

sumer spending.” Henry Kaufman, partner of Solomon Brothers in New York, predicted, “Our credit markets are about to experience the most dramatic increase in interest rates since the cyclical rise began in late 1976,” and he put the blame on “ineffectual” government policy against inflation.

The fight over interest rate policy is going on right inside the Fed board as well. According to a variety of sources, there is a difference of opinion within the Fed over whether to engineer a “big guns” hike in the prime rate, by raising the federal funds rate from the current 9 percent level to the 12-13 percent range — and the prime rate to 14 percent or above, or whether to continue with step-by-step strangulation. Fed Chairman Miller is busily covering his tracks. Recently he told a colloquium on monetary policy in Rhode Island, “We at the Fed have to be strong enough to withstand pressure to do more...If we become impatient and go from gradualism to shock treatment in our inflation fight, we would raise the possibility of a severe recession.”

But *someone* at the Fed is trying to administer shock treatment to the economy. The Federal Open Market Committee held its monthly meeting on monetary policy on Oct. 17, amid predictions that this meeting would be a decisive one; and the Fed funds rate shortly bobbed up to 9 percent. On Wednesday Federal Reserve Board Governor Philip Jackson, a mortgage banker who knows the consequences of higher interest rates on the housing market, resigned from the Fed. Oct. 19 Governor Philip Coldwell called on the Carter Administration to accept slower economic growth next year as the trade off for arresting inflation.

The plan for enforcement

In his “anti-inflation” address to the nation, Carter signaled his intention to do his part to carry out the British gameplan to destroy the U.S. economy. More significant than the wage-price guidelines

themselves, was Carter’s promise to use the club of “free enterprise” to enforce them and future “anti-inflation” measures. Carter hinted that the Administration would hold the threat of deregulation over the trucking industry (which would lead to a massive shakeout of smaller companies) to force the industry into a confrontation with the Teamsters to hold down the size of the Master Freight contract which is to be negotiated early next year. To carry out the “anti-inflation”

policy, the Council on Wage and Price Stability, under the direction of Brookings technocrat Barry Bosworth, will be given greater powers. Alfred Kahn, the deregulator from the Civil Aeronautics Board, and an open admirer of the “capacity for belt tightening and for vigorous reorganization” in the German economy *from 1933 on*, has been appointed to replace Ambassador Robert Strauss as anti-inflation czar.

— Lydia Dittler

Camp David architects: Arab unity ‘beyond comprehension’

Preparations for the upcoming Nov. 2 Arab summit in Baghdad, with an agenda of organizing opposition to President Sadat of Egypt, have succeeded in putting a timely roadblock on the path to implementing the “separate Israeli-Egyptian peace” rigged at the September Camp David meeting.

Called by Iraq and supported by Saudi Arabia and every Arab state, the summit is being supported by concerted action among France, West Germany and the Soviet Union, which have arranged a quiet division of labor in supplanting the dangerous Camp David scenario by an economic renaissance based on high-technology development.

These countries have their sights set on rapid implementation of the new European Monetary System, and view the stabilization and development of the Middle East as critical to their plans.

The feature of this collaboration which dumbfounded the cheerleaders of Camp David as a “U.S. policy triumph” which would “drive the Soviets out of the Middle East,” was the Oct. 25-26 Baghdad reconciliation between President Assad of Syria and the Iraqi leadership, ending 12 years of bitter hos-

tility between the two countries. In what the *Christian Science Monitor* confessed was “beyond the comprehension of Middle East specialists,” (i.e., Henry Kissinger and President Jimmy Carter’s like-minded Rasputins), the two countries are now forming the basis for a Fertile Crescent political-economic-military pact among Iraq, Syria, Jordan, Lebanon, and the Palestine Liberation Organization (PLO).

The division of labor is working as follows:

France has assumed the political leadership for the anti-Camp David operation. Closely coordinating with the Soviet Union, whose Foreign Minister Andrei Gromyko arrived in Paris Oct. 26 to announce “identical views” with France on the Middle East, the French have undertaken joint efforts with the Vatican to stabilize Lebanon. The French publicly blame Israel and Lebanese warlord Camille Chamoun for the Lebanon crisis, and have been overtly acting to supplant British influence in Iraq and the Persian Gulf.

The West Germans under Chancellor Schmidt have taken up the leadership in the economic area.

Both Syria and Saudi Arabia are talking to Bonn about nuclear power and research deals, and a number of other West German commitments have been made in order to support a massive economic development plan for the area. On Oct. 30, King Hussein of Jordan will arrive in Bonn for key talks on the eve of the Arab summit.

Both Schmidt and Giscard have rejected the Camp David formula and called for a comprehensive settlement based on a Palestinian state.

The Soviet Union has made it clear that it is ready to defend the Arabs militarily, especially Syria and Iraq, if the Israel extremists attempt to foment a war in that area. Syria has warned Israel and the United States not to challenge Soviet "interests" in the area.

Camp David: a dead duck

With the success of the Baghdad summit and its supporters virtually assured, the stalled Egypt-Israel treaty talks are near collapse. Arab diplomatic sources say Egypt — aware of the growing Arab pressure — gradually began to insist on a stronger linkage between the Sinai treaty and the key Palestinian issue.

The Israelis, sensing that their cherished separate peace, originally agreed to by Egypt's Sadat under duress at the Camp David session, was dissipating, began hardening their line. The Israeli right rammed through an "amendment" to the U.S.-proposed Egypt-Israel treaty draft that explicitly ruled out linkage. Prime Minister Begin underlined the point that Israel would never abandon the West Bank and East Jerusalem by announcing that Israel was expanding its illegal settlements on the West Bank. In a crowing insult to the Arabs, the Israelis announced that they were moving several government offices into occupied East Jerusalem.

At that point, Egypt announced

from Cairo that it was considering calling its delegation home from Washington and breaking off the talks: U.S. Secretary of State Vance issued a lame statement warning Israel that the U.S. is "deeply disturbed" over the "very serious" Israeli moves.

With Camp David in shambles, the key may be in the hands of the PLO. The Iraq-Syria reconciliation brings together the two wings of the Organization, and informed

sources report the PLO is considering declaring a "government-in-exile," long considered a precondition for convening a Geneva conference.

Lending credence to that view, both the Soviet Union and the EEC again called for Geneva, as PLO chief Arafat, who received four letters from President Brezhnev in the past two weeks, flew off to Moscow for political talks.

— Robert Dreyfuss

The truth about drug decrim

The Oct. 16 release of a 1978 New York State study showing that "heavy" use of marijuana by students in grades 7 through 12 has increased more than **300 percent** since possession of "small" amounts of marijuana was decriminalized in the state 15 months ago has already caused an uproar in upstate New York.

The 1978 report of the New York State Substance Abuse Services Office was initially previewed by the *Buffalo Evening Courier* in a four-part series which decried the increase of drug use in the area.

The Substance Abuse Services bombshell is a followup study on one done by the same agency in 1975. In the 1975 survey, **one** out of every 17 students in grades 7 through 12 (**6 percent**) smoked marijuana once a week. The 1978 study shows that **one** out of every **six** students (**17 percent**) now smokes marijuana twice a week. The **6** to **17** percent jump is even more drastic because "heavy" use of marijuana was redefined in the 1978 report from once to twice per week.

Even more damning, the new study shows a startling increase in the rate of heavy use of cocaine, hashish, heroin and illegally acquired cough medicine by New

York students, which is directly correlated with the availability of hard drugs since the New York State legislature decriminalized marijuana 15 months ago. The New York State Office of Substance Abuse Services surveyed more than 35,000 students from 146 public schools and 48 parochial schools. The *Buffalo Courier Express*, in its own survey of the Buffalo area, independently found that **50 percent** of all high school students in the Buffalo area use marijuana "heavily."

The New York State Substance Abuse Services Report thus provides a nationally important piece of incontrovertible scientific evidence that decriminalization of marijuana has resulted in vastly increased use of **both marijuana and hard drugs** by youth. The 300 percent increase in marijuana use since decriminalization represents a dramatic indictment of the pot lobby, as New York State's decrim law had been touted as a national model by the National Organization for the Reform of Marijuana Laws (NORML). As the *Buffalo Courier Express* concluded its series editorially, "It is time for a reexamination of the drug laws. . . ."

— Anita Gallagher