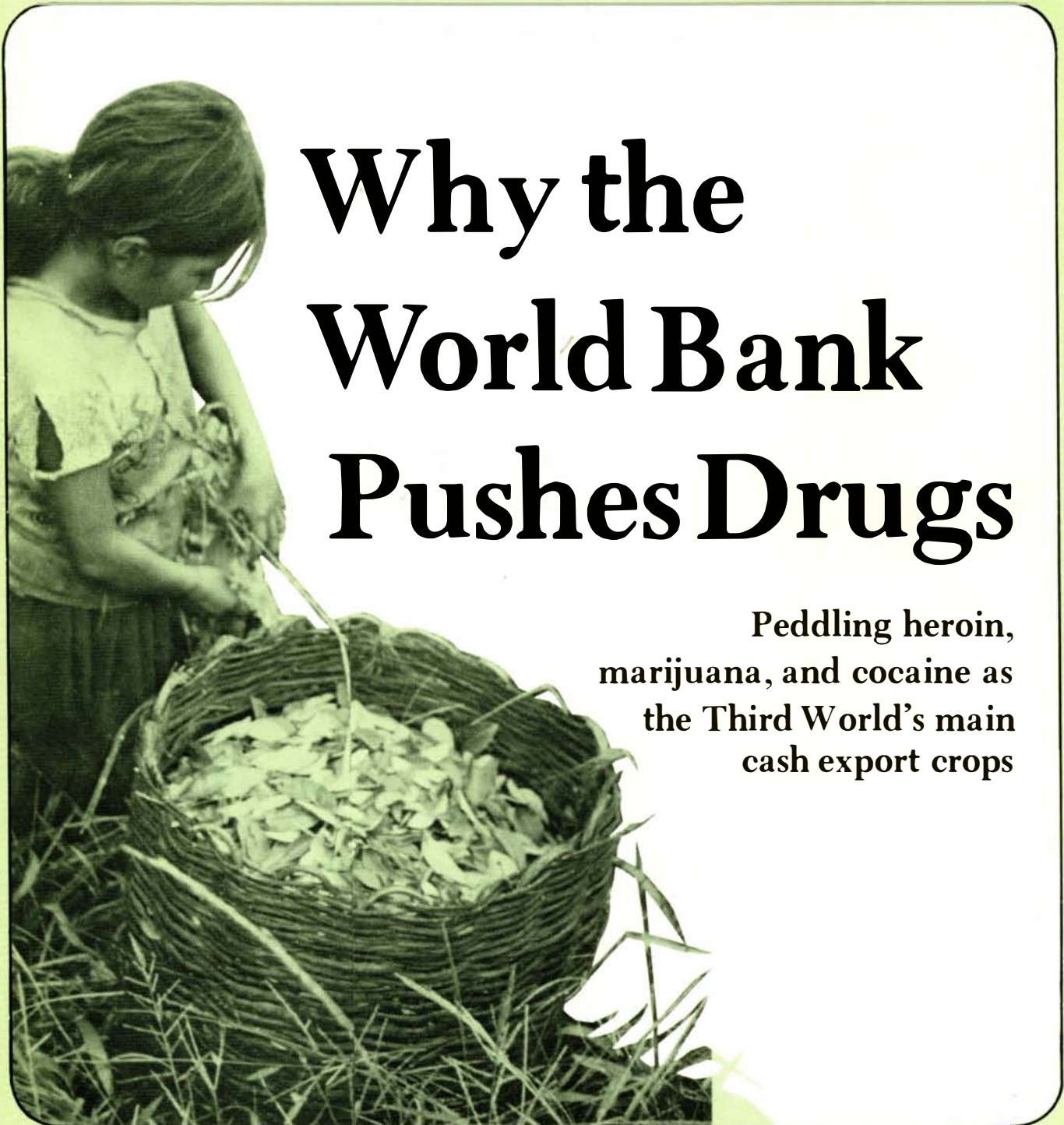


EXECUTIVE INTELLIGENCE REVIEW

September 18-23, 1978

The Bremen Accords
Come of Age



Why the World Bank Pushes Drugs

Peddling heroin,
marijuana, and cocaine as
the Third World's main
cash export crops

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EXECUTIVE INTELLIGENCE REVIEW

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Why the World Bank pushes drugs

Our lead feature, this week's SPECIAL REPORT, lays bare the drug scandal of the century — the World Bank and International Monetary Fund's open encouragement of the production and trafficking of illegal narcotics by debt-wracked Third World countries.

Our SPECIAL REPORT tells how this policy is going into effect in the Caribbean Basin — with the U.S. as the immediate target for billions in marijuana sales. We present, through exclusive interviews, the pushers' own words justifying this "economically sound" policy.

Plus: reports on Mexico's successful paraquat program against drugs; Henry Kissinger and Maoist China's sabotage of Richard Nixon's attempts to stop heroin imports; and the international network of oligarchic, London-centered banking institutions that have dominated the billion-dollar "secret economy" of drugs and other dirty money since the days of the British Empire's Opium Wars.

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On the cover: A Colombian child picks coca leaves from which cocaine will be derived for illegal sale in the U.S.

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Bremen Accords Come of Age

Implementation of the European Monetary System called for in the Bremen accords is moving ahead faster than anyone imagined. The full story is in our ECONOMICS section, in a package prepared by a team of specialists drawn from our Economics and European research staffs. Included: how the EMS will strengthen the U.S. dollar, what is the EMS's relation to the remonetization of gold, and the growing series of trade and development deals centered around the EMS that are revolutionizing "North-South" and "East-West" relations. Plus: the latest British line on the EMS, and British fears that the pound sterling is about to take a nosedive. **page 37**

Hungarian Leader Discusses U.S. Policy

Our Bonn correspondent talked with a member of the Hungarian parliament about Camp David, U.S.-Soviet relations, and East bloc perceptions of the Carter Administration and its approach to key foreign policy issues. His comments, exclusive to EIR, will be an eye-opener for those who have missed the growing sophistication of East bloc policy analysis. Plus, a high-level Soviet analysis of the Camp David summit and its prospects. **page 29**

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Zionists Mobilize For War

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... REPORTED HOW

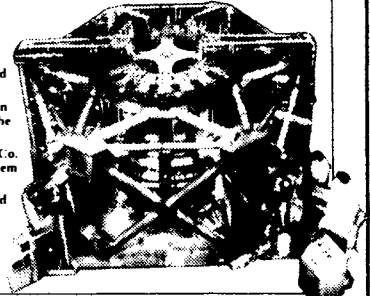
fusion energy researchers in the United States achieved the milestone breakthroughs reported in August, 1978 from Princeton, and what other advances are coming in this clean, cheap and virtually unlimited solution to the world energy crisis . . . how and why there was a massive sabotage attempt against the U.S. fusion program, and who's backing fusion now . . . what were Japan's and the Soviet Union's offers in 1978 to the USA for joint fusion R&D.

EXECUTIVE INTELLIGENCE REVIEW

August 22-28, 1978

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- What the next fusion breakthroughs will be
- How Schlesinger & Co. are trying to stop them
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Europe's plan to win the peace

The EMS provides the alternative to a Camp David debacle

Two press conferences, reports of which are just through at deadline, set the parameters for the world strategic situation. The first, and most important, took place in Aachen, West Germany, the former seat of Charlemagne's empire, where Chancellor Schmidt and President Giscard announced that they would shove the European Monetary Fund down the throats of remaining opposition at the Sept. 18 meeting of European finance ministers. The second was presidential press spokesman Jody Powell's lame announcement that the Camp David summit meeting would continue through the weekend.

Now that the non-outcome of Camp David has been pre-discounted in the international community, the European peace-winning strategy is the center of world affairs. West Germany's Schmidt, Japan's Fukuda, and other world leaders insisted, in repeated statements this week, that the world faced a crisis that could lead it to war; that the crisis was soluble through a Grand Design for world economic development; and that the European Monetary Fund was the "first priority" in this strategy, in the words of both Schmidt and Giscard. With precision, Japanese Premier Fukuda made the same demand in public statements during his Middle East tour this week (see below).

In sharp contrast to the lull at Camp David, the superstructure of the new monetary system that the Europeans and Japanese have proposed, and the Soviets and most of the OPEC countries have assented to, is going up at a speed that not even optimistic observers — including this publication — anticipated. Giscard and Schmidt, the generalissimos of the New World Economic Order, have cut a path through formidable difficulties with an ease that their opponents in Britain and the Benelux, and most American observers, believed impossible only a few days ago.

The Soviet component

Apart from the command of the European situation that the two leaders displayed before the press corps at Aachen, the European diplomacy is the Soviet component.

Following the track projected at the May summit of Schmidt and Brezhnev, the West Germans have given the United States access to a peace-winning approach to Moscow.

The West German Defense Ministry's public attack last week on NATO's Autumn Reforger exercises succeeded in isolating Britain as the bad man in NATO — not the United States — and produced an acrimonious exchange on the subject between the Soviet press and the London *Daily Telegraph*. At the same time, Schmidt and Giscard, and virtually the entire continental European press corps, have pinpointed Britain as the would-be saboteur of the European Monetary Fund.

The outreach of Franco-German diplomacy extends to the Mediterranean countries, whom Giscard wants to bring into the EC to the chagrin of Roy Jenkins's European Commission; to Africa; to the Persian Gulf; and, emphatically, the Soviet bloc. Soviet Premier Alexei Kosygin awarded unprecedented time to a West German economic mission in Moscow this week, extending a Sept. 13 meeting for the stated reason of receiving a briefing on Bonn's efforts towards the European Monetary Fund and stabilization of the dollar! Kosygin's gesture was a precedent-making endorsement of the European Monetary Fund.

How effective this approach is became apparent during the Camp David discussions: President Assad of Syria visited Bonn, discussing major economic development projects with an industrial delegation led by Otto Wolf von Amerongen, West Germany's East-West trader par excellence. Syria's Foreign Minister last week had visited Moscow, and then circulated word of a mutual defense pact possibility with the Soviets for the Arab World, should the Camp David talks break down. Into this set of discussions in Bonn flew Saudi Arabia's Prince Saud al-Faisal for unscheduled meetings with Chancellor Schmidt; reliable sources report that the centerpiece of the discussions was the European Monetary Fund.

The door is open to Moscow, by way of Bonn, should the United States choose to walk through it.

—David Goldman

Threat of war hangs over Camp David

The marathon Camp David fiasco, at latest reports held over into next week with no solution in sight, is under threat of an Israeli war against Lebanon, Syria, and Saudi Arabia immediately after the expected breakdown of the summit.

The Israeli war threat is the leading edge of a general war mobilization by the alliance among Great Britain, Israel, and China. Its centerpiece is a confrontation over the oil supplies of the Persian Gulf.

High-level sources in Washington and key press conduits suggest that the twin crises in Lebanon and Iran might set off a major U.S.-Soviet showdown in the area.

West Germany, Japan, and the Soviet Union last week focused major attention on the danger of an outbreak of war in the Middle East. Chancellor Schmidt, in the midst of a round of meetings with President Giscard of France, President Assad of Syria, and Foreign Minister Saud of Saudi Arabia, told the West German Parliament that "no one could rule out a fifth Middle East war" which would "clearly deepen the continuing structural crisis of the world economy." In Saudi Arabia, Prime Minister Fukuda of Japan echoed Schmidt's exact words after consultations with the Shah and the Saudi rulers.

The Soviets, continually hitting the threat of a U.S.-British armed "Middle East Treaty Organization"

coming out of Camp David, specifically attacked Brzezinski for being the architect of this scheme. Said Radio Moscow, "Camp David is deadlocked."

Geopolitical strategists in London, meanwhile, stepped up propaganda in favor of an imminent eruption of world war over the issue of "Soviet interference" in the Middle East. "It must be clear to the Soviet Union that the oil supplies of the Middle East are one of the West's essential interests," said a London *Times* editorial Sept. 13. "If there is one thing for which it is possible to imagine the allies going to war, it is Middle East oil." Lord Alport, in an accompanying note, said that the "oil-rich areas of the Middle East" are, unlike Africa, not expendable to the Soviet Union and East Europe.

The British, openly conspiring with Prime Minister Begin and the Chinese, are seeking to "encircle" the USSR. Echoing Begin's Cold War-era remarks that he is representing the "free world" at Camp David, Lord Alport concluded that Britain must exert its influence "in the interest of the free world as a whole."

On the ground, the situation in Lebanon is rapidly heading for confrontation. Both rightist Christians and the Lebanese left-Moslem alliance called general strikes Sept. 13 and 15, respectively, to strengthen their positions. According to a Soviet TASS release, the Nazi Falangists are carrying out "incessant" provocations against Syrian troops, while Israel shells southern Lebanon. The Israeli Air Force stepped up aerial reconnaissance over Lebanon, while gunboats of the Israeli Navy coasted just offshore.

Washington analysts, according to the *Wall Street Journal*, expect Israeli air strikes against the Syrian troops in Lebanon immediately after Camp David. And that means virtually certain general war.

Fukuda: Dollar Weakness Endangers World Peace

The following are excerpts from an article on a speech by Japanese Prime Minister Takeo Fukuda that appeared in the Sept. 13 Washington Post.

Japanese Prime Minister Takeo Fukuda warned yesterday that the decline in the American dollar could trigger a major increase in the world price of oil and start a "vicious cycle" that "will be extremely harmful to the world economy."

Fukuda's remarks came at the end of a two-day state visit to Saudi Arabia in which Fukuda held talks with King Khalid and Crown Prince Fahd.

"The situation we are in is similar to the one the world faced in the 1930s just before the outbreak of the second world war," Fukuda said, "and one of the big things in this is the depreciation in the value of the American dollar. If this goes on much longer this might induce another increase in the price of oil."

Fukuda, in unexpectedly strong language that came in an impromptu speech at the end of a press conference, said the Japanese government had

communicated its concern about the dollar and possible oil price increases to the United States and the oil producing world. Fukuda has been visiting oil producing states in the Persian Gulf this week.

"If the oil producing countries raise the price of oil to keep up with the depreciation of the American dollar, this will further increase the decline in the value of the dollar," Fukuda said.

"Thus the value of the dollar and the price of oil may indeed start a vicious cycle. This cycle is going to be very difficult to stop. This will be extremely harmful to the world economy."

Last month, Prince Fahd told a Kuwaiti newspaper that Saudi Arabia remains strongly committed to the dollar as the oil pricing currency and would resist any OPEC move to raise the price of oil this year.

Fukuda commended Saudi Arabia's stance in OPEC meetings as "extremely helpful to the stability of the world."

Carter's way out: SALT

Late reports of progress in the U.S.-USSR arms limitation talks, and emphatic support for an early SALT treaty from the U.S. Joint Chiefs of Staff, are providing a critical opening for the Carter Administration to supersede its vacillation and weakness at the Camp David Summit.

The alternative raised by the SALT talks is for the U.S. to join in the war-avoidance policy enunciated by the organizers of the European Monetary Fund: East-West collaboration and economic development.

On Sept. 15 Paul Warnke, chief SALT negotiator just back from a round of talks in Moscow, told a Washington, D.C. audience that an agreement on SALT may well be reached before the end of the year. Newspaper reports that President Carter will postpone signing an agreement for fear of Senate rejections before the elections are untrue, Warnke told the Federal Bar Convention.

Three days before, a spokesman for the Joint Chiefs of Staff declared, "We are firmly behind a SALT treaty." "It is critical that a SALT treaty go through,"

he added, "because our ability to work things out in other areas hinges on SALT."

This unqualified support from the U.S. military will be a powerful ace in Carter's hand in getting SALT through Congress. Moreover, both pro- and anti-treaty congressional leaders confirm that there is no groundswell of sentiment against a SALT accord either in Congress or in the general population. "Jackson and Moynihan will be isolated against SALT," said one aide about two of the Senate's hardest-line Zionist lobby warhawks.

Another Senate staffer noted that the shift by the Joint Chiefs to support of SALT will help Warnke reach an agreement with the Soviets soon.

Such an agreement would open the door for a meeting between Carter and Soviet President Brezhnev, which the Soviets have repeatedly said depends on a SALT accord. European leaders have made it clear that they hope such a summit between the U.S. and Soviet heads of state will follow the lines of the historic meeting between West German Chancellor Schmidt and Brezhnev — the summit that laid the basis for the European-Japanese drive for a new world monetary system — and bring the United States into this "Grand Design."

Kissinger's executive seminars disorganize U.S. business leaders

A lavishly publicized and appointed executive seminar series being run by the Georgetown University Center for Strategic and International Studies under the direction of Henry Kissinger, which began the week of Sept. 11, has as its goal the brainwashing of top U.S. corporate executives into accepting the Bank of England's scenario for collapse of the U.S. economy.

Starting in Washington, the seminar, the Georgetown-Oxford Executive Training Seminar under the auspices of CSIS's "Future Business Program," will fly 18 top corporate executives to Oxford University in England for extended "sessions" with leading British bankers Sept. 17 to Sept. 25, and will conclude with five days at NATO headquarters in Brussels.

Details of the seminar's purpose were obtained following a secret planning meeting for the series, and have since been confirmed in both interviews and the press.

According to information gleaned by *EIR* following the planning meeting, the seminar will seek to convince American business leaders that the only

solution to the dollar problem and America's domestic economic difficulties is extreme cuts in the federal budget. This is precisely the scenario for collapse of the U.S. economy spelled out in a secret Bank of England memorandum obtained and exposed by this publication two weeks ago.

Confirmation that the seminars have as their other primary objective the undermining of U.S. support for the European monetary system, also as per the Bank of England report, came in an article in the Sept. 13 London *Guardian* by the paper's Washington editor, John Palmer. "Senior Administration officials" at the seminars, Palmer reported, including Henry Owen, formerly of the Brookings Institution and currently President Carter's Assistant on Economic Affairs, "gave polite, if very general, support to the current moves within the Common Market to erect a European Monetary System. But in private many of them express the fear that such an initiative could be taken to reflect a lack of long-term European confidence in America's ability to keep a strong dollar at the heart of the present world monetary system."

Owen, he said, saw "potential dangers to Western

unity if inflation proved persistent and if the Soviet bloc maintained its military challenge in Central Europe."

Further, Palmer wrote, "The Europeans and the Americans" at the seminar "are of one view that the long forecast energy crunch is still on the agenda for the industrialized world."

Among Kissinger's accomplices in the CSIS seminars from the business community are Exxon senior vice-president John C. Clarke, a member of the seminar's advisory committee along with top officials of Britain's Midland Bank and Thompson organization; Mobil Oil public relations director Herbert Schmetz, who arranged funding for the Georgetown-Oxford seminars; and Gulf Oil chairman Jerry McAfee, a board member of the British intelligence-controlled Bank of Nova Scotia. Corporations whose senior officials have been lured into the dirty operation include Northrop, Continental Oil, Amoco, Bank of America, Phillip Morris, FMC, Dresser Industries, General Electric, Allis Chalmers, and G.D. Searle.

Kissinger is concentrating on British covert operations against the American corporate sector, to prevent collaboration between American business and the Western European and Japanese policy initiatives towards a new monetary and world trade system centering on the new European Monetary Fund.

Among other activities by Kissinger, the U.S. Labor Party has corroborated testimony from well-placed corporate officials proving that Kissinger has tried to sabotage Labor Party contacts with the business community on an enormous scale. During the month of July, Kissinger personally intervened to prevent meetings between USLP National Chairman Lyndon H. LaRouche, Jr. and midwestern business leaders. Since then, Kissinger and associates have sought to prevent similar contacts involving at least several score of leading corporations. Kissinger's wrath is directed at the Labor Party because the Labor Party is the leading representative in the United States of the development principles behind the European Monetary Fund.

Inside Kissinger's Georgetown Brainwash Sessions

An Israeli source working closely with the "Future Business Program" of the Georgetown University Center for Strategic and International Studies told EIR this week about the details of the Program's multi-levelled efforts to destroy state sector economies internationally and to organize the American, Western European, and Japanese corporate elite on a rigorous "geopolitical" basis. Among the features of this program, the Israeli source revealed, are the current "Georgetown-Oxford Executive Training Seminar," which takes selected corporate executives on a London-centered world training tour; and a recent Henry Kissinger-orchestrated meeting of the first annual "International Business Council." At the latter's first meeting last week, the Israeli source strongly implied, the discussion focused on implementing recent Bank of England and Jacob Javits initiatives to put the U.S. economy under rigorous international Monetary Fund control.

Q: What is happening with the Georgetown-Oxford Executive Training Seminar?

A: This is a fantastic success! It's getting off the ground this week, with 18 executives, upper ranked executives who are all really good people, each appointed by their companies, who are shelling out \$3000-\$4000 per just for transportation to see this through. Among the companies are GM, Braniff, Schearing-Plough, Time-Life Books. Coke had to leave, cancel at the last minute, which is too bad. It will be done again next year, it's the best thing happening in Future Business. Everything is geopolitical about business these days, you know!

Anyway, Future Business works on five levels at least. Give you an example, but this is very hushed up stuff, between you and me. This past week, Thursday and Friday, it had its first annual International Business Council meeting, with all the attending International Councillors! There were Mr. Toyota of Toyota himself, Philips of the Dutch company, the Chairmen of International Nickel, Alcoa, Westinghouse (Kirby), Nat Samuels of Kuhn Loeb, John Whitehead of Salomon Brothers, Olayan of the Olayan Group, which has a joint venture operation with Bechtel and operates out of Riyadh/Jedday, but mainly works out of London and New York, and E. Japhet, the Chairman of the Board of Bank Leumi, which is capitalized at around \$10 billion.

Henry Kissinger is actively running the Councillors program. He chaired all the sessions, he's thrown his name fully behind it, and, more important, he's outlined material as follow-up for CSIS. For Thursday-Friday, Kissinger ran discussions on some really big programs. We're not talking about inflation anymore, we're way beyond that. I can't broach the subject on the phone. Broadly, the subject is the following: it's the terrible lack of capital formation: it's very hard to raise money on the capital markets, when the government is sopping up all the credit on the international bond markets. Corporations have to find a way to deal with this, and this is what Kissinger and others discussed. The meetings were absolutely closed. Twenty-one Congressmen and Senators were brought in, that shows the power of this group.

Why the World Bank pushes drugs

London's new Opium War hits the U.S. and the Third World

By the end of this month, the East Coast of the United States is scheduled to be inundated with over 120,000 tons of "high-quality" marijuana from Colombia.

While numberless dealers, mafiosi, and streetcorner hoods will no doubt profit from this drug-trade bonanza, what the average citizen thinks of as "criminals" will not be its primary beneficiaries — or its prime movers. As this report will show, the threatened tidal wave of drugs is the first phase of a deliberate and operational plan by the World Bank, International Monetary Fund, and allied London, Amsterdam, and turncoat American financiers. They are engaged in forcing major portions of the Third World to abandon "expensive, wasteful" development hopes and become profitable, starving narcotics plantations. The minds and bodies of America's youth are to be sacrificed to this debt-and-austerity imperative along with the lives of millions in the Third World, even as these bankers extoll the economic benefits of expanding the drug trade.

Nations such as Jamaica and Colombia, which ought to be moving toward full participation in world industrialization, are instead being driven by the IMF and related institutions into pre-Stone Age forms of agricultural production and comparable levels of disease, ignorance, and poverty. Whatever the local variations, the result is a replication of the death-camp and slave-labor policies that reached their

fullest expression in Hitler's Germany. Now these countries are being ordered to eliminate production of food in order to grow marijuana, opium poppies, and cocoa, to starve themselves in order to produce narcotics for the addicts in the U.S. and other advanced-sector nations — and so gain the foreign exchange to pay their debts to the IMF et al.

And this is not the end of the ugly truth about the World Bank and Co.'s drug pushing, but only the beginning. The international narcotics trade is presently estimated to be, conservatively, a \$100 billion operation. Most of these revenues do not go to the peasant producer nor to the street salesman, nor even to the syndicate wholesaler. The greatest mark-up is taken by the drug financier at the point that the narcotic is shipped by plane or boat from the underdeveloped producer country to the advanced-sector country, notably the U.S.

That mark-up, on the order of 30,000 percent, is one of the highest known in the retail trade. It provides a near \$100 billion slush fund to the world's "black financiers" and their oligarchic political allies. Thus it is the same dirty drug money, this gigantic slush fund, that has been running the economic warfare operations against the U.S. dollar, buying up U.S. corporations for asset-stripping, and providing the funds for the "left" and "right" terrorism that is deployed to protect the oligarchic and banker cliques who run this dirtiest of all dirty operations.

1. The plantation plan for the Caribbean

International drug racketeers in Colombia have increased the land under marijuana cultivation in that country from 100,000 acres at the beginning of the year to 300,000 acres today — an area half the size of the state of Rhode Island — according to the *Washington Post* of Sept. 2.

Going for \$50,000 per ton, next month's "cash crop" will net the banking circles that run the international drug trade a cool \$6 billion on the wholesale level. On the streets of America's major cities, the marijuana will be sold for anywhere from \$35 billion to \$60 billion.

That's the year's astounding "take" from just one

drug-producing country, Colombia. The strategy, however, is to turn the entire Caribbean Basin — including the Central American nations, Colombia, Venezuela, and the Caribbean islands — into one gigantic drug plantation. As the *Post* casually explained, "A smuggling infrastructure developed over the last two years has turned 'pot' into the Caribbean's biggest industry."

What the *Post* didn't say is that the reduction of this region into a poverty-wracked, bestialized drug economy is the direct outcome of years of International Monetary Fund pressure on those

nations. The literally genocidal conditions of debt repayment demanded by the IMF have driven the Caribbean and Central American nations to resort to "quick cash crop production" in order to generate urgently needed foreign exchange. More often than not, the most lucrative "cash crop" turns out to be marijuana or some other narcotic.

Last week this news service learned that Guyana has capitulated to IMF arm-twisting. Following months of IMF-imposed import cutbacks and other murderous austerity conditions, the government has acquiesced to growing marijuana in the country's northwest, in a pathetic attempt to alleviate Guyana's balance of payments crisis. Jamaica has also been subjected to almost unbearable IMF pressure to legalize local consumption of marijuana, and in that way turn the island into a tourist haven for pot-headed American and European youth.

The Nicaragua connection

Part of the story behind the Vietnam-style civil war erupting in Nicaragua is this Anglo-centered drug-running operation.

Since Carter's inauguration almost two years ago, Zbigniew Brzezinski has masterminded a strategy to destabilize the entire Caribbean region with a series of "human rights" campaigns, and then move in reliably manipulable regimes under the direction of the London-directed Socialist International. The goal is to isolate Cuba's influence in the area, and that of the Mexican republic's aggressive industrial development policies, and in that way ensure that the IMF and associated policies have unchallenged hegemony.

The model is the Dominican Republic, which earlier this year elected Socialist International confrere Antonio Guzman President after Brzezinski, with help from social democrat Mario Soares of Portugal, had destabilized the unreliable Balaguer regime.

In Nicaragua, the 40-year-old Somoza dynasty has outlived its usefulness to the Brzezinski-British forces — not because the current dictator is opposed to the IMF or to drug-running (he isn't), but because he is so widely despised by the population that sooner or later he would be overthrown in any case. The current virtual civil war in Nicaragua demonstrates that fact.

Rather than being caught unprepared, the British prefer to have a voice in replacing Somoza, and have therefore chosen to back factions within the Sandinista guerrillas and the business-linked Broad Opposition Front. One top level Brzezinski policy planner bragged hopefully to NSIPS this week that the Nicaraguan situation is "totally under control — just like Angola was with our friend Holden Roberto, until the damned Cubans stepped in to mess up the works." He went on to express confidence that this time the Cubans would keep hands off.

The economic side of this "social democratic" approach to installing drug economies in the Caribbean is the World Bank. The World Bank recently established the so-called Caribbean Consortium, a fund which encourages economies being subjected to IMF strangulation to engage in Maoist "local agricultural production" to generate foreign exchange. To entice them, the Consortium has pooled a pathetic \$120 million from the U.S., Canada, Venezuela, and Britain, to be doled out with an eyedropper to the IMF's desperate victims.

2. How the pushers sell drug economics

World Bank officer:
"They couldn't find a better product"

A statement by John Holdson, the senior official for Latin America in the World Bank's International Trade and Monetary Flows department, Sept. 8:

"I haven't looked at Colombia's drug industry, although I've just returned from Bolivia, and I know that the coca industry there is highly advantageous to producers. In fact, from their point of view, they simply couldn't find a better product. Its advantages are that no elaborate technology is required, no hybrid seeds, the land and climate are perfect..."

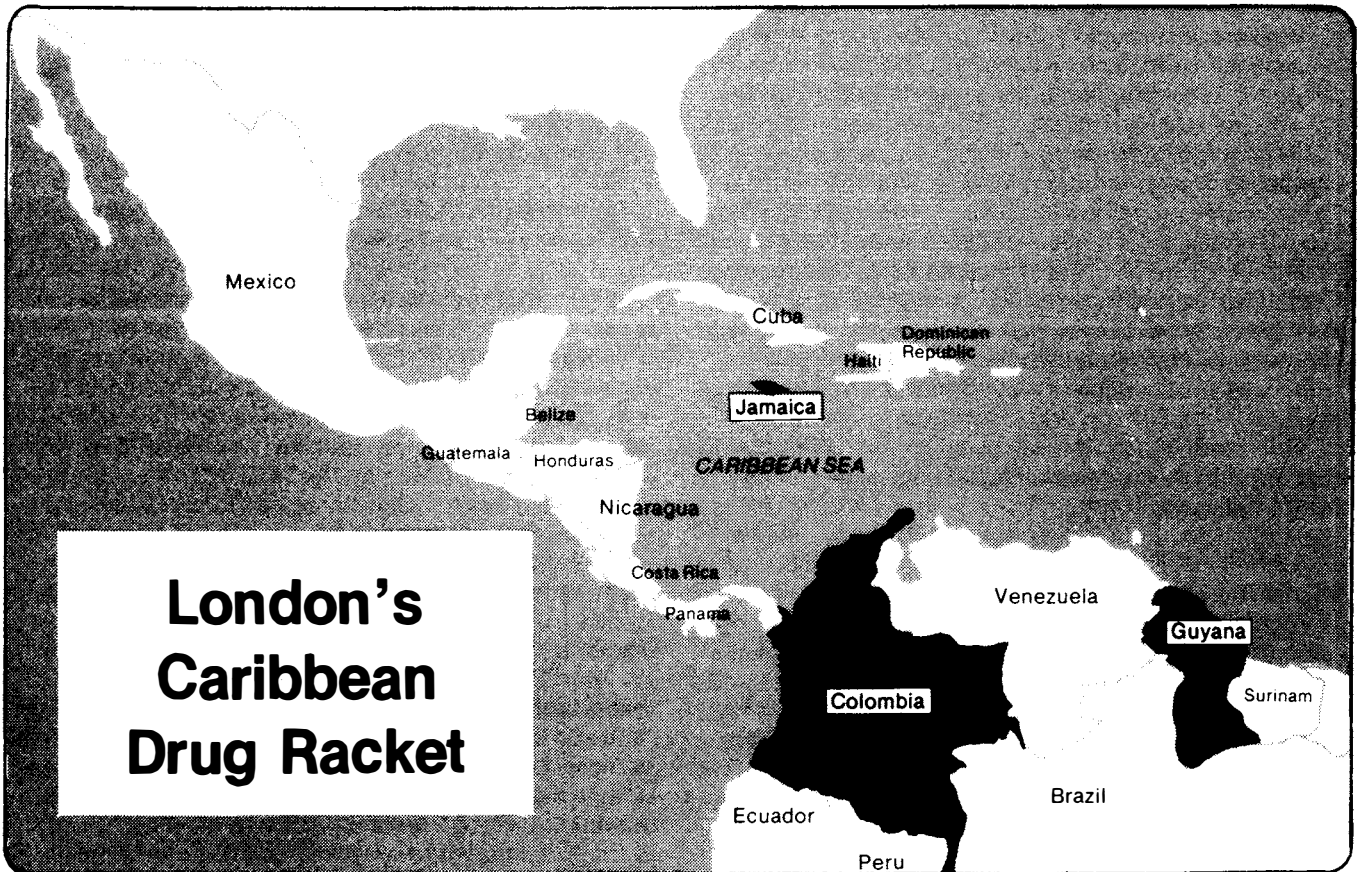
IMF official: "Economically, marijuana is just another crop"

From an interview last week with a Colombia specialist at the International Monetary Fund:

Q: There have been statements coming from prestigious layers inside Colombia, such as the head of the Banco de Bogota, which urge the creation of some form of mechanism which could channel the flow of illegal monies coming off of drug trafficking through the Central Bank of Colombia or "to give these highly liquid assets a constructive outlet" as one American banker noted to me. What sort of mechanisms do you think might be considered?

A: Well, I think it highly improbable that the government of Colombia would consider legalization of marijuana given the intense pressure they are under from the United States. And besides, they already have 2.1 billion dollars in reserves and 7 million sacks of coffee just sitting there. I don't know what they would do with any more money coming in.

Q: It has been observed that the Colombian government faces two alternatives: to either legalize drug



London's Caribbean Drug Racket

cultivation and export, or ignore the parallel economy. It appears that an all-out eradication program is a third alternative.

A: Well, an eradication program would mean militarization of those areas where they grow the stuff, and besides, the country would face the problem of having to provide an alternate crop for the population to grow there. That would take several years at best.

Q: And yet to simply ignore the parallel economy means to let it grow to the point at which it would just swallow up and destroy the national economy.

A: But there I must absolutely disagree with you, with the last thing you said. It would not destroy the national economy. From an economic viewpoint, the marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants.

Q: But it doesn't represent productive investment in the economy...

A: Well, what kind of productive investment is the armaments industry? Drugs may destroy the health of the people who use them but weapons can destroy the whole world.

Q: But the armaments industry is a thoroughly legal enterprise, and its funds are totally regulated...

A: Well, you know, legality is a relative concept. In a few years, marijuana may become legal anyway.

U.S. bankers: "Drugs are a stable source of income"

From a series of conversations last week with top international bankers in New York City:

"There's no question that the Colombian government is not going to risk the displeasure of the United States by legalizing the drugs, but that leaves the government with only two choices: either ignore the drugs trade, as they pretty much have been doing, or find some way of bringing it into the economy...they want to make the nouveau riche 'legal citizens' again, you know, giving their highly liquid assets some constructive outlet...You know Colombia's roads are a mess, they could start rebuilding them, building schools, clinics in the countryside...Lopez had the coffee reserves and didn't use this and caught a lot of flak for it...Turbay appears to be a doer, not just a talker..."

"Coffee prices are simply too unstable, always

fluctuating on the world market you know...Drugs, on the other hand, provide a stable source of income at all times. With coffee prices like they are, Colombia will never get its development going, can't make plans like the oil producers can..."

"Colombia is not about to legalize drugs, given the pressure from the U.S., but doubtless some Colombians are looking at all the money and thinking how it can be used in the economy...There's no precedent for these kinds of 'mechanisms' that you're talking about, but I happen to know that the World Bank has been pressuring some Latin American countries — not Colombia as far as I know — to find some way of statistically accounting for their contra-band flows."

Colombia's 'left' press: "Marijuana for the workers"

From the "left" Colombian magazine Alternativa of July 1978:

Approximately five thousand families in Riohacha depend directly on the marijuana business, and although there is no quantitative data of the direct and indirect number of jobs generated by this activity, undoubtedly it has brought in a great deal of personnel to the industry....What is true is that the high salaries paid by the (marijuana — ed.) industry have bettered the buying power of the workers tied to it which has had favorable repercussions on other salaried layers: the capitalists of the traditional agricultural sector, the cotton, banana, and rice growers have been forced to better the salaries of their workers, pressured by the movement of the labor force towards the marijuana sector.

The marijuana bonanza on the other hand has generated regressive migration from the city to the countryside. Before the surge in its (marijuana — ed.) cultivation there was a constant flow of peasants to the city, displaced by the large latifundistas (large land owners—ed.) who needed adequate land for extensive cattle production...

The effects of the marijuana bonanza is not only reflected in the economy. To the extent that this activity generates certain stability and economic power, it's reflected in turn in politics, as occurred with coffee in the past. In this context, one could think that our economic crisis would be more acute if there was no marijuana bonanza and thus the existing

political structure could not have sustained itself given that the (drug — ed.) traffic generates employment in the countryside and in the city, which produces interesting effects on our economy which permits the maintenance of the state of things, and provides a certain mechanism of adjustment.

From an article in El Spectador, one of Colombia's two leading dailies, by Rojas Morales:

...There is a great deal of money that was thrown out of the normal money flow by the last tax reform or which comes from the many businesses which are prohibited by law but which exist in reality. This money does not reach the banking system, nor are they accounted for as invested savings, they are dedicated to unproductive speculation....

Land and safety deposit boxes have become the most generalized form of freezing large amounts of capital whose social function should be that of creating employment and the generation of additional fiscal resources...

Another important intervention is the need to turn around the existing tendency of "expensive money and cheap salaries" through the reduction of the existing high interest rates in order to allow (this money—ed.) to be channeled by businessmen into real salary increases. The increase in available capital obtained through the legalization of the "illegal" economy will permit, without traumas to the bankers, the drastic reduction of the usual retribution that is now demanded by the owners of financial savings....

Apparently these proposals could have the flavor of imaginative audacity or of unpardonable cynicism, but (these proposals — ed.) are only the result of not closing one's eyes to the overwhelming reality...

The new rich can not continue spending their money on foreign trips, paying ransoms for kidnapping, or importing luxury cars, without generating any other employment than a few personal bodyguards. Their investments can not be circumscribed to speculating on land or the buying up of industries that are already functioning, but without any additional productive effect.

Giving the "illegal" economy a way to be channeled into the normal (money — ed.) flows will not benefit those that have constructed it...but on the other hand it will strengthen the shaky economy where those that fear to dirty their hands in wicked business work without stopping.

3. How Mexico waged war on drugs

A prime reason that Colombia has been targeted as a major producer of illegal narcotics is that nearby Mexico has successfully refused to continue to play that role, just one aspect of its definance of the International Monetary Fund's ban on high-technology development.

Likewise, Mexico first "inherited" the drug trade when Turkey began its crackdown on outlaw drug production. The effective ban on the legal growing of poppies initiated by the Turkish government in 1972, in collaboration with the U.S. government to eradicate heroin production in Turkey, forced the British-Shanghai drug-running networks to move their operation elsewhere.

When the then Drug Enforcement Agency (DEA), together with the Turkish government, began their offensive against heroin production, Turkey was providing the U.S. with 75 percent of its heroin supply. Now Mexico was chosen to take over Turkey's role as the U.S.'s main supplier. Conditions in Mexico were perfect. The marijuana drug-running networks were already in place and there was no transportation problem, given Mexico's proximity to the U.S. The northern region of the country, where most of the heroin and the bulk of the marijuana were being grown, was snugly in the hands of or protected by the large landholders (*latifundistas*), historically a key link in the world's British-dominated drug-running networks.

Within two years Mexico was turned into the major supplier of heroin to the 500,000 heroin addicts in the U.S., providing 89 percent of consumption. Seventy-five percent of the marijuana consumed in the U.S. also came from Mexico.

By the end of 1974, it became clear to the government of Mexican President Luis Echeverria that the land-based, military-police efforts to eradicate poppy production were doomed to be a losing battle. The paramilitary drug apparatus was well organized and offered full protection to the peasantry engaged in drug cultivation, while ensuring that antidrug forces in the region did not live long. According to the DEA, after "intensified diplomatic efforts by both countries to find a basis for a solution to the problem," the Mexican government asked for U.S. assistance.

Targeting the regions

Mexico's war against drugs, Operation TRIZO, was divided into two phases. During the first phase, the known drug-growing areas were divided into five zones. A war room was set up with maps of the targeted zones. Then, using ultramodern detection equipment, perfected during the 1960s, the operation TRIZO teams made photographic studies of the zones;

with special cameras, they detected the location and size of both marijuana and poppy fields.

In addition to U.S. technical assistance, such as helicopters, planes, aerial photograph equipment and spray equipment, DEA personnel began training members of the Mexican Federal Judicial Police (MFJP) and antinarcotics personnel to be able to continue directing the drug eradication program once U.S. advisory assistance was no longer necessary.

It was Mexico that made sure that the U.S. drug eradication program gave stopping marijuana production the same priority as stopping heroin production. A White House paper prepared by President Ford's Domestic Council on fighting marijuana cultivation stated that the U.S. could not assign marijuana the same priority as heroin. But in a press conference given in Mexico City in 1975, the Attorney General of Mexico Ojeda Paullada responded to this statement by saying, "This (question) is one of concern to us because, in the first place, we are honor-bound by an inter-treaty to prohibit this substance as indeed is the U.S. . . .

"Second, as I have repeatedly pointed out to visiting U.S. officials, it has been persons who traffic in marijuana are the same ones who traffic in heroin."

The DEA-proposed spraying program that began in January of 1976 included the eradication of marijuana and heroin.

Targeted areas were put under military control, road blocks set up, leading Mexican drug dealers jailed, and *latifundistas'* lands were expropriated. Poppy and marijuana fields were bombed with the herbicide Paraquat. Paraquat was chosen and recommended by the DEA because of its lack of harmful effects on personnel using the spray, on the peasant populations or on the soil. Precise mapping of the drug fields enabled planes to destroy only targeted plantations, not crops.

The end of Phase I four months later netted a total of 22,887 poppy fields for a total of 14,000 acres of poppies.

Phase II of the operation went into immediate preparation. On May 10, a 25-day reconnaissance mission was launched using U.S. aircraft flown by DEA pilots and crews, and accompanied by MFJP spotters. Areas under surveillance were increased by an additional 9,000 square miles.

The second phase of TRIZO began in September of the same year. According to a DEA report on the program, "During the first five weeks of the new campaign, 1,116 acres of poppy fields were destroyed, as compared with 405 acres during that same period the previous year — a ratio of almost three to one." The military remained in the sprayed area, thus

insuring that replanting would not occur. According to the present Deputy Head of the Mexican Drug Control program, "The Americans have confirmed that there is less Mexican heroin in the U.S. and that its purity is down to about 4 percent from 40-50 percent three years ago." There has been a 50 percent reduction in the number of deaths due to heroin overdose reported in the 1977-78 period.

In terms of the effectiveness of the marijuana spraying program, Mexico's Assistant Attorney General Alba Leyva told a *New York Times* reporter last May that "we found loads of sprayed marijuana dumped by the roadside because the sellers couldn't find a buyer for it. . . the traffickers aren't stupid."

New drug haven in Colombia

Once it became clear to the controllers of international drug trafficking that the U.S. and Mexico were committed to ridding both countries of drugs, new areas for cultivating poppies and marijuana had to be found. Colombia presented an excellent solution, having perfect conditions for growing and smuggling marijuana — a huge coastline, access to two oceans, and a poverty-stricken population which could be brought into a production-processing apparatus. In addition, the thousands of families involved in coffee-growing, as well as the coffee-processing, packing, and shipping apparatus could easily be converted to produce, process, and ship marijuana.

Billions of dollars were immediately pumped into the northern region of Colombia. Peasants were bought off or coerced into planting marijuana instead of traditional crops. Irrigation systems were set up, and agronomers were sent to offer credits and "teach" the peasantry how to get a better yield and more "potent" crops. The three major cities in the region, Santa Marta, Riohacha, and Barranquilla, were turned into centers for drug money transactions. Over 100,000 people are now directly or indirectly involved in the drug-smuggling operation, as body guards, paramilitary personnel, growers, pickers, processors, or runners of the crop to the "mother boats" which wait out at sea to bring the marijuana to the U.S. Within two years, Colombia has replaced Mexico as the major supplier of marijuana to the U.S., supplying it with 75 percent of all the marijuana consumed.

Pothead media mourn Mexico drug destruction

Alternativa, Colombia, Aug. 1978: Mr. Bensinger (head of the U.S. Office on Narcotics) mentioned the success of similar (militarization — ed.) measures taken in Mexico, also under pressure from the U.S. In effect in Mexico, and particularly in the state of Sinoloa, drastic militarization measures have included intense bombardment of the marijuana and poppy areas with disastrous effects for the affected zones. The indiscriminate use of herbicides, defoliants and even Napalm to destroy the huge plantations from the air has produced irreparable ecological damage, destruction of subsistence crops and poisoning of the waters and animals. Not to mention the physiological consequences for the population in general...

High Times, U.S., Nov. 1977: The government doesn't call it a war — they say it's a "police action" against heroin dealers. But it is really an illegal, undeclared military campaign with full air support and biochemical weapons trained against a few million defenseless peasants and some fields of flowers.

This much is known: The United States is involved in its largest direct intervention in a foreign country since the Vietnam War. The enemies this time are Mexican campesinos and marijuana exporters working high in the Sierra Madre that overlooks the Pacific Ocean...(with) indiscriminate use of defoliants proven to cause birth defects, disease and wanton destruction of plant life throughout the countryside. By the time the Dope War grinds to a halt, nearly a fifth of Mexico's soil will be a poisoned wasteland where nothing will grow.

Thousands of acres of marijuana and poppy plants gassed and burned on orders of the DEA.

100 or more dead.

Above all, 3.8 million peasants condemned permanently to live in below-subsistence poverty.

4. How Kissinger blocked U.S. antidrug policy

When President Richard Nixon launched a campaign in 1971 to shut down illegal drug traffic into the United States, he had no idea of the machine he was taking on.

Unknown to himself and his close colleagues, such as Nelson Gross, who headed Nixon's antidrug drive, and William Rogers, Secretary of State, he was crossing with the coordinated financial, intelligence, and dirty tricks networks of the London banks which run the British Commonwealth countries, and their Amsterdam, Swiss, Knights of Malta, and other "black nobility" and associated allies. These are the networks which run most of the world's terrorist and political assassination networks, launch regional wars, run organized crime, prostitution, pornography, gambling, and use a portion of the accrued funds from these activities to control key news media in the U.S. and other countries.

Nixon was ignorant of these elementary matters. As a result, he was clobbered, and no one at the upper levels of the U.S. government has subsequently made a serious effort to continue his antidrug fight.

What useful partial element of knowledge President Nixon did reflect — indeed the knowledge was widespread in federal law enforcement circles during the 1950s and 1960s — was the crucial involvement of the People's Republic of China in the opium and heroin trade.

It was that particular insight that London's top man in White House circles, Henry Kissinger, set out to destroy — and Richard Nixon along with it.

Heading For Watergate

It was June 1971. The President had just launched his promised "all-out war" on drugs. By September 1971 he had assembled a Cabinet Committee for International Narcotics Control under the day-to-day oversight of Egil Krogh and his trusted protégé Nelson Gross. The Committee's members included Secretary of State William P. Rogers, Secretary of Defense Melvin Laird, Treasury Secretary John Connally, Agriculture Secretary Earl Butz, Attorney General Robert Mitchell, and CIA Director Richard Helms.

Impressed with the need for "hard" intelligence, Nelson Gross, with the special cooperation of Melvin Laird, began flying F-4 and SR-71 reconnaissance missions over the "Golden Triangle" — the opium-producing areas of southeast Asia — including the relevant poppy-cultivating provinces of the People's Republic of China (PRC). The intention of these reconnaissance flights was to produce a "poppy map" of the world.

Learning of these efforts, National Security coordinator Henry Kissinger ordered the termination of the reconnaissance flights because, he said, they

threatened the U.S.-Maoist China rapprochement he personally was coordinating.

Frustrated on the reconnaissance front, Nelson Gross shifted his emphasis to the diplomatic front. He ordered U.S. ambassadors serving in opium-producing countries to draw up action programs for shutting down the illicit traffic coming from those countries. Gross also proposed that the U.S. use its veto power in the IMF and World Bank and the threat of a cut-off in U.S. aid efforts, as bargaining leverage against those countries refusing to cooperate with the U.S. in its war on illegal drugs.

Once again Kissinger intervened to wreck these initiatives. In a lengthy policy paper, Kissinger argued point by point that Gross's proposals were "unworkable." When accusations were heard in Washington that Communist China was the principal source of the cheap, high-grade heroin then flooding U.S. military installations in South Vietnam, Kissinger defended the PRC against such accusations.

The PRC involvement was hardly secret. There were two decades of U.S. government intelligence reports on the subject. There was Soviet eyewitness testimony. There was the widely publicized — and uncontested — statement that Chinese Foreign Minister Chou En-lai had made to Egyptian Premier, Abdel Nasser, among others. A close adviser to Nasser, Mohammed Haikal, reported in his book *The Cairo Dossier: From the Secret Papers of Gamal Abdel Nasser* (Vienna, Munich, Zurich, 1972), p. 260:

One of the most remarkable statements Chou En-lai made on that evening (June 23, 1965, while on a 12-day trip to Egypt) during our discussion of the demoralization of American soldiers was that: "Some of them are trying opium and we are helping them. We are planting the best kinds of poppies especially for the American soldiers in Vietnam." Nasser appeared to be somewhat disturbed, but Chou continued: "We want them to maintain a large army in Vietnam that will serve us as a hostage, and we wish to demoralize the troops. The effect of this demoralization on the United States will be much greater than anyone can imagine."

Despite the evidence of Red Chinese involvement in the illegal heroin traffic, Nixon, now under the full pressure of Watergate, yielded to Kissinger's fairy tale that the Communist Chinese were not thus involved.

From 1972 on, in a parody of George Orwell's "thinkspeak," government officials were forced to swallow Kissinger's 180-degree aboutface on PRC heroin involvement. Not one government official contacted by this news service was able to cite any actual new evidence brought forward to justify this abrupt and total intelligence shift.

Congressman John Ashbrook (R-Ohio) however, was sufficiently disturbed to protest on April 25, 1972 that "There is a conscious effort to cover up Red China's nefarious part in the international illicit drug traffic."

With Nixon and his "all-out war" on drugs out of the way by 1974, British intelligence networks in the U.S. moved into their second phase of implementing the Kissinger-New Left "China opening" policy, the

domestic correlate of which was to put the nation's population on heroin and other drugs, by moving to dissolve the counterintelligence and special operations capacities of the CIA, which Nixon had been seeking to mobilize for his antidrug fight. In chorus, the *New York Times*, *Washington Post* and other London-linked media simultaneously denounced the "illegalities" of the CIA — while calling for illegal drugs to be made legal!

5. Finance and drugs: the London connection

Until the 1920s or so, as the historical and diplomatic record so richly testifies, it was no secret to anyone in informed government circles that it was London and its historical financial and oligarchical allies that were the controlling and profiting elements in the international traffic in drugs.

So contemptuous, in fact, were London and allied circles of the ability of sovereign nations to halt this traffic, that British colonies still openly published the percentage of colonial revenues derived from government opium monopolies. (See Table 1.)

It was only out of subsequent prudence, following the First World War, when the U.S. became the nominally dominant financial power of the world, that London banks controlling the trade began scurrying to conceal their tracks, making avail of the preeminent control they exerted over the main U.S. publishing firms as the channel for this fraud.

Despite the subterfuge, the tracks are still there. With minor modifications and expansions, the same London, Amsterdam, and associated "black nobility" families and factions (Knights of Malta, Order of Orange Nassau, and so on) who founded the international illegal drug trade two centuries ago are still running the trade today.

The paradigm: Crown Colony of Hong Kong

The Hong Kong situation is exemplary. A British Crown Colony to this day, Hong Kong boasts the highest per capita concentration of narcotics addicts in the world.

Hong Kong is also notorious as the world's top refining center for turning opium into heroin. It is the leading transshipment point for opium and heroin entering the international narcotics traffic. The numerous British, Canadian, and other ships and airlines that call in Hong Kong are the essential mediation for this traffic. With the most corrupt police force in the world in a colony otherwise run under the friendly protection of the British Crown, British intelligence, and the Foreign Office, Hong Kong continues to play the opium-center role for which it was originally founded over a century ago by Lords Palmerston and Russell.

The dominant institution in Hong Kong is the **Hong Kong and Shanghai Banking Corporation**. The "Hongshang," as it is abbreviated, was founded in 1862 to function as the "central bank" for the opium trading companies situated in the extraterritorial concessions of Hong Kong and Shanghai, opium concessions forced on China by the British during two notorious Opium Wars.

The "Hongshang," although a private institution, functions as the Colony's de facto central bank to this day.

Still represented on the Bank's board are representatives of Jardine, Matheson and Co., Limited, and the P and O Steamship Line. Both companies, like the "Hongshang" itself, have been active in the opium trade for more than a century. Jardine, Matheson, was founded in 1828 for the sole purpose of engaging in the opium trade. It still displays as its emblem on annual reports and company stationery an opium poppy (although in coy moments the company pretends this is a thistle!).

Today's "Hongshang" dominates the Colony's gold market. "Hongshang"-mediated gold bars are the payment the Chinese Communist government receives for the opium bricks shipped across the bay to Hong Kong under the eyes of British Crown officials. To further facilitate this process, Maoist Chinese have been integrated into the financial structure of Hong Kong.

The policy control over the "Hongshang" is exercised by the Bank's London Committee. On it sit some of the most distinguished members of the City's Anglo-Dutch merchant banking community. These include:

Lord Catto of Cairncatto, the chairman of Morgan Grenfell;

Sir Philip de Zulueta, who represents the Rothschild interest on the boards of numerous mining companies, including gold mines;

Two members of the Keswick family, the same family that was handling Jardine's opium-running activities already in the 19th century;

Sir John Saunders, whose presence on the Hongshang board interlocks the bank with the P and

O. The P and O's board, in turn, features **Lord Cromer** of Baring Bros. and, as chairman, **Lord Inchcape**, namesake of the Lord who authored a famous 1920s British government report that justified the continuation of opium production (for addicts' consumption) in British India.

Sir Michael Turner, the former Chief Manager in Hong Kong for the "Hongshang," who is a Commander of the Knights of St. John.

Other centers of the world drug trade

Other centers of the international narcotics traffic closely link into the cited London networks.

Amsterdam. Now the acknowledged drug capital of Europe, Amsterdam is the Dutch financial center of the Anglo-Dutch financial community. Amsterdam is also the center of the Social Democratic Socialist International, and hence a coordinating center of the drug networks centered around French Socialist Party mayor of Marseilles, Gaston DeFerre. West German Socialist Party chairman Willy Brandt, honorary chairman of the Knights of Malta-controlled German Red Cross, controls similar drug networks in West Berlin, where he was formerly mayor.

The Mafia. The involvement of the Sicilian Mafia and its relocated American offshoots, as well as the Corsican syndicates that function in Marseilles as well as in transplanted networks in the Americas, are a reflection of the same London-allied networks, in this case the historical financial networks associated with the Knights of Malta and the linked financial communities of Genoa and the banking towns of Switzerland, notably Geneva.

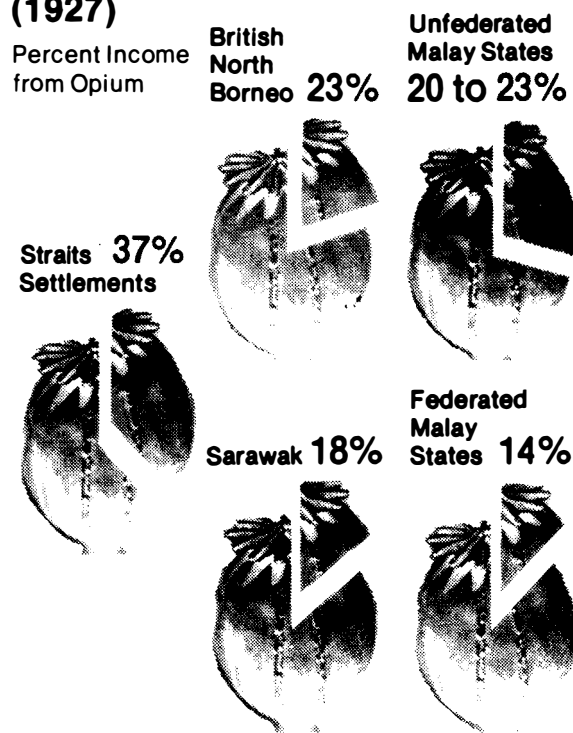
Persian Gulf. Drug and gold-smuggling operations in the Persian Gulf are dominated by the British Bank of the Middle East, a subsidiary of the Hong Kong and Shanghai Banking Corporation. Collateral political support is provided by the networks in that area associated with the Anglo-Dutch-controlled Royal Dutch Shell Co. and British Petroleum.

Both smuggling and money-laundering operations for the drug trade are conducted out of the various extra-territorial relics of the colonial period and other historical residues from the Middle Ages. Besides Hong Kong and Switzerland, these include Macao, Singapore, the various political detriti left behind in the Persian Gulf by the retreating British Imperial glacier (Bahrein, Dubai, Kuwait, etc.), Malta, Liechtenstein, Luxembourg, Jersey, Guernsey, the various havens for financial criminals and gangsters in the British and Dutch Caribbean.

The historical production centers for opium and other narcotic substances show a similar pattern. The poppy-cultivating areas running laterally from Yugoslavia and Greece down through Turkey and Iran, and thence to India, Burma and into China too closely map with the old British "Imperial Lifeline" —

Table 1.

British Colonies' Revenues from Opium (1927)



Suez to India and Burma — for the knowledgeable individual not to draw the appropriate conclusion.

To an astonishing extent, the historical and diplomatic record also corroborates this impression.

The history and diplomacy of drugs

The historical origin of a worldwide traffic in narcotics is unambiguously traceable to the late 18th century commercial activities of the Anglo-Dutch-controlled East India Company, which was given a monopoly license from the British government at that time to do what it wished to the subcontinent of India. The Company, determined to recoup the bloody nose it and its allies had suffered as a result of the American Revolution, established a world trade in opium, using India as the initial production center.

From the late 18th century down to the 1930s, it was notorious that the opium trade, the world's principal narcotics problem at the time, was a virtual British monopoly. The principal opium-producing countries for the illicit trade were the British Colony of India and, subsequently, British-finance-dominated China.

So were the principal refining and distribution centers. In Asia the main centers were the British Crown Colony of Hong Kong and the International

Settlements of Shanghai. The latter were ruled by a Municipal Council which up through 1941 was dominated by the British. The trading companies who plied their opium to and from there and then throughout the world were predominantly British. In the earliest period there was the monopoly of the East India Company; from the 1930s on, the private companies moved to the fore — Jardine, Matheson and Company, the P and O shipping line, the Sassoons, and others. In 1862 a majority of these formed the Hong Kong and Shanghai Bank as their financial institution for the drug trade. The London banking factions heavily involved in the trade — from the East India Company to Baring Bros. — were and are strongly Anglo-Dutch.

Evidence regarding London control of the drug trade through the 1930s is also clear cut. The 19th century Opium Wars of Lord Palmerston and Lord Russell (Bertrand Russell's grandfather) are well known. That "diplomatic" and military tradition was continued in only less blatant form into the 20th century.

The Hague Convention

In 1911 an international conference was held at The Hague. The conference agreed to regulate the narcotics trade, with the goal in mind of gradually suppressing it. The success of this "Hague Convention," as it was called, depended on the earlier Anglo-Chinese agreement of 1905. Under that agreement, the Chinese were to reduce domestic opium production in phased amounts, while the British were to reduce their exports from British India to China correspondingly.

The outcome? The Chinese, who had subscribed enthusiastically to both the 1905 and 1911 agreements soon discovered that the British were evading both by sending opium to their extraterritorial concessions in China (Hong Kong, Shanghai). The British argued that these enclaves were not really "China" for export purposes — i.e., the British cried "loophole."

The consequences of this treachery were soon visible. Opium dens in the Shanghai International Settlement jumped from 87 licensed dens in 1911, the year of the Hague Convention, to 663 dens in 1914. The loophole also provided a means of warehousing the opium where it could readily be smuggled out of the enclave into China proper.

In a second act of contempt for the 1911 Convention, Britain issued a new loan to Persia, the collateral for which was Persia's opium revenues.

The League of Nations

The next significant international diplomatic effort to suppress the opium trade occurred after World War I, under the aegis of the League of Nations in Geneva. By now, Britain's dominance of the narcotics trade had become so notorious that exposés of its perfidy were even being published in the Anglophile U.S.

weekly, *The Nation*. But even London-Dutch-Swiss domination of the League of Nations was not sufficient to prevent certain embarrassing revelations from getting out.

At the Fifth Session of the League's Opium Committee a delegate pointed out the enormous discrepancy between Britain's reported figures of its 1916-1920 exports of morphine to Japan (Britain reporting virtually no such exports) and Japan's figures for the same period, wherein Japan showed an enormous importation of morphine from Britain. When confronted with the discrepancy — prima facie evidence of opium smuggling — the British representative suggested that it was an argument in favor of the British-backed plan for government opium monopolies — presumably so the "figures" if not the shipments could be better coordinated!

That was another scandal — the government opium monopolies in Britain's numerous Asian colonies. In the Straits Settlement during the first decade of the 20th century, opium duties had sometimes provided the bulk of the revenue of the colony. Even in 1918 opium still accounted for 60 percent of the Straits Settlements' entire income.

The Straits Settlement situation was by no means exceptional. Even in 1927, despite numerous post-World War I exposés of Britain's continued active narcotics role, government opium monopoly revenues continued to provide a significant portion of reported revenues in Britain's colonies in the Southwest Pacific, as Table I shows.

Britain maintained a similarly paternal attitude toward drug revenues in its colony of India. When Gandhi in 1921 began agitating against opium,

... his followers were arrested on charges of "undermining the revenue." So little concerned were the British about the views of the League of Nations that after a Commission under Lord Inchcape had investigated India's finances in 1923, its report, while recognizing that it might be necessary to reduce opium production again if prices fell, went on to warn against diminishing the area cultivated, because of the need to safeguard "this most important source of revenue." (From Brian Inglis, *The Forbidden Game*, 1975.)

The sites notorious as the chief smuggling centers continued to be the British colonies of Hong Kong and Malaya and the British-dominated Shanghai International Settlement, much to the "embarrassment" of His Majesty's officialdom, who were depicted as sparing no efforts to root out this corruption which some malevolent force had situated under their nose.

The League attempted one last public relations effort in 1931. It claimed that as a result of its activities in the preceding three years (1928-1930), the price of raw opium had been reduced by 25 percent. Thus did the League summarize its memorable accomplishments: by taking credit for the general price collapse of the Great Depression.

Behind the veil over Camp David: Zionists mobilize for war

A late afternoon Sept. 14 announcement by the Israeli Embassy in Washington that earlier reports of Israeli territorial concessions at the Camp David summit are "completely untrue" has thrown further confusion into a week's worth of conflicting reports and ambiguities surrounding these crucial discussions. No official U.S. government source is willing to hazard a guess as to where things actually stand at this moment.

Despite the veil of secrecy and the continual conflicting reports, however, it is possible to perceive the outlines of an extremely dangerous situation growing out of the Camp David conjuncture. Whether the outcome is the failure of the conference, or a "success" defined either by the first stages of implementation of the Edgar Bronfman-Zbigniew Brzezinski "Middle East Treaty Organization" pact for the region or by an Israeli-defined settlement imposed on the U.S. and Egypt, Camp David is

shaping up as the initiation point for war and chaos in the Middle East.

Through Sept. 13, the Egyptian press has been unanimous in warning against a possible Carter capitulation to the Zionists. On that date, the respected *Al-Ahram* ran a front-page story datelined 'Washington commenting that there had been "no progress" at the Camp David talks and that "major obstacles" remained. According to a State Department Middle East expert, these articles signify that the Egyptian population is being prepared for "the failure of the conference."

The overriding problem for Egyptian President Sadat, according to a knowledgeable Washington source, is that, "should Carter reach a deal involving Israeli territorial compromises tied to all sorts of U.S. guarantee conditions and complex 'ifs' and 'buts,' Sadat will feel ridiculous and will have a hard time swallowing it."

Soviets denounce Brzezinski's "METO"

The Soviet Union and its allies issued strong warnings last week against U.S. National Security Adviser Zbigniew Brzezinski's "dangerous efforts" to set up an anti-Soviet, NATO-style Middle East Treaty Organization. Such an organization would polarize the entire region and sharply increase the chances for a Soviet-U.S. showdown. The original call for the speedy establishment of METO, which would include Israel, was put forward as an option early this summer by Seagram's President and leading Zionist policymaker, Edgar Bronfman, to undercut any U.S. intentions to pressure Israel into making the concessions necessary for an overall settlement.

On Sept. 14, the Soviet press agency *Novosti* attacked Brzezinski by name for injecting the METO strategy into the Camp David summit. According to an account by the Cuban press service *Prensa Latina*:

The Soviet agency *Novosti* has analyzed the proposal of President James Carter to station U.S.

troops on the West Bank of the Jordan River, in Gaza, and possibly in Sinai.

In a commentary entitled, "Middle East: A New Vietnam?", it is written that Carter, in expressing the proposal to guarantee security for Israel, does not discard the option of sending considerable contingents of soldiers and military ships to the Middle East for "support."

Since Sept. 6, the leaders of the U.S. and Egypt and the Prime Minister of Israel, Menachem Begin, have been participating in the conference at Camp David.

There, President Carter's Security Adviser Zbigniew Brzezinski is promoting a project to create a branch of NATO in the Middle East, made up of the U.S., Israel, Egypt, and several Arab regimes . . .

Although the State Department recognizes the threat that this represents, everything seems to indicate that no one is opposing Brzezinski's plans to present his proposal to the participants of the meeting at Camp David.

Earlier, on Sept. 11, East German radio attacked Bronfman by name as the architect of Brzezinski's anti-Soviet alliance.

A second source stated, "The Egyptians feel trapped. They think they've made the limit of concessions in return for very little." This, it is widely feared, could trigger in Sadat a sense of desperation similar to that of the 1972-73 period leading to the Yom Kippur War, when Sadat was cornered by Zionist-Kissinger political collusion into moving towards the war when he felt all other channels had been closed.

Predictably, Israel's leading military correspondent Ze'ev Schiff began warning in *Ha'aretz* newspaper Sept. 10 that Egypt would begin military maneuvers once Camp David had concluded.

War preparations

Schiff's comments are part of a wider pattern of Israel preparing itself for a preemptive strike and war.

On Sept. 12, Israeli Chief of Staff Rafael Eytan, a warhawk, briefed the Israeli Knesset (Parliament) Foreign Affairs and Defense Committee on "Syria's well-defined plan in Lebanon" to "threaten Israeli civilian population concentrations," in response to which Israel had to consider "possible action in Lebanon."

Three days earlier, the head of the Committee, Moshe Arens, had made a public call for the Israeli Air Force to begin strikes directly against Syrian units and equipment within Lebanon.

For several days, Israeli planes have been making periodic reconnaissance overflights in tense southern Lebanon, and generating sonic booms to terrorize the population in Beirut. Israeli naval patrols and gunboats have stepped up operations considerably all along the Lebanese coast.

At the same time, Israel has been moving to build up the Nazi-modeled Falangist and Chamounist militias in Lebanon into an invincible stormtrooper strike force. On Sept. 10, Israeli financier Samuel Flatto-Sharon, a Knesset member who bought his way into office last year in order to escape extradition to France to face numerous criminal charges, announced plans to "raise \$10 million" and "establish an international foundation" to "recruit thousands of volunteers . . . willing to fight beside the Lebanese Christians." According to a *Baltimore Sun* report Sept. 11, Flatto-Sharon "now hopes to recruit 20,000 volunteers, base them in Europe and send them to Lebanon as needed to help in every way."

Israel's actions toward Lebanon are emboldening the Chamounist extremists to escalate the violence inside Lebanon. Over the Sept. 9-10 weekend, Beirut witnessed the heaviest fighting in a month as Syrian peacekeeping forces responded to the ambushing of Syrian soldiers. As the fighting began, the Sept. 9 *Washington Star* reported that "U.S. officials said they have received fresh intelligence information that the Maronites, led by Camille Chamoun, were planning a major attack on Syrian positions that could come at any time. If such an attack took place, it could lead to a massive Syrian retaliatory blow that U.S.

officials said, in turn, could spur the Israelis to attack the Syrians inside Lebanon."

On Sept. 14, Falangist-Chamounist forces stepped up sniper fire provocations against western Beirut from eastern Beirut, action that could for the first time force Palestinian and other forces in western Beirut to join in the fighting.

UN Secretary-General Kurt Waldheim declared he was "not at all happy" with events in southern Lebanon and singled out Israel for "not using its influence on the Maronite troops" to halt the fighting.

Brainwashing Israel's population

As Lebanon heats up, the Israeli population is being manipulated to be ready for war.

For most of the past month, Israel has been on very high internal security alert, in response to perpetual warnings about imminent Palestinian terror attacks. Almost 30 terrorist incidents have been reported in Israel during this period, with the *London Times* reporting Sept. 13 that terrorists are becoming more "shrewd" and are beginning to use "remote control robot bombs made in Britain" previously used only by the Irish Republican Army. Both the Israeli media and the *London Daily Telegraph* have repeatedly issued reports about an expected Palestinian terrorist upsurge and "West Bank explosion" in the days after Camp David.

To make matters worse, Israeli television ran the first installment this week of the U.S. "Holocaust" television serial, which is a skewed version of the Hitler horrors geared to generating frenzied support for the most extreme Israeli policies. According to Sept. 13 *Washington Post*, 1.5 million people — or almost half of Israel's entire population — watched "Holocaust" the night before.

On the U.S. side, these actions add up to Zionist Lobby readiness to launch a massive pro-Israel mobilization if the slightest sign surfaces that the U.S. intends to impose peace on Israel. According to the Sept. 11 *Christian Science Monitor*, Israeli Prime Minister Menachem Begin's personal adviser on external information, Harry Hurwitz, told a weekend gathering of the Zionist Organization of America that the assembled delegates "may be called upon" to "explain Israel's position to the American public." Hurwitz was followed by Israeli Energy and Infrastructure Minister Yitzhak Modai, who, according to the *Monitor*, "told the delegates that the basis for American policy in the Middle East over the past year has been fear — fear of another oil crisis and fear of Soviet intervention."

In a private conversation, Hurwitz and other leading American and Israeli Zionists have affirmed that the Zionist Lobby in the U.S. will do "anything and everything" necessary to impede a U.S.-Soviet agreement to force Israel to accept peace in the Mideast region.

— Mark Burdman

Oil crisis threatened

Despite a pledge made publicly last week by Saudi Prince Saud that "oil is a resource, not a weapon," British-linked press outlets, such as the *Christian Science Monitor*, are resolutely pushing the line that an oil embargo is imminent.

In its Sept. 13 and 14 issues, the *Christian Science Monitor* featured three front-page articles on a soon-to-be-unleashed oil crisis perpetrated by Saudi Arabia and Iran and linked to the Camp David summit.

On Sept. 14, *Christian Science Monitor* staff correspondent Daniel Southerland presented this notion in an article entitled, "Why Iran Unrest Is So Significant for West."

While many of Washington's most talented journalists fight unsuccessfully to penetrate the barrier of secrecy around Camp David, they may be missing a bigger story:

The implications of the rioting in Iran.

Consider for a moment the potential threat to the Western world's oil supplies if the current troubles in Iran were to culminate in the overthrow of the Shah.

The Arab-Israeli struggle, the focus of Camp David, clearly has the potential for escalation into a superpower conflict. Less often recognized is that any radical or Russian-supported threat to the oil-producing centers in the same region — and that means a threat to Iran and Saudi Arabia — also has the potential for drawing the U.S. into a superpower disaster. . . .

President Carter has yet to contend with a major world crisis. It is not inconceivable that he might face his first in the Gulf area.

Another front-page article the same day reports "Iran, Saudis Eye Summit, Hand on Oil Valve."

The outcome of the Camp David Mideast peace talks may considerably affect Arab and possibly Iranian attitudes on whether to raise world oil prices or curtail supplies. . . .

The well-informed Arab Press Service (APS) in Beirut reports the Saudi purpose is to consider whether or not to take the Arab oil weapon out of mothballs again, to pressure Israel into softening its stand against giving up Arab territory taken in 1967.

On Sept. 13, an article by John K. Cooley reveals that the current destabilization against the Shah is aimed at triggering an oil crisis. The article is entitled, "Iran: More At Stake Than Shah's Rule."

The Iranian internal conflict affects not only the United States, the Shah's main ally. It also has a direct bearing on the oil supplies and defense of Western Europe, especially NATO's southeastern flank. . . .

U.S. and European NATO policy planners have long regarded oil as the main key to their relations with both Saudi Arabian and Iran, which together dominate the Gulf and the Arabian Peninsula.

Internal upheavals in either one would endanger some of the industrial world's oil supplies.

This danger is greater in magnitude in Saudi Arabia, not at present threatened from within, than it is in Iran, which is seriously threatened. . . .

While Saudi Arabian oil money props up the Egyptian economy and to a lesser extent, that of Syria, Iranian oil is vital to Israel. More than 80 percent of Israel's oil supplies come from Iran, and Israeli leaders undoubtedly are watching Iranian events with concern.

Massive Israeli arms sales to Latin American military regimes exposed in Mexico

On Sept. 9, in Mexico City, the Mexican Socialist Party of the Workers (PST) held a major press conference to expose the fact that Israel is flooding arms into Latin America, using Mexico as a "beachhead." The PST, a progressive party in collaboration with Mexican government development efforts, presented a dossier of evidence showing that this arms flow — \$600 million in value in 1977 alone, and three-fifths of Israeli arms sales worldwide — supports the most intransigent and repressive military regimes in Latin America, the most well known being Pinochet's in Chile and Somoza's in Nicaragua. The PST noted that the Israeli presence in Nicaragua has increased dramatically since the United States imposed an arms cut-off to the country last year because of "human rights" violations.

The list of the recipients of the Israeli arms is synonymous with the list of the most volatile countries and regions on the continent, long profiled by such agencies as the Rand Corporation and U.S. National Security Council staffers under Kissinger, and now under Brzezinski, for potential destabilization and regional war.

In addition to the threat of regional war flowing from the current civil war situation in Nicaragua, the perennial conflict between Chile, Bolivia, Peru and Ecuador — potentially a "Second War of the Pacific" (the first was in 1879) — is being directly fueled by substantial Israeli military assistance. It was reported earlier this year that the Israelis have concentrated on training Chilean tank forces for

"blitzkrieg strikes in desert areas," that is, for use in the northern desert area bordering on Peru.

The press conference, conducted by Rafael Hernandez on behalf of the PST Central Committee, has been unreported in the U.S. and virtually all of Latin America. Exclusive to the Executive Intelligence Review, is the following text of the press release distributed by the PST at the Sept. 9 news conference.

Socialist Party of the Workers press release on Israeli arms

The Socialist Party of the Workers (PST) is deeply worried about the constant intervention of Israel in American affairs through a constant and increasing sale of arms to the main military governments of the continent.

We are especially worried because the character of the State of Israel as a secondary world power makes it a beachhead of the government of the United States in the region. At the same time as the Carter Administration is declaring itself favorable to a policy of respect for human rights, through Israel it can continue indirectly to supply the armies of most Latin American states with the most modern arms and supply the governments of Central and South America with advisers on repressive tactics.

Israel, an isolated secondary power, has needed zones of influence. In the 1950s, after the collapse of the French and British Empires, Israel played in Africa the role of defender of the interests of the United States. Thus during more than 15 years, Black Africa was open to Israeli expansion and penetration by American interests. However, when in 1973 the majority of the African countries decided to break relations with the State of Israel, this zone of influence rapidly shrank. Only Rhodesia, South Africa and Malawi kept relations with Israel. Since a good part of the Israeli economy rests on the military industry, they had to open a new zone of influence and Latin America became their prime target.

According to *Our War with the Arabs*, the book by Israeli ex-minister of Defense Shimon Peres, Hanan Aynor was the leading protagonist of Israeli expansion in Africa. The very same Aynor happened to be named Ambassador to Mexico at the very moment in which the Israelis began trying to make our country the beachhead for sales of their arms through setting up a factory for assembly of Arava planes in Yucatan.

Israel began open sales of weapons in our continent during the last eight years. Since most Israeli arms are made with U.S. patents, they require U.S. support or consent to sell such arms. This is shown in that Ecuador has been blocked for the last two years by the

Pentagon from buying Kfir planes. (Since they have General Electric engines—ed.)

Thus during the last few years, the most reactionary and dictatorial governments of Latin America such as Nicaragua, Chile, Argentina, Brazil, Guatemala and others have made heavy arms purchases from Israel.

Some examples:

Mexico — 12 Arava planes and Uzi machine guns for the Federal Security force.

Guatemala — One of the biggest purchasers from Israel, so much so that after (Israeli) President Efraim Katzir visited Mexico in 1977, he flew to Guatemala to sign a military treaty with dictator Eugenio Laugerud.

Honduras and El Salvador — Both countries receive arms from Israel which they use against each other in their frontier war.

Nicaragua — In May, 1975, the Israeli freighter Yafe unloaded in Nicaragua a shipment of light artillery, heavy combat tanks, missile launchers, helicopters and a patrol vehicle. Western European sources reported on May 10 of this year, "It is still not known how these shipments of Israeli arms have been coordinated with Washington, which has suspended its weapons shipments to Nicaragua due to human rights violations in that country."

Chile — Buys arms and sends its military instructors for training in Israel. A large load of anti-tank missiles were delivered on Dec. 28 in Valparaiso. The big U.S. military industrial consortiums also deliver arms by way of Tel Aviv.

Ecuador — There is a constant and enormous sale to this country, as well as advice on repressive tactics from Tel Aviv. Haim Topol, an actor who won international fame for his leading role in *Fiddler on the Roof*, was until his death an official in the Israeli Army and an advisor to the Ecuadorian government on repression. The present "advisor" is Rehavam Zeevi.

Argentina — Just bought four Arava airplanes and other sophisticated arms.

To give an idea of the importance to the Israeli economy of arms sales to Latin America, it is sufficient to know that of \$1 billion of arms sales in 1977, 60 percent went to Latin America.

...The indirect military intervention of Israel in Latin America, serving the policy interests of the U.S., deeply concerns us. While (U.S. President) Carter talks about human rights, he uses this important penetration agent in our continent.

For this reason, the attempts by Israel to use Mexico as a platform for these sales concerns us enormously, above all because of the involvement of important officials of the Mexican government.

An important example of this denunciation has been the opening in Mexico, on July 7, 1978, of the offices of the "Permanent Mission for Latin America" of "Israeli Aeronautics Industries," in the penthouse at

124 Moracio Street, in the suburb of Polanco.

The way in which this office was opened — in an atmosphere of almost total mystery — its fortification with sophisticated equipment, with closed circuit television, 20 centimeter thick electronic steel doors, security guards who are all Israelis led by an Israeli major on active service, makes us suspect that Mexican territory is being used for the sale of aircraft, missiles, etc. to Latin American governments.

To this day, high functionaries of the Foreign

Ministry and other ministries do not acknowledge the establishment of this office.

We charge, today, that Mexican territory is being used as the bridgehead for the sale of Israel weapons, and, what is more serious still, for the indirect application of a repressive North American policy.

We demand that the Mexican authorities reveal who, and for what reason, authorized a permanent commission for Latin America of Israeli Aeronautics Industries.

An open rebuke to Italy's Pajetta

LaRouche on the Shah of Iran's fight for industrial development

Gian Carlo Pajetta of the Communist Party of Italy (PCI) has presented himself as a spokesman for British secret-intelligence policies, by simultaneously endorsing the British monarchy's attempted coup against the government of Shahanshah Reza Pahlevi of Iran, and associating himself with the foreign policies of a co-accomplice in that attempted coup, the oligarchist faction currently ruling the People's Republic of China.

Such monstrosities I would have expected from Riccardo Lombardi, Bettino Craxi, Giorgio Amendola, Ugo LaMalfa, or from the bastard outgrowth of Admiral Horatio Nelson's looting of Naples, the PCI's Napolitano. Such insanity from the mouth of Pajetta has special significance.

It is true that the undereducated ordinary PCI members might easily fall prey to the view of the Shah as a "monarchical autocrat," and so fall prey to the delusion that a Jacobin insurrection, led by the "Father Gapons" of rural masses, must be an advancement of the political-historical process. Such delusions among such PCI members would be understandable, although no less dangerously wrong. Blunders are no less foolish merely because they flow from sincere ignorance.

The PCI members should look at Shah Pahlevi through the eyes of Niccolo Machiavelli. The Shah, leader of a nation dominated by rural illiteracy — by the "idiocy of rural life"! — is a *humanist Prince*, dedicated to using the marginal revenues of petroleum exports as the lever through which to bring Iran into modern life as a technologically advanced power, with modern cities, modern industries, and qualitative transformation of the countryside. *He is a humanist Prince*, using those means at his disposal to bring his people out of the "idiocy of rural life."

It is not the Shah which is the political anachronism; *it is the backwardness against which the Shah fights which is the anachronism.* Those autarchical pecu-

liarities which so much occupy the sentimental, populist rantings of the foolish and wicked are the product not of the Shah's regime, but of the condition of the parasitical-landlord-poisoned nation against which the Shah's leadership has been directed.

Since Pajetta professes to be an expert in Russian history — among other topics — let us instruct him in Iranian realities from the standpoint of Russian history.

The Russian Parallel

Before the conquest of Constantinople by the allied forces of Muhammed the Conqueror and *Muhammed II's Roman-banker allies* (who supplied Turkish forces with the cannon used for the siege), the Italian-descended (Viterbo) Paleologue rulers of Byzantium had transmitted the wisdom of Plethon into Kievan Russia. Out of this Neoplatonic humanist heritage sprang Ivan the Great, and also, subsequently, the great humanist Czar Ivan the Awesome. It is not accidental that the British now slander Shah Pahlevi with the same lies British and British-influenced historians have long employed to slander the memory of Ivan Grozny.

Ivan Grozny launched the creation of Russia as a modern nation by conducting a struggle against the evil, parasitical, oligarchist *boyars*, the landed aristocracy. So, faced with the reality of a modern Iran subjected to reactionary, "boyar"-ridden institutions like those of Russia during the fifteenth and sixteenth centuries, the Shah has followed the humanist policies of Ivan the Great, Ivan Grozny, Peter the Great, Alexander II, Count Sergei Witte and other Russian humanist leaders, in combatting the oligarchist forces of evil and rural backwardness. Ivan and his successors in policy were defeated through the treasonous alliance of the boyars with the outside oligarchist forces of Europe. Russia was set back into chaos through the

chain reactions of Genoese "black nobility" banking influences and policies, later reemerging from chaos with the establishment of the Romanovs.

Iran must not suffer the kind of setbacks Ivan's policies suffered. The Shah must prevail.

The great potentials of Russia were embedded afresh in that nation through the influence of the great Gottfried Wilhelm Leibniz, and the influence of humanist thinkers such as Leonhard Euler and the Bernouillis in the Petrograd, Leibniz-designed, academy. It was these Leibniz-linked networks in Russia, later linked to the international networks of Benjamin Franklin and Lafayette, which served as the center of continued humanist policies in that nation, and which network's heritage of scientific and technological progress is embodied in the accomplishments of V.I. Lenin and Soviet science today.

As Lenin himself made emphatically clear, in opposition to the Trotskyists and Mensheviks alike, the choice of socialist transformation of Russia was presented to Lenin as an objective, concrete challenge of 1917, because both the Czarist rule and the London-controlled Russian capitalist class set themselves into opposition to breaking the power of the landed estates and to launching a general scientific and technological progress in the forced development of industry and agriculture.

The Shah is not Nicholas II, nor Kornilov, nor Kerensky, nor a Menshevik. The Russian analogies are Ivan the Great, Ivan Grozny, Peter the Great, and the Alexander II who freed the Russian serfs and allied Russia with President Abraham Lincoln against Britain and Britain's puppet Napoleon III. *One does not make a "progressive" revolution against a humanist Prince who is not only dedicated to the cause of progress, but who is besieged by evil "boyars" and their foreign, oligarchist allies.*

The British Plot

Do not, Pajetta, instruct me that the monarchical order in Iran is an anachronism. Iran itself is an anachronism, whose condition demands forms which must seem therefore anachronistic. Otherwise, you argue like a Trotskyist, with some nonsensical doctrine of "permanent revolution."

The prime anachronism of the world for more than two centuries to date is the British monarchy, whose creations, the City of London, the "Holy Alliance" under Metternich, the Bismarckian form of unification of Germany, the spread and perpetuation of colonialism, imperialism, and now neocolonialism under the IMF and World Bank, are the cause for all of the principal other anachronisms which exist in the world today.

How Pajetta attacked the Shah of Iran

As a result of mammoth pressure on the leadership of the Italian Communist Party, PCI Central Committee member and "foreign ambassador" Gian Carlo Pajetta has taken up the British line of attack on the Shah of Iran. Speaking at the Italian Communist Party's Unita festival in Milan, Pajetta made the following remarks, reprinted in the Sept. 10 PCI daily Unita.

The events in Iran constitute a tragic proof of the incapacity of imperialism to find solutions to the problems of development and liberty of peoples. Iran is one of the emerging powers like South Africa or Brazil, which have at their disposal the most advanced technologies, which have even entered the number of the nuclear powers. But all this at the cost of making their people pay the unacceptable price of misery, torture, slaughter, oppression. Iran today has a key function at the international level, has modern and sophisticated arms, an American-trained and armed police force and army, and has used its power to crush, beyond its borders, the democratic revolution of Oman.

... The president of the Chinese Communist Party, Hua Kuo-feng, was in Teheran even while this deep crisis was exploding, and the president of the Socialist Republic of Romania, Ceausescu was there shortly

before that. Certainly there exists a politics of relations among the states, certainly to refuse to furnish alibis for oppression cannot mean to isolate oneself, economic boycott; but we should know that there also exist other roads for international cooperation that would not obfuscate severe judgment on tyrannical and oppressive regimes.

Are all of us in Italy able to occupy ourselves with this tragedy even if it isn't useful for electoral polemics? Are we all capable of understanding that relations between states have their laws, but that there is an unwritten law that we call liberty?

... To fight for detente does not mean only to make pronouncements, but also to work to find political solutions. And we have said that this is valid for Eritrea, for Palestine, for Lebanon, for the Sahara. If our solidarity with the workers and the people of Iran is only made up of tears, then that is not enough.

Our solidarity should be made of a fight for justice, for peace, for freedom. For the defense and the conquest of these values, now in face of the events in Iran, the government and international organizations must therefore pronounce themselves and pledge themselves.

Independence is not only the refusal to oppress, but is also the pledge to stop the hand of whoever tries to oppress and exploit.

It is consistent with the evil, anachronistic character of the British monarchy that it should be the author of the current insurrections against the Shah.

The domestic Iranian forces being deployed against the Shah are essentially the "boyars," the parasitical landlord powers who continue to resist the Shah's land reforms and other modernization of the nation. (*See what forces you are allied with, "Communist" Pajetta!*)

As is usual in such landlord insurrections, the oligarchs employ "Father Gapons" or "Dantons" and "Marats," the "Friends of the People," to play upon the backwardness of the most brutalized strata of the rural and lumpen populations. They deploy the brutalization created by landlord oppression as a "Jacquerie," a *sansculottes* forces of terror against those humanist forces who are fighting to end the very oppression which causes such brutalization. In this case, elements of British intelligence are working through their leading dupe, the Shi'ite Imam resident in Iraq, and the Imam's influence over the misled local Shi'ite religious leaders, the *mullahs*.

Since your statement shows how limited are the powers of comprehension you command, Pajetta, I shall not overly tax your mind by informing you also of the light Islamic history casts on this mode of organization of an insurrection. The British, who orchestrate this insurrection from Cambridge and Oxford, do, however, know that history, and are applying its lessons to the present attempted insurrection.

It is not, however, the Imam based in Iraq who motivated this attempted insurrection. He is merely the dupe of the British infidels. You can imagine the agonized moral dedication of an Oxford High Episcopalian to the securing of the purity of Shi'ite conservative religious dogma in Iranian national life!

For those who achieve the highest degree of organic ecstasy in the mysteries of the "materialist theory of history," the manifest vulgar-material interest of the City of London in the Iranian affair is represented by British Petroleum. At this juncture, there is a bitter negotiation between the Shah and British Petroleum concerning prices and terms of Iranian petroleum. If the Shah is deposed or reduced to a figurehead, British Petroleum profits massively. (*Ah, Pajetta, British Petroleum's profits are perhaps the cause which excites you to such revolutionary fervor?*)

The immediate agency of British intelligence involved in the affair is the Bahai cult. The Bahai cult was created as a synthetic religion by British intelligence during the nineteenth century, and is one of the important intelligence covers used by the British monarchy even to the present date. The Bahai cult has a base in Iran, and major centers in London, Chicago (USA) and *in Israel*. To be exact, the Bahai cult is a joint operation of British and Zionist intelligence services. The Bahai cult is jointly operated with British intelligence networks in international Freemasonry.

(Pajetta, if you are by chance a Freemason, you belong to the same British faction as the eighteenth-century Duke of Orleans.)

Also, the USA-based Aspen Institute, a branch of British intelligence, has been caught red-handed by Iranian police services in complicity with the insurrectionary effort — as well, of course, as Henry A. Kissinger and Zbigniew Brzezinski.

Not insignificantly, Peking intelligence services are up to their Great Han chauvinist ears in the affair. Hence, the forces involved are, in fact, British, Israeli, and Peking intelligence, with Kissinger, Brzezinski, and the Aspen Institute inevitably performing their customary services to the cause of the Union Jack. By pedigree and manifest habit of practice, U.S. Ambassador Gardner should be supporting the same line as Craxi, LaMalfa, and Kissinger — *do you know Mr. Gardner, Pajetta?*

Bukharinism

You must forgive me, Pajetta, but after considering the facts I have laid before you, if you are a Communist, as I understand you profess to be, then I must be so frank as to state that *you smell like a Bukharinite*.

As you ought to know, Bukharin was an Anglo-Dutch agent from his training under the teachers of Hayek at Vienna, through his attachment to Rudolf Hilferding, until the unpleasant conclusion of his miserable life. Like Karl Radek, G. Riazanov, and others, Bukharin was, during the pre-1917 period a subagent of Anglo-Dutch "superoperative" Parvus. During the time Bukharin was a leading figure within the Bolshevik government, he was a direct agent of the Anglo-Dutch intelligence services, with emphasis on Royal Dutch Shell financier factions within both the British and Dutch services.

Considering Shell's special advantages in the Soviet petroleum output under Bukharin's anti-industrialist policies, and British interests in an anti-industrialization policy generally, there is no mystery concerning the true motivations of Bukharin during the period from 1923 to the point that Stalin broke him in 1929. Putting to one side the way in which perceived state interest governed the trials of the principals indicted in the Moscow Trials, behind such misleading shaping of the advertised indictment Bukharin was fully guilty of treason, meriting the same severity of judgment he incurred through the actual indictment.

There are many "Bukharinites" in the socialist movement. This does not usually occur through the influence of Bukharin, but rather through the same forces which shaped Bukharin. "Bukharin" is not the name of a current, but the name given to a disease in memory of one of its notable victims.

The socialist movement is broadly divided into two underlying currents. One springs from the heritage of Gottfried Wilhelm Leibniz. The other springs from the

pedigree of Hobbes, Locke, Jean-Jacques Rousseau and Jeremy Bentham.

The first is Neoplatonic humanist, is dedicated to the fostering of scientific and technological progress, and to scientifically determining the forms of political order and political transformations necessary to continuing such progress through all the successive transformations of society's development.

The second, the followers of Benthamite and Rousseauvian "socialism," is anti-humanist, anti-Neoplatonic, and *oligarchist*. It is concerned with the "redistribution" of existing wealth at the expense of the social accumulations necessary for technological progress.

Since British intelligence created Robespierre's Jacobins, in collaboration with the Orleanist "black nobility" of France and Switzerland, the currents of "socialism" which have flowed from the Jacobin Terror of British intelligence agents Danton and Marat, and Swiss (Necker, Madame de Staël) protégé Robespierre have been nothing but the tools of the European "black nobility" generally and the British monarchy specifically.

This sort of Benthamite "socialist" — to which included pedigree Trotsky confesses in his autobiography — is used by British intelligence as a social battering-ram against the pro-industrialist forces of scientific and technological progress. It is deployed as an expendable instrument of British policy, to be bloodily crushed according to the principle of the "sons of Brutus" once its disruptive work against the forces of progress has progressed as far as British satisfaction desires.

The exemplar of such British "socialism" is the Maoist faction. The intersection of Maoism and kindred forms of lunatic anarchist irrationalism with British-Israeli-controlled international terrorism today is lawful, not surprising.

What was Mao's policy, especially the policy of the Great Proletarian Cultural Revolution? It was an assertion of the cultural roots of "Old China" against the "New China" heritage of Sun Yat Sen. It was an adaptation, reeking with the most hideously racist Great Han chauvinism, of that ancient, Confucian Mandarin culture which made China for thousands of years the principal breeding place of those forms of plagues — cholera, bubonic plague — which have ravaged our species during the Christian era.

Maoism is nothing but the worst expression of the ancient oligarchical policy under the trappings of nominal "socialism." It is the doctrine of the worship of the "idiocy of rural life" apotheosized as "socialism."

To those of us who know that a penguin is not the Duke of Savoy in dress for the opera, the "socialist" pretensions of the evil oligarchist promoter of new world war, Hua, do not persuade us that the penguin is anything but the lower form of life he is in fact. Hua is an oligarchist, a modern embodiment of what the New Testament precisely identifies as "The Whore of Babylon."

Are you willing to be a "socialist" pimp for the Whore of Babylon, Pajetta?

—Lyndon H. LaRouche, Jr.

The plot behind the Iran crisis

London sees Shah's ouster as key to Mideast cold war drive

The strife ravaging Iran, though manipulated through deep domestic tensions, is not primarily an internal struggle. Rather, Iran is the battleground for a military-strategic fight that could determine the prospects for war or peace throughout the Middle East.

Behind the crisis in Iran is a conspiracy involving British intelligence, U.S. National Security director Zbigniew Brzezinski, and CIA director Stansfield Turner. Their aim is to overthrow the Shah of Iran and replace him with a government amenable to their anti-Soviet cold war policies or blackmail the Shah through a continued round of bloodshed and destruction of the country. The strategic goal of such an operation is the establishment of a Chinese-allied bloc of Asian nations under the guise of Indian Ocean security. This bloc would be linked to a Middle East

Treaty Organization (METO) which would comprise an anti-Soviet belt of nations surrounding the USSR's southern flank.

The demonstrations and riots which erupted throughout Iran last week, culminating in large-scale clashes between the Iranian military and demonstrators Sept. 8, came after a visit to Iran by Chinese leader Hua Kuo-feng. Reportedly, the Shah responded coolly to Hua's overtures for an anti-Soviet alliance, and the ensuing outbreak of violence forced the Shah to cancel a planned trip to East Germany. Over 1,000 have died and countless businesses and banks have been destroyed over the last seven months as a result of growing antigovernment actions. As a result of the disturbances the Shah last month appointed a new cabinet and last week imposed martial law in 12 Iranian cities, including Teheran, the capital.

Iran, militarily the strongest nation in the region and the link between Asia and the Middle East, is the key to the success of the METO plan. Such an alliance, however, contradicts certain prominent features of the Shah's foreign policy, most importantly his strong commitment to growing economic relations with the East bloc in aiding Iranian industrial development and his support for international detente to facilitate global economic growth. If Iran were to acquiesce to the designs of the cold warriors in London and Washington, it would seriously impair developing detente between Saudi Arabia and Iran and could upset the dominating role of the moderates within the Organization of Petroleum Exporting Countries (OPEC) led by Saudi Arabia.

Anti-Soviet scare campaign

The international press has begun to spew out scenarios, like those which followed the recent Afghanistan coup, that the Soviets are on the warpath on the northern tier and the oil rich Persian Gulf. These press reports are designed to build a pretext for implementing the Chinese-METO plan for the region. Most outrageous was a letter to the Sept. 13 *London Times* from Lord Alport:

The alarm bells are ringing throughout Asia from the gulf to Peking. What concerns so many people there is the fact that their clamour does not seem to have been heard in the West....The situation, which it was the historic policy of British to avoid, or at best neutralize, seems now an accomplished fact. The Russians are pouring men and war material into Afghanistan...to reinforce a presence which was already well established. Soon the situation will be irreversible. Then will follow, so it is foreseen, the attempt to penetrate into Pakistan, and to increase pressure on Iran. I urge, therefore, that it is time Western governments in Europe and America wake up to what is potentially a mortal danger.

The *London Times* and the *Christian Science Monitor* this week also put out alarmist forecasts that Iran's large oil supplies to Europe and Japan could be seriously affected by the crisis in Iran. Moreover, the syndicated columnist Joseph Kraft, Sept. 10, warns that Iran is key to the growing "entente" of the U.S., Japan, and Europe. The *London Times*, Sept. 13, minces no words in stating directly that a full super-power confrontation will erupt over Soviet encroachments into the Persian Gulf, beginning with crisis-ridden Iran:

It must already be clear to the Soviet Union that the oil supplies of the Middle East are one of the West's essential interests. This makes the more ambitious of Soviet policymakers tempted but it also makes it risky....

If there is one thing for which it is possible to imagine the Western allies going to war it is Mideast oil. (Emphasis added.)

The Brzezinski option: Oust the Shah

The influential French journalist Paul Marie de la Gorce has repeatedly warned in *Le Figaro* since the

Sept. 8 imposition of martial law that a faction within the Carter Administration was backing the ouster of the Shah. The Iranian government itself has repeatedly named "foreign" elements as supporting the anti-Shah movement. According to de la Gorce:

The day of September 8 will have been in the Iranian crisis, a turning point. The human sea which paraded over Teheran despite the interdiction of the government has dissipated the last illusions. It was clear, over the last several days, that the calculations of the Shah aiming to reconcile the moderate currents of the Shi'ite clergy were in the process of failure.

From all evidence, the Shah couldn't wait any longer (to impose martial law — ed.). He knew very well that his removal was already being openly discussed, including among his longtime allies — the Americans. There still remain many circles in the United States who consider it indispensable that he remain in power: most importantly those business circles who are most involved in the economic development of Iran and those military circles who dream above all of maintaining this formidable machine which the Iranian army represents with its 30,000 American "advisors."

But the Shah could not ignore that there were other solutions being planned in other Washington circles: there, the orientation was toward the former Prime Minister Amini, the octogenarian who wanted to establish a constitutional monarchy in 1961, or toward some military chiefs.

What de la Gorce does not say is that both Brzezinski and Turner are the backers of the "other solutions" for Iran. According to both well-informed intelligence sources and Iranian business circles, Brzezinski has opened up covert communications with former Prime Minister Ali Amini, a former member of the National Front of Mohammed Mossadegh, who briefly took power from the Shah in 1953, during which time Amini served as Finance Minister. Earlier this year, the Shah told the press that Amini had accepted a \$35 million bribe from the Kennedy Administration as Prime Minister in 1961.

During the early sixties, Kennedy was working with British and other foreign intelligence services to replace the Shah in favor of Amini who is again making an open bid for power.

The *London Sunday Times*, Sept. 10 puts forth a proposal for a right-wing government for Iran in which the Ambassador to the U.S., Ardeshir Zahedi, would rule the country with the Shah's wife, Empress Farah, the first in line for succession of the Peacock throne. The *Times* promotes Zahedi, a former ambassador to London, on the basis of his ability to rally support from both the Iranian right and the left. That assertion is of questionable reliability given the Iranian opposition's disdain for the ambassador's playboy proclivities, and close association with the corrupt Iranian oligarchy. *Izvestia* last June castigated Zahedi for his association with "cold war" circles in the U.S. — a direct reference to Henry Kissinger.

The key to the Shah's maintaining the throne is his powerful military. Numerous experts on Iranian

affairs concur that the conscripts within the army may not remain faithful to the current government under the pressures of continued violence through the next six months' martial law period. De la Gorce, in a *Le Figaro* editorial Sept. 11, entitled "War of Attrition," warns of a fragmenting of the army:

Our correspondent in Teheran confirms the solidarity of the units composed of the oldest members of the army, the most "professional." On the other hand, those drafted can be sensitive to the pleas of the opposition, especially the clergy. It is not accidental that Ayatollah Khomeini never ceases to repeat, in his commands, that it is necessary to rally the army to revolt.... And it is said openly in Iran, that if it is well known what the generals will do, it is not known what the captains think....

That only has importance because the Shah has decidedly confided his future to an army that will have to assume the essential tasks in the test of force which is beginning. With "black Friday," in Teheran, it is a war of motion between the power and the opposition which is now in process. It is a war of attrition which appears to be opening now.

The opposition: feudal elites, terrorists

The most vocal and powerful figure in leading the anti-Shah movement is exiled Shi'ite Islamic leader Ayatollah Khomeini, who has been exiled in Iraq since his efforts to unseat the Shah in 1963. Khomeini has been a longtime advocate of violent overthrow of the Shah and has conducted numerous terrorist operations into Iran from his headquarters in An Najaf. According to the Sept. 18 issue of *Time Magazine*, Khomeini employs the services of radical Palestinian leader George Habash of the Popular Front for the Liberation of Palestine in training some of his religious "activists" who enter Iran.

Habash has been widely suspected by numerous press and diplomatic sources as covertly working with Israeli intelligence's Mossad and British intelligence in waging international terrorism. Khomeini is known to be friendly with Ali Amini at least as far back as the early 1960s when the Shah's rule came under attack.

According to numerous British press sources, a number of the leading Iranian religious figures are either formerly or actively associated with the outlawed Tudeh Party (Communist Party). Since the unrest began to peak last month, members of the Tudeh Party have been publicly calling, from exile in Paris, for the overthrow of the Shah.

Working along with the Tudeh Party, which is heavily infiltrated by British intelligence, certain opportunistic elements within the Communist movement have waged a full anti-Shah campaign based on his violation of human rights by the imposition of martial law.

Late last week, Italian Communist Party (PCI) Secretariat member Gian Carlo Pajetta called for the Shah's overthrow. Shortly thereafter, he called upon the Italian parliament to investigate the Shah's declaration of martial law, while the PCI daily *L'Unita* castigated the Shah on its front pages. The PCI's sister

organization in France, the French Communist Party, held large anti-Shah demonstrations this week and followed the same line in their newspaper *L'Humanité* as that of the PCI.

The Soviets have been markedly less bellicose about the Shah. Only one Radio Moscow report this week questioned the Shah's martial law and quoted the Tudeh party to that effect. State Department sources discount the Soviets officially joining the anti-Shah bandwagon, given their prudent assessment of Soviet relations with the Shah. A State Department official stressed that Moscow "would rather see the Shah remain in power than an unpredictable entity."

A number of the more moderate religious leaders in Iran have disassociated themselves from Ayatollah Khomeini. Most importantly, the powerful Ayatollah Shariatmadari of the Iranian religious center of Qom is at odds with Khomeini, according to the Sept. 13 *Wall Street Journal*.

But a new mode of warfare against the Shah, designed to tax the military, may soon be in the works. Both the *Guardian* and the *London Telegraph* put out repeated warnings that the terrorist group, the People's Strugglers, have reconstituted themselves after an absence from Iran of 2 years. An upsurge of urban terror, which has already begun in parts of Teheran this week with an assault on a group of foreign Air Force advisors, could signal serious battles with the army.

Development the solution

A speech to the Iranian parliament last week by the newly appointed Prime Minister Jaafar Emami, emphasizes the need for a resolution of the serious and widescale poverty in Iran. It is the dislocated illiterate Iranian peasants who are the paid rioters for the opposition, and who were gunned down by the military in Teheran last week.

Emami put forth a program to begin to resolve this problem, calling for exemption of agricultural production from taxation, pay raises for all civil servants, tax breaks for those at the bottom of the pay scale, and investigation of the sources of wealth of rich government employees.

Emami then stressed during his parliamentary speech: "I must say frankly that the system of hierarchy in the country was such that it could not stop the chaos.... If we do not fight corruption and the corrupt with the utmost speed and a sure hand... Iran will surely not get over its problems."

Such statements reflect the current efforts of the new government to clean up Iran's widespread corruption among the parasitical elites. If such efforts against these feudal power centers even partially succeed in the short term, one of the major obstacles to a faster pace of Iranian economic development will be eliminated.

—Judith Wyer

Hungarian leader discusses U.S. policy

An exclusive interview with our correspondent in Bonn

During the 68th Session of the Inter-Parliamentary Union held in Bonn, West Germany, Inter-Parliamentary Council and Hungarian Parliament member Miklos Nagy was interviewed on Sept. 7 by the Executive Intelligence Review's correspondent in Bonn. Here is Mr. Nagy's analysis of the volatile Middle East situation and U.S.-USSR relations:

Q: What is your estimate of the Camp David meeting, in light of reports that Zbigniew Brzezinski is controlling the summit?

A: The main issue for the Middle East is a stable peace, but the meeting in Camp David is not at all suited to solve this problem and restore peace. For 30 years, Israel has fomented hostilities, mainly against the Palestinians. The only reasonable proposal in sight is Geneva, where all sides are participating.

I am very skeptical concerning the success of Camp David. Begin is intransigent, and Sadat cannot make any more concessions. The possibility of a new war cannot be excluded. A solution which ignores the Palestinian question is no solution at all. In the long term, this doesn't serve the interests of Israel either.

Q: What about the state of U.S.-Soviet relations?

A: Under the Nixon Administration, there was a major favorable shift. This improvement of American-Soviet relations positively affected the entire international situation. This shift alone made the CSCE (Conference on Security and Cooperation in Europe — ed.) possible.

During the U.S. electoral campaign of 1976 a worsening of relations began, which we thought would be only momentary. But the new U.S. Administration questioned many positive results of detente; it abandoned previous policies and has given official support for anti-Soviet actions. The U.S. is neglecting international organizations like the United Nations for the solution of world problems. It has abandoned the possibility of a joint Middle East solution, despite the common declaration with the Soviet Union one year ago.

But one should not be pessimistic. The sane forces still exist, as before. The U.S. will eventually return to this old policy. Then the detente process could be continued.

At the moment, the international situation is not favorable, but different from the time of the

Caribbean, the Vietnam and Korean wars. Some results of detente are irreversible today. There is no realistic alternative to peaceful cooperation.

Economic blackmail against the Soviet Union doesn't work. The Soviet Union will continue to fulfill its Five-Year Plan targets despite the arms race imposed on it, whereby it must be considered that the arms race is also affecting the Western countries.

Q: The U.S. National Security Council, of which Zbigniew Brzezinski is the chairman, is putting out the line that the Soviet Union will not stand by Syria in case of an Israeli attack because Brzezinski's networks in various East European countries would be mobilized to destabilize the Warsaw Pact. In this context, do you see a coordination with Hua Kuo-feng's recent trip to some Balkan countries?

A: I think it is very naive to establish such a link between the Middle East with the internal situation in the East European countries as the NSC does. The so-called "dissenters" don't have any political influence. Although there is no proof of a coordination between Brzezinski's policy and Hua's trip, it must be stated that China is playing a very adventurous role. It's a very dangerous game for the United States at the same time, since China is not a reliable ally.

China is not in the position to launch a war against the Soviet Union; maybe it will be in 20 years, assuming the Soviet Union does not develop its own defense capabilities in the meantime. But who guarantees that China would turn against the Soviet Union then, and not against the United States?

Q: Given that the Maoist policy of the Chinese leadership is mainly a product of rural backwardness, do you think that an industrial development policy toward China that at the same time seeks to contain the military buildup could produce changes in the Chinese leadership and world outlook?

A: There will be no change within a short time. After one or two decades, it could, or would, change.

Q: Can you detail proposals Eastern European countries have made for improving economic relations with the West, like the pan-European conference on energy? Does it include cooperation in developing thermonuclear fusion?

A: Fusion is only one part of scientific-economic

cooperation which is very important. The conditions for joint research in the energy field could be created within a short time. One preliminary condition for economic cooperation would be that the CMEA and the EEC reach an agreement. That would positively affect the cooperation between East and West, and with the developing countries. The proposal for pan-European conferences includes joint research in nuclear energy. Scientists on both sides see no danger

at all in nuclear energy, if necessary measures are taken. An agreement should be reached on how to use the joint results of this research.

In general, new initiatives are needed in a constructive and positive way. The sooner this is done, the international atmosphere which has very negative aspects right now could be improved. A constructive attitude would help considerably.

Moscow is on to Brzezinski's Mideast game

Authoritative statements in the Soviet press are warning Washington that if the Camp David summit meeting adopts measures establishing a U.S. military presence on the West Bank of the Jordan River, or if widely mooted proposals for a Middle East Treaty Organization (METO) modeled after NATO are implemented, the USSR will view this as a grave threat to its national security.

These warnings do not, however, signify that the Soviet Union is reacting to Mideast developments with the hysteria that Great Britain and its agent, U.S. National Security Advisor Zbigniew Brzezinski, would like to provoke. On the contrary, cool and astute analyses of the Mideast crisis, like that by leading Izvestia commentator A. Bovin excerpted here from the Sept. 6 edition of the Soviet government paper Izvestia, signal that Brzezinski's efforts to spark a U.S.-Soviet showdown are proceeding on the basis of a profile of the Soviet leadership which is dead wrong.

"Camp David: A Knot of Contradictions"

... Neither the USA, nor Egypt, nor Israel is interested now in an expanded war in the Middle East. Therefore the search for a compromise, the search for some kind of separate, partial solutions, will continue. However, success, even by the most optimistic formula, is extremely problematic. The conceptions held by the different sides of the nature of a possible peace are too different.

For Tel Aviv, peace is Israel's consolidation of the West Bank of the Jordan River, Jerusalem and other occupied territories; it is an absolute "no" to the creation of an independent Palestinian state....

Even some American friends of Israel are irritated by this inflexible, futile position. However, Begin is convinced that the grumbling in Washington will not reflect upon the active military and financial support for Tel Aviv, and therefore he has no intention of giving way.

Washington is playing its own game in the Middle East. The peace the United States is looking for is intended to expand and strengthen its influence in this strategically most important and wealthiest region. That is the goal. The means is to split the anti-Israel

front, to consolidate conservative, pro-West regimes under American aegis, to create a stable modus vivendi of Arab reaction with Tel Aviv.

The latest round of military activity in the Middle East does not correspond to American interests. War would force the Americans to quit their policy of balancing between Israel and the Arab world. War would force the Arabs to resort to the "oil weapon," as they did in October of 1973.... That is why Washington is persistently trying to find safe ground for an agreement between Egypt and Israel, but an agreement which, giving some tactical benefits to Egypt, would still preserve Israel's strategic supremacy. This is the meaning of Camp David.

Both Washington and Tel Aviv oppose the creation of a Palestinian state. At the same time, the Americans understand that even Sadat will not go for an agreement which completely ignores the Palestinian problem, since such an agreement would not be recognized by the Arabs. Therefore Washington is trying to construct a formula which would give the appearance of a solution to the Palestinian question (variations of "self-management," "participation" of the Palestinians in determining their fate, etc.). Washington evidently calculates that social and class interests will sooner or later nudge the conservative Arab states toward support of such a formula.

Both Washington and Tel Aviv oppose Israeli withdrawal from all occupied lands. At the same time, the Americans realize that Israel's aspiration, based on security considerations, to keep the West Bank as well as other "strategic points," could paralyze the negotiations. And the Americans evidently are proposing a compromise: sovereignty over these regions to be given to the Arabs (Egypt or Jordan), and as a "security guarantee," to replace (or supplement) Israeli troops there with American ones. I do not know whether American troops would be capable of guaranteeing security for Israel (or, really, oil for the USA), but they certainly would guarantee the general destabilization of the situation in the Middle East — that much is obvious. Furthermore, neither Egypt, nor even Israel, has yet agreed to Washington's long-range plans.

West Germany criticizes NATO

A long-simmering dispute over the North Atlantic Treaty Organization's military-strategic perspective erupted into the open last week when a respected, retired German Army General, Christian Krause, criticized NATO's massive ongoing "Autumn Reforger 78" maneuvers in Europe as based on "outmoded war scenarios." Further, Krause declared in a radio interview, the exaggerated size of the maneuvers and their timing are "unfortunate."

On the same program, Andreas von Bülow, State Secretary in the West German Defense Ministry, concurred that the maneuvers are so closely clustered within the same time period that they could easily be taken by the Warsaw Pact as an excuse to intensify their own maneuvers. This, he added, "would certainly not serve the interests of detente" at the present time.

Sources close to the West German Defense Ministry confirmed that General Krause's thinking, which amounts to a repudiation of NATO strategy as presently defined by London and NATO Supreme Commander General Alexander Haig, the architect of "Autumn Reforger," is shared by broader military and political circles. Even the government's official spokesman, Klaus Bölling, "denied" the criticisms of

Haig by admitting that an existing "quarrel has been settled. There are no more problems between the government and Haig."

The Milan daily *Il Giornale* reported Sept. 9 that high-level Italian military officials have also expressed their dismay at Haig's maneuvers. France, which in recent years has participated in NATO exercises though not itself an alliance member, declined to participate in the Reforger maneuvers.

The West German criticisms of the maneuvers also contain an implicit threat to NATO's string-pullers in London. In the event that London succeeds in bringing the United States onto a full confrontation course with the Soviet Union, West Germany may declare its neutrality — the only means of saving the country from complete obliteration in the first hours of warfare. By attacking Autumn Reforger, the West Germans are in effect telegraphing that "Haig's war is not our war."

Haig Under Fire

Although the public criticism of NATO by West Germany is unprecedented, West German military officials' public concern over NATO's strategic policies dates from 1975, when Haig was installed in

What is 'Autumn Reforger'?

Provocatively timed to coincide with the Camp David summit between President Carter, Prime Minister Begin, and President Sadat, NATO's "Autumn Reforger 78" maneuvers are the largest ever held, consisting of 30 separate exercises, each involving 250,000 troops. The maneuvers overlap as well NATO's biggest ever "Hilex" staff exercises, which will be underway from Sept. 12 to Oct. 19.

A French Defense Ministry official privately confided recently that "these are not normal maneuvers . . . They are a strictly political matter." Autumn Reforger is an aspect of London's plan to use a war in the Middle East in order to deal a "geopolitical" defeat to the Soviet Union. In recent weeks, circles around the London Institute for International and Strategic Studies and U.S. National Security Advisor Zbigniew Brzezinski have been insisting that an Israeli invasion of Syria would not result in direct Soviet military

intervention, since the Soviet Union is tied down with the European theater. In the insane thinking of Brzezinski, Haig, et al., a sufficient conventional military threat in Western Europe would ensure Soviet acquiescence to the destruction of its friends in the Middle East.

In fact, Haig's top assistant, General Schultz told the West German Armed Forces Television station Sept. 9 that "these maneuvers are not what they used to be. We now have the capability to use these maneuvers as 'crisis management'."

West German government circles are fully aware that such strategic thinking is the recipe for full-scale thermonuclear confrontation. Sources within the West German Foreign Ministry correctly estimate that the Soviet Union is fully committed to military support of Syria if it is attacked by Israeli armed forces.

Brussels following his and his patron Henry Kissinger's successful watergating of Richard M. Nixon. In October of that year, a leading West German military official disclosed that NATO strategy was undergoing a radical transformation under the guidance of Haig, Kissinger, and then-Defense Secretary James Schlesinger, tantamount to replacing the then-current MC 14-3 strategy with a revised MC 14-4. In that official's view, NATO's war-preventing capability was being seriously undermined by the effort to gear NATO up for "step-wise" warfare, gradually escalating from conventional fighting to the maximum limit of full-scale thermonuclear deployment (see box next page).

In the West German perception, not only does this MC 14-4 doctrine defy the reality of the Soviets' war-fighting strategy, which preceeds from a nuclear bombardment as the first order of battle in a conflict between the Warsaw Pact and NATO, but, based on NATO's doctrine of "forward defense," it also ensures that West Germany will be the battlefield on which the nuclear-armed adversaries meet. "Forward defense," in line with the concept of "step-wise" escalation, postulates that an initial attack by Warsaw Pact conventional forces will be with conventional arms only, and could thus be repulsed by NATO forces stationed along West German borders with East Germany and Czechoslovakia. This doctrine is embedded in the Haig strategy, despite strong assurances from the Warsaw Pact that no such purely conventional war would ever take place.

Thus, not only is the NATO-Haig strategy a formula for virtually certain defeat, but it is also a formula for certain destruction of West Germany, something the German commanders who lived through the devastation of World War II, are determined, short of national humiliation, to avoid.

Since 1975, therefore, West German military thinkers in the influential grouping around the "Wehrkunde" military science academy in Munich have, with varying results, undertaken a thorough reexamination of the "forward defense" posture, around which "Autumn Reforger" is based. In a recent series of Wehrkunde meetings, the *Frankfurter Allgemeine Zeitung* reports West German participants raised doubts about the continued viability of the NATO concept of the Soviet Union as an "aggressor," to the consternation of their British counterparts. Along the same lines, General Krause wrote in a letter to the same paper recently that relations between West Germany and the Soviet Union must be on the basis of "agreed-upon non-violence."

Bremen Accords Key To West German Posture

The West German determination to find a positive alternative to another war with the Soviet Union has been an important factor shaping recent West German economic and foreign policy reflected in the economic treaty signed in May between Chancellor Helmut Schmidt and Soviet President Leonid

Brezhnev, and also in the intent behind the European Monetary Fund agreed upon at the Bremen summit in July. At last week's meeting in Bonn of the International Parliamentary Union, Schmidt defined this alternative as a "worldwide security partnership," in the context of which "regional alliances," such as the one between West Germany and France, would play an increasingly stabilizing role.

This alternative to NATO's long-tolerated, but imbecilic strategy is also the motivation behind this week's visit to Moscow by Greece's Foreign Minister George Rallis — the first such visit of a Greek government leader to the Soviet Union since 1924. The economic relationship sealed there will help redefine overall Western military posture, as will the Turkish government's negotiations with Moscow to develop eastern Turkey and thereby relieve the political chaos there.

West European leaders also see nothing to be gained by a further expansion of NATO membership. Italian Prime Minister Giulio Andreotti was asked during his recent visit to Spain whether Spain's entrance into the European Community should be complemented by its acceptance into NATO. He replied that this is not necessary, since this would "increase tensions" and would not be in the interest of Spain or any other nation.

— John Sigerson

Die Zeit details German split with Haig

The West German weekly Die Zeit, detailed the Autumn Reforger maneuvers and, from an alarmed oligarchist standpoint, the West German opposition to them, in its Sept. 16 issue, in an article titled "A Super Leap Over the Atlantic," by Lothar Ruehl.

Tank columns, full mobilization at American supply depots, landings of large transport carriers from North America at the Ramstein and Frankfurt air bases, make up the outward picture of the large NATO maneuver currently underway in the Federal Republic of Germany. More than 200,000 men are participating in the maneuvers over a period of weeks. The Commander of NATO-Central Europe, Gen. Franz-Josef Schulze, says that "Even in the era of Kaiser Wilhelm II, maneuvers on this scale were not put into motion in the great German Reich." . . .

Reforger 1978 and the included build-up of air forces, named Crested Cap, will serve this year to test a far-reaching goal: the total number of American combat troops in Central Europe is to be doubled within ten days, as if in a period of tension, and the number of fighter planes tripled within three days....

NATO's war-losing strategy

Warsaw Pact vs. NATO orders of battle

The war Haig, Kissinger, and Schlesinger are prepared to fight

1. Warsaw Pact conventional offensive in Central Europe, relying on numerical preponderance in armor and manpower.
2. NATO forces respond using tactical nuclear weapons in European theater to offset Warsaw Pact manpower advantage. U.S. forces mobilized to arrive in Europe on a 3-week timetable.
3. At this point, NATO manuals envision an essentially infinite series of escalations and counterescalations converging on, but never attaining, full nuclear war-fighting.
4. Soviets launch "counterforce" application of nuclear weapons against NATO forces.
5. U.S. launches "counterforce" nuclear attack on Soviet Union, to wipe out Soviet ICBM's and forestall nuclear holocaust.

The war the Soviets are prepared to fight

1. Soviet Union launches full thermonuclear attack against NATO industrial and population centers in North America and Britain to destroy NATO's in-depth war-fighting capacity.
2. Simultaneous Warsaw Pact atomic-biological-chemical ABC warfare saturation of NATO positions in Europe.
3. With NATO war-fighting capacity crippled, Warsaw Pact ABC-trained ground forces occupy Western Europe.

It is in this context that the recent dispute between the West German Defense Ministry and the NATO Supreme Commander Gen. Haig over the magnitude of the maneuver in West Germany and northwestern Europe takes on its political significance. This comprehensive maneuver of the individual national armed forces and certain regional NATO command groups, called Autumn Forge, has, in addition to its demonstration value, a practical military result as well: cooperation of individual national troop units over a large area and over a long period, in order to maneuver under planning conditions approximating those of actual war. One example: On a single day, over 1,000 fighter planes will be deployed over West Germany. Regional air traffic regulations only permit 300 such deployments in one day. Therefore, the air forces could not realistically maneuver with the army without the centralized coordination of the maneuvers in Gen. Haig's Autumn Forge.

The West German Defense Ministry's reservations are that Autumn Forge essentially involves a

"publicity stunt" for Haig and NATO's European command, and that it involves a burdening of West Germany's political relations with Eastern Europe. This has temporarily made relations between Haig and the German alliance partner very sensitive. The expression "publicity stunt" as a characterization of the maneuver stems from a memorandum by the Bundeswehr's Leadership Staff under the guidance of Inspector General Harald Wust, addressed to the political leadership of the Defense Ministry. Haig and other high military officials were especially struck by the fact that the Germans' critical reservations, which came on the occasion of the welcoming of American Reforger units at Ramstein Aug. 6, were then released to the press by the Parliamentary State Secretary in the Defense Ministry, von Bülow The gravest aspect of this, in the eye of the NATO command, is that Bülow spoke as a representative of the Federal Defense Ministry in this fashion, just after the publication of the East German armed forces, Nationale Volksarmee, labeled the maneuvers provocative and a signal of aggression

Soviets on NATO maneuvers: 'A strategy of intimidation'

The Soviet press is giving extensive coverage to the ongoing series of NATO maneuvers, attacking them as a "strategy of intimidation" aimed at both the socialist countries and supporters of detente within the NATO member countries.

The *Izvestia* article "NATO's Gendarme Uniform," excerpted below, exposes the role played by NATO in using the kidnapping and murder of Italian political leader Aldo Moro to further generate hysteria against the East bloc, and names other destabilization operations aimed against NATO member countries.

However, Soviet observers are also sharply attuned to the existence of opposition within NATO's ranks to the war-confrontation policies of Commander Haig and the British. *Izvestia's* feature, "Dangerous Myths," points to recent statements against Haig's policies by a West German general as indicative of a broader "painful reappraisal of values" on the part of some military layers, a phenomenon which is "quite remarkable."

Soviets Analyze NATO Psywar

The Soviet military daily Krasnaya Zvezda of Sept. 3 carried an article, excerpted here, entitled "NATO: Militaristic Demonstrations," coauthored by Col. M. Ponomarev and V. Postnikov.

Tomorrow begins the regular series of yearly complex maneuvers and exercises of the unified, multinational and national armed forces of the countries of the North Atlantic bloc. The whole series goes under the code name "Autumn Forge-78."

... It is perfectly obvious that from a political point of view (the maneuvers) are an intentional militaristic demonstration, planned and prepared in NATO headquarters. Their goal is to show the Soviet Union and other socialist states the military might of the North Atlantic bloc, the "unity" of the NATO countries, their readiness to act against the community of socialist states at any moment. In other words, the Atlanticists would like once again to demonstrate their "strategy of intimidation," to exert psychological pressure on the USSR and the other members of the Warsaw Pact, and at the same time to frighten the population of their own countries with the notorious "threat from the East," to carry out their inhuman designs without hindrance....

"NATO's Gendarme Uniform"

NATO's role in intensifying the arms race and attempts to destabilize socialist countries were

detailed in a major Sept. 5 Izvestia article by Yu. Nalin; portions of that piece appear here:

Recent events connected with the activity of the North Atlantic Bloc quite glaringly expose its character. Indeed, the decision to increase military appropriations, the confirmation of new plans for militarist preparations, the mapping out in the next few days of a huge "demonstration of muscle" of NATO from Norway to the Mediterranean Sea, the unbridled propagandistic campaign against the USSR and the socialist countries — all this graphically testifies to the fact that the aggressive forces united in this sinister alliance intend henceforth to act against detente, to intensify the arms race, and to carry out subversive activity against the socialist countries. At the same time NATO is putting up fierce resistance to the growth of progressive tendencies in the capitalist countries as well as the national liberation movements outside the borders of the Bloc....

NATO's activity is full of examples when the more aggressive circles of the alliance, behind which the USA has always stood, have played the role of overseer over their own peoples and sometimes outright gendarme. In the staff headquarters of the bloc, in close cooperation with the CIA, the plans were prepared for military plots of the "Prometheus" type, bringing to power the "black colonels" in Greece. Following that was the unsuccessful coup in Italy in 1964 and the criminal plot against the people of Cyprus with the goal of "adapting" this island to the military-strategic goals of NATO.

And the gross interference of the leadership of the bloc in the internal affairs of post-Salazar Portugal? By means of different methods, from diplomatic demarches and unbridled anti-Portugal propaganda to threats of military interference — the leaders of the bloc exerted pressure on Portugal to roll back the democratization of the country chosen by the Portugese people.

The unceremonious threat of using economic sanctions, right up to the interference of the USA and NATO in the internal affairs of Italy during the parliamentary elections of 1976, can also be recalled. The same blackmail tactic was used this year during the government crisis in Italy and on the threshold of the parliamentary elections in France, when the NATOites once again resorted to the threat of using every possible sanction in case of the success of the leftist forces in these countries....

The leaders of the bloc are trying to create an atmosphere of intolerance toward progressive people.

organizations and movements in the NATO countries. In connection with the kidnapping and murder of Italian political figure A. Moro, the Western press once again spoke of the connections of the terrorists with foreign secret services, maintaining the country in an atmosphere of tension.

In the inner depths of NATO, the Western press reports, are plans worked out long ago for the use of the most extreme measures of influence over "rebel-countries." Even in 1969, U.S. intentions were made public to provide itself "in the case of extraordinary circumstances" with unlimited rights and absolute power in member countries; to bring in and employ on their territory any arms, using the intelligence of the national secret services, to administer justice and inflict punishment at their own discretion, to use local work forces, etc. And all this with the goal of destroying any movement threatening the strategic interests of the USA and the "free world."...

In the NATO apparatus there is a high planning committee in case of an extraordinary civil situation. According to the Austrian "*Volkstimme*," this committee coordinates the work of the security services of the NATO countries. The creation of special mobile units is envisioned for use in the event of serious political disturbances within any NATO member state. In the educational center at Bad-Emse, officers of the NATO armies are prepared for military actions under conditions of "internal tensions."

During military exercises which the West German paper *Bayernkurier* plainly calls "interventionist," methods are worked out for the joint actions of the NATO staffs and local authorities in case of an "extraordinary situation." Thus, the Hilex or Wintex maneuvers were devised on the premise that in Portugal, Italy and France the "threat of seizure of power by the communists" had arisen....

Reappraisal of Values

Recognition of West German alarm over NATO maneuvers appeared in Izvestia. The Sept. 8 article, entitled "Dangerous Myths," reprinted in part below, was written by Soviet Bonn correspondent N. Polyanov.

(NATO Commander) General Haig wrote an article in the publication *NATO-Brief*, trying to base a doctrine on "the new Soviet threat." In reply, Bundeswehr General Christian Krause published an article in the weekly of the Social Democratic Party, *Vorwärts*.

... "Europe," the Bundeswehr General writes, "has more serious concerns than defense from a (mythical) surprise attack by the Russians." The authors of the NATO doctrine do not want to see "that the Soviet Union since 1949 has consistently sought to strengthen the status quo in Europe." It has tried to fix that status quo in international treaties. "It should also not be forgotten," Krause writes, "that it was the Soviets

who advocated the inclusion of the principle of renunciation of the use of force in the Eastern Treaties."

...Among military men in the West, including those along the Rhine, a painful reappraisal of values is occurring. This does not of course mean that good sense now rules in NATO. Just as before the tones of the "hawks" can be heard. But the appearance of the article just cited is in itself quite remarkable.

French warn of World War III

Excerpts follow of an article by former Gaullist Prime Minister of France, Michel Debre, entitled "The Crisis of Detente," published in Le Monde Sept. 9.

The end of the Cold War, that is to say the preparation for a hot war, has been evident for about 20 years. General De Gaulle, after having measured the evolution of the Soviets, affirmed the necessity for detente and beyond, of cooperation and entente . . . Are we witnessing the end of this period?

The least that can be said is that we are witnessing a turning point, whose clearest manifestation is the hardening positions of all the partners in the international game. This hardening is perhaps not the end of detente. It is, at least, a questioning of the conceptions which, since the death of Stalin to the Helsinki Conference, have, come what may, won out over the grave causes and manifestations of opposition and conflict.

Where does this change come from?

A first cause is the Soviet attitude. Detente, as it has many times been described, has given the Soviet Union the opportunity, which it takes, to advance its pawns on the world chess board. The leaders of the great Soviet empire have sometimes, despite their caution, been pulled into supporting the sworn adversaries of the United States and the West . . .

A second cause . . . is Chinese diplomacy and its aims. The conflict between China and Russia is anterior to the cultural revolution and was notably manifest by China's designs on Africa at a time when the two other superpowers only manifested their disinterest . . . Since (the Cultural Revolution ended) the Chinese have been spinning a diplomatic web: good relations with the United States, entente with Japan, support for any European policy that might be marked by growing defiance towards the Russians, support for all the regimes of the world who oppose the communists submitted to Moscow, search for an accord with those in Eastern Europe who are not unconditional (supporters of the Soviet Union). It is in light of this context that the recent trip of the Chinese Prime Minister to Bucharest, Belgrade and Tehran must be appreciated.

To these two causes can be added the state of the world. Everywhere conflicts are being lighted . . . and it can be noted that the end of the colonial period did not bring about the hoped for stability . . . To which can be added the Middle East powder keg, where it would be easy for a great power that is seeking disorder to provoke a conflict. In addition, the world is now in a state of "economic war."

Certain circles rejoiced over the failure of the political, monetary, commercial and social order which the West had made its main glory in the aftermath of World War II. . .

From the psychosis of encirclement which is being reborn in Moscow, to the maintenance of the arms race which is not slowing down, to the hardening of all international subversive organizations and of all the revolutionary parties, we can ask ourselves if a new world conflict will be produced. It is terrible to have to ask oneself this question. But one cannot but ask it. Nevertheless, to provoke a world conflagration a chain of events is needed. A will is needed, ready to risk the worst, like that of Hitler 40 years ago. One can imagine at the head of a young state, an illuminated leader . . .

Not only must we remain masters of our diplomacy and our defense, but we must know that our national interest is to work such that this grave crisis of detente not become the end of detente . . . Detente with the Soviet Union has for us a meaning which is to be one of the elements of our security . . .

"Sitting on a Volcano"

This Sept. 11 op-ed by Le Figaro editorial commentator Serge Maffert again warned of the dangers of superpower confrontation, and praised

French government efforts to stabilize Europe through participation in the emerging European Monetary System.

France is sitting on a volcano.... The volcano is the world situation. Tension is incessantly growing across the globe. From Southeast Asia, into Latin America, passing through Africa and the Mediterranean, more or less localized conflicts threaten to degenerate into vaster confrontations. The superpowers, the Soviet Union but also the United States, are exerting a destabilizing action, for different reasons of course, but the result is just the same. China is more and more actively playing its game all around the Soviet bloc.

But especially, the battle for raw materials, for energy sources and markets is developing with greater acuity than ever. This economic, and thus political, war, which Michel Debre denounces with the obstinacy of those Cassandras who are right, is the great reality of the day. We have to know that at any moment, in the years to come, what previously seemed impossible could occur. A spark could set fire to the planet in an immense confrontation of the superpowers....

On his side and on his level of responsibility, Giscard d'Estaing is trying to remake the European Community into a solid whole. With notably, as a first objective, the accord on European currencies which should make of Europe a zone of monetary stability....

The time has come for a mobilization of French and European energies.... In this implacable struggle for the third millennium, no nation can hope to pull through alone. Europe must thus become an economic and political force, a "team" in which each member, that is to say each nation, must fight for the other....

The Bremen accords come of age

EMS implementation speeds ahead, as its foes mount a last-ditch stand

The Sept. 14-15 meeting between West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing at Aachen, West Germany marks the final stage of putting the already operative European Monetary System guidelines into institutional form. It is appropriate that the meeting occurs at the seat of Charlemagne's empire, which turned the European population into a force for world progress.

As the French ambassador to West Germany told the West Berlin Chamber of Commerce Sept. 8, "the rapid implementation of the Bremen and Bonn summit resolutions is on the top of the agenda" at Aachen. Strategically placed French and West German sources said during the week preceding the meeting that Schmidt and Giscard are determined to crush the remaining opposition to the EMS within the European Community (EC), and will "bash heads and wash out ears" as necessary. The day before the Giscard meeting, Schmidt conferred with his central bankers, some of whom have resisted the EMS.

Schmidt sounded the note of urgency in a Sept. 10 press conference following a meeting of his Social Democratic Party's presidium in Frankfurt, calling the consummation of the EMS "the number one priority." Giscard was equally forceful Sept. 12, insisting that resolution of the monetary question is the single most important task at present. Giscard's public personal efforts to draw Spain, Portugal and Greece into the EMS and EC involve a streamlining of EC rules and, not incidentally, weaken the powers of the British-dominated EC Commission in Brussels.

Important support for Italian participation in the EMS was won during the Sept. 8 trip by French central bank governor Bernard Clappier and economics minister René Monory, who met with their Italian counterparts, Giuseppe Baffi and Filippo Pandolfi in Bergamo. Beyond the scope of the EC, Schmidt and Giscard have hastened their diplomatic offensive. And Japan is not only coordinating financial-monetary policy in day-to-day detail with France and Italy, according to Japanese and West German sources, but moving to win U.S. support for nuclear development and the EMS. Finally, both Soviet Premier Kosygin's remarks last week (see below) and evidence from the University of Moscow — a polemic in favor of a gold-backed monetary system which attacks, not the U.S.,

but the International Monetary Fund (IMF) as the obstacle — attest to the extent of Soviet coordination with the EMS. Hence the corresponding blitz by EMS opponents to keep the U.S. from acknowledging much less co-sponsoring the EMS as the essential world development vehicle at hand.

The EMS in outline

As it emerged at the Bremen summit of EC heads of state in July, the EMS is not a "European monetary system" in any ordinary sense, and this is why British spokesmen — who had insinuated the idea of a European bloc with Special Drawing Rights-style dollar reserve replacement — attacked the victorious Franco-German version of the EMS with unaccustomed loudness at Bremen, and continue to do so. The EMS, as a new currency arrangement and a new funding instrument, is one flank of an international deployment. That deployment has been properly called "the Great Design," invoking the efforts of Henry IV's economic counselor Sully to industrialize the 16th-century globe, efforts the British and their allies have aborted ever since.

In military fashion, then, France and West Germany have moved to take control of the European continent, and use it as a fulcrum for pressing the U.S. to join in their high-technology export plans.

Schmidt's repeated emphasis on the need for fixed parities — reiterated once more in his Sept. 10 press conference — has a dual significance. First, fixed rates for the EC are only possible in practice if the weaker countries are assisted to become full members of an expanding advanced sector. Schmidt's finance minister, Hans Matthoefer, stated in August that this would occur through EMS Fund credits, as Giscard's strategy for drawing Spain, Portugal and Greece into the EC right away presumes.

Secondly, success in reestablishing European fixed rates is a precondition for the EMS founders' plan to establish a stable parity between the dollar and the other major currencies; in this they have the full cooperation of Japan, expressed more forcibly than ever Sept. 12 by Japanese Prime Minister Takeo Fukuda.

This dollar parity will not be established by fiat. As private discussions, press reports, and elements of the Bremen communiqué attest, the EMS will not merely

stabilize but upvalue the dollar to the three-deutschemerk level through its brilliant potential to use both market and dirigist mechanisms on the dollar's behalf.

The Credit dimension

The creation of a pool of European currencies enables the EMS not only to coordinate foreign exchange interventions on the dollar's behalf, but to fend off speculative attacks against European currencies without selling dollars to bolster those currencies.

A second pool of members' gold and dollar reserves is the key institutional "seed-crystal of a new world monetary system," as a West German official involved in the EMS initiation called it in July.

Should any queasy or ill-willed dollar holder wish to unload dollars, the Fund will take them in exchange for a European Unit of Account asset, backed by gold and EMS industrial strength. If London, Hong Kong, Kuwait, or blackmailed New York commercial banks start selling dollars heavily on the open markets, the EMS can absorb them, adding to its dollar fund.

Why would the EMS wish to expand its dollar holdings? Because, as Japan has already begun to do with a major loan to Mexico, the EMS can then grant dollar credits to the Third World and possibly also Eastern Europe. This provides the EC with an increase in much-needed liquidity to finance trillions of dollars in potential development projects. And this lending mode is counter-inflationary, since it exponentially expands production relative to world money supply and gradually sops up Eurodollars which tend to self-multiply, but unproductively.

Since a large portion of the credits show up in the U.S. at once in the form of export orders for capital goods, agricultural supplies, and so forth, while new markets will proliferate by the end of the 1970s, the EMS is clearly in the best, most urgent interest of the U.S. and the dollar.

IMF retreat

Anyone vaguely familiar with the International Monetary Fund's past and present "conditional" lending policies, and its efforts to substitute SDRs for dollars as the world reserve, will understand why the EMS will replace the IMF. With its far larger financial resources — especially as negotiations proceed on Arab linkups with the EMS — and its expansive commitment, the EMS will hang the IMF by its own rope simply by taking away IMF borrowers and bolstering the dollar.

This month the IMF has already been hoisted toward the gallows. The EC correspondent of the London *Guardian* reported Sept. 11 from Brussels that the SDR plan ceaselessly pushed by British Chancellor of the Exchequer Denis Healy "ran into massive opposition of the member states in the (IMF) Interim Committee, and Healy found himself with the

IMF secretariat virtually alone in arguing the merits of the plan."

At the same time, the "surveillance" question received a timely blow. Jacques de la Rosière, the new IMF managing director, decided Sept. 11 that the upcoming meeting between the IMF and EMS planners to pursue the issue of whether the EMS would exert "surveillance" IMF-style over its members will be deferred until April 1979 at the earliest — effectively choking the subject. And, at the Sept. 8 meeting of the Group of Ten industrial nations in Paris, it was decided, according to the London *Times*, that, contrary to earlier mootings, the U.S. would not seek to draw several billion dollars from its reserves held by the IMF in order to help stabilize the dollar. The group refused to expand the funds in its General Agreement to Borrow kitty, which is administered by the IMF, and which would be practically wiped out by a U.S. drawing.

Another element of the EMS which jeopardizes continued existence of the IMF is its remonetization of gold through the gold component of the European Monetary Fund. In a recent University of Moscow *Bulletin* article, A.I. Stadnichenko identifies the battle between the IMF's SDRs and gold as alternate potential reserves. Stadnichenko reveals the battle is going on in the East bloc, too. He attacks certain Soviet supporters of the SDR as seeking to subject the USSR to IMF sway, and cites both Lenin and de Gaulle on the stabilizing role of gold, concluding that

the immediate future will show just how and in what form the strengthening of gold's monetary functions on a world scale will occur. However, it is a fact that this process is already under way, and all theories about creating an artificial supranational world currency will disappear as fast as they appeared.

Stadnichenko carefully differentiates the SDR from the transferable ruble; the t-ruble is backed by gold and commodities. This is an effective slap at East-West advocates of a convertible ruble, which would hook into the IMF and World Bank, as opposed to the gold-backed t-ruble unit of account, which could mesh with European Currency Units through the gold-backed EMS.

So, contrary to prevailing American perceptions, the role of gold is neither a tangential issue nor an esoteric one. It is bound up with war or peace. The intensity of European sentiment on this subject may be gauged by the fact that Olivier Wormser, honorary Banque de France governor, despite his anti-gold record and association with the unwholesome Royal Dutch Shell group, wrote in *Le Figaro* of Sept. 11 that there must be a new international monetary system with fixed currency rates based on gold. He added that the South African central bank agrees — and indicated that the U.S. must be brought into support of gold remonetization and the EMS.

— Susan Johnson

1. The latest anti-EMS line is 'pro'

The British and their allies are continuing their disinformation campaign against the EMS, and destabilization assaults, especially against the West German government. But now they have also beefed up their "pro-EMS" subversion ploy. Baron Snoy et d'Oppuers of the Anglo-Rothschild Banque Bruxelles-Lambert the week of Sept. 11 pronounced the Benelux British client states' willingness to abandon the pound sterling and support the EMS — as an adjunct to the IMF. Roy Jenkins, hatchet man for the EC Commission, has been making impassioned speeches to the same effect, together with Rothschild-linked financiers in West Germany.

For another angle there was the important article in the Sept. 11 *Le Monde* by Club of Rome executive member Maurice Guernier, calling for Third World industrialization through a multibillion-dollar "European-African-Mideast Marshall Plan." He adds, however that the Mideast should accept European Currency Units (ECUs) instead of dollars for oil, as part of the plan; and it is not clear whether his invitation for the U.S. and USSR to join is in earnest or a cover for the Bank of England-circulated scenario of a Euro-Third World OPEC bloc against the U.S. What is plain is that the crash-development perspective based on U.S. Labor Party Lyndon LaRouche's 1975-77 International Development Bank proposals, and expressed by the European Monetary Fund creation, is so hegemonic in Europe that it must be addressed by all sides.

As for the disinformation campaign: London is still insisting that the EMS must bog down in technicalities, and trying to make this come true; but British press descriptions (see box) of the Sept. 11 Bank for International Settlements meetings attest more to the City's terror of what they call "intellectual input" than to saboteur's prospects for success.

The most elaborate version of the "technical problems" fantasy has been the alleged emergence of a "soft" Franco-Italian EMS version versus a "hard" West German one. The Agnelli-controlled Italian daily *La Repubblica* of Sept. 8 is bringing in Italy as a "soft" partisan, along with France, which "wants to avoid being the weakest member" of the EMS. *Repubblica's* skewed picture of a war between strong and weak Europeans also appeared in a Sept 9 *Corriere della Sera* article by Nino Andreatta, an Italian economist spokesman for the pro-British wing of the Italian Christian Democratic Party.

The London *Financial Times* of Sept. 13 pretended that the unusual extension of the BIS meeting was a danger signal for the EMS instead of a serious implementation move. But in this article titled "Monetary Plan Problems Cause Basle Talks to be Extended," the *Financial Times'* David White also had to acknowledge that "the politicians" are forcing the EMS through.

. . . A push towards resolving differences is needed from the finance ministers if a basic agreement is to take shape before the end of next month The bank governors are more sceptical than the politicians about the prospects for a practical scheme being set in motion next year. Governors assembled here from within and outside the EEC have emphasised the technical difficulties of implementing any of the schemes proposed.

The problems are political as well as technical. The basic division is between a West German-backed

Britain Braces Against EMS Currency Effects

Over the weekend of September 8-10, the British press identified the isolation now faced by the United Kingdom as the European Monetary Fund moves into place — particularly the threat to the overvalued pound sterling should the U.S. dollar regain strength. In anticipation of such an attack on the pound, the Bank for International Settlements (BIS) at its monthly meeting decided to maintain the \$3 billion standby credit for Britain should the sterling collapse begin.

THE OBSERVER; Sept. 10:

While afraid of being isolated and subject to speculative attacks if we do not enter the revamped currency snake, Ministers and officials are equally concerned that the present sterling-mark rate is unsustainable.

THE DAILY TELEGRAPH (London), lead editorial, "Sentence Deferred," Sept. 8:

The economic storm clouds are beginning to gather The trade returns are looking ominous, and if — as seems possible — the decline in the dollar is petering out, the pound could be next in line for speculative attention.

THE OBSERVER (London), Sept. 10:

The second (potential economic flashpoint) is the situation which would arise if the next dollar crisis led the Americans to take measures which finally calmed market fears about the dollar — thereby diverting attention to other well-known vulnerable currencies. The third is the speculation which could well develop over the right value for the pound if we finally decide to join the revamped EEC currency snake.

blueprint based on the present (if depleted) European snake. Under this "parity grid" system, the interrelation of EEC currencies and the obligations of weaker-currency countries would be clearly defined.

The other principal scheme, favoured by France, would define currencies in terms of a flexible European "basket." This would lighten the intervention burden on the weaker-currency countries This scheme is believed to have, on a technical level, the backing of Britain and Italy. M. René Monory, the French Economics Minister, and M. Bernard Clappier, Governor of the Bank of France, held talks in Bergamo last week with their Italian counterparts in order to rally a joint front. The Italians are keen to have built into a new scheme the possibility of fairly easy parity changes. The differences between the French and German versions will be thrashed out on Thursday and Friday in Aachen

London press: "A list of problems"

The Financial Times (London), "Bankers Cautious of Eurocurrency Plan" by David White, Sept. 12: Basle — Central bankers attending the Bank for International Settlements (BIS) meeting here expressed reservations about European currency coordination plans set in motion by the Copenhagen and Bremen EEC summits.

While uncertainty and disagreement still persist among EEC members about the mechanisms to be used for linking their currencies, the main doubts revolve around the proposed European Monetary Fund, which would pool part of each country's reserves. . . .

The Guardian (London), "Scepticism Over European Monetary System," Sept. 13:

...Sources at the meeting in Basle said that some of the participants expressed their scepticism.... The sources said that there was a feeling among bankers that the various alternatives for a European system all posed technical problems.

The Times (London), "Central Bankers Remain Sceptical on EEC Plan" by Peter Norman, Sept. 13:

...no sign of any reduction in their overall scepticism toward the proposed new European Monetary System. The EMS was apparently not discussed at today's formal meeting of central bank governors from the Group of 10 countries and Switzerland. However, monetary sources close to the two-day gathering at the BIS indicated a marked lack of enthusiasm on the part of those high-level officials charged with working out the detailed methods for putting the EMS into action.

2. North-South deals strengthened

After years of sterile negotiations and piecemeal deals between the advanced sector and the capital-hungry underdeveloped nations, the European Monetary System is emerging as the developed "North's" staging ground for systematic growth policies toward the developing "South."

The French and West Germans are determined to create the monetary and financial conditions needed to turn Third World hot-spots into foci of development. This determination has generated such groundbreaking initiatives as the trip to Cuba of Spanish President Adolfo Suarez, the planned visit of the Shah of Iran to East Germany, and Japanese Prime Minister Takeo Fukuda's current tour of the Mideast.

In turn, this activity along the North-South axis strengthens immensely the ability to force the nuts-and-bolts of EMS policy through British-contaminated European Community channels.

Concentrating on Africa and the Mideast, EMS political architects at the heads of state level — France's Valéry Giscard d'Estaing and West Germany's Helmut Schmidt — have made concerted overtures to the South before and after the EMS was formally initiated in July. The French have taken special responsibility for Africa, for Latin America, and for pulling together Southern Europe, while West Germany has most especially reached out to the U.S. and the USSR on behalf of the EMS.

Southern Europe to revive

In cooperation with Italy — as informally ratified by the high-level Franco-Italian meetings of Sept. 8 on the EMS — Giscard intends to upgrade the chronically problematic, still far too backward agrarian regions of the northern Mediterranean rim, by way of incorporation into the European Community, and also, as confirmed Sept. 14 by the Spanish journal *E/Pais*, the EMS. Modernizing agroindustrial programs will take the load of France's own anachronistic peasant sector off the back of France and Europe. In turn, the Latin countries of Europe's Mediterranean rim will serve, as they did during periods of advance through the centuries, as a bridge to Arabic and Western Hemisphere development.

This was the force behind Italian Prime Minister Giulio Andreotti's Sept. 8 mission to Spanish Prime Minister Suarez to stress the urgency of bringing Spain into the EC. Under Suarez's government, the factions which in the 1950s and 1960s turned Spain toward an emerging industrial power rather than a mere petty dictatorship have gained further sway, making Spain a crucial member of a transformed EC.

The North-South initiatives

Two days later, Cuban Premier Fidel Castro received Suarez in Havana, affirming the "bridge" idea. Castro said that Spain is the Western European country best situated to broaden the scope of European relations with Latin America — and he didn't just mean that Spaniards speak Spanish.

The first agreement ever between Spain and Cuba on technical and scientific cooperation was signed, and it foresees the creation of a joint commission. But the broadest agreement to emerge at this meeting concerns a four-way crude oil trading deal involving the Soviet Union, Cuba, Venezuela and Spain, which has been in the works for months. The Soviet Union will supply Spain with 10,000 barrels a day of crude previously contracted from Venezuela, while the latter will supply Cuba with an equal amount — saving thousands of miles on oil transportation. Pemex, Mexico's state-owned oil company, had just signed an accord to supply the *Compania Espanola de Petroleas* with 1.2 million metric tons a year of crude.

Inscribing the oil accord with Suarez, Castro stated: "We are interested in seeing a European state such as Spain, which is growing industrially and technologically, become a friend of the Third World." Suarez goes straight from Cuba to Venezuela, where the two countries are expected to sign agreements on nuclear cooperation, naval construction, and Spanish construction of the Los Morros railroad, a project that will cost an estimated \$1 billion.

The Shah of Iran, in pitched battle against a destabilization effort (see *INTERNATIONAL*), was abruptly forced to cancel an important trip to East Germany. In the past twelve months, the Shah has been to every East European country with the exception of East Germany, discussing oil for technology swaps and war-avoidance policies — in total opposition to U.S. National Security Council plans for Iran.

The Shah had been scheduled to meet with Foreign Minister Oskar Fischer to discuss a giant barter deal, including East German technological involvement in the Iranian oil and petrochemicals industry. Increasing the Iranian oil supply to the East bloc, which has already occurred despite the cancellation of the last leg of the Shah's tour, enables the Soviet Union to free up its own substantial oil supply to sell outside of the bloc itself.

Implications for East-West peace

The world detente sought by Giscard and Schmidt is receiving firm support from French diplomacy in Southeast Asia. It will be extremely helpful to the U.S. if France — whose efforts to establish a workable post-colonial development bond with Indochina after World War II were disrupted by the British — could provide a pilot model of mutually advantageous trade and investment with Vietnam, a potential linchpin of both North-South and East-West relations.

Like the Cubans' expanded triangular relations, this can also provide tangible evidence to the USSR that an international development policy has become the tangible counter to the persisting war danger.

French Foreign Affairs Minister Louis de Guiringaud has just concluded a week-long tour of several Southeast Asian countries, with the objective of increasing French economic involvement in the area, and countering some of China's destabilizing influence. Guiringaud was accompanied by a delegation of French industrialists; his trip to Indonesia had been organized by the French business association, the CNPF.

As part of French interventions to stabilize the many hot-spots that threaten to explode into broader confrontations, President Giscard himself has been meeting with African leaders, including the presidents of Senegal and the Ivory Coast to attempt to reach a settlement of the Western Sahara problem. It was during a conference with the French-speaking African states in Paris this summer that Giscard first spelled out the necessary connection between the EMS, international political stabilization, and Third World development.

— D. Sloan

3. Soviet interest is running high

The eighth meeting of the West German-Soviet joint commission, chaired in Moscow last week by Soviet Premier Alexei Kosygin and West German Economics Minister Count Otto Lambsdorff, rapidly turned into a far broader exchange on how West Europe's European Monetary Fund and the Soviet Union's next Five Year Plan will act in tandem to their mutual advantage.

The fact that the exchange occurred even before the official ratification of the West German-Soviet 25-year economic cooperation treaty underlines the urgency with which both sides are moving to coordinate a "grand design" policy not only for East and West Europe, but for such "third country" areas as the Middle East.

Other participants in the talks included Soviet Foreign Trade Minister Nikolai Patolichev and Otto Wolff von Amerongen, the head of the German Association of Industry and Chambers of Commerce and a leading organizer of East-West trade cooperation. According to a West German correspondent stationed in Moscow, Kosygin extended his discussions to twice their scheduled length in order to ask detailed questions about the European Monetary Fund and its significance for the value of the dollar. Kosygin later stated how pleased he was that these consultations

occurred during the drafting stages of the new Soviet Five Year Plan, which runs from 1981 through 1985.

West Germany's trade with the Soviet Union has been making such progress that even old hands like Wolff von Amerongen have registered their surprise. Over the first half of this year, Soviet exports to West Germany increased by 19 per cent over the same period in 1977, while West German exports to the Soviet Union increased by 14 percent. The rise in the Soviet export component is largely due to the first yields from a series of "compensation deals" initiated two to four years ago by West German and other European firms.

This dynamic trade picture, however, is modest compared with the potential specified by the historic economic collaboration treaty signed in Bonn last May by West Germany's Chancellor Helmut Schmidt and Soviet President Brezhnev. The treaty states that "the goal of promoting economic, industrial, and technological cooperation between both states is an important and necessary element for strengthening bilateral relations on a stable and long-term basis." Schmidt declared in a greeting to Brezhnev May 6 that the aim of such economic collaboration was "to make détente irreversible" in the economic and military spheres as well.

Since the signing of this treaty, such leaders as Wolff von Amerongen have been engaged in intensive behind-the-scenes negotiations to establish international industrial consortia, under the chairmanship of Soviet agencies, in order to coordinate a mammoth development effort not only in the Soviet Union but also in third countries. Officials involved in these discussions have made it clear that West Germany could not possibly finance such projects alone, nor handle the multibillion dollar scale of potential orders with existing capacity, and was therefore coordinating with France and other countries for the required credit lines and contracting.

East Bloc indebtedness

The timing of the announcement of the European Monetary Fund plan at the July European Community summit meeting in Bremen indicates that one of the EMF's intended functions is the financing of such East-West industrial efforts. Even before the summit, Soviet Gosbank head Vladimir Alkhimov issued a call in *Foreign Trade* for increased collaboration between the Soviet Union and Western banks and central banks, as well as close consultation on international gold supplies and markets. The indebtedness of the Soviet Union to the West is also much harder to use as an argument against increased collaboration, now that the Central Intelligence Agency's report of an imminent Soviet oil shortage has been officially deemed a hoax cooked up by British and allied

intelligence networks. The Vice-President of the Hungarian National Bank, Janos Fekete, has recently made the important point at an international conference that over the period 1970-76, total indebtedness of socialist-sector CMEA countries was more than offset by the increases in CMEA imports of "self-amortizing" plant and machinery which increased productive capacity — the principle of EMS lending.

West German Foreign Minister Hans-Dietrich Genscher confirmed this outlook in his address last week to the International Parliamentary Union in Bonn. The Schmidt-Brezhnev treaty, he said, "puts in place our orientation toward a long-term planning of our relations with the Soviet Union." Genscher added: "The EEC considers it a priority aim to open its markets to exports from the developing countries, and to increase the transfer of technology and resources."

French President Giscard d'Estaing, whose country already has a similar treaty with the Soviet Union, is scheduled to visit Poland during this month.

Schmidt's and Giscard's plans should not be confused with the "Ostpolitik" operations of former Chancellor Willy Brandt and his assistants like Egon Bahr. Brandt's World Bank-sponsored "Commission" has had no success in luring the Soviets into supporting its genocidal "soft technology" approach to Third World aid. In a recent interview with *Der Spiegel* magazine, Egon Bahr devoted windy paragraphs to discussing how to "bridge the gap between East and West," without giving a single mention to the existence of the Schmidt-Brezhnev treaty.

In all respects, the Middle East is a focal point and a test for these alliances. As the West German-Soviet joint commission met in Moscow, Chancellor Schmidt was holding consultations with Syrian President Assad on the danger of war in the Mideast and on the need for serious regional economic development programs. Assad arrived along with Syrian Foreign Minister Khaddam, who had come to Bonn directly from his visit to Moscow. Otto Wolff von Amerongen returned from Moscow the next day to chair a 100-man delegation of West German industrialists in discussions with Assad and Khaddam.

Following that "very successful" meeting, Prince Saud al-Faisal of Saudi Arabia suddenly arrived in Bonn for consultations with both Schmidt and Assad. Saudi Arabia this summer had deputized Schmidt to represent its interests at the Bremen and Bonn summits — a fact rarely reported in the financial press, but one which has been essential to the launching of the EMS as an instrument for rescuing both peace and the dollar.

— John Sigerson

IMF pressures Guyana against LaRouche

The brutal economic policy behind world terrorism

Last week the Executive Intelligence Review published statements by the U.S. Labor Party's chairman Lyndon LaRouche and its Executive Committee on assassination plots against LaRouche and former Guyanese Foreign Minister Fred Wills. Those statements cited the activities of a minor Guyanese government official, Kester Alves, and stressed the interests of the International Monetary Fund in this form of terrorism.

This week we present an analysis by LaRouche of the economic policy basis of the IMF operation, focusing on the blackmail control exercised by foreign banking institutions over many countries, including Israel, and the terror methods used to maintain that control. The article is reprinted from the Sept. 15 issue of the Labor Party newspaper New Solidarity.

On the heels of the fairly widely circulated slander against U.S. Labor Party chairman LaRouche by New York-trained Maoist Kester Alves, other Guyanese persons acting under direction of the International Monetary Fund (IMF) have now escalated that same line of slanderous attack. The IMF's included motivation in this matter is to foster two early political assassinations, that of LaRouche and of former Guyana Foreign Minister Fred Wills.

The Peru precedent

We are familiar with the foul practices of the IMF, Henry A. Kissinger and others to this same effect. The earlier case of Peru is exemplary.

The Latin American Labor Committee was organized in Peru at the invitation of the government of that nation. Although Labor Committees' literature had been widely circulated in that nation for several years, the organization of a Peruvian Labor Committee organization and the establishment of an NSIPS press office in Lima were both actions prompted at the suggestion of representatives of the Peruvian government.

The leadership of the Peruvian government was then predominantly Catholics dedicated to the 1967 *Populorum Progressio* policies of Pope Paul VI. Al-

though *one faction* of the Peruvian Communist Party and leadership of certain large trade unions supported the government, and although the governments of the Soviet Union and German Democratic Republic developed friendly relations with the government, the Kissinger line, that the Peruvian government was "leftist" or "Communist" in impulse, was simply a lie.

During late 1975, the government of Peru, then a leader among the nations working for a new world monetary system, came under cruel pressures from the IMF, World Bank, RAND Corporation and Henry A. Kissinger's personal gang of thugs. It was demanded that Peru submit to what are today generically termed "IMF conditions," the same conditions to which Guyana was forced to submit more recently.

In addition to hideous austerity demands and both financial and economic warfare against Peru, the nation was threatened with the RAND Corporation's "Second War of the Pacific." Under this Kissinger-RAND scenario, the conflicts between the Bolivian government and Kissinger's puppet-government of pro-Hitler Pinochet over Bolivia's access to the Pacific would be the pretext and trigger for launching a war in which Peru would come simultaneously under attack from Ecuador and from the south. This same scenario involved options for directly, quickly pushing Brazil, Argentina and other nations into this same "Balkan-modeled" conflict, unleashing general war throughout the South American continent.

This scenario for a "Thirty Years War" in South America was echoed by a Kissinger project for similar general conflict in the Central America-Caribbean region. That was directly complemented by the Kissinger-coordinated, attempted 1976 destabilization of the Mexican government of President Echeverria. It was paralleled by a similar Kissinger scenario for generating a hideous sort of general warfare in all of southern Africa: racial warfare, intraracial war, and so forth.

The unwillingness of the Soviet Union to risk confronting Kissinger directly in Latin America caused the Soviet Ambassador to Peru to refuse Peruvian requests for economic assistance to aid it in undertaking

a unilateral reorganization of its nation's external indebtedness. This turn-down from the Soviet Union proved crucial; step by step, the resistance of the Peruvian government crumbled during 1976. Pressures from the outside were complemented by subversive destabilization activities from Peking-coordinated Maoists and British-controlled Apristas.

Former leaders of the Peruvian government were not only "sacrificed" on demands from Kissinger and IMF, but later imprisoned and, in some cases, cruelly tortured. The powerful fishermen's union was broken up and its parts crushed. In the conclusion of this phase of submission to "IMF conditions," members of the Peruvian Labor Committees were subjected to vicious, fraudulent charges and outright political repression. Under pressures from London and Kissinger circles, the NSIPS office in Lima was closed down.

In this process one of the new IMF-selected appointees to government positions took the lead in organizing this political repression and in slandering the U.S. Labor Party in international transactions. For the moment, we were left to weep at the cruel, fascist forms of austerity the IMF and Kissinger had succeeded in imposing upon the isolated, helpless nation of Peru.

The Guyana case

The Guyana case is similar. Just as we have had amiable relations with the government of the present President of Peru, so we have always had amiable, collaborative relations with the government of Forbes Burnham of Guyana. However, Forbes Burnham is now caught in the same IMF "prison" as President Morales Bermudez of Peru. The faults now associated with those two governments do not originate within the national government, but are cruelly imposed upon presidents who must weep for their country, inaudibly, behind the closed doors of their most private quarters. These are men, like Forbes Burnham who cling to power as the great conductor Wilhelm Furtwaengler clung to the Berlin podium during the Hitler regime: unable to stop the evil, but believing that their presence in their positions offers the best visible chance for ameliorating the suffering of their people.

In the same vein, our concern at this moment is to create conditions such that the City of London's intent to overthrow Forbes Burnham is hindered and, preferably, altogether defeated. This means to defend Burnham in part by exposing the London-allied forces preparing various aspects of the projected fascist coup, including such creatures as Maoist Alves, creatures planted into the Burnham government itself under dictated "IMF conditions."

The Mobutu case

During the past spring this writer's representatives had close discussions with the highest level circles of the Zairean government of President Mobutu Sese

Seko. These discussions developed in the setting of the London-Brussels invasion of Zaire's Shaba province through proxy forces of the Lunda tribe from the "controlled territories" of Lunda population in Zambia and Angola. The immediate sponsors and armers of the invasion force were the LonRho company and the Belgian Société Générale.

There were two, intersecting reasons for that invasion.

Immediately, the first objective of the London-Brussels conspirators was to topple the Zaire government in a process including the projected separation of Shaba province from Zaire. The trigger for this action was the Zaire government's transfer of flow of payments for Zairian exports from control of the Belgian banks to the Zairian national bank.

More broadly, the destabilization of Zaire dovetailed with the joint intentions of Kissinger, Brzezinski and London — directly contrary to the policies of the U.S. State Department and U.S. government policies generally, to trigger a general "Thirty Years War" scenario throughout southern Africa. For related reasons, Brzezinski, Kissinger and CIA Director Admiral Stansfield Turner lied variously in their reports to the White House, in their lobbying around Congress, and in their public statements on the Shaba affair.

It is to be emphasized that our own analysis and facts concerning the Shaba affair were in concurrence with those of various European and African governments. Hence, Turner, Brzezinski, and Kissinger were not "mistaken," but lied respecting the information available to them from the governments most directly involved in resisting British-Belgian atrocities in that matter. They lied in behalf of the British intelligence services. Since Henry Kissinger conducted himself in such a fashion as to provoke President Kennedy's ordering the firing of "that lunatic" from the government, Kissinger has been consistently a liar in behalf of the British intelligence services.

Fortunately, in the Shaba province case, the government of Zaire was not lacking in aid from French and other forces. Zaire was not obliged to submit to crushing demands in the way in which more isolated governments of Peru, Guyana, Jamaica and others have been obliged to submit to surrendering their national sovereignties and permitting a colonialist dictatorship by virtual occupation forces of the IMF.

Despite the frantic efforts of London and such British agents as Henry A. Kissinger, trends in Africa are moving predominantly in the direction of stability and the new world economic order associated with the Bremen EEC agreements.

LonRho, the company which conduits British intelligence operations throughout the former British colonies of black Africa, has recently attempted to penetrate and influence the forces of Nkomo, and to add its subversive contributions to British and IMF pressures on the Zambian government of Kenneth Kaunda. Lately, London and LonRho attempted to cash in on the "debts" Nkomo has incurred indirectly

through LonRho aid, to force Nkomo into an agreement with British puppet Ian Smith, an agreement intended to trigger black-against-black war in the ranks of the Patriotic Front, and to shatter the alliance among the front-line states.

Fortunately, through various agencies, including Tanzania's President Julius Nyerere, the dirty little LonRho-Owen game-plan around Nkomo and Smith was publicized, and remedial measures taken to preserve the alliance of Nkomo and Mugabe. British puppet Ian Smith has naturally exploded in a monstrous rage of sheer frustration, shrieking "betrayal," and threatening war crimes against Zambia on this account. If Smith engages in such operations, he will go out with a bloody shirt, not in the peaceful manner offered to him as an alternative.

Other important developments have also occurred.

Various sponsoring nations have aided Angola and Zaire to reach agreements in Brazzaville, the host city for their negotiations. New openings are developing between the Republic of South Africa and Angola. The matter of the former German colony of Southwest Africa is in process of solution, with West German economic aid in substantial amounts aiding in making those arrangements durable. The consolidation of the Bremen agreements will set into motion French-German initiatives in realizing the alternatives developed around the leadership of Baader-Meinhof-murdered Dresdner Bank head Juergen Ponto: the racial problems of southern Africa will be solved within a context of durable common interest among the races, based upon a massive, joint participation in a high-technology development of industry, agriculture and infrastructure throughout the region.

If this were to fail — as London, Kissinger and Brzezinski are determined to cause failure — then all southern Africa falls prey to a genocidal "Thirty Years War" scenario.

The Israel case

Although the major press media ignore this basic reality, Israel's current national policies are dictated not by "Zionism" nor by Israeli national interests. They are dictated by "IMF conditions." The present government of Israel is under blackmail control by those foreign institutions which control Israel's \$10.7 billion external debt, and which also control the miserable hand-to-mouth financial rations doled out to the government of Israel — each time, in return for a shift in Israeli domestic and foreign policies as dictated by London and allied controllers of Israel's finances.

In consequence, Israel is presently living under a fascist economic order like that prevailing in Nazi Germany during the 1933-1936 period. There is no contradiction in the fact that these very policies were prescribed by the same economic fascist, Milton Friedman, whose policies govern the fascist dictatorship in Chile, and overlay the fascist policies earlier prescribed by Hjalmar Schacht admirer Abba Lerner.

The "IMF conditions" are explicitly fascist policies which sweep away the sovereignties of those nations forced to submit, reducing the victim-nation to a neo-colonialist satrapy of the IMF dictatorship over its domestic and foreign policies, the composition of its government, and every other tiny detail of its economic life. *This is what Milton Friedman and other associates of the "fascist international" (the Black-Maltese Mont Pelerin Society) mean by "free enterprise."*

It is not inconsistent that Friedman is a "libertarian" maverick Keynesian, with Vienna School complications, and that Lerner ranks among the leading "liberal" Keynesians in the USA. Nor is it accidental that Lerner is a close collaborator of social-democratic intelligence operative Sidney Hook. The same "ex-Trotskyist" Hook is closely interlocked with the machine of William F. Buckley, through such common "ex-Trotskyist" points of past and present interest as Max Eastman and James Burnham. The exemplification of John Maynard Keynes is the introduction to the first edition of his *General Theory*, published in Berlin, in German, in 1936. In that introduction, Keynes proposes that the form of government then existing in Germany, the Hitler government, was the sort of society to which his monetary doctrines were most appropriately dedicated. The circle is closed by the fact that both Friedman and Lerner have publicly and repeatedly defended their admiration for the same Hjalmar Schacht who designed Nazi Germany's economic and monetary policies. Schacht was not only a protégé and agent of S.G. Warburg, but his policies were based on the counsel of S.G. Warburg. The fact that Friedman and Lerner are ostensibly Jewish, and advisors to Israel is not axiomatically inconsistent with their admiration of Nazi economic policies and of Nazi economic czar Hjalmar Schacht.

We know exactly what Milton Friedman and the Heritage Foundation mean by "free enterprise"; they mean fascism, pure and simple. We know why the Heritage Foundation launched its "free enterprise" campaign against the Bremen EEC agreements and in support of the "IMF conditions" during this past June. What they mean by "free enterprise" is freedom of the City of London financial interests to impose fascist dictatorship over the world — or, at least most of the world.

Guyana and Jamaica go to pot

The case of Guyana is a most efficient illustration of what "IMF conditions" really mean. Under a series of downward ratchetings of Guyana's economy and credit, not only are the indices of Guyanese production sliding, but the population has been driven during the recent two years preceding the present "IMF condition" dictatorship, to a bare, fragile subsistence level. The hideous deeper slashes in personal consumption ordered by the IMF mean that large portions of the

population are immediately driven below the subsistence level.

The combination of below-subsistence consumption and labor-intensive projects of the sort demanded by the IMF and World Bank, and proposed by the "Brandt Commission," mean nothing but an exact duplication of the Nazi slave-labor/death-camp system. The combination of labor-intensive occupations with below-subsistence consumption means in Guyana today, as it meant in Nazi-occupied territories during 1943-1945, a systematic elimination of "excess populations" of "useless eaters."

Caribbean nations such as Jamaica and Guyana, which ought to be aluminum exporters, and have other capabilities for moving upward toward economic prosperity as nations, are instead driven downward in their gross and per-capita output trends, toward sub-productive forms of primitive, labor-intensive projects of the sort prescribed by the "Brandt Commission." This is Schachtian genocide, exactly paralleling the way in which the Nazi's Schachtian policies of "fiscal austerity" motivated the slave-labor/death-camp system during the 1943-1945 period. This is what Friedman, Brandt, Lerner, Robert McNamara, and others demand for most developing nations, including Israel, Peru, Chile, Ecuador, Guyana, Jamaica.

Now, look briefly at what the IMF proposes in the way of new export earnings for Guyana, Jamaica and Colombia. *Marijuana!* Starving populations in Jamaica, Guyana are instructed by the IMF and others to "grow pot" — not food! — for export into the United States. Not only will each U.S. pot-headed nitwit be destroying his own mind and body, and contributing to the drug culture which is destroying even pre-puberty schoolchildren of his neighbors, but the smoke rising from that wretched "joint" will be smoke rising from the Nazi death camps of slave labor in the IMF dictatorships of Jamaica, Guyana, and other countries.

Israel's current foreign policy ironically underlines the same point. The immediate ally of Israel in the Middle East, the ally in whose behalf Israel is prepared to trigger general thermonuclear war, is a Nazi-created Nazi organization, the Falange, headed to this day by Hitler-appointee and Hitler-lover, Pierre Gemayel. Marching in support of hideous crimes against humanity perpetrated by the Nazi Falange, the Israeli military, the new auxiliary forces of the continuing heritage of Adolf Hitler, themselves commit war crimes against women and children of Lebanon, all the while shouting "Never Again!" and

pretending that this policy and practice is accomplished in honor of the Jews who died at the hands of the Nazis during World War II.

U.S. Labor Party policy

Any government which willingly supports the policies of Israel, which supports or tolerates the "IMF conditions," which supports or tolerates the policies of Milton Friedman, the Heritage Foundation, the Mont Pelerin Society, today is a government which is in flagrant violation of human rights, in defiance of the Nuremberg Code provisions of the United Nations, in defiance of current international law.

In face of the facts we have summarized, any policy which is in conflict with the U.S. Labor Party's on these matters is either criminal, cynically immoral, or merely a reflection of moral imbecility. There are practices by governments and other institutions against humanity which are so hideous, as Justice Jackson argued at Nuremberg, that no positive law or treaty is required to render the perpetrator a criminal in the eyes of humanity. Any state which condones such practices, by pretending to ignore such practices when that government should have known of their existence, is complicit in that criminality.

In the persons of Henry A. Kissinger and Zbigniew Brzezinski today, we have persons who merit being brought to account beside Hitler, Himmler, Goering, Hess, and others in the Nuremberg dock. Robert McNamara also belongs in that same dock, as does former IMF official Witteveen. So does Israeli Defense Minister Ezer Weizman.

Toward the perpetrators of such hideous crimes no considerations of politeness or diplomacy are admissible. The only policy is: cease these practices or we shall crush you at the first instant we have been given the means to do so. Our spies and other persons working undercover to aid our purpose will, of course, be polite and diplomatic, as the business of deception requires.

Toward such creatures as Kester Alves, already self-designated as a moral imbecile by his profession of Maoism, such a miserable errand-boy of the fascist IMF and the City of London, no diplomacy or politeness by the U.S. Labor Party is permissible. Forbes Burnham has our deep compassion, but those miserable creatures now engaged in plotting his overthrow, and aiding the assassination of Fred Wills and LaRouche, will be treated as the most fundamental principles of morality prescribe.

Turkish outlook hinges on fight with IMF

Rich in mineral resources and guided by a development-oriented government and civil service, Turkey is one of a number of potentially rich developing sector nations whose economic outlook is clouded by pressure from the International Monetary Fund to forego longer-term industrial development in order to maximize income immediately available for debt service. In its quest for an alternative to the IMF formula of austerity and concentration on labor-intensive agriculture, Turkey, with encouragement and material support from both West Germany and the Soviet Union, has put together a promising package of regional industrial development deals. If this program takes off, it will offer good prospects for participation by western firms willing to accommodate to the Turkish government's insistence on maintaining control over the development of the nation's resources.

However, the program's success hinges first on the outcome of the intense faction fight currently raging inside Turkey over the demand by the IMF, together with the World Bank and Great Britain, that the Turks abandon their development plans and instead pursue a course "more appropriate" to Turkey's status as an underdeveloped country.

Since signing a letter of intent with the IMF last March, the Turks have grown increasingly restive as a result of escalating pressure by the IMF to implement further austerity measures that threaten to gut the very foundations of the Turkish economy. Prime Minister Bülent Ecevit is among those who have angrily denounced the strongarm tactics of the IMF and its allies. In a recent speech, Ecevit stated point blank: "We have no intention of having our head chopped off by certain so-called solutions that fall foul of contemporary realities and the economic and social realities of democratic Turkish society."

The IMF's demands

Last month, a high-level IMF delegation — led by Charles Woodward, a Briton — arrived in Ankara to discuss extending a second credit tranche to Turkey of \$50 million. Expressing their displeasure with Turkey's reluctant compliance with IMF austerity

dictates since the March stand-by agreement was signed, the IMF officials demanded that additional austerity measures be adopted by the Turks as preconditions for receiving any further credit. Turkey, the IMF stipulated, must lower its growth rate, tighten up internal credit and money supply, devalue its currency *continuously*, impose a freeze on both the hiring and wages of government officials, raise gasoline prices, and close down those State Economic Enterprises deemed "unprofitable." Until Turkey agrees to these measures, the \$50 million tranche will be withheld.

Turkey's outstanding short-term debt

BANKS

	Amount (Millions)
Convertible lira deposits	1,629
Banker credits	424
Non-commercial arrears	373
Overdrafts	264
Bank for International Settlements	85
Dresdner Bank	208
Commercial arrears	270
Acceptance credits	780

Total Bank Debt 4,033

TRADE ARREARS

OECD countries	1,600
OPEC members	350
Other countries	136

Total Trade Arrears 2,086

Other Debts	538
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Total Short-Term Debt 6,657

*as of April 1978.

The IMF is particularly angered by the Turks' insistence on maintaining a high growth rate, and has called upon the Turkish government to slash its ambitious economic growth projections in the still unpublished Fourth Five-Year Plan. Both the IMF and the World Bank have demanded to review the plan before it is published, to ensure that it conforms to their requirements.

Closely coordinating its activities with the IMF, the World Bank issued a report last month on the Turkish economy which demands that the Turks abandon their industrialization drive. The report was described by one West German source as a "lead-in" for the recently formed Brandt Commission, headed by former West German Chancellor Willy Brandt and advised by Henry Kissinger. The Brandt Commission is actively working to subvert the Bonn-Bremen arrangements for economic reorganization and prevent the industrialization of the Third World. The Brandt Commission was especially active in trying to sabotage a Turkish government-sponsored conference on the new world economic order held early last month in Istanbul.

The World Bank report states:

Under today's circumstances Turkey must change its industrialization strategy. It is impossible to achieve industrialization while having such a large trade deficit. Therefore, it is not realistic to expect development in

heavy industry sectors such as chemicals, heavy machinery, manufacturing, and mining. Instead, Turkey must shift toward export-oriented light industry. . . .

A battle of wills

Ecevit and his allies inside the government, realizing that implementation of further austerity measures in Turkey will only exacerbate the widespread unrest and weaken the Ecevit regime, are taking a hard line against the IMF. According to an article titled "Bülent Ecevit talks Turkey to the IMF," printed in the Sept. 5 British daily *The Guardian*:

The crux of the matter is that for political reasons Ankara is extremely unwilling to impose further austerity measures just now. The people are already groaning under the austerity measures of last winter and officials fear that a further tightening of belts could lead to sharp reaction. They are probably thinking of the example of Peru where martial law was declared in the major cities recently to quell public disorder in the wake of the latest austerity standby agreement with the IMF....

Mr. Ecevit's dilemma is: if he breaks with the IMF, he may be ostracized by the international financial community whose cooperation is vital for Turkey; if he gives in and takes the austerity measures with the Fund's recommendation, he may face serious trouble. Turkey

Economist urges pastoral Turkey

The British weekly *The Economist* has been the most blatant in delineating the kind of role envisioned for Turkey by the World Bank and IMF. Turkey, said *The Economist*, must become not the industrial bridgehead between Europe and the Middle East, but the "granary, dairy and butcher for the region"! *The Economist* complains that Turkish Prime Minister Ecevit is going too fast in pushing economic development, and derides Turkey's efforts to industrialize and export industrial goods to Eastern Europe, the Soviet Union, North Africa, and the Middle East:

The Turkish planners' dream of exporting cars and refrigerators is unrealistic. The north African consumer market is small; many of the Middle Eastern countries can

afford Cadillacs and Mercedes; and Eastern Europe and Russia have their own industries. But if Turkey could become granary, dairy and butcher for the region, its exports would greatly benefit.

Enraged Turks reply

In angry response, the Turkish press has denounced the demands of the IMF et al., as extensions of the same colonial policies imposed by Great Britain on her subjects for centuries.

An editorial in the Aug. 27 Turkish daily *Cumhuriyet* responded indignantly to *The Economist* call for deindustrialization, and scored the British magazine as a mouthpiece for the IMF and World Bank. The editorial also attacked Britain and other EEC members for imposing a virtual embargo on Turkish textile

exports, Turkey's primary foreign exchange earner.

The Economist has summed up how the West views Turkey's economic situation in a language not so in line with typical British subtlety . . . *The Economist* has verbalized without any qualms what lies behind the World Bank's proposal for "continuous devaluation," behind its advice to shift resources to agriculture and light industry from heavy industry, behind the IMF's classic prescriptions of "drop your growth rate," "cut your import volume," and "implement a realistic currency rate."

For more than a quarter of a century, Turkey has been given advice "not to undertake jobs bigger than you can do" and shift weight to light industry and agriculture. Turkey's economic policy is being pressed to reorient itself in this direction. The EEC's view of Turkey is not any different from this point of view.

After Italy, EEC members

already suffers from political violence, with nearly 400 people killed in clashes so far this year.

Like a growing number of other Third World leaders, Mr. Ecevit believes that the IMF's conventional stabilization formulae are recessionist and not compatible with the realities of underdeveloped states. They lead to stagnation.

"Stagnation," said Mr. Ecevit recently, "results in grave social and political crises and eventually in upheavals due to the slow-down of development or rising unemployment. In turn, such crises or upheavals increase the tendencies to establish authoritarian regimes." It was not coincidence, added Ecevit, that authoritarian regimes were gaining ground in developing countries.

Turkey's current clash with the IMF, therefore, goes beyond the second tranche or austerity measures and is a matter of general principle. It centers upon the formulation of a different set of principles more in line with the realities in the Third World.

In addition to Ecevit, another top level government proponent of economic development is Defense Minister Hasan Esat Isik. In a recent interview with the Turkish daily *Cumhuriyet*, Isik stressed that the basis for national security is economic development and detente. "Our conception of national security," said Isik in a swipe at the IMF, "is not to obstruct our economic development, but to facilitate it."

Turkish Finance Minister Ziya Müezzinoğlu has also taken a tough stand against the IMF, leading to a run-

in with Central Bank governor Tayyar Sadiklar, who has pledged to carry out the IMF proposals "to the letter." Last month the government tried unsuccessfully to have Sadiklar expelled from his post. Sadiklar, an appointee from the previous government, managed to obstruct these efforts.

In an op-ed on Aug. 25, prominent *Cumhuriyet* columnist İlhan Selçuk attacked the IMF for forcing devaluations on Turkey, devaluations which, in the past year, amount to 85 percent against some major currencies. Selçuk singled out Keynesian economic theory for criticism, for promoting devaluations as helpful in solving economic crises. And he scored Britain's handling of its 1929-31 economic crisis, when the British adopted a course similar to that urged on Turkey today, noting that the sterling devaluation of 1931 helped catapult Hitler to power by depressing German exports. Selçuk also criticized the weakness of the Turkish government toward the British and the IMF.

The problem: Despite the widespread outrage that the IMF's demands have engendered, the Turkish government has yet to put forth a strong policy alternative. This failure could play right into the IMF's hands, increasing the Fund's leverage against the Ecevit regime, already badly weakened by the spiraling violence between left- and right-wing political factions triggered by the neo-Nazi commandoes of Col. Alparslan Türkeş.

Britain and France have implemented a virtual embargo against Turkish textile products. They have, in particular, halted imports of cotton thread from Turkey. This is not the first embargo imposed on textiles. This situation also was faced at the beginning of last year. In addition, at the initiative of the EEC, the tax return ratio given to Turkish exporters of cotton has been reduced, therefore increasing the export price.

Ironically, textiles are one of the branches of light industry that the West has been encouraging underdeveloped countries such as Turkey to adopt.

On Aug. 23, a *Cumhuriyet* editorial attacked the World Bank for trying to reorient Turkey away from heavy industry, comparing the Bank's efforts to those of the British in the 1800s:

What kind of industrialization strategy should Turkey follow in the next five years? While the Fourth Five-Year Plan is being

prepared, this question has become the front issue. One's attention is attracted to the fact that not only the responsible nations institutions but also the foreign financial centers are interested in the issue. Those Western centers that hold the sources of credit in their hands seem to have become involved in an effort to give direction to Ankara's industrialization policy for 1979-1983. . . .

In a report, prepared by the World Bank, the road of development that Turkey has to follow is being laid out. . . .

Needless to say, this is not the first report by the World Bank on this issue. In 1974, the following suggestions were made in another World Bank report:

- 1) Turkey's agricultural sector should be emphasized.
- 2) Turkey should reduce the share of industrial investments in total investments.
- 3) Turkey should give priority to expanding production of consumer-oriented goods and services.

As can be seen, the same

viewpoint is predominant in both reports. The road that is being suggested to Turkey is that she abandon those sectors of industry that are the heart of development. In other words, Turkey is being asked to adopt the kind of industries that do not produce technology, and be satisfied with being a backward extension of the West.

In reality, it could be said that this approach . . . has a past of 150 years. In the 1800s, when Britain had captured the lead in industrialization, British economists developed the following "Holy Thesis": Britain should specialize in machinery, America in corn, and Portugal in wine. Today, this "Holy Thesis" has been given more subtle dimensions, but its core has not been changed.

The present economic crisis which Turkey is going through is a product of vicious cycles created by the West's classic prescriptions. If Turkey does not want to fall into this trap again in the future, she should break out of this vicious cycle during the period of the next Five-Year Plan.

The state of the economy

Turkey's adherence to the IMF austerity recommendations since agreeing to the standby accord in March has already taken its toll on the economy. Despite glowing reports by the IMF-allied Turkish Central Bank of "an encouraging improvement" in the Turkish economy, the actual situation is tending toward disaster.

For example, according to official figures, exports in the second quarter of this year were 17.3 percent higher than in the same period last year. Imports were 21 percent lower. Thus, the trade deficit was lowered 41 percent. Both the export rise and import cutback were in strict accordance with the IMF's proposals.

The effect of these measures, however, is not being reported. Industrial output has plunged as a result of the slash in imports. Plants are producing at about 45-60 percent capacity. The giant Soviet-built Iskenderun iron and steel mill is working at only 10 percent capacity. The collapse of production has raised unemployment well above the 20 percent mark. Despite the rise in exports, foreign exchange earnings remain inadequate to purchase raw materials and other goods necessary for production.

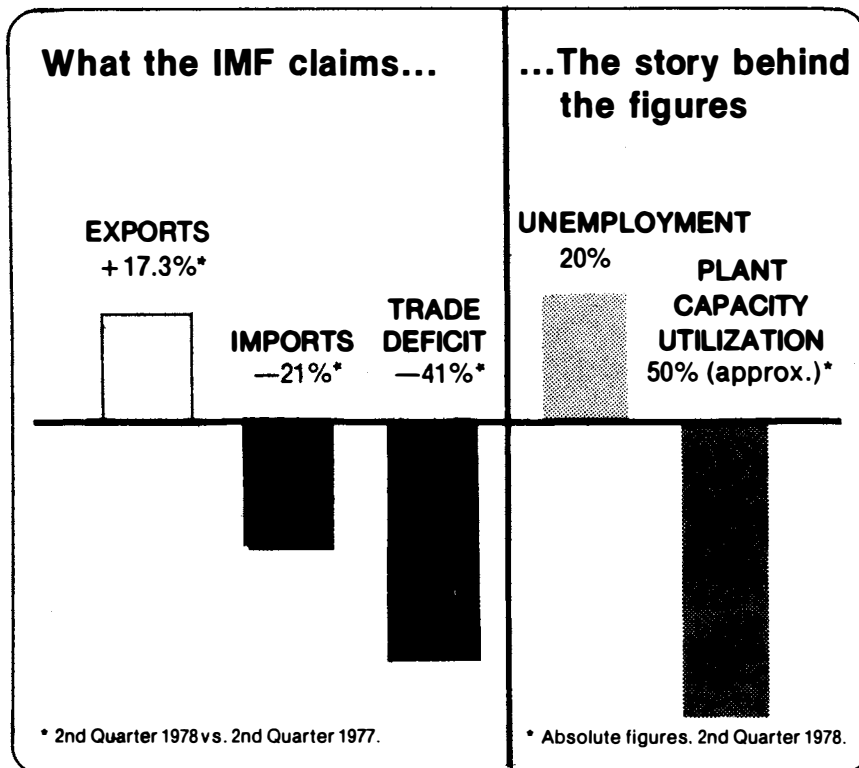
Turkey's debt situation is equally as bleak, enhancing Turkey's susceptibility to outside pressure. Turkey's outstanding short-term debt is \$6.7 billion, approximately \$2.5 billion of which are matured 180-

day acceptance credits and short-term, high-interest convertible lira deposits. Acting as representatives of 220 smaller foreign banks owed money by the Turks, a consortium of eight foreign commercial banks — Citibank, Chase Manhattan, Morgan Guaranty Trust, Barclays, Dresdner, Deutsche, and the Swiss Banking Corporation — is negotiating the rescheduling of Turkey's debt on the condition that Turkey comply with the IMF.

Regional orientation

To break its isolation, reduce its vulnerability to IMF pressure, and lay the groundwork for a workable alternative, Turkey, backed by West Germany, has moved to firm up relations with its neighbors in the context of regional economic development and in the spirit of the Bonn-Bremen economic accords. In a recent discussion with *EIR*, one high-level Turkish military spokesman, stressing his awareness of the role of British intelligence in undermining the Turkish economy and stirring up Kurdish insurgents, asserted that Turkey's only course is to act as the bridge between East and West and work in conjunction with the Arab World, the Soviet Union and East Bloc, and West Germany.

To allay fears in the West over Turkey's efforts to diversify her foreign relations, and in particular, to undercut any attempt by confrontationists, such as



Brandt Commission sabotages Istanbul development meet

On Aug. 7 in Istanbul, a Turkish government-sponsored conference entitled the "New International Economic Order" was convened, attended by leading Third World representatives. The meeting was clearly designed in coordination with those European and Arab governments working for the implementation of the Bonn-Bremen economic accords and a new gold-backed monetary fund to replace the IMF by October of this year.

According to a West German account of the conference, the Brandt Commission moved to

National Security Council chief Zbigniew Brzezinski, to ignite a crisis over the issue, the Ecevit government has taken great pains to make it clear the Turkey, in the interest of world stability, has no intention of pulling out of NATO. In an interview with *Middle East* magazine last month, Ecevit stated:

I believe that the recent development in Turkish-Soviet relations and, in general, recent developments in Turkey's efforts in establishing closer and better relationships with many of the regional countries can make a real contribution to detente and the world . . . Both (Moscow and Ankara) accept that they are members of different alliances and they are respectful to each other's ties.

Turkish-Soviet cooperation .

In June, Ecevit visited the Soviet Union, where he signed a political cooperation document that pledged to strengthen "good neighborly relations and friendly cooperation" between Ankara and Moscow. Extensive economic accords were also concluded, committing the Soviet Union to provide, among other vital goods, three million tons of crude oil — one-fifth of Turkey's oil needs — to Turkey over the next three years, in exchange for wheat. A senior Turkish diplomat, commenting on Ecevit's reception in Moscow and the quality of the economic arrangements worked out,

said recently: "We were all taken aback. Kosygin said, 'I know you have problems. We will help you solve them'." For the Turks, this obliging attitude was in marked contrast to the attitude of the World Bank and IMF. Stated one Turkish diplomat bluntly, "The Soviets know how to develop. Others don't."

In addition to the Soviet Union, Turkey is also firming up economic ties with Iraq, Iran, and Libya. As with the Soviet Union, the focus of much of Turkey's regional relations is on oil. Because of Turkey's foreign exchange problems — Turkey's foreign currency holdings amount to a meager \$750 million — the difficulty the Turks have had in paying for their oil imports has led to a severe oil shortage, aggravating the serious fall in production that has occurred. The country-by-country breakdown:

Iraq. After months of discord over Iraq's cutoff of oil to Turkey as a result of Turkey's failure to pay \$330 million in back oil debt, an agreement has been reached between the two countries following a visit late last month by Iraqi Energy Minister Hussein El Hamadani to Turkey. According to the agreement, Turkey will increase the flow of water into Iraq from the Tigris and Euphrates Rivers in exchange for Iraqi oil. In addition, the \$330 million oil debt was postponed for four years and is payable by Turkish exports of wheat and refrigerators. Both countries agreed to further their economic cooperation.

Iran. Efforts are likewise underway to improve

undermine the event and prevent it from taking firm action against the IMF and toward the new European Monetary Fund. To keep the event a "Third World affair," the Brandt Commission reportedly maneuvered to prevent invitations to the conference from being extended to any U.S., Japanese, and West German officials. The two Brandt Commission representatives at the meeting, Jan Pronk and Goran Ohlin, championed a "new Marshall Plan" for the Third World and promised to deal with the hotly discussed issue of debt moratorium at the Brandt Commission meeting in Tarrytown, N.Y., later in August.

While it is known that the Tarrytown meeting, which was guided by Henry Kissinger, a determined foe of debt moratorium, did discuss the debt moratorium issue, no positive

solution to the issue was announced after the meeting.

The Chief of the Arab Development Bank, Ayarai, attacked the Brandt Commission for its sabotage efforts. Ghana's Kenneth Dadzie made a strong call for the need for developing countries to speed up their motion toward industrialization.

Turkish Prime Minister Ecevit made an impassioned call for the recycling of petrodollars into Third World industrial development projects, and the need to bypass "traditional banking channels, which are often unproductive."

Excerpts from Ecevit's speech:

"Countries and institutions allocating credits usually force the economies of underdeveloped countries to stagnation in the name of stability.

"Stagnation would only lead to widening the gap between developed and developing countries, as well as social and political upheavals.

"Such upheavals could increase the tendencies to establish autocratic regimes."

Ecevit went on to condemn those multinational companies that

"are not at ease with democracy even in their mother countries. They tend to move away from labor intensive industries in their mother countries, where labor rights are protected by democratic regimes, and install them in countries where authoritarian regimes keep wages at low levels."

relations with Iran. In August, Iran's Senate President — recently named Prime Minister — Jaafar Sharif-Emami visited Ankara to discuss the sale of oil to Turkey. Also reported is a breakthrough by Iran and Turkey, mediated by Bulgaria, to resolve a dispute over Turkey's road tariff. The bettering of relations with Iran undercuts attempts by anti-Shah forces in both countries to stir up antipathy in Turkey against Iran.

Libya. In mid-August, with the Libyan Arab Foreign Bank acting as guarantor, a \$100 million loan from an international banking syndicate was procured for Turkey, the first such loan this year. At the beginning of August, an Arab-Turkish Bank opened in Istanbul as a joint stock company within the framework of the cooperation protocol signed between Turkey and Libya in 1975. The medium- and long-term loans to be obtained through the bank will be

earmarked to finance economic development projects in Turkey. Earlier this summer, Libyan leader Muammar Qaddafi lauded Turkish-Libyan friendship as an important stabilizing influence in the Mediterranean, and denounced those forces intent on creating a division between the Arabs and the Turks.

Turkey is also actively seeking to expand her already extensive economic ties with Bulgaria, and to become integrated into the Nonaligned Movement. Last month, in an interview with the Turkish weekly *Yanki*, Turkish Foreign Minister Gündüz Okçün called for expanding relations with the Nonaligned in every sphere. "One of the necessary principles of foreign policy," said Okçün, "is to expand relations with developing countries through increasing the volume of trade and establishing economic and technological cooperation."

—Nancy Parsons

Primary elections rife with fraud

Massive disenfranchisement threatened for November

The results of this year's primary elections so far show chaos, deliberate mismanagement, and outright fraud on a scale which means that at this moment, there is no meaningful right to vote in the United States. A suit is now in progress before Federal District Court Judge Harvey in Flint, Michigan,

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brought by the 33-candidate Michigan Labor Party slate, seeking correction for the massive fraud perpetrated in the state's Aug. 8 primary. In Alaska, former State Attorney General Edgar Boyko has issued a public call for bipartisan action to restore ballot security after the elections travesty in the state last month, in which former Governor Walter Hickel was "defeated" through fraud, including massive disenfranchisement of his chief constituency, the Teamsters.

A round of state primaries, including District of Columbia balloting in which incumbent Democratic Mayor Walter Washington was clearly defrauded of his party line on the November ballot, took place Sept. 12. Primaries in Massachusetts, Washington State, and a host of other states are scheduled for Sept. 19.

The pattern formed in the primaries demonstrates that the large-scale fraud is being perpetrated by networks for the most part found in the "Kennedy wing" of the Democratic Party, plus corrupt elements in the Republican Party connected with Henry A. Kissinger. The common denominator of those committing fraud is support for zero-growth economics and confrontationist foreign policy. The targets of the fraud are clearly progrowth candidates of both traditional parties, and of the U.S. Labor Party, which is fielding 24 congressional campaigns, four gubernatorial slates, and many local candidates.

The nature of the fraud is an extension of the methods used in 1976 — post-card registration, "instant" or "same-day registration," multiple voting, and so forth, plus the additional elements of deliberate confusion, for example the purposefully confusing ballot used in Michigan.

In 1976, there were federal suits filed in Wisconsin, Ohio, Pennsylvania, and New York to overturn the

presidential elections on grounds of fraud connected with the use of post-card registration and other practices. Nevertheless, these fraud mechanisms have not only remained in place, but proliferated.

In 1977 Col. Thomas McCrary (USA Ret.), now a gubernatorial candidate of the Georgia Independent Party, formed a national, non-partisan Committee for Fair and Honest Elections, which provided testimony in the Senate, and mobilized pressure from around the country to prevent the enactment of federal post-card registration laws which would have permitted wholesale, national fraud. What the performance during the recent primaries shows is that even greater national action is now required to restore ballot security to the United States voter.

Michigan: Find Hundreds of Missing Votes

Those responsible for gross irregularities in the Aug. 8 Michigan primary have rushed into a "cover-up" effort after the discovery of 609 uncounted votes for the U.S. Labor Party which had been listed in an "invalid" category by Wayne County Board of Election officials. Disclosure of the votes caused the state attorney general's office to protest against further court mandated discovery procedures as "too costly" in a Sept. 7 hearing.

Previously established patterns in the geographic distribution and other features of fraud have pointed directly to complicity by the United Auto Workers machine in the state. Following the latest development, USLP national headquarters issued a statement to the press: "It is not inconsequential that Doug Fraser and the UAW are rushing to cover up their criminal electoral activities at the same time as Fraser is quoted this week as stating a preference for the 'British parliamentary system' over our republican form of government... Fraser could not have been more direct in declaring himself as an agent seeking to undermine our form of government.... This is what is at stake in Michigan."

In the Aug. 8 primary election the U.S. Labor Party was credited with a mere 515 votes statewide and "failed" to meet Michigan's new primary qualification requirements. Through its attorney, prominent Washington D.C. lawyer James Schoener, the party filed suit before Judge Harvey in Flint arguing major

irregularities, and voter confusion concerning the "third party" aspect of the primary. The party asked the judge to freeze all voting materials for investigation.

Until Sept. 7, all voting materials were frozen through a preliminary injunction granted by Judge Harvey, and the U.S. Labor Party was pursuing discovery of its vote.

Clearly not aware at the outset of the UAW vote fraud operations conducted on Aug. 8, Michigan Assistant Attorney General Levine consented to discovery on the Wayne County Absentee ballots. Party investigators found the 609 votes, more than the party was credited with statewide, in this small portion of the total Wayne County vote.

At this point Assistant Attorney General Levine decided that discovery was becoming too costly. In the Sept. 7 hearing before Judge Harvey, Levine argued that the U.S. Labor Party investigation and the court's order were tying up the entire electoral procedure before the November general election. Judge Harvey ordered both sides to go into conference.

What followed was a seven hour "discussion" between Levine and the attorneys representing the U.S. Labor Party. Levine issued a blanket refusal to give the party any discovery on voting machines, despite the fact that the USLP specified precisely which machines required inspection, limiting their number to some 20 voting machines.

Levine also refused to grant the party a computer readout of the U.S. Labor Party vote in Genesee and Kent counties, despite assurances from CES computer company, who runs the program, that such a procedure would take only four hours. Instead, Levine declared the party should take a meaningless 15 percent random sample of the third party qualification vote, rather than the U.S. Labor Party vote from selected precincts in Genesee and Kent counties.

The U.S. Labor Party filed a motion Sept. 8 with the court to compel discovery on machines and on the entire computer process in Flint and Kent counties. This is urgent to the party's case and urgent for the preservation of critical evidence. This motion will be heard before Judge Harvey on Tuesday, Sept. 12. The hearing on the substance of the entire U.S. Labor Party case, entitled **Dean vs. Apol** is scheduled for Monday, Sept. 18.

Alaska: Teamsters Can't Vote

In a reversal of the previously announced results of the Aug. 30 Alaska Republican primary, election officials announced last week that former Gov. Walter Hickel is now "unofficially" 37 votes behind his environmentalist opponent incumbent Gov. Jay Hammond. Charges were made by Hickel's lawyer and former State Attorney General Edgar Boyko that officials handled ballot counting "in a grossly negligent manner."

Like many of the candidates victimized by deliberate vote theft, Hickel had campaigned on a pro-industry platform: continuation of the Alaska pipeline and expanded economic development of the state. His opponent, the bearded poet Hammond, prefers that the state's primitive terrain remain untouched.

In calling for "a bipartisan citizen's commission... to keep honest those who are in charge of the election mechanism," Boyko detailed several irregularities which were reported by the *Seattle Post-Intelligencer* Sept. 2. In Prudhoe Bay, the headquarters of the Alaska pipeline and a stronghold of support for Hickel, no arrangements were made to transport ballots to the board of elections in Anchorage. Volunteers from the Teamsters union, which supported Gov. Hickel in the race, transported the ballots to the Anchorage Board of Elections which then invalidated many on various pretexts.

Moreover, a large voter turnout in Fairbanks caused several precincts to run out of ballots. Election workers used sample ballots and then xeroxed sample ballots. These ballots were challenged and thrown out with no recourse available for the disenfranchised voters.

Boyko related that his own ballot had been voided although he knew it was cast in the appropriate manner. Boyko added that election workers had challenged at least one voter who was known to be a Teamster and charged that the attorney general's office had seized 25 votes from Teamsters.

Washington: Some Votes Counted Twice

A multipartisan ballot mobilization led by the U.S. Labor Party has momentarily stopped the landslide defeat by vote fraud of incumbent Mayor Walter Washington in yesterday's Democratic primary in the District of Columbia. The official tally shows Washington third in line behind the *Washington Post's* Marion Barry and D.C. statehood advocate Tucker, but only 2,000 votes separate him from the "winners." Mayor Washington, upon disclosure of a "mistake" in voter tabulation, has pulled back from an early concession to his opponent — the Institute for Policy Studies' Marion Barry, *Washington Post* pick, and same-day registration advocate.

Local television coverage of the mayoral primary race continually reported a close race between Washington and Barry. Then, at 1 a.m., Barry was predicted the winner by taking a sudden 7,000 vote lead. Moments before Mayor Washington was expected to officially concede the race, U.S. Labor Party candidate for city councilman-at-large, Stuart Rosenblatt, led a delegation from the mayor's election headquarters to the voter tabulation facilities, where officials then admitted that the 7,000 votes given to Barry were a "mistake," Barry's votes had been counted twice!

The Labor Party also uncovered a potential electoral fraud set-up against USLP candidate Rosenblatt and mayoral contender Susan Pennington, both officially unopposed in their bid for the USLP nomination. The District of Columbia election laws are rife with openings for fraud including the archaic use of paper ballots, postcard registration, and the high incidence of write-in candidates. When Labor Party election officials began contacting potential campaign workers from the official record of Labor Party registrants, they discovered that many were fraudulent, turning out not to be persons registering Labor Party, but instead including addresses of a six-lane highway on-

ramp, a park, and a parking lot, among examples.

Although the primary results are not yet known, Labor Party officials report that this fraudulent postcard registration indicates a possible write-in infiltration into the USLP, a rerun of the 1975 primary election in Charlotte, N.C., when the Institute for Policy Studies-connected "Red Hornets" gang registered as Labor Party voters and succeeded in defeating the official U.S. Labor Party candidate for mayor.

Board of Elections officials and local Washington, D.C. police have voiced their outrage over these practices and "mistakes," and now suspect that the entire election is "contaminated."

Brzezinski set to wreck U.S. exports

Machinery institute debunks his 'restrictive' policy

Information made available to the *Executive Intelligence Review* by prominent trade associations indicates that National Security Advisor Zbigniew Brzezinski at least temporarily has the authority he needs to stop all American exports of advanced

President Carter, Secretary Vance and Defense chief Brown were all on vacation, Brzezinski and Energy Secretary James Schlesinger constituted themselves an ad hoc committee to pass judgment on a proposed \$144 million sale of oil-drilling technology to the Soviet Union by Dresser Industries. Needless to say, the "committee recommendation" was against the sale. That attempt to preempt presidential decision-making backfired when president Carter returned, ignored the recommendation, and approved the sale.

The problem is, Brzezinski's usurpations in this field remain in place for the next occasion, and the next; that is the gravest national security threat of all. If the City of London bankers behind Brzezinski can sabotage American exports, they are assured the ability to sabotage the U.S. dollar, and bankrupt the U.S. economy.

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technological goods. In the past several months, Brzezinski's National Security Council (NSC) has secured the privilege of reviewing and delivering recommendations in respect to Executive granting of licenses for *all exports class as high-technology*. Interested corporate sources report that the grounds for this extension of the NSC purview is the argument that high technology per se constitutes a "potential national security risk." The unmistakable British flavor of that argument was summarized by the executive of a major exporting firm: "This is the first time in the history of American trade that technology has been given a blanket classification as a national security threat, unless proven otherwise."

Getting down to brass tacks, another exporter predicted that hundreds of millions of dollars in U.S. exports will be lost through the NSC review process: "What government, what company would want to take the time or spend the money on the effort to get a contract with a U.S. exporter when that contract carries the high risk of getting cancelled because of the NSC's unwarranted assumption that it might be of potentially military use? What technology wouldn't 'potentially' be of that nature?"

Brzezinski's usurpations in this field have already been successfully opposed in particular cases. While

MAPI: NSC export-restriction could cause 'permanent damage'

Upon request, the Machinery and Allied Products Institute made available to the Executive Intelligence Review a letter to President Carter (excerpted here) sent by the institute after Zbigniew Brzezinski's influence on export-licensing, and the character of that influence, had become clear to member companies. The letter was signed by the membership of the Board of Directors and Executive Committee of MAPI, which includes chairmen or presidents of the following firms: Warner & Swasey, Western Gear, Borg-Warner, Eaton, Cutler-Hammer, Emhart, Dresser Industries, Norton Co., Sperry-Rand, FMC, Ingersoll-Rand, Babcock & Wilcox, Harris Corp., Cooper Industries, Reliance Electric, and others.

Mr. President:

We have noted from press reports that some individuals in the Executive branch — notably the National Security Council, as we understand it — and some members of Congress are urging a more restrictive export licensing policy. This would include possible revocation of at least one major export license and putting at least a “hold” on certain other license applications as a means of influencing the foreign and domestic policies of the Soviet Union and, more specifically, as retaliation for the recent Soviet human rights violations in the widely publicized trials of dissidents.

The two cases mentioned in the press ... involve MAPI member companies as the major contractors, and numerous other member companies are also involved in the transactions as suppliers of a wide variety of industrial equipment. Moreover the issues being raised ... affect a broad range which includes producers of machinery (electrical and nonelectrical), industrial equipment, components, cutting tools, electronics, scientific and industrial instruments, controls, forgings, testing equipment, etc. Certain public policy issues are also involved from the government standpoint.

In our view, decisions with respect to the adoption of a more restrictive export policy — whether initiated as a means of attempting to influence Soviet policies over the longer term or as retaliation for specific Soviet repressive actions — should not be taken without consideration of a number of important factors, including the present state of U.S.-Soviet trade, the amount of “leverage” afforded by U.S. exports to the Soviet Union, *and the implications of such a policy for future U.S. commerce with the Soviet Union and other communist countries* (emphasis added).

In developing strategy in this area, we hope the Executive Branch will consider the following:

— ... U.S. exports of manufactured goods to the Soviet Union declined from \$670 million in 1975 to \$547 million in 1977. This does not provide a large amount of diplomatic leverage!

— Most — if not all — of the products and technologies being supplied to the Soviet Union can be

purchased from other countries. Thus, in most cases, a broader policy of license denial simply will result in lost orders for U.S. firms and a narrowing of common interests with the Soviet Union, *not* in the denial of an economic capability for that country.

— The application of the very limited amount of leverage which is afforded by the low level of U.S. exports is not likely to affect Soviet internal or external policy in any important way. The experience following enactment of the Jackson-Vanik Amendment in January 1975 ... may be instructive in this regard. Since enactment of the measure, both emigration from the Soviet Union and U.S. exports of machinery ... have *declined*.

— The assumption that U.S. trade with the Soviet Union can be “finely tuned” by turning it on or off to influence Soviet behavior is highly questionable and reflects a misunderstanding as to the likely reaction of both the Soviet government and U.S. exporters.

Without some degree of predictability as to the reliability of the United States as a source of supply, it may be expected that the Soviet government — as would any other prudent purchaser — would redouble its efforts to develop alternative sources of supply....

— While the 1977 amendments to the Export Administration Act continue the authority of the President to deny applications to export products or technical data to any nation or combination of nations threatening the national security of the United States, ... those amendments and their legislative history *do not support a broadening of export controls* ... If the Executive branch intends to expand national security controls for “human rights” purposes or for “fine tuning” (“on and off”) purposes, we believe that such action would represent a diversion from the language and legislative history of the Export Administration Act sufficient to require legislative authorization.

An additional comment ... concerning reports that some in government are urging that the government *revoke* the license issued Dresser Industries

... In fact, in our view, the publicity given to the *possibility* of a license revocation has had a dampening effect on U.S. companies’ pursuit of business opportunities in those countries.

... We are concerned that permanent damage may be done to our export interest and, probably, our foreign policy interests, on the basis of faulty theory of what can realistically be accomplished through export controls....