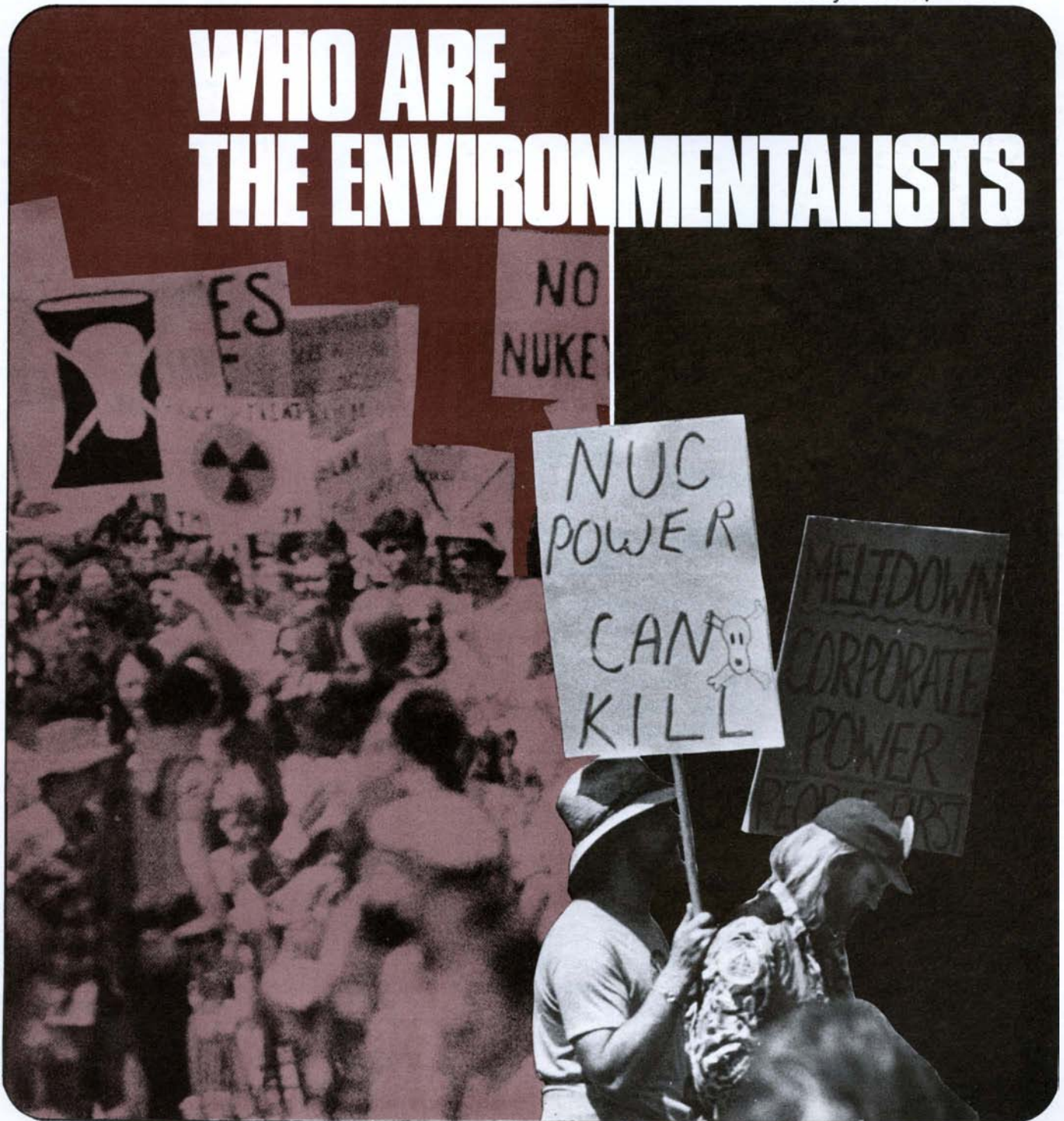


EXECUTIVE INTELLIGENCE REVIEW

May 15-21, 1979

WHO ARE THE ENVIRONMENTALISTS



New Solidarity International Press Service

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EXECUTIVE INTELLIGENCE REVIEW



Who are the environmentalists

This week's cover story is one you'll want to keep handy for reference in the months ahead: a detailed account of who is promoting and funding the "environmentalist movement" that gathered last week in Washington, to demand that the United States abandon its reliance on nuclear-generated energy, and why. Our COUNTERINTELLIGENCE report, this important package features a listing of the most important environmentalist groups by Stuart Pettingell, a long-time observer of terrorist and environmentalist organizations, plus statements by the environmentalists, in their own words, that demonstrate why they are so dangerous. Included in the package, James Schlesinger's history of helping the antinuclear movement, and an introductory report by Counterintelligence Editor Jeffrey Steinberg that pulls together the threads of evidence showing who's really behind the environmentalist conspiracy.

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Cover: photos by Stuart Pettingell, taken at the Washington antinuclear demonstration last week.

IN THIS ISSUE

Britain dons the Imperial mantle again

Guided by the ghost of Winston Churchill, British and allied European oligarchs have not yet relinquished their dreams of global empire, and so the key to the election of grocer's daughter Margaret Thatcher to head Britain was overseas: in Europe, where the prospect of Thatcher's election brought an ovation from the tattered and would-be aristocrats of the Pan European Union; in the United States, where Thatcher promises to deliver orders to President Carter more forcefully than her predecessor James Callaghan; and in foreign affairs, where Thatcher promises more direct challenges to the Soviet Union. Our EUROPE report by Britain editor Marla Minnicino includes a look at Thatcher's controversial cabinet, and a report on how the world responded to the election of the "Iron Lady."

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A conspiracy of morons

The secret of Carter Administration policy: a voluminous study undertaken by the New York Council on Foreign Relations to determine a new world order for the 1980s. In this week's U.S. REPORT, Contributing Editor Criton Zoakos begins a series of critical examinations of the results of that project, which have now begun to appear in print, and their effect on U.S. policy today. Included: a who's who of the 1980's project, their role in the Carter Administration, and a list of the key published works of this "conspiracy of morons."

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A defense of higher education in the developing sector

From the Indian weekly *New Wave* and published in *EIR* by special arrangement with *New Wave*, this week's ASIAN Report presents an exclusive interview with Nurul Hassan, former Indian Education Minister during the cabinet of Indira Gandhi. Hassan delivers a sharp and pointed defense of the need for advanced technological education and R&D in the Third World, and singles out for criticism a wide range of opponents—including the World Bank and many fashionable liberals and leftists in the West—who say that developing countries should make do with "appropriate" backward technologies. **Page 37**

Global resources blackmail

Through a series of exclusive interviews with the key figures directly involved, this week's SPECIAL REPORT presents the full, inside story of how Britain's allies in the western hemisphere are organizing to bring hemispheric energy supplies under one, coordinated "hemispheric reserve" which, combined with British efforts to break up OPEC, would be used to blackmail Europe and Japan, and erect a new barrier to industrial development in the Third World. Included in this important package: an interview with former Hudson Institute staffer Robert Panero, who is leading the campaign for the reserve, and a look at the progrowth cover that has been provided to rope in such nations as Japan. **Page 47**

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EXECUTIVE INTELLIGENCE REVIEW

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The monarchy moves in

The ascension of Margaret Thatcher to the Prime Ministership of Great Britain has nothing to do with the internal politics of Britain—a fact attested to by the response on this side of the Atlantic.

No sooner had the "Iron Lady" been installed in 10 Downing Street than the entire herd of Republican stalking-horses for Gen. Alexander Haig's presidential candidacy heralded the "Tory" victory as a signal to proceed with union-busting and a Cold War military buildup in the United States. An equally vociferous "left" emerged, around the persons of Gov. Jerry Brown and Sen. Ted Kennedy, to declare "class war" on behalf of shutting down the U.S. nuclear energy industry.

Were this constellation to dominate U.S. politics entirely, it would seal the revenge of King George III over his arch-enemy Benjamin Franklin. Thatcher's advisors and her cabinet (see EUROPE) are striking for the direct presence of the royal family's first cousins, no longer disguised as Labor and Tory party politicians. The Thatcher government, inclusive of its international "left-wing" opposition, thus represents the emergence of the British monarchy in its *own name* to make a final desperate effort to maintain oligarchical rule over the world and reverse the achievement of the American Revolution.

The monarchy's strategy was discussed at the April 26 meeting of the secretive Bilderberg club in Baden, Austria. According to inside reports from that meeting, a top agenda item was the deployment of Bilderbergers to make contact with "religious minorities" in the Middle East—particularly in Saudi

Arabia—to replace existing, production regimes with the kind of feudalist "revolution" now ruling Iran. The seemingly incongruous hobnobbing of Europe's oligarchic elite and its top ideologues with the unwashed mullahs is explained by the overriding policy objective of the Thatcher government project of ruling layers of British intelligence, also discussed at Baden and set into motion by the May 6 Bank of International Settlements meeting in Switzerland. That policy depends on "freezing" the European Monetary System within the iron corset of the International Monetary Fund's "conditionalities" policies toward the Third World—a demand for a global dark age.

If the EMS were now steered toward "Phase II" of its operations, along lines currently proposed by the Giscard government's spokesmen, of extending credit for high-technology agricultural and industrial development to developing sector nations, the continued power of

the City of London over world finance—and over international political affairs—would be irreparably broken.

Although President Giscard of France and Chancellor Schmidt of West Germany proceeded from sound traditions and perspectives in initiating the European Monetary System, the theoretical basis for a successful "Phase II" implementation of the EMS is unique to the work of American economist Lyndon H. LaRouche, Jr. We refer to, most recently, the October 1978 *EIR* supplement by LaRouche, "The Theory of the European Monetary Fund," and LaRouche's computerized "Riemannian" economic model published by this review two weeks ago.

It is for this reason that the architects of the "Thatcher project" now regard the accelerating spread of support for LaRouche's U.S. presidential candidacy as the greatest threat to their designs.

—Nora Hamerman

The Week in Brief

As history has repeatedly shown, treaties do not necessarily lead to peace, and the prognosis for the Carter Administration's new SALT II treaty is **not good**. Even the negotiators are not hopeful. Said Secretary of State Cyrus Vance: "This agreement reduces the **likelihood of nuclear war**." He was joined by Secretary of Defense Harold Brown: "Even with SALT, we will have to **expand our strategic nuclear efforts**, and expand our defenses..."

As for the **Soviet Union**, after a total day of silence, Radio Moscow reported May 10: "**According to the U.S. State Department**, a SALT agreement has been reached."

What's more, SALT just may be Alexander Haig's ticket to power, and his foreign policy commitments are well known. As one reporter put it, all eyes are on Washington in expectation of a "titanic debate on SALT . . . comparable only to the League of Nations Senate fight that

destroyed Woodrow Wilson.”

* * *

The arrival in the United States last weekend of a Soviet delegation led by Central Committee member **Georgii Arbatov** of the **Moscow USA and Canada Institute** was heralded with a sudden rash of foolishness in the pages of *Pravda*. Arbatov, who is viewed in Anglo-American policymaking circles as a kind of “observer-status” member of the New York Council on Foreign Relations, attended the regular meeting of the **Dartmouth Conference** on U.S.-Soviet relations in Virginia this year.

As the talks opened, *Pravda* May 6 hailed the re-emergence of what it called “realistic forces” in the United States, such as Secretary of State **Cyrus Vance**—blithely ignoring Vance’s desire to “keep the Cold War cold.” Such blindness toward liberalized U.S. warhawks is called “Arbatovism.”

It does not reflect prevailing views in Moscow however. The Soviet press has been prominently reporting a fact completely ignored by the press in this country: the first arrival in Peking of a U.S. military delegation. *Pravda* perceived this as a sign of a growing inclination of Washington to **arm China**—a situation the Moscow leadership has said it will not tolerate. *Pravda* has also said that the Soviet Union harbors no “illusions” that the conclusion of a SALT II treaty will end the arms race.

* * *

Either there will be international energy agreements for development or there will be war, Mexico’s President José López Portillo warned a meeting of the U.S. House Subcommittee on Science and Technology this week.

“Either all countries decide for orderly production, distribution, and consumption of energy or there will be war. The apocalypse is near,” said the Mexican chief of state,

whose country’s estimated oil reserves exceed those of Saudi Arabia. But, he added—U.S. industrialists take note—“if there were an international plan, Mexico would readily change its production to enter into a world order for something that is really worthwhile.”

López Portillo is proposing an international conference to be sponsored by the United Nations of oil-producing and the major oil-consuming countries to regulate world energy supplies on the basis of oil-for-technology exchanges.

* * *

In a dare to Syrian peacekeeping forces to respond, this week Israel sent 400 of its troops—equipped with tanks and artillery—across the border into Lebanon, ostensibly in chase of three Palestinian guerrillas. Israeli planes are also bombarding cities and villages extending up Lebanon’s northern coast, hitting power lines and water installations.

After bombing Lebanese cities, Israeli Prime Minister Menachem Begin offered to negotiate with Lebanon’s President Elias Sarkis. The Israelis’ offers included a proposal for a diaspora of Lebanon’s Palestinian population to the other Arab nations, and the condition that “Syria must leave Lebanon at once.”

As described by France’s *Le Figaro*, Israel’s aim is to create maximum chaos in Lebanon and support Lebanese Christians who are determined “to drive the Syrian army out of Lebanon.”

But Israel is carrying out more than just its own desire for more northern lebensraum. The dismembering of Lebanon is central to the plans of *Bernard Lewis*, who was recently hailed at a secret meeting of the Bilderberg Society in Vienna, to fracture the entire Mideast into warring tribal enclaves that would extend their claims into the Soviet Union.

The pressure from Israel on Lebanon is fast threatening the dis-

solution of this strife-torn country. Begin has pledged “not to sell down the river” the force renegade **Colonel Saad Haddad**, who has set up a “Republic of Free Lebanon” in the south, and to the north, Dany Chamoun, son of warlord **Camille Chamoun**, is threatening to declare an “autonomous province” ... if order were not restored.”

* * *

New York State Banking Superintendent **Muriel F. Siebert**, acting on the political uproar in New York State caused by the U.S. Labor Party’s exposé of the Hongkong and Shanghai Bank’s control of the drug trade, has rejected that bank’s landmark bid for 51 percent of the shares of the \$14.3 billion Marine Midland Banks, Inc. of Buffalo, New York.

“I am ... giving notice of my intention to deny this application by the Hongkong and Shanghai Banking Corporation,” Supt. Siebert wrote in concluding a 48-page draft report she sent to New York Attorney General **Robert Abrams**, May 11, outlining her objections to the takeover. The report questioned whether HongShang has “the attributes needed for management” of Marine Midland, and the impact on New York if “Hong Kong were taken over by China,” a direct reference to the Party’s charge that HongShang and Red Chinese foreign intelligence jointly produce, ship, and finance the world’s opium trade out of Shanghai and Hong Kong.

* * *

Simultaneously, the Independent Bankers Association of New York, May 10, endorsed Supt. Siebert’s February call for Congressional hearings on a “national policy review” of the takeover wave. Association Director **Robert Crooke** told EIR: “It’s more than a New York issue; it’s a national issue to be addressed in Congress.”

The 'collective self-reliance' setup

The fifth regular session of the United Nations Conference on Trade and Development (UNCTAD) opened on Monday, May 7 in Manila. Though the agenda for the three-week long conference sports a list of financial, trade and "institutional" questions, the issue is whether or not the Group of 77 developing sector nations will see their way clear to industrial development policies, or trap themselves in the "trade union of the poor" posture. In the absence of a forceful intervention by the French-Mexican axis to focus the issue of North-South economic and technological cooperation for development, there is every indication that the conference will consist in the type of embittered stand-off between the "haves" and the "have nots" that the British Foreign Office, through its Overseas Development Institute, and its American sympathizers in the U.S. State Department will complacently manipulate. Such a stand-off can only be in the direction of Third World resignation to what has become the new catch word among State Department LDC handlers—regional self-help and appropriate technologies.

The G-77 is not convening this conference from a standpoint of strength, politically or economically. The principal preconference events, ostensibly the basis for further work and deliberation in this session, reflect this. The so-called Arusha Declaration hammered out in Tanzania several months ago is a grab-bag of more or less strident demands and assertions. A vague call for "genuine and fundamental reform of the international monetary system" is combined with a commitment to "collective self-reliance"—a formula for trade war, enforced backwardness, and acceptance of credit cutoffs.

Further, this March the Common Fund for raw material commodity price stabilization was agreed to after four years of tortuous wrangling. Elements in the UNCTAD leadership imbued with British colonial practices had managed over four years to make the so-called Common Fund scheme the centerpiece of Third World economic deliberation. The admittedly vastly scaled down version that has been agreed to is modeled on Henry Kissinger's "International Resources Bank," an unadulterated ground-rent swindle in which Third World resources are mortgaged for private loans to prop up speculative prices in the basic commodities

markets. A potential monster in terms of economic policy, the Common Fund as it stands—with less than one sixth the capital demanded, and with no details as to financing or firm commitments as to commodity agreement participation—is a mouse in terms of Third World expectations.

Moreover, the OECD's deliberate snub in the General Agreement on Trade and Tariffs concluded last month on the issue of discrimination against Third World industrial exports set up the Third World for an impotent battle for a greater share of declining world trade. The "export credit guarantee facility" on the Manila agenda is a bad joke in this context. The UNCTAD secretariat has responded by pushing to the forefront its old demand to transform itself into an official Third World directorate paralleling the GATT and the International Monetary Fund, a kind of exclusive superagency executive administration for the developing sector.

An OECD phalanx?

The U.S. State Department has, according to its spokesmen, worked very hard to make sure that the OECD countries present an united front at Manila. And, as a State Department source told this publication, the OECD is "solid" on the "institutional issue," shorthand for a defense of the World Bank-IMF against the New World Economic Order. This was reflected in discussions this week with individuals at the West German development and economics ministries, where in the absence of a personal initiative by West German Chancellor Helmut Schmidt, policy articulation reverts to Economics Minister Count Otto von Lambsdorff. "Existing organizations are just fine," development ministry officials responsible for UNCTAD affairs insisted, referring to the World Bank-IMF complex, "no new organizations are necessary." "Mexico and Venezuela don't need international agencies," an economics ministry spokesman stressed, after carefully stating the government's commitment to project financing for industrial development as to the various schemes to expand the use of SDRs that have been floated. "They go to the private markets, and they simply must accept the conditions."

Ostensibly aimed against the UNCTAD secretariat proposal to become a superagency and the call for a

plethora of "new institutions" to handle Third World debt, trade credits, monetary reform, etc. in the Arusha Declaration, the OECD broadside against "new organizations" is manifestly a preemptive response to the serious and viable proposals of, in particular, Mexican Finance Minister David Ibarra, who at the March IMF meeting called for the establishment of a multibillion dollar capital development fund for Third World industrialization.

There are indications that the Peruvian delegation may provide another kind of foil for World Bank-IMF reassertion with a flashy monetary proposal along the lines of their intervention in the recent Economic Commission of Latin America (ECLA) meeting. There they called for a "Latin American Monetary Fund" greased with "Arab capital"—shades of Henry Kissinger's petrodollar recycling schemes—and motivated this gambit with strident attacks on the IMF—in the form of demands that the IMF apply its conditionality strictures to the dollar sector, not just the Third World. Peru, as this journal has reported, is now being administered by the IMF and New York bankers bent on making that country a model of "free market" economics.

ECDC

State Department sources have emphasized their anxiety that solid, practical discussion of the economic policy content implied in their defense of the IMF will be sidetracked by the "institutional issue." Besides formal celebration of the establishment of the Common Fund, the U.S. delegation is intent on promoting the "self-help" prescription for developing sector suicide contained in the Arusha document, what the State Department is now hyping as "ECDC"—"economic cooperation among developing countries" or "horizontal cooperation."

The corollary of the "appropriate technologies" doctrine which Secretary of State Cyrus Vance announced as official U.S. policy a month ago, the "ECDC" scheme is aimed at severing the essential North-South economic development dynamic.

In his opening speech U.N. Secretary General Kurt Waldheim added an emphatic call for increased Third World self-help to the ritual invocation of continuing advanced sector foreign aid.

It is unclear as of this writing whether Mexico and France, in particular, will break open the contrived faceoff between the OECD and G-77, or decide instead to devote their energies to a more propitious forum for international follow through on Mexican President Lopez Portillo's call for a "producer-consumer" energy conference. The Portillo program for a complete revamping of world energy production, distribution and consumption is acknowledged by Portillo himself and the Mexican government to be the kernel of a genuine New World Economic Order of North-South-

East-West collaboration for world peace and development. Mexico has otherwise demonstrated what it means by Portillo's statement that "energy is the patrimony of humanity" in its insistence that its own oil resources will be devoted exclusively to facilitating the country's planned industrial and technological development.

That Mexico may play an important role at the UNCTAD meeting was hinted in a recent editorial in the Mexican daily *El Nacional*. "Our country proposes a new world order," *El Nacional* stated, "not limited simply to the economic area but encompassing all the collateral elements, for example, industrialization, by which the different countries will develop. ..." President Lopez Portillo has, *El Nacional* emphasizes, appointed a delegation chief for this important gathering who, "with precise instructions, will once more launch a battle in pursuit of the affinity between developing and developed countries."

The Portillo energy proposal, which was first presented by Lopez Portillo while visiting the Soviet Union a year ago, has since been endorsed by the European Economic Community, by France—in the context of French President Giscard's high-profile trip to Mexico in February—and most recently by Czechoslovakia. Both the Saudi Arabian and Iraqi governments have made parallel proposals in the past month, and it is known that French officials are in active discussions with oil producing nations on the proposal.

Lopez Portillo has announced that he will formally present the energy conference proposal to the September U.N. General Assembly session, and also at a world oil conference next fall in Bucharest. As *Le Monde* noted recently, both Mexico and France are in a unique position to deal with the energy issue in the very basic way that Mexico conceives it—as a focal point for world economic development and war-avoidance policy implementation—because while Mexico is a major oil producer it is not a member of OPEC, and while France is a major oil consumer it is not a member of the OPEC-busting International Energy Agency. It is interesting to note that Philippines President Ferdinand Marcos, in his opening speech to the UNCTAD gathering, dropped the prepared section containing an attack on high oil prices—a move probably meant to deny the floor to the Mexican proposals.

What role France will play at Manila is only dimly hinted in a recent interview in *Le Figaro* with French delegation head Finance Minister René Monory. "The will to favor an Euro-Arab-African rapprochement, expressed by the President of the Republic," Monory told Alain Vernay, "is a symbol [of our approach]. One would thus see the collaboration of those who have the technology, those who have the dollars without the technology and those who only have poverty."

—Susan Cohen

BANKING

HongShang fight at center of world banking stage

New York State Banking Superintendent Muriel Siebert's opposition to the takeover by the Hong Kong Shanghai Bank of New York's Marine Midland has become the central question determining whether Britain's entire planned reorganization of the international banking system will go through, London sources said this week. As the London *Financial Times* reported May 8, Siebert's possible disapproval of the HongShang takeover would show "just how much political opposition there is in New York to such transactions."

Because "the foreign banks are helping to shape the regulatory environment in the U.S.," the *Financial Times* adds, halting the takeovers would put a serious crimp in efforts to impose reserve requirements on the Eurodollar market, enact free banking zones, deregulate interstate banking, impose mandatory Federal Reserve membership, and a host of other London-drafted U.S. banking reforms now being demanded by the Federal Reserve.

An open fight broke out in New York State this week when Governor Hugh Carey who is heavily financed by the HongShang Bank-allied Bronfman family of Canada, threatened Supt. Siebert's job is she did not rule positively on the HongShang purchase. Siebert at this writing is standing her ground with the aid of a rising tide of opposition to the takeover within the New York State banking and business community.

U.S. Labor Party hits Carey on drugs

The U.S. Labor Party which last fall

exposed HongShang as the central financial source for the \$200 billion world drug trade, has meanwhile issued a press release charging that Carey is "fronting for the HongShang" on the "corrupt" orders of the Bronfman family, which saved Carey's 1978 gubernatorial campaign with a \$300,000 loan. "Then there was the big money from Allen & Co.," the Party also charges, which "handles dirty money laundering for Mafia leader Meyer Lansky's drug and casino gambling interests in the Caribbean," and funds from "Roy Cohn, who spends his days defending organized crime czars." The Labor Party's paperback "*Dope, Inc.: Britain's Opium War Against the United States*" which has sold almost 30,000 copies, contends that the Bronfmans, who were once bootleggers, Lansky, and the Mafia generally are the U.S. distributors for the narcotics whose production and shipment the HongShang finances in Asia.

USLP Director of Financial Intelligence David Goldman will testify May 11 at the New York State Assembly Banking Committee hearings on Interstate and Foreign Banking, called by Assemblyman Herman Farrell, against the HongShang and related takeovers. Also testifying at the Harlem State Office Building will be Supt. Siebert, Chase Manhattan Executive Vice President in charge of International Operations Barry Sullivan, and other New York financial representatives.

It was the USLP's charges a year ago that the Hong Shang and other British bank takeovers were part of a British government plan to exercise

political control over the U.S. credit markets which lead to Supt. Siebert February demands for full Congressional hearings on to House Banking Committee Chairman Henry Reuss for full Congressional hearings on takeovers as a national issue, New York financial sources said.

Dyson speaks for Carey

New York State Commerce Commissioner John S. Dyson, in an interview May 8 with the Wall Street Journal, brought Carey's pressure against Siebert out openly. Dyson, "who often has served as a public sounding board for Gov. Hugh Carey," as the *Journal* noted, first pointed out that "the banking superintendent (Siebert) serves at the will of the Governor," and said he was "distressed" by Ms. Siebert's demands for congressional review of the HongShang takeover. "The interests of the state are very clear," said Dyson: the takeover must be approved.

Ms. Siebert would not comment to the press on Dyson's rather unusual attempt to interfere with the responsible regulatory duties of the state's highest banking official, saying "proper decorum" did not permit it. The Superintendent's own views are rather well known. "She said she'd like to turn it down," the *Journal* quoted a New York bank chairman as saying of Siebert on the HongShang bid, "but if she does, she's sure she'll be sued."

New York financial sources said today that Siebert "has got Carey and Dyson where she wants them. She is intentionally saying nothing, drawing them out, while stalling her ruling on the HongShang application, until the Carey administration, whose association with the Bronfmans is a public scandal, is identified as partisan for HongShang. Then she'll act on her regulatory duty."

—Kathy Burdman

FOREIGN EXCHANGE

A new sterling bloc?

Well-informed London bankers with lines into the new Thatcher Government in Great Britain report that Thatcher aims to revive the long-bankrupt Sterling bloc among the Commonwealth countries. Even the serious mooting of the creation of a non-dollar currency area centered on the world's most crisis-prone currency indicates how strong the centrifu-

gal forces in the world monetary system are, despite the dollar's temporary continued strength.

According to these sources, the principal foreign economic policy orientation of the new Tory Government will be to draw the developing-sector countries of the British Commonwealth together, emphasizing raw materials trade and investment,

and to use this revival to recreate the old sterling area. The sterling area, which went down for the last time in 1976, imposed a sterling reserve basis on developing-country central banks whose raw materials trade was denominated in sterling.

What stands out in these discussions is not so much the ultimate feasibility of reviving sterling's reserve status, which sounds absurd on the face of it, but rather the proliferation of debate on the dollar's ultimate funeral. The London *Financial Times'* columnist Samuel Brittan gave a similar, but fairer, prognosis of Thatcher's option in a May 9 article, in which he predicted that Thatcher would return to the Chamberlain and Milner policies of "Imperial preference." Thatcher will be unable to combine "Cobden Club Free Trade" and a promised defense buildup, Brittan predicted, and pointed instead to a return to British Imperial reliance on protected Commonwealth trade.

DOMESTIC CREDIT

Traditionalists pulled into 'regulatory reform' game plan

The "Eurocurrency Market Control Act of 1979" was introduced into the House of Representatives May 7 by Jim Leach (D-Iowa), ranking minority member of the House Banking Subcommittee on International Trade. Discussions with Leach's staff and House minority banking personnel indicate that they have not thought through the domestic or international implications of the bill.

The bill calls for phased-in-reserve requirements on all Euromarket transactions by branches or agencies of any financial entity op-

erating in the U.S. One hundred percent of domestic reserve levels would be imposed by the end of four years. Leach stated in a May 4 press conference that this will (a) curb multinational banks' foreign exchange speculation, and (b) "restrict the inflationary impact of credit creation in the U.S. and abroad." The first issue has been concocted by former Citibanker David Edwards, a stringer for Samuel Montagu and the London financial warfare control center, to whip up populist sentiment permitting supranational IMF control

of banking. The second issue is also bogus. In point of fact, as American history shows, it is not *credit* which is inflationary, but speculative credit drawing funds away from the technological innovations constantly needed to cheapen the costs of production, consumption, and energy.

In its present form, the Leach bill also calls for prohibition of Federal Reserve approval of any "international banking facility," or "free zone," until December 1980. Indicating Leach's earnest desire to curb "excess liquidity" across the board, this may, however, end up deleted in Hill bargaining and ease the way for the full Miller-*Financial Times* package of "bringing the Euromarkets back home." In any case, the bill commits the U.S. to urge other central banks to join the reserve control plan, and would not take effect "until such time as countries representing 75 percent of all Eurocurrency deposits have agreed."

Meanwhile the crunch-credit profile was further played on in a

Sterling is clearly in no position to assume any significant burden whatever. It fell on May 10 to \$2.05 from \$2.07 after British engineers went on strike, the first fruits of the Tory "get tough with the unions" tactic. Brittan's notion that Thatcher could persuade the Commonwealth to return to an "Imperial preference" system implies a deterioration of world trade to the point that the advantages of open trade would already have disappeared. Under such circumstances the damage sustained by the now-dominant currencies in world trade might be great enough to permit sterling to back up from the monetary sewer.

American money managers are already bracing for the next major shock to the American dollar. During the past two weeks, money managers at large American financial institutions have been making informal commitments to European investment fund managers to revive the currency diversification in their

investments that prevailed during 1978. Last year, at the dollar's trough, a handful of American institutions, including Morgan Guaranty Trust and Drexel Burnham Lambert, began making foreign investments for portfolios that had formerly restricted themselves to domestic assets, including pension funds. The two-month stability of the dollar against the West German mark at roughly DM 1.89-DM 1.90 to the dollar almost wiped out the purchase of foreign securities, leaving some of the leading New York-based foreign brokerage houses with little to do. Looking six months down the road, however, both American and Western European fund managers have decided that the dollar will be dumped again.

How uncertain the dollar's momentary strength is shown up in the last two weeks' behavior of the dollar-yen parity. From a low of ¥225 to the dollar, the yen rose sharply to ¥214 on May 11. The rise began

after Prime Minister Ohira's statement May 4 that the yen should settle at about 200 to the dollar. However, prior to that statement, the Japanese central bank had spent over \$6 billion in a futile attempt to stop the fall of the yen, leaving the market suspicious of Japanese government capacity to make parities behave according to its wishes. The Ohira statement could not have provoked the yen's spectacular rise on its own. Rather, it intersected continuing lack of confidence in the dollar, turning the delicate speculative balance in the yen's favor.

—David Goldman

May 9 *Wall Street Journal* op-ed by Allen Meltzer, co-chairman of the Shadow Open Market Committee, an offshoot of the Mont Pelerin Society. Banking regulations must be made "uniform" and Euromarkets curbed to forestall "financial panic," writes Meltzer.

As part of this regulatory blitz, G. William Miller announced in a May 8 Columbia University speech that he has given up on mandatory Fed membership for U.S. banks and will entice them toward "voluntary" membership through lowered reserve requirements. He did not add that once they are in, they will be hit by a simultaneous jackup of both domestic and Euromarket requirements.

—Susan Johnson

GOLD

Ye olde gold reserve standard

Gold rose to \$252.25 May 10, close to its record high reached on Feb. 22 this year of \$252.35, and is expected to break the record within the next few trading days.

The reason, at least the rationale of the psychology of the markets, was summed up by the gold desk at NMR Metals, the New York subsidiary of London's N.M. Rothschild & Sons. "The new rise in the gold price simply reflects a general disenchantment with all currencies alike."

Led by Britain's new Thatcher government advisors at the St. James Society, this is the latest word being

put out to the world's supporters of hard money by the British gold bug circuit. The dollar is through, they say, it can't be saved; the new European Monetary System can't save Europe's currencies; Japan is about to go under in a sea of Iranian oil cutbacks; and we need a return to the old gold reserve standard of the pre-1914 era. Any American or continental European gold aficionado who buys this routine is digging his nation's grave in favor of a return to the pre-1914 British dominance of world money markets.

—Kathy Burdman

CORPORATE STRATEGY

The forces behind the New York Insurance Exchange

What financial force would organize an off-shore capital market like the New York Insurance Exchange—that would prosper from currency instability, industrial decay and asset stripping, increased insurance risks, high interest rates and credit rationing.

And who would be extremely sensitive that, as one participant in

drafting the legislation for the Exchange, which creates an unregulated Lloyd's-type underwriting exchange, demanded, "there must be no parochial oversight by any agency [in the U.S.]"?

American Insurance Group, Inc. (AIG), which industry sources point to as the godfather of the New York Insurance Exchange—AIG's Patrick

Foley lobbied it through the Albany legislature and told Governor Carey to approve it—is a major operator in Dope, Inc., the financial control of the world's \$200 billion a year drugs, gambling, crime and dirty money. IAG, the holding company of the C.V. Starr empire, controlling at last count 165 subsidiary and affiliated insurance, reinsurance, capital, and real estate entities, interfaces with Dope, Inc. operations at virtually every point of its worldwide operations.

The core of AIG, C.V. Starr & Co., began operations as the American Asiatic Underwriters in Shanghai, China, in 1919, followed two years later by the Asia Life Insurance Co. of Wilmington, Delaware. From these operations, the C.V. Starr colossus has spread to most of the world's dirty money spots—Panama, Hong Kong, Bangkok, Rangoon, Bermuda, London, Switzerland, Toronto, and in the past, Ha-

INTERNATIONAL CREDIT

Shutdown of world credit the 'final solution' to inflation

The advent of a Tory government in Great Britain has set off a salvo of calls to "Thatcherize" all advanced-sector economies and policy moves in that direction are accelerating.

They start with a claim that the credit clamps allegedly needed to beat inflation and avert panic are impossible so long as the Eurocurrency markets continue to serve as a lending source beyond the reach of central banks. Therefore, those off-shore markets should be eliminated, through imposition of reserve re-

quirements, as part of a total world banking reorganization.

This was the subject of the inconclusive Bank for International Settlements monthly meeting of central bankers on May 7. French opposition to the reserve-requirements proposal sponsored by the U.S. Federal Reserve and the West German Bundesbank deferred the proposal to the May 21 meeting of the International Monetary Fund (IMF) executive board. The reserve requirement proposal is also the content of a U.S.

congressional bill, few of whose supporters realize that Euromarket controls are the first of a two-stage "regulatory reform" plan to phase out the U.S. dollar's world reserve status in favor of the IMF's Special Drawing Right (SDR).

The March 8 London *Financial Times's* special survey on "Finance and Investment in the U.S." dryly touches on all the components of this plan, except the SDR culmination.

The survey as a whole protests that "high nominal interest rates" have failed to curb U.S. credit, because the Euromarkets keep pumping funds; and "the mountain of debt which has been piled up could be transformed by a serious recession into a landslide of defaults. . . ." Capital formation, productivity, and R&D outlays are plummeting. The remedy proposed is transparently one that will turn these very real dangers into a "Crash of '79"; impose stringent "energy conservation" at once, use the Thatcher momentum to implement mammoth

vana and Saigon, to become what one AIG exec describes as "the world's largest and fastest growing reverse multinational." With Hong Kong headquarters in the Hongkong & Shanghai Bank headquarters, the company not only has financial ties with the HongShang, the central bank for Dope, Inc., but C.V. Starr personally took an active interest in the drug operations.

A bigwig in the World War II China OSS operations, Starr hired his wartime superior, Paul L.E. Helliwell in 1951 as counsel for his Miami-based operations. Helliwell was the nexus of connections between the drug running Thai government of Phao Sriyanon (Helliwell was Thailand's Counsel General in Miami), Meyer Lansky (through Jack King, a director of the Miami National Bank, the 1963-67 hot money conduit for Lansky and director of Sea Supply, Inc.), and direct trafficking through Sea Supply,

which Helliwell founded and acted as counsel for. Sea Supply is the "trading company" whose Bangkok office, headed by OSS China veteran William Bird, supplied arms to the defeated Kuomintang troops on the Burma-Thai border in return for opium. Starr, through his American Life, S.A., and American International Co. S.A. had something else in common with Meyer Lansky: a major base of operations in Havana.

Through the Breen family, AIG is connected with the Royal Bank of Canada, whose operations in the London Gold Pool put it at the center of Dope, Inc. and which forced Guyana to plant marijuana to earn foreign exchange. The gold connection continues through the AIG link with Kleinwort Benson (whose New York office is located in the AIG building at 102 Maiden Lane). Kleinwort Benson owns Sharps Pixley, which together with Hongkong and Shanghai Bank runs the Hong

Kong gold market, a critical link in the Far East drug market. Kleinwort Benson's deputy director is Sir Mark Turner, of Rio Tinto Zinc which was founded a century and a half ago by the Mathesons, the name synonymous with opium. In addition, C.V. Starr Investors, Inc. shares a limited partnership with Mrs. Anna L. Bronfman in Loeb Rhoades, Inc. The Bronfmans are major operators of the Western hemisphere drug business.

—Leif Johnson

"Proposition 13s," and force U.S. bankers to accept a "coherent" banking reform package.

Stage two

No "conservative" steamroller is involved here. The strategists are the Bilderberg group—recently convened—and the Council on Foreign Relations networks, who range from social democrats to Hapsburg restorationists. They have determined that a Margaret Thatcher victory in Britain and the Thatcher apparatus coached by the Mont Pelerin Society's Keynesians in spats will serve as a takeoff point for the "global reshaping," as the Bilderberg agenda puts it, intended to slash industry, living standards, and populations.

And where does the IMF and its SDR's come in? This was elaborated on May 8 by a Lazard Frères economist in New York, who described Fed Chairman Miller's Eurocontrol proposal to the BIS as "the same thing [former British Prime Minister] Callaghan and [former Chancellor of

the Exchequer] Healey put out at the IMF conference" in March 1978. The Euromarket reserve requirements will precipitate a pullout of funds from offshore deposits, creating a near-term shortage of dollars and thus tightened dollar demand. But the same process will trigger bank failures and loan defaults. Confidence in the dollar will crash, creating an all-out run against the currency. Then everyone will demand to substitute SDR's for their dollar assets, and the IMF can take over direct control of world liquidity, said the Lazard spokesman.

The U.S. Treasury is fully behind a new IMF campaign for the SDR substitution account. The Treasury argument cited by the May 10 *Journal of Commerce* is that now is a fine time for the reserve substitution since the dollar is relatively strong! The only point of dispute within the IMF executive board is how fast private dollar holders should be allowed to join the substitution.

West Germany in fact is being hit

with the same package as the U.S., as specified this week by the economics minister of the state of Hessen, Heinz Karry, and by an official at the Bethmann bank during an interview with *Executive Intelligence Review*. In a speech to the Frankfurt Bankers Club, Karry proposed a "liberalization" of European financial markets that would bring the offshore markets home to a Frankfurt "free zone," part of a string of "free zones" with central banks becoming "like member banks of the U.S. Federal Reserve system."

The Bundesbank is said to be seriously pursuing the plan. Part of the package is big-bank divestiture of industrial holdings; "liberalizer" Economics Minister Otto von Lambsdorff is now threatening the Grossbanken that if they don't do this voluntarily, it will be forced on them.

—Susan Johnson

Computer deal foreshadowed Giscard-Brezhnev pact

Three weeks previous to French President Giscard d'Estaing's visit to Moscow, the French consortium Sodedeg-Tai signed a \$17.5 million contract to provide Tass news agency with a text-editing computer system.

The French-Soviet computer sale, beyond its immediate aim of providing an extensive text-editing and message-switching capacity for use by Tass in time for the Moscow Winter Olympics, represents a concerted effort at technology exchange between the two nations. One of the consortium members, CII-Honeywell Bull already has an exchange program for training Soviet engineers, and the French trade official present at the contract signing ceremony stated his expectations that the exchange of personnel resulting from the computer sale would eventually lead to greater Soviet development of consumer electronics for export to Western Europe.

The combination of the Tass computer deal and the subsequent Giscard-Brezhnev communique, with its emphasis on cooperation in high-technology areas, will bring down the "electronics curtain" erected during the Cold War. That curtain is maintained today by the Free World Coordinating Committee (CoCom), a semi-official NATO-linked multilateral committee which oversees "strategically sensitive" exports to the East Bloc.

The French deal represents the second major breach of CoCom anti-technology efforts since the signing of a similar, if less explicit, agreement between West German Chancellor Helmut Schmidt and Soviet

President Brezhnev at Bonn in May 1978, and the formation of the European Monetary System at Bremen shortly thereafter. In the intervening period, the West German government has approved the sale of disk drives to Hungary for the eastern European common market computer development effort, bypassing CoCom approval.

Univac loses a deal

Tass had originally opened a contract with Univac to service Tass's wire service system. Then the anti-technology boys in Washington stepped in. Washington vetoed Univac's even discussing with Tass what Univac's message-switching communications capabilities were. Next, although a scaled down Univac system was approved for export to Tass by both the U.S. Export Administration and CoCom, that package was vetoed by President Carter. Tass meanwhile had agreed to numerous extensions on the original contract. But Tass also began shopping around for an alternate supplier. Tass gave the French the deal.

Carter's stalling could not have been better timed for producing outrage among U.S. industry representatives. Representative of this anger is a feature article in the latest *Electronic News* titled "The French CoCom Connection." Its author, Jack Roberts, writes: "Thanks to White House fumbling on the Univac-Tass deal, the Soviets are getting everything they wanted in the first place ... possibly foreclosing much of the Soviet market to other computer orders."

The loss of the Univac contract has touched a raw nerve for U.S. computer manufacturers. It is believed that fatal Administration obstacles to the deal originated with the Administration's human rights campaign, notably through heavy pressure from National Security Advisor Brzezinski and NSC member Samuel Huntington. Huntington, a proponent of, and advisor to, the Council on Foreign Relations program for worldwide "controlled economic disintegration," has argued in the fall 1978 issue of the CFR's quarterly, *Foreign Affairs*, for holding U.S. exports to the East bloc as hostage to the Administration's linkage of human rights to detente.

Huntington's conclusions are only mildly disputed in the Spring 1979 issue of that same publication in an article by Rep. John Bingham (D-NY). Bingham proposes to mend the rips in CoCom's fabric by replacing the discredited unilateral U.S. human rights approach for blocking technology for exports with a beefed up multinational approach, namely by turning CoCom into a treaty organization like NATO.

It appears likely that Bingham's proposal will get a cold shoulder from other CoCom members. France's Iris 80 sale to Tass suggests that the French government regards CoCom as an advisory body only. Indeed, earlier France had voted in CoCom to allow the U.S. Univac sale to the Soviets. It was the U.S. government that sabotaged a U.S. deal its French competitors had endorsed.

—Katherine Ransohoff

AMERICAN SYSTEM

Alexander Hamilton and solving the problems of debt and credit

In a special feature in the May 9 London *Financial Times* appears the British declaration that the U.S. banking system will be wrecked by inflationary excess credit creation and that the only solution is a complete reorganization of the system. As the British see it: "The U.S. is wallowing in debt. ... A recession could cause massive defaults ... so the U.S. needs foreign banking takeovers."

There are those in the United States who also see it that way, like the New York Council on Foreign Relations. The effect of a British takeover of the U.S. banking system on particularly U.S. industry fits the blueprint developed by the CFR's "Project 1980s" team. Their plan for the U.S. is to shut down advanced science and technology research and development as part of what they term a "controlled disintegration" of the economy.

In outlining their blueprint, the CFR goes out of its way to target Alexander Hamilton as the 19th century spokesman for "neo-mercantilist" opposition to the British "liberal" policies exemplified in the CFR's voluminous report. It was Hamilton who, as Secretary of the Treasury under George Washington, first delineated the economic policies commonly known as the American System.

Faced with massive debt, incurred during the American Revolution to free this nation from the yoke of British colonial policies, Hamilton determined exactly how to employ the public debt as the means to generate credit for manufactures, a policy that the British System has never stopped fighting.

The American System economy built by Hamilton is clearly characterized in his Report on Public Credit

to the House of Representatives in January, 1790, excerpted here.

"The Secretary of the Treasury, in obedience to the resolution of the House of Representatives, of the twenty-first day of September last, has, during the recess of Congress, applied himself to the consideration of a proper plan for the support of the Public Credit, with all the attention which was due to the authority of the House, and to the magnitude of the object....

"This reflection derives additional strength from the nature of the debt of the United States. It was the price of liberty. The faith of America has been repeatedly pledged for it, and with solemnities, that give peculiar force to the obligation. There is indeed reason to regret that it has not hitherto been kept; that the necessities of the war, conspiring with inexperience in the subjects of finance, produced direct infractions; and that the subsequent period has been a continued scene of negative violation, or non-compliance. But a diminution of this regret arises from the reflection, that the last seven years have exhibited an earnest and uniform effort, on the part of the government of the union, to retrieve the national credit, by doing justice to the creditors of the nation; and that the embarrassments of a defective constitution, which defeated this laudable effort, have ceased....

"A general belief, accordingly, prevails, that the credit of the United States will quickly be established on the firm foundation of an effectual provision for the existing debt....

"The benefits of this are various and obvious.

"First. Trade is extended by it; because there is a larger capital to carry it on, and the merchant can at the same time, afford to trade for

smaller profits; as his stock, which, when unemployed, brings him in an interest from the government, serves him also as money, when he has a call for it in his commercial operations.

"Secondly. Agriculture and manufacturers are also promoted by it: For the like reason, that more capital can be commanded to be employed in both; and because the merchant, whose prize in foreign trade, gives to them activity and extension, has greater means for enterprise.

"Thirdly. The interest of money will be lowered by it; for this is always in a ratio, to the quantity of money, and to the quickness of circulation. This circumstance will enable both the public and individuals to borrow on easier and cheaper terms.

"And from the combination of these effects, additional aids will be furnished to labour, to industry, and to arts of every kind.

"But these good effects of a public debt are only to be looked for, when, by being well funded, it has acquired an *adequate* and *stable* value. Till then, it has rather a contrary tendency. The fluctuation and insecurity incident to it in an unfunded state, render it a mere commodity, and a precarious one. As such, being only an object of occasional and particular speculation, all channels of circulation, for which the thing itself affords no substitute: So that, in fact, one serious inconvenience of an unfunded debt is, that it contributes to the scarcity of money.

"This distinction which has been little if at all attended to, is of the greatest moment. It involves a question immediately interesting to every part of the community; which is no other than this—Whether the public debt, by a provision for it on true principles, shall be rendered a *substitute* for money; or whether, by being left as it is, or by being provided for in such a manner as will wound those principles, and destroy confidence, it shall be suffered to continue, as it is, a pernicious drain of our cash from the channels of productive industry."

—Barbara Gould

Who are the environmentalists

On May 6, an estimated 70,000 environmentalists gathered in Washington, D.C. to demand the immediate shutdown of the U.S. nuclear industry and its replacement by a variety of exotic, marginal energy sources ranging from solar heat collectors to wood burning stoves to windmills. The demonstrators were for the most part young—high school and junior college-aged counterculturalists less interested in the pronouncements of speakers Ralph Nader, Barry Commoner, Jerry Brown, and Michael Harrington than in spending an all-expenses-paid day in the sun hearing rock music and taking drugs. Ominously interspersed in the “Woodstock” crowd was a vocal minority of antitechnology activists affiliated with the Mobilization for Survival, the Friends of the Earth, the Movement for a New Society, the Clamshell Alliance, and an alphabet soup of other “grass roots” groups predominantly from the East Coast.

In all, it was apparently an inauspicious beginning for what Barry Commoner proclaimed as the “Dawn of the Solar Age.” Astute observers nonetheless took serious note of the largest gathering of its kind since the height of the anti-Vietnam War movement of the 1960s and began asking such questions as:

- Who is the organizing force behind this “overnight” protest movement (all of the organizing for the event occurred over a period of less than three weeks)?
- What are the objectives of the sponsors of this movement?
- How does the environmentalist movement fit into the 1980 election picture?
- Will the environmentalist movement—like its predecessor, the antiwar movement of the 1960s—provide a breeding ground for a new terrorist gutter of the sort that has already blossomed in Western Europe and Japan?

Some “voices from the fringe,” typified by Georgia Congressman Larry McDonald and London *Daily Telegraph* columnist Robert Moss, have already indicated that they are hot on the trail of the “KGB” or “PLO” skeletons in the environmentalist closet; no doubt a number of Americans far more honest and

well-intending than the above two cited plug-ins to the London Heritage Foundation will succumb to those wild conspiracy tales.

Nonetheless, the questions require immediate answers. There is a far-reaching and evil design behind the events in Washington, D.C.—one that originates not in Moscow or Damascus, but in the staid East 68th Street headquarters of the New York Council on Foreign Relations and its “mother” agency, the Royal Institute of International Affairs at London’s Chatham House.

CFR’s ‘environmentalist world order’

It is no exaggeration to state that the institution most directly responsible for the May 6 event was the Council on Foreign Relations. Not since the early 1960s launching of the American branch of Lord Bertrand Russell’s “peace movement” have so many eastern establishment figures put themselves before the public at the head of a “Jacobin” crowd. Daniel Ellsberg, formerly a top aide to Henry Kissinger, formerly a research director at the Rand Corporation (where he launched the career of Energy Secretary James Schlesinger), and *still* a member in good standing of the CFR, is the active director of the Mobilization for Survival—one of the three principal organizing forces in the “May Sixth Movement.”

Professor Richard Falk of Princeton University, a member of the CFR and a policy board member of the CFR’s “Project 1980s,” heads the Institute for World Order in New York, which created the Mobilization for Survival as one of its action fronts for implementing an antitechnology “preferred world order.” In a recently published IWO paper, *Preferred Worlds for the 1990s*, Falk stated, “(we) hope to create, by 1980, a climate in which the preferred world order values will increasingly inform national and international decision-making....”

Falk’s deindustrialized and depopulated “preferred world order” is most succinctly defined by the fact that Falk was—by the public admission of CFR Project 1980s Director Dr. Richard Ullman—a prime mover

behind the recent coup that installed Ayatollah Khomeini in power in Iran and set off a civil war process that threatens to return the Persian Gulf region to the Dark Ages of the 12th century.

In fact, Falk's Institute for World Order (which lists itself as an affiliate of the CFR) emerges as the "mother" of all of the key groups that turned out the busloads in Washington. The Philadelphia-based Movement for a New Society, a nest of counterculture collective safehouses for unscrubbed back-to-nature freaks and black nationalist terrorists (like the MOVE countergang that last year staged an hour-long gun battle with Philadelphia police), regularly contributes to IWO White Papers.

Falk is affiliated with the Institute for Policy Studies and its recent spinoff, the Public Resource Center (the second principal participating group within the May 6 umbrella), a coordinating center and funding conduit for millions of dollars laundered into the environmentalists from the Stern Family Fund, the Ford Foundation, the Rockefeller Brothers Fund, and other CFR-connected tax exempt shelters.

'Aggressive international environmentalism'

What the CFR boys are out to accomplish with the unleashing of an overt mass-based antitechnology movement was succinctly spelled out last week by an aide to Council member Sen. Claiborne Pell (D-R.I.). The goal of the Anglo-American crowd is to deploy environmentalism as a weapon to halt the high-technology industrial development of the Third World, to delimit further industrial and technological development in the advanced sector to negative growth rates termed "controlled disintegration" and thereby to build a climate of containment around the Soviet Union such that the Warsaw Pact nations either capitulate to the environmentalist world order or go to war. A resolution proposing that environmentalism become the overriding foundation of international law, superseding national sovereignty, was presented last year before the NATO North Atlantic Assembly by Sen. Pell; and fellow CFR member Lucy Benson, Assistant Secretary of State, traveled last week to Nairobi, Kenya to deliver a similar ultimatum before a United Nations conference on the environment.

NATO Supreme Commander Alexander Haig and NATO Secretary General Joseph Luns are "enthusiastic supporters" of this "aggressive international environmentalism" policy, the aide went on to state, "because it takes away a key Soviet weapon"—their ability to win friends in the developing sector by offering technological assistance.

Pell's aide went on to describe the series of draft treaties, which were authored under the auspices of the zero-growth Club of Rome, as a "foot in the door" for getting the environmentalist world order on line by the

mid-1980s. "We don't want to freak people out by saying what we eventually want to do.... We are doing some consciousness raising...."

The immediate form of that "consciousness raising" is the rapid escalation of a phony "left versus right" staged drama in which the surfacing of a "Greenie" movement behind the 1980 candidacy of Ted Kennedy is counterposed to a tough warrior candidacy of General Alexander Haig.

As the Pell remarks make very clear, the so-called "differences" between Messrs. Haig and Kennedy are pure theatrics. General Haig, whose personal collaboration with Kennedy dates to the Watergating of President Richard Nixon, is as rabid an advocate of the CFR environmentalist one world order as the Massachusetts Senator. Haig, not coincidentally, traces his family tree to the Scottish whiskey pushers and to the Astor family (thereby tracing the lineage of alliance with the Kennedy family back to the bootlegging era of the Prohibition, when Joe Kennedy ran the Haig & Haig concession, up through the prewar period, when "Papa Joe" frequented the pro-Nazi Clivedon Set of Lady Astor).

A fascist movement unleashed

For the student of history, an alarming feeling of *déjà vu* should be setting in at about this time. Earlier in this century, the same gang of lower Manhattan and London bankers, organized through conspiratorial clubs like the CFR and the Royal Institute, dipped into the counterculture gutters to bankroll a mass movement. Then, as now, the goal was to institute an antitechnology, fascist world order—with the option of a "modest" world war serving as a track toward that goal a considered possibility.

The gatherings in New York City and Washington, D.C. on May 5-6 represented the embryo of America's first outright fascist movement. What Bertrand Russell, the CFR, and others would have *liked* to have launched during the 1960s—a fully elaborated antiscience, antitechnology movement—has now reared its ugly head.

For the skeptical reader who may demand further "proof," *Executive Intelligence Review* presents the following eyewitness report of the two weekend events, with excerpts from several of the keynote speeches. Additionally, we include a "dossier" on the history, key personnel and funding of the principal organizations that make up the environmentalist movement. This latter section places years of investigative work in thumbnail form into the hands of our readership.

—Jeffrey Steinberg

Deploying against science and reason

It is a public relations fraud to claim that the 2,000 people who turned out at the Riverside Church in New York City on May 5, and the 70,000 people who showed up in Washington, D.C. the following day were "mobilized" as the direct result of the disaster at the Three Mile Island nuclear facility. More appropriately, the Three Mile sabotage (documented in a special report available through NSIPS) is the "Reichstag fire" that provided the pretext for activating longstanding capabilities-in-place astride a movement built on fear, hysteria, and capitulation to rule by irrationality.

The keynote speakers and organizers of the weekend events were all well-known figures—long identified with campaigns of subversion against American labor and industry:

Ralph Nader: "consumer activist," well-financed protégé of Zionist lobby dirty tricks operative Arthur Goldberg. Nader's most recent areas of emphasis have been the creation of a terrorist "caucus" within the International Brotherhood of Teamsters and the building of campus-based feeder projects into the May 6 operation;

Barry Commoner: quack "scientist" from Washington University in St. Louis. Commoner has been active in both the U.S. and Western Europe fostering antinuclear and often proterrorist countergangs. Commoner's activities along these lines in Italy have been in the public view since 1977.

Sam Lovejoy: one of the principal organizers of last year's Sun Day and the Seabrook, N.H. demonstration that resulted in over 1,000 arrests, Lovejoy himself has been convicted of blowing up an electric power station. He is one of the most outspoken advocates of nuclear plant sabotage.

Tom Hayden: one of the original core of Russellite operatives to surface during the early 1960s, Hayden has been cleaned up since his Days of Rage riot act, but remains a leading advocate of the same policies of deindustrialization, community control, and the total shutdown of nuclear energy. His position in the environmentalist circuit is further enhanced by Columbia Pictures' elevating of his wife Jane Fonda into the position of "High Priestess" of the antinuclear movement.

Michael Harrington: another throwback to the earliest phases of the Russell deployments in the United

States. Harrington is the director of the Democratic Socialist Organizing Committee, a Willy Brandt-style radical social democratic fringe of the Democratic Party.

What they said

This menagerie of experienced rabble rousers made not one attempt to present a coherent face forward to the crowd of counterculture types gathered under the antinuke banner. In between tirades against the mere possible existence of verifiable scientific knowledge and lying hysterical scare stories about the "invisible enemy" (radiation—ed.) a few actual points of tactical significance were noted:

1. The Price-Anderson Act (which limits the amount of liability of nuclear power companies in the event of accidents that claim lives or property) must be overturned. The effect of an overturning of this act would be to immediately bankrupt the entire nuclear industry.

2. Preliminary steps must be taken for constituting a "Green Party" in the United States in anticipation of the 1980 presidential elections.

3. Disaster evacuation plans must be tested on a regular basis in all areas within a 50 mile radius of a nuclear power plant. In the single case of the Indian Point facility in New York, this would mean the evacuation of an estimated 17 million people. Reports and detailed plans for such evacuations—in addition to mass "fire drills"—must be circulated on regular mandatory basis to all customers serviced by the power companies.

The May 5 teach-in at New York's Riverside Church was sponsored by Rupert Murdoch's *Village Voice* to build up to the next day's events in Washington, D.C. Both events featured some of the country's more notorious environmentalists and their remarks to their respective audiences suffice to explain precisely what the "movement" is all about.

At the teach-in, Ralph Nader detailed the scare tactics: "They ("society") are vulnerable to...the form of silent cumulative violence that it cannot sense, and therefore cannot individually defend against...a new form of industrial violence that strips millions of people of their natural physiological detection ability, making them rely on sophisticated scientific detection instru-

ments which are only in the hands of a few.”

Nader called for “practice drills so that a portion of the population radiating out from a nuclear power plant for some 50 miles would periodically have to engage in a practice evacuation in order to make sure that the evacuation plans are in tip-top shape, and are likely to work under real emergency conditions.” This is what Nader terms his plan for a “nuclear power plant holocaust.”

Helen Keldicott, a pediatrician and an author of antinuclear tracts, mixed tribal mythology and hysterical tales of death to back her hatred of science at the Washington demo: “Two weeks ago I was in Australia, (the source of) 70 percent of the world’s richest uranium. It is on Aboriginal sacred tribal land and there is a snake coming down the side of the mountain, a waterfall. ...It’s full of uranium, and the Aboriginal dream-time myth says, ‘if the rainbow snake is disturbed it will devour the world.’”

On Harrisburg, she added: “What would have happened if that had melted down, and by the grace of God it did not melt. It was nothing to do with men that it did not melt. ...Three thousand people would have died immediately, ten to one hundred thousand people right now would be going bald. They would be getting ulcers on their skins, severe vomiting and diarrhea, and as their blood cells died they would be dying of massive hemorrhage or infection. Thousands of men would be rendered sterile from the radiation on their testicles. Thousands of women would stop menstruating permanently. Thousands of babies would be born with small heads because the radiation attacks the developing brain...It would have killed approximately half a million Americans...”

Barry Commoner flatly asserted in Washington: “Today the solar age was born...the nuclear age died. ...We can close down these Harrisburgs waiting to happen, those ticking time bombs right now, and I believe we will. ...All over the country where anyone is dependent on a nuclear power plant, we can shut them down without any reduction in electric power. ...Make this the issue of the 1980 campaign.”

Jim Benson, consultant to the Council on Economic Priorities, raised the question of actually building a

third party for the presidential campaign: “We’ve got small think tanks all over the country. ...But we’ve got to start pulling it together, we’ve got to start pulling ourselves together, and we’ve got to lose this attitude of being on the defensive. ...I think ‘ecology party’ is perhaps not the best of terms, maybe something like a ‘values party’ is something that is more applicable. ...”

Michael Harrington elaborated: “We cannot allow this movement to be a movement of the college educated, and middle class, who will not suffer...the problem of the monopoly of knowledge in a technological society. That is to say that if knowledge is power, in such a society, the monopoly of knowledge is a kind of power. ...I suggest to you that we should not only have a Nuclear Regulatory Commission but an Antinuclear Regulatory Commission, which is funded by the federal government. ...We have to challenge this monopoly of knowledge.”

Then, there are the remarks made in an interview with WBAI radio by American Indian Chief Billy Tiak a participant in the events: “We feel that Technology is the enemy. It only goes so far. It’s against every natural law there is. ...”

Or, the ravings of Dr. John Gofman, the chairman of the Committee for Nuclear Responsibility: “Nuclear power is obviously unconstitutional. The Constitution of the United States provides nowhere that Congress shall issue murder licenses. Nuclear power plants licenses are nothing more or less than legalized murder permits.”

Sam Lovejoy, a terrorist by trade, outlined what is in store should the peaceful demonstrations fail to achieve their goal: “I would only say that if and when the grassroots groups go to Washington, and the United States energy policy is still headed in a nuclear direction, that it won’t be a nice rally and demonstration; you’re going to see most of the people showing up in Washington seizing the Nuclear Regulatory Commission headquarters, and the Department of Energy headquarters, and such other agencies as might be getting in the way. ...Any building, any office will do in my opinion, that’s trying to stick nuclear power down our throats.”

"Politics represents the art of calculated cheating."

—James Schlesinger, 1967

The truth about James Rodney Schlesinger

The oft-repeated theme of the May 6 antinuclear rally in Washington, D.C., was that Energy Secretary James Rodney Schlesinger was the arch-enemy of the assembled horde of zero growth antinuclear fanatics.

In point of fact, Schlesinger represents the "right" side of a contrived "right"- "left" assault on advanced technology, the perfect foil to Ralph Nader's leftist crazies. Since he first chaired the Atomic Energy Commission in the early 1970s, Schlesinger has acted under this "hard technology," proindustry cover to implement policies from the inside that are far more devastating to industrial progress and energy development than would have been possible by the Nader-environmentalists working nominally outside the government. Schlesinger is aptly described as a Jane Fonda 'mole' in government.

It is useful to review the facts about the man described by Texas Governor William Clements as the most dishonest person he has known in government:

At an Atlanta conference of the nation's electric utilities during March, Schlesinger convinced the audience that he is an ardent friend of nuclear energy development. In practice, none of the post-Three Mile Island assaults against nuclear power could succeed were it not for the years of preparation by Schlesinger.

*Schlesinger, as chairman of the Atomic Energy Commission in 1971-73 began to dismantle the government agency set up under the 1954 "Atoms for Peace" policy of President Eisenhower to establish centralized coordination between government and private industry in the development of atomic power. Schlesinger began by contracting Arthur D. Little Co. to reorganize the agency.

By the time Schlesinger was finished, the AEC was dismantled into a separate Nuclear Regulatory Commission and, initially, the Energy Research and Development Agency (ERDA). Schlesinger, at the time, told an astonished group of utility executives that collaboration between the AEC and the utilities was at an end: "Gentlemen, I'm not here to protect your AAA-bond ratings." In this case he was not lying.

*His next act as head of the AEC was to open the floodgates to the incredible court delays that, prior to the Three Mile Island incident, have done more than anything to destroy nuclear development.

Nine days after becoming AEC chairman, Schles-

inger reversed commission opposition to an attempt by the Natural Resources Defense Council to halt the Calvert Cliffs nuclear power plant near Baltimore for environmental reasons, handing the environmental groups a landmark legal precedent. As a result of escalating costs and delays, the overall program projections of 1,000 reactors by the Nixon Administration has been reduced to less than 300 reactors by the end of the century.

*In December 1976, Schlesinger told the *New York Times* he was "irked when referred to as a champion of nuclear power." Well he should be. In setting up the Department of Energy, he buried the nuclear component of energy R & D while he helped to shape the attack on both the Clinch River Fast Breeder reactor project and reprocessing. "Clinch River is not cost-effective," was Schlesinger's argument. Carter's opposition to the breeder was shaped by Schlesinger and ensured a major slowdown in the commitment of the utilities to nuclear power generation. The reason is simple: without breeders, which breed more fuel than they consume, the present supply of fissionable uranium is enough to fuel existing light water reactors only until the end of the century.

At the Atlanta conference, Schlesinger reiterated the line that breeders and reprocessing are cost-ineffective and unnecessary until well into the next century. Killing breeders and fuel reprocessing places creates an absolute—and arbitrary—ceiling on nuclear fuel supplies. This guarantees soaring prices for uranium, which are presently controlled in world markets through the so-called London uranium cartel.

*Within the DOE, Schlesinger has driven out of office every top policy level advocate of nuclear development. Budgets for nuclear development have been slashed and the long promised licensing legislation has never emerged in any form that could undo the damage of Schlesinger's initial Calvert Cliffs decision.

His next move, as he himself hinted at Atlanta, will be to militarize civilian nuclear energy, "resorting to self-policing if we must." He told the audience in Atlanta: "We must separate the weak from the strong utilities and make sure the weak ones do not adopt the nuclear option."

—William Engdahl

What the CFR and the environmentalist mob have in common

The "environmentalist movement" that turned out en masse in Washington, D.C. represents only the lowest level of a carefully structured political machine whose hierarchy can be traced to the patrician circles at the New York Council on Foreign Relations.

Contrary to the popular image of a "spontaneous" social protest against the "dangers" of nuclear technology, the environmentalists were created to carry out a preplanned policy of zero growth, deindustrialization, and destruction of advanced science in the U.S. through mob rule "democracy" and using terrorism when necessary. Every action of the environmentalists to date has followed the policy formulations, the pseudo-scientific arguments, and the tactics provided by top-level think tanks.

It is no accident that the current activities of the environmentalists conform to what the CFR has made public as their "Project 1980s" blueprint for "controlled disintegration" of the United States—and the world—toward a new dark age, devoid of the "complexities" of modern society, advanced science and technology. In fact, the Project 1980s link to the May 6 demonstration is direct, through such individuals as Richard Falk, who is both a member of the CFR Project and the creator of such "grassroots" groups as the Movement for a New Society. There is also an additional trail from the top to the bottom-level groups via the Wall Street foundations that have continuously funded the environmentalists.

What is environmentalism

The roots of environmentalism date back to the 18th century when the ailing British Empire's colonial looting policies were being threatened by advances in science and technology. With the aid of British East India Company operative John Stuart Mill, Royal Society "scientists" T.H. Huxley and Charles Darwin, and other members of the aristocracy, the British Colonial Office developed the pseudo-scientific justification for environmentalism and cultural relativism to enforce backwardness, stymie scientific research, and encourage labor intensive industry. That policy was carried into the 20th century by such individuals as Julian Huxley and Bertrand Russell who, along with their American collaborators, typified by Margaret

Mead, devoted their lives to imposing an unnatural "environmental" hoax upon the American population.

During the mid-1960s, the ideas of environmentalism were presented to the U.S. population via a barrage of antipollution propaganda in the media and the revival of the long-discredited British Malthusian tenets through the publication of *The Limits to Growth*. Both were the results of a joint British and Council on Foreign Relations-sponsored project known as the Club of Rome. A continuing stream of quasi-scientific publications continued to feed this campaign for a zero growth, antiscientific society until, by 1970, the ideas of "environmental balance" and "man's threat to the environment" were fully integrated into the American education system.

Meanwhile, the "environmentalist movement" was being fostered.

What is the environmentalist movement?

The environmentalist movement operates on a series of levels, like most political intelligence operations. At the top is the command and control, including the CFR, Robert O. Anderson's Aspen Institute, and the European aristocracy's World Wildlife Fund. On the next level, the chain of command divides into separate areas for policy implementation. Propaganda and publicity-making conferences are organized by the London-based International Institute for Environment and Development; litigation and legislative work is coordinated by the Natural Resources Defense Council; "scientific" propaganda materials are centralized primarily through Barry Commoner's Scientists Institute for Public Information; and "grassroots" organization building is run by the New York-based Institute for World Order.

Mediating between these "respectable" institutions and the public are several specialty groups which are not only credible to the fanatical bottom levels of the movement, but also to the general public, as "well-educated liberals." Most prominent are the Friends of the Earth, an international political intelligence network. The Union of Concerned Scientists, an amalgam of former technicians and scientists, also operates on this level.

Finally, the apparatus spreads out at the bottom into myriad local-control, single-issue groups which are

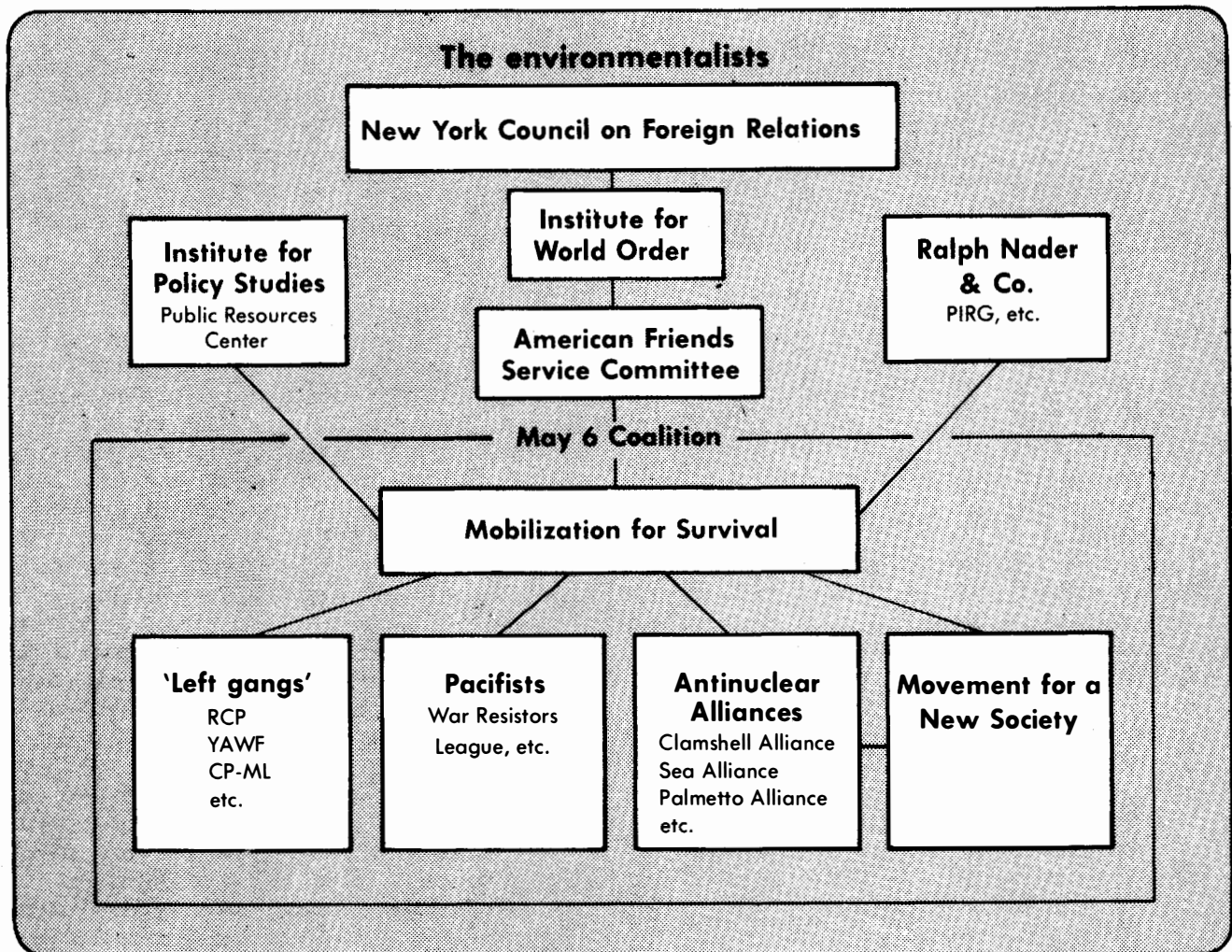
the deployable mob that was tested on May 6 in Washington. This level is lumped under the umbrella of the Mobilization for Survival, an organization of old pacifists, "New Left" radicals, and all sorts of environmentalists. During the 1960s when a policy of terrorism was decided on, it was from this level of the operation that terrorists were selected and deployed. Significant evidence already exists to indicate that the same selection process is underway.

The role of government

Within the federal government, there is a complementary component that is key to the operations of the environmentalist apparatus on the "outside." This is no secret conspiracy hidden within the bureaucracy, but the product of a systematic effort that began with the enactment of the National Environmental Policy Act of 1969. At the top of this command structure is Energy Secretary James Schlesinger, who was brought

into the Carter Administration with CFR Project 1980s staff members W. Michael Blumenthal, Zbigniew Brzezinski and Cyrus Vance. Immediately upon his appointment as Energy Secretary in January 1977, Schlesinger held a strategy session with the environmentalist leaders to map out a joint inside-outside campaign for their mutual goals. By February, Schlesinger had endorsed the *Unfinished Agenda*, a consensus report prepared by 25 top environmentalist spokesmen and sponsored by the Rockefeller Brothers Fund, stating that much of it would be integrated into his energy policy—and it was.

By 1978, Schlesinger was funding the environmentalist movement from the Department of Energy; he ordered the DOE to cooperate with the environmentalist "Sun Day" extravaganza held on May 3, 1978. When questioned at the time about the terrorist potential of Sun Day, Schlesinger answered: "Terrorism is unappetizing, but you can't do anything until after it happens. It may be true that a number of groups organizing for solar energy tend to get very emotional



about nuclear power; but in terms of their organizing for solar, I'm willing to work with them."

He then added: "We have this problem in the U.S., it's called the U.S. Constitution and its guarantee of the separation of powers. The separation of powers is nothing but a formulation for frustration, which was anticipated by the Founding Fathers....The inability of Congress to formulate an energy policy seems to prove that the Constitution, with its built-in formula for frustration, is an anchor...."

The next level inside the government is the Council on Environmental Quality, established under the NEPA legislation in 1969. With the Carter Administration, CEQ has become a council on deindustrialization. All three members of the council are environmentalists: Gus Speth was formerly the leading antinuclear operations coordinator for the Natural Resources Defense Council. Gerald O. Barney was formerly in charge of the Environmental Agenda Task Force of the Rockefeller Brothers Fund which prepared the *Unfinished Agenda*, calling for an end to all scientific and

technological research and development and a return of the U.S. to "renewable resources" and use of "intermediate technology," such as horse-drawn plows for agriculture. Charles Warren was formerly a California State Senator and a leading advocate of environmental policies for that state.

In the May 1976 issue of the Friends of the Earth journal *No Man Apart*, Warren described his outlook: "Malthusians argue that the (re)sources of the world are finite, and that continued growth will eventually threaten the resource supply available for future generations: that the driving mechanism behind resource exhaustion is increased population in conjunction with increased per capita requirements. Therefore they conclude some form of population control is essential...I come down on the side of the Malthusians."

The following grid, a profile of the institutions which command and control the environmental movement, will demonstrate the direct connections from the Project 1980s policy-makers down to the demonstrators in the streets.

World Wildlife Fund

WWF is the environmental policy institution of the European oligarchy. Prince Philip of England and Prince Bernhard of the Netherlands, the two "prince consorts" of the Anglo-Dutch monarchy, sit on its board of directors. The up-front function of WWF is to work with the United Nations Environment Programme in funding new areas of environmentalist activities.

WWF literature is almost exclusively concerned with preserving endangered species and constantly expanding the network of wildlife preserves around the world. The notion that environmental balance and species preservation criteria must supersede all human political and economic criteria in policy making originates with the Fund.

Founded by Sir Julian Huxley in the 1940s as the International Union for the Conservation of Nature (IUCN), the parent organization of WWF was built up to synthesize the environmentalist antiscience approach with British geopolitical theory. The key is a deliberate infringement of national sovereignty. In the organization's method, large tracts of land are captured as "nature preserves" and kept from being developed. In many cases, even adjoining development projects are halted on the charge they pollute the nature preserve. Simultaneously, the argument of the need to protect "endangered species" is used to obtain international agreements not to develop areas or even whole countries.

The WWF itself was established as an organization

inside the IUCN in the middle 1960s. Both groups now share a common policy of preserving the "endangered species" dearest to the Anglo-Dutch monarchy: feudal landholders.

International Institute for Environment and Development

The London-based IIED is headed by Lady Jackson (Barbara Ward) and functions as a central propaganda disseminating point for world environmentalist activities. Set up in 1971 by Lady Jackson, working in conjunction with the Aspen Institute, the IIED was designed as an "outside" parallel to another Aspen-fostered institution, the United Nations Environment Program. Maurice Strong, the chairman of the United Nations Environment Program, director of Petro Canada and a board member of Aspen, was immediately drafted onto the IIED board by Lady Jackson and Robert O. Anderson, the Aspen Institute director.

The IIED helped to organize the major UN-sponsored environmental conferences, the Swedish Eco-Soc conference in 1973, Habitat in Vancouver in 1975, and the Eco-Los (the law of the sea) conference in 1977.

The IIED was also in charge of the UN Environmental Liaison Board, which coordinates the activities of all registered Non-Governmental Organizations at the UN. This activity includes, in turn, control over the Un Environment Fund, a resource of over \$100 million to "stimulate through partial assistance of seed money

those activities which may be needed to fill gaps in the pattern of environmental action at all levels." In the first two years of that fund (1973-74), 250 projects were approved to get such "seed money."

Outside the United Nations, the IIED sees its role as "an effective link between expert and popular opinion—a contact which in turn affects the citizens' ability to influence governmental decisions." The IIED sees that these ideas are disseminated to governments and agencies and provides all possible support in helping to formulate programs. It created the European Environmental Bureau at Sussex, England in 1975, with responsibility for overseeing the "grassroots" environmental groups in Europe.

Union of Concerned Scientists

UCS is a deployment of top Anglo-American agents against nuclear power in the United States that is funded by the Rockefeller Brothers Fund and the Max and Anna Levinson Foundation.

Springing from the Anti-Vietnam War Movement on the campus of the Massachusetts Institute of Technology, the UCS can be characterized by the three basic features of their deployment since 1969.

First, their initial tactical objective—one that they shared with James Schlesinger—was to dismantle the old Atomic Energy Commission and to set up an "independent" nuclear regulatory body riddled with antinuclear agents.

Second, the top personnel of UCS have interfaced at numerous points with a host of "left" and "right" Anglo-American intelligence operations. Notable in this regard is Dr. Henry Kendall, the chief scientist of the UCS. "Antinuclear" Prof. Kendall was in the 1960s a member of the elite "Jason" group of physical scientists who acted as consultants on special weaponry and counterinsurgency to the Advanced Research Projects Agency of the Defense Department.

In the early 1970s, Prof. Kendall and the present UCS Director Daniel Ford received in response to requests submitted under the Freedom of Information Act several documents—some of them classified—which indicated that safety procedures for U.S. nuclear plants were inadequate. This leak of "safety violations"

not only catapulted the UCS into national prominence, but launched a Nader-style smear operation that was to lead to the dismantling of the AEC.

The third aspect of UCS deployment is its function within the Cambridge, Massachusetts-centered "arms control" mafia whose strategic objective is to force the Soviet Union to accept a nuclear facedown and a new global dark ages. Daniel Ford was a part of this Cambridge milieu.

UCS was launched around the brouhaha about military research at MIT. It was linguistic terrorist controller Noam Chomsky who was brought in in the early 1970s to negotiate a solution. MIT retained Lincoln Labs but was divested of the Instrumentation Laboratory concerned with missile guidance.

Later in 1977, Prof. Kendall would testify before Congress against a U.S. civil defense program insisting it would be viewed as provocative by the Soviet Union and anyway the U.S. could not possibly support all the survivors of a nuclear war. This is just the flip side of Schlesinger-Brzezinski arguments that the U.S.'s nuclear first strike capabilities are sufficient to win a war with the USSR.

Natural Resources Defense Council

Founded in 1970 out of top Wall Street law firms linked to the New York Council on Foreign Relations, the NRDC is the central clearing house for environmentalist litigation. It was set up to police the National Environmental Policy Act. NRDC combines the legal resources of such law firms as Arnold & Porter, Simpson Thatcher & Bartlet, and Milbank Tweed Hadley & McCloy, with prominent zero-growth "scientists" such as Dr. René Dubos of Rockefeller University and nuclear proliferation specialist, Dean Abramson.

Although its primary target has been legal sabotage of nuclear energy development, the NRDC has extended its legal interventions into stopping agricultural technology projects and dam and stream channelization, frequently around the "endangered species" pretext.

Along with self-styled environmentalist Laurance Rockefeller, none other than Lady Jackson sits on the NRDC board of directors. NRDC antinuclear campaign manager Gus Speth moved into the U.S. government's Council on Environmental Quality when Carter took office.

Scientists' Institute for Public Information

SIPI was founded in 1961 by Margaret Mead, who is best known for her sympathy for "primitive" cultures, and by Barry Commoner, a former biologist. The Institute resulted from a political campaign led by Mead during the 1950s in the American Association for the Advancement of Science to limit scientific research to serving "human needs," defined as opposed to basic research. The achievements of science are now threatening humanity rather than helping it, Mead and Commoner argued, citing the example of nuclear physics. When this argument did not win over the AAAS, they split out with a few followers to form SIPI.

SIPI's tracts depicting high-technology industry and fundamental research as unsafe have streamed out ever since through its central periodical, *Environment*, and through such journals as *Job Health News* published by SIPI with the United Auto Workers. Commoner tours the country addressing antinuclear groups and demanding a total U.S. commitment to windmills and solar energy collectors.

Institute for World Order

The New York-based IWO was established in 1961 at the behest of Lord Bertrand Russell, for the sole purpose of building a mass movement in the United States to carry out Russell's "world government" designs. Under the chairmanship of top Wall Street investment banker C. Douglas Dillon, the Institute has devoted its resources to a program of "educating" the population to accept a new dark age of lower technologies, euphemistically called "the preferred world order."

Between 1961 and 1977, IWO put together a package of policy implementation proposals finally released in the middle 1970s under the title: *Preferred Worlds for the 1990s*. (We) "hope to create, by 1980, a climate in which the preferred world order values will increasingly inform national and international decision-making," said a 1977 IWO brochure.

Now, the IWO is well into Phase Two of preparing the "preferred world." Both the antinuclear protest groupings such as the New England-based Clamshell Alliance, that have "spontaneously" sprung up, and the antinuclear, "antiwar" umbrella group Mobilization for Survival, are results of IWO projects. Both were run by IWO executive committee member Richard Falk. Falk, an Arms Control and Disarmament Agency staff member during the Kennedy years, is now a law professor at Princeton.

Falk's aims for the domestic movement he is building are best portrayed by his comments on the Iranian "revolution," considered by him "one of the greatest achievements of modern times" and something to replicate in the United States.

Friends of the Earth

Founded in 1969 with \$200,000 from Aspen Institute director Robert O. Anderson, FOE immediately drew together an international network of operatives—and international influence—from the Bertrand Russell-run World Federalist Movement. FOE's role is to link the top policy institutions described above, to the bottom-level activists, by initiating special operations for the environmentalist movement to carry out—while FOE keeps "clean."

Cases in point were the antinuclear riots in 1977 at Brokdorf, West Germany and Creys-Malville, France. Both demonstrations were organized by FOE leaders—Helgar Strohm in West Germany and Brice LaLonde in France—but in both cases, FOE avoided any connection to the violence.

The FOE, unlike its higher-level sister groups, has none of the ruling elite on its board of directors. These elites emerge at an "advisory council" level where they keep the reins of control without assuming direct responsibility. FOE "advisors" include Aurelio Peccei and Albert Szent-Gyorgyi of the European oligarchy's zero-growth Club of Rome; Harrison Brown and Maurice Strong of the IIED (see above); and Norman Cousins, honorary president of the Russellite World Association of World Federalism plus Stewart Ogilvy, former editor of *World Government News*.

In the United States the Friends of the Earth functions as an advisory source for the environmentalists and lobby on Capitol Hill. A current big campaign is preventing uranium mining on "sacred Indian lands" in the Southwest (the FOE has entered a lawsuit on this issue).

The FOE got a boost for its credibility among government energy officials when in 1977 the Council on Foreign Relations magazine *Foreign Affairs* published an incompetent tract by FOE official Amory Lovins titled "Energy Strategy: the Road Not Taken." The CFR's release of Oxford dropout Lovins's arguments that nuclear energy is thermodynamically inefficient (as compared to "soft technologies") signaled an escalation of the environmental campaign.

Mobilization for Survival

The MFS is the main umbrella organization at the "grassroots" of the environmental movement. Created by Richard Falk and the Institute for World Order out of a project called "Operation Turning Point: Stop the Arms Race," the MFS was initially set up to focus public attention on the United Nations Special Session on Arms Control and Disarmament. To accomplish this, MFS recruited the remains of the New Left antiwar and pacifist groups set up under Bertrand Russell's direct supervision in both the United States and Europe. These were glued to the new antinuclear protest groups around a common four point program: "Stop the Arms Race; Ban Nuclear Power; Zero Nuclear Weapons; Fund Human Needs."

Following the 1978 UN Special Session the MFS has continued as the central coordinating center for environmentalist activities. The day after the March 28 "accident" at Three Mile Island near Harrisburg, Pa., the MFS began mobilizing its 280 affiliates around the country to organize as many protests against nuclear power as possible while the propaganda scare stories were still fresh in the population's mind. MFS was also the catalyzer of the crowd in Washington, May 6.

The leading light in the MFS is former Kissinger aide and former associate of Schlesinger at the Rand Corp., Daniel Ellsberg. Ellsberg miraculously became a leftist in 1971 and has since been in a position to carry out "national security" operations which he was unable to perform while in the government. Still a member of the Council on Foreign Relations, Ellsberg maintains his credibility with the movement by constantly getting arrested at protests, and "leaking" inside information that the antiwar movement kept Nixon from using tactical nuclear weapons in Vietnam.

Movement for a New Society

The MNS is the lowest of the levels of the environmentalist control structure. Its members are brainwashed through a program, known to members as "living the revolution," and based on procedures developed at London's Tavistock Institute. The MNS was founded as a joint project of CFR's Richard Falk and the American Friends Service Committee using an AFSC project known as "A Quaker Action Group." "Living the revolution" as it is called by leader George Lakey consists of members living communally and participating in ego stripping "criticism and self-criticism" sessions, ostensibly to rid themselves of bourgeois hang-ups. One bourgeois hang-up which comes under concentrated attack is heterosexuality; an entire program is worked out to resolve this "problem."

This form of brainwashing is no different from the process which created the Weather Underground, Symbionese Liberation Army, or George Jackson Brigade terrorist gangs. While no MNS terrorist gangs have yet surfaced, the capability for a rapid transformation exists.

Clamshell Alliance

The Clamshell Alliance is the prototype for the entire "grassroots" movement against nuclear technology. Based in New England, the Clamshell launched the antinuclear protest actions in the spring of 1977 with a mass occupation of the Seabrook, N.H. site of a nuclear power plant. On closer examination the Clamshell Alliance and virtually all of the out of town supporters who joined the Spring 1977 demonstration were members of the Movement for a New Society. Other "Alliances" against nuclear power show the same pattern.

—Stuart Pettingell

A-power plant shutdowns in the U.S.

NRC 'safety' measures jeopardize national energy grid

On May 9 Rep. Morris Udall, chairman of the House Interior Committee, announced that the committee wants U.S. antinuclear forces to know that Congress is willing to do something about the "dangers" of nuclear power. Udall quickly followed through on his pledge. His committee voted 23-7 to force the Nuclear Regulatory Commission to impose a six month moratorium on the granting of new nuclear plant construction permits, time for some kind of "independent analysis," unspecified by the committee, to assure the safety of nuclear plants. Udall admitted that this concern was prompted by the march of 65,000 demonstrators against nuclear power in Washington May 6 which heard speakers call for immediate shutdown of all nuclear plants.

The backlash against nuclear power in the wake of the Three Mile Island hoax, now reaching up to the level of the U.S. Congress, is already beginning to have serious detrimental effects on the national power grid. Heeding the environmentalists' call to close down all nuclear energy generating capacity would result not simply in a gross loss of the 13 percent of U.S. power supplies dependent on nuclear plants. As the application of the economic model recently released in this review by Lyndon LaRouche could demonstrate, these shutdowns would result in serious and irreversible disruptions of the entire economy. Thirteen U.S. nuclear generating plants are now out of commission, in addition to regularly scheduled refueling and maintenance shutdowns. Five reactors, representing about 20 percent of the nation's nuclear-generated electric capacity, are down for safety checks by Babcock & Wilcox in response to the Three Mile Island "accident." Four others were ordered shut by the Nuclear Regulatory Commission in early March for seismic fault checks, the two Three Mile Island units are down indefinitely, and two other plants are out due to minor—and suspicious—problems.

It was announced on May 8 that the nuclear plant owned by Vepco in Richmond, Va. is under FBI investigation for sabotage because a white crystalline material was found on 62 of 64 fuel rods in storage at the plant. Shortages in the nation's electric supply are not immediately threatened by the loss of the approxi-

mately 12,000 megawatts represented by the 13 plants shut down through collusion of the antinuclear lobby and the NRC, but serious economic consequences could result. Extension of the nuclear shutdown into the peak-load summer period, or the extension of this policy to include additional plants will destabilize the highly complex national electric grid. Prolonged shutdowns can develop into irreversible power shortages as unused equipment cannot be brought back on line.

Meeting the national need

The U.S. electric supply system has been until now the most reliable in the world. The nation's utilities are organized into nine regional reliability councils which monitor the capacity of the region and plan to meet the growth in demand of consumers and industry. On the average, about 20 percent of capacity is kept in reserve to meet any unexpected forced outages and to provide a margin which limits the probability of load failure to once in 10 years or more.

However, this 20 percent national reserve margin average is widely variable according to regional characteristics. For example, in the Midwest and New England there are peak power demands in both the winter and summer because of severe weather in both seasons. Utilities in those regions maintain a more than 30 percent reserve margin because they have a very brief four-month period in which to do all of their scheduled repair and maintenance, and have to be prepared for unscheduled outages at the same time. In the Southwest, in comparison, with only a summer peak, a 20 percent reserve margin is adequate.

Because about 70 percent of U.S. industry, which is highly energy-intensive, is located in the Midwest, higher year-round loads are typical. For utilities such as Commonwealth Edison in Chicago and Duke Power in South Carolina, which rely on nuclear power for more than 30 percent of their baseload capacity, any increased pressure for nuclear shutdowns would disrupt their entire systems. This would not only affect reserve margins but their very ability to meet baseload demand.

As an official from the National Electric Reliability Council commented, "We're just lucky that Commonwealth Edison doesn't have any Babcock and Wilcox

plants." Duke Power was not so lucky, but has obtained permission from the NRC to rotate the shutdowns of their three B&W units for safety checks so brownouts will not be necessary. Reliability Council officials, however, are worried that if the antinuclear mobs increase the pressure on the NRC and Congress to shut all the Duke Power units at once, the utility will not be able to meet demand.

Reliability Council and utility officials insist that both seismic and B&W safety checks can be done within the next month and that the closed plants should be back on line before the summer peaks. As the industry has yet to learn, however, these are politically-dictated decisions, and have little to do with the technical questions.

Immediately threatened are six reactors at four sites in Massachusetts, Texas, Oregon and Arizona. The fallout from Three Mile Island has also led to calls for the shutdown of additional reactors from all quarters of the antigrowth sector. On May 9 City Councilwoman Alters in New York City called for the closing of Con Edison's Indian Point II facility "until it is made safe." There are no safety violations at the plant that would justify such a move. Con Ed has categorically opposed such a measure, stating that Indian Point is its "most economical plant."

The real economic consequences

If the 13 inactive reactors stay down into the summer peak period, a time frame determined not by the calendar but by the weather, there will be serious economic consequences. Every utility maintains a small number of peaking units which are relatively small and usually burn the previously most available fuel—number two distillate oil. These highly expensive and inefficient units are generally only used in peak periods to augment baseload capacity.

In a typical case, during the summer peaks a utility may use this oil-burning capacity for about 5 percent of its generated power. If the currently down plants are not on line at peaking periods, up to 20 percent of the power may have to be provided by these units. The difference in cost of electricity from nuclear versus oil is staggering. Nuclear power costs about 5 mills per kilowatt hour to deliver and oil is an order of magnitude higher—or about 50 mills per kwhr.

It is not practical to substitute coal-fired capacity for nuclear during this summer's peak. This would cost about 20 mills per kwhr because virtually all coal-burning capacity is baseload and is already in use. This increased cost of electric power will have to be passed on to the consumer, and would amount to millions of dollars if extended for any period of time.

In the case of oil-burning facilities, this substitution

would also fuel Energy Secretary Schlesinger's claims of an impending oil crisis. Number two distillate oil is currently being refined at full throttle (at the expense of gasoline) to build up home heating supplies for next winter. Having to divert any significant amount for peaking power plants this summer would only feed the hysteria-mongering going on in the Department of Energy regarding oil supplies.

In the case of utilities where power lost through nuclear shutdowns would have to be realized immediately, like the replacement of the 1,700 MW lost from the two Three Mile Island units, the cost is prohibitive. General Public Utilities, the holder of the Three Mile Island plants, has estimated that it will cost about \$170 million to "wheel" power in from other utilities to make up for lost baseload capacity.

In addition to the economic impact from the substitution of higher-cost, less efficient fuels and generating units to replace lost nuclear capacity, the utilities themselves will be caught in a financial crunch which will immediately affect the thousands of highly skilled workers and engineers in the industry.

On May 9, General Public Utilities announced that it was laying off 600 of its 11,000 employees, and 5 percent of the total workforce of its subsidiary Jersey Central Power and Light because of the financial crisis it is suffering due to the Three Mile Island "accident." Congress is now debating who will pay for the costs incurred from that particular event.

At a congressional hearing held by the Senate Subcommittee on Nuclear Regulation in April, National Resources Defense Council lawyer Tony Roisman posed another alternative to either having nuclear power or incurring the increased costs without it. He suggested that the people in Pennsylvania who live in the area affected by the Three Mile Island shutdowns be forced, by federal mandate, to conserve the 1,700 MW of electricity rather than have GPU wheel the power in from other utilities.

Roisman, however, did not himself volunteer to live in the "affected area" without a refrigerator, lighting, employment, hospitals, or other amenities of modern life. The only possible effect of the current shutdowns will be soaring energy costs and the potential for putting in peril the reliability of continued service in regions of the country which rely on nuclear energy. Any acceleration of the nuclear shutdowns will lead to a threshold where the integrity of the national energy grid system cannot be maintained through safe reserve margins and where scheduled brownouts, or unscheduled blackouts, destroy the very basis of a modern industrial economy.

—Marsha Freeman

Britain dons the imperial mantle again

The elevation of Oxford-educated "grocer's daughter," Margaret Thatcher to the position of British Prime Minister has nothing to do with domestic British politics per se. The British election campaign—hailed by U.S. press commentators who quietly wished that U.S. elections could be so quick and painless—is the cover for a long-planned policy shift by Britain's oligarchical factions to maintain their control over global strategic developments by launching a drive toward an immediate geopolitical showdown with the Soviet Union.

Thatcher's government has been assigned the task of maintaining the world rule of the British oligarchy and its continental supporters such as Austrian pretender Otto von Hapsburg and his Pan European Union (PEU), through a return to the imperialist strategy of the Churchill era. Thatcher herself hinted at this design when she topped her 3,000-mile campaign tour with a visit to Winston Churchill III's election district. Appearing with the late Prime Minister's grandson, the "Iron Lady" promised to carry out the earlier Churchill's war-making strategy "just as Churchill had the job of turning this nation from Socialism to Conservative freedom and prosperity." Votes for her would be votes for a return to Churchill's ideological vision and for a "return to the policies and economics of the free world," Thatcher told her enthusiastic audience.

British strategy to draw Europe into the battlefield against the Soviet Union was outlined by one of Thatcher's key public relations spokesmen, Deputy Editor of the London *Daily Telegraph*, Reginald Steed. Steed was guest of honor at a gathering of Hapsburg's Pan European Congress held in Wiesbaden, West Germany on April 28. There he brought the rag-tag crowd of tattered and would-be aristocrats to its feet with cheers for Thatcher and the prospect of increased influence for the European Black nobility under her tenure.

The Pan European Union's provocative program, as laid out by Steed calls for "liberating" the populations of the eastern European socialist countries which lie trapped behind what Churchill referred to as the Iron Curtain, and unleashing Western Europe's

"regional ethnic minorities," whose terrorist potential would then be directed against both the Warsaw Pact and the central European governments.

To accomplish this "free Europe needs a really strong and determined NATO...only under the conditions and guidance of a strong, NATO-supported free Europe can we influence the eastern, imprisoned part of Europe..." Steed effused. He elaborated further on the Tory policy for allying with Peking to provoke the Soviet Union into a war posture which would necessitate a pre-emptive strike by NATO forces. "China is moving onto the scene," said Steed, "and is facing the Russians on the Eastern flank.... The Russians' biggest historical nightmare has become a reality and we in the West have to move skillfully and carefully to exploit this process."

To give teeth to this policy, both the Tories and the PEU crowd call for the stationing of new medium-range nuclear missiles in Europe. "If we can keep our nerves sound as we militarily strengthen free Western Europe, we will be able to counter Soviet intimidation threats against Western European governments," said Steed.

In an interview with *Time* magazine, Thatcher outlined her own plans for new weapons which would put Britain back in the nuclear arms race and her hopes that the U.S. would press ahead with the production of the controversial neutron bomb to "safeguard Europe." "I'm very much for three deterrents," Thatcher told *Time*. "American, ours and the French. It's very much better than one." Thatcher added that Carter "did not get the view in Europe he was asking for" during the neutron bomb flop. "I think it's a great pity."

Under the Thatcher regime, the Anglo-American "special relationship" will be given a new twist. As one spokesman for the International Mont Pelerin Society confirmed, the problem with James Callaghan was that he "reinforced the worst tendencies in Jimmy Carter." Thatcher, according to British sources also thought that Callaghan acted too much "like Carter's poodle." Maggie wants things the other way around and will jerk the "dumb giant" U.S. to heel on a British leash through such Anglophilic points of control as the Zionist lobby and the interconnected free enterprise

movement of the Mont Pelerin Society and the Heritage Foundation.

Three of Thatcher's Cabinet appointees are members of the Mont Pelerin Society's international organization and several of her key advisors are drawn from its British affiliate, the St. James Society. Together they will "instruct" Thatcher on the best methods of dismantling British industry and destroying any trade union resistance. Another Thatcher confidante, Heritage Foundation consultant Robert Moss, has written a book on the success of Chile's fascist experience, slated to be used as an example for Europe.

This is the second prong of the monarchy's "grand design": an accelerated thrust toward "controlled disintegration" of the European economies as laid out by Fred Hirsch, late editor of the London *Economist* in a book commissioned for the New York Council on Foreign Relations. Hirsch's first book, *Limits to Growth*, is reported to be the favorite of Thatcher's economic advisor, William Waldegrave. Waldegrave's sister, Lady Susan Hussey is a Woman of the Bedchamber to the Queen.

To achieve the objective of dismantling the European economies, the British have slated as their top priority the replacement of the Franco-German alliance which now effectively rules Europe with a triumvirate including Great Britain. Brussels sources predict that Britain will become a full member of the EMS by no later than the end of 1979. This policy thrust—which was recommended by the Royal Institute for International Affairs last November—will force a dilution of the EMS's primary goal of extending low-interest credits for Third World development. As well, it will ensure that the EMS becomes nothing more than a NATO-controlled version of the International Monetary Fund.

According to the *International Herald Tribune's* columnist Paul Lewis, the "establishment of informal political alliances between Britain, France and West Germany as Europe's three most powerful countries will lead in time to the emergence of new defense links between them." This runs contrary to the stated aims of the EMS founders, West German Chancellor Schmidt and French President Giscard d'Estaing who have put into effect a framework for peace from the "Atlantic to the Urals" based on cooperation in economic development between Europe and the Soviet Union.

Schmidt became the first European leader to meet Thatcher personally when he flew to London for a two-day visit beginning May 10. Reports circulating in Washington before the meeting occurred suggested that this encounter would resemble "Jaws Three" as Thatcher and Schmidt's views on Europe's future clashed.

—Marla Minnicino

Thatcher's cabinet: a page

Five barons, three earls, two viscounts, and a baroness will be among those making policy for Britain's new Prime Minister. When Thatcher murmured demurely: "It is the greatest honor for a British subject to serve the Queen" upon being asked to form a government, she was bowing to the fact that her reign as Britain's head of state is intended as little more than the "public" end of the British aristocracy's policy proclamations.

This situation is unprecedented in modern history and harks back to the days when British kings and queens ruled without such plebeian trappings as parliamentary democracy. Thatcher's government has been assigned the task of maintaining the world rule of the British oligarchy and its international supporters from the Pan-European Union of Otto von Hapsburg to the Royal Family's economic disciples in the Mont Pelerin Society. Between them, these groups promote the proper mix of "free enterprise" and "ethnic nationalism" designed to retard Europe's prospects for peace and economic development and plunge the continent into a replay of Winston Churchill's confrontationist policies of the 1950s.

The Cabinet, which is heavily weighted toward the old landholding barons and banking families of Britain, also contains at least three members of the Mont Pelerin Society. Thatcher's immediate circle of advisors is drawn from think tanks such as the Institute for Economic Affairs and the Center for Policy Studies which specialize in Tory-imperialist printouts, and the newly formed St. James Society (the British affiliate of the Mont Pelerin Society).

William Waldegrave, another intimate of Mrs. Thatcher, has been seconded directly from the Queen's bed chamber, as it were. Waldegrave is the heir of the fifth Earl Waldegrave, whose daughters are the Queen's ladies-in-waiting and whose cousins are equerries to the Royal Family's horses. Baron Strathcona, Waldegrave's brother-in-law, has been appointed second-in-command as Thatcher's Ministry of Defense. His other sister's husband, Marmaduke Hussey is executive editor of the *London Times*.

Thatcher's other confidants, Robert Moss of the *Daily Telegraph* and Dudley Fishburn of the *Economist*

from Burke's peerage

Intelligence Unit, will ensure that the monarchy's foreign policy line is imbibed by the British population as well as by policy-makers throughout the world.

Her Majesty's Cabinet

Lord Carrington, Foreign Secretary: Hereditary baron whose wife's family, the Colvilles of Culross and Clydemuir, run most of Scottish banking and have provided the Queen's Bodyguards for Scotland. On the board of Barclay's Bank and Rio Tinto Zinc, he served as First Lord of the Admiralty and Minister of Defense in previous Tory governments.

Geoffrey Howe, Chancellor of the Exchequer: Member of the Mont Pelerin Society, chairman of the Bow Group (right-wing Tory club) and editor of its publication, *Crossbow*. A director of Sun Alliance (insurance) Ltd., a lawyer, and Cambridge scholar, he is a former spokesman on economic affairs.

Keith Joseph, Minister of Industry: Mont Pelerin Society member and the founder and chairman (with Margaret Thatcher) of the Tory think tank, the Center for Policy Studies, which has published such tracts as "Why Britain Needs a Free Market Economy." The economic eminence grise of the Conservative Party and Thatcher's tutor on such matters, he is a proponent of such anti-labor policies as abolition of picketing rights and banning the closed shop.

William Whitelaw, Home Secretary: Deputy leader of the Tory Party, a Cumbrain landowner, and head of the Northern Ireland office when direct rule from Westminster was imposed. He sanctioned British Intelligence activities and military operations in the province which led to cold-blooded massacres of the Irish Catholic population. He favors controls on non-white immigrants to Britain and plans to give law and order top priority.

Francis Pym, Secretary of State for Defense: Wants to bring Europe and the U.S. into efforts to upgrade the West's defense capabilities. He thinks a 3 percent

increase in military spending pledged to NATO last fall is not enough.

Baron Strathcona, Minister of State, Department of Defense: Son-in-law of Earl Waldegrave (member of the Prince's Council, Duchy of Cornwall), and son of the fourth Baron Strathcona and Mont Royal (Lord-in-Waiting to the Queen).

Lord Hailsham (Quinton McGarel Hogg), Lord Chancellor: First Lord of the Admiralty, Under Secretary for Air, Lord Privy Seal and Minister for Science and Technology in previous Tory administrations. He is a baron and a life peer.

Lord Soames, leader of the House of Lords: Negotiated Britain's entry into the EEC under Heath and was the British Ambassador to France and Vice President of the EEC. The son-in-law of Winston Churchill, he is now with N.M. Rothschild and Sons.

John Nott, Secretary of State for Trade: Managing Director, S.G. Warburg, 1963-66.

John Biffen, Chief Secretary of the Treasury: Mont Pelerin Society member and a former disciple of fascist theoretician Enoch Powell. He was with the *Economist* Intelligence Unit in the 1960s.

Peter Walker, Secretary of State for Agriculture: The Walker in the City of London firm, Slater, Walker Securities.

Other noblemen (and women) in the government:

Earl of Gowrie, Minister of State, Department of Employment

Earl of Mansfield, Minister of State, Scottish Office
Lord Elton, Parliamentary Under-Secretary, Northern Ireland Office

Lord Belstead, Parliamentary Under-Secretary, Home Office

Baroness Young, Minister of State, Education Ministry
Earl Ferrers, Minister of State, Agriculture Ministry

The world reacts to the 'Iron Lady'

The following is a grid of selected press and other comments—both pro and con—on the election of Margaret Thatcher to the post of Her Majesty's Prime Minister.

International Herald Tribune, "Europeans Expecting Policy Shift," by Paul Lewis, May 5-6: "The Conservative Party's victory in yesterday's British general election is likely to lead to a far-reaching, although gradual shift in political relations within Western Europe that will have important implications for the United States...."

Thatcher's government will try to play a more active and constructive role in the Continent's affairs.... An improvement in the tone of Britain's relations with Europe will in time lead a Conservative government to become the third member of the present informal French-German alliance, which effectively dominates European political affairs. ... The gradual emergence of an informal political alliance between Britain, France, and Germany as Europe's three most powerful countries will lead in time to the emergence of new defense links between them that reflect Europe's concern at the Soviet military buildup and its doubts about the Carter Administration's true commitment to NATO...."

International Herald Tribune, "Mrs. Thatcher's First Move," OpEd by Anthony Lewis, May 8: "There has been some U.S. concern that a British government under Margaret Thatcher would raise problems for U.S. foreign policy. ... With one move, Thatcher has eased those fears. Her choice of Lord Carrington as Foreign Secretary ensures that the close Anglo-American cooperation of the last few years will continue. Specifically, it could encourage joint new policies in southern Africa.

"...The fact that he is that rarity in contemporary British politics, a hereditary peer, probably makes him less suspect in terms of political ambition...."

Franz Joseph Strauss, Minister-President of Bavaria and head of the West German Christian Social Union (CSU): Strauss cabled his congratulations to Thatcher on her "splendid election success," calling it "a decisive

step in our common struggle against socialist totalitarianism" and "the dawn of a new era of European Conservatism" which would be able to counter Soviet domination.

Helmut Kohl, head of the West German Christian Democratic Union: Kohl said that the Conservative victory would "undermine the great hopes of European socialists" and boost his own party's chances in the June 10 European Parliamentary elections.

Le Figaro, article by Paul-Marie de la Gorce, May 5-6: "During her electoral campaign, (Thatcher) called for a kind of hardening of English foreign policy. She would more clearly support the present Rhodesian regime, would raise her voice vis-à-vis the Soviet Union, and would undertake a rapprochement with Peking against Moscow. ... If she really wants to follow this path, she will not get far. The entirety of the Third World and even most of the European countries would be hostile, and the United States would certainly not allow relations between the Atlantic camp and the East evolve other than under their own direction...."

Wall Street Journal, editorial, May 7: "Thatcher's will to install labor reforms... to reduce union anarchy... workers want more but there isn't any more. ... If she succeeds, the consequences will be felt well beyond Britain's shores, not least in the U.S."

Wall Street Journal, "Thinking Things Over: The Lady is for Burning?" by Vermont Royster, May 9: "...The question is whether Margaret Thatcher... can now govern the country. Even, in fact, whether the country is governable at all.

"And that in turn depends on whether Mrs. Thatcher can do what no British Prime Minister has succeeded in doing since World War II: curb the power, of the trade unions. ..."

Soviet television commentary by Valentin Zorin, May 4: "Hardline statements are one thing; a political course in conditions of political realities and within the international balance of forces is quite another. Time will tell whether the line adopted by the Government will fit in with the demands of the moment. Any neglect of an improvement of the economic situation, detente and international cooperation will be fraught with further difficulties for Britain."

Rude Pravo, the Czechoslovak Communist Party daily: "The election has taken Britain 'out of the frying pan and into the fire'." It warned that "the clock of our era is set at detente."

Giscard, Schmidt renew drive for peace

On a state visit to Bulgaria last week, West German Chancellor Helmut Schmidt praised Soviet President Leonid Brezhnev's efforts for world peace and disarmament and endorsed a Soviet proposal for a Pan-European conference on transportation, the environment, and energy.

Schmidt's renewed detente diplomacy comes on the heels of the April 25-27 Franco-Soviet summit in Moscow, where French President Giscard d'Estaing and Soviet President Brezhnev reached agreements on economic, scientific, technological, and political cooperation to keep regional "hot spots" from flaring into world war. The summit restored the momentum of the early 1979 organizing by Schmidt and Giscard to make the European Monetary System they founded the basis of a European "superpower for peace," in the context of an Eurasian alliance of industrial republics from the Atlantic to the Urals.

Schmidt followed up his endorsement of the Soviet proposal for an energy conference with a major policy address to the European Nuclear Conference on May 7. Nuclear development, he said, is the key to world peace. This statement has significant implications for the West German Chancellor who earlier had allowed the events around the Three Mile Island nuclear plant near Harrisburg, Pa. to dampen his support for fission energy.

A Franco-German drive for nuclear development, in collaboration with the Soviet Union, provides the critical leverage to defeat the program identified with U.S. Energy Secretary James Schlesinger for energy cutbacks and rationing.

More generally, the renewed Franco-German peace initiatives, highlighted by joint Bonn-Paris diplomatic deployments into the Balkans in close concert with Moscow, hold the most significant current potential for reversing the war designs of the London-Peking-Washington axis.

In March of this year, Schmidt was threatened with NATO reprisals if the new EMS were used to challenge the global financial hegemony of London's genocidal International Monetary Fund—precisely what it was designed to do. At the same time, domestic troubles were stirred up in West Germany, from the "environmentalist" left and the Hapsburg "right" demanding a Cold War buildup.

It was Giscard's affirmation of an independent foreign policy and collaboration with the Soviets which has provided the crucial leverage to Schmidt. And Giscard himself is using the success of his Moscow visit as the takeoff point to organize the French population

behind the European Monetary System, and circumvent the free-enterprise "right" and environmentalist "left" opposition to the Franco-German EMS alliance. Giscard is now touring the country and has come out in support of Mexican President Lopez Portillo's proposal for a producer-consumer conference on energy.

Now the French and Germans have resumed their combined efforts to use high-technology economic growth as the means for solving Third World conflicts and, potentially, their own countries' economic problems. The diplomatic offensive includes, besides the Balkans initiatives, an European-Arab-African summit, which is quietly backed by the USSR; Franco-Spanish diplomatic activity to resolve the Western Sahara dispute in the Maghreb; French Foreign Ministry declarations against Israel's war provocations; and discussions on the best means of restraining Peking.

No retreat from prosperity

"I believe that all European states regardless of the alliance they belong to should all be taken equally seriously and the Federal Government is doing just that," said West German government spokesman Klaus Boelling on NDR radio on May 5.

Schmidt's visit to Soviet ally Bulgaria from May 2-4 illustrated that commitment to East-West detente and followed a visit there by France's State Secretary Olivier Stirn. During a dinner in Schmidt's honor, Bulgaria's First Secretary Todor Zhivkov attacked the Camp David accords between Egypt and Israel as the diplomacy of certain Western forces that "want to turn back the clock of history."

Schmidt, who earlier this year was blackmailed into paying lip service to the agreements, answered: "By and large I can agree with what Mr. Zhivkov just said." Then Schmidt said that West Germany "especially favors the energy aspect" of Soviet President Brezhnev's proposal for a Pan-European conference.

On the agenda of the talks between Schmidt and Zhivkov were the progress of the MBFR disarmament talks in Europe, the upcoming 1980 Madrid conference, dubbed Helsinki II, and the potential for joint economic ventures in the Third World.

Prior to the meeting, Zhivkov had been in Greece where he and Greek Prime Minister Karamanlis agreed to hold a conference on peace and cooperation in the Balkans with the participation of Turkey and Yugoslavia.

Immediately upon his return from Bulgaria, Schmidt addressed the European Nuclear Conference attended

by 2,300 representatives from 46 nations including the Soviet Union and China. In his policy address to the conference, Schmidt said, "it will come to a worldwide distribution fight over shrinking energy supplies if the industrial countries do not develop nuclear energy. An unjustifiable situation would result, in which worldwide conflicts would not be excluded, including conflicts between major powers, if the industrial countries give up the part which nuclear energy has to play in meeting their energy requirements.

"No retreat from prosperity can solve our problems or those of anyone else. No industrial country, East or West, can afford to do without nuclear energy. A general ban on nuclear energy would not only endanger technological progress and many of the preconditions for development, but also seriously question the possibilities for increasing development aid."

In conclusion, Schmidt called for an international conference on reactor security to include the East bloc nations, which would "also work out the guidelines to training Third World nuclear power technicians."

In the coming weeks, Schmidt will be traveling to Hungary, whose official in charge of international economic relations, the former Ambassador to Moscow Josef Marjai, was in Paris for talks with Prime Minister Barre on April 23-26.

The aim is peace

In France, it was Foreign Minister Jean François-Poncet who addressed the National Assembly on the results of Giscard's trip to Moscow. He reaffirmed France's commitment to detente with the USSR and then described France's role in Africa and the Mideast in a way sharply contrasting to the policy of NATO expansion into the Third World put forth by Britain's Margaret Thatcher and her Washington emulators: "The aim is a peace that would allow the Arab nations to recover their occupied territories, would allow Israel its security, and to the Palestinian people the right to return to the land it has claims on."

Neither France nor West Germany see any need to

"go south" to protect NATO's strategic energy supplies as Thatcher, Henry Kissinger and other Cold Warriors insist. And this policy toward the Middle East is being closely coordinated with the Arab nations. Speaking from Spain on May 5, Defense Minister Jarallah of the Soviet Union, was blunt: "If the United States intends to create military intervention forces to bend the Arab countries to their wishes and interests, we can assure you that they will not be able to take out one barrel of oil."

Jarallah's next stop on his European tour was Paris.

But it is the French President who has done the most to outline how Europe intends to cooperate with the OPEC countries and Mexico to ensure that Mideast oil is used for development and not as a target for NATO-Israeli attacks. On May 4, while on a tour of southwest France, Giscard described the recent visit to Paris of a Mexican ministerial delegation: "I told the ministers that I fully supported the proposal by Mexican President Lopez Portillo to get a world conference on the energy issues. ... In the next few weeks France will be having discussions with the ministers responsible for energy questions in the oil-producing countries to see with them what is the best way to get an international equilibrium set up in the market."

On nuclear energy, "the French are for it," said Giscard, "and that is a completely certain fact. They understand that France, which has no replacement for nuclear energy, must go for that energy until the year 2000, and then, after the year 2000, new energies will be available."

Giscard's tour of France included attending May 6 celebrations commemorating the national heroine, Joan of Arc, who in the 15th century successfully rallied the French army to repel an English invasion. On May 26 he will attend another commemoration in Rouen. Before then Giscard will be in Alsace where he is expected to outline his concept of Europe and the European Monetary System.

—Kathy Stevens

What's up in Saudi Arabia

Riyadh confronts United States with new policy stance

Since the signing of the Israel-Egypt peace treaty, the ruling elite of Saudi Arabia has enacted an unprecedented transformation in its foreign and energy policies which, as Secretary of State Cyrus Vance admitted in House Foreign Affairs Committee testimony this week, marks a fundamental shift in U.S.-Saudi relations, once the keystone of U.S. Mideast policy.

The U.S. Camp David gambit, plus numerous other deliberate provocations from Washington including threats of U.S. military intervention into the Persian Gulf to secure oil resources, were calculated to shift the balance of power away from Saudi strong man Prince Fahd in favor of Islamic fundamentalist Prince Abdullah.

But so far, this tactic has not produced the hoped-for results. Instead, informed sources report that the Saudi elite under Fahd's leadership is quietly shifting its allegiance away from its erstwhile strongest ally, the U.S., toward closer cooperation with France and West Germany. In his testimony before Congress, U.S. Secretary of State Vance for the first time publicly stated that U.S.-Saudi relations were facing "clear and sharp differences." Vance declared: "Saudi Arabia has changed its declared positions," since Camp David, "this is a fact and no one should gloss over it." In the same hearings, Defense Secretary Harold Brown reiterated his warning of possible future U.S. military intervention into the Gulf.

The areas of Saudi policy where major changes are presently occurring:

U.S. relations. The Saudi royal family took what is probably the most extreme action to date against the U.S. for what Riyadh claims was CIA meddling in Saudi internal affairs. According to Soviet and European press sources, an angry King Khalid sent a message to President Carter this week informing him that the CIA was spreading rumors of factional splits within the royal family in order to destabilize Saudi Arabia. As a result, the Saudis ousted one CIA operative who was accused of such rumor mongering. According to the *Financial Times*, the CIA agent was the station chief, George Cave.

Arab relations. The traditionally conservative Saudis have made a sharp change in their relations with a

number of Arab countries, as a result of their one-time ally Egyptian President Anwar Sadat having signed the Camp David pact. Riyadh has formed a powerful political and security agreement with its traditionally staunch ideological rival Iraq for security of the entire oil-rich Persian Gulf region—an agreement which has virtually escaped the pages of the major U.S. press. The announcement of the unprecedented alliance is in part designed to counter a potential U.S. military intervention into the Gulf.

Relations with the Soviets. According to well-informed Arab sources, Riyadh is expected to send a diplomatic delegation to Moscow in the near future to begin the much publicized process of reopening Soviet-Saudi relations. Such a move is to be accompanied by a resumption of economic activity between the two states and the possibilities of Saudi oil sales to the East bloc states.

Oil. An unidentified Saudi source last month in an interview with *Middle East* magazine, May issue, made a forthright proposal to the western nations stating that his nation was prepared to "double" its oil output from the present estimated 9 million barrels a day. The source stated that his nation would be willing to make the multi-billion dollar investment to increase its oil producing capacity to the 18 to 20 million barrel a day level in return for a U.S. commitment to a comprehensive Middle East settlement. The statement, which was not reported in the U.S. press, also undercuts the efforts of James Schlesinger and Senate Foreign Relations head Frank Church who recently released fraudulent reports that the Saudis could produce no more than 10 million barrels a day.

Nuclear energy. No more than a week following the "accident" of the Three Mile Island nuclear reactor—an incident which the *Executive Intelligence Review* has shown to have been mostly likely sabotage to halt nuclear energy development in the U.S. by Schlesinger and company, the Saudis for the first time went public with their own nuclear development program, a dramatic announcement which only received a notice in the *New York Times*.

—Judith Wyer

Saudis offer oil in exchange for comprehensive Mideast peace

In an interview with the May issue of *Middle East* magazine, an unidentified Saudi source made a dramatic political offer to the U.S. to double Saudi oil output in return for a general Mideast peace settlement. Below are excerpts:

"We will not hesitate to produce twice as much as we are producing now, if that should be the price of an acceptable peace settlement in the Middle East."

But if there is not such a general peace, "there will continue to be a tight oil market, and oil-consumers will have to intensify their search for substitute sources of energy probably more expensive to find and develop."

Middle East magazine reports that the latter tactic is Saudi Oil Minister Yamani's "double edged weapon" in which the Saudis will continue to hold their production at a fixed level as world consumption climbs. *Middle East* continues that because of U.S. Mideast policy the Saudis have agreed to shelve a plan which has been fully worked out to raise Saudi production levels to 16 million barrels a day.

Nuclear power program

The English language *Saudi Gazette* reprinted a description of Saudi Arabia's nuclear energy development plans from the Arabic language daily *Okaz* on April 5: "The plan of a nuclear fuel processing centre is a breakthrough indeed especially for bringing up a generation of atomic scientists and specialists. The construction of nuclear reactors in the gulf and the Red Sea that produce both nuclear fuel and heavy water will help in the decentralization of industry, so that development embraces all parts of the kingdom.

The Saudi daily *Al Bilad* reports: "It is a major step forward to decide to build an atomic energy centre in this country. Such a step is in line with the people's aspirations to catch up with modern technological advances. We have proved during the last 50 years that we are capable of adopting modern technologies without discarding our traditions and values. We also realize that our stability and prosperity are linked to

those of the rest of the world. We hope someday that Saudi scientists will have a tangible role in spreading knowledge and technology around the world."

Relations with other Arab nations

Following are commentaries from the Saudi press on Riyadh's new political and security alliances with Baghdad in the wake of the Camp David treaty signing.

The Saudi daily *al Medina* April 5 reported on the ratification of the Baghdad summit decisions to impose political and economic penalties on Egypt by the Saudi Council of Ministers: "The Sanctions were necessary if we are to prevent Israeli infiltration of the Arab world through Egypt. Foremost among the actions to be taken will be official precautions to inhibit economic and cultural penetration as well as subversive actions in the Arab world."

A Saudi source comments to *An-Nahar Paris*, April 30, on Saudi Arabia's position toward Egypt and reports of splits within the royal family: "First, the Saudi Arabian Kingdom's attitude toward President Anwar as-Sadat's initiative since the visit to Jerusalem, the Camp David accord and, finally, the Egyptian-Israeli peace treaty has been clear and firm in condemning, rejecting and denouncing the Egyptian Government's policy from A to Z. This has been confirmed by the kingdom's official statements and decisions, the latest being the decision to sever diplomatic relations with Cairo in compliance with the Baghdad conference resolutions. The kingdom has signed these resolutions and is committed to them the same way it is committed to all the resolutions that it approved in the recent and distant past.

"Secondly, what has been reiterated regarding the existence of internal disputes in Saudi Arabia gives the impression that such disputes are a matter of fact. The statement made by Amir Abdullah ibn Abd al-Aziz, second deputy prime minister and commander of the National Guard, reflects the cohesive unity of rule in the Saudi Arabian Kingdom.

"Thirdly, the kingdom's share of allocations (to the anti-Egypt confrontation states) which the Baghdad conference approved will be paid during 1979 and within the set time. This will take place after the 27th of May."

'Don't send our lads to Britain'

A defense of higher education, R&D in India, the Third World

The following article is excerpted from the April 29 issue of the Indian weekly *New Wave*, where it appeared under the headline "Janata Disruption of Higher Education Very Dangerous." The interview is reprinted by Executive Intelligence Review by special arrangement with *New Wave*.

Every rupee the Government of India invests in education, both at the mass level and higher institutions of learning, is an investment in India's future. This is the assessment of Prof. Nurul Hassan, former Education Minister. Hassan has done an in-depth study of Indian education policy and the pressures it is subjected to. He expresses grave concern for the future of higher education in India. Following is an exclusive interview given by Prof. Nurul Hassan to *New Wave*.

New Wave: Prof. Hassan, you have been involved for a long time with development of education in general, and of higher education, in particular. How do you see its future in India? Is it comparable with any other developing nation?

Nurul Hassan: There have been pressures on the Government of India, in particular, and Indians in general, from the World Bank and those who share its outlook. Very frequently this is expressed in a populist or ultra-left language. It is said that in a country like India, higher education is irrelevant; one should not spend money on higher education; and, the real thing is to spend money on elementary education and on adult education. The advocates of this line think that it is very useful to quote Cuba to Indians and show how Cuba has developed in this regard.

In Cuba I had a long discussion during my recent visit with the Minister of Higher Education. I put straight questions to him and have taken detailed notes of this discussion.

In Cuba, at the moment they have 145,000 university students. In 1985, there will be 300,000 students. Cuba's population is one-fiftieth of India's. If we have to have the same percentage of University students which Cuba has then we should have 80 lakhs [one lakh = 100,000—ed.] of students (multiply 145,000 by 50, it comes to

about 80 lakhs) but we have only 25 lakhs of students and the number has started going down as a result of various curbs imposed—I am myself partly responsible for those curbs.

Rise and fall of undergraduates

When I took over as Minister, the number was 20 lakh students. It went up in my last year, 1976-77, to 26 lakhs. But in 1977-78, it fell to 25.4 lakhs. Soon it will be even less. If you recall the recommendation of the Education Commission, you will find that a growing and developing country like India should have approximately 6 percent of the young people in the age group 18 to 24 in the university. We have only 2.5 percent. I attempted to raise this a little; it went up to 2.9 percent as against 6 percent recommended by the Education Commission. This much for the left leaning elements' criticism.

In regard to secondary education in Cuba, the country has already enrolled about a million students in the secondary stage; again if you multiply this by 50, the number for India should be 50 million. We are near 60 million today. For vocational education at the post-secondary level it is the same level which we should have. Cubans have started very big industries. In our country investment in industries has been actually going down.

I want to make out some basic points. If you take the overall policy of a progressive developing country like Cuba, you realize that it is increasing its investment in higher education in specialization. It has introduced a uniform five year degree course for medicine. The number of institutes of technologies too is going up very rapidly in Cuba while there is a shrinkage in our country.

In the field of research, in addition to what the Ministry of Science and Technology is spending there, the higher education system and particularly the university system, is spending more and more on research and on producing trained research personnel of very high order. In the science and technology plan of the COMECON countries, Cuba has been given an important role in cancer research. So it is the

coordinating authority for cancer research. Without spending money on its university system, Cuba cannot be doing it. So the one thing that the Indian Left knows is that Cuba has liquidated illiteracy, but what they do not know is that Cuba has not done that at the cost of higher education and research.

Backsliding on technical education

New Wave: *Wasn't this Jawaharlal Nehru's outlook?*

Nurul Hassan: The whole country has forgotten what Jawaharlal Nehru used to say about university education, about high quality technological institutions. Today one has to more or less be apologetic for wanting to support higher education. The World Bank people and a very large number of progressive sympathizers, liberals, socialists, communists and intellectuals in the western countries have been taken in by the proposal that research is an expensive business for a country like India. It is too poor a country. Let India feed her millions before going in for a luxury like research. What they do not realize is that if old and primitive technology could have solved the problem of India's poverty, Indian people would not have been poor. As a student of history, I know that the old technology ran out of its usefulness a long time back. A stage came when instead of going forward, the technology started going backward. The World Bank people say "Oh, why are you spending money on research? You should concentrate on other things. If you really want, why don't you send these lads, some of the brilliant lads, to Britain and America and Germany where we have lots and lots of R&D facilities? Why must you attempt to discover what has already been discovered in the rest of the world?"

Basically, whether it is the right wing of the World Bank or whether it is the so-called liberal, progressive, pink, red, ultra red intellectual segment of the western world, there is basic antipathy towards the needs and requirements of this country for higher education and for research.

In our own country, Jawaharlal Nehru was very quick to understand the need for higher education and research and implement a series of plans. And the first to forget this fact was not the right but the left; I do not want to reproach anyone, but I am telling you what I feel about it. Look at the debate in both the Houses of Parliament. Except for some people who were professionally involved with higher education, nobody from any party had a kind word to say in any of the two houses in favor of higher education. This is a very sad state of affairs. Fortunately, while I held the charge of education, I was able to get a substantial increase in allocation for higher education, for Indian Institutes of Technology (IITs), for technical education and so on. But in the new dispensation that process has come to a stop....

New Wave: *...What do you see as the key problems in universities today?*

Nurul Hassan: Jawaharlal Nehru University Vice-Chancellor Nag Choudhry was thrown out. Why? He was supposed to have been thrown out by a government which claims to have restored autonomy. How can Morarji Desai, even as the Chancellor, enquire into the affairs of the Jawaharlal Nehru University? Jawaharlal Nehru University is governed by an Act of Parliament. There is no provision for an enquiry in the Act. In the Delhi University, Morarji Desai is not even the Chancellor, and yet he is supposed to be enquiring into the grievances.

What is the whole purpose of this?...

The idea is to sometimes use the students, sometimes use the employees, sometimes use the teachers, sometimes use the local politicians and create such confusion in the universities that no university can perform its legitimate business of teaching and extending the frontiers of learning and knowledge. By raising Centre versus States and other slogans, an attempt is being made to create a situation in which even the few universities that impart quality education are upset and affected.

Case of Swamy

The second aspect of the Janata policy towards universities is to deliberately use communal and revivalist forces, basically to secure greater control over the university affairs. The most interesting example is the Delhi IIT. Subramaniam Swamy was thrown out of Delhi IIT long before the emergency was declared, and his petition before the court of law was also rejected before the declaration of emergency. The entire teaching faculty of the IIT was very happy that this man was thrown out.

Now he has been nominated a member of the Board of Governors of Delhi IIT, by Himachal Pradesh under the provision in which every state government in the region can nominate an educationist of repute to represent it on the Board of Governors. Himachal Pradesh has an RSS Chief Minister and he nominated Subramaniam Swamy. The IIT represented against it and the Janata thought that someone could file a case in the court of law. So promptly the Union Education Minister, in his capacity as Chairman of the Council of IITs, nominated Swamy; under the rules he can nominate any educationist, and Subramaniam Swamy would qualify himself as an educationist of sorts.

Since his nomination the Director has ceased to be effective. The Director thought "Why should I bother, let the IIT go to hell"; and the Dean of Administration feels that the real powers are vested in Subramaniam Swamy. He takes orders from Subramaniam Swamy.

A very brilliant Muslim student, who took his doctorate from IIT, Delhi, was told in so many words that Muslims can now get jobs in Arab countries:

"Why don't you go to one of the Arab countries, you will get a job there? Why do you want a job here?" In IIT, Kharagpur, there is growing harassment of Muslim teachers and students. A news item was published to that effect. Now this revival of communalism is being utilised by the government partly to hound out progressive and secular minded elements in the universities and institutions of higher learning and partly to provide an opportunity to the various actions of the Janata party to establish a tight control over the affairs of universities, IITs and regional colleges.

It was a shocking statement by the Minister of Education that out of 108 universities, only 33 were closed down. The word "only" is very significant. Should one be worried only if 99 had been closed down? This is generally the attitude of the government.

The third major development that has taken place is the reversal, a cautious reversal, of whatever had been done to secularize the education. In Delhi University, for example, well-known members of RSS have been flouting the rules, and even going against expert advice. In the appointment of principals this has been openly so. And nobody seems to be worried, "What will the consequences be?" This process of decentralization of education is reflected in the struggle over syllabus courses that have to be introduced from July 1979, but are not allowed to be approved for one reason or another because of the tremendous pressure

from different reactionary elements with the full blessings and backing of the government. In this the RSS has been the most prominent element.

The attempt of the previous government to link up the institutions of higher learning, the research laboratories and actual production units, namely industry and agriculture together, is now being given up by denying funds and making rules more and more bureaucratic. If you have a scandal being investigated every day, who is going to take any risk and why should he? The whole attitude that is developing is: "Why should I care?" It suits all those who are opposed to the idea of working for self-reliance, or for improving the standards of Indian education, or of assuring that an honors graduate of an Indian university can compete on equal terms with an honors graduate of any other university in the world.

Lastly the language issue. Indira Gandhi quite rightly said that along with the policy of making the regional language the medium of instruction, we should ensure that the capability of students in English improves rather than declines. That policy has been reversed. Her policy was that children from the deprived background should be given an opportunity to learn good English. That policy has been totally changed. Now it is regional language for the poor and English for the very rich.

What Jack Anderson and Katharine Graham Wouldn't Print

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Congressional Calendar

FLASH! In a surprise move, the House of Representatives defeated President Carter's request for emergency fuel rationing powers. See details in William Engdahl's Energy Column, page 62.

Emergency Gas Rationing Passes Senate

The Senate on May 9 passed President Carter's gasoline rationing program, with the House expected to follow suit the next day, hours before the final deadline for passage. The measure was desperately sought by the Carter Administration as the legal authority under which it can go forward with mass population control programs and crisis management of the economy. The opposition is fighting the measure with demands that more of the "scarce" gasoline go to the large western states, rather than to the more densely populated east. Opponents are thus playing right into the population manipulation scenarios that the Carter Administration intends to implement.

The bill was voted down in the Senate Energy Committee earlier in the week by a vote of 9 to 7, after which President Carter stepped in with a compromise plan to allocate rationed gasoline on the basis of a state's previous usage. Then claiming he had gotten a fair share for his state, Senator Frank Church (D-Idaho), one of the key figures involved in

the entire crisis management gameplan, switched his no vote and the measure passed the committee. Senator James McClure (R-Idaho), a lone voice in the Senate, has been openly attacking Energy Secretary James Schlesinger for deliberately creating a gasoline shortage to force passage of the rationing scheme. McClure first aired his charges in a Senate Energy hearing April 26 and intended to bring it up again at a hearing May 8 in the Appropriations Committee with DOE official David Bardin. "They just create a shortage so they can get the rationing passed," declared a Senate aide close to the Senator. Senator Bennett Johnston (D-La) has decided to call hearings on the entire gasoline supply-and-demand issue after McClure's charges. They are set for May 21 in the Senate Energy Committee.

Anti-Nuclear legislation proliferates

As part of his concerted attack on the nuclear industry, Senator Gary Hart (D-Colo) introduced an amendment to the Nuclear Regulatory Commission authorization bill this week that no new nuclear plants are to be licensed without a guarantee that the state in which the plant is sited has a full evacuation plan ready. Hart's proposal makes clear that the entire nuclear energy crisis issue is being used not only to destroy a very necessary energy source, but to prepare the country for crisis control man-

agement. The Hart amendment also demands greater NRC powers in the event of a nuclear plant emergency, in order for the new licenses to be issued.

On the House side, Congressman Morris Udall (D-Ariz) is pursuing the antinuclear attack in conjunction with Hart. The House Interior Committee on May 9 endorsed a six-month moratorium on new nuclear plant construction beginning Oct. 1 and the issue now goes to the House floor. Udall is planning a series of hearings beginning May 21 on the safety, licensing and security within nuclear plants.

Congressman pursues synthetic fuels production on National Security grounds

Using rhetoric that ensuring "U.S. energy supplies is a crucial, national security issue" (in the words of one aide), Congressman William Moorhead (D-Pa.) has introduced an amendment to the Defense Production Act of 1950 that sets a five-year goal in which 500,000 barrels of oil a day used by the military would be replaced with such inefficient and expensive energy sources as solid wastes, coal gas and oil shale. The Defense Production Act expires this year, and in the process of renewing it Moorhead has declared that U.S. preparedness necessitates having adequate fuels independent of oil suppliers. The second part of Moorhead's proposal is to provide

\$2 billion of taxpayer money to ensure high price guarantees for these ridiculous products. The House Banking Committee voted up Moorhead's amendment on May 8 and the floor of the House is expected to review the bill by this summer. Another amendment to the Act declares that in a worst case situation, where it is a necessity for the country to have synthetic fuels, the President is authorized to establish government owned plants. Once the House completes action on this measure, there will probably be a conference committee with the Senate, because as of now no one has offered a similar amendment there.

Battle rages for Alaskan lands

The economic future of Alaska is on the line May 11 as final debate begins on the House floor on the Alaskan lands question. Congressman Morris Udall, taking time out from his anti-nuclear energy activities, has introduced a bill that would set aside 69 million acres of Alaska as wilderness, and thus be unavailable for economic development. Udall's bill is a version of the better known Huckaby bill H.R. 2199, a poor compromise bill on the question that would set aside an enormous 50.7 million acres as wilderness. A third version of this legislation called the Breux bill sets aside 55 million acres. Debate is expected to last several

days, with a close vote endorsing the Udall bill. If either of the two other proposals are passed, the Carter Administration has already declared them unacceptable and indicated a likely veto. This would mean the presidential land-grab of last year would stay in effect. On the basis of existing law Carter caused 121 million acres of mineral and lumber-rich land to be set aside for National Monuments classification or for study as possible wildlife areas.

What is at stake in this debate is trillions of dollars worth of mineral resources accessible to exploitation through existing technology. The Alaskan landmass, a continuation of the mineral-rich Rocky Mountains, is an enormously rich mineral area and as the oil discoveries at Prudhoe Bay indicate, rich in oil as well. Millions of acres of badly needed minerals and other resources may go untapped to protect the bald eagle population at Admiralty Island National Monument and the caribou at the Arctic National Wildlife Range if a strong conservationist bill is voted up.

Corporations under fire from Metzenbaum

Senator Howard Metzenbaum (D-Ohio) will introduce legislation in about six weeks that will set up mechanisms for control over and major watergatings of corporations and their executives. The bill will do such things as set standards

for the way in which a corporate board of directors member can conduct business, require that a majority of corporate directors be from outside the corporation, and that outside audit committees over a corporation be established. At the same time the bill will establish outside nominating committees and compensation boards to pick and pay the corporate directors. "There is not much of a question that stockholders are appalled" with the improper activities of corporations, declared Metzenbaum. As one of his aides put it, "We want democratization of the corporate governance process and accountability of the corporations." Metzenbaum claims that investors are selling their stocks and forcing the stock market down because of their great dissatisfaction with corporate leadership. Over a year ago Metzenbaum appointed a committee of business, labor and consumers that has advised him on ways to "make the nation's large corporations more responsive to their stockholders and to the public at large." Metzenbaum plans extensive hearings on the entire issue of corporate accountability.

—Barbara Dreyfuss

A conspiracy of morons: the CFR Project 1980s

For four-odd years, beginning in mid-1975, an unusual ferment of activities has been dominating New York's Harold Pratt House, the Council on Foreign Relations' elegant offices at 58 East 68th Street. A group of over 300 public personalities met frequently, held seminars, presented reports, analyzed computer printouts, exchanged correspondence, led special study groups, stayed up late in mahogany-lined libraries, and spinned out plots between cigars and brandy. As a result of this activity, countless policy memos, strategic projections, implementation papers, etc. were written and passed hands.

In January of 1977, upon the inauguration of President Carter, a rupture occurred in this distinguished group's activities—all its leaders transferred to Washington, D.C. to become cabinet members of the Carter Administration. These leaders were Cyrus R. Vance, chairman of the CFR's "Working Group on Nuclear Weapons and Other Weapons of Mass Destruction"; Leslie Gelb, chairman of the "Working Group on Armed Conflict"; W. Michael Blumenthal, head of the Central Coordinating Group for Project 1980s; Zbigniew Brzezinski, member of the Project's governing body, the Committee on Studies. Richard Cooper, Marshall Shulman, and others were included among those who headed for Washington where implementation of their Project would be carried out.

After the departure of the Project's leaders to Washington, the group's work shifted gear and went into the write-up and public relations phase: the policy formulations and strategic concepts which had already been agreed upon were now distributed among various academics who were instructed to put them in writing in some presentable, sugar-coated form. By late last year, this phase was concluded and the manuscripts were taken to the publishers. As Project 1980s is winding down, McGraw Hill is currently putting into circulation 30-odd volumes of policy essays.

The publication of these 30 volumes is itself a significant ingredient of the conspiracy. Why publish

the secrets of the conspiracy? As Richard H. Ullman, the chairman of the Project Coordinating Group, explains in the foreword which accompanies each of the 30 volumes, "The published products of the Project are aimed at a broad readership, including policy makers and potential policy makers and those who would influence the policy making process."

For citizens of our nations, as well as for Western European and other government leaders, the task of understanding why the CFR conspirators are attempting now to recruit the "policy making public" to their perspective, is now a matter of life and death. It is also the only available path for finally understanding how American politics really works, from the Theodore Roosevelt administration to date. Only two rival institutions in American political life, the U.S. Labor Party and the forces arrayed around the CFR, understand what must now be understood by our rank-and-file citizens and by government leaders among the nations of our allies: that politics in the USA, over and above anything else, is primarily a war of ideas. The CFR is now publishing because it must win over to its side people willing to put its program to work.

But the CFR crowd has a problem—though it has the power to install its people in positions of public authority and power, although it can dominate the composition of every administration since the assassination of President McKinley, it does not possess ideas that would be sufficiently powerful to win over and motivate people. The CFR is stupid.

In fact, the element of stupidity in the CFR conspiracy is critical. It is in fact so critical that under appropriate circumstances in political analysis, one must justifiably assume that the presence of stupidity, ipso facto, constitutes sufficient evidence to prove the presence of conspiracy.

This matter of conspiracy versus stupidity has become a celebrated debate-issue especially during the Carter Administration. An example: during last year, U.S. Labor Party officers both in this country and in

The 1980s books

When completed, the 1980s Project plans to release 30 books discussing regional areas of the world and such issues as "resource management, human rights, population studies, and relations between the developing and developed societies." The volumes released to date include the following:

Africa in the 1980s: A Continent in Crisis, studies by Colin Legum, I. William Zartman, and by Steven Langdon and Lynn K. Mytelka

Enhancing Global Human Rights, studies by Jorge I. Dominguez, Nigel S. Rodley, Bryce Wood, and Richard Falk

Oil Politics in the 1980s: Patterns of International Cooperation by Øystein Noreng

Six Billion People: Demographic Dilemmas and World Politics, studies by Georges Tapinos and Phyllis T. Piotrow

The Middle East in the Coming Decade: From Wellhead to Well-being? studies by John Waterbury and Ragaei El Mallakh

Reducing Global Inequities, studies by W. Howard Wiggins and Gunnar Adler-Karlsson

Rich and Poor Nations in the World Economy, studies by Albert Fishlow, Carlos F. Diaz-Alejandro, Richard R. Fagen, and Roger D. Hansen

Diversity and Development in Southeast Asia: The Coming Decade, studies by Guy J. Pauker, Frank H. Golay, and Cynthia H. Enloe

Nuclear Weapons and World Politics: Alternatives for the Future, studies by David C. Gompert, Michael Mandelbaum, Richard L. Garwin, and John H. Barton

China's Future: Foreign Policy and Economic Development in the Post-Mao Era, studies by Allen S. Whiting and Robert F. Dernberger

Alternatives to Monetary Disorder, studies by Fred Hirsch and Michael W. Doyle and Edward L. Morse

Nuclear Proliferation: Motivations, Capabilities, and Strategies for Control, studies by Ted Greenwood, Harold A. Feiveson, and Theodore B. Taylor

International Disaster Relief: Toward a Responsive System by Stephen Green

Controlling Future Arms Trade, studies by Anne Hessing Cahn and Joseph J. Kruzal, Peter M. Dawkins, and Jacques Huntzinger

Europe held numerous exchanges with various public personalities of considerable experience and intelligence in public affairs, to discuss why Treasury Secretary W. Michael Blumenthal was engaged in policies of overt sabotage of the U.S. dollar. Our officers, at the time, correctly argued that Secretary Blumenthal's actions were resulting from his commitments to the CFR conspiracy to which he belonged. But, virtually all of our well-meaning interlocutors at the time vigorously objected that "we cannot accept your conspiracy theory, because we can just as justifiably attribute Blumenthal's actions to stupidity."

The same argument was repeated, and is still being repeated to this day with respect to virtually every policy aspect of the Carter Administration. Regarding Camp David, nuclear energy, monetary policy, North-

South relations, disarmament, the Panama Canal, China, etc., etc., we say that the Carter Administration is controlled by a conspiracy, our well-meaning allies and interlocutors insist that it is controlled by stupidity.

The point is this: if one observes that every single position of power in the United States government is held by a stupid person, one must ineluctably conclude that only a powerful conspiracy could arrange to have all these idiots in power at the same time. The uniform dominance of stupidity in government proves the existence of conspiracy because idiots do not have the intellectual resources to propel themselves to positions of power.

So, we must now answer three questions. What is the power of the conspiracy behind the idiots, what are the strategic objectives of the conspiracy, and how are

objectives translated into relations among states? The 1980s Project of the CFR supplies the answer to all these questions.

The strategic objectives of the 1980s Project

Contrary to what a naive political observer would expect, the CFR's Project 1980s does not proceed from the assumption that the main strategic conflict in the world is "socialism versus capitalism" or "East versus West," or "USSR versus USA." As Richard H. Ullman, chairman of the Project Coordinating Group, puts it, "The political and economic relations between rich and poor countries promise to remain central issues on the international agenda for the indefinite future. The 1980s Project has devoted considerable attention to the likely and desirable evolution of these relations ... 'North-South' issues between rich and poor societies infuse most of the Project's work."

According to the authors of the Project, the main political threat from the "South" is the potential for an alliance between "Hamiltonian" and "Marxian" political tendencies against the British "liberal" school of thought. This threat, also according to the CFR, emerged in the period from April 1974, when the United Nations General Assembly passed its now famous "New World Economic Order" Resolution and September 1974 when the United Nations' Conference on Population in Bucharest rejected the Malthusian approach to population problems.

It was from approximately that time onward that the CFR went to work to launch its 1980s Project. The result of that project is a set of succinctly presented policies for countering the "Hamiltonian" prodevelopment thrust of the developing world. In summary form, the CFR strategy consists of the following immediate objectives: (1) Impose a worldwide regime of economic "controlled disintegration"; (2) Impose throughout the Third World the "Cambodia model" of ruralization and destruction of the cities; (3) Restore an old-style colonial world through the doctrine of "limited sovereignty"; (4) Form an alliance between China and the "West" in order to implement this perspective in the Third World; (5) Force the USSR to choose between (a) a treaty agreement to limit the growth of science and technology or (b) general thermonuclear war; (6) Develop a series of "alternate paths" for arriving at these specified objectives; (7) Conduct United States foreign policy for the purpose of compelling all other nations to choose among these "alternate paths."

The most succinct presentation of the CFR's concerns is presented by the late Fred Hirsch, editor of the London *Economist* in his book *Alternatives to Monetary Disorder*, from which we shall quote extensively:

"A common thread that runs through diagnosis of current trends in the international economy is the theme of increasing politicization. Economic matters that were once dealt with at a technical level or left entirely to the outcome of market forces are increasingly the subject of international diplomacy. The leading economic powers of the noncommunist world have institutionalized the economic summit conference. An almost continuous series of conferences has brought together representatives of the developed countries, the less developed countries, the oil-exporting countries to discuss the problems of energy supply, raw materials, economic development, and international finance. These matters have hitherto been dealt with independently and in low key. It is now the overt aim of the developing world to link these issues. Beyond this, by elevating decisions to the highest political level, developing nations hope to substitute politicization for what they see as tacit acceptance of the status quo as it manifests itself through the operation of market forces and technical management.

"The developing world, as challenger of today's balance and structure of political and economic power, sees increasing the explicit politicization of the international economy as an opportunity to forge a new international economic order more favorable to its interests. By contrast, in the view that dominates both governmental attitudes and the main thrust of analytical discussion in the developed world, the focus is on the dangers of increased political friction and economic disruption that would result from the substitution of political decisions for market or technical influences. Western governments see politicization as a threat to both economic prosperity and political harmony. In their opinion, the containment and reversal of the trend toward increasing politicization are among the most urgent international problems of the next decade."

Following this definition of "the most urgent international problem of the next decade," the CFR author, searching to find the most efficient way for marshalling forces against the developing world, is compelled to make a strategic admission about political economy which, up until now, was only presented in the publications of the U.S. Labor Party. He asserts that the central conflict in economic theory is between the American System (Alexander Hamilton, Friedrich List, et al.) and the British (liberal) System of Adam Smith, Ricardo, et al.:

"Politicization (of economic issues) ... can be evaluated differently, according to the perspective from which (it is) viewed. Mainstream liberal thought—prevalent in the United States and most of the Western world—traditionally regards the politicization of economic issues as both an inefficient way to create and allocate wealth and a potentially destructive influence on harmonious relationships, both in domestic affairs

U.S. Report: Who's behind the project

Drafts of the initial set of 1980s Project studies evolved out of a series of 10 Working Groups that met during 1975-76 to discuss major international issues. Along with the Committee on Studies of the CFR's Board of Directors, which acted as the oversight body of the Project, and the 1980s Project Coordinating Group, which acted as an advisory board, these are the individuals responsible for the megadisaster scenarios spelled out in the volume series. Many of the individuals listed here subsequently took these ideas into the Carter Administration. The major notable addition to the list of conspirators since 1976 is Henry A. Kissinger, who is now a member of the Committee on Studies.

Chairmen of the Working Groups

Cyrus R. Vance
Leslie H. Gelb
Roger Fisher
Rev. Theodore M. Hesburgh
Joseph S. Nye, Jr.

Harold Van B. Cleveland
Lawrence C. McQuade
William Diebold, Jr.
Eugene B. Skolnikoff
Miriam Camps

Committee on Studies (1975-76)

W. Michael Blumenthal
Zbigniew Brzezinski
Robert A. Charpie
Richard N. Cooper
Walter J. Levy

James A. Perkins
Joseph S. Nye, Jr.
Robert V. Roosa
Carroll L. Wilson

Coordinating Group, 1980s Project (1975-76)

W. Michael Blumenthal
Richard N. Cooper
Carlos R. Diaz-Alejandro
Richard A. Falk
Edward K. Hamilton
Stanley Hoffman
Samuel P. Huntington
Gordon J. MacDonald
Bruce K. MacLaury

Bayless Manning
Theodore R. Marmor
Ali Mazrui
Joseph S. Nye, Jr.
Michael O'Neill
Marshall D. Shulman
Stephen Stamas
Fritz Stern
Allen S. Whiting

and among nations. It therefore ought to be minimized....

"Another normative approach that now has strong appeal in the developing world has its intellectual roots in *Marxist* and in *neo-mercantilist* thought. ... The pervasiveness of these perceptions helps to explain the remarkable unity of the less developed countries in their demands for a new international economic order.

"These impediments encountered by the liberal ideal are not surprising to persons in the less developed world and also in some developed states whose perspectives are Marxist or mercantilist. Politicization to them means an open challenging on political relationships previously only implicit in economic

activities. The analytical basis of this challenge lies in the political roles embodied in economic relations, which are in principle twofold. First, economic exchange can always be used as a tool of political power through boycotts, bribery, and manipulation of trade incentives. Second, economic relationships can operate on a more fundamental level, shaping the political economic foundations of a weaker, less developed economy through the opportunity offered to it in the form of trade and finance. The weaker country in an economic relationship, like a weaker class, then becomes not just a group of assorted individuals but a particularized, isolated, and dependent participant in the world economy—e.g., a single crop exporter, an

economy split into largely self-contained export and domestic sectors, or a 'hewer of wood.' Mercantilists see nations, as Marxists see classes, becoming alienated in the process of production and exchange.

"These normative nationalist concerns are far from new; they were eloquently addressed by Hamilton in his *Report on Manufacturers* of 1790, in which he expressed the opposition of American nationalists to their country's assuming the role of a raw materials exporter to Britain. Nationalists feared and opposed two aspects of this role: the tying of American economic development to the British economy and the growing dependence on Britain for goods vital to national defense. Friedrich List, inspired by Hamilton's observations of American trade policy, outlined in *American Political Economy* what he saw as the proper object for a developing country's commercial policy:

"This object is not to gain matter, in exchanging matter for matter, as it is in individual and liberal economy, and particularly in the trade of the merchant. But it is to gain *productive and political power* by means of exchange with other nations; or to prevent the depression of productive and political power, by restricting that exchange.'

"... These Marxian doctrines are plainly evident in the development strategies of the Second World of Russia, Eastern Europe and China. And in the First World, mercantilism inspired de Gaulle's challenge to the dominance of the dollar. Both these strands of thought find place in the developmental programs and campaigns of Third World leaders in the postwar world."

Despite the lies on matters of fact and sleights of hand in matters of theory, the London-controlled crowd at the Council on Foreign Relations has finally been forced to present the fundamental matter clearly and succinctly: the fundamental issue of war and peace during the present period is whether Hamiltonian economics, the American System, will prevail in the world or not. The question of "Marxism" in economic theory is a moot one. As the CFR and author Fred Hirsch well know, what is salvageable in Marxian economics is the so-called "labor theory of value," that is, the central scientific concept presented by Alexander Hamilton to the United States Congress in 1790. That which is unsalvageable in Marxian theory is not an economic concept, but the concept of class struggle as a method of historical interpretation, as it was misused by certain dubious, self-proclaimed "followers" of Marx.

In short, the positive contribution of Karl Marx is properly subsumed under the historical progress of humanist Neoplatonic science of which both Marx and Hamilton are parts. The CFR, by identifying the threat of a "Marxian-Hamiltonian" alliance in the "Second"

and "Third" world, is in fact revealing that the immediate political task in world affairs today is the joining of hands of the historical Neoplatonic humanist elites which, in the last 60 or so years have found themselves torn apart and contained within the confines of the artificial division between East and West.

From the standpoint of strategic priorities, the gamemasters behind the CFR understand that those humanist-Neoplatonic elites located in the "West," like "de Gaulle," "Adenauer," American nationalism and the Hamiltonian tendency, represent a more immediate threat to British "liberalism" than the humanist elites within the "East." The humanist elites in the East become a major threat at the point when a strategic humanist-Neoplatonic alliance between East and West comes together to work for the joint purpose of Third World development.

How does the CFR's 1980s Project plan to counter this strategic threat during the current period? Fred Hirsch spells out the answer:

"A degree of *controlled disintegration* in the world economy is a legitimate objective for the 1980s and may be the most realistic one for a moderate international economic order. A central normative problem for the international economic order in the years ahead is how to ensure that the disintegration indeed occurs in a controlled way and does not rather spiral into damaging restrictionism.

"The problem therefore is not to minimize politicization in the process sense of political intervention in market outcomes; it is rather to create a framework capable of containing the increased level of such politicization that emerges naturally from the changed balance of forces in both domestic economies and the international system. The function of the loosened international economic order would be to provide such a framework by setting bounds to arbitrary national action and thereby containing the tendencies toward piecemeal unilateral action and bilateral bargaining that may ultimately be detrimental to the interests of all parties concerned."

Fred Hirsch's book quoted above is perhaps the most compelling proof that the Carter Administration has throughout its tenure acted exclusively on the basis of the guidelines of the CFR's 1980s Project. Controlled disintegration is its specific international policy. Its sabotage of Giscard's and Schmidt's European Monetary System has proceeded from this standpoint; its sabotage of the GATT negotiations similarly; its policy toward Mexico, Turkey, Iran, and the Middle East also. The purpose of the "China card" is "controlled disintegration." And this is the meaning of Zbigniew Brzezinski's concept of a "multipolar world."

—Criton Zoakos

Global resources blackmail

Exclusive: proponents reveal the secret of the 'hemispheric oil reserve'

A new institution has moved to the fore to spearhead the creation of a western hemisphere strategic reserve, implementing directives from the highest levels of the "informal" policymaking structure in London, New York and Washington. This is the "Western Hemisphere Energy Workshop" of the Council of the Americas, the Mitre Corporation, and the Robert Panero Associates consultant firm. The program—now midway through a series of at least four organizing conferences throughout the Americas and Japan—is designed to midwife a full-fledged supranational body which will dictate energy policy throughout the Americas.

Exclusive *Executive Intelligence Review* interviews with the project directors, including Council of Americas' Harry Geyelin, Mitre's Charles Zraket, and Robert Panero and Lupe Echevarria of Panero Associates, reveal that the effort is conceived as a global, not merely regional, program of international resources blackmail.

The three interlinked goals they identify: one, provide the energy and other raw materials to fuel a London-led U.S. warmaking machine. Two, force Japan and western Europe to beg to be "dealt in" on this reserve, as their current areas of primary energy and raw materials supply—Brzezinski's "Arc of Crisis"—are successively submerged in destabilization and warfare at Anglo-American instigation. The political condition for access to the vital Latin American raw materials preserve will be repudiation of the war avoidance and development policy of the European Monetary System.

And three, destroy Mexico's determined leadership of counterforces in the hemisphere and worldwide, committed to making energy the "patrimony of humanity," inseparable from in-depth Third World industrialization.

Former Hudson Institute staffer Panero, identified by participants as the "maestro" of the project, sketched a devastating prescription for global conflict and deindustrialization. According to Panero,

- the western hemisphere energy reserve drive is predicated on the destruction of energy supplies from the Middle East;

- it requires vastly increased energy prices to make new sources, such as shale oil and tar sands, economical; oil prices are "way too low;"

- nuclear development must be ruled out ostensibly because it involves "large-scale imports of equipment;"

- western hemisphere policy should follow the outlines already established by James Schlesinger's energy policy in the U.S.; and

- easy extraction and processing of raw materials is the goal, not integrated industrialization.

However, the sponsors of this antigrowth program are taking pains to retail it under a label favorable to energy and economic growth. "There must be transfer of technology and areas of capital-intensive growth," says Harry Geyelin, president of the Council of the Americas in an interview.

For the unwary businessman or diplomat the hemisphere reserve is baited with a proposal for the development of Mexico's Tehuantepec Isthmus authored by Panero. Although that project poses a multibillion plan for raw materials processing, the upshot is a British-style colonialist looting policy which will devastate Latin American economies, deprive U.S. industry of vital high-technology export markets, and increase the energy "overhead" costs in the U.S. to levels which will collapse remaining industry.

Mexico, an alternative approach

Opposition to the hemispheric reserve scheme has best been posed by Mexico's decision to employ its gigantic oil and gas reserves for development. As part of its approach, Mexico has repeatedly, and particularly over the past year, refused to surrender its resources to any part of the Anglo-American designs.

In fact, President Lopez Portillo's call for a consumer-producer energy summit and a United Nations-sponsored framework of world energy development accords has already been endorsed by the European Community, the UN Economic Commission for Latin America (ECLA) and various Arab nations. Developed in consultation with the East bloc nations, it gained the official endorsement of the Czechoslovakian ambassador to Mexico May 9.

The strategic reservists are openly antagonistic to

Lopez Portillo's policy, indicating that there is "no connection" between their efforts and the Mexican President's, and that they foresee "no plans" for mutual consultation.

Financial structure

With the hemisphere's energy workshop comes the floating of two other key components—a financial structure and a military underpinning. The recent La Paz plenary of the UN Economic Commission on Latin America featured a push for a Latin American Monetary System which included joint regional currency linked to the IMF's special drawing rights.

Mexico countered that meeting's push to have its and Venezuela's oil earnings manipulated by posing capital intensive strategies (see below).

To fully understand the nature of the reserve drive as a loaded gun against the region's sovereignty and real development prospects, it is useful to look at the small but better-known version of the reserve policy known as a "North American Community"—a U.S.-Mexico-Canada Common Market.

The most frank and revealing presentation of the Common Market idea came in a February 1979 proposal by Kenneth Hill of the New York investment firm of Blyth Eastman Dillon. Hill's widely circulated Common Market prospectus demands that Mexico's oil and other resources be absorbed into U.S. energy planning "for peace or war"; that a single financing and currency arrangement be extended across the borders; and that the U.S.'s "defense umbrella" embrace not only Mexico and Canada, but potentially the entire Caribbean.

Mexico, of course, has made it plain that it will never accept such a scheme of limited sovereignty. Mexican congressional energy commission chairman Jesus Puente Leyva has specifically denounced the Common Market proposal as a "sophisticated provocation" against Mexico in a "Kissingerian mode" concocted in Rand Corporation and U.S. government circles.

It is in fact the obviousness of the Common Market proposal which drove the Western Hemisphere Energy Workshop impresarios to devise their new scheme. All Workshop leaders interviewed rejected the Common Market's possibilities of success, but suggested that their "softer" multilateral approach had a better chance of trapping in the Mexicans. Also as Workshop liaison to the Inter-American Development Bank Guillermo Zurburan put it, to stop "energy programs in each country which may have a direction inconvenient to our proposal" we will offer "tradeoffs" involving "financial aid and private investment.... I'm sure Mexico will think about it."

—Tim Rush

What is the Western Hemisphere Energy Workshop?

The Western Hemisphere Energy Workshop is an ongoing project masterminded by consultant Robert Panero. Its chief sponsoring agencies are the Council of the Americas, the Mitre Corporation, and Robert Panero Associates. Its stated goals: conduct an energy survey of the hemisphere; develop a mechanism to impose supranational energy development decisions on the hemisphere; and sell Japan and Europe on the idea of having to operate in an energy-scarce world controlled by Anglo-American interests. One mechanism under consideration is the creation of a "council of wise men" with "political clout" drawing on the existing Inter-American Development Bank bureaucracy for logistical base. A new institution at this time is deemed "too cumbersome."

Where have the conferences been held?

A "Workshop to Survey Western Hemisphere Energy" was hosted by the Mitre Corporation in McLean, Virginia, Nov. 2-3, 1978. Its objective was to gather a preliminary data base and set up initial committees to lobby with government officials to preempt independent national energy politics.

The second conference, a "Planning Workshop on Western Hemisphere Energy," met in Bogota, Colombia, March 22-23, 1979. Its local cosponsors: Banco de Bogotá, Universidad de los Andes. The stated objective was to increase the Latin American political base of support.

Presently, a conference is projected for September 1979 in Japan. Objective: consolidation of Japanese support base, and bringing the project out of the primarily "think tank" and technical level, to the ministerial level. Other conferences are being considered for Brazil, Mexico, Canada or France. A wrap-up conference, possibly in Houston, would unveil full regional energy mechanism.

Who are the sponsors?

Mitre Corporation: a zero-growth think tank instrumental in drafting Schlesinger's energy policy and the Rockefeller Foundation's environmentalist

"Unfinished Agenda," is a primary backer. Mitre has been the primary retailer of "nuclear terrorism" scenarios in U.S. and Europe.

Council of the Americas: set up as a subsidiary of the New York Council on Foreign Relations in the mid-1960s, with a continuing prominent role played by David Rockefeller and Chase Manhattan Bank. The Council is control point to harness multinationals into Mont Pelerin Society operations against dirigist, high-technology development in Latin America, and the key agency in 1973 Chilean bloodbath which installed Friedmanite dictator Pinochet. It played a similar role in 1964 Brazil coup. Current proposals for U.S.-Mexico relations, contemptuous of Mexican sovereignty, include: a "Bi-national Energy Authority;" the "50-kilometer border free zone," and consolidation of Mexican debt in U.S. bonds.

Robert Panero Associates: "Consulting firm" derived from the futuristic Hudson Institute.

Local sponsors in Colombia include:

Universidad de los Andes: heavily funded by the Ford and Rockefeller Foundations and sponsor of the notorious Gaviotas settlement project in the Colombian Amazon, endorsed by the World Bank as a model for Third World "appropriate technology," which was based on gimmicks such as irrigation pumps made of "washbuckets and old tires."

Banco de Bogotá: Owned by top Colombian oligarchic families, the bank is reported by investigators to be key financier of the Colombia drug trade. Its president Mejía Salazar openly advocates legalizing marijuana and cocaine traffic.

Who is participating?

The Workshop project has dedicated great efforts—with substantial success so far—to assembling as broad a range of participating individuals, agencies and officials as possible. The November Mitre kick-off conference attendance list includes 100 names among them the Washington ambassadors of Mexico, Colombia and Brazil; Canadian energy institute officials; French and Swedish firms and technical institutes; Nippon Steel; a selection of

World Bank; Inter-American Development Bank, and IMF officials; Gulf Oil; Bethlehem Steel; Hanna Mining; Texaco; the Department of Energy; OAS director of Scientific Affairs Marcelo Alonzo; First Boston; Chase; Dr. Edward Teller; and the *Washington Post*.

Particularly noteworthy for their involvement:

Frank Zarb of Lazard Freres, New York, Zarb is a former head of Federal Energy Administration and personal liaison between Japanese and Mexican businessmen. He is presently claiming that Mexico is only interested in labor-intensive development.

William D. Rogers of Arnold and Porter (attorneys) and former Undersecretary of State for Latin American Affairs under Kissinger. Arnold and Porter was instrumental in the 1963 formation of the Institute for Policy Studies, a control center for coordinating international environmentalism, terrorism, and miscellaneous "new left" activities.

Walt W. Rostow of the University of Texas, an architect of the Alliance for Progress under the Kennedy and Johnson administrations. His brother Eugene is a founder of warhawk Committee on the Present Danger.

Jose de Cubas, a Limited partner of Lehman Brothers and Kuhn Loeb, New York and author of Council of Americas-endorsed "free zone" proposal for U.S.-Mexico border, criticized by observers as a "2,000 mile-long Hong Kong."

Larry Goldmuntz, a Washington energy consultant, patronized by Senator Ted Kennedy and B'nai B'rith. Goldmuntz proposed an 8 million barrels per day oil pipeline from Mexico to U.S. for safer supply "than marine routes" in case of war.

Adalbert Krieger Vassena, a former World Bank official and Argentine associate of the Mont Pelerin Society.

Felix Rossi Guerrero, the representative of Petro-Ven in Washington.

Roberto Campos, featured speaker at the March Bogotá conference, is Brazilian ambassador to Great Britain; former finance minister (1964-1968); unofficial member of the Brandt Commission, chartered by the World Bank to sell the Third World on "appropriate" labor-intensive technology; and "father" of the Brazilian economic "miracle" whose policies resulted in a two-thirds collapse in Brazilian living standards over a 10-year period.

Workshop 'maestro' talks with Executive Intelligence Review

The "mystery man" of the whole hemispheric reserve drive is Robert A. Panero, globe trotting energy consultant who lives out of hotels and maintains New York "head offices" in a few rooms rented from a British firm called World-Wide Business Centers. World-Wide rents space, secretarial services, and so forth "for the busy traveler." Panero's chief New York assistant, going back to his days as one of Herman "Megadeath" Kahn's top "idea man" at the Hudson Institute, is Lupe Echevarria. Panero's Japan point man, Garrett Scalera, and his French aide, Jean Bottagissio, similarly come from the Hudson crew.

EXCLUSIVE INTERVIEW

In his 10 years of service for Hudson, the New York think tank notorious for logistical planning for nuclear war, Panero devoted special energy to the promotion of a "South American Great Lakes System" based on damming the Amazon. In 1974, just as he began to transfer his operations to the "Panero Associates" label, he worked with Echevarria in Hudson's draft development of Algeria's liquified natural gas program. Panero has also done "development" studies on South Vietnam, Angola, Corsica, France, and the Middle East. He has stated, describing what kind of development he means, that he prefers Sumerian water wheels to the heavy turbines of General Electric.

With his break from Hudson, Panero took with him numerous Hudson contacts, consolidating a farflung European, Japanese, and Latin American network.

In an interview with this news service in his New York hotel, Panero provided the following outline of his Western Hemisphere Workshop focus.

The Plan for Latin America's Reserves.

Q: *Your energy workshop has held two conferences so far. Where do you go from here?*

A: We'd like several more. It depends where we can get sponsored. We and the Council of the Americas don't have a budget for this. I put in my time as a public service. There's been interest in Japan, Canada, Mexico, Brazil ... we'll go wherever the offer looks best.

Q: *What's the major goal?*

A: What we're trying to do first of all is just pull together some sort of inventory of Western Hemisphere energy so we know what we've got. The problem is that everyone has been looking from a sense of energy deficiency, looking only at local resources. We've got to break this defensive mentality. There's plenty of energy. The continent is enormously rich in energy. There's the Amazon, Greenland run-off, the Yukon, coal in the U.S. West; you're going to see announcements of Argentine oil soon; hydroelectric power all across the continent; again, the Amazon. ...

Q: *What about nuclear? Brazil, Colombia and Venezuela have all just made announcements of increased and substantial uranium resources. And Mexico has big reserves.*

A: (Pause.) Of course ... there are resources for nuclear.

Q: *The Lopez Portillo proposal for a world energy consultation mechanism, linked to the United Nations, would seek to rapidly develop energy sources and transfer energy technology ... Would your proposal fit with that, something like two stages?*

A: I don't really think so....

Q: *You've probably run into discussion at the two Workshop conferences you've held that since the U.S. is the big deficit country in energy, in scale, a western energy hemisphere policy would amount to a U.S. strategic reserve.*

A: Yes, we've run into this. But that's not really the point, and we're trying to get people to see this. For one thing, the U.S. is the biggest oil producer in the world. It's moved past the Saudis, the Soviet Union. This has to be remembered.

The Carter visit to Mexico in February was not very interesting, really. What was interesting was the Giscard trip two weeks later. Or Lopez Portillo's trip to Japan last fall.

Look, we've got to back to the Iran developments. Iran was the model Middle East producer under the Shah. It was the best-run, the most advanced, most technocratic. Now that that is all gone, the rest of the Middle East will be following ... Saudi Arabia, and so on.

What does this mean? It means that oil and other energy from anywhere else in the world becomes more valuable. I predict you will see bigger development outside the Mideast, in places like the North Sea, the Norwegian sections; the U.S. will produce more ... Europe and Japan now, they depend almost exclusively on Mideast oil, Japan 90 percent. So they are looking to diversify, they've got to look at the Western Hemisphere.

Q: *The Mexicans have been very cautious about how they're going to orient production. What kind of package do you think would get the Mexicans aligned with a general Western Hemisphere policy?*

A: Whatever is good for Mexico. Jobs, factories, whatever they want. We haven't even offered a jobs package. And the other thing is to offer to replace non-renewable energy with renewable energy on a BTU equivalent basis. You would build a hydroelectric plant, for instance, and oil exports could pick up. Other parts of the continent, there's biomass.

Q: *Like gasohol?*

A: That's right.

Q: *It would seem that nuclear would exactly fit the kind of program you are mentioning.*

A: No, not nuclear (shaking his head). Oil-rich countries have no reason to spend money on that. It doesn't

make any sense. If Mexico did that, it would be making the same mistake as Iran. Even the most uneducated person in Iran finally could figure out it was nutty. There's no reason for the West Germans to come in with reactors when gas was being flared in the southern fields.

Q: *But nuclear would seem to fit the idea of energy replacement. ...*

A: But there's all the import of equipment, money going outside the country. ... No, for Mexico I'm really only talking about hydroelectric. There's tremendous untapped hydroelectric potential in the Southeast. ...

The big problem is how to get the price of oil up to its value. Oil has been so cheap it's distorted planning choices. It's way undervalued still. It can do a hundred things ... petrochemicals and so on. But 95 percent of it is now burned up in things like electricity generation. It's much better to use coal.

Q: *So you would agree with the kind of emphasis of the Department of Energy program?*

A: Yes, that's the way to go.

Q: *The French seem to be stressing their nuclear accord with Mexico. Do you think that will go through, that it will be significant?*

A: I don't think so.

The Japan pitch

Panero Associates' Tehuantepec Project particularly aims at Japan as the energy-dependent but capital-rich country that can most readily be pulled into line behind the strategic reserve concept. Here are excerpts from Panero's "Rationale for High Priority Japanese Interest in Mexican Superport Project":

... 2. New facilities for refining petroleum for Japan will be increasingly located overseas...

3. Japan has a long established goal of diversifying its oil sources but has few major options ... Mexican oil (is) the most important single new option....

5. The Panama Canal is the principal route for shipment of Japanese goods to the East Coast of the U.S. A less costly alternative... would be of primary interest.

6. ...Japan in the next few years should be increasingly looking for very major investment opportunities particularly in the area of resources and labor-intensive industries 'just' to avoid embarrassing balance of payment surpluses.

7. A key economic problem for Japan in the next 10 years is very likely to be labor shortages particularly in the lower skills sector which will force Japan to move a considerable portion of its manufacturing industry overseas ... there seems little question it will be looking for major opportunities for labor intensive investment.

A project such as that proposed for Mexico combining development of a major new refining capacity, a large low cost labor pool (particularly if it is combined with a free trade zone or zones), and located on one of the key strategic trade routes of the world, should represent one of the most attractive major new investment opportunities for Japan in the immediate future.

Tehuantepec superports: a runaway shop

Robert Panero Associates' proposal for a "Super Industrial Port Complex" stretching across the Tehuantepec Isthmus in Mexico is currently the firm's major calling card throughout the Americas, Europe, and Japan.

Panero's "superport" complex calls for a twin deep-water port development on a site near Coatzacoalcos on the Gulf Coast and near Salina Cruz on the Pacific, joined by a series of transportation and pipeline links enabling rapid and cheap transfer of containers and raw materials across the intervening 120 mile neck of land.

The proposal stresses:

- There is no other site in the hemisphere as geographically well-placed for easy inter-ocean trans-shipment in bulk, close to trade routes and close to markets;

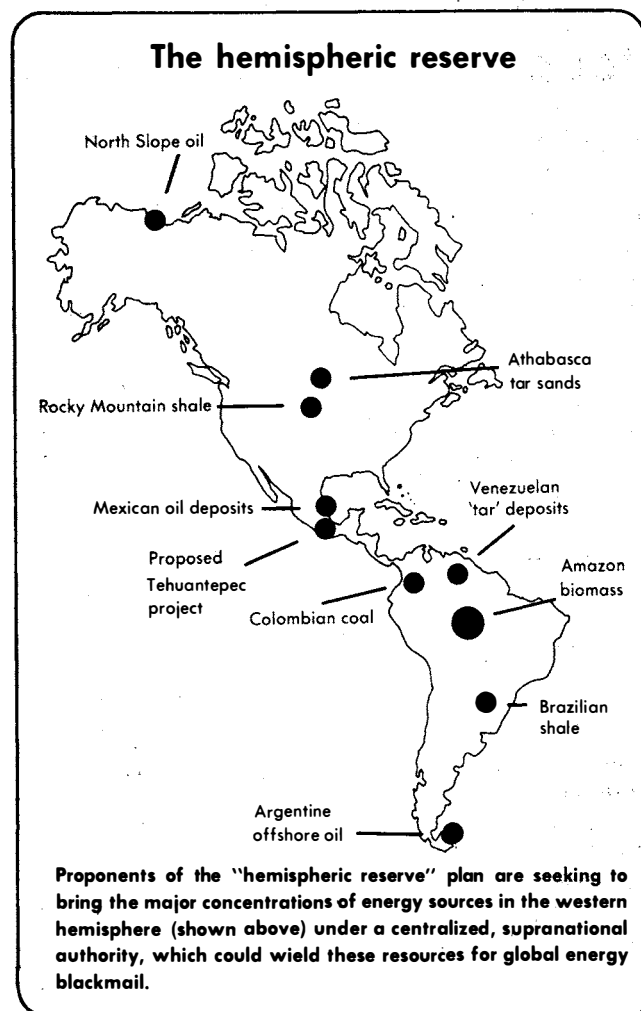
- The proximity to Mexico's oil and gas producing region in Tabasco and Chiapas, and its southeastern hydroelectric resources, make energy-intensive transformation and industry advantageous;

- Nearby labor pools at low wages make labor-intensive industry advantageous.

While the proposal appears to cohere generally with stated development goals of creating "industrial superports," the Mexican government has reason to be suspicious of the project. Panero's proposal is being advanced as a key aspect of the larger "hemispheric reserve" concept which envisions the Latin American continent as a war time reserve of raw materials for the London-Washington monetarist axis. While the rest of the continent is deindustrialized and looted of its natural wealth, the Tehuantepec superports would become the processing center for that wealth, a runaway shop of cheap Mexican labor and a chokepoint for the Latin American economy.

As emphasized by Panero's associate Lupe Echevarria in an interview, Mexican sponsorship of the basic infrastructure is essential for the success of the project, given Mexico's strong nationalism. Once endorsed, Panero hopes to turn the subsequent phases of transformation and industry into a playground for multinational investment.

The Panero prospectus virtually drools over a list of "transformation" possibilities: "bauxite from Jamaica, Surinam, Guyana, Brazil; metallic ores from Brazil, Venezuela, Peru, Bolivia and Chile; petroleum from Alaska, Colombia, Indonesia" and a corresponding list of trans-shipment possibilities. With the Alaska oil trans-shipment contract "alone," asserts the prospectus, "it would be possible to develop the concept in all its



initial aspects." No integrated industrial focus, including capital goods and finished products, is mentioned.

The Panero proposal has been submitted to Mexican government agencies for consideration, but Echevarria expressed discouragement with government response so far. Foreign interest in the project is not the problem; "We have circulated the idea to a rash of people in Washington," says Echevarria. The reality is that the proposal, despite its apparent development features, is fundamentally rooted in a notion of regional and even global raw materials looting which is totally anathema to Mexico's internal development strategy and foreign policy.

The Panero proposal insists that a Port Authority framework be devised as the governing agency of the project. Though the complex would be billed as "wholly Mexican operated," Echevarria argued that the establishment of such a project authority would enable the project to escape the political shifts implied in changeovers between Mexico's six-year presidential terms—a step toward splitting the agency out from government control.

Stopping 'inconvenient' energy development

Guillermo O. Zubaran, an executive director of the Inter American Development Bank (IADB) and the former energy minister of Argentina, delivered a speech to the March 22-23 Bogota "Workshop on Western Hemisphere Energy," which has been hailed by the architects of the hemispheric reserve policy as one of the most concise explanations of their objectives. The Council of the Americas is circulating transcripts of Zubaran's remarks, excerpts of which we print below.

Readers should note Zubaran's emphasis on expected nationalist opposition to the hemispheric idea. As Zubaran elaborated this point in an interview with Executive Intelligence Review, he said it is crucial to stop "energy programs in each country which may have a direction inconvenient to our proposal."

As we have noted, the (Latin) American countries that are or will be able to export fossil fuels have a prospect of domestic investment for purposes of their economic development. This situation will tend to strengthen the idea of adapting production and exploitation of fuels to the pace of such development and no further....

In some way our concern would have to be conveyed to those responsible for the making of policy decisions *before* an integral legal, financial, economic, and social structure based exclusively on current internal aims and needs is consolidated....

Necessarily a hemispheric energy balance will be possible only through international agreements and coordination of national policies whose framework goes beyond energy alone....

(There is a) greater awareness of the fact that energy ... is a scarce resource and, consequently, a greater willingness to comprehend the need for price increases.... (However,) there is not yet any acceptance of conservation methods.... A global approach offers enormous advantages....

Any substantial changes made in the technology or outsetting (sic) of industries in the more advanced countries dating from an era of abundant, cheap energy, will be extremely expensive and time-consuming. In contrast, the adoption of new technology and equipment, taking into account the factors of shortage of high cost of energy in hemispheric countries that have not yet begun to industrialize or are in the early stages of industrialization, will be much easier and economical....

In due course those who perform this task whose prospects we explore today, should inform the public in our countries that they are striving not simply to

increase the current flow of energy resources from the countries that have them to countries that consume them.... You must excuse me for stressing this point but it should be noted that at some point this proposal will inevitably become the subject—often mistakenly—of public discussions in our countries and will be opposed by chauvinistic sectors and attacked by the small sectoral interests that originate and expand under the shelter of protectionism and isolation." (Emphasis in the original.)

Mitre Corp.: establish a 'strategic relationship'

The following quotes are taken from the Summary of the Workshop to Survey Western Hemisphere Energy, held at the Mitre Corporation headquarters in McLean, Virginia on Nov. 2 and 3, 1978. The Summary outlines how the so-called hemispheric reserve policy is intended to ensure a maximum of raw material flows for U.S. military designs, while Latin America is forced to accept an economic package premised on expensive and low density energy inputs, banned nuclear technology, and limited sovereignty. The first axiom of the workshop, sponsored by Mitre, Council of the Americas, and Robert Panero Associates, is "the strong possibility of a major energy shock during the mid-1980s."

A special relationship exists among the nations of the Western Hemisphere due to mutual geographic, strategic, and economic interests.

It is appropriate to look at the potential for cooperation in the Western Hemisphere for reasons of Hemisphere national and regional security, economic growth, and economies to be realized from the geographic proximity of energy resources and users.

The Western Hemisphere can be energy self-sufficient if we do what we are clearly able to do. No major technical breakthrough is necessary.... These solutions will hinge on timing, human, economic, and political factors more than on technology or the availability of raw resources.

Mitre studies consider that renewable resources including hydro, solar, biomass, and geothermal hold the long-term promise of making a significant contribution to the Western Hemisphere's energy requirements.

Synthetic fuels, in the form of liquid, can be produced from coal or from shale at no more than two to three times the present world price of oil, and perhaps even less for some higher grade deposits of shale.

Latin SDR bloc to complement reserve plan?

The U.N. Commission on Latin America (ECLA) held its 18th plenary session in La Paz, Bolivia the week of April 23. The meeting, attended by representatives from every Latin American country as well as the U.S., Britain and France, featured the unveiling of proposed financial mechanisms to complement the "hemispheric reserve" strategy.

Raul Prebisch, the aging monetarist head of ECLA, was charged with putting the ECLA machine behind a hemispheric approach to the financing and marketing of raw materials extracted on the continent, and served as the mouthpiece for the "strategic reservists" at the plenum. Lined up against Prebisch—and his Anglo-American backers—was the Mexican delegation which posed that ECLA adopt a global industrialization program for Latin America, while breaking from its adherence to IMF-World Bank austerity policies.

Latin American monetary system

A series of "reservist" proposals were presented for consideration at the plenum, all designed to create regionwide mechanisms for control over the continent's wealth. The dominant proposal, for a "Latin American Monetary System," urged the creation of a common Latin American currency to be used within the new regional monetary system. Although the proposed system is billed as a "counter to the IMF," its currency would be pegged to the IMF's Special Drawing Rights, making the entire system an effective appendage of the IMF's genocidal policies for the continent.

Although the Peruvians have in the past been the prime movers of the idea in hope of a bail-out for their debt-strangled economy, Prebisch went one step further, calling for using the oil earnings from countries like Mexico and Venezuela to finance a continental looting machine under ECLA direction, or, as he put it, "to finance extraction and development of natural resources for the region." He summed up the strategic goals behind the "hemispheric reserve" push: "Aren't we (Latin Americans) at the end of the illusion that in these peripheral zones we could develop ourselves in the image and the manner of the great industrial centers?"

Mexicans for industrialization

The Mexican chief delegate at the ECLA conference, Victor Manuel Barcelo, responded to Prebisch's diatribe against growth at the conference podium: "We must

put the (1975) Lima accords for an industrial resurgence into practice ... for healthy development, of world industrial production." Barcelo's message was explicitly aimed at the advanced sector nations, whose depressed economies desperately require high-technology capital goods orders from a developing sector undergoing industrialization.

This is the same concept which underlies Mexico's continuous organizing in international forums for a \$15 billion fund to promote Third World capital goods imports and was stated explicitly in an editorial on the ECLA meeting carried by the semi-official Mexican daily *El Nacional*: "The U.S., surely, has not wished to appreciate the full dimension of the benefits it itself would derive from Latin American (economic) expansion."

The Mexican delegation rejected the IMF's "conditionality" on loans to the Third World, and denounced "certain countries" for using "such concepts as 'basic needs,' 'access to supplies,' and 'gradualism'" to hold back a genuine development strategy. The Mexicans' point was well taken when Prebisch railed against the "waste" committed by Third World populations in attempting to imitate the "consumerism" of the advanced sector and urged instead the development of technologies more appropriate to the region's "basic needs."

The fight for energy

The fate of the continent's energy resources—as the motor of economic development or as a "strategic reserve" for an Anglo-American war machine—was very much the central debate at the ECLA session. The Mexican delegation submitted President Lopez Portillo's proposal for a world energy conference, and it was approved by the ECLA delegates. But the Prebisch line was presented in the form of a Colombian proposal for the establishment of a "system of information and investigation" into the prices of energy resources of the regional economy. This proposal, also approved by the ECLA gathering, anticipates the creation of a more substantial mechanism which would oversee marketing of energy resources on a regional basis while encouraging development of alternate energy sources—precisely the hemispheric reserve proposal.

—Valerie Rush

Lopez Portillo: winning labor to a long-term industrialization policy

Speaking to over 1.5 million workers assembled for May Day celebrations in Mexico City, President Jose Lopez Portillo made a direct appeal to the country's labor movement to line up behind his government's economic development policies—despite the fact that they cannot yet provide workers significant direct wage increases.

In discussions with labor leaders on May Day and over the preceding two weeks, Lopez Portillo interceded to maintain wage restraints in current contracts—but he also issued a personal pledge that, based on that restraint, he will keep Mexico's high-technology development effort on course and continue to fight those, both foreign and domestic, who seek to block the industrialization of Mexico. In this direct, and very frank, approach to a potentially explosive issue, Lopez Portillo has set an example of "labor-government alliance" which the leaders of advanced sector countries would do well to follow.

With his call for labor cooperation, instead of confrontation, Lopez Portillo is heading off the threat to turn Mexico's development drive into "another Iran"—a threat voiced by such notables as U.S. Energy Secretary James Schlesinger and Britain's *International Currency Review*. The premise of the "Iran scenario" for destabilization is that Mexico's oil wealth, if used for rapid modernization, will trigger a "class struggle" of the masses of poor left out of the economic boom, and that Lopez Portillo will suffer the fate of the Shah of Iran. The "solution," according to Washington policymakers, is to hand Mexican oil over to a U.S. strategic reserve, and impose austere "slow-growth" policies based on promotion of labor-intensive ventures that "create jobs" and "redistribute income."

The success of the Mexican president's policy of "convincing, not conquering" the labor movement was demonstrated in the settlement of a prolonged strike of state telephone workers, where the government's 13.5 percent wage guidelines had become a volatile issue. The Mexican Communist Party (PCM), which has

significant influence in the union, was agitating to "break the wage ceiling" and force "class confrontation" over a 15 percent wage increase demand. Meanwhile, the PCM's rightist counterparts, the Mexican latifundist and private sector oligarchy tied to the Monterrey Group of businessmen, which shares the PCM's opposition to the Lopez Portillo industrial development drive, are threatening that a new devaluation of the Mexican peso will be necessary if inflation is not contained—i.e., unless workers' wages are not kept low.

The overwhelming union vote May 2 for a 13.5 percent settlement is a strong vote of confidence in the government economic policy, and a powerful "no" to the "right-left" politics of confrontation, which was vehemently denounced by the union head as "only benefit(ing) the (forces of) reaction."

Battle won, but now the war

President Lopez Portillo has won a key battle, but he now faces a virtual declaration of war by Mexico's far right, and fascist Christian layers. Playing off the ultraleftism of the agent-ridden PCM, the ultraright has launched a virulent "anticommunist" campaign that is escalating in intensity with the approach of the July 1 national elections for Mexico's Chamber of Deputies. The PCM's labor agitation, and election sloganeering to "overthrow the PRI," the governing party, has helped generate wild red-scare rumors and hysteria in the press, and from Monterrey-allied business groups, warning of a "communist takeover" of the government.

This McCarthyite upsurge erupted into violence May 2 in the city of Puebla, a traditional battleground between PCM thugs and fascist action groups. The city's walls were plastered with slogans like "Assassins, Mexico is free and Christian," "Christianity yes, communism no, viva Christ the King,"—slogans recalling the Cristero Rebellion in the late 1920s, when fascist Catholic groups launched an armed attack on

the progressive Mexican government and the constitutional separation of church and state. The Puebla violence was preceded by an anti-abortion rally three weeks ago run by right-wing Catholics, where one of the country's leading right-wing bishops delivered a tirade against the supposed "communist menace." This "cristero" revival, and increasingly overt, anticonstitutional church intervention into state politics—the basis of at least one think tank scenario for an "Iran destabilization" of Mexico—was set off after the visit of Pope John Paul II to Mexico in February.

The Puebla violence has spurred an urgent call from two of Mexico's progressive, mass-based parties—the Workers Socialist Party (PST) and Popular Socialist Party (PPS)—for the formation of a broad, democratic "antifascist" front, to halt what they characterized as a "right-wing superoffensive" identical to the destabilization of Chilean President Salvador Allende, who was toppled in a bloody 1973 military coup d'état. Spokesmen for the two parties were clear in identifying the "right-left" scenario behind the Puebla outburst, pinning the blame not only on the ultra-right "Instruments" of the Monterrey Group oligarchy, but on Monterrey's "left-wing" agents in the PCM. The truth of this accusation was borne out in a statement by the leader of the National Action Party—one of two rightist parties implicated in the Puebla violence—praising the PCM as the only good leftist party that has won the right to participate in national elections!

The fascist offensive in Mexico is precisely aimed at destroying the Lopez Portillo government's broad political reform program, which, by permitting the participation of qualified leftist parties like the PST, PPS and PCM in elections, provides an obstacle to the kind of "right-left" civil war with which the Carter Administration has threatened Mexico.

—Mary Goldstein

Lopez Portillo speaks

The following excerpts are from the speech delivered by Mexico's President José López Portillo to the leaders of Mexico's Labor Congress on May 1.

Workers of Mexico:

For the third time during my six-year presidential term I have been present at the march of organized labor in our country which brings to mind that which is truly important in Mexico and reminds those who would forget.

What is important in Mexico is the right to labor and the rights of labor. What we have just witnessed here testifies to that: a representative expression of what our country is at this moment. In this march, a proud expression of our democracy, of our free system, we greet ... the solidarity, the demands, the claims, and all the shouts that need expressing.

Freedom has spoken. The executive and the people of Mexico have heard those who want to be heard, because they have been able to speak. The system guarantees it.

What I want to stress is the interest of the state in maintaining its alliance with labor; to make a maximum effort not to conquer, but to convince.

During this Administration we have lived through three difficult years. As we have recently stated, during those years we have advanced in some areas, while in others there have been and still are forces holding us back.

During the first two years of this Administration, during which we have been able to revive the forces of the economy, the organized labor movement has supported us in total unity. Thanks to that decision, we are able to affirm that in 1978 and 1979 the economy, in its major sectors, has been restored. Don't forget that in the recent history of the world, Mexico is unique as a country which has achieved in only two years an economic growth rate that has gone from practically zero to 6.5 percent.... But though we can be satisfied with our economic development, by no means can we afford to be satisfied with our efforts which must be equally directed to social development, to recovery and restoration in the face of needs which accumulate and are still not met.

If we do not acknowledge this situation, then we are fooling ourselves as well as the Mexican people.

As I have said, there is a breach between the economic development already launched and the social development still to be achieved. And this is the challenge which we must meet in the next few years of

on the state's alliance with labor

consolidation in accordance with a system which contains within it the possibility not only of its own regeneration, but also of its transformation; we must continue our efforts to promote our economic development, but we must also make advances in those social areas whose lack of development is for me so painful.

The Basic Goods Program which I offered to the organized labor movement as immediate and simultaneous compensation for your sacrifice, for the restraint of your wage demands—I state with all honesty—we have not been able to meet fully for many reasons. Though these reasons could be explained, they would not satisfy you.

We do not want to feed the people with explanations but with genuine satisfaction. And this is the effort we must make in the next few years of consolidation which will enable us, once our oil revenues start coming in, to accelerate the development of the country.

I am not selling hopes. I am affirming real expectations that are in sight and within reach. The important question is to not lose the rhythm or miss a step; to understand that the government's intentions are an honest effort in good faith to seek equal advances, as much as possible, for all the factors that influence our progress....

When the Labor Congress honored me with an invitation to this march, which has surpassed all my expectations, I replied that very shortly I would return the invitation so that, together with the government and once economic conditions are propitious, we can commonly plan with other forces that agree on the development of the nation the dimensions and characteristics of our decisions.

In a very short time, compañeros, we are going to call on you to say what we can and want to do, with the intention of making major advances in our backward social development which is the worst burden of conscience that afflicts us.

On this march, an expression of will and of mutual respect, there have been certain things to which I would like to refer.

Here are the telephone workers who, in a disciplined review and out of respect for our institutions and for themselves, have marched in an ordered if demanding

way. To them, before the Workers Congress, to you, Hernandez Juarez and compañeros who are present, I want to say that this fight which has been artificially presented as a fight between a wage increase limit and the prestige to be gained by breaking it, is not a mere whim of the government—as one banner suggests. And I am sure that it is not a whim to you either. Rather, there is a painful recognition on the part of the government of the Republic that unfortunately, at this time, the general problem of social and economic

“It is my duty to stabilize the country and not allow what we have achieved to be converted from progress into regression.”

development of the country will not be resolved by the easy road of wage increases.

For me, representing a revolutionary party with a revolutionary tradition, it would bring revolutionary glory to be able to decree that sufficient wealth existed to raise wages such that all the demands of all the organized groups could be satisfied. I would be covering myself with temporary revolutionary glory. It would be beautiful to be able to decree not only a 25 percent wage increase but 45 percent, and pensions at 25 years of age. But I would be fooling the workers and people of Mexico.

At this time, the problem cannot be resolved this way because, in the case of the telephone workers, compañeros of the Workers Congress, wages must be defined within a general policy for all state workers, or it would not be democratic.

The State is doing all it can do at this time and can not do more at the risk of unleashing a still worse inflationary process through excessive money supply and disproportionate public expenditures, which ... would cause more harm than benefit. Such an unreflexive and irresponsible concession would simply cause illusions.

It is very painful for me to say this, Hernandez Juarez, but it is my conviction, the most honest expression of my good faith as a ruler.

The State, as you know, has made every effort to balance the buying power of wages without shocking

"Inflation is only resolved by production, with productivity, which will come to us through the expectations of the resources already in hand."

the economy; it has restructured the tax regimen so that wages, thus unburdened, can strengthen the buying power of the workers. ...

We are seeking a means, not by wages but by loans, benefits, to achieve as far as we can what is our conviction and our aim. I want to convince you of this.

If we want anything it is to satisfy our allies, the workers, but I must still do what I believe is my duty to stabilize the country and not allow what we have achieved to be converted from progress into regression.

Let us travel, *compañeros*, on a good road. I understand your impatience and I share it: you all have the legitimate right to demand the satisfaction of your goals. I know that this moment is unjust, not just for you but also for those worse off than yourselves. I know that Mexico is still a land of need, but she will not become a land of abundance by decree or by demagogic and illusory decisions. Unfortunately, wealth cannot be invented; it must be created. The question is finding a balance between the elements of production. Inflation is only resolved by production, with productivity, taking advantage of the savings the country generates and which will come to us through the expectations of the resources already in hand.

I ask you, *compañeros* of the Labor Congress, to share this analysis of our situation, this projection of our goals, to have the certainty that the government of the Republic is not the workers' enemy, even though the present situation places us in an ambivalent situation, as with the telephone workers, of being the boss and the authority. We are faced with a difficult situation in which only moral strength, conviction, can give us the authority to draw a balance between the aspirations of organized labor which can and should demand its rights, and a system which guarantees, in the general interest, open access to social justice.

This has been the secret of the advance and progress of our nation. This difficult balance has not always been achieved; this difficult balance which, in moments like the present, we want to see achieved with the help, yet again, of all the workers of Mexico....

We call on the telephone workers to understand the situation this country is in. If we disrupt the—until now—harmonious and cooperative action on the part of the labor sector, we run the risk of losing our

economic development, or annulling all our expectations.

I ask you to maintain confidence that the decisions of this administration are not to harm the telephone workers, who are not our enemies. I admire and agree with their struggle, and I would like to fully satisfy their demands; but to do so would mean to violate commitments already agreed to by other workers to whom we would have to give identical concessions. Not to do so would be undemocratic. If we made those identical concessions—and we could not do otherwise—we would disrupt the present economic momentum, with grave risks that I do not want to see our country threatened by.

This, *compañeros*, is the simplest and most honest explanation of the ambivalent position of the State which is both boss and authority, and which must maintain sufficient moral authority to ground its decisions, to be able—as I said a moment ago—to convince and not vanquish.

Hernandez Juarez and fellow telephone workers: we want to convince you that the decision of the government is not unjust. It is a painful decision based on genuine limits the country presently faces.

The years of consolidation ahead will be difficult years, for as I have said on other occasions, they will be thankless years, years in which we will have to do what we are doing now: making conciliations so as not to lose what we have gained and to be able to continue the national progress.

Therefore I call for your understanding. I recognize the right of all Mexican unionists to pose their questions. I ask you to recognize in me the intellectual honesty to tell you the truth about the decisions this government makes.

To all of you, *compañeros*, many thanks: to those who have expressed their solidarity with us, to those who have understood us and applauded us, and to those who on this occasion have felt free to say what is on their minds, what bothers them, what they demand. Many thanks to the workers of Mexico for this exemplary May Day, which is an expression of liberty, of democracy, and of the pluralism that Mexico hopes to preserve forever.

A controlled press

Two of America's leading press organizations, the American Newspaper Publishers Association (ANPA) and the American Society of Newspaper Editors (ASNE), have just reiterated their longstanding, pious objections to Third World nations' efforts to secure a fair hearing from the world's press, through the Third World's campaign for a "new world information order" through the United Nations Educational, Scientific and Cultural Organization. Both organizations have just concluded their annual conventions in New York City, and the proceedings—highlighted by the Associated Press's scandalous showcasing of the presidential candidacy of NATO commander Alexander Haig—sharply illustrate precisely the problems of slanted and biased news presentation which Third World nations in particular are seeking to correct. Following is Executive Intelligence Review's on-the-scenes report.

Once a year the "free press" in America goes through the process of "getting their line" at the prestigious annual conventions of the American Newspaper Publishers' Association and the American Society of Newspaper Editors. These conferences are the yearly scene for a gathering of the publishers and editors of some 1000 of the nation's largest newspapers to launch the political issues and personages created by the same institutions which run the Democratic and Republican parties and the major U.S. press and media as well. These institutions are the New York Council on Foreign Relations (CFR) and its British parent organizations, the International Institute for Strategic Studies (IISS) and Royal Institute for International Affairs (RIIA). As think tanks, their members sit on the boards of and control the major press, political parties, banking houses, businesses and legal firms in this country, to dictate the policy commands of the British monarchy.

This year at the nation's leading press conventions they launched the CFR's "controlled disintegration" program for fascism in the 1980s outlined in the CFR's recently published "Project 1980s" reports. Principal speakers at the two conventions were the CFR's hand-picked presidential candidates, NATO commander Alexander Haig, and his Democratic Party "opponents," Senator Ted Kennedy and President Jimmy Carter. The conferences featured presentations by these speakers and panel presentations by leading anti-

industry, pro-austerity and antinuclear demagogues over three day agendas. Panels and presentations were rigged for the twofold purpose of: 1) high profile media blitzes for immediate public consumption and 2) "in-house" only briefing sessions to indoctrinate the press behind the scenes. Thus, General Haig's Associated Press-sponsored luncheon address to ANPA, where the General discussed in lurid terms plans for a U.S.-Britain-China axis confrontation against East and West Europe, was embargoed from public distribution, while the *New York Times* and *Washington Post* promoted the General with Hollywood-style front page photos and carefully edited cosmetic "news coverage" the next day. Not surprisingly, *Washington Post* publisher Katherine Graham and *New York Times* publisher Arthur Ochs Sulzberger, the CFR and IISS's top press magnates who accompanied Haig on ANPA's dais, also lead the lists of directors of ANPA, ASNE and the Associated Press.

While some 1000 publishers and editors of the country's major daily newspapers were thus put through the paces of the CFR's rigged Haig-Kennedy 1980 presidential campaign, American citizens opened the pages of their newspapers the next day to see the same lines presented as "objective" new and "independent" editorials. For those who protest against "conspiracy theories," the truth could not be clearer.

Rigged conventions

The three days of conventioning at both ANPA and ASNE, from April 24 to 26 and April 29 to May 2 respectively in New York City, followed identical agenda and "rules of order" formats. ANPA Chairman Allen Neuharth, publisher of the Gannett newspaper chain, keynoted the ANPA event with a pious tribute to the conference theme of "First Amendment Freedom of the Press." Neuharth, who since his second marriage to former Florida State Senator Lori Wilson in 1973, has become a pro-environmentalist enthusiast (residing in a 60-year old renovated log cabin called "Pumpkin Center" on Cocoa Beach, Fla.), spent much of his time at the conference personally enforcing an unofficial gag rule and whispering campaign against reporters in attendance from this press service.

Over the three days of addresses and canned panel presentations by anti-industry and pro-austerity champions like the United Auto Workers' Irving Bluestone,

Business Roundtable leader Irving Shapiro of DuPont, Kennedy clan Mayor of Chicago Jane Byrne, and anti-nuclear energy "emergencies" expert Pennsylvania Governor Richard Thornburgh, neither ANPA members nor guests and working press in attendance were permitted to question speakers from the floor. In a similar format, the ASNE editors' convention carefully censored "discussion periods" following addresses by Senator Ted Kennedy, National Security chief Zbigniew Brzezinski, and panel sessions calling for economic austerity and wartime credit controls, abandonment of nuclear energy development, and a Peking-U.S. alliance against the Soviet Union.

Publishers and editors in attendance generally did not object to the controlled environment.

Freedom for what?

While the principle of "First Amendment freedom of the press" was travestied by these affairs, their real purpose is clear upon reflection. In 1971, the CFR's candidate for the 1976 presidential elections, Jimmy Carter, first appeared on the cover of *Time* magazine at the beginning of a presidential "campaign" made and run by the media. In 1976, the still barely credible Manchurian candidate Carter "won" the White House through massively rigged elections. Now the same process is beginning for 1980, with CFR-nominee Haig's picture gracing the front pages of the CFR's own controlled press, while his war ravings are delivered behind closed doors.

—Fay Sober

The real General Alexander Haig

General Alexander Haig himself ordered that his debut at the Associated Press-sponsored luncheon at the American Newspaper Publishers Association annual convention in New York City last month not be tape recorded or distributed to the press in transcription or official summaries. Our exclusive report from reporters who attended his speech reveals that Haig's comments were the outpourings of a dangerous and visibly unstable provocateur—and that press accounts of his speech are another exercise in media image-making. Some excerpts:

... I am acutely aware that this is a most influential group of informers of our public. ... At this timely convention, NATO's anniversary of 30 years of peaceful progress in Europe. ... Nevertheless I am deeply concerned about our future....

When I met with Zhou Enlai in the Great Hall in 1972, my strong impression was that Zhou was telling me: the United States should not get out of Vietnam ... the United States must remain a great power in Asia. Zhou said there was a threat we did not understand. ... When I reported this to people in Washington, many said I had lost my senses. And many said when the Vietnam-Cambodia conflict began that this was a local border conflict....

But now, with Vietnamese troops occupying Cambodia, how does one refute the evidence that Soviet desire for regional hegemony is the wellspring of conflict in Asia....

To maintain American power and political-military-economic balance in the face of the Soviet threat ... we must be guided by two principles ... one, we must get a quid pro quo for every point in an agreement; two, we must remember that a *fundamental* change has taken place in Peking, away from preoccupation with dogma to a new pragmatism. Peking is concerned, deeply concerned about Western reliability, unity and response to global events. How long can we continue to risk disappointing them, before they reassess their policy?

A second aspect of the multipolar world is the centrifugal pressures in the Soviet empire itself. Nationalism, global in scope, is impacting on the nations of Eastern Europe ... and even in the Soviet republics themselves. Here too, the unity, consistency and above all, the moral quality of Western response will influence the course of events....

We must assess the situation in the Third World as well. ... Dialogue with the Third World has been replaced by the reality of Soviet intervention.

...I agree with Joseph Luns, the Secretary-General of NATO, that Soviet intentions are *irrelevant*. As a military man, I can think only about Soviet capabilities. Look at the facts: one, *relentless* Soviet military growth ... the [Soviet] military-industrial complex against China and deploying in Africa especially in the Third World; two, the balanced growth and systematic buildup of nuclear, regular nuclear, and conventional forces; and three, the change in character of force. Balanced forces in Europe are no longer balanced ... we are threatened. Our response must be global against global and restive Soviet power....

Some say I want to return to 19th century bloc politics. No. My vision is for a West united under an accepted rule of international law. ... A new post-American, uh, post-Vietnam American leadership must not be preoccupied with our past losses. We must focus on vital Western interests and Soviet challenges and local conflicts. We can avoid a hyperactive post-World War II foreign policy. This is not McCarthyism....

Instead ... America must lead in ... Winston Churchill's century of the common man.

FACTS BEHIND TERRORISM

'PLO' terrorist activation exposed as Mossad hoax

A new scandal has broken out in the Federal Republic of Germany over the criminal complicity of the Israeli foreign intelligence service, Mossad, in terrorist activations. According to the latest issue of the West German magazine *Der Spiegel*, over a dozen "Palestinian guerrillas" arrested in the past two weeks attempting to infiltrate the Federal Republic are now believed by the West German federal police, the Bundeskriminalamt (BKA), to be part of an "old Mossad network started years ago and now coming into Germany." The operation, reports *Der Spiegel*, is believed to be run by the "strategists from Jerusalem."

The terrorists, arrested in groups of two to three along the Dutch and Austrian borders (on "tips" from the Mossad), were found to be in possession of numerous passports, ranging from Iran, Cyprus and Mauritania to Argentina. At least four of the captured "Palestinians" immediately confessed to being "loyal members of the Palestinian Liberation Organization" (PLO). According to *Spiegel*, BKA officials became immediately suspicious about the reliability of these unsolicited confessions—particularly in light of meetings that took place during March and April between West German Interior Ministry officials and security personnel from the PLO.

At those meetings, ostensibly convened to ensure that PLO operations were not launched

against German territory and citizens, a working collaboration was initiated. Through cross-checking of material on file, solid evidence was compiled that British and Israeli intelligence channels had carried out the late 1978 assassination of Ali Hassan Salameh, the personal security chief for PLO head Yassir Arafat, and had created a trail of false information implicating the West Germans. A British national working in the employ of the Mossad had cultivated a series of contacts in the Wiesbaden and Cologne areas that conformed to the profile of a BKA or BND operative.

Beneath these exposés, threats, and charges, a raging battle is known to be taking place within the West German security apparatus. The German daily *Die Welt* characterized the dispute—centered around the issue of Mossad involvement in terrorism and what to do about it—as being between the forces grouped around Interior Minister Baum ("a perfect liberal") and BKA head Herold, who has been under attack for his initiatives of cooperation with the PLO.

Turmoil among Mossad networks of influence

What has the British and Israeli channels of influence channels of influence into the Federal Republic thoroughly unhinged is the broader implication of West Germany fully joining with Italian and French security services in

shutting down the entire terrorist machinery.

On May 7, Judge Calogero, the Padua magistrate directing the Italian government's investigation into Professor Tony Negri (the mastermind behind the 1978 Aldo Moro kidnapping-assassination), issued a press statement emphasizing that his investigative team is presently unconcerned with the details of the individual terrorist acts and is working towards developing general hypotheses about the nature of the European terrorist command. Calogero did at the same time announce that 25 additional arrest warrants would be issued momentarily against the leadership of the Autonomia Operaia on charges of attempted armed insurrection and overthrow of the state. As part of the added dimensions of the Italian crackdown, the Feltrinelli Library and the offices of the Feltrinelli publishing house were raided in Milan and early documents of Negri were confiscated.

If the West German government breaks through the wall of British-Israeli threats and containment and adopts the method behind the recent counterterror successes in Italy and France, one thing is obvious to all observers. In addition to going after the full story behind the wave of 1977 assassinations that claimed the lives of three of Schmidt's closest collaborators in preparing the European Monetary System, the files will have to be reopened on the events that occurred in Munich during the summer 1972 Olympics. And, as the gamemasters in London and Jerusalem know, if the truth ever surfaces about the Munich massacre, the entire edifice of postwar Anglo-American political power could crumble.

—Jeffrey Steinberg

Trade Unionists angered by antinuclear demonstration

According to first reports, trade unionists around the country are responding to last weekend's antinuclear gathering in Washington, D.C. with much the same anger and disgust they accorded the unwashed peace movement of the early 1970s. They are pledging counter-action, if at first only at a local level. Despite claims by prosolar, antinuclear leaders like the Machinists William Winpisinger that "labor has changed its mind on nuclear," most local union leaders say that their membership is confused by recent events but remain strongly pronuclear. They are angry with the seeming inactivity and lack of fight coming from AFL-CIO headquarters.

Members of the building trades led a small but spirited picket line in support of nuclear power at this week's shareholders meeting of General Public Utilities, the owners of the sabotaged Three Mile Island nuclear facility. Their placards read: "To the Public: Energy and Jobs Go Hand in Hand" and "We Need Energy, Not Darkness." Other pronuclear demonstrations are planned in New England and the Northwest.

March on Washington

Both Winpisinger and Mike Olszanski of local 1010 of the United Steelworkers addressed the assembled horde of environmentalists May 6. Winpisinger delivered an attack on Carter and Schlesinger and proclaimed his support

for a moratorium on all nuclear plant construction. The IAM President, who is known to be pushing Ted Kennedy's presidential candidacy, talked of the need for "public ownership" of energy and called for an expansion of the solar energy program. He stressed the need above all for conservation.

Winpisinger told the crowd, "We can stop the China syndrome only if we band together and hold politicians' feet to the fire... Today is a great beginning in that direction..."

In his speech, Olszanski, a sidekick of USWA District 31 director James Balanoff and Ed Sadlowski, the defeated environmentalist candidate for USWA President, said that he is proud to have pushed through antinuclear positions in Local 1010 and in District 31. He said he represented all 18,000 members of Local 1010 and the 120,000 workers in District 31 whose "clout" he is adding to the antinuclear fight.

His constituency said otherwise: one District 31 worker, typical of the sentiment, called Olszanski "an environmentalist freak ... a no-growther who wants to shut down industry. ... He hates machinery"

Rubber Workers strike UniRoyal, blame Carter's guidelines

In what is being dubbed by union officials as a forced strike, caused by the Administration's insistence

on its wage-price guidelines that hold new labor contracts to a maximum 7 percent increase, the United Rubber Workers struck the UniRoyal Inc. at noon May 9.

Talks between the union and the nation's third largest tire manufacturer appeared to have completely broken down two days before the strike call, despite intervention from the Federal Mediation and Conciliation Service.

Peter Bommarito, URW President, contends that the union has reached a tentative agreement with UniRoyal within days of the April 22 expiration of the previous contract, and he has angrily attacked the federal government and the General Motors Corporation, a big customer of UniRoyal's, for "consciously" intervening into the collective bargaining process and forcing UniRoyal to renege on its agreement. Bommarito insists that the tentative agreement with UniRoyal was "precedent setting" and a serious challenge to the President's 7 percent solution.

UniRoyal denies that any agreement with the URW was ever made. But the likelihood that the company, which employs 8,000 URW members, did come under direct government pressure in the early phases of the contract negotiations surfaced when it was revealed that UniRoyal attended a special April 20 White House briefing on the guidelines for the major companies.

Since then the company has officially insisted that it would not agree to a contract that exceeds the President's program. The URW and AFL-CIO have both filed federal court actions to challenge the legality of government imposing sanctions on industries that enter into contracts exceeding the guidelines.

House rejects rationing

In a surprising but welcome turn of events occurring as this column goes to press, the House of Representatives has decisively rejected the emergency gas and fuel rationing powers bill drafted by Energy Secretary James Schlesinger and urgently sought by the Carter Administration. The vote, a crushing 246-149 against the bill, came despite intense Administration pressure, and a nationwide, carefully orchestrated scare campaign centered around the imposition of similar, "odd-even" rationing measures days earlier by California Governor Jerry Brown.

While the details of what led to the defeat have yet to emerge, it is clear that large portions of the U.S. electorate have not bought the contrived "gas shortage" scenario concocted in California—with the help and complicity of oil interests directly connected to Governor Brown, the sometime populist and companion of rock star Linda Ronstadt. And, it appears from tonight's House vote, some indication of the public mood has finally filtered up to Capitol Hill, where the measure cleared the Senate by a large margin only a day earlier.

At the same time, California Attorney General Duke Magian has announced that his office is looking into allegations that both the national and California spot gasoline shortages are an artificially created hoax. Coming on top of the House vote, this development could spell big trouble for

Brown, particularly if the inquiry begins looking into the Brown family's shady involvements in Indonesian oil.

The real story of the "gas shortage" is one of direct and corrupt policy collusion between Schlesinger, Brown, and selected oil companies—including Atlantic Richfield, who chairman delivers a weekly policy briefing to Brown—and Rand Corporation operatives, to create a mood of public hysteria conducive to passage of this week's scheduled vote on the gas rationing powers.

According to sources in California, the gasoline shortages there are a product of deliberate, media-aided manipulations by Brown, Schlesinger (a former Rand employee), and state officials also formerly connected with the Santa Monica Rand think tank.

In addition to greasing the way for this week's congressional votes, the shortage scare in California was aimed at conditioning the U.S. population for planned national gas emergencies and crisis rationing to be imposed by early summer.

Under the Brown administration, California is dominated by policymakers from the Aspen Institute—the British controlled think tank also closely linked to Atlantic Richfield—which was also deeply involved in bringing about the "Islamic Revolution" which has slashed Iran's oil production.

The "point man" for the op-

eration is Brown's State Energy Commission head Richard Mallin, who also worked for the Rand Corp. before becoming Brown's state energy czar. In justifying Brown's energy powers, he stated that their aim is to combat "the public." In fact, the potential for panic among Californians has been fueled in the past days by press reports, mostly citing figures from Mallin's office, that the state will be running out of gasoline by Memorial Day.

The basis for this manipulation is Schlesinger's artificial allocation shortfalls, provoked two months ago when the Energy Secretary "predicted" \$1.00 per gallon gasoline prices and then subsequently guaranteed this prophecy through government regulations forcing higher prices and less production of gasoline. In addition, company gas supply allocations are weighted to affect California most severely, as a state heavily dependent on automobile use. In actual fact, gasoline reserves in western states are now five percent greater than they were last year at this time. Any spot shortages in California are purely artificial.

A spokesman for the Southern California Service Stations told this news service that the Brown emergency scenario is a rerun of the 1973-74 test run, and is a deliberate fraud. "There is no possibility of the state being out of gas by Memorial Day," he stressed.

Despite tonight's congressional setback for Schlesinger's crisis management push, the outlook is for continuing efforts from that quarter to create a gas shortage, using the extraordinary powers Schlesinger wields as Secretary of Energy. Schlesinger this week declared that "there will be no serious energy conservation until gasoline reaches \$2.00-\$2.25 a gallon."

—William Engdahl

WORLD TRADE REVIEW

New trade deals

PRINCIPALS	PROJECT / NATURE OF DEAL	COST	FINANCING	STATUS
Mexico/Canada	(1) 10-year energy agreement in which Mexico will provide Canada with up to 100,000 barrels of oil per day in exchange for nuclear technological assistance and as much as 3 mn tons of coal; (2) Technology transfer to Mexico in mining and ore processing; forestry and wood products; railway and other modes of transportation; agriculture; fisheries; food processing; oil, gas, and petrochemical development; telecommunications.	\$5 bn minimum up to \$2.5 bn	NAv	III
Brazil from Sweden	Purchase of electrical transformers, switching equipment, transmission lines from L.M. Eriksson.	\$900 mn	NAv	III
Nigeria from West Germany	Ondo State Government, Nigeria, orders sheet glass factory from Klockner-Ina of Duisberg. Output initially 40,000 tons; 60,000 after five years.	\$50 mn (£39.3 mn)	NAv	II
Egyptair from Airbus Industries	3 Airbus model A-300 B4 airliners; option to buy 4 more.	NAv NAv		I IV
Romania from Canada/SEE (Canadian company for expansion of exports) and Romanian authorities	4 "Candu" nuclear reactors of 600 MW.	\$1 bn	\$680 mn SEE \$320 mn by pool of banks led by Banque de Montreal	I
German Democratic Republic from a Belgian consortium headed by Cie Cockerill	Construction of a steel laminating and cutting plant in Thuringe region of East Germany.	\$267 mn	NAv	III
Mauritania from consortium of western banks	Development of iron mines.	\$432 mn		NAP
China from French bank consortium headed by Banque Française du Commerce Extérieur, headed by François Giscard d'Estaing	Loan earmarked for industrial projects—probably including 2 nuclear plants.	\$7 bn		NAP

Abbreviations:

U = Undetermined
NAP = Not applicable
NAv = Not available

***Status:**

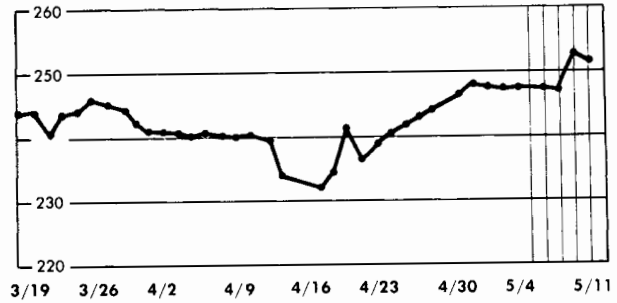
I = signed, work in progress
II = signed, contracts issued
III = deal signed
IV = in negotiation
V = preliminary talks

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Gold

London afternoon fixing

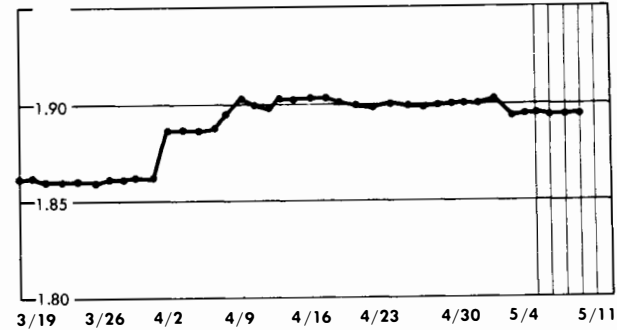
May 7	—
8	248.95
9	247.95
10	252.25
11	



The dollar in deutschemarks

New York late afternoon

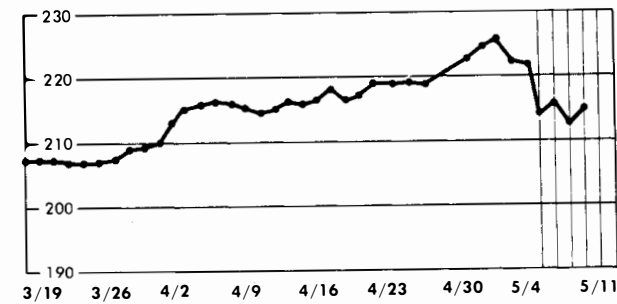
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8	1.8963
9	1.8955
10	1.8981
11	



The dollar in yen

New York late afternoon

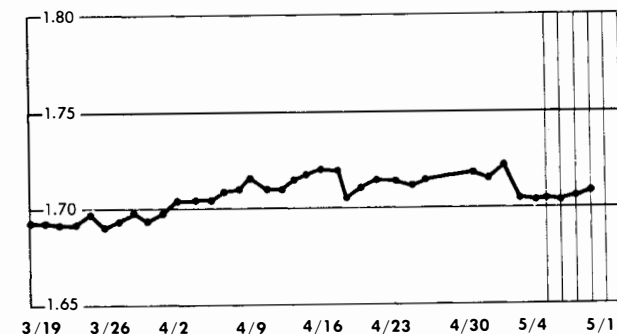
May 7	213.85
8	214.85
9	212.85
10	214.75
11	



The dollar in Swiss francs

New York late afternoon

May 7	1.7130
8	1.7130
9	1.7127
10	1.7172
11	



The British pound in dollars

New York late afternoon

May 7	2.0827
8	2.0710
9	2.0663
10	2.0525
11	

