmed that the press conference was on and as far as he knew, the DOE Press Office was handling it.

10 AM

EIR Contacts Fusion Energy Foundation. Ronald Kokinda, *Executive Intelligence Review* Washington correspondent, called the Fusion Energy Foundation after hearing rumors about the press conference. Kokinda was briefed by Dr. Levitt on the fact that,

according to Dr. Gottlieb, a press conference was scheduled for 11 a.m. Aug. 15. Kokinda indicated that he would confirm this with the DOE press office.

11 AM

DOE Says There Is No Press Conference. *Executive Intelligence Review* Washington correspondent Ronald Kokinda talked to DOE Director of Press Services Al Alibrando who denied that there was any scheduled press conference. He pressed Kokinda to reveal his sources, asking repeatedly: "Who told you that? Where did you get that? I really want to know where you got that."

2 PM

DOE Again Denies That Press Conference Is Scheduled. Jim Bishop, head of DOE Press Office returned a call to Kokinda, the *Executive Intelligence Review* Washington correspondent. Kokinda told Bishop that Alibrando had informed him that no press conference was scheduled and had demanded that he reveal his sources. Bishop said that Alibrando should not have pressed Kokinda to reveal his sources, but he said, "no press conference was planned or contemplated." Bishop also stated the following: "There is a former ERDA official who is now with big industry who is spreading this story all over town."

NSIPS Learns of Doe's Denial on Press Conference. Charles Tate, a press representative of New Solidarity International Press Service, called Dr. Levitt and was briefed on the reports of the Princeton results and the press conference. Dr. Levitt suggested that Tate contact Kokinda to find out the results of his calls to the DOE. Tate later called back and informed Levitt that he learned from Kokinda that the DOE was denying a press conference was scheduled.

NSIPS Notifies National Press on DOE Reversal of Princeton Press Conference. Charles Tate from New Solidarity International Press Service notified a number of the leading press on the reports of the Princeton results, the Aug. 15 press conference, and DOE's denial of the Aug. 15 press conference. David Hess, reporter for the Knight-Ridder newspapers, began to make his own inquiries into the story after talking to Tate.

Iran Embassy Knew of Press Conference. A U.S. Labor Party representative called the Iranian embassy and learned that they were aware of the Aug. 15 press conference. (Earlier that month an Iranian newspaper had published an article highly favorable to fusion power.)

NOON

Swedish Reporter Calls FEF. A journalist from the Swedish newspaper *Dagens Industrie* called Dr. Levitt from Sweden saying that he had just been informed by the Swedish embassy that their inquiries to the DOE about the press conference had been met with a denial of any such conference.

Rep. Sikes Calls Schlesinger. Rep. Bob Sikes (D-

Fla.) called Energy Secretary Schlesinger's office after hearing about the press conference. He demanded to know why the story of the Princeton breakthroughs hadn't been released.

3:30 PM

Thorne's Press Officer Says Press Conference Still On. Len Kojam, press officer to Assistant Secretary Thorne, told the Fusion Energy Foundation that the press conference was now scheduled for either Aug. 15 or 16 and that it would be attended by Dr. Gottlieb, Edwin Kintner, Director of the DOE Fusion Office, and Eric Willis, assistant to Dr. Thorne. He said he did not know what the DOE press staff was up to.

4 PM

FEF Contacts White House. An aide to White House press officer Gregg Schneiders returned a call from Dr. Levitt acknowledging receipt of Levitt's memorandum urging consideration of White House participation in the press conference. The aide said the proposal was "under study."

Dr. Levitt also talked to Dr. Frank Press, head of

Schlesinger's Malthusian Philosophy

Economics is the science of choices in a world of limited resources.... The same dualism that underlies economics underlies the nature and condition of man. For anything you have missed, you have gained something else; and for anything you gain, you lose something....

We have gone around the world spreading the "gospel of plenty" raising the level of expectations.... In the nature of things, these rising expectations can never be satisfied.... Despite the modification of the original Malthusian dogma over the years, the danger remains that excessive growth of population will wipe out the gains of economic progress. Any economic revolution will be shortly wiped out by a Malthusian counter-revolution and the illusion of growth.... It is unwise to overstate the importance of economic growth per se....

We must in our strategic policy return to the days before the Industrial Revolution... prepare to fight limited wars.... Higher Soviet industrial development rates than attained in our production will have very little strategic significance....

The industrial mobilization base is only one of several gauges of power. A strategic menace may be based upon a rather modest economic structure.... We must build our military force on the exact opposite of the industrial potential notion.

James Schlesinger,
The Political Economy of National Security
(New York: Praeger Press, 1960)

White House Office of Science and Technology Policy, who said that he had just talked to DOE Director of Energy Research Dr. John Deutch. Deutch had downplayed the significance of the Princeton results, Press said. Because of this, Press said he did not think the PLT merited presidential attention.

AUG. 12

Story on Princeton Results Breaks in Press. The Knight-Ridder story broke in the morning edition of the Knight-owned *Miami Herald* and also was picked up in the *Chicago Tribune* and the *Baltimore Evening Sun*.

At the same time United Press International began looking into the story and CBS contacted Dr. Stephen Dean (Assistant Director of DOE's Fusion Office in charge of magnetic confinement systems). Dean decided that he should authoritatively break the story.

CBS News interviewed Dean, who called the Princeton experiment "the biggest thing that has ever happened in fusion research." "The question of whether fusion is feasible from a scientific point of view has now been answered," Dean said.

Dean's interview with CBS was the lead story on the 6:30 p.m. televised news and was repeated throughout the evening as the lead story on the CBS radio news.

Bishop Says "Heads Will Roll"; Schlesinger Charges Fusion Office Conspiracy with FEF. Highly placed sources informed the FEF that Schlesinger's personal press secretary, Jim Bishop, had warned leading officials connected with the DOE fusion office that "heads would roll." Energy Secretary Schlesinger also accused high-ranking officials of being in a conspiracy with the FEF.

Deutch Downplays Princeton Results. DOE Assistant Secretary for Research John Deutch told Dr. Levitt that these results may be good for Princeton but are not a breakthrough. When asked if he had assessed the results in light of the Japanese and Soviet offers for a joint fusion program, or obtained an evaluation of Princeton results from these nations, Deutch said "no."

2 PM

DOE Press Office Says No Need to Hold Press Conference. A representative of the DOE's press office speaking for Al Alibrando told *Fusion* magazine energy news editor William Engdahl that there had been no announcement of a press conference. Further, he said, since the story had already broken in the press there was probably no need to hold a press conference. The DOE spokesman made these comments before Stephen Dean's statements were made public.

AUG. 13

Press Breaks Story Internationally. Following the Knight and UPI wire stories and the CBS telecast, large numbers of newspapers published the story,

generally on the first page and often as the lead. These newspapers included:

The Washington Post: "U.S. Makes Major Advance in Nuclear Fusion" (this was a banner headline lead article by Bill Peterson.)

The Sunday Star-Ledger, Newark, N.J.: "Princeton Reports Breakthrough in Creating Cheap, Clean Energy" (This front-page article by Tim O'Brien interviews Dr. Morris Levitt, executive director of the FEF, and Dr. Steven Bardwell, director of plasma physics for the FEF.)

In addition, the Armed Forces Network in Europe, the entire spectrum of the Mexican press, and media throughout America and Europe were leading with the story.

Princeton Scientists Put Under Pressure. Reporters calling PPPL were told that Princeton would not make any comments on the results until the Innsbruck meeting. Sources indicated that the DOE told Princeton officials to tell press (1) that there was no press conference and (2) that they should not talk to anyone about the results or about the cancellation of the press conference.

Schlesinger Out to Repudiate Results. A knowledgeable DOE source told a *Fusion* magazine reporter that Schlesinger was trying to find scientists who were willing to repudiate the Princeton test results. The DOE press office still denied to callers that any press conference was planned.

6 PM

CBS Continues Coverage: Interviews Sawhill. A CBS TV national news report with Morton Dean interviewed former Federal Energy Agency official John Sawhill, now president of New York University. Sawhill praised the Princeton results but said that commercialized fusion would not be possible until well into the 21st century. Sawhill, it should be noted, has recently called for cutting off all scientific exchanges with the Soviets, and backs Schlesinger's no-growth energy policy.

Morton Dean also interviewed an unnamed high-ranking DOE official who indicated that Princeton had publicized the results because it's "budget time." An informed source told FEF that this DOE spokesman was probably John Deutch, DOE Director of Energy Research.

Princeton University President Warns Schlesinger. Princeton University president Bowen reportedly notified Energy Secretary Schlesinger that one press conference would be held in the coming week. Bowen said in essence: "Either you hold one or we will hold one."

AUG. 14

DOE Announces Press Conference for Same Day. Monday morning Aug. 14, the DOE announced it would hold a press conference that afternoon, at 3:30 p.m., at DOE headquarters in Washington. According to informed sources, the press conference was

announced following a meeting between Schlesinger and high-ranking officials in the DOE's fusion office.

The DOE press office said that DOE Assistant Secretary Deutch would be the DOE's only spokesman at the press conference. One source close to Secretary Schlesinger privately admitted that the press conference was called because "the situation had gotten out of hand."

Press Coverage Continues. By Monday a grid of the press showed that almost every major newspaper in the world had covered the Princeton breakthroughs. Articles quoting high DOE officials, including DOE press chief Jim Bishop, who downplayed the results, appeared in both U.S. and foreign press. A front-page article in the *Christian Science Monitor* linked Schlesinger's concern over the wide publicity which the fusion test results received to his fear that the results would undermine his policy of cutting back on oil imports and consumption. A number of articles in the Italian press erroneously said that the temperatures reached in the PLT experiments were really in the low 20-30 million degree range, rather than 60 million degrees.

3:30 PM

Press Conference Draws Nearly 75 Reporters. Close to 75 reporters from the major media throughout the world — including the Soviet Union's Tass and the Japanese press — attended the DOE press conference where Dr. Gottlieb and Dr. Deutch formally announced the Princeton results.

Gottlieb described the test results saying, "It took us seven years to go from several million degrees to 26 million in December 1977, and then just six months to go another 35 million." He also said that no instabilities or excessive leakage from the plasma occurred in this high-temperature "collisionless" regime. There was little doubt, he said, that the larger TFTR, now under construction, would achieve better than energy-breakeven conditions when it begins operation in the early 1980s.

Dr. John Deutch, acting as the DOE spokesman, said in his introductory remarks that the Princeton results confirm the current DOE framework and timetable for the fusion program. In general he played down the results as important but not a breakthrough.

A number of government officials and scientists attending the press conference were concerned that Edwin Kintner, Director of the DOE Fusion Office, was excluded from participating in the press conference. Attendees at the press conference were also upset with the actions of some DOE officials who removed background material on the PLT and the TFTR.

4 PM

More DOE Misinformation. A reporter from the University of Michigan's student press called the DOE after the press conference to ask why the *Washington Post* had covered the results so favorably and the

Washington Star had downplayed them. She wanted the DOE to tell her the real story. The DOE spokesman told her that she shouldn't believe the *Washington Post* story.

Top Scientists Hail Fusion Breakthrough. Top U.S. scientists contacted by the FEF expressed their opinion that the Princeton test results were important and were a breakthrough for the fusion program. These scientists were uniformly dismayed by the attitude and actions taken by Energy Secretary Schlesinger and his top aides.

AUG. 15

Press Reports on Press Conference. Early press reports were evenly divided between coverage of Gottlieb's presentation and coverage of Deutch's downplaying of the results and attempts to justify the DOE's slow pace for developing fusion.

CBS Reporter Demands White House Response. At a White House morning press briefing led by Rex Granum, CBS correspondent Bob Schiefer asked if the President had been briefed on the Princeton results. Granum said that he could not say. Schiefer was so dissatisfied with the answer that he repeated the question three times, receiving the same "I don't know" answer three times.

Schiefer then told Granum that the Princeton results may be the most exciting development in science and he couldn't understand why spokesmen in the DOE were making statements on behalf of the Administration playing down the results. Why doesn't someone at a staff meeting say "Hey, Mr. President, didn't you see the papers on the extraordinary breakthrough in fusion?" Schiefer suggested. "Can you ask the President that?" he challenged Mr. Granum.

Granum said the White House would have a written reply the following day.

AUG. 16

Favorable Press Coverage. A number of editorials in the U.S. press evaluated the Princeton experiments favorably, including:

The Baltimore Sun: "Fusion's Unlimited Promise." This editorial said that since "the promise is for unlimited energy," instead of cutting the fusion budget, "it is time for the administration to review its attitudes toward the fusion energy budget."

The Star Ledger (Newark, N.J.): "Energy Breakthrough." This editorial noted that the Princeton research "has resolved the nagging question of whether fusion is feasible from a scientific perspective," and then called for a Manhattan Project-level effort.

The Washington Post: "The Fusion Experiments." Although it cautioned against overoptimism, this editorial used the tokamak results to argue for declassification and internationalization of laser fusion research in order to match the tokamak experience and for "the government to be generous in

its support of a variety of research programs aimed at the development of a source of clean and unlimited power."

AUG. 18

Schlesinger Says Press "Overplaying" Princeton. At a special White House press conference on the natural gas bill Secretary Schlesinger characterized the Princeton fusion breakthrough as "great," but then told the press that journalists had "overplayed the Princeton results. They are a step toward feasibility, but they don't demonstrate feasibility."

AUG. 20

Schlesinger Says He Didn't Want to "Hype Up" the Princeton Results. CBS News Reporter Nelson Benton asked Secretary Schlesinger on the CBS "Face the Nation" television and radio show why "there was such apparent confusion at your Department last week when information became available that there had been a significant advance in thermonuclear fusion experiments at Princeton University?" "There

seemed to be some indecision as to how the department itself was going to evaluate something that occurred last month," Benton said.

Schlesinger replied: "There was no confusion on that. We regarded it as a substantial step forward, one that we welcomed; it was consistent with the program that ERDA, AEC before it, the Department of Energy, has pushed in the fusion area. It was a major step forward, but it is not yet a demonstration of scientific feasibility, which means you get more energy out of the process than you put in, and consequently, while we wanted to take note of this achievement in an orderly way, we did not want to hype it up in such a way that — that the public got the impression that the problem of developing fusion energy was solved."

AUG. 22

DOE Still Downgrades Princeton Results. A reporter for the *Wall Street Journal* said that when he called the DOE press office for comment last week he was told that the DOE's Fusion Office was playing the Princeton results just like the Department of Defense at budget time when it claims sighting of Russian submarines just off the U.S. coast.

The Press on Schlesinger's Sabotage

Since the Department of Energy's official announcement of the historic Princeton fusion breakthrough Aug. 14, press coverage of the Princeton results and their significance has become increasingly polarized between those commentaries supporting the Schlesinger position and those that hail the results as signaling the way to a near-term solution to the world's energy problems. Significantly, the fact of Energy Secretary Schlesinger's bitter opposition to the scientific achievement and of his efforts to keep the news out of the hands of the public and the President, has also begun to appear in several major daily newspapers.

Here is a sample of the continuing press coverage:

"Schlesinger Sizzles"

WASHINGTON POST, "Taming Fusion's Fury," by Thomas O'Toole, Aug. 20:

... An enduring irony of the Princeton achievement of last month is that it does nothing to speed up the U.S. program to develop fusion as an energy source...

The politics that followed the Princeton achievement are curious and deserve at least a mention. When the Department of Energy was notified of the 60-million-degree milestone, a mixed reaction ensued. The fusion people were ecstatic, drafting what the federal government calls an "early warning memorandum" for cabinet and agency heads to explain what had happened. Curiously, the memo

never reached the White House, presumably the place such memos are aimed at.

There was discussion inside the Energy Department about whether to hold a press conference to announce the achievement. Top management did not want a press conference. They worried that Congress might demand an increase in the fusion budget request, anathema in this year of a forecast balanced budget.

There's another reason Energy Department sources say top management looked askance at the fusion achievement. Energy Secretary James R. Schlesinger believes in the "economics of scarcity," meaning he preaches energy economy because all our fuels are in scarce supply.

Fusion? All fusion does is tell the world that we have all the energy we'll ever need.

STAR LEDGER (Newark), Aug. 20:

... If all goes as planned, in a relatively short time the world will have an unlimited, clean, cheap source of energy, and there will be no energy crises...

(The head of the Princeton program, Dr. Melvin Gottlieb, said in an interview:) "This is not the end of the energy crisis. Anyone who says that is irresponsible...." Gottlieb, 61, praised the DOE for "not overemphasizing" the 60 million degree milestone. "Breakthrough is not a scientific term," he said.

Others at Princeton, though, expressed disappointment at how the announcement was

handled. "It was a major, worldwide development and the DOE certainly went out of its way to play it down," said one Princeton official:

Simultaneous press conferences in Princeton and Washington were planned for last Wednesday, but following a leak of the story in the capital last weekend, the DOE hastily called a Monday press briefing.

One group, the New York-based Fusion Energy Foundation, went so far as to accuse U.S. Energy Secretary James Schlesinger of "sabotaging" the fusion research effort by deliberately ordering a low-key approach to the announcement....

PITTSBURGH PRESS, Aug. 20:

Energy Secretary James R. Schlesinger sizzles over handling of Princeton University research team's giant step in nuclear fusion. They achieved temperature of 60 million degrees centigrade in an experiment funded by Schlesinger's shop. But they announced it on their own.

If good energy news is to be announced, Schlesinger let them know, it will be announced by the Carter Administration—with Schlesinger having the key role in telling the public.

O GLOBO (Brazil), Aug. 20:

Nuclear programs like those of Brazil "are now more than justified" in virtue of the recent advances in nuclear fusion technology, said Dr. Charles Stevens, researcher of the Fusion Energy Foundation...

The entire Brazilian effort — economic as well as political — to establish a nuclear energy sector will thus be justified, and the objections of economic and strategic orders which have been presented against it will be wiped out....

CHICAGO TRIBUNE, Aug. 20:

... "This worked as our theories predicted," (Director of the federal government's fusion energy office Edwin) Kintner said, "and we achieved a temperature in the range necessary to produce energy from fusion. The Princeton experiment demonstrated we can get the heat needed...."

"We're very confident that the TFTR will demonstrate the scientific feasibility of fusion," said Edward Frieman, deputy director of the Princeton project. "Our experiments have worked so well, they have caused excitement all over the world."

PRAVDA (Soviet Union), Aug. 20:

... It would be incorrect to think that the advocates of "cold war" were taking the upper hand everywhere. News of an entirely different type is also being reported these days: ... Scientists at Princeton University have achieved a major success in the area of thermonuclear fusion. They succeeded in obtaining a temperature of 60 million degrees C in an

experimental "Tokamak" reactor. This was accomplished thanks to cooperation with Soviet scientists....

Our party and the Soviet government, realistically evaluating the international situation in all its complexity, consistently follow the policy of detente, which does not depend on any conjunctural fluctuations. Comrade L.I. Brezhnev has said, "The vital interests of workers of all countries require that everything good accomplished internationally not be permitted to be erased, and that there be forward movement towards truly firm peace for all peoples."

"It Is Not A 'Breakthrough' "

NEWSDAY, (New York), "Fusion: Hope for Energy Freedom," Aug. 20:

The benefits of such a discovery and its application would be staggering:

* The dollar overnight would become once again the strongest currency on earth.

* The forces of inflation—which today draws much of its strength from steadily rising energy prices—would be dealt a mortal blow....

* Oil would cease to be one of the principal sources of international tension, environmental pollution and excessive profit. It would henceforth be used to make such things as chemicals, fertilizers and even animal feeds....

Unfortunately, the fusion people are not at the point where they can go ahead right now. The temperatures achieved at Princeton are only one step....

There can be no question, therefore, of simply switching all the funds we now have tied up in other forms of energy research and development and putting them into fusion.

Fusion ultimately may solve the world's energy problems for the next several thousand years. That won't matter much, however, if between now and the year 2000 we have energy shortages that bring on worldwide economic depression, political upheaval, and international tensions so severe that we blow ourselves up fighting over what little oil is left. (This scenario of global disaster brought on by energy shortages is precisely that often presented by Energy Secretary Schlesinger—ed.)

CHRISTIAN SCIENCE MONITOR, "DOE: Fusion power still decades off," Aug. 16:

Scientists at Princeton University who are working toward harnessing nuclear fusion to make electric power have indeed had a noteworthy laboratory success. But it is not the "breakthrough" or "major milestone" that was reported over the weekend.

Public affairs officers for the U.S. Department of Energy, which supports that research, says the DOE was both puzzled and embarrassed at what it considers an unauthorized and overblown announcement of the Princeton work....

(DOE public affairs director Jim) Bishop

emphasized that, while the Princeton work is a major scientific achievement, it probably won't shorten the time scale or the cost of fusion power development.

ATLANTA JOURNAL, "The Energy Squeeze: Back to the drawing board—nuclear fusion is still far away," Aug. 20:

The excitement that the newspaper articles generated among readers last week indicates the public's hunger for something that will get the so-called energy crisis off their backs. But it also demonstrates the confusion that reigns among the public, the government, and energy scientists themselves when it comes to figuring out exactly where we stand when it comes to energy matters....

Whoever said what scientists were saying last week was very naive or downright stupid....

THE ECONOMIST (London), Aug. 19-25:

The Americans have emulated the sun.... But don't boil over with excitement. Despite fusion's attractions, energy from it is not imminent....

The case for expensive fusion (in something over 20

years' time?) rests on the alleged abundance and safety of fusion energy.

THE TIMES (London), "Fusion for the Future," editorial, Aug. 15:

Although the Princeton experiment has raised the level of temperatures achieved so far, the other factors still appear not to be satisfied. The fusion process took place for only a fraction of a second.... In a practical power station using a fusion reactor, the fuels would be a mixture of deuterium and tritium (isotopes of hydrogen) the first being separated from sea water and the other as a gaseous extract from conventional nuclear reactors. The production of both these fuels would be an expensive item if done on a large scale....

The latest developments give an ounce of encouragement to that view (that fusion will obviate the fast-breeder reactor—ed.). But the technical problems still to be tackled are too great, and the economics of fusion generators too uncertain, to permit the fast breeder option to be closed now or in the near future.

Mondale Moves To Sabotage Camp David, Carter-Congress Relations

Once again, Vice-President Walter Mondale has been caught red-handed in a conspiracy to undermine the Carter presidency. According to reliable sources, the Minnesota Fabian is not only chiefly responsible for manipulating his boss into the weird "get tough

THE ADMINISTRATION

with Congress" campaign, a campaign that is already bringing the President into sharp conflict with some of his most important allies on the hill, but Mondale is also collaborating on an almost day-to-day basis with the Zionist Lobby to sabotage next month's fateful Camp David summit.

The first maneuver could destroy the President. The second could destroy the world.

Carter "Gets Tough"

Carter's new "Operation Hardline," no doubt undertaken in a misguided effort to counter his "soft and ineffective" image, was announced last week by Agriculture Secretary Robert Bergland, a long-time crony of Mondale's. At a breakfast meeting for reporters, Bergland vehemently attacked Democratic Congressmen who oppose the President's proposals, calling them "bed-wetters" and "cheap-shots"; he then declared, "I think Carter will take on Congress." "This must be done," he added. "Absolutely yes, there is no question of it."

According to Godfrey Sperling, chief Washington correspondent for the *Christian Science Monitor* (whose ties to the British Round Table are a matter of public record), Bergland also announced that the White House was considering political reprisals against such Congressmen, including patronage and campaign-funding cutoffs. Moves of that type would guarantee a possibly irrevocable split between Carter and Congressional Democrats.

An aide to Bergland subsequently informed this newsservice that the Agriculture Secretary had made his remarks without prior White House approval or even knowledge. The aide also reported, however, that Vice-President Mondale enthusiastically favored such

an approach, and in fact had already been attempting it himself.

The Washington Post moved immediately to support the Mondale-Bergland strategy of setting Carter on a collision course with Congress. In its August 17 edition, it ran a pair of editorials: the first congratulating Carter for "getting tough," the second outlining a scenario for a knock-down, drag-out battle over the Administration's energy and other legislation which would necessitate a post-election "lame-duck" session of Congress.

Carter Falls Into Trap

Carter and his loyalists on the White House staff appear to have fallen straight into the trap. At his Aug. 17 press conference, the President announced he would veto a \$36 billion weapons appropriations bill because it allocated \$2 billion for a nuclear aircraft carrier the Administration opposed. Carter also threatened to veto other Congressional legislation, including the tax bill; roll back approval of public works-funded water projects; and impose import quotas on oil if the universally detested, Schlesinger-audored energy program is not passed.

Meanwhile, the Aug. 23 *Washington Post* quoted officials at the Office of Management and Budget saying that at least 30 bills, including appropriations covering the departments of Health, Education, and Welfare; Agriculture; Interior; and Transportation are in danger of being vetoed by Carter unless they are substantially altered to conform to the Administration's "budget restraint" policy.

So far, the "get tough" program has worked just as Mondale and his cohorts intended. The President's veto of the arms bill immediately drew an angry response from Senate Armed Services Committee chairman John Stennis (D-Miss.), who said the President had been fed "false facts" by his advisors, and vowed a Congressional override.

Senate Majority Leader Robert Byrd (D-W. Va.) — whose support and cooperation are crucial to maintaining a working relationship between Carter and Congress — was also forced to publicly caution the President against the folly of his new approach.

Nevertheless, a special task force headed by

Mondale's chief of staff, Richard Moe, is now meeting daily, ostensibly to map out a strategy for rounding up votes to sustain Carter's defense appropriations veto. But sources say that Mondale and national security advisor Zbigniew Brzezinski will play leading roles in "selling the Administration's case" — casting the White House in as provocative a posture as possible. According to the *Washington Post*, Mondale has already gotten into the act, hosting 150 businessmen at the White House Aug. 23 to garner their support for the veto.

The chief irony of the situation is that the issues on which Carter has chosen to act aggressively are either irrelevant in the long run — like the \$2 billion aircraft carrier appropriation — or, like the energy program, completely inimical to the nation's vital interests — and wildly unpopular to boot.

Mondale Vs. Mideast Peace

Mondale's attempt to disrupt Carter's already fragile relations with Capitol Hill is no mere matter of political infighting, but part of a broader attempt by London-centered forces to prevent movement by Carter in a positive policy direction. This is nowhere more clear than in the case of the Camp David summit whose failure would constitute not only a mortal blow to Carter's prestige, but would lead almost inevitably to a major new conflagration in the Mideast and probable world war. Yet Mondale is working zealously to doom the summit before it begins.

According to Burton Josephs, executive director of the Anti-Defamation League — the foremost British-run "Zionist Lobby" organization — he has been meeting with the Vice President on a frequent basis to discuss the Mideast situation. The Vice-President, Josephs enthusiastically told an interviewer (see below), has been having "a lot of input" into the Administration's Mideast policy, and is determined to achieve two goals: getting the Administration to back off from its commitment to the October 1977 U.S.-Soviet joint communiqué and its related support for an independent Palestinian state. If Mondale and his Zionist Lobby cronies are successful, the Mideast will go up in flames.

—Kathleen Murphy

ADLER: Mondale's Role: In Mideast Policy

The following interview with Burton Josephs, executive director of the Anti-Defamation League, was made available to the Executive Intelligence Review this week.

Q: I understand that you are a good friend of Vice-President Mondale. I would like to know, in that light,

what you think about the role he has played in shaping Administration Middle East policy?

A: Oh yes, indeed, he is a good friend of mine, a longtime friend, it goes back to when he was Attorney General of Minnesota. As to his Middle East policy, well of course it is the government's policy. But I believe that it has been influenced in a major measure by Mondale. Mondale has better relations with the Jewish community, he handles those relations with a great deal of skill. As a protégé of Hubert Humphrey, he understands the intricacies of the problem. Jimmy Carter had few relations with the Jewish community when he got into the White House and he has limited contact with them now.

Q: What role is Mondale playing in regard to the Camp David meeting? And to what degree is Carter going to support Sadat there?

A: He is having an increasing role. The comments from the Jewish community warning that Carter is backing Sadat are alarmist. I think there is a far greater degree of even-handedness from the Administration. The administration made some bonefaced policy statements that they are now revoking. The joint statement with the Soviets was a bonefaced statement. The statement on a Palestinian homeland was a bonefaced statement. Now they have learned to handle themselves better.

Q: Do you think that Mondale played a major role in changing this policy from the administration?

A: Yes I do. He very much was a part of it. The State Department did the joint statement, there was no reason to bring the Soviets in. Mondale made himself felt forcefully. Mondale is part of the upper counseling group. For the Camp David meeting he will not have an outfront role, when the president is there he sits back and lets him have the stage. But privately . . .

Q: What do you think about the way that Mondale has been campaigning all over the country? Do you think he will help the administration get support — and what about his own presidential ambitions?

A: He will definitely be a campaign strength. He handles himself with graciousness. In fact he is a better campaigner than the President.

I don't expect him to run for the presidency in 1980 because the President will run. Of course if the President decides not to run . . .

Q: How long have you known the Vice-President?

A: I know him even from before he was campaign manager for Humphrey. His destiny was stamped . . . he is a great guy. He was at a reception I was at last week; he pulled me aside because he had several important things to discuss. The time before that that I saw him we spent much more time together, an hour and a half. He will be coming out here the weekend before Labor Day again and I will see him then.

Schlesinger: 'Pass My Energy Bill Or I'll Resign'

Congress may well take the energy czar up on his challenge

Following a flurry of meetings last week, Energy Secretary James Schlesinger announced at a special press conference on Friday, Aug. 18 that the Administration had reached a "major breakthrough" in the Carter Administration's 15-month battle to get

Nation" show, Schlesinger issued a direct challenge to Congress: pass this bill or I will resign (See below). There are substantial indications that Congress may well take him up on his offer.

ENERGY

Schlesinger's personal credibility in Congress is reported to be among the lowest of any member of the Carter Administration. In recent weeks the press has been increasingly filled with rumors and speculation that his inability to get any major legislation through Congress may lead to his resignation. Aside from his open failure to convince Congress on the Administration's energy bill, Schlesinger is distinguished by his failure to deliver satisfactorily on priority nuclear licensing reforms and legislative reform, and his complicity with National Security Advisor Brzezinski in "playing the China card" — emphasized by his planned new October trip to Peking.

its legislative energy package through Congress. The "breakthrough," ironically the term used most widely by world press and scientists to characterize the Princeton fusion results, (see ENERGY) was not the historic announcement of the fusion advance. It was an announcement of a compromise agreement on the natural gas portion of the five-part energy legislative package.

The compromise came on the fourth draft attempted by the Administration and the House-Senate conference committee. The committee version now must be voted on by both the House and Senate. Preliminary estimates circulating on the Hill are that the bill will be defeated in a Senate vote, with 39 "against," 33 "for" 12 "leaning against," and 16 "undecided."

Speaking on the nationally televised "Face the

By major American industry and sections of organized labor, Schlesinger is being openly labeled the prime wrecker of U.S. industrial growth potential, through what the *Washington Post* calls his belief in the "economics of scarcity." His now-open attempt to undermine the actual significance of the Princeton fusion breakthrough exposes the actual intent of the national energy bill — reduction of real energy options and boosting the cost of present sources to force industrial contraction.

— William Engdahl

Schlesinger: 'My Usefulness May Have Been Ended'

These are portions of Energy Secretary James Schlesinger's remarks on CBS-TV's "Face the Nation" broadcast of Aug. 20.

Benton: . . . What happens if you get neither a natural gas bill or crude oil tax bill? Can the President keep his commitment that he made at Bonn — that the United States will reduce its imports two and a half million barrels of oil a day under what it would be by 1985?

Sec. Schlesinger: No, sir, we will need to get one of these two major bills in order to fulfill that commitment. If we fail to get either of these major bills, I think that we can confess that we do not have the discipline in this country to face up to our energy

problems. The impact on the dollar, which is already in weakened condition, will be devastating

Benton: Mr. Secretary, why was there such apparent confusion at your department last week when information became available that there had been a significant advance in thermo-nuclear fusion experiments at Princeton University?

Sec. Schlesinger: I'm not sure what the confusion is to which you refer, but the —

Benton: There seemed to be some indecision as to what the Department was — how the Department itself was going to evaluate something that occurred last month.

Sec. Schlesinger: There was no confusion on that. We regarded it as a substantial step forward, one that we welcomed; it was consistent with the program that ERDA, AEC before it, the Department of Energy, has

pushed, in the fusion area. It was a major step forward, but it is not yet a demonstration of scientific feasibility, which means you get more energy out of the process than you put in, and consequently, while we wanted to take note of this achievement in an orderly way, we did not want to hype it up in such a way that — that the public got the impression that the problem of developing fusion energy was solved . . .

Hornig: There's another question I'd like to ask you, Mr. Secretary, about OPEC. OPEC countries trade in dollars; the dollar is falling, and there is now talk among the oil producers to switch to another currency. If they do, what will that mean?

Sec. Schlesinger: Well, I think that it would be something of a — of a blow to the prestige of the dollar, but that's — that — the prestige of the dollar has suffered some frequent blows of late. If, indeed, the dollar has bottomed out and begins to rise in the years ahead, that would mean that our petroleum imports would be cheaper than they would otherwise be because the United States would be only one of several currencies against which oil was being priced.

Benton: Mr. Secretary, you're planning, I believe, a trip to mainland China this fall, I believe, in October.

Is that trip purely energy-related, or — or are you a part of the President's China card in the foreign policy hand?

Sec. Schlesinger: I think that the agenda for the trip is — is simply a technical agenda. We are planning to have technical exchanges with the Chinese, should they materialize. It may be that we can reach agreements during that trip. The — I'm sure that the press will speculate whether or not this is the part of the playing of the China card, but the agenda is a technical one.

McLaughlin: Mr. Secretary, are you thinking about changing your job? We hear that in the press a lot about you.

Sec. Schlesinger: I've got no plans to do so.

Benton: Is your — is your tenure in any way at all related to the success or failure of the energy legislation before Congress?

Sec. Schlesinger: I don't believe that it's related to that, save — save for the fact that we must have an energy program in this country. I am totally dedicated to achieving that. If it becomes clear that we are unable to have such a program then my usefulness may have been ended.

What Congress Says About Schlesinger

Interviews last week with politically key Congressmen and their aides on the Administration's energy compromise included the following:

An aide to a Midwest Democratic Senator:

According to the aide, there is "substantial opposition" to the bill, primarily from the Northeast and Midwest. He claimed that although the Democratic leadership is moving behind it, considerable opposition by labor and industry exists. "In general," he said, "the Administration has a bad bottle of wine to sell, and is pushing it on the basis that we should drink it, to prove our resolve."

He also reported that Vice-President Walter Mondale met with congressional aides at the White House where he argued that the bill would help save the dollar. "But," the aide stated, "we couldn't get him to say how."

When asked about reports that Schlesinger might leave his post as Energy Secretary, the aide exclaimed: "Wonderful!"

An aide to a Democratic Congressman from the industrial Midwest:

This aide drew the picture of a broad "left-right" coalition against the bill with "the incremental pricing

measures being a major source of the problem." He asserted that given the bill being presented, the general attitude is that "no bill at all would be better than this."

The aide stated further that the "President and his Secretary are crying about the sinking dollar, the need to resolve ourselves to act, the need to clean up our own house," but the Administration is "holding the energy bill hostage" to the natural gas bill. He noted that of five pieces of the energy package, three have been ready to go since last December. But the Administration is using them as leverage to get the natural gas bill through, since, the aide said, "they couldn't do it any other way." "The Administration is trying to pressure Congress on an apple-pie level, saying the welfare of the country is at stake if this bill fails."

When asked about Schlesinger's threat to resign if the bill is defeated, the aide stated: "All the more reason not to back the bill. In a short time he has offended everyone on the Hill. He has hurt legislation, and is a major obstacle to getting something through."

An aide to a gas state Southwest Democratic Senator:

This aide reported that the Senator did not sign the bill since its original language had changed. He commented: "It is not good for producers. There are problems with intra-state regulation and other technical details."

In response to the news of Schlesinger's offer to

resign if the bill is defeated, he replied, "Senators have to consider the constituency, and the benefit of the country first. If Schlesinger can do the job, he should be able to work with them; if not, he must decide for himself what to do."

A southern border-state Senator, generally regarded as a swing vote:

This Senator was asked in a half-joking manner whether he would like to become a national hero by coming out on the fusion issue. He astutely responded: "For or against? — For? Sure."

Informed of Schlesinger's hints at resignation, the Senator equated killing the energy bill with terminating the DOE Secretary's tenure.

A Midwest Senator:

When informed of the Princeton fusion breakthrough, the Senator asked what the President had thought of it. Told that the President found out about it on TV, he said: "Aha! Schlesinger didn't tell him." Aware of Schlesinger's sabotage of advanced energy technologies, he stated he would be "glad to see him go." He said he will be voting against the natural gas bill.

An Aide to a Western Senator:

"The leadership will try to postpone the vote, because the thing is in bad shape," the aide reported. He further indicated that Schlesinger and the Senate leadership had met. "The plan is to back it up to recess, try to break the filibuster, since Congress will be aching to adjourn."

Senator Henry Jackson's office:

Jackson's office claimed they hadn't heard of Schlesinger's threat to resign and refused to discuss the chances of the energy bill.

However, Platt's *Oilgram News Service* of Aug. 21

quotes Senate Energy chairman Jackson to the effect that while there were enough votes to kill the filibuster, the actual support for the bill was "razor thin." If gas deregulation fails now, according to Jackson, it will not be attempted again next year. He further asserted that support for the bill was based primarily on the realization that the lack of an energy program was hurting the dollar, even though "all of us have reservations about the bill."

Representative Hansen (R-Wyo.):

Hansen, an opponent of the bill, has been quoted elsewhere as "decrying the pressure" from Carter, who met late at night with House-Senate conference members Rangel and Corman, to force the gas bill out of committee. He indicated that conference committee members have still not been given the final copy of the bill and said: "It seems quite anomalous that men who would not sign a check or a contract in blank for a few dollars will essentially sign a bill in blank affecting several billions of dollars." Responding to the pressure exerted on Rangel and Corman to obtain their signatures, Hansen stated: "I personally consider it outrageous that a carefully constructed agreement designed to facilitate careful consideration of this most important legislation should be abrogated under White House auspices in the dead of the night."

An aide to Senator Edward Kennedy (D-Mass.):

The aide stated that the bill would pass the Senate and the House would take it up later. He said: "It's a lame duck session — there's lots of time later. Abourezk and Metzenbaum will lead a filibuster — call them for strategy."

When asked how the failure of the natural gas bill would affect the energy bill, he nervously replied: "Won't be too good, would it?"

McGovern Charges Cambodia With Genocide

Sen. George McGovern (D-S.D.) charged the Cambodian government with perpetrating "genocide" against its population and called for an international military force to "knock this regime out

FOREIGN POLICY

of power," during Senate Foreign Relations subcommittee hearings Aug. 21.

"Cambodia is the most extreme I've ever heard of...Based on the percentage of the population that appears to have died, this makes Hitler's operations

look tame. I find it very hard to believe a murderous gang that may have killed in three years as many as one-third of the people of that country is very popular. There is no excuse for us to ignore the systematic slaughter of people by their own country."

McGovern's statement is the first outcry by a high-ranking American official against the wholesale slaughter being conducted by China's puppet state Cambodia. Over the past three years of Maoist policies of resettlement of the cities, starvation, slave labor programs and outright executions of anyone who protests these brutal conditions, the Peking-backed Khmer Rouge have murdered between 1 and 2 million of its 7 million population.

Brzezinski: Card

McGovern's attack is a first step in outflanking National Security Director Brzezinski's policy for an alliance with China against the Soviet Union. After Brzezinski returned from China several months ago, McGovern in a television interview repudiated the "China card," warning that it was an extreme danger to world peace.

Senator Ted Kennedy, one of Brzezinski's staunchest Senate allies in supporting China, hastily tried to discredit McGovern's demand for international action. Kennedy charged McGovern with planning unilateral U.S. military action in Cambodia.

The State Department nervously responded that they were not planning to initiate military action against Cambodia but would work with other governments and the United Nations on this "inhuman situation" and "monstrous human rights violations" in Cambodia.

In his statements to the Senate Foreign Relations Committee, McGovern said that since such a ruckus had been made against the Soviet Union for two Jews, he expected action when millions were killed. But what McGovern didn't do was link his human rights campaign on Cambodia to the underwriters of the Cambodian enterprise — Peking. Already, in Britain, outcries against Cambodia have been used to brand "communist" rather than "Maoist" nations. Any more of that press barrage could undermine McGovern's hopes for a SALT treaty (see below) — and end up helping Brzezinski.

The makings of a development-oriented U.S. policy for Asia were detailed the day after McGovern's charges by a Senate-sponsored group just back from Vietnam, which is enduring a Chinese-sponsored border war with Cambodia. The group, under Senate Judiciary Committee auspices, was sent by Kennedy, but it declared that U.S. security interests in Asia would be secured through economic development. "We have arrived at an historic decision-point in our foreign policy...where we now have an opportunity to do through peaceful means what we sought to do so long through war: protect U.S. national interests in Southeast Asia by assuring Vietnam's independence from domination of any outside power."

Yesterday Vietnamese officials told a group of U.S. congressmen, led by conservative Rep. Sonny Montgomery (D-Miss.) that they were eager for full relations with the U.S., and the Vice-Foreign Minister accepted an invitation to visit the United States. "They want us on their side against the Chinese, that's the bottom line," declared one of the congressmen in Vietnam.

Sen. McGovern has been actively involved in the SALT negotiations as well as against Brzezinski's war-provoking activities, especially in Africa. Now with the expectation that a SALT treaty will be signed before November, McGovern is also planning hearings on the Soviet Union's foreign policy, in an effort to prove that the Soviets do not want to fight a

nuclear war. Hearings will coincide with other hearings he plans on dismantling the powers of the National Security Council.

— Barbara Dreyfuss

McGovern Associate: Brzezinski "Contained"?

In an interview this week a source close to George McGovern discussed the Senator's Cambodia remarks in the light of his public confrontation with Zbigniew Brzezinski.

Q: Senator McGovern made several important criticisms of NSC director Brzezinski a while back and said that he will hold hearings into the role of the NSC. Are these hearings still planned?

A: Yes they are. They have been moved back until next year however.

Q: Is that because you feel that Brzezinski has been contained?

A: Well it is not yet a settled issue. It is clear that Brzezinski has been told to shut up publicly because he is still dangerous in public. In private, though, he might be useful.

Q: One of the key issues you differed with Brzezinski on is the SALT question. What are the prospects for that?

A: They are quite good. Warnke has been briefing people on the Hill. They have made good progress and will probably have a treaty to sign by the election. The Soviets have made a number of concessions. They agreed to a data base which one Soviet official said overturned 400 years of Soviet history. It probably will surface as an agreement before the election and then be given to the Senate in January. It will be a good agreement. Even Jackson (Sen. Henry Jackson, D-Wash. —ed.) in the end will probably support it as he won't be able to politically oppose it.

Q: The President said last week that he will make a major lobbying effort to get the SALT agreement through the Senate; have you seen signs of it? And are you planning to make a major effort to get support for the treaty?

A: The ACDA (Arms Control and Disarmament Agency — ed.) and State Department have been holding information sessions — they have already held them in Wisconsin and Hartford. More are planned — for example there will be one in Pennsylvania, before the election... and I don't think that the announcement of the SALT treaty will hurt Carter and the Dems for the elections. We will start a public information program for the Senate, McGovern will be active. We will have a staff study on the Soviet Union — the nature of their society and their doctrines and how real the danger of their cheating on a SALT treaty is — in light of their concerns about war.

A 'New' Trade Policy?

In an exclusive interview, a Senate source scores 'trade as a weapon'

The fight for a U.S. export policy that will promote increased high-technology-oriented world trade is still undecided. Two weeks ago the Commerce Department Task Force Report, headed by Frank Weil, was severely "watered down" by the National Security

TRADE

Council, Treasury Department, and the Human Rights Bureau of the State Department, resulting in a document that, according to insiders, is of "no substance." This U.S. stance of nonpolicy prompted a Japanese government official to complain: "Promotion (of trade — ed.) is lousy. But more important, there will have to be a gearup. Tax credits for trade; change in antitrust laws to permit formation of off-shore trading companies. And, above all, reliability. Look at U.S.-Soviet trade. One week it's on, the next week it's off. Who can trust the U.S. as a trading partner?"

Noting the Administration's inaction, Congress has begun to intervene in the shaping of a positive export policy. In particular, Senator Adlai Stevenson announced on Aug. 18 that he will hold hearings before the Senate Banking Committee's subcommittee on International Finance on U.S. export policy with special focus on trade relations with the Soviet Union. These hearings will begin to investigate the "political"

Russell: Lack of Export Policy Wrecking U.S. Trade

In an exclusive interview on Aug. 24 Robert W. Russell, counsel for the subcommittee on international finance of the Senate Banking Committee and staff assistant to subcommittee chairman Senator Adlai Stevenson, commented on the Senator's objective in calling the hearings.

Q: *What is Senator Stevenson's main objective in calling hearings on U.S. export policy?*

A: *We are mainly concerned about the use of export controls and credits for foreign policy purposes. Administrative requirements that oil technology exports be licensed for commercial designation and the inclusion of the National Security Council in the review process were major new steps taken by the Administration recently. These new requirements were timed to coincide with the trials of dissidents in the Soviet Union and were billed as a retaliation for*

reasons for, especially, Brzezinski and Schlesinger's role in disrupting orderly trade with the USSR, as such questions as "Why are exports being licensed for Communist China which have been denied to the Soviet Union" are answered.

Senator Stevenson's call for subcommittee hearings on U.S. export policy, including emphasis on discovering the reasons for disruption of U.S.-Soviet trade, is excerpted below.

The continuing sabotage of a reliable export policy was documented in an Aug. 20 Washington Post article on Zbigniew Brzezinski's former NSC chief staffer Samuel Huntington. Huntington, according to the article, was urged by both Brzezinski and James Schlesinger to draft a series of papers on "economic warfare." Those papers became the basis for statements warning of possible U.S. use of trade for economic warfare contained in Presidential Review Memorandum 10, Presidential Directive 18 on National Security, and Presidential Review Memorandum 31. In these directives and memoranda, Huntington's phrase "greater flexibility" — to impose economic penalties in the context of overall relations between the U.S. and Soviet Union — is used extensively.

The new regulations that bring the National Security Council into the review of all export licenses for American technology being sold to the Soviet Union are a direct policy consequence of Huntington's papers.

"human rights" violations. But these steps also implied that the Administration was applying "leverage" against the Soviet Union — making it difficult for the Soviet Union to develop their oil technology, and so on. Congress has an oversight role in all such decisions, and we feel it's very important that our subcommittee examine these procedures and their effects.

Q: *How much trade is actually being lost through these new regulations and related restrictions involving "human rights"?*

A: *We will most certainly be looking into the trade restrictions resulting from human rights violations, both in the Soviet Union and as they have been applied to other parts of the world, where export credits have sometimes been disapproved. "We became aware from U.S. exporters that large quantities — I mean billions of dollars — of exports were being stemmed directly or being "discouraged" through the restrictions and threats of veto from the review process.*

Q: You mean an incalculable amount of trade is being curtailed because of the "threat" of contract cancellation or denial of export licenses since the new review procedures were instituted and since the attempted cancellation by the NSC of the Dresser Industries' oil technology sales to the Soviet Union?

A: Precisely that. Yes. The amount is not calculable, but as I said, it is in the range of billions of dollars. Our concern in these hearings will be to investigate this, but our overriding concern is that it appears that trade is being used to achieve certain foreign policy objectives in a new way, in a way that has never been done before.

Q: Trade is already being used as a weapon?

A: That's the purpose of these hearings — to find out.

Q: Are you going to be investigating restrictions on energy and energy-technology transfers, such as nuclear?

A: I don't think we will focus specifically on nuclear exports policy, but this will be a subsumed part of the hearings. What we want to define soon is whether trade is being used in a "new" way to gain certain policy objectives. . . and to define the how and why of this process. Certainly threats of being hit with environmental protection regulations is a factor in the nuclear and energy area and we will be trying to lessen these threats. (Stevenson has such an amendment to the Export-Import Bank rechartering bill — ed.)

Q: In view of the Commerce Department Task Force Report, do you expect any positive initiative on export policy from the Administration?

A: We are not saying that the Task Force report is not good, from what we know of it. It is just inadequate, the magnitude of the action required to expand U.S. trade is certainly not there.

Stevenson: Export Policy Must Serve National Interest

On Aug. 17 Senator Adlai Stevenson, speaking from the floor, made the following statement, excerpted from the Congressional Record.

Mr. President, the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs will hold hearings shortly on the use of export controls and export credits for foreign policy purposes.

The United States is suffering from escalating trade deficits and a deteriorating dollar, but U.S. exports are being subjected to new restrictions based on unexamined premises. If exports and the jobs they create are to be thrown to foreign competitors, Congress and the public should at least know why such action is in the national interest....

Recently all oil technology exports to Communist countries were placed under validated license control and made subject to National Security Council review. The step was justified at first as a reprisal for the sentencing of Soviet dissidents Anatoly Shcharansky and Aleksandr Ginzburg. Later it was said that controls on oil technology exports would make it harder for the Russians to develop their oil resources, and the notion has been advanced that threatening Russian oil development will make the Russians more willing to agree to arms limitations or to remove some of the more repressive measures against internal dissidents. This extraordinary thesis deserves thorough analysis. It may not influence Russian policy. It may punish free nations more dependent on foreign oil than the U.S.S.R. And it plainly could deprive the United States of exports.

Export credits are also being placed under new restraints for "leverage" purposes. The Export-Import Bank is required by statute to obtain the views of the Secretary of State before providing loans or financial guarantees for U.S. exports. The State Department is presently holding up billions of dollars of U.S. exports, not because State has advised the Eximbank not to support the exports in question, but because State cannot decide what advice to give, and is delaying a decision, hoping thereby to exert leverage on the internal policies of the importing countries....

Leverage rejects a dangerous illusion when it attempts to exchange specific exports for specific political actions. Foreign governments are not likely to release political prisoners or grant freedom of the press in exchange for submersible pumps or hydroelectric generators. They might condition their behavior upon the expectation of an evolving and mutually beneficial economic relationship.

The subcommittee hearings will examine closely the assumptions which underlie reactive impulsive restrictions on U.S. exports and other commercial transactions and their effects on U.S. economic and political interests. Among the issues considered will be the following:

—Where in the administration will the decisions be made on the foreign policy implications of exports — the State Department, Defense Department, Commerce Department, or the National Security Council?

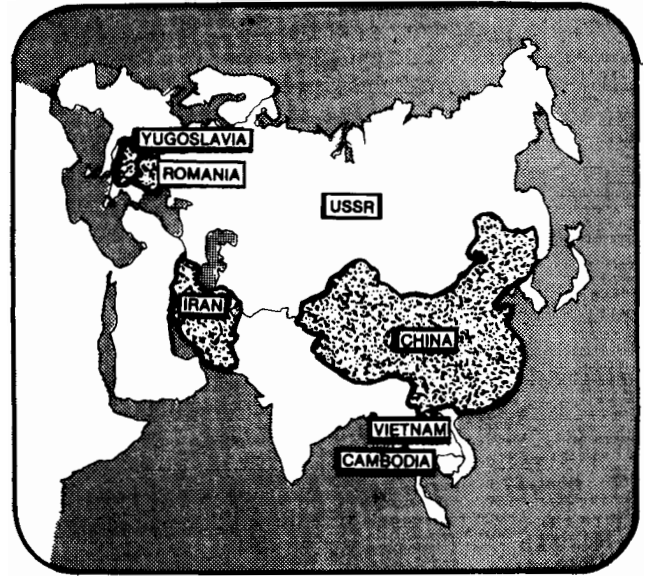
—What is the most effective way to insure that export controls and credits consistently serve U.S. foreign policy and economic interests?...

Is it in the U.S. interest to inhibit or to threaten to inhibit the development of the oil resources of the Soviet Union? What effect would such action have on overall United States-Soviet relations, as well as arms control, the Middle East, the treatment of Soviet dissidents and the world economy? . . .

Are export controls on sales to Communist China being liberalized for foreign policy reasons? Why are exports being licensed for Communist China which have been denied to the Soviet Union?

China Tries To 'Encircle' USSR

Premier Hua is taking his cues from Britain's geopoliticians



The visit of Chinese Premier and Communist Party Chairman Hua Kuo-feng to Romania, Yugoslavia, and Iran this week is the centerpiece of Peking's reckless policy — in full collaboration with Great Britain — to destabilize a belt of nations from Romania to Vietnam and create a cordon of anti-Soviet regimes to "encircle" the Soviet Union. This policy follows a century-old "geopolitical" orientation by the British to maintain their empire which China is following for its own chauvinistic reasons. If it succeeds, it will lower the threshold for World War III.

The geopolitical strategy which determined Hua's itinerary is a British-conceived scheme to create a second front against the Soviet Union in the eastern Mediterranean and Asia Minor, built around Iran and the psychotic regime in Israel, to which Peking would extend its backing. Committee on the Present Danger spokesman and U.S. Zionist Lobby leader Eugene Rostow did the advance work for this option with trips to both China and Iran last month.

Rostow, who helped form the CPD in late 1976 and who has been that Cold War committee's principal liaison with Peking since then, traveled to China in July. There, it is reported, he briefed the Chinese leadership in detail on Israel, and was informed of China's intense interest in pursuing relations with the Israeli government.

Leaving China, Rostow went to Iran where he advised certain circles to create strong ties with Peking. Rostow's contacts in Iran reportedly responded positively to his advice, seeing the "China card" as a means to move away from the Soviet Union. Rostow may have also helped to pave the way for Hua's trip.

In Romania this week, Hua delivered a speech widely billed as "mild" but which in fact contained in only thin disguise the full panoply of charges that China customarily raises against the Soviet Union. In his welcoming remarks, Romanian President Ceausescu was effusive in his praise for China and in his protestations of Romania's friendship for China—despite the fact that China is totally opposed to the policies of detente and world peace expounded in other sections of Ceausescu's speech. One British paper, attempting to portray the Chinese as moderate while in Romania, even reported that the Chinese were amazed that anyone thought Hua was being at all anti-Soviet.

On Aug. 21, Hua moved on to Belgrade, Yugoslavia, where he delivered more explicit anti-Soviet remarks, saying that "They (the Soviets) are trying at all costs to disrupt the unity of the nonaligned movement, to divert it and subordinate it to their own hegemonistic objectives." ("Hegemony" is the Chinese code word for the Soviet Union.) However, he failed to draw Yugoslav President Tito into a provocative anti-Soviet interchange. Tito instead explicitly reminded Hua that on some very important issues there is a wide gulf between the views of China and Yugoslavia.

Iran and Further East

Early next week, Hua will travel to Iran, where the British press has been working overtime to fan the destabilization of the Shah currently in progress, and to create the myth of a Soviet-backed Afghan threat to Iran. The intent of the press campaign is to push Iran into China's arms as protection against Moscow and Afghanistan.

Further east in Asia, incidents along India's eastern and western borders this week may augment efforts to destabilize the dissension-ridden Indian government. In both cases, Chinese influence behind the scenes is probable, and if the incidents escalate to confrontations, China will play a major role in both.

Along the Indian-Pakistani border in Kashmir as of the night of Aug. 21, troops of both countries were on full alert following the reported infiltration of an undetermined number of Pakistanis across the border. Kashmir is the perennial flashpoint for Indo-Pakistani conflict. In the east, along Bangladesh's northern border with India, army antiguerrilla activities have forced upwards of 20,000 refugees into India. Reports that China is arming the guerrillas in Bangladesh are given credibility by known Chinese arming and training for anti-Indian guerrilla groups just across the border. Any Bangladesh-Indian clashes would pit India against China, which strongly backs Bangladesh.

In Vietnam, China, after feigning a settlement with Vietnam over the issue of ethnic Chinese seeking to emigrate from Vietnam to China on Aug. 19, has now begun demanding that Vietnam accept back refugees already admitted to China. Vietnam recently issued a strong statement on Chinese intentions to control the Southeast Asian region and exercise wider hegemony throughout the world.

—Peter Rush

1. Greetings Between Hua And Ceausescu

Excerpts from speech given at welcoming banquet by Chinese Premier Hua Kuo-feng in Bucharest, Romania, Aug. 16:

... The Romanian people have a long tradition of waging revolutionary struggles. For centuries, they have put up unyielding struggles to resist foreign aggression, safeguard their national independence and existence....

In international affairs, Romania firmly defends national independence and state sovereignty and opposes any form of interference in the internal affairs of other countries as well as imperialist power politics and the policy of diktat, thus making a positive contribution to just causes of the people of all countries....

The Romanian people need peace in building their country. And the Chinese people need a peaceful international environment in which to carry out the historic task of achieving the four modernizations. The people of all countries wish to live in peace. But contrary to the people's desire, the stark reality is that imperialism and hegemonism, reaching out everywhere in Asia, Africa, Latin America and Europe, have kept carrying out infiltration,

subversion, aggression and expansion against other countries.

The developments in some parts of the Middle East and Africa in recent months offer new evidence to this reality.... Now Europe has again become the focus of a rivalry between the big powers whose wild dream is to dominate the entire globe. The people of all countries are awakening to this new danger of war and have risen to combat the forces of war in diverse ways. We are firmly opposed to their unleashing a war. However, if they insist on forcing a war on the people, we are not frightened by that prospect, either....

Excerpts from speech by Romanian President Nicolae Ceausescu welcoming Hua Kuo-feng, Aug. 16:

The warm and friendly welcome accorded to you by the people of the Romanian capital today, as well as the unforgettable activities arranged for us by the Chinese people during our visit to your beautiful capital and land, once again threw into sharp relief the profound friendly relations of close cooperation and unity which have been established and are developing between the socialist republic of Romania and the People's Republic of China, between the Communist Party of Romania and the Communist Party of China and between the two peoples on the basis of mutual respect and esteem and on the basis of the principles and ideals of socialism and peace....

We are also aware of and appreciate the ever important role of the People's Republic of China in the world arena and in the struggle against the imperialist, colonialist and neocolonialist rule and policy of oppression and for victory in the cause of peace and of the people's freedom and independence.

The communists and all the people of Romania heartily rejoice over this and sincerely congratulate you on your great successes in every field of activity.... The successes of people's China are an important contribution to elevating the prestige of socialism in the world and strengthening the revolutionary, democratic and anti-imperialist forces now fighting for freedom and independence, social progress and peace....

We are most concerned about creating an atmosphere of security and peace in Europe, which was the hotbed of two world wars.... We advocate and are actively working for the settlement of all international tensions and disputes through negotiations and the avoidance of any armed conflicts between states.... We attach great importance to the elimination of underdevelopment and the establishment of a new international economic order which, we hold, is the direct continuation of the struggle against imperialism and colonialism. We deem it necessary to support the efforts of the developing countries for speeding up their economic and social progress through worldwide just economic cooperation and the guarantee of free use of the achievements of modern science and technology.

2. What London's Press Had To Say

Daily Telegraph, Aug. 14: China's Chairman Hua Kuo-feng arrives in Bucharest this week at the opening of three spectacular and historic visits to Romania, Yugoslavia, and Persia.... Peking's interest in the Balkans and Persia is basically inspired by a global strategic requirement to prevent what they see as their gradual encirclement by the Soviet Union. Romania and Yugoslavia are good starting points for the new Chairman to open his carefully controlled campaign designed gradually to limit the political and military strength of the countries of the Warsaw Pact. Romania and Yugoslavia, both in the Danube Valley, could contain the Russians in Central Europe and cut them off from the Mediterranean as well as Bulgaria with its easy "tank trap" from its border to Istanbul and the Bosphorus.

London Guardian, Aug. 18: "Hua's Speech Cheers His Nervous Hosts": Sino-Romanian relations are brimming with cordiality.... On the Romanian side there is relief and pleasure that Chairman Hua was so careful in his first major speech here to avoid adding new problems to Romania's delicate relationship with the Soviet Union.... Thus it was easy for President Ceausescu to welcome the "increasingly important role which China is playing in the world" when he toasted his guests at a State banquet....

London Times, Aug. 20: "How They Made Sure That Nothing Went Wrong For Hua": Foreign tours by world leaders are always carefully stagemanaged. But there were times last week when the launching in Romania of the Chinese leader, Hua Kuo-feng, as a world statesman and international media star strained the limits of credibility. The highlight of five days of festivities came on Thursday evening at a 'gala spectacular.' It soon became apparent that the entire concert had been prerecorded on tape and that the 100-man choir and two 50-man orchestras assembled on the flag-bedecked stage were miming the rousing music booming from the loudspeakers.... For their own reasons, both Chinese and Romanian officials paid meticulous attention to every detail in the packaging and selling of Hua to the world public.

Daily Telegraph, Aug. 21: Chinese and Romanian officials have been surprised by the unexpected violence of the attacks launched by the Soviet Union against Chairman Hua Kuo-feng and his host, President Ceausescu, during the Chinese leader's visit to Romania.... The sudden change in the Russian attitude is, according to neutral members of the diplomatic corps, partially inspired by Chairman Hua's unexpected personal success.

3. The Soviet View Of Hua's Trip

Chinese Communist Party Chairman Hua Kuo-feng's hopes of drawing Romania and Yugoslavia into an anti-Soviet sphere of influence through his current visits there have drawn sharp criticism in the Soviet press. British and American devotees of the "China card" hope to use Hua's maneuverings to goad Moscow into a paranoid hard line — including even military action against Romania — as a way to wreck the emergence of a Grand Design for East-West cooperation.

The basis for such a Grand Design was laid during the May negotiations in Bonn between Soviet President Brezhnev and West German Chancellor Schmidt, and subsequently developed into the provisions of the Bremen summit of the European Economic Community in July, establishing a new European Monetary System. If Soviet cooperation in implementing the Bremen accords is blocked through a combination of the Hua deployment and the threat of a Mideast war, the Grand Design will receive a deadly setback.

A conspiracy including Zbigniew Brzezinski, the Black Guelph oligarchy in Britain and West Germany, and their left-anarchist counterparts implemented the same strategy successfully in 1968. The result was the provoked Warsaw Pact invasion of Czechoslovakia, coupled with the toppling of the government of Gen. Charles de Gaulle in France. This sabotaged the potential that existed at that time for a Grand Design — based on de Gaulle's notion of "Europe from the Atlantic to the Urals" and the Soviet Union's push for a European Conference on Security and Cooperation, in which the U.S. would participate.

In the Soviet Union today, there is a strong British-sponsored political faction arguing against Brezhnev's support for the Grand Design. The British would like to see this faction turn the justified apprehensions of the Soviet leadership concerning China's activities into a coup against Brezhnev's policies.

"Policy of Hegemonism," by A. Petrov, Pravda, Aug 13:

The other day a letter from the Central Committee of the Albanian Party of Labor and the Albanian Council of Ministers to the Central Committee of the Chinese Communist Party was published in the Albanian paper *Zeri i popullit*. The letter describes the cut-off of Chinese aid to Albania and the withdrawal of Chinese specialists from the country as a method of pressure on Albania, as characterizing the proimperialist position of the Peking leadership. This letter is noteworthy also because it reveals a proposal

by the Chinese leadership to the leadership of Albania in 1968 to "conclude a military alliance with Yugoslavia and Romania" under the pretext that Albania "will never be able to defend itself from foreign aggression with its own forces." Albania, the letter remarks, "rejected this anti-Albanian and counterrevolutionary proposal of the Chinese leadership."...

The statement of the Albanian leaders once again slightly lifts the veil from Peking's long-term goals in the Balkans... It is evident from all of this how the Chinese leadership has in fact tried to realize its policy of Great Power chauvinism and expansionism towards small Balkan states.

Joint statement issued after Aug. 14 meeting between Soviet President Leonid Brezhnev and Bulgarian President Todor Zhivkov, published in Pravda Aug. 15:

...T. Zhivkov discussed Bulgaria's aspirations to strengthen peace, good-neighborliness and cooperation on the Balkan peninsula. The leaders of the two parties and states expressed the hope that the people of the Balkan countries will not permit this important region to become the object of intrigues and machinations by forces hostile to detente and peace.

Comrades L.I. Brezhnev and T. Zhivkov pointed to China's hegemonistic course, profoundly hostile to the interests of peace and socialism. They confirmed the hearty solidarity of their countries with the Socialist Republic of Vietnam, which is being subjected to gross pressure by the Peoples Republic of China.

"The Peking Press on Hua Kuo-feng's Visit to Romania," Pravda, Aug. 19:

Peking papers are broadly publicizing Hua Kuo-feng's visit to Romania and presenting his line in the Bucharest talks as having primarily an anti-Soviet direction.

Under large headlines, *Zhenmin zhibao (People's Daily* — ed.) summarizes Hua Kuo-feng's speech at his reception in the Romanian capital, containing various anti-Soviet attacks, covered slightly by the usual Maoist phraseology. Particularly singled out is Hua Kuo-feng's dictum "on the struggle against hegemonism," which, as is known, signifies struggle against the Soviet Union in China's interpretation.

There is nothing more alien and more distant from reality than to accuse the Soviet Union of hegemonism. Deliberately slanderous assertions of this type are constantly made by the Chinese leaders, who themselves are in fact carrying out a policy of hegemonism, attributing it to the Soviet Union without the slightest justification.

Hua Kuo-feng said not a word in his speech on the relaxation of tensions, against which, as is known, the Peking leaders are waging a struggle. However, doing homage to the sentiments of the European people, he

said that the PRC supposedly "is conducting a many-sided struggle against the forces of war" and "resolutely opposes attempts to unleash war." But in recent statements propagated in the Peking press and abroad, the Defense Minister of the PRC (Peoples Republic of China — ed.) said something quite different: "War is a completely normal phenomenon, hence it is inevitable."

Note also the fact that the very same day the Chinese press published an article about "Russo-Romanian relations," which the Chinese authors would like to call "historical research," but which in reality is a gross falsification, whose goal is to sow sentiments of hostility among the Romanian people toward the Soviet people.

4. Vietnam: China Seeking To Conquer Southeast Asia

The Socialist Republic of Vietnam released the following statement through its Hanoi International Press Service immediately after the early August signing of the peace treaty between China and Japan.

The statement is noteworthy because of the sophisticated understanding it reflects concerning Japan. Rather than attack Japan for signing the treaty, which contains a so-called "antihegemony" clause, Vietnam identified at some length China's game plan for gradually extending its own hegemony to Southeast Asia and worldwide. The release stated that leading forces in Japan have by no means capitulated to China's game, and indicates that Japan can still play an important stabilizing role in the region if it holds to its stated policy of peace and friendship with all nations.

According to Western reports, a treaty of peace and friendship between China and Japan was signed on Saturday by Japanese Foreign Minister Sonoda and Chinese Foreign Minister Huang Hua, respectively, on behalf of their governments.

Although Article 2 of the treaty provides that neither of the signatories would seek hegemony in the Asian and Pacific regions or elsewhere in the world and that the two countries will oppose any attempt by other countries or groups of countries to establish such hegemony, this can in no way cover up the dangerous calculations of several figures of the present Chinese leadership.

For several decades now, under different labels and with different colors, some members of the Chinese leadership have nurtured only one ambition, that is, to successfully conquer Southeast Asia, advancing to realize their plot of world hegemony. To realize this frenzied dream while China's economic and military potentials are not strong enough, several members of the Chinese leadership have tried to set up alliances

and axes with forces which have strong economic and military potentials in the developed capitalist countries. Peking's aim is to capitalize on and woo these countries into a force rallied by them against the Soviet Union and the forces of peace, national independence, democracy, and social progress in the world.

They feverishly collude with the United States, and in return for this alliance they support unconditionally all U.S. plans in the world. They woo the Federal Republic of Germany and other European Economic Community member countries. In the northeast Asian region they seek always to make use of Japan's economic potential, draw Japan into their orbit with a view to realizing their ambitions. They hope that with a big contingent of Chinese residents — about 25 million living in Southeast Asian countries — and making use of Japan's economic potential, they would be able to gradually eliminate the influence of the United States, Japan and other industrial capitalist countries, manipulate the political, economic and military situation of the Southeast Asian countries and

draw Southeast Asia into their zone of influence. Of late, they were carrying out a series of acts including wooing, coercing and threatening Japan, aimed at drawing Japan into their orbit.

The treaty of peace and friendship signed by China and Japan in Peking recently is further proof of this calculated move of several Chinese leaders. This is only a narrow calculation. In the current situation, especially with the hostile policy against Vietnam by some Peking leaders, the Southeast Asian people cannot but heighten their vigilance.

As far as Japan is concerned, many influential personalities in the government recently declared: Japan undertakes to adopt a policy of peace and friendship and hopes to contribute to establishing peace, independence and neutrality in Southeast Asia and the world. People hold that in the face of Peking's great ambition, Japan can only do this if it persists in its policy of peace and friendship as it claimed. To do otherwise, willy-nilly, Japan would be criticized as contributing to the expansionist ambition and hegemony of a number of Chinese leaders.

Pushing Iran Into The 'China Option'

Brzezinski's 'human rights' destabilization paves road for Hua

Over 400 people perished this week in the worst act of terrorism in Iran since World War II when a fully occupied theatre was set ablaze in the oil-producing city of Abadan near the Iraqi border. This atrocity is the latest in a series of bloody actions against the Shah by rebel opposition groups in alliance with Shi'ite Islamic leaders known to be paid agents of British and Israeli intelligence services.

Over the past weeks, reactionary Shi'ite mobs have rioted in several cities attacking banks, clubs, and theatres which have been targeted as symbols of Iranian modernization. The Shi'ites are pressing for Iran to foresake the Shah's aggressive economic development program and return to the backwardness that British colonialism imposed on the country in the 19th century. The current crisis can be directly attributed to U.S. Security Advisor Zbigniew Brzezinski's human rights campaign which was leveled at the Shah of Iran last year.

Under this pressure from within the Carter Administration, the Shah has acquiesced and agreed to "liberalize" his government by holding free elections in June 1979. Such a move has opened up the opportunity for a "left-right" scenario of chaos and confusion to be played out in Iran, producing serious unrest similar to the early 1960s when experimental elections were attempted.

Then, as now, anti-Shah leftist elements have begun to organize openly while ultraright-wing religious leaders have reacted violently to the liberalization in their campaign against modernization. Various factions on *both sides* are known to have direct connections to both British and Israeli intelligence services.

Iran is strategically central to both Brzezinski and London, who have a common goal, that is, to realign Southeast Asia and ultimately the Mideast into a pro-Chinese axis. This strategy is designed to undermine both superpowers' policy interests in the region. Such a dangerous plan is calculated necessary by the City of London and its monarchical allies to renew flagging financial domination over the world economy.

On August 18, Pars Newsservice in Tehran appraised the situation:

There are two forces responsible for the current outbreaks, a mass of common, naive and limited people who have been subjected to systematic brainwashing are being manipulated by both religious fanaticism and the landed classes. The first group of fanatics is fundamentally opposed to reform and modernization. The second lost many of its privileges and its power since the 1960s because of the revolution of the Shah and the people (referring to the 1962 White revolution when land reform took place — ed.).

These forces are fighting and encouraging others to fight not to accelerate the democratization of the country but to stop it. It takes a few years to economically develop a country but a generation to change the mentality of certain people. Nothing will be able to prevent the process of liberalization from being pursued and carried to its end. These same forces leading the unrest are accompanied and encouraged by certain foreign elements which are politically hostile to the development of Iran.

Likewise London and Brzezinski's plot is precisely what is motivating the Aug. 28 arrival in Tehran of Chinese Premier Hua kuo-Feng. Hua's journey to Iran, the first ever by a leader of the People's Republic of China, has been preceded by a consistent Chinese diplomatic effort to warm relations with Tehran, a pattern of making inroads which began to materialize at about the same time that serious civil unrest began to sweep Iran in the early summer.

Where the Shah Stands

There is virtually no chance that the staunchly pro-U.S. Shah would ever sacrifice his allegiance to the U.S. — let alone his growing economic relations with the Comecon countries — for an alliance with China. Only through strong coercion — for which the civil strife in Iran is the major component — could such a suicidal pact be realized.

According to State Department and Iranian sources, disturbances are expected to intensify over the coming months as the elections near. There are widespread predictions of new violence during the Aug. 24-26 Shi'ite Islamic holidays. Already Shi'ite religious leaders, known as Ayatollahs and Mullahs, have stirred riots in a dozen Iranian cities this month.

The August 20 fire at a theatre in Abadan, killing hundreds, was the culmination of the work of such religious fanatics and their extremist allies.

The Aug. 22 *Financial Times* editorially took the opportunity to put the squeeze on the Shah:

A senior adviser to the Shah asked last week whether there was a risk that the outbursts could lead to an abandonment of the elections and possibly even the liberalization programme, made the point that "we have so far only used the velvet glove. The steel fist remains." But this could very well be just the tactics on which the opposition is banking — goad the Government into actions that suggest that it was never sincere in the first place about making Iran more democratic. In reaction to the Abadan fire there were two clear cut choices: one was to crack down heavily and thereby lend weight to the opinions of the opposition, the other was to act with restraint, as the Government in fact has done by instituting a commission of enquiry. But this could also be taken by the Shah's opponents as a sign of weakness.

Who's Pulling The Strings

According to the London *Telegraph*, Aug. 21, there is strong evidence that international terrorist leader Abu Nidal, a Palestinian, had a hand in the Abadan incident. The *Telegraph* reports that

Chinese-Inspired Coup Attempt Aborted in Afghanistan

The Cuban news agency Prensa Latina reported on Aug. 23 from New Delhi, India:

The government of Afghanistan has in its possession definitive evidence demonstrating the participation of foreign nations in the preparations for an aborted coup d'etat in Afghanistan, according to diplomatic sources in New Delhi. Afghan diplomats in this capital refused to reveal which nations were involved in this conspiracy against their government, but reliable sources indicate that the U.S., Pakistan, and China were involved.

The announcement of the discovery of a coup attempt was made by Radio Kabul on Aug. 17 though the report did not say when the plot was aborted. It is however believed that it was aborted before the address made by President (and Prime Minister) Nur Mohammad Tarakki to a group of air force officials. The President urged air force officers to be ready to turn back any attempt and indicated that the armed forces would be utilized only in the interest of the Afghan people.

In the same presentation, Prensa Latina reported that Tarakki described the victorious coup carried out by his party as the final blow to the British-backed Afghan royal family. On April 29, Tarakki, aided by military and air force officers, overthrew the royal government of President Daud.

(Abadan) is only four miles from the Iraq border. Security forces were last night investigating a report that terrorists have been assisted by the Palestinian guerrillas of Abu Nidal, the renegade Palestine Liberation Organization man now based in Baghdad.

Four days ago, Mr. Darius Houmayoun, Persian Information Minister, said that there was firm evidence that "Palestinian extremists" were supplying large sums of money to "Leftist extremists" and "Communists," said to be behind the riots in Persia.

As a result the Iranians have begun to seal their border with Iraq, where Abu Nidal operates. Abu Nidal, who has been repeatedly condemned by the leadership of the Palestine Liberation Organization (PLO), has been privately characterized as an agent of Israeli intelligence by U.S. Defense Department sources. Iranian Information Minister Houmayoun's statement last week in fact made a sharp distinction between such extremist Palestinian elements and the PLO as well as the government of Iraq. Nonetheless, numerous press sources, including the *London Telegraph* and the *Washington Post* have been fueling the

chaos by reporting that Houmayoun had implicated the PLO in Iranian terrorism.

A second decisive element in the Iranian destabilization is radical Shi'ite Ayatollah Khomeini, who also operates out of Iraq. Khomeini has been actively involved in orchestrating anti-Shah terrorism since his failed coup attempt in 1963 at which time he was exiled to Iraq. Khomeini is known to have links to radical Palestinian networks as well as Maoist connections. Khomeini made a proclamation early last week that on Aug. 20, the anniversary of the Shah's return to power following the 1953 coup by Mohammed Mossadegh, there would be a dramatic new upsurge of violence. His prediction was borne out with the Abadan mass murder.

The *Washington Post*, in an Aug. 20 article by William Branigan, took the occasion of the anniversary to peddle the standard anti-Shah propaganda line regarding his connections to the CIA:

The celebration comes at a time when the Shah is facing his most serious challenge since that time in August 1953 when he was forced to flee to Rome and considered, according to the memories of his former wife, buying a farm and settling in America . . .

The Shah's despair proved premature. In his fourth day of exile, turbulent pro-Shah demonstrations in Tehran toppled Mossadegh and paved the way for the Shah's triumphant return to his throne. According to widely published accounts, the demonstrations were organized by the U.S. Central Intelligence Agency (CIA) in a plan carried out on the spot by one of its best agents, Kermit (Kim) Roosevelt, a cousin of the late President Franklin Roosevelt.

The CIA believed at the time that a Communist takeover of Iran by the pro-Moscow Tudeh Party was imminent, and the agency's then-director, Allen Dulles, was determined to prevent such a development at all costs, former CIA officials have been quoted as saying. Although Mossadegh's National Front government was not itself Communist, it was seen as amenable to subversion and eventual overthrow by the Tudeh Communists.

Taking the cue, former British intelligence officer Lord Chalfont, in the *London Times* Aug. 21, defensively rebutted the notion that the British could be behind efforts to undermine the Shah:

There are, in Tehran, so many explanations for the current unrest. . . One school of thought advances the curious proposition of a British conspiracy; however, on closer investigation it turns out that no one can provide any evidence, or even logical justification, for this bizarre theory. . .

What is clear beyond doubt is that someone outside Iran is closely involved in the organization of the civil disturbances. Arms and money are freely available to the leaders of the dissident groups; and the Iranian Government has traced some of the money back to numbered bank accounts in Switzerland. Here, predictably, the trail goes cold.

Lord Chalfont, ignoring that both Zürich and Basel funds for Israeli intelligence are laundered through

Switzerland, then tries to build a case for Soviet manipulation of the current crisis in Iran, touting the same line which other press sources, such as the *Frankfurter Rundschau* have put forth to promote a red scare on the northern tier and Southeast Asia. Such propaganda is timed to lay the basis for Chinese Chairman Hua Huang's visit to Iran on Aug. 28:

Iran has been watching with growing concern the extension of Russian influence in the Horn of Africa and in Afghanistan; and more than one Iranian politician has expressed the view that the recent outbreaks of violence may have been timed to create a political crisis to coincide with the forthcoming visit to Tehran of the Chairman of the People's Republic of China . . .

There is a conviction among many of the Shah's closest advisers that the mullahs, whatever may be the sincerity of their religious preoccupations, are being manipulated by political extremists. It is this belief which gives rise to the description now frequently used to describe the instigators of violent protest . . . "Islamic Marxists."

Numerous sources both inside and outside Iran have publicly stated that unrest in Iran is being manipulated by foreign intelligence services. With heightened prospects for increased terrorism in the Mideast, Egyptian sources in Europe report that the governments of Egypt, Iran and Saudi Arabia have intensified their security cooperation. An Iranian General was quoted in *Die Welt* Aug. 22, that Islamic Marxists are not conducting terror in Iran but that what is occurring is part of the pattern of international terrorism.

Hussein Ghorbaninasab, president of the Workers Organization, delivered a thinly veiled threat to expose London in his July 25 statement:

The BBC has been insulting and criticizing the Iranian nation in its Persian broadcasting services . . . Iranian development and progress is like a thorn in the eyes of the imperialists.

The BBC does continue to make frequent references to these riots, but has forgotten that Iranian workers and the Iranian government's financial assistance in 1974 saved the British Government from bankruptcy.

Within Iran's old established clique of aristocratic families that once controlled almost all of Iran's land there lingers strong resentment against the Shah's efforts to centralize and redistribute land to the peasants through land reform. This group of families which comprises Iran's oligarchy gained their wealth during British colonial domination of Iran. A sizeable number of the members of the Iranian oligarchy have direct ties to the British monarchy through such secret societies as the Bahai sect and the freemasons (which also provides a link to Israel's ruling elite). The families are known to be allied with Iran's religious establishment in promoting a dramatic curtailment of Iran's development plans.

The Economic Factor

A prominent feature of the Shi'ite ability to organize large scale riots in Iran has been the continuing economic problems involved in developing the country. Since Prime Minister Jamshid Amuzegar took office last year, there has been a marked economic slowdown in attempt to reduce inflation. As a result, construction has taken a nose-dive and large numbers of illiterate Iranian peasants who have been displaced into the cities from the countryside have been left jobless. It is these peasants that make up the mobs that have been rioting in over a dozen cities this month requiring the imposition of martial law in at least three towns.

Another factor in Iran's economic woes is the stalled negotiations with British Petroleum, the leader of a 14-company consortium which comprises the service company for Iran. Since the beginning of this year the Shah has tried to reach a new contract whereby the consortium would increase oil liftings and pay more revenues per barrel. As per the contract negotiated in 1973, the consortium was to have marketed 7 million barrels a day (mbd) of oil by 1978, yielding increased and badly needed revenue for Iran's development. But the consortium is only selling about 3 mbd.

The Shah shocked British Petroleum earlier this month by demanding that any new contract with Iran be as good as that just completed by the Arabian American Oil Company (ARAMCO) and the Saudis. This once again, produced another deadlock in negotiations.

Iran is not sociologically ready to enact a full democratic system which the liberalization is aimed at achieving. Describing the religious reaction as "a lot of Mullahs pining for the seventh century," the Shah has repeatedly stated, that the key to achieving a democratic form of government rests with continued economic development which will undermine the still-

strong vestiges of a feudal Iran under British colonial domination.

A guest column entitled "The Impossible Democracy" appeared in *Le Figaro* Aug. 22 by Freidoune Sahebjam, journalist and author of the book *Iran Towards the Year 2000*:

Some assert that 'There is a future for Iran only in democracy.' I would be curious to know what democracy could be implemented in Iran. The democracy of 1941-1953 which saw thirty governments overthrowing each other one day after the other, from Foroughi to Mossadegh, from Ghavam Salt to Hossein Ala? Or a popular democracy, as some of the partners of the Tudeh (Communist Party) and the National Front seem to want? Or even a religious democracy, which some in Iran call the "black plague" as opposed to the "red Plague." No, Iran is not ripe for a real democracy . . . What is the difference between the Iran of August 1953 and the Iran of August 1978? A quarter of a century later, we are still at the same point. At the center the Shah, the State, the Army, and the little people who have just been given access to property and who demand nothing more than the right to work. On the right, a very respectable, but discouragingly conservative Church, blind to the future and jealous of its rights. On the left, people of valor, ready to do anything to imperil the stability, not only of the Empire, but also and especially that of the region We have been promised free elections for 1979. There is good there, but elections must be prepared in calm and serenity. On the left as on the right. It is time to put out the fuse, hold out our hands and collaborate together. Because at the rate we are going, I don't see the country voting in ten months

For Iran, human rights means a higher standard of living for its near-40 million people through continued industrialization. Anything less is playing games with London's efforts to maintain Iran as an underdeveloped nation.

— Judith Wyer