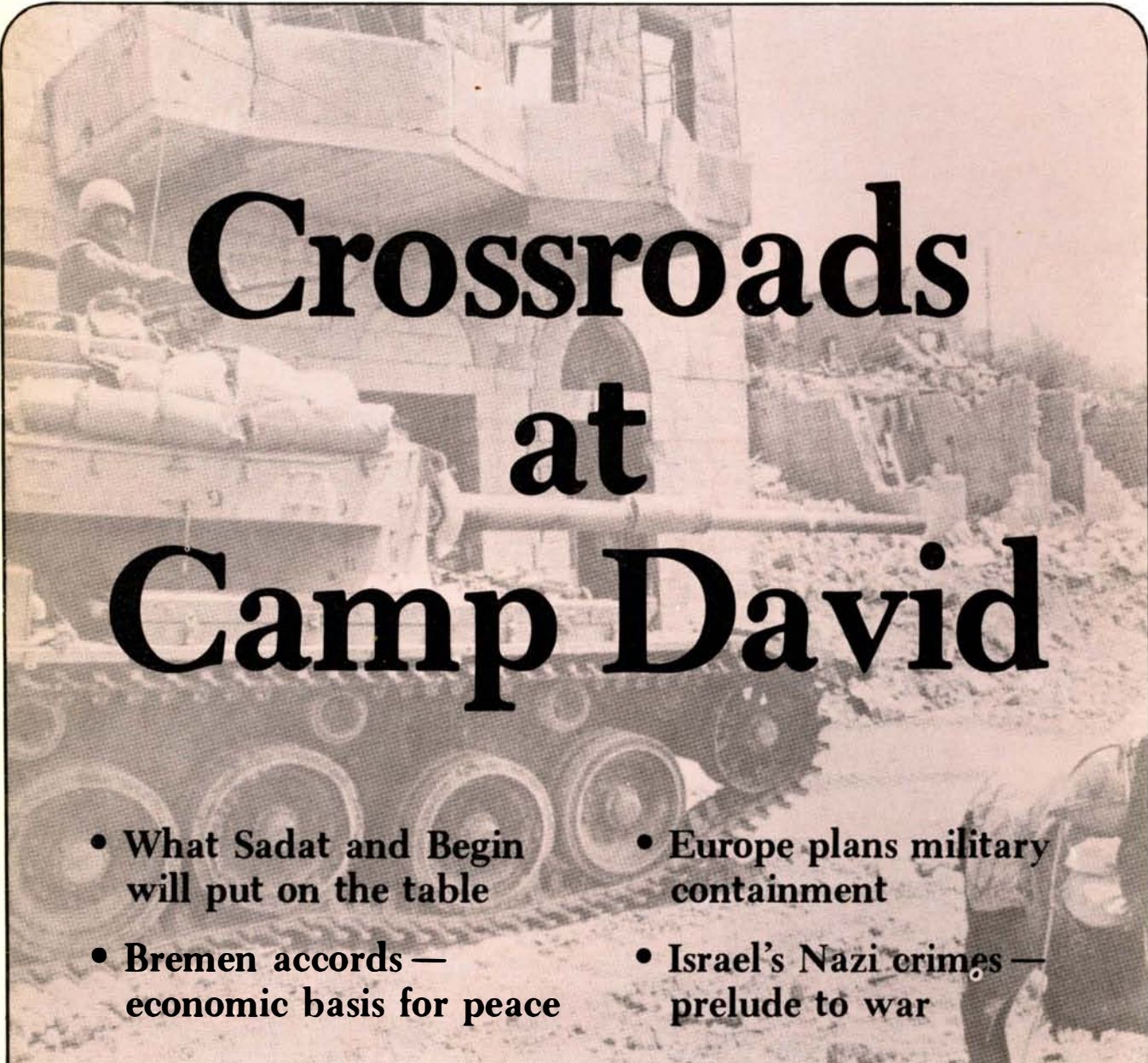


EXECUTIVE INTELLIGENCE REVIEW

September 5-11, 1978

Secret Bank of England
Plan to Wreck Dollar



Crossroads at Camp David

- What Sadat and Begin will put on the table
- Bremen accords — economic basis for peace
- Europe plans military containment
- Israel's Nazi crimes — prelude to war

Also: Japan's Global Industry Plan

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EXECUTIVE INTELLIGENCE REVIEW



Crossroads at Camp David

This week's cover story, in *INTERNATIONAL*, features the summit at Camp David between President Carter, Egypt's President Anwar Sadat, and Israeli Prime Minister Menachem Begin. The results, concludes a team of analysts headed by Middle East desk chief Robert Dreyfuss, could determine the success of the European Monetary System, and whether the world plunges toward nuclear war.

Our in-depth report tells you why its British controllers are pushing the Begin government on a course toward war, what Begin and Sadat will be saying at the summit, and the who's and why's behind Zionist lobby pressures to keep President Carter from acting decisively to impose the rule of law on Israel. Additional coverage exposes the shocking role of Lebanon's fascist Falange forces, and Israeli and U.S. Zionist collaboration with the Falange.

And, a special analysis by Contributing Editor Lyndon LaRouche presents the British strategy for neutralizing Soviet support for Syria, and explains why it will in fact lead to thermonuclear holocaust.

On our cover: An Israeli tank grinds through a shattered Lebanese village this spring, following bombing and strafing attacks by Israeli jets.

IN THIS ISSUE:

Secret Bank of England Plan To Wreck the Dollar

Exclusive in our ECONOMICS section: the operative sections of a confidential document circulating in the Bank of England outlining Britain's strategy for turning the prodollar European Monetary System into a weapon against the U.S. currency. An introduction by Criton Zoakos outlines what the U.S. must do to neutralize the British threat. Plus: powerful pressure on the U.S. from Japan, Germany, the Saudis and key multinational corporations to adopt the "Grand Design" policies of the European Monetary System.

Papal Election Secures Legacy of Paul VI

The election of Pope John Paul I promises a continuation of the industrial development policies outlined by the late Pope Paul VI in his encyclical *Populorum Progressio*. The key signals by the new Pope are fully analyzed in our EUROPE section, together with excerpts from his first speech as Pope, reactions to his election by the British press, and a special in-depth profile of the Catholic-Communist alliance in Italy by Nora Hamerman and Muriel Mirak.

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The 'Two Tracks' of U. S. Foreign Policy

An explosion is brewing in the Administration as Energy Secretary Schlesinger and NSC chief Zbigniew Brzezinski battle Secretary of State Vance and State and Defense Department professionals to push the Administration behind a policy of encouraging the provocations of Israel and Communist China. The story is in our U.S. REPORT together with an exclusive interview with Mississippi congressman G.V. Montgomery, who returned from his recent visit to Vietnam convinced that the U.S. should move to normalize relations with the Vietnamese government. Plus: Schlesinger moves to kill Dresser Industries' oil technology deal with the Soviets — and Dresser fights back.

Japan's Global Industry Plan

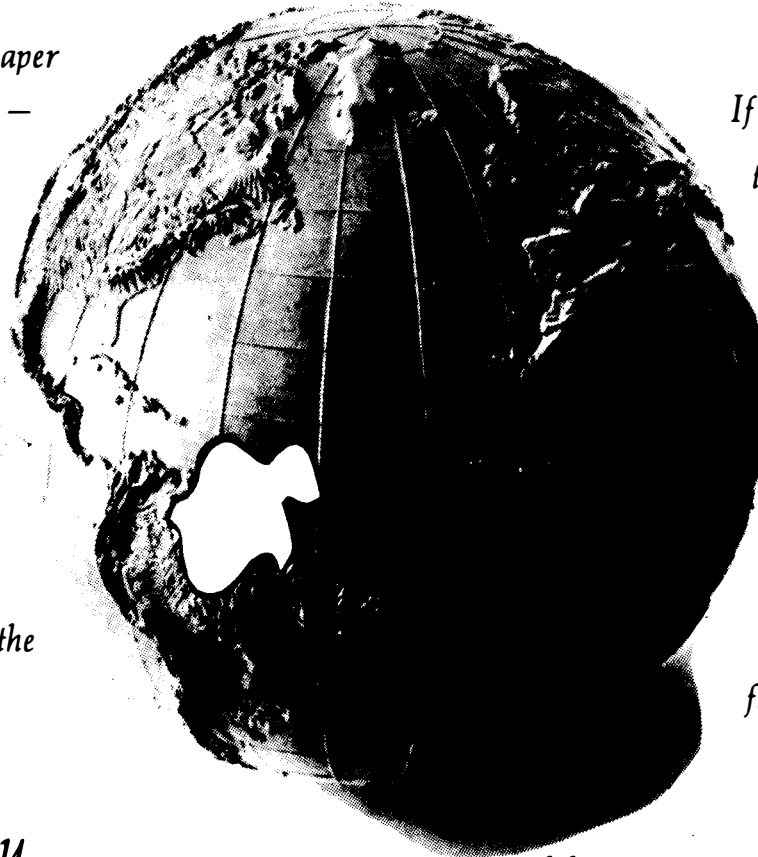
Our SPECIAL REPORT presents the full text of the Mitsubishi Research Institute's historic proposal for world industrialization, with a project-by-project agenda for generating \$500 billion in infrastructural development expenditures in the Third World by the end of the century.

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The World Stakes At The Camp David Summit

The stakes at the Camp David summit, which will bring together U.S. President Carter, Egyptian President Sadat, and Israeli Prime Minister Begin starting Sept. 6, go far beyond the Middle East.

Immediately, two dangers loom over Camp David. A failure of nerve on Carter's part — that is, any reluctance by President Carter to make use of American power — would trigger a highly unstable crisis in the Middle East in which Israeli extremists now in power would have virtually a free hand to build for war. That war, targeting in particular Syria and oil fields in Saudi Arabia, is certain to precipitate a NATO-Warsaw Pact thermonuclear confrontation.

Second, even before Camp David convenes, Israel might launch a preemptive move into Lebanon to strike at Syrian forces there, with the same catastrophic result.

The World War III Danger

Although certain sources around the U.S. National Security Council are claiming that the Soviet Union will not intervene to protect its ally, Syria, from an Israeli attack, the Soviets have made their stance ominously clear. Soviet Foreign Minister Andrei Gromyko warned the Carter Administration Aug. 30 to keep in mind that "the area of the Middle East is in the direct proximity of the borders of the Soviet Union and the countries of the socialist community. We are by no means indifferent to how events will develop there."

But the White House and the State Department, paralyzed by political blackmail from the forces of the U.S. Zionist lobby, have failed to place the blame squarely on Israel and its sponsors for the intensifying war threat. The Administration's inaction is being taken by Arab and European circles as a green light for Israeli action inside Lebanon. Unless this is immediately reversed by strong positive action by Carter and his representatives, the failure of the Camp David summit is virtually guaranteed.

According to late reports, Syrian and Palestinian forces in Lebanon have been placed on full alert in anticipation of an Israeli attack in conjunction with the Nazi Falangist militia. The Israeli daily *Yediot Aharanot* reported today that the Soviet Union has sent a strong diplomatic note warning Israel against aggressive action in Lebanon. Only two days ago, Syrian Foreign Minister Abdel Halim Khaddam visited Moscow to consult with Syria's chief ally on the military threat.

The threat to the Middle East is controlled and manipulated by forces based in the City of London. The command center for the crisis is the various orders of the Knights of St. John of Jerusalem and allied Zionist and Israeli intelligence circles. This is the conspiracy that is presently seeking to destroy the potential of the Bremen-Bonn summit accords of July, to topple the U.S. dollar and replace it with an International Monetary Fund-directed world austerity system.

What Carter Must Do

What Carter must do is the following:

First, he must work with the Soviet Union and the other big powers, especially France, to quarantine the Israeli threat and contain the Dayan-Weizman-Sharon lunatics. An indispensable precondition is a tough American public warning that Washington will abandon Israel to its fate if Syria or Lebanon is attacked.

Second, Carter must be prepared to use credible, cold-blooded threats to force Israeli acceptance of the minimum concessions now demanded by the Arab states, including the establishment of an independent Palestinian state on the West Bank and Gaza.

Third, Carter must be prepared to cooperate with the USSR, Western Europe, and Japan to put forward a massive economic development plan to ensure the security and viability of all states in the region, including in particular a new Palestine.

In short, what is required is a new version of the earlier — and unsuccessful — Rogers Plan of 1969. A proposal circulated this week by House Majority Leader Jim Wright (D-Tex.) in the form of an open letter to Sadat and Begin is already being described in West Germany as a "modern Rogers Plan." Wright, who is close to the Administration, called for the creation of a "homeland" for the Palestinians.

But there are enormous stakes if Carter fails. The peaceful and developing Middle East is a basic precondition for the success of the Bremen-Bonn plans to construct a new world monetary system around the kernel of the European Monetary Fund. The West Germans and French in particular are pressing Carter to act forcefully in the Middle East. Saudi Arabia, the foremost supporter of the U.S. dollar, is collaborating daily with Bonn and Paris, and has signaled its intention to support the European Monetary Fund with its huge petrodollar resources.

The rest of the EEC, Japan, Mexico, Iran, and even the Soviet Union have joined the ranks of the supporters of the Schmidt-Giscard money plan, and only the United States remains undecided. The British, the Israelis, and the evil Maltese Order that controls them stand desperately opposed — and ready to ignite world war to prevent its success.

Gromyko To U.S.: 'This Is A Serious Danger'

Soviet Foreign Minister Andrei Gromyko issued a firm warning to the Carter Administration during an Aug. 30 luncheon in honor of visiting Syrian Foreign Minister Khaddam. Separate negotiations only "encourage the aggressor and those who support him," said the Soviet Foreign Minister. "Behind the attempts to work out in the dark and without the participation of other interested sides the so-called principles of negotiations, lies the desire of the country patronizing the talks (the U.S. — ed.) to expand its position in the Middle East, including the military aspect." Gromyko specified that "This is a serious danger," not only to the Arab countries, but to world peace.

"It would be well to recall in this connection that the area of the Middle East is in the direct proximity of the borders of the Soviet Union and the countries of the socialist community," he said. "We are by no means indifferent to how events will develop there."

The Soviet Foreign Minister further said:

"The Soviet Union will further contribute to the strengthening and development of our relations with Syria. There are objective prerequisites for this.

"The fundamentals of a Middle East settlement which our countries, the Soviet Union and Syria, are upholding are well known. They include full withdrawal of Israeli troops from all the Arab territories occupied by them in 1967, exercise of the inalienable rights of the Arab people of Palestine, including their rights to self determination and creation of its own state, and assuring the right for all states in that area involved in the conflict to independent existence and security.

"A just Middle East settlement is attainable by virtue of its essence and character only through collective efforts of all the sides concerned. There is also the appropriate international mechanism, the Geneva Peace Conference on the Middle East. . . .

"As far as the Soviet Union is concerned it will further invariably side with the Arab peoples waging a struggle for the elimination of the consequences of the Israeli aggression and for the attainment of a just and lasting settlement in the Middle East."

Europeans Offer U.S. A Way Out

Pegging dollar to new money system would aid peace, development

The September deadline for activation of the European Monetary System (EMS) having arrived, the West Germans, Japanese, and Saudis are acting aggressively to win the U.S. Administration to a policy of pegging the dollar to the EMS and participating in peace-ensuring economic development projects around the globe.

The far-reaching significance of the EMS preparations — and especially the escalating efforts to draw the U.S. dollar into the new credit and development arrangements — was backhandedly acknowledged by the circulation of an August internal memorandum of the Bank of England entitled "Growing Structural Vulnerabilities of the U.S. Dollar." The Bank of England memorandum (for text, see ECONOMICS) falsely claims that the new system is an antidollar European regional currency bloc. But it admits the major importance of the EMS by comparing it to the Bretton Woods agreement, the postwar monetary system founded in 1949.

Because the EMS threatens to sweep away the London-dominated International Monetary Fund and

annihilate City of London-Black Guelph financial power, those quarters are deliberately spreading disinformation about the EMS, and last week launched a massive assault against the dollar in the foreign exchange markets, in order to undermine European and other support for the U.S. currency.

For a Positive Policy

The present aggressiveness of the Europeans in organizing Washington around a positive monetary and economic policy was highlighted by articles in the *Frankfurter Allgemeine Zeitung* and *Le Figaro*, the West German and French dailies, on Sept. 1, both of which urged the U.S. to gear up not for East-West confrontation in Africa, but for a massive development effort in Africa alongside the Soviet Union. The West German paper called for wideranging negotiations between what it termed the two economic blocs — Zaire and the U.S. and Angola and the Soviet Union — thus recognizing the crucial point that world peace and security and economic development are inextricably linked.

Efforts by the West Germans and Japanese to buoy up the U.S. dollar preparatory to U.S. coordination with the EMS later this month are reported in detail in the ECONOMICS section of this issue. What is involved is massive dollar purchases by West German and Japanese banks and companies — in the case of West Germany, centrally orchestrated by the Bundesbank.

The large scale currency intervention by these quarters in August was indeed politically motivated. The nature of the motivation behind the European and Japanese market maneuvers is revealed by a further development on the monetary and foreign currency front: the way Japan has begun to recycle its accumulating dollars for development purposes in Mexico and elsewhere. The Europeans and Japanese are working to strengthen the dollar in the context of putting together a new world monetary system.

The Gold Issue

In a further development, both Japanese Premier Takeo Fukuda and a group of Japanese trading companies and mining firms are now working to establish the creation of a gold market in Japan, according to a report in the *Journal of Commerce* Sept. 1. Powerful members of the ruling liberal Democratic Party, including Prime Minister Fukuda, are said to favor increased gold imports and the establishment of a gold market. And according to Finance Ministry statistics, Japan has already imported some \$323.20 million worth of gold in the first half of 1978, more than twice the previous year.

While the *Journal of Commerce* concludes that these developments mean that the Japanese are buying gold as a hedge against the falling U.S. dollar, surrounding events make it clear that the gold market idea is actually an advanced stage in Japanese-European efforts to establish a new gold-backed development-oriented monetary system, with the U.S. Prime Minister Fukuda's offer to the U.S. and the USSR to engage along with Japan and other advanced sector nations in the development of thermonuclear fusion power indicates Japanese commitment to world economic development. The Japanese are simultaneously stressing the need for joint East-West development of the vast resources of Siberia.

The Japanese gold purchases hint at another aspect of the emerging Grand Design configuration: undoubted participation by South Africa — the world's major gold producer — in the Grand Design negotiations. Bringing the developments and our coverage full circle, it should be remembered that Juergen Ponto, the late chairman of the Dresdner Bank, was engaged in negotiations with South Africa both as a gold producer and the critical catalyst for high technology development in southern Africa in his efforts to establish a new world monetary system, shortly before his murder at the hand of Baader-Meinhof terrorists in the summer of 1977.

Terror Threat Increases Against USLP's LaRouche

The weapon of terror has been sent full force against the enemies of the core of oligarchic and Zionist financial power. At the top of the hit list is Lyndon H. LaRouche, the chairman of the U.S. Labor Party, who authored the International Development Bank proposal on which the European Monetary System set up by the Bonn and Bremen economic summits is based.

The terror activation is, more broadly, aimed to derail any support in Europe, the U.S., or elsewhere, for the EMS and the threat it represents to the oligarchs' policies of dollar collapse and Mideast war. LaRouche and his party have come under fire in particular because of their insistent denunciations of the Israeli intelligence role in world terrorism and their exposure of the axis of Zionist and "Black Guelph" financiers as the control behind terrorism and some of the most dangerous operations against the world economy and world peace.

The latest in a continuing series of death threats against the U.S. Labor Party chairman occurred on the night of Aug. 29, when an anonymous caller telephoned the party's New York headquarters with the message, "LaRouche dead."

At the same time, European and U.S. intelligence sources have privately confirmed to Labor Party officials that the danger of an attempt on LaRouche's life is greater than ever.

Just as significant is the sudden step-up of actions against members of the U.S. Labor Party and of the cothinker European Labor Party and North American Labor Party.

In the U.S. and Canada

U.S. Labor Party candidate for Congress in Maryland Debra Hanania-Freeman received a threatening phone call following a half-hour broadcast over Baltimore area television. Mrs. Hanania-Freeman gave a full briefing on the source of international terrorism, the danger of a Middle East war, and the content of the Bonn-Bremen economic initiatives under British-Israeli attack. Shortly afterward, a male caller to the Freeman residence warned, "You better tell your lady to lay off, or she'll get hurt."

Mrs. Hanania-Freeman had replaced the scheduled speaker on the broadcast, USLP chairman LaRouche, who had cancelled his appearance due to the threats on his life.

On Aug. 30, a U.S. Labor Party organizer was almost hit by a speeding automobile in Massachusetts. The driver swerved to hit the organizer, missed, then drove off. A Michigan party member suffered a

concussion in a similar hit-and-run incident on Aug. 21.

The day before in Toronto, Rick Saunders, former North American Labor Party candidate for mayor there, discovered that the brakes on his car had been sabotaged, after they failed while the car was being driven by another NALP member. The driver and another party member narrowly escaped serious injury when the brakes failed. The car had often been used in the past to transport party members to rallies and other party activities.

At the same time, members and supporters of the Anti-Defamation League, which has reportedly been implicated in the assassination threats against LaRouche, have been observed at U.S. Labor Party rallies at several locations taking down license plate numbers and descriptions of Labor Party organizers.

In Europe

According to the security section of the European Labor Party, the British intelligence apparatus has been fully mobilized for attacks against its members. Party spokesmen report that they had received warnings from sources last week that the Paris-based LICA, International League Against Anti-Semitism,

which contains a core of Israeli Mossad (intelligence) special operatives, is presently deployed to attack the Labor Party. The head of LICA is Jean Pierre-Bloch, who is associated with Guy de Rothschild and the network of Zionist organizations to which he is connected.

In Paris on Aug. 30, four European Labor Party organizers were assaulted in the 9th arrondissement of Paris. The pro-Zionist attackers destroyed ELP picket signs and literature protesting the catastrophic Israeli "preemptive strike" into Lebanon set for the period of the Camp David summit meeting, and threatened "You better get out of here, or we'll pump bullets in your stomach."

The assailants were arrested by French police and the European Labor Party is pressing charges.

At the same time in West Germany, ELP organizers were violently attacked in the city of Hamburg by an unidentified gang of youths who concentrated their attack on two members, chanting "You are Nazis," and "Communist pigs." The precision timing of the assault points to advance planning.

Similarly, over the past two days, the Belgian Royal Police have disrupted ELP organizing, illegally refusing to give justification for their actions.

The USLP on the Threats to LaRouche

The U.S. Labor Party released this statement from New York Aug. 30:

An associate of Jacob Javits and numerous other sources have absolutely corroborated the information that the following organizations and individuals are targeting anew USLP chairman Lyndon LaRouche for assassination: LICA (the Paris-based International League Against Anti-Semitism); Guy de Rothschild; Edgar Bronfman; the B'nai B'rith's Anti-Defamation League; the Aleman grouping in Mexico; and the Mossad (Israeli intelligence).

The peculiar formulation of slander which these forces are now circulating against LaRouche is precisely the same as they circulated to isolate Juergen Ponto, former head of Dresdner Bank, before he was assassinated last year.

The formulation is to characterize LaRouche and the U.S. Labor Party as "nazi-communist." This is a peculiar reference, in Rothschild, Bronfman, and LICA circles, to those Europeans, dating from the

Rapallo period, who sought to promote East-West industrial cooperation.

In addition to the groups named above, Baron Lambert of Belgium is explicitly involved in aspects of the operation, for his own admitted motivation that LaRouche was critical to the Bremen summit meeting. Furthermore, leading Italian investigative journalists linked to FIAT magnate Agnelli are involved.

These are part of the same circles sought by Attorney Garrison in investigation of the Kennedy assassination. These are the same networks which conduited funds for attempted assassinations against Charles de Gaulle. These are the same circles at the center of investigations behind the Aldo Moro assassination.

The overall control for these operations is the British monarchy networks and Maltese Order of St. John of Jerusalem, and its associated Mont Pelerin Society, whose nominal U.S. head is Milton Friedman. Of course, Henry A. Kissinger is in the midst of these nefarious operations.

Crossroads At Camp David

A full report on the push for war, and the options for peace

As this issue of *Executive Intelligence Review* reaches our subscribers, the Camp David summit will be beginning. The Middle East, and the world community of nations, stand at a crossroads between world peace and world war.

In this special report, our Middle East analysts have pulled together the facts on the hard push toward war, and the forces opposing the war drive, to delineate the best and the worst U.S. options at Camp David.

Our coverage features an in-depth analysis by Contributing Editor Lyndon H. LaRouche, Jr. on the British strategic assessment that the Soviet Union will allow Israel to invade the USSR's ally, Syria — telling why the British plan will lead straight to nuclear confrontation between the Soviets and the U.S.

Also included is a documentary report on the already active Israeli plans to invade Lebanon, and the shocking scandal of Zionist and Falange lobbying among U.S. Congressmen and others.

1. The Camp David Lineup

The Camp David summit meeting, which is expected to last one week, will be the most important event of the Carter Administration's tenure thus far. At stake is not only the credibility of the Presidency, but world peace.

Both President Carter and the Zionist lobby have announced that the Camp David summit is to be the showdown for the Carter Administration. While Carter has admitted in interviews that he considers his political future to be dependent on a successful summit, the Zionists have mobilized their full strength to prevent the American government from acting plainly in its own interests. Prime Minister Menachim Begin of Israel, following an Aug. 20 Cabinet meeting, said bluntly, "I warn against the submission of an American plan, since America is not a party to the conflict." Since that statement, Israel, the world Zionist movement, and British intelligence have waged an intense campaign to intimidate the Administration. All manner of warfare against Carter has been threatened, from cheap political blackmail inside the Democratic Party to Big Lie-style mass propaganda, even to the as yet unspoken threat of assassination of the President of the United States.

The Arab position was stated clearly by a leading ambassador from the Arab world at the United

Nations: "We do not want President Carter to act in our interests, in the Arab interest. We want him to act in the interest of the United States itself." Said an Egyptian diplomat, "Carter must make his choice. America cannot afford to abandon the unlimited opportunities for trade and exports to the Arab world. A peace settlement would open a new era in our relations."

According to the tentative schedule of the Camp David summit, President Carter will first meet separately with President Sadat and Prime Minister Begin, and then the three will meet together. In addition, Sadat and Begin will meet at least once alone, without President Carter. Each man will have a number of leading aides present, in part for political insurance should the meeting fail. Begin will be flanked by Foreign Minister Moshe Dayan and Defense Minister Ezer Weizman, while Foreign Minister Ibrahim Kamel will accompany Sadat.

Two interesting nonattendees are Deputy Prime Minister Yigal Yadin of Israel, and War Minister Abdel Ghani Gamassi of Egypt. Yadin, who at first was apparently set to attend the summit, was undercut when half of his party, the Democratic Movement for Change, quit the government and crippled Yadin's political base. The absence of Gamassi is

perhaps more significant: he is the well-respected leader of the Egyptian Armed Forces, and has a wide following. Perhaps the general staff of the Army did not want Gamassi tarnished by accompanying Sadat to the expected Camp David debacle — and this is an indication that Sadat's own political career is fully on the line at Camp David.

What does "success" mean at Camp David? It most certainly does not mean the mere absence of a dramatic breakdown of the talks, for the meeting must achieve a real and tangible result. Success, in this context, is not the issuance of a vague and indefinite communiqué with a pledge to continue the negotiations in the near future, for Egypt demands far more than that.

Make no mistake about it: success at Camp David means an Israeli commitment to turn over the West Bank to sovereignty of the Arabs for Palestinian self-determination. Anything less than that will bear the most ominous implications for Middle East and world peace, and will require the immediate cooperation of the United States and the USSR in the United Nations to avert a thermonuclear holocaust.

Here is a brief summary of the Israeli, Egyptian, and U.S. negotiating positions going into the Camp David summit.

Israel: Taking The World To The Brink

What unites the fractious Israeli government on the eve of Camp David — indeed, with the support of the entire Labor opposition as well — is the blunt determination to force Anwar Sadat to abandon Syria, Jordan, and the Palestine Liberation Organization and sign a bilateral Sinai peace agreement. Sadat's past flirtation with that dangerous option, including a history of secret Egypt-Israeli intelligence contacts, has whetted the Israeli appetite. The Israelis are prepared to take the world to the brink of World War III to achieve the pressure-cooker atmosphere they believe necessary to compel the Egyptians to ink a separate deal.

The Israeli strategy is not a serious negotiating position. They intend to break Sadat's will, to simply subjugate Egypt to Israel's design, and they are prepared to threaten full-scale war in Lebanon to achieve their aim. The rapid buildup of the Lebanon crisis since July was characterized by an Arab diplomat as Israel's buildup of a "bargaining chip" to trade off at Camp David for Egyptian capitulation.

If Israel believes that it will face a U.S.-Egypt bloc prepared to use leverage to force Israeli concessions, most observers agree that Jerusalem is ready to detonate Lebanon and plunge the area into war to avoid Camp David altogether. But if they determine that Carter will be indecisive, then Begin and Dayan believe they can simply sit tight — let the status quo fester. Carter's prestige will then drop precipitously, and Sadat will be forced into a desperate crisis.

Israel is seeking a settlement on its own terms. Their ultimate goal was stated in the *New York Times* opinion column by Zionist Edgar Bronfman, who proposed a "Middle East Treaty Organization" (METO) based first on Israel and Egypt in an anti-Soviet alliance.

Most analysts in Washington and in European capitals believe that a separate peace or a METO strategy will lead to unending bloodshed and crisis in the Middle East. It is obvious that several pro-Soviet or nonaligned regimes would have to be toppled by coup d'état or war for such a strategy to work.

Egypt: Toward A Comprehensive Peace

The Egyptian negotiating position at Camp David is, in fact, very close to what President Sadat has stated repeatedly in recent weeks. Most recently, in opposing an Israeli proposal for a "permanent partial peace," Sadat said, "I shall work for an overall peace based on justice, and there is absolutely no room for partial solutions or separate settlements or a third disengagement agreement."

The bottom line for Sadat is to win an Israeli acknowledgement that the West Bank is Arab sovereign territory, and a commitment to negotiate a timetable for withdrawal.

In exchange, Sadat is certainly prepared to offer to accept final Israeli borders that include some minor adjustments of the pre-June 1967 frontiers, which were themselves mere ceasefire lines from the 1948 war.

The other area in which Egypt is interested is a discussion of a major regional development effort in which Israel would play an important role. Clearly, Sadat would need full American support for this to supply the needed technology and capital credits. However, Saudi Arabia is reportedly ready to back such a plan with enormous wealth.

In the negotiations Sadat's ace in the hole is the broad international support for the Egyptian stand. France and West Germany, the architects of the Bremen monetary plan, have joined hands with Saudi Arabia to support President Sadat. Japan, Italy, and the other Arab and African states also generally support Sadat and his position in the talks. Even the Soviet Union is a silent partner at Camp David in Sadat's corner. The importance that Sadat places on Western Europe was signalled by the announcement from Cairo that Sadat will stop in Paris on his way to Camp David and will return to Egypt via Bonn, West Germany.

According to Egyptian officials, if the Camp David talks end in a stalemate, as they expect, then Egypt will join Saudi Arabia in calling for a new Arab summit to unify the Arab position, after which the entire matter will be taken to the United Nations Security Council for action.

The U.S.: Carter In International Crossfire

To President Carter has fallen the task of forcefully reconciling the Israeli and Arab position in the national interest of the United States. Two conflicting sets of interests are concentrating their pressure on the White House to resolve the U.S. decision-making process in their favor.

The first set of interests is under the command of the Sovereign Order of the Knights of St. John of Jerusalem. In the United States, the chief collaborators and agents of the Knights include the Kennedy wing of the Democratic Party, California's Jerry Brown, the leadership of the AFL-CIO, Henry Kissinger, the pro-Zionist mafia in the Senate Foreign Relations Committee led by Senators Jacob Javits (R-N.Y.) and Clifford Case (D-N.J.) and a large and important section of the U.S. Administration including Vice-President Mondale, National Security Advisor Zbigniew Brzezinski, Secretary of Energy James Schlesinger, and Treasury Secretary Michael Blumenthal. This broad faction, in coordination with the U.S. Zionist lobby, is mounting what they hope to be a credible threat to Carter's chances of reelection in 1980 to prevent the President from putting the necessary pressure on Israel.

To the extent that President Carter focuses on the real and imagined political threat from the Maltese Order's U.S. Zionists, then he will lose sight of the enormous bloc of international allies who are demanding that the U.S. exercise its power to achieve a peace settlement in the Middle East.

That bloc, the second set of interests impinging on Carter's decision-making process, is led by the architects of the Bremen-Bonn agreements, Lyndon H. LaRouche of the U.S. Labor Party, West German Chancellor Helmut Schmidt, and French President Valéry Giscard d'Estaing. The heads of state and national leaderships of Italy, Japan, Saudi Arabia, Iran, Mexico, and the Vatican unanimously support President Carter's efforts to ignore the Zionist blackmail and bring about a peace-and-development policy for the Middle East. Within the Administration, Secretary of State Cyrus Vance and the State Department and Defense Secretary Harold Brown generally support the position of the Schmidt-Giscard bloc.

What Carter does not generally realize is that, with this international support, at least 70 percent of the U.S. population is prepared to support Carter in a peace policy for the Middle East. Even American

Jews, a U.S. Labor Party survey discovered, are seriously alienated by Israeli threats to Lebanon and Begin's intransigent position.

What, then, are the prospects for Camp David?

The Mondale-Brzezinski forces, the Zionists, and the *Washington Post* are trying to create the impression that President Carter is prepared to introduce U.S. forces into the Middle East to "tie down" a settlement, including the presence of American forces in the occupied West Bank and the establishment of a U.S. air force base in the Sinai! An unsubstantiated article in the *Washington Post* and an offhand comment by Jody Powell, the White House press secretary, that such ideas were "under consideration" created a stir in Washington on Aug. 30, and President Carter's remark that he would be "reluctant to do so" did not quell the speculation. Informed Washington sources indicated that the *Washington Post* story was a deliberate factional effort on Brzezinski's part to force the hand of the Administration.

However, the U.S. Administration may be ready to introduce what State Department spokesman Kenneth Brown yesterday called a "generalized American presence" in the Middle East to guarantee a settlement. This emphatically does not include U.S. armed forces, but may include some sort of international peacekeeping effort involving non-U.S. forces, including especially French troops in a United Nations-sponsored force. The *Philadelphia Inquirer* this week reported that Washington was considering an American civilian presence on the West Bank to monitor the security situation, but not American forces.

France has reportedly privately offered to supply troops for the West Bank to guarantee security to all parties concerned.

"The bottom line," said a State Department source, "is to get the Israelis to agree to self-determination for the Palestinians." A call from Jim Wright, the majority leader of the House (see below), lent support to the idea that this is the American position for Camp David. It is likely that the Administration will offer a "package," even if it does not call it a "plan," that would include the elements of Carter's policy this far: true peace, mutual recognition, Israeli withdrawal from occupied territories including the West Bank, and the establishment of a Palestinian homeland.

In this, according to State Department informants, the economic development component will be crucial, and the U.S. is prepared to discuss a massive economic program for the entire area.

Left unsaid is the answer to the question: What happens if Israel flatly rejects U.S. and Egyptian proposals and insists on retaining the West Bank? In Washington, no one was prepared to answer that one.

ISRAEL: Economic Collapse, Security Hysteria Increase War Danger

The press reports excerpted below indicate an unprecedented psychological warfare campaign by the Israeli government against its own population.

A media blitz is filling the Israeli public's ears with innumerable warnings of terrorist attack, dramatized on television as 'public service announcements,' while citizens are subjected to unbearable bomb-scares and raiding party drills. The Israeli Defense Forces have gone so far as to buzz their own cities with jet fighter planes, bringing complaints from the Jerusalem mayor. Repression of West Bank Arab residents has also been stepped up.

On the economic front, Israel's lot worsens at an accelerating rate, as the London Sunday Times reports, culminating with Premier Menachem Begin's misbegotten effort to apply the advice of fascist economist Milton Friedman. Conceivably, British or allied financier circles may see fit to pull the plug on the Israeli pound, plunging the country into a wave of strikes and hyper-inflationary chaos.

Poised on the brink of attacking Syrian troops in Lebanon, Israel needs very little social destabilization to propel it into the fourth Middle East war.

Government Terror and . . .

Excerpted from the Aug. 29 Washington Star article, "Girding for Terrorist Attacks An Everyday Concern in Israel":

In 10 days alone, 12 bombs were found in Jerusalem. A tense and alert public discovered most of them before they went off, so there were no casualties

In light of terrorist attempts to interfere with the Camp David talks, Israelis are taking the bomb threats seriously, and as a result, a wide range of precautionary steps are newly in force.

Buses ... have added security measures. Some drivers have begun using their microphones to remind passengers to look carefully for suspected bombs

Police have been bombarding the air waves and the local press with messages of warning. For the first time, people are even being advised to walk around their homes twice a day to search for explosive devices.

A private group ... has offered a total of \$27,472 in rewards to alert Israelis who discover parcels with bombs inside. The organizers said they would pay \$550 to anyone who finds a bomb and alerts the police. The first few awards were handed out last week.

A program of large-scale anti-terrorist exercises began last week in the major population centers of the country At one exercise in the Ben-Gurion Airport region, air raid sirens were sounded, roadblocks were erected, a practice of evacuating mock casualties was carried out and flares were hurled into the night sky.

With so much media attention devoted to terrorism, it is no wonder that an already fidgety public has seemingly grown more nervous. Adding to the general state of nervousness, Israeli air force jets soar over Jerusalem almost daily. Frequently those on the ground mistake the thunderous sound for a terrorist bomb ... despite requests from Jerusalem Mayor Teddy Kollek to avoid such blood curdling behavior

The rise in tensions throughout Israel has led, inevitably, to a heightened watchfulness by Israeli soldiers on the West Bank The West Bankers themselves are especially upset at the growing number of times they are being asked to leave buses and stand on the roadside as part of the security checks

. . . Economic Nightmare

Excerpts from the Aug. 27 London Sunday Times article, "The Vital War that Israel is Losing":

Israel's finance minister Simcha Ehrlich was due back home from Latin America this weekend, for what his many critics call sarcastically "a short break in his junkets," to face demands from the Labour opposition and trade unions that he resign because of the hopeless mess into which the nation's economy has slithered....

The shock came earlier this month. July's prices index was found to have risen 2½ percent — the month in which, Israelis used to say, "even the inflation takes a Holiday."

The treasury continued to print about £30 million in notes monthly, equalling an annual 12 percent of the budget, and the governor of the central bank foresaw a growth of the foreign trade gap by about £150 million after steady reductions in the past three years of an average £260 million. Israel's total foreign indebtedness now stands at about £5,700 million.

All this proves that the 'economic revolution' of last October has flopped. Applying the textbooks of Milton Friedman, the American Nobel Prize winner and free enterprise and laissez-faire prophet, Ehrlich and his team generously liberalized foreign currency controls and floated the local pound. This brought an immediate devaluation of 50 percent, and another 20 percent since then as the Israel pound's value has been dropping steadily.

A six-month wage, price and tax freeze laboriously clinched last spring pending conclusion of new wage contracts, went by the board as cabinet ministers, Knesset members and the judges got huge raises....

Now they are all holding their breath as the 70,000 teachers from high school principals down, demand the same 40 percent rise which the tax collectors and some technicians exacted several months ago. They threaten to strike until they win, and if they do, the rest of the public servants will demand the same. Then, the money presses will have to produce banknotes much faster and the inflation spiral will wipe out all their gains. Some pessimists fear that then, the economy will collapse altogether.

2. Commentaries On Camp David Prospects

The days leading up to the Camp David summit have produced some crucial predictions as to how that summit will turn out.

Among the most portentous statements were those made by the leaderships of Saudi Arabia and the Soviet Union, on Aug. 22 and Aug. 30 respectively. (For excerpts from the Soviet statement see THIS WEEK.)

This interview with the influential Prince Fahd of Saudi Arabia appeared in the Kuwaiti daily *As-Siyasah* on Aug. 22. The text is from the Foreign Broadcast Information Service.

Q: I said to Prince Fahd, "Following your highness' visit to Egypt, Syria and Iraq, the public impression was that a summit conference (of the Arabs) was imminent and that President Sadat's initiative was about to be declared a failure. However, everyone was surprised by your recent statements in support of the Camp David summit."

A: We have supported the Camp David summit with the aim of bolstering optimism and raising hopes. When we expressed such support there was evidence that this summit would be the decisive and final meeting; the story will either end in the interest of peace or the door will be closed finally.

The Arabs have given much and have been extremely flexible. The time has come for the other side to give. We believe it is now up to the United States to be firm and decisive. We, the Arabs, have nothing more to give. Therefore the Camp David meeting in my opinion will be the decisive meeting, either positively or negatively.

Little confidence has been generated that the White House has any sense of how to cope with the dangers mounting around Camp David. One of the few positive signs, and one which the international community will watch as a possible signal of firmness developing in the White House toward the Israelis, was outlined by the Hearst chain's Boston *Herald-American* newspaper, in an article by foreign affairs editor John P. Wallach on Aug. 31:

House Majority leader Jim Wright, a Texas congressman with close ties to President Carter, has floated what appears to be an Administration-supported peace plan for the Middle East. The trial balloon calls for total demilitarization of the West Bank to create a homeland for the Palestinian people.

Wright, in open letters to Israeli Prime Minister Menachem Begin and Egyptian President Anwar Sadat, also proposes that Israeli forces be permitted to "maintain observatories ... on the high ground of the West Bank and Golan ... as a guarantee of Israeli's future security."

The timing of Wright's initiative seems particularly important. Although he makes clear he does not speak for the Carter Administration, his proposals have surfaced only days before the beginning of the Camp David summit, Sept. 5.

The Texas Democrat calls on both Egypt and Israel "to sign a pact of nonaggression" and to "invite other nations to join in." But the most revealing part of his letter to both leaders concerns the future of the occupied West Bank.

A State Department View of Israeli, U.S. and Soviet Positions

In a recent interview an authoritative State Department source had these comments on the goals of the U.S. Administration at Camp David:

Q: What do you expect from the Camp David meeting?

A: What we are working for is for Israel to agree to give back the West Bank; not all of it, of course, but most of it. We need their commitment to the fact that the West Bank is indeed Arab land. If that is done, Sadat will make compromises on territory in return. He won't say it himself, but it will be worked out in the committees. In other words, on security grounds Sadat will allow Israel to maintain certain security requirements, once Arab sovereignty is acknowledged. This goes for the West Bank and for Sinai.

Q: And the Palestinians?

A: We are seeking Palestinian self-determination as a principle.

Q: But the Administration now only talks about partial self-determination.

A: That's what we say. But when we say "Palestinian rights," we mean full self-determination, and the Israelis know it.

Q: What about the Soviets? What is their attitude toward Camp David?

A: The Soviets will make a lot of noise, but they are not really opposed. Sure, they will call for Geneva. But what alternative do they really have? They know Geneva won't work now.

The only *real* objection they have is to the stationing of U.S. troops in the Middle East. But that isn't really under any serious consideration.

3. British Promise East Europe Uprisings To Reduce Pressure On Israel

Warns LaRouche: This could instead bring on World War III

British intelligence networks are currently saturating many nations' intelligence services with the planted disinformation that the Soviets will not be able to honor their military commitments to Syria during an Israeli attack now scheduled and being deployed to occur during early September. This widely circulated disinformation is intended to reduce anti-adventurist political pressure on Israel from the Carter Administration and from Western European governments.

The reason given for Soviet inaction in defense of Syria is this. It is reported in many capitals that the British have insurrections in Yugoslavia, Hungary, and other eastern European nations timed to erupt in coordination with an Israeli assault on Syrian military forces. The recent trip of Peking's Hua to Romania, Yugoslavia, and Iran is viewed as part of the preparations for such insurrections, as part of Peking's current alliance with Israel and Britain.

The argument used in connection with the cited rumor is that the British will launch Eastern European insurrections just as they launched the 1956 insurrection in Hungary, then as part of the pattern of the strategic crisis operations coordinate with joint British, French and Israeli attacks upon Egypt during the period of the Suez crisis.

Such arguments are being circulated from intelligence into legislative, party and other circles in various NATO and developing nations, and have been in such extended circulation to our knowledge for about two weeks. The point of the argument is that: "Since nuclear armed Israeli forces will succeed in this enterprise, there is no general-war risk incurred sufficient to require additional pressure against the Israeli government at this time."

Maltese Eastern European Networks

It is true that the British-Maltese-Zionist networks penetrating Eastern Europe have a monstrous destabilization capability in Yugoslavia, very significant potentialities of undetermined exact capabilities in Hungary and Romania, and major disturbance capabilities in all Eastern European nations, excepting Bulgaria and the Soviet Union. However, it is known that a Macedonian nationalist project is afoot against both Greece and Bulgaria, with Peking co-sponsorship. The British-Maltese-Zionist networks do have the capability to launch

disturbances in Eastern Europe at the same time as an Israeli attack on Syrian forces.

It is also true that this capability and these networks are known to Soviet security services. Current Eastern European military circles published warnings against Zbigniew Brzezinski are code designations for precisely those known Eastern European networks.

In such a case, the "Brezhnev doctrine" will be immediately and ruthlessly enforced, and Soviet determination to punish and weaken the current Israeli government and its conspirators will be intensified beyond all precedents.

Most emphatically, the simultaneous effort to "ring" the Soviet Union with total containment and with destabilizations in Eastern Europe is regarded as one of the specific combinations at which the Soviet command contemplates risking total thermonuclear war to eliminate such threats. The logic of the 1962 missile crisis is of relatively modest implications, in comparison with the lunatic gambles of the promoters of the cited rumors.

Soviet Reaction

The general order of warfare between Soviet and USA-NATO forces for World War III is known in advance. The nature of thermonuclear warfare excludes any significant variations from that known order. The order of Soviet strategic responses to an Israeli assault on Syrian forces is not so precisely predeterminable. The Soviet command does have a range of options for that case.

Consequently, it would be nonsense to argue that disturbances in Eastern Europe would not influence Soviet policy for an Israeli attack on Syrian forces. All Soviet policies for conflicts short of preconditions for general war are shaped by a Soviet determination to avoid general war *if possible*. Thus, while the Soviets will under no circumstances neglect full honoring of their military pact with Syria, the exact combination of means they will employ in support of that military treaty, and the exact order of timing of each implementation is open to adjustments.

What the deceived persons swallowing the cited rumors overlook is the factor of Soviet perception of the strategic significance of an Israeli attack upon Syrian forces. When such an Israeli military adventure is made coincident with either uprisings in Eastern Europe, or with credible threat of such

uprisings, and when, at the same time, the principal strategic target of the Israel military adventure is the Bremen EEC agreements of July 1978 and related aspects of the Bonn 1978 agreements among Giscard, Schmidt, Carter, and others, the Soviets must tend to regard the Israeli adventure as a de facto commitment of the British and British-allied USA and NATO factions to general thermonuclear war during the immediate future to some point during the medium term.

This does not mean that the Soviets view USA-NATO factions indicated as being committed consciously to actual war fighting. Rather, it represents a policy and tempo of commitments by British-Maltese forces, a scenario which forces the powers to the point of general war.

I see no possibility that the Soviets will react blindly. They will tend not to undercut the efforts of Giscard or Schmidt to find a peaceful solution, and will honor the policies instituted by the Vatican under Pope Paul VI. Furthermore, to the extent they adequately understand the internal dynamics of the United States, they will attempt to follow paths which enable President Carter and rational forces around Carter to extricate the United States government from the British-Maltese policy-grip.

However, the Soviet capability of following a subtly-differentiated war-avoidance course should not be overestimated. The leading Soviet circles fought in World War II, during which the nation suffered a casualty-rate of upwards of 30 percent in combined people-material destruction. This is approximately the destruction they expect their nation to suffer in general war. Their strategic military policy and capability has been developed to solely one purpose since the 1962 missile crisis; to win general thermonuclear war if the Soviet and allied forces are either attacked, or the Soviet strategic defense capability (the geopolitical combination) can not be maintained except by bold actions which confront NATO forces with the alternatives of back-down or general war.

The immediate danger is that the USA, under the influence of the British-Maltese-Zionist cabal centered in the City of London, will be lured into a pattern of policies and actions which have the effect of shifting Soviet leadership mentality and posture into one of preparations for imminent general thermonuclear war.

If the Israelis launch an attack against Syrian military forces under the pretext of aiding Israeli fascist puppet forces in Lebanon (Chamoun, Habib Malik, et al.) is coordinated with a push for "IMF conditions" policy and destabilizations in Eastern European countries, and if this is effected in concert with the present regime in Peking, then the USA is already peering into the abyss of radioactive hell.

Warning to President Carter

President Carter and trustworthy members of his

White House staff should pull files disclosing the reasons President John F. Kennedy ordered the firing of Henry A. Kissinger, and why the White House staff of President Gerald Ford arranged the resignation of then Defense Secretary James R. Schlesinger. The White House should also draw upon most-secret and other State Department and CIA files concerning Harvard's William Yandell Elliot, the 1930s and 1940s associate of circles presently behind terrorism in Italy, and later the sponsor of Henry A. Kissinger, Daniel Ellsberg, and key in the grooming of Kissinger, Ellsberg, Schlesinger and Brzezinski for their 1960s and 1970s careers. The White House should also examine the files concerning strategic policy disputes between President John F. Kennedy and the British monarchy.

The White House should also examine a current, confidential report of the Bank of England. This report outlines the British monarchy's current plan for destroying the value of the U.S. dollar and wrecking the U.S. economy, with the aid of the policies of W. Michael Blumenthal, G. William Miller and Milton Friedman.

The White House should also review the complete dossier of CIA director Admiral Stansfield Turner. Exemplary are Turner's educational history, his membership in the British intelligence organization IISS, and his associations during his latest naval command assignment.

The White House should also review the DEA files back into the prohibition period, and historical files concerning British opium traffic back into the late 18th century. The centerpiece of this study should be the Bronfman family of Canada, during the whiskey-smuggling of the prohibition period and the drug-smuggling along the same routes and through the same financial conduits of "black funds" used for whiskey-smuggling. The links of top Canadian financial interests to "golden triangle" (Shanghai, Hong Kong, and Singapore) banks, and the "silver triangle" (British West Indies) banks to the conducting of tens of billions of dollars of "black funds" from illegal-drug traffic into Eurodollar and pound-sterling pools, and into Switzerland and Liechtenstein, should also be examined. The nature of the connection between Bronfman-centered financial and political circles and the top circles of the black Maltese should also be noted.

The office of Senator Jacob Javits should come under special scrutiny.

The Carter Administration cannot reasonably hope to avoid thermonuclear war during the present term, or to defend the dollar and U.S. economy from depression-collapse unless the key agents of adversary-policy are rooted out of the Administration. These persons include Henry A. Kissinger, James R. Schlesinger, Admiral Stansfield Turner, Zbigniew Brzezinski, Anthony Solomon, W. Michael Blumenthal, G. William Miller, Richard Cooper. Vice President Walter F. Mondale must be "contained" as

part of the same problem. Not to make such corrective actions respecting personnel is virtually to ensure the collapse of the U.S. dollar and of the U.S. economy and to make general thermonuclear war increasingly probable during the weeks and months ahead.

It should also be emphasized that the ordinary Jewish-American is an honest person, who predominately desires Middle East peace, but who is also terrified by the evil power of top circles of the leading Zionist organizations — especially the Joint Distribution Committee, the international B'nai B'rith, and the USA's ADL and French LICA organizations. Many Jews have been personally ruined or worse merely for bucking these institutions, organizations which have an assassination capability linked to the Mossad element of Israeli intelligence and to the Bronfman-linked mafia forces. If the Carter Administration wishes the support of American Jews for a USA imposition of Middle East equitable peace, along UNO 242 lines, the Administration must recognize its obligation to afford the majority of American Jews the protection they require against "Zionist" reprisals.

The Administration must come to understand how the policy enunciated by President Carter to a UNO audience has been repeatedly undermined and sabotaged by the persons we have identified and their allies. The mere fact that an intelligence estimate is pushed by Brzezinski, Kissinger or Turner is sufficient reason to doubt its veracity. The mere fact that a policy is pushed by these cited persons is sufficient reason to suspect its contrariness to the most vital interests of the United States.

Once again, the British and their agents within the Administration have pushed the U.S. government toward supporting a deadly adventure on the basis of false information to the effect that the Soviet leadership will not honor its agreements with its allies. In this case, it is argued that by doing the very maximum in the way of provoking the Soviet leadership to the most extreme rage, that this course of action will make the Soviets impotent and irresolute in dealing with the proposed adventure.

Gentlemen, the misinformed gamble to which I point is sheer strategic lunacy.

—Lyndon H. LaRouche Jr.

4. The Active Israeli War Strategy

Israel is openly threatening to launch an attack on Syria via Lebanon, a move that could readily trigger a fifth Middle East war that, given the Soviet Union's commitment to defend Syria, could quickly escalate into a U.S.-Soviet confrontation.

Prime Minister Menachem Begin held two urgent meetings on Aug. 28 with senior members of the Israeli Knesset to discuss intervening militarily in Lebanon under the pretext of "saving" Lebanese Christians from being "massacred" by the Syrian peacekeeping forces. One account of the meeting appeared in the Aug. 29 *Christian Science Monitor* in an article datelined Jerusalem and entitled, "Israel Yearning to Aid Christians":

Powerful voices here are calling for direct military intervention by Israel to relieve the hard-pressed Christian militias in Lebanon.

(After meeting with Begin on Aug. 28), the chief whip of the ruling Likud majority, Pessah Grupper, told the press:

"I see no way out but a direct intervention. The Syrians are aiming at conquering the Mount Lebanon Province."

Any such Syrian move, it is said here, would lead to a slaughter of the Christian population there and threaten Israel's own security.

Influential circles in the Israeli Defense Ministry have voiced the view that it is precisely because of the inhibiting effect of Camp David that the Syrians dare to conduct their offensive now. Others feel the direct danger to Israel could prove so great, that it would far outweigh a possible failure of the Camp David conference.

The chairman of the Israeli Parliamentary Committee

for Foreign Affairs and Defense, Prof. Moshe Arens, commented, "We must not let the Syrians take advantage of the conference to conquer all of Lebanon."

Professor Arens, who subsequently took part in both of the Aug. 28 meetings with Mr. Begin, also stated that the Syrian offensive was meant to pulverize the resistance of the Christian population. A military intervention by Israel, therefore, in his view, "should no longer be delayed."

Former Foreign Minister Yigal Allon, currently the chairman of the Knesset subcommittee on Lebanon, also attended the meeting with Begin, piously stating afterward, "As much as we want to avoid any military confrontation, (Syria's actions in Lebanon) are beyond what we can accept."

In an Aug. 27 commentary in the Hebrew language newspaper Ma'ariv, reporter Shemu'el Segev reports that while the official Israeli cabinet position toward Lebanon at this point is a "cautious approach" toward becoming "embroiled in war," this approach is "(not) accepted by the entire political establishment in Israel."

Segev explains:

There are factors in Israel who believe that . . . Israel ought to exploit the situation in order to deliver a decisive blow to Syria — be it for the purpose of breaking the Syrian's war machine, or to mellow Syria's positions on the subject of the political negotiations with Israel. The proponents of this view believe that even if President Al-Asad (of Syria) perseveres in his refusal to join (Egyptian President) As-Sadat's initiative and conduct peace negotiations with Israel, then a serious blow will

incapacitate the ability of the Syrian army to wage war, and will limit Al-Asad's maneuvering space in his struggle against As-Sadat. Those who subscribe to this view think that a death blow to the Syrian war machine will limit the ability of the "eastern front" to function properly, facilitating the removal of a danger of war for many years.

While reiterating that the current Israeli cabinet is not operating according to these assumptions, Segev concludes that "this consideration, no matter how great the element of risk, is not to be rejected out of hand."

Fired up by Israel's war cries, an official Falangist spokesman, "Munzer," predicted in the Aug. 25 *Christian Science Monitor* that the ceasefire in Lebanon would break down completely before the Camp David summit begins. If Syrian troops advance against the rightists on any front, "our reaction would be immediate throughout all of the country's Christian areas," warned Munzer.

With Israel on a war footing, Syria, backed by the Soviet Union, is bracing for an attack. On Aug. 29, Syrian Foreign Minister Khaddam paid a surprise visit to Moscow to meet with Soviet President Brezhnev and Foreign Minister Gromyko to discuss the deteriorating Lebanon situation — a clear indication that the Soviets have no intention of tolerating Israel's provocations against Syria. In a statement on Aug. 30, Soviet Foreign Minister Andrei Gromyko stressed Soviet desires to "further strengthen relations with Syria" in the context of a just solution to the Middle East dilemma.

Assad's firmness, combined with his surgical military operations in northern Lebanon last week, are aimed squarely at preempting a planned "declaration of independence" by the Falangists, who, at the behest of Israel, were reportedly on the verge of forging a separate mini-state allied with Israel.

To prevent the Israeli-Falangists from setting up a separate "Maronite Republic" around Beirut, the Syrians took important steps last week to disarm the Falangist separatists in the north in a short but precise three-day operation. On Aug. 30, the Syrians announced that the entire northern part of Maronite turf had been occupied by the Arab Peacekeeping Forces, including 12 villages, with only 65 killed in the process.

The Syrian show of force and the effects of the offensive, while severely limiting Israeli capabilities in Lebanon, have not deterred Begin. On Aug. 30 East German radio reported new Israeli shelling of Nabatiyeh in southern Lebanon. At the same time, right-wing Christian extremists are threatening "guerrilla warfare" against Syria in Lebanon.

Both France and West Germany have expressed their satisfaction with Syria's role in Lebanon. At the Aug. 24 weekly ministerial meeting in Paris, it was agreed to endorse Syria's actions to stabilize the

U. S. Military Spokesman Warns of Israel's Lebanon Invasion Plans

A high-level Washington military spokesman, in an interview last week with the Executive Intelligence Review, expressed deep consternation over the possibility of war as a result of Israel's provocations in Lebanon and intransigence in peace negotiations:

Q: How do you evaluate the Israeli threats to Lebanon?

A: I'm extremely concerned. What worries me most is not the situation in the south, but more importantly the recent claims by the Israelis that they intend to protect and defend the Maronites in the north of Lebanon and in the Beirut area.

That is very ominous. There is an underlying assumption here that Israel has a right to protect its proxies in the fight with Syria. It has highly dangerous implications.

Q: Do you think Israel might move first?

A: Frankly, I have been mulling over in my mind the possibility that Israel might blow up Lebanon in an effort to undermine Camp David.

It seems that Begin has resolved in his mind that he does not intend to compromise, and he may be thinking, "What can I do?" I hope he doesn't look toward Lebanon.

But I will say this: If Israel takes actions against Lebanon, I am sure that Begin and his cronies know that the U.S. will not countenance it. But the U.S. must explicitly disapprove of such action beforehand. It is very serious.

situation. Last week, West German Development Minister Offergeld, recently in Syria, praised Assad's role in Lebanon.

A top-level U.S. military commander known for close ties to Israeli strategists referenced Israel's desperation as well as willingness to "break" with the U.S. in a recent interview:

The Israelis have no choice but to intervene. They won't and can't allow the Christians to be destroyed or uprooted, and the Syrians on their border.

...Israel will look to bloody Assad's nose and do it well. In fact, I can fairly say that Israel is looking for the opportunity to do this.

In an attempt to abort this scenario, Lebanon is taking steps to apply Chapter 7 of the United Nations charter that would allow United Nations peacekeeping troops in Lebanon to use "coercive force" against Israel, including blockages and embargoes as well as direct armed action.

— Nancy Parsons

UN Official Says Sanctions Possible Against Israel

In an Aug. 28 interview with the Executive Intelligence Review, a United Nations Secretariat official well acquainted with the Lebanon situation assessed that the U.N. has the means to apply coercive force against Israel in Lebanon. He claimed that such a scheme is under study by the Lebanese government, but is being blocked by the U.S. Here, his comments:

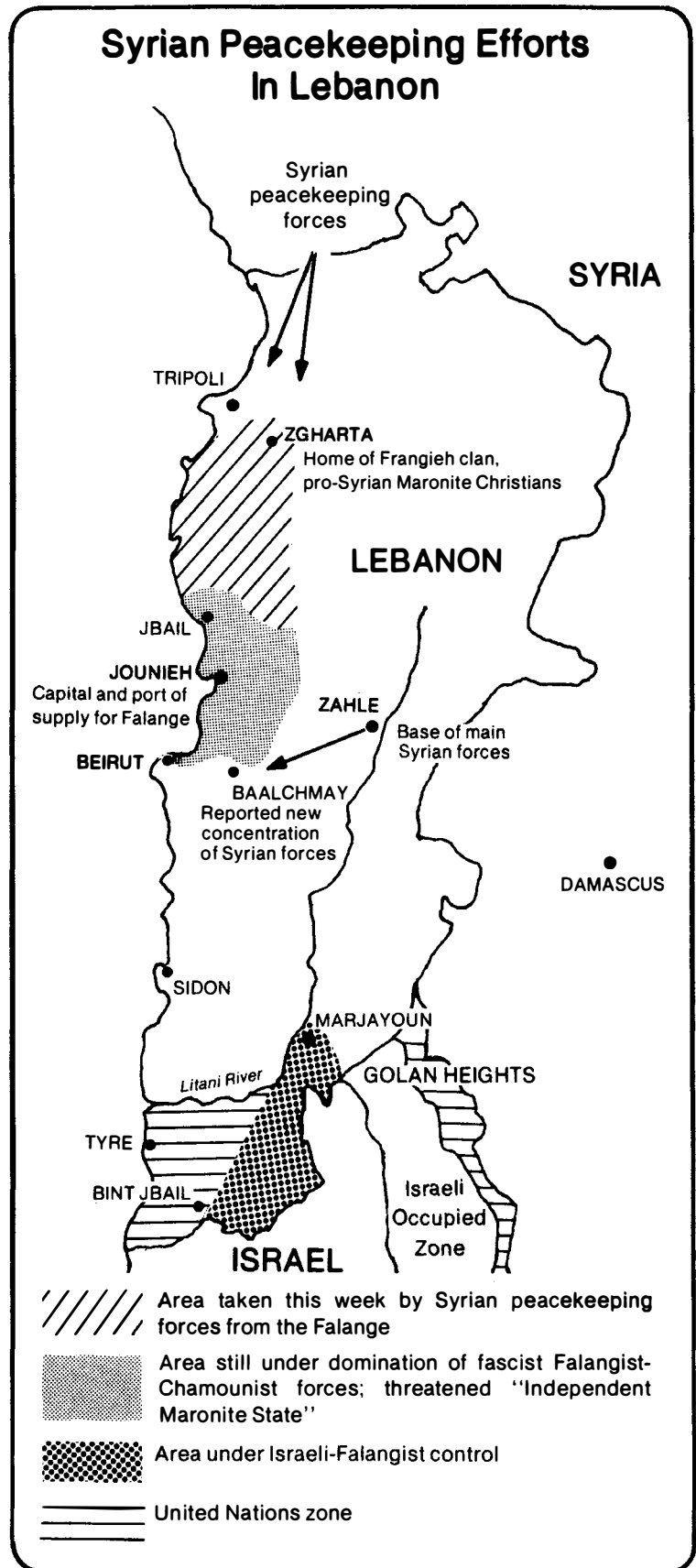
“At present, there is no motion before the Security Council to try to get the UN to act coercively in southern Lebanon. Privately, this is under discussion, but not at the actual discussion stage yet. UNIFIL’s mandate will be evaluated Sept. 18, so something could develop by then.”

“One legal possibility, admittedly very remote at this point, is to use force in the sense laid down by U.N. Security Council charter Chapter 7, which first makes provisions for peaceful measures, but, if these are not sufficient, Chapter 7 allows for the Security Council, under conditions of a threat to international peace and security, to force the aggressor to yield. Sanctions and blockades can then be applied. A force with coercive powers can be created. This would be a very special force, directed by the UN Security Council, with a special military staff committed composed of top-level representatives of the general staffs of the major powers.

“This has never been applied because of the postwar U.S.-Soviet cold war, but theoretically it can still be created, under which conditions Israel will be viewed as the aggressing party against which action must be taken.

“In lieu of Chapter 7 being implemented, the Secretary-General can apply what we call 6 and a half, which alters the deployment of the *voluntary* peacekeeping forces such as those currently in Lebanon. This would occur, in most cases, after a request made to the Security Council by a UN country which is then voted up favorably by the Security Council members.

“These initiatives can be raised by Lebanon, or any of its friends in the Arab group, at the Security Council at any time. There is nothing before the Council now, but the Lebanese government is raising the possibility privately, making studies and so on, of such a coercive operation being implemented. At present, the Lebanese are known to be upset that the U.S. is indicating firmly that it will block any such measure and is therefore committed to throwing up obstructions to its implementation.”



5. Zionist-Falange Lobby Takes Shape In U. S.

One of the ugliest scandals in American politics

One of the most monstrous American political scandals of the postwar era is now taking place, and is being virtually blacked out by the American press.

Since Aug. 13, the former Secretary of State for the Sovereign Order of St. John of Jerusalem, Charles Habib Malik, has been traveling between Washington and New York to fashion a tight political alliance between the U.S. Zionist lobby and the pro-fascist Falangist Party of Lebanon and its U.S. political supporters. The purpose of Malik's visit has been, simply, to create a U.S. domestic strike force to back the Carter Administration into support for an Israel-Falange war against Syria.

In discussions with journalists this week, Malik, whose former official positions included Lebanese Foreign Minister and Lebanese Ambassador to the U.S., has curtly denied his connection to the Sovereign Order and has insisted that the entire issue be kept away from the public eye. Yet the *official history* of the Order, entitled "The Sovereign Order of St. John of Jerusalem: Knights of Malta," lists Malik as having served as Order Secretary of State until *at least as late as 1970*.

This fact raises two critical issues for full exposure to the U.S. public: first, the actual nature of the Falangists, and second, the extent and content of the latest escalation in Zionist lobby strategy for the coming period.

In the face of the Israeli-motivated ballyhoo about the threatened Syrian "extermination of the Christian population," the Malik case highlights the true nature of the Falange as an extension into Lebanon of the blackest networks of the international Black Guelph anti-Vatican networks headed by French Archbishop Lefebvre.

The Sovereign Order for which Malik served as Secretary of State is itself one of the ugliest of the several St. John groups in existence. It developed during the 1908-17 period out of Russian and eastern European emigré circles who all entertained strongly rightist views. Since that time it has interfaced with the World Anti-Communist League. Among its key "pories," or regions, are "Pan-Korea" and *Lebanon*.

Although the membership of other Falangist and Chamounist leaders in the Sovereign Order is not at this point confirmed, investigations to this date have uncovered the following:

Camille Chamoun, warlord head of the "Chamounist" or "Tiger" militias, "receives his orders from the Order of Malta," according to well-placed Arab diplomatic sources.

The ultra-fanatic **Guardians of the Cedar** group,

which holds a mystical, and often bloodthirsty, belief in the necessity of creating an "independent Maronite state" in Lebanon, is a "subordinate Order to the Knights of St. John," according to a highly placed Washington source.

The known history of both the Gemayel family-led Falangists and the Chamoun militias conforms to the international deployments of the Order of St. John, working through the Nazi and linked fascist movements during the 1930s.

After a trip to Berlin in the 1930s, Pierre Gemayel returned to Lebanon to create the Falangist Party on a basis modeled after Mussolini's and Franco's fascist forces. The Falange played a role in undermining French influence in Lebanon up to the decade of the 1950s. During the latter 1950s, the Falangists were systematically built up by Black Guelph gun-running and mercenary networks into a national militia which launched the series of destabilizations leading to the 1958 U.S. Marines invasion. A second go-around for the Falangists occurred in 1975, as Henry Kissinger fashioned his Sinai Pact and helped build up the Falange as an effective force to set Lebanon aflame.

To this day, leading Falangists such as militia coordinator Bashir Gemayel, son of Pierre, are ardent worshippers of Adolf Hitler.

The Chamoun family, similarly, was built up by Great Britain during the 1930s as an anti-French force. The British role of Camille Chamoun was underscored by the early 1950s period, when Chamoun became the most ardent advocate of any prominent Arab leader of the proposed British Baghdad Pact to contain and encircle the Soviet Union. As President in 1958, it was Chamoun who called in the Marines as part of a British gameplan to embroil the U.S. in a confrontation in the Mideast and to help preserve such British bastions as Iraq, then under internal attack from nationalist forces.

Most recently, Chamoun held an unprecedented Aug. 22 meeting in Jerusalem with the Israeli cabinet to coordinate war plans against Syria.

Malik in the U.S.

Chamoun's Jerusalem deployment was paralleled by Malik's meetings in the U.S.

In the U.S., officially at the invitation of Zionist lobby spokesman Senator Richard Stone, Malik testified before the Senate Foreign Relations Committee during the week of Aug. 13 to argue that "the Christians of Lebanon are faced with genocide" at the hands of Syria.

Since that date, Malik has reportedly met with 47 senators, including a private strategy session during

the Aug. 26-27 weekend with rabid Cold Warrior Senator and Zionist lobby ideologue Patrick Moynihan of New York.

The Malik meetings fit into a wider pattern of growing coordination between the Zionist and Falangist lobbies. This has been epitomized by regular meetings during August between the heads of the American-Israeli Public Affairs Committee, the official Israel Lobby group in Washington, and the American Lebanese League, a group set up earlier this year by Bashir Gemayel and Dany Chamoun (Camille's son) during visits to the U.S.

So regular and increasingly efficient has this coordination become that a top Zionist Lobby aide on the Senate Foreign Relations Committee gloated this week that "the State Department officers on the desk level see plots being concocted by an AIPAC-ALL alliance to ruin U.S. foreign policy in the Middle East."

One of the victories of this axis was the early August cutback in U.S. aid to Syria in retaliation for "Syria's role in Lebanon."

A second Zionist-Falangist operation has been to try to split the key lobbying group for the Arab political position in Washington, the National Association of Arab-Americans (NAAA), which has become a more effective political force in the U.S. in recent months. A front-page *Jerusalem Post* article Aug. 25 headlined, "U.S. Arabs Split Over Terrorism," reported an attack being mounted on the NAAA's newly elected President Hisham Sharabi by Washington lawyer Lawrence Lataif, an NAAA board member, for being a "terrorist supporter." *Jerusalem Post* writer Wolf Blitzer portrayed the Lataif attack as part of a wider pattern of growing animosity among factions within the American Arab community.

—Mark Burdman

Falange — Christians Who Are Not Christians

The specious Israeli claim that it has to consider intervening in Lebanon to "prevent the Christians of Lebanon from extermination" has come under persistent Lebanese and other Arab press attack for its obvious flaw: the Falangists and Chamounists represent at most only 10-20 percent of Lebanon's Christian community, which in turn is less than half Lebanon's total population.

Further, most Lebanese Christians regard the Falangists as a noxious poison assaulting the body politic of Lebanon and know that the Falange were built up originally as an adjunct of the British and Nazi deployments into the Middle East during the 1930-1940 period.

An Aug. 31 *Los Angeles Times* dispatch from Beirut pointed out the reality of the Israel-"Christian" relationship:

The tragic irony of the explosive situation is that at its heart the fight is not a general one between Lebanon's Christians and the various leftist and nationalist Moslem groups who support the Syrians. Authoritative Christian sources in East Beirut said that fewer than 10 percent of Lebanon's Maronite Christian community actively support the Phalange and the Chamounists. They reported numerous incidents of intimidation, blackmail and "protection racket" shakedowns in East Beirut and the port city of Junieh just to the north by Phalangists and Chamounists seeking to bolster lagging financial and public support.

In addition, there is a growing Maronite community in the north of Lebanon led by former president Suleiman Franjeh, whose son Tony was killed by Phalangists in June, that actively supports Syrian peacekeeping efforts and bitterly opposes Gemayel and Chamoun. Thus Israeli claims to be "protecting" the Christians of Lebanon by their support of armed Christian units in southern Lebanon and of the Phalangists and Chamounists in and near Beirut are selective to a high degree, covering only that minority of Christians who have sought Israeli aid.

To emphasize the point, a Beirut newspaper complained editorially Wednesday that journalistic "shorthand" of identifying Gemayel's and Chamoun's militias as "Christian" had probably misled the world into believing Lebanon has become a Christian-Moslem battleground.

More properly, said the English language newspaper "Ike," the Christian identification of the militias should be qualified as "part of Lebanon's Maronite community, which itself is part of Lebanon's Christian community, many of whose religious and temporal leaders consider the militias one of the greatest threats ever posed to the Christians of Lebanon and the Arab worlds."

Commenting on reports of the Falangists' intention to establish an "independent Maronite state" in Lebanon, Jordan's *Ad-Destour* wrote Aug. 26, in an article headlined "To Avoid a New Catastrophe," that "the reason for establishing this lackey state of the militias has nothing to do with harboring or protecting the Christians in Lebanon. Since its independence, Lebanon has harbored Christians and Moslems alike. Religious affiliations have never been a cause of crisis in Lebanon, even at the peak of the tragedy the Lebanese encountered."

On Aug. 26 and 27, the Damascus Domestic Service carried statements from the Greek Orthodox Patriarch Ilyas IV from Beirut; from the Greek Orthodox Patriarchate in Antioch; and from the Greek Orthodox Patriarchate in eastern North America denouncing Israel's plans to partition Lebanon with an "independent Christian state." "Sedition is alien to Lebanon and to Lebanese citizens," Ilyas IV charged. "Israel has fostered the idea of sedition to exacerbate differences and transform them into a struggle between Moslems and Christians. This has not and will not take place."

Secret Bank Of England Plan To Wreck Dollar

Exclusive: An internal bank memo declaring political war

We publish below substantial excerpts from a secret internal memorandum circulating internally at the Bank of England in late August. In fact, the original ten-page document is a strategy briefing on how to transform the Bremen Agreements (which provide for a merger of the European Monetary Fund and the Arab Monetary Fund into a financial alliance in defense of the dollar) into an antidollar operation.

The Bank of England's strategy for attaining this objective consists of three phases spread over the period of the next twelve months. The entire effort is based on the assumption that the United States government will be unable to formulate an effective high-technology, high-export policy over this upcoming period. Provided that the Zionist lobby and the Kennedy-Kissinger-centered array of British political intelligence operatives succeed in maintaining this policy paralysis over the next twelve months, the Bank of England's three-phase operation will unfold thus.

Phase One: Each time the European Monetary Fund attempts to assert its prodollar orientation, a new wave of speculation will hit the dollar. Each

speculative attack is going to be used to induce the United States government to adopt measures to restrict Japanese and German manufactured imports. The EMF, for each pro-dollar move, will thus be repaid with anti-European, anti-Japanese export restrictive measures.

Phase Two: This United States attitude will gradually force the EMF and Japanese financial forces to adopt an antidollar policy simply for the reason that they cannot ally with any programmatically sound industrialist interests in the USA.

Phase Three: The gradual antidollar reorientation of the EMF will rapidly gallop into a full scale collapse of the dollar which will force a breakup of the world into rival regional currency zones, trade war and finally full scale collapse of the dollar — and world depression.

The entire scenario is predicated on the assumption that the Carter administration will be effectively prevented from adopting a bold policy for industrial expansion and export boom.

—Criton Zoakos

The Text Of The Bank's Memorandum

III. Growing Structural Vulnerability of the U.S. Dollar

The dollar has been a weak and vulnerable currency for almost twenty years even though for most of the time it was not recognized as such by U.S. officials and politicians. . . . Therefore, it is extremely important for investors and businessmen to have some idea whether the dollar's brief period of relative stability from March to June, was the beginning of a more durable stability, or whether it was just a bear market correction. . . .

The convenient myth has been created in recent years that the U.S. balance of payments deficit and the dollar's associated problems have been a function of excessive oil imports. The myth has been convenient for the Europeans, Japanese and other developed strong currency countries because they see "excessive" U.S. oil imports as maintaining the OPEC cartel strength and hence making oil more expensive for them while at the same time they deeply fear a cutback in non-oil U.S. imports because of the adverse impact on their exports, economies and unemployment. . . .

The fact is that while oil imports have obviously grown very quickly over the last ten years on account of a growing gap between U.S. consumption and production and the massive OPEC price jump of 1973-74, non-oil imports have been penetrating the U.S. economy with alarming speed, not just recently but over a period of many years. . . . Oil imports are running at an annual rate of 20 billion dollars above the level of three years ago when the recession terminated, while non-oil imports are now running at an annual rate of 62 billion above the level of three years ago. . . .

The disturbing conclusion is, then, that from a trade point of view, the causes of the structural deterioration that has been going on for many years are probably still intact. It should, of course, be kept in mind that part of this structural deterioration is in the energy area and derives from the subsidizing of oil consumption and the penalizing of oil exploration and production through a variety of disincentives including both price and nonprice types. . . .

(The fundamental economic problems are): a progressive squeeze on the supply base of the economy, the growing disincentives to produce and work, the declining rate of return on capital since the mid-1960s, the weakening of capital spending for new production facilities, and the growth of non-productive versus productive workers. As the economy's ability to supply goods and services that can be marketed has eroded, the stimulus to demand through monetary and fiscal policies has expanded. . . .

. . . With prospects for some slowing in the growth of the economy in the period ahead, and a wages catchup in the nonunion sector — a likely development in view of the rapidly developing tightness in the labor market as indicated by unemployment and help wanted indexes, there is not likely to be much, if any, respite from underlying cost inflation in the U.S., in the period ahead.

Thus, while price inflation appears to be decelerating in virtually every major western country, it is accelerating cyclically in the U.S. and there is yet no convincing evidence the underlying secular rate of price inflation is not still accelerating. . . . In short, the size of the dollar overhang, combined with a continuing balance of payments deficit of enormous magnitude means that the dollar will remain suspect and vulnerable to downward pressure. To the extent that the U.S. balance of payments cannot be financed by offsetting private capital inflows, the dollar overhang will continue to grow, perhaps at the same prodigious rate, leaving the international value of the dollar increasingly subject to expectations of a decline.

IV. The Common Market Currency Plan

. . . With surprising speed the leaders of the EEC have recently pledged to establish a European monetary stabilization scheme. The so-called Bremen

agreement while far from being a *fait accompli* and involving important details that are still extremely vague, could have a dramatically negative impact on future prospects for the dollar, which is why U.S. officials have commented acidly that they "have no objection in principle" but are awaiting details before making known the U.S. position.

The plan calls for the nine major European currencies to float as a bloc against the dollar. The stabilization scheme proposes to create a new 50 billion dollar fund which the various countries could use to defend their currencies. Intervention, however, would be primarily in European currencies rather than the dollar. The idea is to create or at least express transactions in a new monetary unit known as European currency unit or ECU, which is essentially a basket of EEC currencies which could ultimately evolve into a European currency. The group of countries involved would naturally be enlarged if the scheme were to be successful as countries are drawn to the most stable monetary system. The countries joining this scheme would contribute twenty percent of their dollar reserves together with an equal amount of their national currency to create the European Monetary Fund.

The obstacles to creation of such a scheme and making it work would be enormous but it is absolutely clear that there is a powerful opinion in Germany and France and some other European countries to make a serious attempt at it, even if it means going ahead without the U.K. and Italy. For the monetary plan to succeed, ultimately a single European currency has to be created and a loss of sovereignty over monetary policy by various countries must be accepted. The only safe way to remove monetary sovereignty from various countries is to create a European central bank with various districts, like the Federal Reserve system in the U.S. These districts would have to be created in such a way that they would not fall along the lines of existing national borders. At present, such a loss of sovereignty is hardly likely to be permitted, particularly in the U.K. and Italy, areas which would become like New York City without their own central banks to finance profligate public sectors. Hence any stabilization plan will come up against the basic problems of lack of harmonization of monetary and fiscal policies, wage inflation and structural economic and financial weaknesses.

Another major problem with the EEC monetary plan concerns the intervention and reserve vehicles to be used. Given the extreme unwillingness of Germany to allow the Deutsche-mark to be used as a reserve currency (and presumably their unwillingness to permit any EEC common currency to be used similarly), some other vehicle must be found. It cannot logically be the dollar because the whole idea of the plan is to insulate Europe from dollar instability. This leaves gold as the logical asset to perform such a role and it is no coincidence that the major European countries including Switzerland hold

together about 85 billion dollars of gold at current prices compared with approximately 50 billion dollars held by the U.S. Thus, if the European currency plan continues to be pushed forward, there could well be a growing move to place gold in a central reserve position as: A) The countries involved have lots of it, B) It is neutral and objective in terms of relating to any one country, C) The U.S. has lots of it and could thus settle balances owing in gold, D) It avoids the political problem of creating an additional reserve currency, and E) a gold system would automatically be associated psychologically with monetary stability, the number one priority in Europe at present.

While it is properly correct to have major reservations over the ability of the Europeans to put together in a hurry such a bold scheme, which in effect amounts to a sort of EEC "Bretton Woods", one should not underestimate the pressure that might be brought on the U.S. and on the dollar should the French and Germans become sufficiently disturbed over U.S. neglect of the dollar and the U.S. balance of payments. It must be kept in mind that currency stability is of the utmost importance to those countries as well as the Benelux countries and Switzerland. They see their major problems such as unemployment, inflation, a lack of investment, low rate of return on capital, low level of business confidence and high perceived risk by business as primarily a function of currency instability and the high price of oil, both of which they feel is the fault of the U.S. Thus it is not at all difficult to imagine that, should the dollar come under pressure again, the Europeans will refuse to support it (along with the Japanese) and that the French and Germans will push hard for an EEC monetary stabilization plan. This will be seen as a move to isolate the U.S. dollar and move toward regional blocs (as in the 1930s) in an effort to insulate themselves from a falling dollar and its negative impact on Europe. This would naturally create much greater tensions in the area of international trade, heighten protectionist fears and lead to open economic warfare. In such an environment, the structural and cyclical vulnerability of the U.S. dollar will be highly exposed. The pre-conditions for another major fall in its international price, both in terms of other currencies and of gold, would then be in place.

What does not yet appear to be properly understood in the U.S. is the persistent shift in the balance of economic, financial and political power away from the U.S. and toward Europe and Japan. The EEC currency stabilization plan is but another manifestation of this shift and represents an attempt to make it more formal. To the extent that the basic U.S. economic and financial policies that underlie the lengthy erosion of the dollar remain in place, a move toward regional economic and financial blocs could speed up the decline in the dollar.

OPEC's increasing nervousness over the dollar's value and their recent policy decision (not yet formalized) to price oil in terms of a basket of

currencies should be seen as a further manifestation of declining economic and political power of the U.S. and similar to the EEC move as representing a strengthening of regional blocs for protection against the impact of dollar instability. This move, if adopted, would also add further substantial pressure to the dollar.

In short, the dollar's privileged position is rapidly being dismantled just as the pound sterling's position was after World War II. Unless U.S. policies change, people will wake up some day to the fact that the dollar is just like any other currency except for the fact that the country issuing that currency has an external balance sheet with massive short-term liabilities, only a modest amount of liquid assets and an enormous deficit on the income account, the classic recipe for serious trouble. In such a situation, major policy adjustments can no longer be avoided if the liabilities are to be prevented from being discounted heavily. Thus monetary and fiscal policy will have to become much more closely attuned to external pressures as is the case for all other weak currencies.

On account of U.S. economic and financial policies pursued over many years, the dollar's international position and value has eroded persistently and sharply, causing a steady shift in the balance of economic, financial and political power away from the U.S.

Unfortunately this trend has not yet created sufficient pressure to reverse the decline. On the contrary, the vulnerability of the dollar is probably greater now than at any time in the last 20 years, reflecting the growing import penetration into the U.S., the most important component of which is non-oil imports, the relatively much faster pace of inflation in the U.S. than other strong currency areas, the massive current account deficit in the U.S., the dollar overhang in foreign official institutions of approximately 140 billion dollars and a further 400 billion dollars in private hands. As a result of this growing dollar vulnerability and the threat it creates of greatly increased international financial instability, the EEC and OPEC are taking actions to protect themselves, the former in terms of establishing a regional monetary bloc, the latter in terms of pricing their major export product. Such moves and others, which will follow if the U.S. doesn't change its policies, will further isolate the dollar and add greatly to its vulnerability.

As discussed in Section I, recent moves by the federal reserve and policy statements by its chairman, strongly suggest that the Fed is taking great care to avoid a serious credit squeeze and recession. Such an attitude tilts the odds significantly in the direction of sustaining money and price inflation in the U.S. and weakness in the U.S. dollar. It is not surprising, then, that the price of gold has remained strong. This trend is likely to continue so long as monetary and fiscal policy remain geared to the inflation of the U.S. currency.

—July 26, 1978

Germany, Japan, Saudis Press U.S. Toward 'Grand Design' Policy

To win the American government to international measures to stabilize an upvalued dollar and peg it to the new gold-backed European Monetary System plus its Japanese and Arab affiliates — this is the goal intensively pursued at the end of August by powerful

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U.S. allies. By Sept. 1 private indications were mounting from key multinational corporations, as well as individuals within the Federal Reserve System and State Department, that a coalition can be awakened within the U.S. for such a policy.

After the Germans and Japanese present their calls for U.S. support for the EMS at the Sept. 8 Group of Ten Finance Ministers meeting, "we and several other multinationals intend to coordinate our reserves, in concert with the U.S. government, to bull the dollar," a source at a major U.S. oil company told this publication Aug. 30. He indicated, as did a Federal Reserve official sympathetic to the EMS method of recycling the dollar into a development vehicle, that the pro-EMF faction within the Carter Administration is identified with Secretary of State Cyrus Vance's diplomatic efforts to coordinate with the Germans, Japanese and Saudi Arabian governments on stabilizing the dollar as a matter of U.S. national security. The viewpoints of Treasury Secretary W.M. Blumenthal, who continues to talk down the dollar, must be vigorously resisted, both sources warned.

Germany, Japan Act While They Recommend

The governments of Takeo Fukuda and Helmut Schmidt are demonstrating in action the rudiments of the EMS, and extending pressure on the U.S. for corresponding moves. In a sharp message to both the dollar-wreckers and the procrastinators in the U.S., Chancellor Schmidt stressed in a television interview Aug. 27 that before 1972, it was accepted as self-evident that fixed currency exchange rates are a precondition for monetary stability. They must be reinstated, he said, at least for a start within the European Community; he added that the recent Franco-West German agreement to do this is the key to the EMS's success.

The implications were drawn out the next day by the lead editorial in the New York *Journal of Commerce* (see box), which concluded that the best option for rescuing the dollar is to stop jacking up interest rates and make a positive U.S. response to the EMS; this will strengthen the dollar's necessary reserve-

currency potency instead of weakening it, the *Journal* affirmed. A leading New York currency analyst on Aug. 28 saw "a return to fixed rates" as highly plausible "based on the recognition that the dollar is ridiculously undervalued."

Simultaneously, market operations were under way along EMF lines even before the EMF's formal inception. The West German central bank, according to the Aug. 30 *International Herald Tribune*, has funneled at least \$3.1 billion to commercial banks during August to place dollar orders. And Japanese trading companies are placing advance orders for dollar-denominated oil and raw materials, at a rate of \$400 million on certain days.

But Japan is also changing the very nature of the credit markets themselves. For the first time since 1973, the Japanese Finance Ministry has authorized Japanese lenders to use the glut of U.S. dollars in the Tokyo dollar market for trading and investment purposes. The first taker was the Mexican national

Journal of Commerce Backs EMS

From the Journal of Commerce editorial, "Our Dollar Is Our Problem," Aug. 28:

... the dollar is a reserve and transaction currency. Washington owes it to the world to keep it stable and reasonably valued Twice this year the Federal Reserve has pushed up interest rates for international considerations when domestic considerations didn't fully warrant such moves

One very real benefit of European monetary integration would be the use of European currencies for intervention purposes within the enlarged European currency arrangement. This would remove one element of pressure on the dollar in the future. Although the Europeans deny that their current initiative is designed in any way to be "against the dollar," it could be used in a harmful or protectionist way in the future. On the other hand, it could be easier for the U.S. to maintain a stable dollar against a bloc of European currencies than against a mass of fluctuating ones Washington has more responsibility than any other capital for acting in such a way as not only to maintain a healthy American economy, but a stable currency.

credit institution, Banobras; the Tokyo-based Sanwa bank is confident of "more such placements in the future." This is the EMS principle in action — soaking up foreign-held dollars, i.e. debt claims on the United States, and turning them into loans for development which generate giant export orders for the United States. Thus the U.S. becomes a strong creditor nation again — a creditor for productive purposes — in alliance with the other "surplus" export-oriented inhabitants of a vastly expanding world market. The Aug. 28 *Journal of Commerce* editorial astutely intimated that Japan's pioneering in this kind of credit will force U.S. banks to join in making low-interest loans, or remain stuck with a low real return on their present sterile Eurodollar-mode assets.

Japanese Premier Fukuda has planned a trip beginning Sept. 10 to Saudi Arabia, Iran, Qatar and the United Arab Emirates, explicitly to discuss dollar support, the July pro-nuclear energy Bonn Summit results, and Western Economic recovery, according to Italian press reports Aug. 31. Fukuda will be able to confer with these petrodollar holders about the all-around benefits of the kind of technology financing Japan, as well as France, has already launched in Mexico. The Japanese offensive on behalf of the EMS has also extended to an unprecedented invitation to the U.S. to remonetize gold as the EMS is doing, by revaluing American gold reserves at the market price; this was transmitted in an Aug. 23 *Yomiuri Daily News* article describing the concern of the Japanese central bank and finance ministry that Japan and the U.S. not be left out of the new system.

For several months, the dominant prodollar, prodevelopment faction in Saudi Arabia has already been working closely with West Germany on behalf of the dollar. On Aug. 27, Saudi Crown Prince Fahd stated that "support of the dollar and cooperation with the U.S. in every way" must multiply, because "the dollar problem is not just a problem for Saudi Arabia but for the whole world." Fahd privately circulated the texts of his earlier series of such statements among European ministries before he made them, to ensure coordinated pressure on the U.S. The Shah of Iran echoed Fahd Aug. 24, declaring that "no one should panic over the dollar," and the price of oil will not be raised. Then, following a "consultative" trip to Iran, Iraq and Saudi Arabia, the oil minister of British-influenced — and consequently anti-dollar — Kuwait told the *Qatar News* that Kuwait would no longer press for price hikes, and did not foresee an emergency OPEC meeting to end dollar-numeraire oil pricing.

The full direction of this European-Arab pressure on the U.S. was identified Aug. 29 by Hans Friderichs in a speech to a conference on underdevelopment in Alpbach, Austria (see box). Friderichs is the former West German Economics Minister who replaced the murdered Jürgen Ponto as the spokesman for the giant Dresdner Bank. He denied that there is either too much Third World debt per se,

Friderichs On Recycling The Debt Overhang

From the address by the spokesman for the West German Dresdner Bank, Hans Friderichs, in Alpbach, Austria, Aug. 29:

There should be a sensible international policy of going further into debt, which could contribute to a renaissance of international growth rates. The present situation is that the Western industrial countries can produce at a tremendous rate. But the Third World capacity for absorption is even larger than that, and the only problem is the Third World's lack of the requisite purchasing power — so we need new lending to the Third World to come to the rescue.

or too many international dollars; he spelled out the fact that a real world growth policy would require *more* of both, to the benefit of advanced sector lenders.

Counter-Deployments

The present West German Economics Minister, Otto Graf von Lambsdorff, is unfortunately among those Europeans working with EMS opponent Great Britain to keep a deindustrializing U.S. out of the growth alliance. Lambsdorff was reported by *Armed Forces Radio* Aug. 31 to have crowed, Bank of England-style, that "Europe is throwing down the economic gauntlet to President Carter" and insisting on energy-contraction, credit-shrinking measures. On the U.S. side — although even the Aug. 27 *Sunday Telegraph* of London conceded that the State and Defense departments are blocking the most outrageous Treasury attempts to disrupt relations with West Germany, Japan, and Saudi Arabia by stalling on dollar support — Lambsdorff's counterparts are hard at work. Henry Wallich, a Federal Reserve governor, managed to torpedo the dollar Aug. 30 by darkly foreseeing continued acceleration in the U.S. inflation rate unless both wages and "excess profits" are slashed. Europe and Japan had helped the dollar quickly recover from the previous day's disastrous market response to news of a \$3 billion American trade deficit for July, until Wallich's statement.

Instead of appropriately and confidently responding to the deficit by pulling together an export-promotion policy to link up with the EMS, the Carter Administration left itself open to further counterpressures. The Aug. 31 *Wall Street Journal* claimed that the Executive branch is self-avowedly "at sea" in the face of rising interest rates, and in the event of "another dollar crisis" will be powerless to resist advocates of even further austerity tightening.

—Susan Johnson

British Wildcat Banking Effort To Loot U.S.

British, Dutch, and Israeli banks linked to the Venerable Order of the Knights of St. John of Malta have begun a new effort to grab a dollar deposit base for themselves in the continental United States as part of their ongoing drive to sabotage

BANKING

implementation of the Bremen monetary agreements with U.S. participation. The latest grab targets in particular five states — Illinois, Pennsylvania, North Carolina, Georgia, and California — and involves such Guelph banks as Algemene Nederland, Bank Leumi of Israel, Lloyds and Barclays. The takeovers are being done with the full collaboration of officials of the U.S. Federal Reserve whose Chairman G.W. Miller is otherwise continuing to play a key role in sabotaging the U.S. dollar.

It is the "independent" Federal Reserve itself, without Congressional oversight, which has the sole right to grant permission for these hostile purchases of American banks. Not one of the Guelph banks so far has submitted its application to purchase to the Fed, since all are busy fixing up their own weak books with the intent of receiving a Fed rubber stamp. They can still be stopped. The U.S. Labor Party has proposed that a Foreign Banking Oversight Committee of the U.S. Senate be established to hold public hearings on the vital national security issues at stake in every one of these takeovers (see below).

The latest phase of the takeover rush follows House and Senate passage of the International Banking Act of 1978. That bill now awaits signature on President Carter's desk. The bill itself contains certain provisions inserted by Illinois Senator Adlai Stevenson at the prodding of certain of his constituents which outlaw some of the more flagrant violations of U.S. national interest heretofore permitted foreign banks. Foreign banks, the Swiss Guelph newspaper *Neue Zürcher Zeitung* complained on Aug. 21, "are put on the same status as American business banks."

In particular, the bill shuts off three loopholes that the forces associated with the British monarchy had relied on for subversion efforts against the U.S. banking system, economy, and political process in general. Foreign bank branches are shut out of interstate banking; they are compelled to hold reserves with the Fed and be subject to Federal Reserve oversight; and, at the same time, U.S. banks are allowed to take international deposits across state lines.

Self-Delusions of Security

These significantly tougher provisions in the nation's banking law have prompted certain public

officials, both in the Congress and in the nation's banking sector, into the deluded belief that the dangers posed to the U.S. by British-orchestrated takeovers have been neutralized. Such officials have attempted to reassure themselves that the latest takeover efforts conform to a pattern of attempting to get under the wire of the enforcement timetable mandated by the International Banking Act.

In fact, no such pattern exists. While the front door may have been thoroughly barricaded against direct assault, the rear has been left vulnerable and exposed.

The International Banking Act does not make any provision for subsidiaries of foreign banks — as in the case of the announced Algemene Bank Nederland (ABN) purchase of the LaSalle Bank in the state of Illinois. ABN will keep within the letter of the law by restricting its branch operations to one state only, namely New York, but will increase its looting leverage through the Illinois purchase, which obviates the pressures of existing law. ABN has already announced that it intends to transform the LaSalle Bank into an international lending institution on the scale of hundreds of millions of dollars compared to the present tens of millions. This means that the Illinois deposit base of that bank will simply be sucked out of the state and nation and into international speculative activity for the account of the Guelph banking houses. That pattern will be repeated by other Guelph banks in other states which fail to plug that loophole.

Formally, that loophole is dependent on gaps in state banking legislation. Thus, the relevant state laws in North Carolina and Georgia, both of which have been targeted by Barclays' Chairman Sir Anthony Tuke, are what is called "silent" on the question of foreign bank takeovers of existing operations: there is no provision in existing state law to deal with the situation.

In theory, the problem is supposed to be taken care of by Miller's Federal Reserve under the terms of the 1956 Bank Holding Company Act. This provides regulatory powers which are again not equal to the demands of the present situation, because under the terms of that act the Fed only monitors takeovers on a case-by-case basis, assessing the credit worthiness of the banks involved and so forth. But, secondly, the Fed is itself involved in clearing the way for such takeovers: Fed staff members are deployed to identify "likely" candidates among the nation's secondary banks for takeover treatment and to tip off prospective foreign purchasers accordingly.

The latter activity gives the game away. This is not a question of a case-by-case takeover of an aggregation of different continental banks. The British and Dutch monarchies and their allies are

working from an organized blueprint for the takeover of key sections of North American banking to expand their deposit-base, or anticipated loot, in order to subsidize their political operations both inside and outside North America. The activities of even individual banks are defined as part of that pattern. It is on that level that the national interest is threatened in this matter, and it is on that level that national level remedial action must be taken.

Common Market for Loot

Over the past months, in such publications as *Euromoney*, the *Economist*, and the *International Currency Review*, the oligarchs of London, the Hague, and Amsterdam have made clear in public what their intentions are in this matter. The watchword has been "U.S. for sale: cheap." They have formulated a counterstrategy to the U.S. Labor Party's International Development Bank proposal for a new monetary system adopted by West Germany's Helmut

Schmidt, France's Giscard d'Estaing, Japan's Takeo Fukuda, and leaders of the Arab world.

That counterstrategy involves, in part, turning the U.S. into a total satrap and base for loot of London, Dutch, and Canadian financial institutions. Specifically, plans have been drawn up by the Mont Pelerin Society, including leading Jewish Nazi Milton Friedman, for the establishment of a North American Common Market to include Canada, Mexico, and the U.S. itself, the whole to be overseen by an extension of New York City's Big MAC genocidal arrangements to the national level and under the continued leadership of Felix Rohatyn.

That nightmare would be the program of a Mondale or a Kennedy presidency if the hapless Jimmy Carter is allowed to be destabilized or otherwise overthrown by the combined efforts of the British monarchy and its treacherous U.S.-based agents such as Henry Kissinger and Milton Friedman. In the more short term, such foreign bank takeovers will function in such a way as to enhance British political leverage in the

British Bank Grab: The Balance Sheet

Anglo-Dutch bank applications to take over a whopping \$23.4 billion in U.S. bank assets are currently awaiting Federal Reserve approval. Here's the breakdown:

ANNOUNCED THIS WEEK

- Barclays Bank announced its intent to purchase the American Credit Corp. of Charlotte, North Carolina, with over \$2 billion in assets, for \$191 million or \$50 per share, compared with the current market price of \$22 per share — quite a rush. Barclays' Chairman Sir Anthony Favill Tuke III, on tour in the U.S. Southeast this week, buying banks, told the *Atlanta Constitution* Aug. 28 that Barclays needs U.S. banks to "expand capital" due to its weakened position in "what was first the British Empire, later the British Commonwealth, and is now for want of a better term, the Third World. . . . We have to balance that out a bit."

- Algemene Bank Nederland N.V. announced plans to purchase 84 percent of the stock of the LaSalle National Bank in Illinois, with assets of \$850 million, the sixth largest bank in the state. The GATX Corporation, which owns the LaSalle stock, is being forced to divest itself of the bank by the Fed under the very Bank Holding Company Act under which the Fed is supposed to protect U.S. banks from foreign takeovers.

- In Pennsylvania, Barclays, Lloyds, Toronto Dominion and Algemene Bank Nederland all

announced plans to open branches in Pittsburgh this week, while Bank Leumi and Bank Hapoalim, the two Israeli banks most closely tied to the Jewish Joint Distribution Committee and Jewish Agency's funding of terrorism worldwide, are planning to open branches in Philadelphia.

PREVIOUSLY ANNOUNCED THIS YEAR

- The London-controlled Hongkong and Shanghai Bank is seeking to purchase for over \$400 million the Marine Midland Bank in New York, with some \$12 billion in assets — the eleventh largest bank in the United States.

- The National Westminster Bank of London is seeking to purchase the \$3.8 billion National Bank of North America for \$300 million, the eleventh largest bank in New York State.

- The Standard Chartered Bank is seeking to purchase the Union Bancorp of California, with \$4.7 billion in assets.

- Lord Amstrong of Sanderstead, Chairman of Midland Bank in London, announced at the May 14 International Monetary Conference of the American Bankers Association that his bank and other British banks are seeking to make multiple purchases of American banks in various states.

Total U.S. Bank Assets Already

Sought for Purchase: \$23.4 Billion

United States, strengthen the hand of the saboteur G.W. Miller at the Federal Reserve, and generally screw up combined U.S. and European efforts to have the weight of the U.S. economy put at the service of the new monetary system to be implemented by our European and Japanese allies.

U.S. Must Control Fed

What is needed immediately is a full congressional investigation and oversight of what has been allowed to develop. In particular, G.W. Miller — who has, since his term of office began, played a key role, together with the unfortunate Blumenthal, in

wrecking the U.S. economy — must be fired. The Fed's independent status among the institutions of U.S. governance cannot be allowed to cover for Miller's putting that institution at the service of British subversion of the U.S. political process itself. That congressional review committee should legislate a moratorium on all foreign bank purchases in the U.S., including branch, agency, and subsidiary purchases, and should enforce the adoption by the U.S. of policies which will end such nonsense for good, by joining in with the new monetary system being put together by the Europeans and Japanese.

—Christopher White

Proposed Amendment To Bank Holding Company Act

Following is the text of the amendment to the Bank Holding Company Act of 1956 proposed by the U.S. Labor Party to curb asset-grabbing of U.S. banks by foreign banks.

Respectfully submitted to the Senate Committee on Banking, Housing, and Urban Affairs, Senator William Proxmire, Chairman, to its Subcommittee on Financial Institutions, Senator Thomas McIntyre, Chairman, and to its Subcommittee on International Finance, Senator Adlai Stevenson III, Chairman.

WHEREAS: The artificially weakened condition of the United States dollar under the unwarranted speculative attack of the Bank of England, British private banks, and allied Swiss and Dutch banking institutions has rendered United States banking corporations particularly vulnerable to undervalued purchases by predatory foreign banking competitors; and

WHEREAS: the announced policy of the British Exchequer and the Bank of England is to continue to act so as to encourage depreciation of the United States dollar and its substitution by the International Monetary Fund's Special Drawing Right as the international reserve currency, a policy properly of national security concern to Congress; and

WHEREAS: the announced purpose of the purchase in 1978 of United States banks totalling over \$20 billion in assets by several British and Dutch banking companies to date has been the improvement of their own already weak capital structures through

inexpensive acquisition of sound United States banking assets;

THE CONGRESS FINDS that the examination and approval of such foreign bank purchases are of vital consequence to the health of the nation's banking system and currency and therefore properly a national security issue subject to the power to make treaties reserved to the President with the advice and consent of the Senate by Article II Section 2 of the Constitution.

BE IT THEREFORE ENACTED AN AMENDMENT TO THE BANK HOLDING COMPANY ACT OF 1956, such that Section 3(a)1-2 shall read:

"It shall be unlawful except with the prior approval of the (Federal Reserve) Board 1. for any action to be taken which results in a company becoming a bank holding company under section 2 (a) of this Act; 2. *and in the case of a foreign bank holding company seeking to purchase direct or indirect ownership of a United States bank, except with the approval of the President and the Senate of the United States acting under the treaty-making powers vested in Article II Section 2 of the Constitution after the scrutiny, public hearing, and approval of a designated Foreign Banking Oversight Committee of the Senate,* for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank, if, after such acquisition, such company will directly or indirectly own or control more than 5 percentum of the voting shares of such bank; et cetera."

The 'Two Tracks' Of U.S. Foreign Policy

How long will Vance let Brzezinski play the China card?

The Soviet Politburo has, through a direct signed statement, put the U.S. government on notice that pursuit of a geopolitical "encirclement" strategy against the USSR-Warsaw Pact nations is a track that can have but one outcome — war. The statement served as the latest in a series of sharp warnings to the Administration that continued White House and State Department wavering on reining in the British faction in the Administration will mean the creation and rapid escalation of a U.S.-Soviet conflict, culminating in war. This faction, including National Security Director Brzezinski, Department of Energy head Schlesinger, Vice-President Mondale and Treasury Secretary Blumenthal, are the promulgators of a policy of active encouragement to the Begin government of Israel, and the Chinese nuclear war lords.

Matters are already coming to a head. Soviet Foreign Minister Gromyko issued a harsh denunciation of the plan supported by Canadian whiskey magnate Edgar Bronfman and Henry Kissinger being thrust on Carter by Brzezinski, to station U.S. troops and military bases in the Middle East. Gromyko warned of "clear dangers to international peace" if that plan is adopted. The Soviets' focused warnings of the consequences of the "encirclement" strategy are — for the most part — blacked out in U.S. media.

There is much propaganda of late in British-run press conduits in the U.S. such as the notorious *Washington Post*, portraying the Administration as pursuing a "Two Track" foreign policy. This two track policy somehow mysteriously "reconciles" U.S. pursuit of mutually beneficial relations with the Soviet Union, while permitting simultaneously escalating play of the "China card" by the Administration, and minimizing urgently needed application of pressure to contain the Israeli outlaws.

The reality is that the "two tracks" are completely irreconcilable. As in every prewar situation, the combination of the imminent Middle East war and the internalization by the sane professionals of the State and Defense Departments of the significance of the Soviet warnings, has already created an all-out fight — now raging "in private" — which will erupt publicly.

Some public and pointed refractions of this fight are clearly visible. The State Department and the Department of Commerce are openly resisting the attempt by Brzezinski and Schlesinger to torpedo the trade package between the Dresser Corporation and the Soviet Union for advanced oil drilling equipment. Brzezinski and Schlesinger hope to use a dead Dresser deal as a "precedent" to scuttle all technology exports from the United States to the USSR. Resistance to the "China card," using the positive approach of normalization of relations with Vietnam has been gathering momentum in Congress since the return of the House delegation from Vietnam, chaired by Rep. Sonny Montgomery (D-Miss.) The day before the group's push for U.S. recognition of Vietnam, Sen. George McGovern (D-S.D.) charged the Cambodian government with genocide against its population and urged an international intervention to curb the regime's brutality.

METO and the China Card

But the quality of the fight necessary to derail the Brzezinski-Schlesinger war policy is woefully inadequate, and the dangers are compounded by the congressional vacuum occasioned by the Labor Day recess period.

The centerpiece of the Brzezinski-Kissinger "strategy" is to attempt a geographical "encirclement" of the Soviet Union with a "triangle" of NATO, the British aristocracy-proposed Middle East Treaty Organization (METO), and China. The "China Card" and the "METO" scheme, launched by Edgar Bronfman in a *New York Times* op-ed last month, are integral parts of the same game — fomenting an East-West confrontation to sabotage implementation of the Bonn-Bremen accords for a new world monetary system to replace the bankrupt British.

National security advisor Zbigniew Brzezinski is now in the process of convincing the ill-informed President Carter to adopt METO. Carter, rightfully worried over Soviet reactions, is being lied to by Brzezinski that "the Soviets won't interfere". An insider, close to Henry Kissinger has confided that Kissinger is actively working toward METO's adoption.

The very "cornerstones" of this Guelph-geopolitical madness attest to their clearly defined goal of anchoring the United States — via a Brzezinski-Schlesinger cold coup against Carter and Vance — to align with and underwrite the desperate bid of the world's three worst outlaw states to wreck the Grand Design. Can the government and Congress permit the United States of America to be anchored to Great Britain, Israel and China?

—Konstantin George

Washington Post: Vance and Brzezinski on Two Tracks

Washington Post reporter Don Oberdorfer candidly outlined "two tracks" American foreign policy is presently on, in an article centering on the Administration's plans to normalize relations with China. Headlined, "Asia's Communist Powers — China and Vietnam — Now Woo U.S.," the article appeared Aug. 27.

... For domestic and foreign policy reasons, the Administration seems to have decided that the normalization of relations with Hanoi should await major decision-making on relations with Hanoi's rivals in Peking. The timing of China ties, in turn, is closely connected with the state of U.S.-Soviet relations and especially the domestic debate over ratification of a new strategic arms limitation talks (SALT) treaty. . . .

On policy toward the great powers of the communist world, there are now effectively "two tracks" within the top rank of the U.S. government, according to a high official, with Secretary of State Cyrus Vance carrying on relations with the Soviet Union and Brzezinski increasingly active in dealings with China. . . .

Brzezinski and some other high officials, reportedly enamored of the "China card" as a bargaining counter with the Soviet Union, also believe that warmer relations with the communist giant of Asia are fundamentally important in themselves. . . .

Some officials believe that if the SALT negotiations falter, however, pressure will mount sharply for a "tilt" toward China that puts Peking normalization first. Adding to this possibility is the urgency about U.S. ties reportedly being expressed in private by some top Chinese officials.

While taking an official view that Washington-Hanoi relations are none of their concern, the Chinese have also made clear that they see no reason for any U.S. steps toward Vietnam. One recurrent Chinese remark is that help of any kind for Hanoi would only lighten the burden on Vietnam's current major sponsor and supplier of aid, the Soviet Union.

Soviets Warn China

On Aug. 27, the Soviet Union issued a major Politburo policy statement warning of China's "dangerous" and "inflammatory" role in current world affairs. Major portions of the statement, as it appeared in the Aug. 27 Pravda, appear below.

The Politburo of the CC CPSU attributes great significance to the fact that during the Crimean meetings, a deep analysis of the current international situation was made and, in light of that analysis, conclusions were drawn on the necessity of further active efforts by the socialist states and their interaction in the interests of consolidating and deepening the relaxation of tension as the leading tendency of international life.

The events of the recent period, and above all the decisions of the Washington NATO session on the further buildup of armaments on a broad scale and the subsequent approval of a record military budget by the American congress, show with all clarity the true goals of the organizers of the racket in the West about the supposed "military threat" from the socialist states. It is an attempt to create a sort of propaganda screen for an imperialist policy which runs counter to the aspirations of the peoples, who demand firm peace and an end to the arms race.

The systematic attempts of the U.S. and some other NATO countries to interfere in the internal affairs of the socialist states under the cover of hypocritical campaigns about supposed "violations of human rights" in the socialist countries are also exerting a negative influence on relations among states with differing social systems. Such attempts are a gross violation of generally accepted norms of international law, a violation of the letter and spirit of the Final Act adopted in Helsinki.

The Politburo of the CC CPSU stresses the serious danger presented for the cause of peace and socialism by the actions of the present leaders of China. Conducting a great-power, hegemonistic course, Peking openly aims to heat up international tension and uses all means, to subvert the position of the socialist community and the revolutionary, liberation forces of the present day. Striving to gain access to NATO military arsenals, the rulers of China advertise in every way their hostility towards the Soviet Union and the other countries of socialism and call for an unbridled arms race. This policy is all the more dangerous, in that it is supported by the most reactionary circles of the imperialist states.

The Chinese leadership today is already not stopping at direct expansionist actions. Evidence of this is the crude chauvinist pressure of China on the Socialist Republic of Vietnam, its inflammatory role in Kampuchea's military provocations against the SRV, and Peking's pretensions to the territory of

neighboring countries.

The Politburo of the CC CPSU again affirms the unbreakable solidarity of our party, the Soviet state and all Soviet people with the heroic Vietnamese people, which is firmly defending the integrity of its territory, independence, and rights to carry out socialist construction in its country without interference, threats and pressure from outside.

The Politburo of the CC CPSU declares that in the present difficult international situation, the Soviet Union, guided by the decisions of the 25th Congress of the CPSU, still intends, together with its friends and allies, to seek the deepening of the detente process, the expansion of peaceful and mutually beneficial cooperation among states, and above all, the cessation of the arms race and transition to disarmament.

Major questions related to stopping the arms race are already the subject of negotiations. It is important that the work accomplished at these talks not be erased, but rather crowned with weighty results. This concerns, in particular, the Soviet-American talks on the limitation of offensive strategic weapons and the Vienna talks on the reduction of armed forces and armaments in Central Europe.

The Politburo of the CC CPSU considers that, under contemporary conditions, it is absolutely necessary to counteract with all decisiveness any steps, which could undermine the detente process and turn international developments back to the time of the "cold war." Now more than ever it is required to adhere strictly to the principles of non-interference in the internal affairs of other states, to respect the right of all peoples to freedom and independence, and to step up efforts for the development of their peaceful cooperation, the potential of which is clearly outlined in the Final Act of the pan-European Conference of Security and Cooperation in Europe, the resolutions of the United Nations Organization, and in other international documents.

The Politburo of the CC CPSU expresses satisfaction that during the Crimean meetings, the importance was affirmed anew of the further development of the fraternal countries, on the stable basis of Marxism-Leninism and socialist internationalism, and the coordination of their actions in the interest of sure movement forward of the cause of peace and social progress. The Crimean talks between Comrade L.I. Brezhnev and the leaders of the fraternal parties and states mark an important step in the further strengthening of the socialist community and the deepening of comprehensive cooperation of the fraternal parties, countries and peoples in the construction of socialism and communism and create favorable conditions for preparing new steps in the development of this cooperation.

The Politburo of the CC CPSU has adopted several resolutions on concrete questions of realizing the bilateral understandings reached at the friendly meetings in the Crimea.

Chinese-Zionist Alliance Takes Shape

The past weeks have provided signs that cooperation is tightening between the People's Republic of China, Israel and leading Zionist support layers internationally.

The sharpest policy signal of this alliance appeared in a mid-August edition of the *Canadian Jewish News*, a paper published jointly by Canadian Zionist controller Edgar Bronfman, head of the Seagram's liquor interests, and Murray Koffler, head of the Canadian section of the Jerusalem Foundation. Written by Henry Srebrnik, a Canadian professor, the article was also printed in the Aug. 15 *Montreal Gazette* under the title, "China's Enmity Toward Israel Seen Losing Steam."

According to Srebrnik:

There have been small and subtle shifts in Chinese attitudes to Israel over the past three decades, based on China's own internal ideological, and foreign policy zig-zags, than on anything Israel has done. Another might be in the wind.

Israel recognized the new People's Republic not long after the collapse of Chiang Kai-Shek's Nationalist regime, but the Peking leadership never reciprocated, and the two countries have never exchanged ambassadors.

Nonetheless, there were limited contacts between the two states in the early 1950s, seemingly encouraged by then Foreign Minister Chou En-lai. Some of the left-wing Israeli kibbutzim even considered China sympathetic to the Jewish state. . . .

Chinese anti-Zionism, insofar as it has emphasized ethnicity, has tended to be "racial" rather than purely anti-Semitic; Israel is simply a "white settler state," and no blatant anti-Jewish imagery is used. . . . It seems, however, if one reads between the lines, that Chinese policy towards Israel might be undergoing some small changes under the more pragmatic Teng-Hua leadership. Peking has its own axe to grind, after all.

China is now playing "power politics" in the Middle East, and wooing even ultra-conservative regimes, especially as these are anti-Russian.

There has thus been a de-emphasis on revolutionary rhetoric and exhortations to armed guerilla struggle. As well, the tone of articles on Israel has become less vituperative, when compared to those written in the heyday of Mao and the "Gang of Four". . . .

Ironically enough, when it comes to the large overseas Chinese communities in Southeast Asia, the Chinese have themselves become more "Zionist" of late, assiduously courting richer ones, like those in Singapore, while stepping in to protect those in trouble, as recent events in Vietnam indicate. It seems China now has its own Diaspora to worry about.

Israel-Chinese Meetings

Since June of this year, deployments have begun which fit into a pattern of an actually concretizing

Israeli-China connection. In June, top U.S.-based Zionist policymaker — and British subject — Edward Luttwak of Johns Hopkins University traveled to Hong Kong and Israel.

Weeks later, Eugene Rostow, founder of the Committee on the Present Danger and top pro-Israel, anti-Soviet hawk, made a trip to China. On return, Rostow told a reporter that “the Chinese were well aware of my connection to Israeli circles and were very eager to talk about it.” According to Rostow, the Chinese have adopted a “dual policy,” or a “policy of both hands,” toward the Middle East by which they will maintain channels to both the Arabs and Israel.

On the way home, Rostow stopped in Iran to encourage Iranian-Chinese relations. This detour exposes the true story behind an Aug. 18 national French radio analysis on the late-August trip to Iran of Chinese Communist Party Chairman Hua Kuo-feng. According to the French government media, “the Chinese are intending to pressure the Iranians to adopt closer cooperation with Israel,” especially through Iran increasing “oil deliveries and financial help” to Israel.

An “Israel-Iran axis” to contain the Soviets is a keystone of British strategy toward the Middle East.

On an official plane, Israeli and Chinese meetings have already taken place. According to both French press and United Nations journalist sources, Israeli ambassador to the United Nations Chaim Herzog held at least one meeting earlier this year with Chinese U.N. officials in New York.

Soviets Warn of Chinese Intentions

In an Aug. 30 analysis carried by the Soviet Union’s Radio Peace and Progress network, the Soviets attacked Chinese intentions to build an anti-Soviet alliance throughout the Mideast.

“Peking wants relations with Israel,” Radio Peace and Progress charged. “In 1957, Chou En-lai sent a letter to (U.S. senator) Henry Jackson that Peking wishes a strong, powerful Israel. This message was taken with delight in Tel Aviv.” Citing an account in the Arabic language paper *An Nahar Al Arabi*, Radio Peace and Progress stated, “Peking is ready to support relations with Israel. Its aim is to keep the Middle East region alive as a powder-keg.”

Rep. Montgomery Tells Why U.S. Should Resume Relations With Vietnam

An exclusive interview with the House MIA Subcommittee Chairman

The following is the text of an interview by EIR Asia desk chief Daniel Snieder with Rep. G.V. “Sonny” Montgomery (D-Miss), chairman of the House Veterans’ Affairs subcommittee dealing with the soldiers missing in action (MIA) issue, who recently returned from a trip to Vietnam.

The Montgomery mission included the whole MIA subcommittee and traveled widely throughout Vietnam. Discussions were held with Vietnam’s highest officials, including Prime Minister Pham Van Dong. Since their return, numerous members of the mission have urged the Carter Administration to revive stalled talks with Hanoi about normalizing relations.

Rep. Montgomery, who was a strong supporter of United States intervention in Vietnam during the war, has become one of the most outspoken members of Congress favoring United States resumption of relations. The Congressman’s recent trip was his second to Vietnam concerning the MIA issue.

Q. Could you summarize the results of your trip to Vietnam?

A. I think that the trip was a historic one in that we found out a lot of things going on in that part of the world which we will take to the State Department and take to President Carter who will be interested in this area.

We brought back the bodies of 11 MIA’s and in Laos,

for the first time — it was a breakthrough — the Laotians are going to go out to look for American MIAs. The Vietnamese have done this, but Laos hasn’t done anything before this.

We found out that the attitude (of the Vietnamese —ed) has changed toward the U.S.; they would like to have diplomatic relations, with no preconditions. They are having their problems with a shooting war on the Cambodian border and their problems with China . . . They told us that no Russian ships have moved into Cam Ranh Bay and Haiphong. . . The Vietnamese kept stressing to us that they are an independent and sovereign nation, and they don’t intend to be dominated by anybody.

Q. Are you convinced of that?

A. I am convinced there are no Russians there now.

Q. The Vietnamese have indicated previously their willingness to restart negotiations on normalization of relations without preconditions on U.S. reparations, but the State Department has not moved on that, saying that they have not been told directly of any change in the Vietnamese position. Do you think that will now change?

A. We said, in the report we made, that the State Department should consider resumption of talks again with the Vietnamese on normalization of relations.

The Committee feels that whatever the State Department does, most of us will support their action. The State Department now knows what the Vietnamese think. Eight congressmen have told them.

Q. Do you think they will respond?

A. Well it is an election year . . . and there is the question of the effect on China to start normal relations.

Q. There has been some suggestion here, reported in the press, that there is a linkage between normalization of relations with Vietnam and with China — that relations with China take precedence over those with Vietnam. What do you think about that?

A. I would personally think that they should be considered separately, they shouldn't wait on Vietnam . . . If it is in the best interest of our country to normalize relations with Vietnam, it wouldn't make sense to hold up relations with Vietnam because of troubles with China. The U.S. would move into that area, with industrial, trading, and economic relations with the area, and I don't see how that hurts China.

Q. You took with you on this trip a number of Congressmen who have either served in Vietnam during the war or were supporters of the war effort. How would you describe the effect of the trip on their views of Vietnam?

A. Well I was a strong supporter of the war also . . . I took a pretty conservative group over there, and our report is a rather balanced report.

Q. What I'm trying to get at is your personal impressions of the Vietnamese. One could make a comparison between what is happening in Cambodia, which seems to be rather horrible, and what is happening in Vietnam. Whether or not one agrees with a socialist system which the Vietnamese have adopted, nevertheless there seems to be a certain commitment to the development of the country and a certain standard of morality which is roughly equivalent to ours in the way they carry that out. Is that something you would roughly agree with in terms of your impressions of the Vietnamese?

A. I think that they are sincere in that they want to stay an independent nation and that they were flush with victory after the war, and now they've got more problems than they ever expected. I don't really know how to assess their form of government. I know they'd be a lot better off if there was a democracy . . . but I don't really want to say what's best for the country.

Q. What do you think about the prospects for U.S. economic cooperation with Vietnam? If you look at the Japanese involvement in Vietnam, the Vietnamese are doing a lot of work with Japan, involving capital investment, trade, and so forth. Do you think the United States is being shut out of a potential market because of the restrictions?

A. You're talking about the trade embargo. Our major oil companies have the best knowhow to drill offshore. And the trade embargo completely eliminates any chance of our companies getting involved. It seems to me the State Department has to take into consideration whether the trade embargo should be lifted. We can't afford to wait a year when other companies (from other countries —ed) are coming in and taking all the major oil advantages . . . I don't see any problems with lifting the trade embargo, seeing as how we already have trade with Russia and China and we're trading with other communist countries.

Q. Doesn't Congress itself have to take action to lift the trade embargo? That's not a decision of the State Department alone?

A. The President has the authority to lift the trade embargo . . .

Q. The reports in the press here on your trip emphasized that the Vietnamese talked to you at great length about the situation with China and what they consider to be the danger from the Chinese and the Chinese-backed government in Cambodia. Could you describe to me how the Vietnamese presented that to you and what your own impressions, if any, are of that situation?

A. I think one of the committee said they were surprised at how strong the statements the Vietnamese made were, how concerned they were about Chinese relations . . . I don't think the Vietnamese want to start a fight, but they want to protect their independence and sovereignty. They're pretty adamant against the actions the Chinese have taken and rumors the Chinese have spread about Vietnam, and I just don't see those two countries getting together for a long time.

Q. When you look at that situation, and you look back at the long history of our involvement in Vietnam, there are some who say that in 1945 — when there were Americans working in the jungles with Ho Chi Minh who were working with the OSS at that time — that at that time those people were suggesting that Ho Chi Minh and the Vietnamese communists were very much nationalists and were very much concerned with the independence of their country. These were people who thought, as President Roosevelt apparently did, that the U.S. policy in the area should be to promote the independence of those countries against the French and the other colonial powers. We sort of missed an opportunity at that time which, if we had gone with that sort of policy, we would have avoided a lot of things which have followed. Do you get a sense now that we did miss that opportunity?

A. We got the impression from the Vietnamese that by having been dominated over the years by the French and other countries, they're proud of their independence and sovereignty . . .

Q. Senator McGovern suggested that the U.S. should sponsor in the UN Security Council a discussion of a multinational intervention into Cambodia because of the wholesale violation of human rights and the barbarous character of the regime there. Would you consider such a thing yourself?

A. No, because there's no question in anything like that that the U.S. would have to be involved, and that would mean more Americans would be getting killed in that part of the world. We make any suggestion like that, and we're going to have to support it not only with money and material but with personnel, and I'm just not willing to send any more of my constituents over there to fight. There is an ongoing war. My opinion is that the Vietnamese can handle it themselves. They'll take care of the situation on their border.

Q. Can you give me any indication of any future

actions you will take or is this it for now?

A. We're going to meet with Secretary of State Vance and with President Carter and tell them what we found out. I really didn't take the group over there to make policy or come back with any great decisions for the State Department. It was kind of an indirect invite — I got a card from the Deputy Foreign Minister Phan Hien inviting me to take the delegation over there to take a look at Vietnam and Laos, and this is what developed out of it. We brought this information back and it really attracted more interest than I thought it would, which may be good. I think that if we're going to be a world leader, we're going to have to look at Southeast Asia again.

Q. You mean in some form other than we have in the past?

A. Yes.

Schlesinger Is Geopolitician, Not Energy Secretary

As President Carter returns from his western vacation, a national wire service survey estimates that less than a third of the U.S. Senate is prepared to back the natural gas "compromise" bill worked out under the thumb of Energy Secretary James Schlesinger. Schlesinger's crude oil equalization tax, the onetime "centerpiece" of the Carter Administration's energy bill, has been dead in the Senate Finance Committee for more than a year. Schlesinger has warned that his "usefulness to the Administration will be ended" if Congress refuses to pass this legislation, and his long-overdue resignation is thought to be imminent.

In fact Schlesinger has never discharged the responsibilities of the office of Secretary of Energy, nor has he been concerned to produce a responsible energy policy for the U.S. In alliance with White House Special Assistant on National Security, Zbigniew Brzezinski, and Sen. Henry Jackson (D-Wash), Schlesinger's primary objective has always been "geopolitical" — to place an energy-dependent U.S. in an "economic warfare" mode against Western Europe and the Soviet Union by implementing some variety of "Crash of 79" depression scenario — while, at the same time, building a U.S. alliance with China.

Upon first joining the Carter Administration, Schlesinger justified his energy "conservation" policy by "predicting," in concert with the CIA, an early 1980s oil shortage in the Soviet Union which would impel the Soviets to take military action to gain

control of oil in the Persian Gulf. Now that the Soviet oil shortage hoax has been widely discredited, Schlesinger has mobilized to block State and Commerce Department approval of the Dresser Industries sale of oil-drilling technology to the Soviets. Schlesinger is currently scheduled to visit the Peoples Republic of China in October for the ostensible purpose of promoting U.S. development of Chinese oil reserves. DOE officials admit, however, that the primary purpose of the trip is "political."

Schlesinger has persistently sought to sabotage U.S. breeder reactor and fusion development, and to block joint U.S.-Soviet energy collaboration, as well as consistently opposing congressional efforts to orient U.S. energy policy to increasing U.S. production of oil and gas.

Lately, Schlesinger has also been concerned to prevent the completion of a comprehensive nuclear test-ban treaty between the U.S. and USSR, using his department's nominal authority over the maintenance of the U.S. nuclear stockpile to interfere in issues previously resolved by the Defense and State Departments.

So entrenched has Schlesinger become in the Brzezinski-Jackson combine, that some Washington observers are predicting that even if he is forced to resign his Energy Department post, President Carter will be forced to appoint him to some other White House or Cabinet position.

Schlesinger Targets Dresser Deal With Soviets

Energy chief convenes 'rump' to halt \$144 million technology sale

The Commerce Department's mid-August approval of a \$144 million Dresser Industries oil technology sale to the Soviet Union now threatens to be overturned. A "rump" meeting and vote called by Energy Secretary James Schlesinger and National Security adviser Zbigniew Brzezinski on Monday, Aug. 28 recommended reconsideration of the sale by the President upon his return from vacation.

According to leaked reports on the session in both the *Washington Post* and *Washington Star*, Schlesinger and Brzezinski called together five senior presidential advisers (including themselves) and forced a vote on the oil drilling equipment sale. The vote resulted in a 3 to 2 decision to recommend stoppage. Schlesinger, Brzezinski, and the Defense Department's Deputy Assistant Charles W. Duncan, Jr. (for vacationing Secretary of Defense Harold Brown) were lined up on one side, with the representatives from the State Department and Commerce opposed.

Schlesinger and Brzezinski are saying that they are opposed to this particular sale because it contains an electron-beam welding machine which could be used for military or military-related purposes. But both the energy chief and the National Security advisor have openly been acknowledged that they "doubt the advisability" of helping the Soviets develop their oil reserves. This is only a foot in the door, for the real truth is that both Schlesinger and Brzezinski have been pushing for a policy which would end the sale of all U.S. technologies to the Soviet Union. This was the

strategy behind their successful maneuver to institute new regulations which now brings the National Security Council into the review process of all export licenses for American technology being sold to the Soviet Union and other communist countries.

Schlesinger's Oily Role

James Schlesinger and his "crisis-through-shortages" scenario also stands fully exposed with this latest manipulation. Over a year ago, Schlesinger was bewailing the "unfortunate fact" that the Soviet Union would not be able to develop their oil reserves in order to help either themselves or the West through his predicted 1980s oil shortage crisis. Now Schlesinger is behind the attempt to prevent the Soviets from developing those reserves.

The backup for the "rump" vote was provided by a report by a panel headed up by J. Fred Bucy of Texas Instruments. A study had been undertaken by the Defense Department's Defense Science Board, which later appointed the Bucy panel. This was done upon the insistence of Schlesinger and Brzezinski at the White House meeting of Aug. 18, where they pressed, according to the *Washington Post*, "for an independent review" of the disputed sale. The Bucy panel reported that there were valid grounds for concern about possible military uses of the technology being sold to the Soviet Union, as well as doubt about the advisability of helping the Russians develop their vast oil reserves.

—Maureen Manning

Dresser Scores Schlesinger Sabotage

In a statement issued Aug. 30, Dresser Industries accused Brzezinski, Schlesinger and Senator Henry Jackson of being "willing to go to any lengths to question the President's decision and kill the Dresser transaction as a symbol of their hard line attitude."

The statement denounced the report written by the panel headed by J. Fred Bucy, president of Texas Instruments, saying that Bucy's view against selling technology to the Russians "was well known and that asking him to do such a report meant the conclusions were 'pre-ordained'."

Dresser said that the Pentagon had already judged — before the report was produced — that the oil drilling technology "would not significantly enhance Soviet military capability."

DOE Official: Why Does China Need Schlesinger?

An official in the International Affairs Division of the Department of Energy had the following comments this week on Energy Chief Schlesinger's upcoming trip to China.

Q: I am interested in background on Secretary Schlesinger's trip to China in October.

A: I think you could say that it is mostly a political trip. You can look at Schlesinger as being more than a Secretary of Energy on this trip. It's obvious that in general, Schlesinger is more than a Secretary of Energy; he's a very broadly-based fellow. He has a wide range of foreign policy interests, and he has the trust of the President. The energy things he undertakes in China—like cooperative programs in energy—will be subordinate to broader political

implications. He expects to see Hua and Teng. He is coordinating this closely with Brzezinski.

Q: It would seem that Schlesinger adding his weight to Brzezinski's "China Card" game would be viewed by the Soviets as quite a provocation.

A: I have had indications of exactly the same thing—that the Soviets are very upset. They have a bit of paranoia about this. They are worried that the U.S., having come off the policy of "containment", is now trying to encircle them.

Q: What's your reading on Schlesinger's tenure as Energy Secretary?

A: You have got to wonder how long Schlesinger will

be around here. But on all these rumors of when he's going and where he'll go, you probably know more than I do. Schlesinger did say recently on *Face the Nation* that if the gas bill fails, which I guess it will, then his usefulness to the President as energy chief will have ended. But in that case—if he stepped down by October—he would probably go to China anyway, as a special representative, a personal envoy, of the President.

Q: Would the President be silly enough to do that, after Schlesinger has failed in everything he tried to do for this Administration, and was then fired?

A: Probably. The Chinese might well wonder, why are you sending us this multi-time loser?

The Intimidation Of A President

The 'September scenario' in operation against the White House

The theme of Carter's political vulnerability has been spreading through the eastern establishment press, daily increasing in savagery as the Camp David meeting draws nearer. One Zionist lobby insider freely admitted the real purpose of this coverage in an off-the-record conversation this week, that "If we can just frighten Jimmy enough about his lack of political support in Congress and with the man on the street, then he won't dare push Begin around at Camp David."

An Aug. 27 *Washington Star* column by veteran White House watcher Hugh Sidey reviewed the Administration's blunders and concluded that Carter just simply isn't fit to be President. But the *Christian Science Monitor* has been most explicit in outlining the City of London's projected "September scenario" for wrecking Carter's presidency over the coming month.

On Aug. 29, the *Monitor* heralded Carter's return to Washington with a front-page spread predicting a string of defeats for a number of top White House legislative proposals during Congress's final session this fall.

"How President Carter handles some 10 pressing issues over the next few weeks will determine ... his prospects for renomination," the *Monitor* said, pointing to the despised natural gas bill, the President's recent unpopular veto of a defense appropriations bill, tax reform, Humphrey-Hawkins, public works water projects, and other pending legislation as "key tests" in "the battle between Carter and Congress (during) what could well be one of the most important months of (Carter's) presidency."

In a companion piece *Monitor* Washington correspondent Godfrey Sperling Jr. portrayed the national governors' conference held in Boston earlier

last week as an unofficial anti-Carter conclave. (For the real conference story, see below.) The Democratic governors are dissatisfied with Carter, wrote Sperling, and so are "Democratic leaders in all areas ... and a growing number of Democratic political activists." All of these groups, Sperling lied, are "saying ... that Mr. Carter is beginning to look like a one-term President ... and that it is about time to find a replacement for the 1980 presidential nomination."

Leaving nothing to the imagination the *Boston Globe* covered the governors' conference as a contest between "favorite son" Sen. Ted Kennedy and Gov. Jerry Brown — implying that Carter simply is no longer in the running.

Meanwhile, outright terror is being utilized to cow Carter. An Aug. 28 assassination threat against the President in Idaho turned out to be a hoax, but the West German *Bild Zeitung* — published by Jerusalem Foundation funder Axel Springer headlined its front page the next day with the ominous prediction: "Carter to be Assassinated Thursday."

"Getting Tough"

Behind this media deployment is the sordid fact that the President is being deliberately and systematically set up by his Vice-President, Energy Secretary and National Security Advisor. While Carter was vacationing, Brzezinski, Schlesinger, and Mondale began collaborating on a 'round-the-clock basis to ensure that the "September scenario" goes off smoothly.

Brzezinski and Schlesinger are focusing on wrecking Camp David and eliminating the possibility held out by the Princeton fusion breakthroughs for a real national energy program. At the same time Mondale has thrown his energies into setting the stage

for a Carter-Congress confrontation when the legislators reconvene in mid-September.

Sperling confirmed in an Aug. 28 article what this news service reported previously: that Mondale "is known to have been a leader" in convincing Carter to "get tough" with Congress. That "get tough" act — which has Carter preparing to "face down" Congress in behalf of proposals (such as the energy bill) that were drawn up by London for the explicit purpose of destroying the United States — is well on its way to ruining the President's relations with Capital Hill.

This is not to say that Carter shouldn't be "getting tough." The question is: *tough on whom?*

Who's Backing a Carter Showdown with Congress

A top aide to Agriculture Secretary Robert Bergland recently elaborated on his boss's role in the President's new hardline posture, publicly associated with Carter image-maker Gerald Rafshoon:

Q: Were the statements that Secretary Bergland made recently against Congress OK'd by the White House?

A: Thank God that I was there so I can answer this.

There is no Rafshoon-Carter conspiracy. Godfrey Sperling of the *Christian Science Monitor* has a regular series of breakfast meetings with officials and he brought this up with Bergland last week. Bergland thinks that this policy should be the policy of the White House. But the White House didn't know about it. In fact, the White House called up and asked us what Bergland said. They noted his comments with interest but that is all they said to us on it.

Q: Do you think that there are people at the White House and in the Administration besides Bergland who support the policy of putting tremendous pressure on Congress?

A: There is a large faction in the White House and Administration, including Rafshoon, which thinks the President should do this. Bergland has been disappointed that the Cabinet has not been more active in supporting the President. He feels that this pressure on Congress is the only thing that Congress understands.

Q: Who in the Administration supports this view?

A: The people with Hill experience understand this. By this I mean such people as Brock Adams (Transportation Secretary), and Califano (HEW Secretary).

Conference Of U.S. Governors Endorses Pronuclear Resolution

U.S. governors firmly closed the door on any antinuclear initiatives within the National Governors Association at its annual meeting in Boston Aug. 29-30. This was accomplished by near unanimous passage of a resolution calling on Congress to rapidly implement all aspects of nuclear fission, including programs for nuclear waste storage and shipment, expedited nuclear plant siting procedures, the construction of more light water nuclear reactors, and most importantly, U.S. development of the fast breeder.

A strong axis led by Gov. Meldrim Thomson (R-NH), Gov. Dixy Lee Ray (D-Wash.) and Gov. James Edwards (R-SC) launched the drive for a U.S. nuclear fission policy. Gov. Ella Grasso (D-Conn.) alone attempted to push solar energy development with a resolution which Gov. Meldrim Thomson termed "inaccurate" in its claims for solar potentials.

The British-inspired deindustrializers among U.S. political leaders have clearly lost their battle against nuclear energy development. Their attacks on the vitality of the U.S. industrial economy, however, continued at the conference with a major "fiscal conservative" cost-cutting push for the federal government, and championing of Proposition 13-style tax-cut proposals for states and cities.

This thrust was launched in the keynote of British-controlled Senator Edward Kennedy (D-Mass), nominally speaking on his health care bill. However, all of the tax revolt, cost-cutting resolutions in circulation at the conference failed to pass, with the sole exception of a resolution by Gov. Jim Hunt (D-NC) calling for a balanced federal budget by 1981.

Kennedy v. Carter Gambit Flops

Attempts to set up Kennedy in opposition to Carter fell flat. At the opening press conference, rigged questions concentrated on Kennedy's presidential prospects in 1980, and whether governors preferred the Kennedy Health Plan to Carter's. Gov. Michael Dukakis (D-Mass) brought this line of questioning to a close with his comment "Let's cross that bridge when we come to it."

The Caucus of Democratic Governors followed up by approving a resolution of support for Carter, throwing a wrench into efforts to further weaken Carter on the eve of the Camp David Summit.

The political chemistry of the Governors Conference was substantially heightened by the presence of U.S. Labor Party 9th Massachusetts congressional district candidate Graham Lowry. The governors received a

message from U.S. Labor Party Chairman Lyndon LaRouche warning of the war danger and pointing to the Bonn-Bremen agreements and a U.S. export boom as the only basis for competent tax and fiscal policies.

A full fight over the attempt to downgrade the Princeton tokamak breakthrough broke out in the subcommittee on nuclear energy meeting. Following a presentation by General Electric's Dr. Tom Vanderslice, a representative of the *Executive Intelligence Review* asked for his comments on the fusion breakthrough. Vanderslice deferred to John Deutch of the Department of Energy, the same DOE official personally selected by Schlesinger last week to downplay the fusion results. The effect of the disinformation campaign was indicated when even Gov. Ray indicated pessimism about speeding up the timetable for fusion development.

Crisis of Leadership

The problem of positive leadership in the U.S. was brought out even more clearly by Carter Special Trade Negotiator Robert Strauss's speeches on Fiscal Policy and Trade. Protrade Strauss, said to be sent by Carter to mend fences with the governors, called for voluntary wage and price restraints, and gave lip

service to cost-cutting. Both Gov. Ray and Edwards of South Carolina raised the question of a strong U.S. dollar, with Edwards noting "This country didn't suffer from inflation until the dollar was taken off the gold standard." In the meeting of the energy committee chaired by Gov. Caroll of Kentucky, Caroll called for Congress to enact a production-oriented energy program to make the dollar strong.

After Strauss's speech, North Carolina Gov. Jim Hunt's sole surviving resolution for a balanced federal budget by 1981 was raised. Gov. Milton Shapp of Pennsylvania, the Chairman of the Governors Fiscal Policy Committee, suggested instead that the only way for the government to save money is to spend it: "A dollar invested properly by government in youth can save a large number of dollars that would be required for sustaining these people as adults.... There are no easy solutions to the fiscal morass that our nation is now experiencing. But increasing the productivity of our people and of our industry is one of the key ways to improve things."

The rest of the governors may well have agreed, but with 36 gubernatorial elections this fall, everyone except the retiring Shapp voted for a balanced budget.

What The Governors Had To Say

On Kennedy

"I don't detect any real interest in Kennedy out West. Most of us in the state of Washington realize that the president was elected for two more years. A lot could happen in that time."

— Dixy Lee Ray (D-Wash.)
former chairman, Atomic Energy Commission

On Energy

"It could be catastrophic for the nation if Congress fails to pass legislation that increases energy production. If that happens, the nation could face substantial unemployment, extended inflation, and continued devaluation of the dollar."

— Julian M Carrol (D-Ky.)
chairman, National Resources and Environmental Management (the main energy committee of the Governors Association)

"If we are going to power the computers to do paperwork for Kennedy's national health plan, we will need nuclear power. But nuclear power is the question of the U.S.'s prosperity. It's not too much government regulation that is the problem, but energy production."

— Meldrim Thomson (D-NH)

On the Dollar

"This country didn't suffer from inflation until the dollar was taken off the gold standard. We need a hard currency. Production is collapsing, there is no backing for the dollar."

— James Edwards (D-S.C.)

On President Carter

"I disagree with Carter on many issues but to have his weaknesses constantly put forward before the nation is a disservice to the American public. It's as if you planted a tree and every week pulled it out of the ground to look at its roots."

— Dixy Lee Ray (D-Wash.)

Japan's Global Industry Plan

The full text of the \$500 billion proposal for Third World development

According to reliable informed sources, Japanese Prime Minister Takeo Fukuda left President Carter a bit stunned in their meetings last spring when, in addition to his widely reported fusion collaboration proposal, he suggested that the United States and Japan work together on a vast development package for parts of Asia. Ambitious as they were, the proposals Fukuda presented were only part of a report — prepared by Masaki Nakajima, the head of Japan's Mitsubishi Research Institute — which calls for creation of a Global Infrastructure Fund which would generate no less than \$500 billion in projects primarily in the Third World development by the end of the 20th century.

While the scope of the Mitsubishi proposal, reprinted in full here, may indeed seem staggering to the average U.S. corporate planner, it is typical of the thinking which created the Japanese economic miracle and comes from a leader in Japan's postwar development. In fact, Mitsubishi was set up in the 1870s by the Meiji government specifically to create modern heavy industry in then still underdeveloped Japan.

Today the Mitsubishi group, led by Mitsubishi Heavy Industries and Mitsubishi International, the group's trading company, is still the heavy industry core of Japan's "economic miracle," and Nakajima is personally advising Fukuda on ways to implement the Mitsubishi plan.

The outlook that the MRI report expresses is the dominant way of thinking in Japanese industrial

circles today. That outlook, crucially supported by groups like the Industrial Bank of Japan and Nippon Steel, is firmly opposed to the International Monetary Fund's approach of low-capital, labor-intensive Third World development. This anti-IMF world view among Japan's industrial elite is openly expressed in the MRI report, as Nakajima makes clear that his new proposed development fund would be outside the influences of the IMF.

Japan's own policy of Third World development is modeled on the Japanese experience of developing postwar South Korea into a modern industrial state, which the Mitsubishi group played a major role in planning. The need to rapidly increase the growth rate of the entire world, the global replication of Japan's own experience as the first non-Western nation to modernize, dominates the philosophy of every important Japanese business group. It is a philosophy of industrial capitalism itself which is the basis for the Mitsubishi proposals, modeled on the approach by which 19th century U.S. leaders made America the world's leading industrial power. Now, with the U.S. dangerously close to sinking into an industrial twilight zone based on Great Britain, it is long past the time for American business leaders themselves to rediscover that vision.

Here, then, is the text of "The Mitsubishi Report," by the president of the Mitsubishi Research Institute, Masaki Nakajima.

A Proposition For The 'Global Infrastructure Fund'

1. Summary

Under the prolonged worldwide recession in the post-oil crisis years, every country around the world is today groping for ways to get out of it.

What is being proposed herein as the "Global Infrastructure Fund" is a concept that Japan should consider as one of its international responsibilities in these crucial circumstances, and it is being presented by a private research organization having a neutral position.

The proposition is to generate effective demand

within this century amounting to more than \$500 billion, a sum equivalent in current prices to the U.S. costs of World War II, under the assumption that all leading advanced industrialized countries and oil producing nations cooperate to do so. The proposition may be aptly termed a "Global New Deal," since it has a nature of public investments for common use by the world which go beyond a given national economy. It aims at developing new sources of energy and increasing food production for the world, thereby trying to establish long-range programs to overcome the current worldwide stagflation.

It is expected that the implementation of the various

“super projects” proposed herein would lead to the development of peaceful demand in the manufacturing industry as well as of technological incentives in advanced countries in lieu of arms production. Also expected would be the multiplier effects upon the national income and employment of many developing countries which would be recipients of these proposed projects.

It is to be recognized that the elapse of thirty years since the end of World War II has seen the resurgence of narrow-minded nationalism in various parts of the world, which in turn has fomented political and economic uncertainties. Now is the time for mankind to positively assert a bold and long-range vision. And that vision should be the one based upon a worldwide perspective which transcends narrow or short-term national interests. As Solomon said, where there is no vision mankind perishes.

The twentieth century has undergone bitter experiences in two world wars, yet has endeavored to reestablish a prosperous society out of the ruins of each war. The Global Infrastructure Fund, as proposed herein, will address itself toward the coming twenty-first century as a challenge to mankind for worldwide prosperity in rising out of the deep recession.

2. Background: International Economic Situation

The world economy today faces its gravest crisis since World War II. Although ways to escape from it or to bring about a change in direction have been sought for the last several years, confusion continues to increase. Eagerly awaited is the framework of a new economic theory coupled with a bold vision and propositions for economic policies based upon it that may dispel the economic stagnation that is otherwise expected to prevail for a long time to come. However, up to now no such new propositions have been made.

As is generally known, Keynesian economic theory, born out of the world crisis in the 1930's, has provided theoretical support for economic policies and, in particular, the anti-cyclical policies adopted by the major advanced industrialized nations since World War II. As we look back today at Keynes' contributions to economic policy, we find that first and foremost among them was his incisive criticism and refutation of the fiscal and monetary policies based on the classic gold-standard system and their failures. It was the managed currency theory advocated by Keynes that brought about the Bretton Woods system after World War II and the subsequent gold-dollar linked system in the field of international monetary policy. It also led to various effective measures in domestic monetary policies.

Second was the policy for the stimulation of effective demand. The counter-cyclical policies adopted by the major advanced industrialized nations since the latter half of the 1950's rested, in part, on policies for

What Is MRI?

Mitsubishi Research Institute was founded in May 1970, through integration of the Mitsubishi Economic Research Institute, Mitsubishi Computing Center of Mitsubishi Atomic Power Industries, Inc., and Advanced Techno-Economic Information Center. While the shareholders of MRI are the 26 Mitsubishi corporations, MRI emphasizes that its aim is to render services and contributions not only to the Mitsubishi companies but also to society in general. MRI maintains close cooperative relations with research organs and academic circles in Japan and foreign countries, and has regularly received contracts for research projects related to the formulation of Japan's national policies.

MRI's president, Masaki Nakajima, is currently a councilor of the Keidanren, the Japanese business association. A leader in Japanese economic circles, he has served as managing director of the Mitsubishi Bank, president of Mitsubishi Steel Manufacturing Co., and in several government economic policy-making posts.

the maintenance of growth through an effective stimulation of demand in the Keynesian fashion, or the New Economics fashion which developed from it.

This Keynesian policy for stimulating effective demand operated with good results for 30 years after the war. Recently, however, its various inherent problems have become subject to discussion.

The first of these is that a policy for the stimulation of effective demand contains, by its very nature, an inflationary trend. Keynes was famous for his criticism of conservative economists who showed great zeal for hoarding gold but paid little heed to unemployment. Keynesian economic policies, however, gave rise to inescapable inflationary pressures on the economy.

The second problem was that such a policy led to increased restraints on the supply of resources by increasing consumption, both in terms of quality and of quantity, in all countries. The inflationary trend that was encouraged by growth policies was called a mere creeping inflation so long as these restraints on the supply of resources did not arise. But, a genuine inflation became evident when human and other resources necessary for growth became restricted (for instance, in West Germany and Japan), where natural and environmental resources were utilized to the utmost and full employment prevailed. The worldwide simultaneous rise in prices, which arose from the large increase in oil prices toward the end of 1973, may be described as a corollary of the Keynesian New Economics of the '60s.

The third problem is that the relative importance of fiscal expenditure in the economic structure of major advanced industrial nations is no longer dominant. As we look at the ratio of government fixed capital formation to gross national expenditures (GNE), we find that, except for its 8 to 9% range in Japan and the United Kingdom, it is about 3% in the United States, West Germany, France and Italy, according to 1974 figures. As a consequence, while the formation of governmental fixed capital, mainly through the improvement of the infrastructure by means of public works, may in itself have the effect of arousing total consumption, it is insufficient to serve by itself as the pivot for policies to overcome a recession.

The world panic of the 1930's was not overcome solely by the Keynesian policy of stimulating effective demand nor by President Roosevelt's New Deal policies. It is a stark historical fact that, unfortunately, rearmament and vast military expenditures caused by war itself provided the effective means to overcome this crisis. For instance, military expenditures of the United States alone in World War II amounted to \$288 billion in terms of the dollar's value at that time. Converted to 1975 prices, this sum represents \$530 billion (about ¥159 trillion). These war expenditures represent the net increase in outlays during the conflict and do not include peacetime defense costs.

In today's world, however, the development of nuclear weapons and their deterrent effect rule out a large-scale war that would involve major industrial nations. The political and economic consequences of the Vietnam War clearly demonstrate that while a localized war can create temporary economic stimulation, it does not have long-range effects.

To overcome the present worldwide recession, there is no other way but to stimulate private business activity in the major industrialized nations. Enterprises will not invest unless they can expect profits, while the incentive for new investments has already been reduced by the stagnation in technological innovation. This situation is expected to prevail for a long time to come and it seems too early to predict what shape future technological innovation will take. Consequently, we believe that in order to allow the existing world economic system to follow a peaceful and steady course without excessive dependence on military expenditures, a type of public investment on a global scale would be strategically effective.

As we have stated before, however, all the conventional types of public investment have their limits in terms of needs and capability when looked at solely in the light of each national economy. For instance, among the advanced industrialized nations, West Germany does not require much public investment. On the other hand, while there is great need for this among the developing nations, say, in Africa and Southeast Asia, they lack the means to carry such investments through. Therefore, it will be necessary to implement New Deal policies on a global scale in order to first stimulate private business activity in the

advanced industrialized nations and then extend its effect to the economies of the developing nations.

For the reasons stated above, the planning and implementation of multinational public investment on a worldwide scale should be most effective as a long-range global economic policy. It could be termed a "Global New Deal." What we mean by multinational public investment is that which involves several countries both in the execution of projects and in the scope of the benefiting areas, and wherein the period of implementation and the size of investment exceed the scope of public investments made by a single country. Moreover, since the object of such investment would be directed at removing restraints on resources, it would also serve to eliminate latent factors causing inflation. Included, for instance, would be the development of untapped energy resources, the development of oceanic resources, and the improvement of the environment.

As examples of such projects, there are many expansive concepts that, since the last century, have been described as "Engineers' Dreams." Some of these "ideas" that could serve as objects for this Proposition include:

1. **Greening of Deserts:** Greening of the deserts in the Sahara, the Sinai and the Arabian peninsula.
2. **Collection Station for Solar Heat:** Erection of a large-scale installation for the collection of solar energy in a remote part of the world. Total investment in land, pipelines, and accessory equipment would reach \$20 to \$50 trillion. Its total annual energy output would be equivalent to 200 billion barrels of oil.
3. **Second Panama Canal:** Construction in Nicaragua of a large canal linking the Atlantic and Pacific Oceans.
4. **Kra Isthmus Canal:** A 170-kilometer-long canal linking Phang-nga Bay on the west coast to the Gulf of Siam on the east coast. This would shorten by 2,400 km the sailing distance to and from the Indian Ocean.
5. **Electric Power Generation Using Sea Currents:** There are 12 promising areas along undeveloped ocean shores extending from the equator to the temperate zones. Maximum generating potential of one area, 35 million kW. Total for 12 areas about 200 million kW.
6. **Himalayan Hydroelectric Project:** Damming of the Sanpo River on the upper reaches of the Bramaputhra in the frontier area between China and the Indian province of Assam to make it flow into India through a tunnel across the Himalayas. Potential generating capacity 50 million kW in maximum, 37 million kW in average. Annual generating capacity 240 billion to 330 billion kWh.
7. **Control of Sea Currents in the Bering Straits:** Construction of a dam across the Bering Straits at their narrowest point (85 km wide, 45 m deep) and control the sea currents flowing from the Arctic

Ocean. This would alter atmospheric conditions in the North Pacific and make the climate more temperate.

8. **African Central Lake:** Control of the flow of the Congo River by building a dam to create a vast lake in the Congo and Chad regions of central Africa to improve natural conditions in the area.

3. Funds

In order to realize these projects a \$13 billion fund, tentatively named the Global Infrastructure Fund, will be established with, for instance, annual contributions of \$5 billion collectively from the United States, West Germany, and Japan, \$5 billion from the OPEC countries and \$3 billion from other industrially developed nations. Such a fund will serve to finance projects with a multiplier effect on a \$25 billion scale annually until the end of this century. Total expenditures on these projects should reach a level of about \$500 billion. Such an amount would not be very large for expenditures on public works of worldwide dimensions, but its purpose is to carry out a pump-priming role that would arouse effective demand comparable to the military expenditures during World War II.

The \$5 billion annual contribution by the major advanced industrialized nations would mean a 30% increase in official development assistance (ODA) provided by the 17 member nations of the Development Assistance Committee (DAC) of the OECD, which amounted to \$16.6 billion in 1975. This corresponds to a little over 3% of the amount of military expenditures of these 17 nations during the same year, which totalled \$157 billion. It would mean that these nations would have to pare about 3% from their military expenditures and devote that sum to development assistance.

The OPEC nations funneled \$5,590 million into the OPEC fund in 1975 for development assistance. This amount is close to the \$6,880 million that the World Bank committed to spend for assistance during the same year. Moreover, the military expenditures of Middle East nations during that year were estimated to be about \$28 billion. Their proposed annual \$5 billion contribution therefore should not constitute an excessive burden.

4. Effects

In the planning and execution of these projects, it will be necessary to give substantial autonomy and authority to the areas where the projects take place, while at the same time maintaining the principle of international harmony. This should contribute to a fur-

ther promotion of the North-South dialogue. Upon their completion, the projects will have major direct effects on the non-oil-producing LDCs through the development of energy resources to replace oil, besides increasing agricultural production and promoting the comprehensive development of such areas.

We are today faced with the urgent task of evolving means to absorb the prevailing excessive international liquidity. The accumulated oil dollars are not necessarily being effectively used at present, but should be used for the long-range preservation of oil as a valuable industrial resource. Should we fail in this effort, it is possible that it may lead to another shock similar to the well-known "Oil Crisis" of 1973. In such an event, the nations of the world will not be able to put up much political or economic resistance. This proposal could serve to check such an unwanted development.

By advocating this concept, Japan, which does not possess nuclear armaments, can curb foreign criticism that its military expenditures and foreign aid are comparatively small. We believe that such an advocacy will serve to fulfill the international responsibilities of the Japanese people who have today built up a highly industrialized society after rising from the ashes of World War II.

5. Methods for Realization

The reason why we advocate a fund separate from those established by existing international organizations, such as the United Nations and the World Bank, is because we believe that such organizations have become the scene of international conflicts of interest, in particular between the North and the South, and are showing a strong tendency of compromise. They would not be effective in promoting this concept.

On the other hand, this concept must not be regarded as a monetary measure aimed at alleviating the accumulated foreign indebtedness of developing nations, a problem which calls for a solution today. On the contrary, as we have stated above, it has an entirely different objective and mission. We therefore believe that in order to achieve this objective in the most effective manner, an appropriate international organization is necessary. By this we do not mean that existing international organizations, led by the United States, are inefficient, but we believe that they are inappropriate in achieving our objective.

We believe that this brief Proposition has helped you to understand the intentions of this concept. Additional study and research into concrete proposals and methods for their realization will be necessary.

Your comments and opinions will be most appreciated.

Papal Election Secures Legacy Of Paul VI

With the election of Cardinal Albino Luciani of Venice to the Papacy last Aug. 27, the Catholic Church is assured continuity with the humanist tradition represented by the late and great Paul VI.

Luciani's speedy election, which so much disturbed the *London Times* and the schismatic Archbishop Lefebvre, put a rapid end to the hopes being privately but strenuously expressed by such as the international oligarchist conspiracy known as the Order of St. John of Jerusalem (Knights of Malta), that they might once again recapture the Papacy and convert the enormous power and prestige of the Vatican into an instrument for financial looting and related policies.

Already, in the very brief time since his election, Pope John Paul has made a number of moves which in themselves point to the direction of his future rule. For example, Luciani announced that he wishes to divest the Papacy of all trappings reminiscent of royalty. In accordance with this, he is refusing to undergo the traditional crowning ceremony, substituting it with a simple Mass at St. Peter's Cathedral.

He will also discontinue use of the royal chair in which the Pope is traditionally carried on ceremonial occasions. This is in line with John Paul's other highly symbolic gesture: his expressed wish that the word "Pontiff" be dropped as one of the titles of the Pope. Both the title of Pontiff and the ceremonial "cathedra" represent an unbroken historical continuity to the ancient Roman office of the "Pontifex Maximus," the powerful post held by Julius Caesar and others.

Populorum Progressio

Furthermore, John Paul's first major speech, delivered to the assembled cardinals in the Sistine Chapel shortly after his election and excerpted below, strongly indicates that he intends to follow in the tradition of Pope Paul's *Populorum Progressio*, the 1967 encyclical which detailed his epistemological and economic doctrines.

Populorum Progressio had called for the creation of a "World Fund" to centralize massive technological transfers to the developing sector at nominal rates of interest. The encyclical took the view that only with adequate levels of continuing economic development

could the human soul be assured the proper context for its necessary moral development.

Pope John Paul took a similar stand, but warned, as Paul VI also had, that the benefits of science must be understood to be the tool of man's moral development. In this context, he stressed the overwhelming importance which the Vatican gives to the need for world peace. In a tacit warning to Israel, he markedly singled out "the tortured land of Lebanon...the situation in the homeland of Jesus" for special mention in this regard.

Black International Upset

No wonder, therefore, that the *London Times*, that instrument of the British Round Table and the Knights of Malta, went to extreme lengths in its practice of dictionary nominalism and ventured to hope that as Luciani's first name is "Albino" he would turn out to be a "colorless" Pope. The *Times* on the same day also featured Archbishop Lefebvre's comments that Luciani's election is an "ill omen" and that most probably the Conclave had been rigged.

Lefebvre is the known instrument of the aristocratic leadership of the fascist Black International, and is under the personal sponsorship of Principessa Pallavicini, whose centuries-old noble family has supplied many of the leading members of the Order of St. John of Jerusalem.

Other indications point even more strongly to Pope John Paul's being the conscious product of the humanist faction within the Vatican. Luciani's avowed historic theological (and, as we will see, political) mentor is the great Italian theologian Rosmini of the mid-19th century. Rosmini was the architect of the plan for the unification of Italy under the Papacy in the 1830s and 1840s as the first phase of an anti-Austrian, anti-British plan to create a unified international alliance for defeating the oligarchical networks which ruled Europe after the Treaty of Vienna.

Pope Pius IX, of whom Luciani made special mention in his cited speech, was Rosmini's close ally. It was this humanist conspiracy—which included networks in France, Russia and the U.S.—which the Mazzini-Garibaldi operation was organized to

prevent, immediately on the heels of Pius IX's 1847 election which replaced the rule of former Metternich puppet Pope Gregory IX.

As Mazzini noted in his personal correspondence to the French "Lefebvre" of the period, the Vatican must be destroyed: since for obvious political reasons this could not be done through outside military intervention, he noted, an indigenous "Italian" movement must be created to accomplish it. It was no accident that the wave of British-dominated "revolutions" which swept Europe in 1848 therefore began in Italy.

The American Revolutionary Heritage

It is crucial to point out, in describing Rosmini, that his own intellectual heritage was the American Revolution. He was the product of the extensive networks established the century before by Benjamin Franklin, and all indications are that during his own lifetime he belonged to the international network around Edgar Allan Poe, who was himself the inheritor and continuator of the Franklin circles in the United States.

This is the intellectual and moral background of the new Vatican leader, although the majority of the press including *Newsweek*, *Corriere della Sera*, the *Daily Telegraph*, and the *London Times*, would have its readers believe that his memorable characteristics are his position on abortion or his tough stand on homosexuality and priestly celibacy.

These issues are used to foster the image of a "conservative", thereby buttressing the argument which is almost uniformly put forward that John Paul is an arch anticommunist. But the gentlemen of the press have conveniently forgotten the other maxim which was put forward before the papal elections: that the determining event which would profile the future policies of the new Pope would be signalled by his treatment of Archbishop Casaroli, Pope Paul's "minister plenipotentiary" responsible for Vatican Ostpolitik. One of John Paul's first acts was to confirm Casaroli's post together with that of most of Pope Paul's former staff.

Only the French paper *Les Echos* bothered to publish an interview which Pope John Paul gave in December 1976 on the issue of communism. Asked whether he recommended that Catholics join only the Italian Christian Democratic Party, then Cardinal Luciani responded that a Catholic could remain a good Catholic whether he belonged to the Christian Democrats or the Italian Communist Party. It is unlikely, therefore, that the new Pope will fall into the trap of allowing anticommunism to be used as a tool around which he could be manipulated, as has sometimes been the case in the past. Pope John Paul I promises to be true to the American Revolutionary humanist tradition—a tradition which the Vatican humanist faction helped to realize in the first place.

— Vivian Zoakos

Pope John Paul I: 'Church Is Guarantee Of Peace And Order'

Presented here are excerpts from Pope John Paul I's homily, delivered Aug. 27 to the assembled cardinals in the Sistine Chapel. In his speech, translated from Latin, and appearing in the Aug. 28 Philadelphia Enquirer, the new Pope greeted the assembly with reference to St. Augustine, "an image dear to this father of the Church," as a guiding example of his reign.

...The Catholic Church's tremendous spiritual power is the guarantee of peace and order, as such it is present in the world. As such it is recognized in the world. The echo of its daily life gives witness that, despite all obstacles, it lives in the heart of men, even those who do not share its truth or accept its message. As the Second Vatican Council — whose teachings we wish to commit our total ministry, as priest, as teacher, as pastor — has said: "Destined to extend to all regions of the earth, the Church enters into human history, though it transcends at once all time and all racial boundaries. . . .

The world awaits this today: It knows well that the sublime perfection to which it is joined by research and technology — in which it is just to recognize the fulfillment of the first command of God: "Fill the earth and make it subject to man" — has reached a height at which dizziness occurs.

It is the temptation of substituting for God one's own decisions that would rescind moral law. The danger for modern man is that he would reduce the earth to a desert, the person to an automaton, brotherly love to a planned collectivization, often introducing death where God wishes life.

The Church, admiring yet lovingly protesting against such "achievements," intends rather to safeguard the world, that thirsts for a life of love, from dangers that would attack it. The Gospel calls all of its children to place their full strength, indeed their life, at the service of mankind in the name of the charity of Christ: "Greater love than this no man has than he would lay down his life for his friends."

In this solemn moment, we intend to consecrate all that we are and all that we can achieve for this supreme goal. . . .

We remember the example of our predecessors, whose lovable gentle ways bolstered by a relentless strength, provides both the example and program for the papacy: We recall in particular the great lessons of pastoral guidance left by the most recent Popes, Pius XI, Pius XII, John XXIII.

With wisdom, dedication, goodness and love of the Church and the world, they have left an indelible mark on our time, a time that's both troubled and magnificent. Most of all the pontifical pastoral plan of Paul VI, our immediate predecessor has left a strong impression on our heart and in our memory. His sudden death was crushing to the entire world. . . .

Undertaking immense labors, he worked indefatigably and without rest. He extended himself to carry forth the council and to seek world peace, the tranquility of order.

Our program will be to continue his. . . .

On the other hand, we must avoid an approach that is hesitant and fearful. . . .

We wish to continue the ecumenical thrust, which we consider a final directive from our immediate predecessors. We watch with an unchanging faith, with dauntless hope and with endless love for the realization of that great command of Christ: "That they might all be one." . . .

We intend to dedicate our prayerful attention to everything that would favor union. We will do so without diluting doctrine but, at the same time, without hesitance.

We wish to pursue with patience but firmness that serene and constructive dialogue that Paul VI had at the base of his plan and program for pastoral action. The principal theme for this was set forth in his great encyclical *Ecclesiam Suam*. It called for a mutual knowledge, man to man, also with those who do not share our faith. . . .

We wish finally to express our support for all the laudable, worthy initiatives that can safeguard and increase peace in our troubled world. We call upon all good men, all who are just, honest, true of heart.

We ask them to help build up a dam within their nations against blind violence which can only destroy and sow seeds of ruin and sorrow.

So too, in international life, they might bring men to mutual understanding, to combine efforts that would further social progress, overcome hunger of body and ignorance of the mind and advance those who are less endowed with goods of this earth, yet rich in energy and desire. . . .

In a special way, our thoughts turn to the tortured land of Lebanon, to the situation in the homeland of Jesus, to the area of Sahel, to India, a land that is so tried, indeed to all those sons, daughters, brothers and sisters who undergo privations in their social and political life or as a result of natural disasters.

My brothers and sisters — all people of the world:

We are all struggling to raise the world to a condition of greater justice, more stable peace, more sincere cooperation. We invite all of you and encourage you, from the humblest who are the underpinning of nations to heads of state responsible for each nation — we encourage you to build up an efficacious and responsible structure for a new order, one more just and honest.

A dawn of hope spreads over the earth, although it is

sometimes touched by sinister merchants of hatred, bloodshed, and war with a darkness which sometimes threatens to obscure the dawn. This humble vicar of Christ, who begins in fear yet trusts in his mission, places himself at the disposal of the entire Church and all civil society.

We make no distinctions as to race or ideology but seek to secure for the world the dawn of a more serene and joyful day. . . .

St. Paul will guide us in our Apostolic efforts directed to all the people of the earth. . . .

London Press:

New Pope An Ill Omen

In three separate articles, the Aug. 29 Times of London voiced its fears that the newly elected Pope John Paul I will not be a pliable tool for aiding City of London bankers in foisting their war and genocide policies on the world's population. Here is a sampling of the Times' characterizations of the new Pope.

Foreign Correspondent quoting renegade French Bishop Msgr. Lefebvre:

. . . The new Pope's choice of a name could be an ill omen if he continued the reformist policies "of his two predecessors with these names." He (Lefebvre) also said he was surprised at the speed of the election and asked himself whether the choice had been arranged in advance.

"Laborer's Son who Rose to be Pope", by Peter Nichols:

The life so far of the man born Albino Cucienco 66 years ago and now Pope with the cumbersome name of John Paul I can be briefly told. If it is not up until now the stuff that legends are made of, he has every opportunity from today to put that right. . . .

. . . A man with his background is unlikely to attach much importance to the Vatican's presence in international diplomacy. He will probably confirm Cardinal Villot as his secretary of State. Cardinal Villot, who is French, shows little interest in a political role for the Vatican.

Editorial, "A Pope to Make His Mark":

It is always difficult to pick out at the time of his election what will prove to be the dominant qualities of a new Pope. . . .

Now with Pope John Paul I, prediction is especially hazardous because he is such a surprise choice and because he is so little known internationally. All that one can go on are the symbolism of the name he has taken, his reputation within Italy, the pressures that must bear on any Pope at this time and what he has said in his first comments since his election. . .

The Future Of Italy's Catholic-Communist Alliance

In an interview with an Italian daily several days before the election of Pope John Paul I, the president of Italy's ruling Christian Democratic Party (DC) Flaminio Piccoli underscored the strengthening bonds between his own Catholic party and its mass-based counterpart, the Italian Communist Party (PCI), upon whose support in the parliamentary majority the Christian Democratic government currently rests.

Piccoli rightly hailed the alliance between the Italian Communists and Christian Democrats as one of far-reaching international significance. The Christian Democratic president, known as a "conservative Catholic," who comes from the same region of Italy as the newly elected Pope, stressed that the Italian Communists had contributed much to the democratic order, particularly in terms of a firm response to terrorism. He noted that the political pact between Italy's two major parties — of which former Prime Minister Aldo Moro had been the principal architect — had grown out of a global political and economic crisis reminiscent of the days of the Weimar Republic preceding Hitler.

No isolated incident, the kidnapping and subsequent murder of Moro constituted an attempt to overturn the political solution to that crisis for which the Italian leaders were providing a model. "This is not the beginning," Piccoli warned concerning terrorism, "but is the climate of a world conflict."

Piccoli's statements and the launching of a new pontificate which is expected, from all early indications, to continue the policies of East-West dialogue and peace under the banner of economic development which were the hallmark of the papacy of Paul VI, provide an appropriate context for reviewing the governing alliance in Italy. The future of the Italian parliamentary majority combination of DemoChristians and Communists can be assessed only when the high-profile public manifestations which have marked its history since early this year are also viewed from the standpoint of its little-known and scarcely understood deeper social roots.

Who Saved Italy?

Late last spring, a high-ranking Catholic Church official noted that had it not been for the Pope, Italy would be in a state of civil war. "The Pope saved the country, twice," he said, "first with his dramatic appeal that the Red Brigades unconditionally free Moro, then, in his historic address to the Italian

government and international diplomatic community on the occasion of Moro's funeral. He pulled the country, and the Christian Democracy, out of a mess."

Shortly thereafter the Communist Party secretary Enrico Berlinguer made the same claim for his own party, while addressing a national assembly of party regional secretaries. At some future time, Berlinguer cryptically hinted, when one of the protagonists writes his memoirs, the "true chronicle" of those critical days preceding Moro's assassination will reveal the crucial contribution made by the Communist Party.

So, the question arises, who saved Italy — the Vatican or the PCI?

According to the scenario set in place by British secret intelligence and personally conducted by Henry Kissinger through U.S. Ambassador to Italy Richard Gardner, the Red Brigades terrorists were to split the Christian Democratic-Communist coalition and shatter each party's organizational structure. The Communist Party was to panic, the old Stalinist resistance veterans taking up arms in civil strife, the younger bureaucratic layers heeding calls for "law and order." The DemoChristians, on the other hand, were to capitulate to the Moro family's demands for leniency to the terrorists, and collapse the government. Bettino Craxi, Willy Brandt's handpicked secretary of the small Italian Socialist Party, was then to engineer the breakdown transition to urban guerrilla fighting and later civil war.

Instead, to the shock of the London *Times*, the DemoChristians and Communists did not take up opposite sides of the synthetic barrier erected by the British intelligence-run terrorists, but strengthened their commitment to save the Italian state from what they perceived as an outside destabilization attempt. The specific function of the Pope's unprecedented actions was to infuse this political alliance in defense of the state with the moral weight of universal purpose. Without depoliticizing the issue, the Pope raised the stakes by characterizing the Moro case as a struggle between civilization and barbarism — the theme which Moro's successor Piccoli has repeatedly struck since.

Ultimately, it is the implications of the Pope's impact and, more broadly, the role of mass Catholic organizations in Italy that uniquely explain "who" saved the country from war and coup d'etat. This will explain, conversely, why Britain's attempts to liquidate the country's two leading political forces have thus far flubbed — and the crucial limitations of both parties which must be overcome in order to permanently thwart the ongoing attempts at destabilization.

DC, PCI as "Churches"

During the late 1950s and early 1960s, Anglo-American intelligence under British secret intelligence direction spent undisclosed sums (millions from the Twentieth Century Foundation alone) working up "profiles" of the two large, and at that time generally clashing, Italian political parties. "Politologist" Giorgio Galli and "sociologist" Francesco Alberoni, the principal Italian academic stringers in this operation, embraced the notion that both the Christian Democracy and the PCI were merely "churches" with different dogmas. By pitting one against the other and assaulting both from the outside (and from within) as "dogmatic," Galli's and Alberoni's controllers believed they could crumble the two institutions.

Alberoni set to work in 1965 as a sociology professor at the Catholic University in Milan and, within two years, produced Mario Capanna, the first synthetic leader of the anti-DC, anti-PCI "movement." In 1967, Alberoni, expelled from Catholic University as a "radical," took his credentials to the recently founded Trento University of Sociology, where he created the hard-core leadership of the terrorist Red Brigades. Meanwhile Galli positioned himself at Milan's State University, ready to welcome Mario Capanna's triumphant entrance.

The two Milanese universities where Alberoni and Galli planted themselves were bastions of DC power. The PCI existed, but was not hegemonic among students. The mass student organization, then called "Gioventù Studentesca" (Student Youth), had been formed under the leadership of Don Giussani, an ally of Milan's Cardinal Colombo, in turn linked to Pope Paul VI who was the former Archbishop of Milan.

Gioventù Studentesca therefore became Galli's target for the actions of his cooked-up Maoist, Capanna. After a debut with an egg-throwing spree against the "bourgeoisie" attending opening night at La Scala opera house, Capanna earned himself designation of charismatic leader of the newly formed "Movimento Studentesco" (Student Movement).

Capanna's Movimento Studentesco set about splitting Gioventù Studentesca and, especially during 1968, succeeded in luring away nearly half its membership. The Pope responded, indirectly, as Don Giussani intervened to create a new organization "Communion and Liberation" which would absorb and reconstitute the shattered GS. Later, in the early 1970s, a group of Milanese politicians pushed the organization fight further and set up a political cadre force, recruiting from both early Catholic groups, called "Movimento Unitario Popolare" (Unified Popular Movement).

Now, a decade after Galli and Alberoni had unleashed the Capanna Maoists, the Popular Movement is a powerful mass organization, with its strongest centers in Rome and Milan. Communion and Liberation is actively reconquering hegemony in the schools and universities, in some happy cases wiping out the rock-drug counterculture. Movimento Studen-

tesco has evolved into a proterrorist umbrella group, Capanna is fighting to save his seat on the Lombardy regional council as an elected councillor (against a concerted Catholic campaign to oust him), and Alberoni — now, like Galli, an "intellectual" in the Socialist Party — is veering toward a drug addict's end.

The Catholic Counterattack

Although the Galli-Alberoni-Socialist Party "lay" ("antidogmatic") apparatus has not been destroyed, its terrorist network is being dismantled by the Communist-supported DC government. And, as last summer's administrative elections showed, the silent majority of Italy's voters is beginning to voice contempt for the entire operation. What Galli and Alberoni did not and cannot grasp — and what their "lay" predecessor, the anglophile philosopher Benedetto Croce, could not fathom — is the reality of the religious belief in the *soul*.

In Alberoni's formulation of the question, "faith" and political commitment are identical to the infant's dependent relationship to the mother (the "absolute"). It would suffice, in this case, to discredit and weaken the mother institution to provoke an identity crisis in the child, and to supply this "paranoid schizophrenic" child with a surrogate mother. Indeed, this is the theory on which Alberoni explicitly based his brainwashing activities at Trento University which resulted in his synthetic surrogate absolute, the Red Brigades. The same theory guided Capanna's assault on Gioventù Studentesca and the formation of proterrorist Movimento Studentesco.

If the theory appeared to work, it worked solely because a paranoid-schizophrenic state was induced in the selected victims; rock music, drugs and mind-destroying "group therapy" were used to weed out the psychologically most labile youngsters and transform them into zombies and terrorists. Such indeed is the psychology of Alberoni and Galli personally, but it is not the psychology of the sane adolescent or adult.

In a Catholic society, such as Italy, religious commitment is part of one's identity from earliest years. In healthy children, this means that one's identity is not confined to one's discrete material, historical existence. The healthy Catholic child believes he or she has a soul, an existence which is meaningful universally and eternally. It is that identity which makes him or her human, at one with humanity as a universal whole. Where the working-class, advanced-farmer or middle-class family is engaged in a common struggle to progress materially so as to afford their children greater opportunities for self-realization, the young Catholic more readily grasps the reality of the existence of the soul as that process of social progress mediating his or her own mental development.

It is in this light that the economic boom of the early 1960s, though short-lived, is remembered by so many

young and middle-aged Italians today. The boom was the materialization of a struggle for survival and progress after the war; and, not unlike Italians' attitudes towards relatives who emigrated to the United States, it represented the realization that development —*perfection*— was possible.

For many, the identification of material and cultural development with the Catholic Church was more explicit. First, this was because of the obviously primary role played by the Christian Democracy in post-war reconstruction; and, since Pope Paul's election in 1963, because the Vatican had explicitly defined its international role, in the famous encyclical *Popolorum Progressio*, in an ecumenical approach to peace through world development.

But this was not the whole story. For hundreds of thousands of Italians after the war, the only means of getting an education was through the Church. It was the Church, through its capillary parish structure, which afforded the primary and secondary education to youngsters whose economic situation would have otherwise condemned them to ignorance. Many such individuals form the core cadre force of Church structures today.

The Crisis of Catholic Youth

What happened to these Catholic youth as they approached high school and university in the 1960s was a complex phenomenon. When the economic crisis hit violently, these youth were passing through an otherwise normal transition to adulthood. The convergence manifested itself for many in the form of a profound religious crisis. Among selected vulnerable layers of youth, the "religious crisis" became the opportunity for turning latent paranoia into a fully fledged synthetic terrorist identity at the hands of British intelligence's "sociologists."

The Church's intervention to found first Communion and Liberation, then the Popular Movement, aimed at maintaining the integrity of fundamental Catholic principles through this critical phase: the key organization being the Popular Movement, which superseded the less differentiated religious commitment of the early bodies and saw itself as a *political* strike force. Precisely what most Catholic students sought in their "religious crisis" was a sensuous mediation to adulthood through which to express *socially* their previously more *personally* identified religious commitment.

By the same token, Italian youth decide at approximately the same age to enter the PCI or its youth federation. These exceptional youth enter the Communist Party not, as Alberoni and Galli fool themselves, seeking a surrogate mother, but because they recognize the PCI as the hegemonic working class party and see in the working class the one social layer whose productive activity mediates general economic progress. Despite the romantic ideological veils

thrown over the PCI self-conception, the reality of the communist cadre's identity is the commitment to strengthening the country's productive forces to guarantee continued development. That commitment is identified in part with the Soviet Union and Comecon, and more readily with the partisan struggle during the Second World War to establish the Italian republic.

Thus, although Catholic and Communist workers, farmers, industrialists, and so forth may present themselves as distinct and even antithetical beings, their fundamental commitment to furthering social perfection establishes a knowable commonality of purpose. That commonality of moral purpose was made explicit by the Pope's extraordinary public initiatives during the Moro crisis, while Berlinguer mobilized the PCI cadres throughout Italy around it.

The Present Danger

While the British secret intelligence and its puppets Galli and Alberoni cannot comprehend the reality of social processes sparked by a reawakened sense of moral purpose, it is nevertheless important to understand why they succeeded marginally in undermining Italian political institutions by creating terrorists and their sympathizers in the Milan and Trento test-tubes.

The fact is that, as a journalist put the query to Cardinal Albino Luciani during the height of the Moro crisis, several months before he became Pope John Paul I, Red Brigades leader Renato Curcio was a Catholic. So also were Margherita Cagol, Marco Rostagno, and other leaders of the Red Brigades. Similarly, many of the lesser figures being arrested daily appear to be former card-carrying members of the PCI.

Sociologist Alberoni had stated in Trento that his purpose was to forge a new "collective movement" precisely out of Catholic and Communist currents in student society. Many small Catholic and "left-wing" political groupings in and around the Italian trade unions profess the same goal. The anticlerical Radical Party and the plethora of proterrorists extraparliamentary "left" grouplets have forged such an alliance in the fascist environmentalist movement, made up of ex-Catholics and ex-Communists.

The "religiosity" of these individuals could never have been sound. As the now defunct, but in the late 1960s mass-based, Marxist-Leninist Party demonstrated most typically, the ex-Catholics and ex-PCiers who swarmed into the Maoist counterculture and thence into terrorism came predominantly from backward areas of Italy's south. In that ambience of centuries-long economic degradation, the utter lack of meaningful change in the local society and family characteristically gives rise to social and psychological attitudes clinically termed *paranoid*. Irrational tendencies, usually overcome after infancy, become dominant in a world where the "outside" reality offers no sensuous link to the social process of progressive

Luciani On Capitalism And Marxism

The French daily Les Echos Aug. 28 reprinted remarks made by then-Cardinal Luciani in December 1976 on the subject of capitalism and Marxism. The French Communist Party daily L'Humanité published the same remarks.

We must fight and reject a certain capitalism, that which has been the source of so much suffering, injustice and fratricidal conflicts... I am asked if one Catholic can be a Christian Democrat, and another a communist. My first answer is yes. One can make different commitments, on the condition that the faith remains the same... I know the painful case of numerous people, even priests, who practiced Marxist analysis and ended up by losing faith. I add that far more dangerous than the Marxist doctrine are the Leninist and Stalinist tactics and strategies used by Marxism. . . .

change. Thus, the prevalence of persisting forms of magic, witchcraft, etc., in the most isolated areas of Italy's Mezzogiorno.

When this infantile irrationality persists in a society which is predominantly *Catholic*, the tendency to associate the madness itself with "religious feeling" is overwhelming. As the history of the dionysian cult shows, from its most ancient forms including the Donatist heretics of St. Augustine's time, whom the future pope Cardinal Luciani acutely identified as "Catholic terrorists" of the Red Brigades type, down to the modern forms of twentieth century "tarantism," in Lucania in southern Italy, masses of lumpenized, wretched outcasts have repeatedly been corraled into such cults as a form of social control.

Alberoni's transformation of former Catholics and PCIers into terrorists repeated the dionysian model. Just as Mussolini and his Futurist allies mobilized these social layers as dionysian movements against the Church, so Alberoni and Galli manipulated the paranoid tendencies of their victims toward rabid anticlericalism. The DC and PCI "churches" are presented as "dogmatic" institutions, corresponding in the paranoid, infantile mind, to the threat of necessary lawfulness in the universe. It is not Alberoni's "mother"-absolute against which the infant rebels, but rather against the world of reason which threatens the paranoid's total identification with the irrationality associated with the mother figure.

The healthy layers now organizing within Italy's mass Catholic organizations have nothing to fear from the implications of Trento. But what should be emphasized is the danger deriving from those organizations' — and the Communist Party's — vulnerability to sub-

version on fundamental economic policy issues, something which could have far-reaching political effects for those organizations and their international counterparts.

The vulnerability concerns some Catholics' and Communists' openness to zero growth propaganda. Although the problem carries overtones related to early Church movements of austerity and humility (e.g., the Franciscans, etc.), the real problem relates to recent Italian history.

During the boom of the early 1960s, no serious Catholic or Communist could feel guilty for the rapidly increasing living standards of the country. Guilt and doubt set in only when the boom ebbed and the world depression made itself felt first on weaker sectors — such as recently and only partially industrialized Italy. The zero growth propaganda unleashed on Italy through the Club of Rome and its conduits focused on the notion that Italians had "lived too well," and the crisis was to be received as a just scourge for presumed bathing in unmerited luxury. Zero-growth notions of "redistribution of existing wealth" and "reducing consumption" have thus taken hold — contrary to the actual basis of social self-identity of both Catholics and Communists.

The "imported" character of this Made in Britain zero-growth ideology is not sufficiently understood in Italy today. It is the propaganda corollary to the campaign — comprising political threats, financial warfare, and the continued blackmail of terrorism — which British intelligence launched this summer to bring about what some Italian papers touted as a "Rome-London Axis" *against* the organizing of a new world monetary system that began at the Bremen European Community Summit in July. In sharpest contrast to British zero-growth propaganda, Pope Paul VI's 1967 *Populorum Progressio* encyclical had outlined a strategy for global economic development through a new "World Fund" credit institution identical in thrust to that planned by the Bremen leaders around the "seed-crystal" of the European Monetary System, and specifying the necessity of industrializing the developing sector as the only guarantee of world peace.

The question is therefore not merely whether Italy's Demo-Christian-Communist alliance survives as a government formula in the immediate months ahead. The question is really whether the leaders of that alliance will mobilize the mass organizations which form their popular base around domestic and foreign economic policies which explicitly fulfill Pope Paul VI's earlier identification of spiritual with material progress. If that occurs, Italy's role in politically implementing the substance of the Bremen accords and in putting an end to Britain's global manipulations will far outweigh that country's apparent dimensions in the current fragile world strategic geometry.

—Muriel Mirak
and Nora Hamerman

EXECUTIVE INTELLIGENCE REVIEW
Supplement

by
Lyndon H. LaRouche, Jr.
Chairman, U.S. Labor Party

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Kissinger Emerges As Leader Of Brandt Commission Genocide Parley

The Independent Commission on International Development Issues, chaired by Socialist International chieftain Willy Brandt, this week made public the fact that former U.S. Secretary of State Henry Kissinger is the "key expert" guiding the commission's work. Kissinger's role was announced personally by Brandt, the former Chancellor of West Germany, at a United Nations press conference Aug. 28 at the conclusion of three days of secret meetings of the commission held in Tarrytown, N.Y., August 25-27.

The surfacing of Henry Kissinger's role as a controller of the "Brandt Commission" confirms a view held among prodevelopment Third World forces that, far from being an "independent" group formed to discuss bringing about a "new world economic order," the commission is one of the world's leading, British-backed organizations dedicated to enforcing backwardness in third world countries. Kissinger is detested in the Third World for his role in wrecking the North-South dialogue.

The Tarrytown meeting was called by Brandt as one in a regular series of meetings of the commission held every two or three months. In addition to Kissinger, the commission brought in as "guest" speakers such antidevelopment crusaders as Zionist Lobby Senator Jacob Javits, Assistant Secretary of State Richard Cooper, Raul Prebisch, godfather of the British-organized UN Economic Commission on Latin America, and Oxford University-trained United Nations development "expert" Kenneth Dadzie.

As was the case with previous meetings of the commission, the discussions at Tarrytown have been kept tightly under wraps. However, the press conference given by Brandt together with other commission members at the UN, has shown without a doubt that the basic policy of the organization is to strengthen the powers of the genocidal World Bank and the International Monetary Fund over national economies, and obstructing the formation of the European Monetary System agreed upon at the July EEC heads of state meeting.

As was originally planned by its founder, the Brandt Commission has emerged as the only remaining organization still actively discussing the "North-South" controversy. Having achieved this monopoly on debate, the commission is now working to define the "new world economic order" as transfer of

"appropriate technology" for labor intensive jobs, from the advanced countries to the Third World. This is in line with the World Bank's campaign for "rural employment" and other schemes that shun serious efforts to modernize the developing sector through industrialization. The Commission's leading third world members, such as British Commonwealth Secretary General S.S. Ramphal and former Tanzanian Finance Minister Amir Jamal, firmly hold this view.

Simultaneously, the Commission has launched a campaign against the so-called "middle income" developing sector countries that have achieved a certain degree of industrialization, telling businessmen from the United States and Europe that these countries are a "danger" and "threat" to the advanced sector's industry. The aim of this campaign is to get the western industrialized countries to channel all development aid and investment into the World Bank's "rural development" schemes. Commission member Peter Peterson of Lehman Bros.-Kuhn Loeb investment bank has taken charge of this aspect of the Commission's work.

McNamara's Role

The Brandt Commission is the creation of World Bank President Robert McNamara. During the 1976-77 period, when Henry Kissinger was calling efforts of the developing nations to modernize their countries a "sterile debate," McNamara was preparing the next round of attack. He approached Brandt, a firm ally of the British-World Bank view against third world development, with the "idea of creating a high level, deliberately unofficial commission to make unprejudicial recommendations" on how to break the deadlock in the "North-South" talks. During the next year Brandt set out to recruit the commission members, and worked closely with Kissinger to create the conditions in the Third World necessary for implementation of the Bank's rural schemes. One by one, officials from the developing sector who took a major role in the effort for a "new world economic order" were given the Kissinger "Chile treatment," and knocked from office. Included in this group of leaders were Fred Wills, former Foreign Minister of Guyana, Indira Gandhi of India, and Zulfikar Ali Bhutto of Pakistan.

The first recruits of the Commission were the staunchest followers of the World Bank policy. British Tory leader Edward Heath, Britain's first delegate to the pro-World Bank United Nations Conference on Trade and Development (UNCTAD), quickly came aboard. Peterson of Lehman Bros. and Katherine Graham, publisher of the Lazard-Freres-linked *Washington Post*, came next.

From the Third World came Colombia's Rodrigo Botero Montoya, the country's former Finance Minister, well-known throughout Latin America as the promoter of Chile-style economic policies — "without the tanks." Guyana's Ramphal, the Commonwealth Secretary General, will next month lead a Commonwealth meeting on science and technology, where the major topics will be, "Energy and Technology for Rural Development," and "Former Technology used in Guyana between 1800 and 1950."

By December, 1977, the Paris-centered North-South talks were in a shambles, and the Commission was ready to take over the debate. Brandt traveled to New Delhi where he announced the start of the commission's work, making no effort to hide the World Bank-orientation of the group. He praised the rural identity of the new Janata Party government in India, and stressed that the commission would concentrate on "employment creation," i.e., labor intensive jobs, in the third world. Brandt also said he hoped to involve the socialist countries in the commission, but this has yet to occur.

Brandt Unveils Kissinger Role

At his crowded UN press conference, Brandt proudly told reporters that Kissinger was invited to give the keynote "off the record" remarks to the Tarrytown meeting, concentrating on "how we could sell our proposals to the rest of the world. We all know Mr. Kissinger is very experienced," the former Chancellor said. Brandt was also quite frank about the commission's relationship to the World Bank: "We follow the Bank's work with great interest. We are in close contact constantly and let me repeat, there is no competition between us."

Brandt was followed by Tanzania's Jamal, who launched a diatribe against the decisions made at the July Bonn economic summit. "From our point of view it did nothing. I don't think they cast any new lights on our problems, rather they made trade-offs amongst themselves." Brandt hastened to add that Japan, which championed nuclear power development at Bonn, played an obstructionist role at the summit. A source close to the commission proceedings said that this anti-Bonn attitude was strongly pushed by Javits, Kissinger and the State Department's Cooper.

Lehman Brother's Peterson decided to address the reporters as well, denouncing the "lack of political will, the apathy to resolve the crisis" as the "major problem" in "North-South" relations. Most developing countries would agree, no doubt, that it

was precisely Mr. Kissinger's "apathy" toward backwardness in the third world that led to the crisis.

Peterson later told a reporter privately that most people in the United States think the U.S. trade problems are with Europe and Japan. "Well, they are wrong. Take a look at the countries on the verge of full-scale industrial revolutions. I think there is a redundancy of industrialization going on." This is precisely the policy of pro-British Treasury Department officials Anthony Solomon and C. Fred Bergsten, who have recently warned such countries as Brazil, Mexico and South Korea not to become "new Japans."

The press conference was closed with a praise of Chinese Communist Party Chairman Hua Kuo-feng as a "man of peace," by Yugoslavia's Dragoslav Avramovich, the World Bank's former specialist on debt commodities.

The Trilateral Connection

It is important to note that the Brandt Commission has very close ties to both the Trilateral Commission and the Aspen Institute, two of the most important conduits for British policies inside the United States. Aspen's chief Harland Cleveland was also a special guest at the commission's Tarrytown gathering, and several members of the commission have been close collaborators of Aspen in the past. Similarly, the Trilateral Commission expressed great interest in the work of the Commission at its June meeting in Washington, as leading Trilateral members, such as Peterson, are either members or "advisors" to Brandt.

Where Next

It is ironic that despite all these connections to the British elite, the Brandt Commission is desperate for funds to continue its operations. Thus far, only the West German-based Hans Seidl Foundation, a leading backer of neo-fascist Franz Josef Strauss, has contributed any considerable amount of money to the Brandt group.

Sources have indicated that one of the major reasons for the holding of the Commission meeting in Tarrytown was its close proximity to the Pocantico Hills estate of the Rockefeller family; as often in the past, the Rockefellers have again been targeted to bankroll zero-growth operations. Through the good offices of Senator Jacob Javits and Henry Kissinger, it was arranged for the Commission members to wine and dine on Nelson Rockefeller's expense account.

Henry Kissinger, in his role as "guide" of the Commission's work, is expected to continue his close collaboration with Brandt. Kissinger is presently involved in sponsoring seminars on "Business Future" for corporate executives at the Center for Strategic Studies of Georgetown University, specializing in the "Third World investment climate." The seminar series is co-sponsored by Britain's Oxford University.

Maltese Terror And Its Implications

Breaking developments in Maltese law suit against Labor Party

The following statement, issued by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr., August 26, was first published in the August 31 issue of New Solidarity, the Labor Party's newspaper.

Highest-level intelligence sources of several nations have assisted us with breaking information on the plans of the British monarchy-controlled forces of the Maltese Order to launch a one-billion Belgian franc lawsuit against the U.S. Labor Party.

According to latest information received, the lawsuit will most probably be launched in Belgium, where the court system is under the effective, top-down control of the British faction of the Maltese Order. The conspirators are depending upon Belgian treaty agreements with France and the Federal Republic of Germany to process claims in those latter nations for judgments issued by corrupt Belgian courts into the latter two nations for collection. The Maltese representatives projecting this action have bragged that they have corrupt influence in the West German courts, and effective corrupt influence within the French Justice and Interior Ministries, the latter through networks associated with Poniatowski.

This proposed British secret-intelligence economic-warfare operation coincides with plans to have elements of the LICA (International League Against Anti-Semitism) and an Israeli intelligence organization, Mossad, collaborate in terrorist operations against the U.S. Labor Party, especially targeting this writer, in countries outside France itself.

Although the LICA, nominally the French complement to the USA's Anti-Defamation League, is based in France, most prominently under the patronage of Edmund de Rothschild, French intelligence services and antiterrorist task forces are fully alerted to the Israeli-LICA principal role in the current wave of terrorist assassinations and bombings, and are also alert to the LICA-Mossad desire to launch an assassination attack against this writer. Therefore, there is an element of exceptional risk in the LICA-Mossad terrorist forces' efforts to

launch an assassination in France itself. However, LICA operations are by no means limited to France, but are deployed throughout Europe and other nations — as indicated by recent statements of the Israeli Transport Minister, Meier Amit.

According to highest-level intelligence sources in more than one country, the British monarchy and the Zionist forces under its control are nervous concerning risks in an assassination operation against this writer, especially in the wake of the abortive assassination deployment in Detroit, Michigan, and U.S. Labor Party exposure of New York City forces involved in support of the political decision to conduct such an assassination.

However, if various forms of economic warfare conducted in Western Europe through Maltese networks and the Zionist-linked forces under their influence, such as the circles associated with Walter Hesselbach of the West German Bundespost, can effectively sabotage U.S.-European Labor Party communications, this and other "economic warfare" measures would substantially aid in facilitating a successful assassination. Hence, naturally, any such economic-warfare deployments against the U.S. or European Labor Parties will be treated as complicit in preparations for an assassination, and the responsables held accountable for complicity in any assassination operations which occur.

Implications

This is not an isolated affair. The forces behind the projected "economic warfare" in Europe and the forces behind international terrorism are identical. These are also the forces behind the British Maltese faction's concerted effort to raise U.S. interest rates, and to take other, correlated measures to collapse the U.S. dollar and plunge the U.S. into a depression.

Notable is the coincidence of the forces behind the various slander and "black operations" against the U.S. Labor Party and the forces currently attempting to wreck the U.S. dollar and Bremen agreements. The same persons originating slanders against the U.S. Labor Party in Japanese circles at this time, and

attempting "blackmail" pressure to interrupt relations between the U.S. Labor Party and banking and corporate circles, are the same personalities directly and chiefly responsible for attempts to wreck the Bremen and Bonn summit-agreements, and to bring down the U.S. dollar.

These are also the forces projecting an early new Middle East War, the overthrow of the Shah of Iran, the attempted overthrow of Mexico's President López Portillo, and either a bombing of Saudi oil-fields or a coup in Saudi Arabia.

Henry Bloch of Warburg-Pincus in New York City is exemplary. Bloch, a World War II SOE-OSS operative, was key in a massive operation, launched internationally, against the U.S. Labor Party beginning May 1976, and is one of the key individuals who identified the motivation of the forces projecting the assassination of this writer. Bloch is also, together with forces at Lazard Frères, part of the group of London-allied investment-banking officials currently engaged in efforts to wreck the U.S. dollar and plunge the nation into a depression.

As we have noted, the Heritage Foundation is another part of the same forces who are simultaneously complicit in crucial, supporting aspects of an assassination plot against this writer and leading a major campaign against both the U.S. dollar and against the Bremen agreements. The Heritage Foundation is currently jointly controlled by representatives of British intelligence (IISS), and the Mont Pelerin Society. The latter is a foreign-intelligence organization, nominally based in Switzerland, which is a key front organization for the British factions in the international Maltese Order. These forces are also directly, closely allied with the Aspen Institute, another key agency simultaneously engaged in aiding the operations against the U.S. Labor Party, and in major covert-intelligence operations against both the Bremen-Bonn summit-agreements and the U.S. dollar.

The enemy forces, the British faction of the Maltese Order and Maltese-controlled Zionist organizations, have stated, as did the officials of the Belgian Lambert interests, that this writer is viewed as an intellectual architect of the new world monetary system emerging from the Bremen agreements, and is therefore viewed as a "potential danger" to be eliminated as soon as possible.

The Zaire Case

As for the character of the Belgian government itself, the case of the Luanda invasion of Zaire's Shaba province is exemplary.

Admiral Stansfield Turner of the CIA, himself a member of a British intelligence organization, the International Institute for Strategic Studies, issued a lying report on Shaba. The report issued by Turner was a *lie* in respect to information gathered by the CIA itself, and was directly contradictory to detailed factual information available to the U.S. from the

Zairean government and by several European governments, including the French government.

Of course, Admiral Turner was not alone in complicity in lying to the President of the United States and to the Congress. The key figure behind Turner's lying report was the same key figure behind the Italian operation in which former Prime Minister Aldo Moro was assassinated — as has been stated in a published interview of a key spokesman for the Italian government. That figure is Henry A. Kissinger.

Also complicit was Zbigniew Brzezinski, and also James R. Schlesinger. It is notable that Kissinger, Brzezinski, and Schlesinger were all trained and promoted by British secret-intelligence institutions and networks inside the United States, and have been consistent agents for British monarchy policy at every point the policies of the White House, State Department, and Congress have been in direct opposition to the British monarchy policy.

The key forces most prominent in the Shaba province affair were Tiny Rowland's business operations, the largest business cover for British intelligence operations inside central black African regions, plus the forces of Belgium's Société Générale, acting with established complicity of elements of the Belgian government.

The operation against Shaba was launched in reprisal against Zaire President Mobutu's actions to shift payments for Zairean exports from the Belgian national banking community into control of the Zairean national bank. The scenario projected was to have Belgian troops flown into the Shaba region. With the arrival of Belgian troops, complicit elements of the International Red Cross were to have intervened, to negotiate between the invaders and Belgian troops over release of the European technicians being held hostage. The outcome of this scenario was to have been a splitting-off of Shaba province from Zaire, plus a disruption of ongoing peace negotiations between Zaire and Angola, negotiations occurring in Brazzaville.

French paratroops were flown from Corsica to precede the Belgian troops, and thus to prevent the British-Belgian scenario from going into effect. The British warned the invaders of the imminent arrival of French troops: the slaughter of the European-technician hostages was a result of this British criminality.

Those facts were fully established by relevant European and African governments and intelligence services during that period, and were known to the U.S. government's National Security Council and Central Intelligence Agency at the time Turner and Brzezinski publicly were pushing their lies.

The British, in alliance with the Peking government, are also behind the horror-show of genocidal slaughter in Cambodia, and behind the current efforts to launch a Chinese military operation against Vietnam. In Iran, the current efforts to overthrow the Shah coincide with efforts of British Petroleum to loot

Iranian petroleum revenues. The destabilization is run by British intelligence, in cooperation with both Israeli intelligence and Peking, and, according to Iranian sources, with complicity of the Aspen Institute.

The operation intersects the petroleum companies British Petroleum, Royal Dutch Shell, and Belgium's Petrofina, all companies under the direct control of the British faction of the Maltese Order. These same elements of the Maltese Order are indistinguishable from the London Rothschild interests, Edmund de Rothschild in France, and the interests of the Baron Lambert and the Hapsburg family in Belgium. (These are, to note an exotic, included point, the forces which have controlled the "Trotskyist" Fourth International throughout the post-war period to the present day.) These forces control the environmentalist and terrorist organizations in France, Belgium, Holland, and Switzerland, and are the forces which, in concert with Amnesty International, the World Federalists, the "black nobility" and others, control international terrorism in West Germany, Italy, and in the United States.

Not only are these forces and their accomplices most frequently the principal authors of every recent

hideous development in the developing sector, notably since the 1960 affair in the former Belgian Congo, but they are in every way the principal enemies of the human species as a whole. A glance at their present activities and manifest character fully justifies the New Testament characterization of this faction as "The Whore of Babylon." Unless these evil forces are stopped quickly, there will be a new Middle East war, and probable general thermonuclear war.

In this setting of events, the Belgian wing of the British forces of the Maltese Order and their Zionist stooges, propose to sue the U.S. Labor Party and to launch assassination attacks against this writer. Taken in perspective, all the slanders and other harassments against the U.S. Labor Party, even the projected assassinations, are of relatively tertiary importance in themselves. The enemies of the U.S. Labor Party are the enemies of the human species, enemies engaged in war not merely against the U.S. Labor Party, but against the human race.

Does the enemy imagine that our allies do not recognize this to be a state of war between our enemies and themselves, or that we do not know that these attacks on us are nothing but included acts of war against the United States?

British Revive 'Operation Chaos'

The unmistakable escalation of black propaganda funneled through the press this past week, combined with a "red alert" situation at London's Heathrow Airport and two other mysterious terrorist incidents, show that British intelligence and its Israeli allies are mounting full-scale campaigns against governments in Rome and North America.

The mounting pitch of hysteria at Heathrow since the attack on personnel of the Israeli El Al airline indicates that the overall strategy is similar to "Operation Chaos," which was launched by the British early in 1974 and likewise had a major focus at that airport. Today, however, the level of military mobilization there is even higher. London's *Daily Telegraph*, as if it had some foreknowledge of what is to come, explained yesterday that the alert is based on "intelligence reports of plans for a further attack on the Israeli airline during the week ending Sept. 10" — the week of the Mideast peace talks at Camp David.

All Israeli airline facilities have been fortified to withstand hand grenades and machine gun fire, while an array of "special" security teams are prowling around with itchy trigger fingers. In order to heighten the chaos, the *Daily Telegraph* reported that since none of these teams are coordinating with each other, it is quite possible that a gun battle will break out at any time between members of the various teams. "Oh

hell, no one knows what's going on here," one Metropolitan security officer is quoted as saying.

The British government is trying to cover its own coordinating role in the affair by pointing to the Arab diplomatic community and "inter-Arab fighting" in London as the source of the terror threat. Rumors were planted in the press that supplies of arms are being smuggled into Britain inside Arab diplomatic pouches resulting in demands from Zionist organizations that they be opened and searched. British Foreign Secretary David Owen has also made it known that unless the staffs of a number of Arab embassies are significantly reduced, he will be forced to order some personnel out of the country.

As double insurance that Britain won't be identified as the source of the terror wave, the British press has widely publicized a concocted story about an alleged split between MI5 and MI6, Britain's internal and external intelligence services. The government announced last week that in order to prevent such clashes, Britain's Ambassador to Greece Sir Francis Brooks Richards has been appointed as "Coordinator of Intelligence," reporting directly to the Cabinet Office.

British press conduits in West Germany are spilling out black propaganda about the internationally sought terrorist Carlos. The Hamburg daily *Bild-Zeitung*,

whose owner Axel Springer is close to the Zionist Lobby's Jerusalem Foundation, yesterday published a sensational story that Carlos had been picked up in Sweden by security authorities but was released again because he held a valid Iraqi diplomatic passport. An independent check into the story by European Labor Party security personnel quickly revealed it as an utter hoax, a wild distortion of a short interrogation of a legitimate Iraqi diplomat traveling to Sweden.

Only the day before, *Bild-Zeitung* had "reported" that the Croatian Josip Bilandzić, who is wanted by the Yugoslav government for war crimes prosecution, claimed that the Yugoslav authorities collaborated with the terrorist kidnapers and murderers of former Italian Prime Minister Aldo Moro.

In Canada, another Jerusalem Foundation conduit, the *Toronto Sun* (controlled by the Bronfman family) has given extensive coverage of a new report by the Institute for the Study of Conflict in London. It predicts that Canada is ripe for "Soviet subversion," with "500 potential terrorists" waiting for orders from Cuba, while the Royal Canadian Mounted Police is understaffed and unable to meet the threat. "These are ruthless groups who would murder," it concludes. "Canada be warned. This could be like Ireland in the 1950s."

All this "psychological conditioning" propaganda coincided with two apparently mysterious terrorist incidents. Late last week a note announcing a hijacking was handed to a stewardess on a TWA flight to Geneva. The note demanded the release from prison of Sirhan Sirhan (Robert Kennedy's assassin) along with a number of Croatian terrorists. But since the note was handed to the stewardess while the cabin was dark, she could not identify the hijacker, nor did any hijacker identify himself then or afterwards.

In the other incident, it was leaked to the West German press that three most-wanted Baader-Meinhof terrorists — Christian Klar, Willy Peter Stoll and Adelheid Schulz — had photographed prison premises and homes of leading politicians from a rented helicopter while under the surveillance of federal security authorities, but nonetheless managed to escape at the last moment. This alleged bungling by the police set off a volley of accusations against Interior Minister Baum and his top associates, mostly issued by allies of fascist Franz Josef Strauss with the aim of discrediting the government in the eyes of the population.

—John Sigerson