

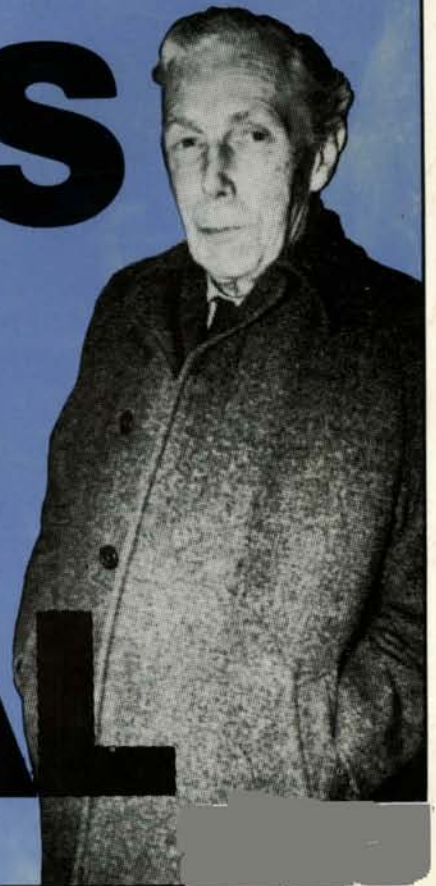
EXECUTIVE INTELLIGENCE REVIEW

LaRouche rates
intelligence services

December 4-10, 1979



THE TRUTH BEHIND BRITAIN'S LATEST SPY SCANDAL



New Solidarity International Press Service

\$10

[THIS PAGE IS INTENTIONALLY BLANK]

Editor-in-chief: Daniel Sneider
Editor: Linda de Hoyos
Managing Editors: Kathy Stevens,
Vin Berg
Production Manager:
Deborah Asch
Circulation Manager: Lana Wolfe

Contributing Editors:
Lyndon H. LaRouche, Jr.,
Criton Zoakos, Christopher White,
Costas Kalimtgis, Nancy Spannaus

NEW YORK BUREAU:
Nora Hamerman, bureau chief
Africa: Douglas DeGroot
Asia: Peter Ennis
Counterintelligence: Jeffrey Steinberg
Military Strategy: Paul Goldstein
Economics: David Goldman
Energy: William Engdahl and
Marsha Freeman
Europe: Vivian Zoakos
Labor: L. Wolfe and M. Moriarty
Latin America: Dennis Small
Law: Felice Merritt
Middle East: Robert Dreyfuss
Science and Technology:
Morris Levitt
Soviet Sector: Rachel Douglas
United States: Konstantin George
United Nations: Nancy Coker

INTERNATIONAL BUREAUS:
Bogota: Carlos Cota Meza
Bonn: George Gregory
Brussels: Christine Juarez
Chicago: Mitchell Hirsch
Copenhagen: Vincent Robson
Mexico City: Robyn Quijano
Milan: Muriel Mirak
Paris: Katherine Kanter
and Sophie Tanapura
Rome: Claudio Celani
Stockholm: Clifford Gaddy
Washington D.C.: Laura Chasen
and Susan Kokinda
Wiesbaden: (European Economics):
Mark Tritsch

Executive Intelligence Review is
published by New Solidarity
International Press Service
304 W. 58th Street
New York City, N.Y. 10019

Copyright © 1979 New Solidarity
International Press Service

Subscription by mail for the U.S.:

**3 months—\$125, 6 months—\$225,
1 year—\$400**

ISSN 0 146-9614

EXECUTIVE INTELLIGENCE REVIEW

THE TRUTH BEHIND BRITAIN'S LATEST SPY SCANDAL

Whenever Britain has a major "spy scandal," the British oligarchy has launched some international political operation of major scale. The resurrection of the "Philby-Burgess-Maclean" affair involving alleged British defectors to Russia is just such a case: A major British "geopolitical" intelligence operation is afoot, directed at the Soviet leadership and leading straight to a third world war. This is an EIR exclusive: our continuing coverage of the so-called "fourth man" scandal in our COUNTERINTELLIGENCE report is the only place anyone can find out "The truth behind Britain's spy scandal." It is a story of "Soviet double agents" who are really British "triples," of what was once called "Operation Splinter Factor" being rerun under another cover, a story of high-ranking "moles" in the Kremlin, and a story of what could happen to the world if the lunatics responsible for Lord Mountbatten's murder in Great Britain carry through with their plan. **Page 16**

IN THIS ISSUE

U.S., Europe battle over dollar

The real target of the "Iran crisis" is Europe. *EIR* said so weeks ago. Now, the Europeans themselves are saying it in very undiplomatic tones: "The U.S. caused this deliberately," in order to wreak havoc with the economies of the continental powers, and keep London and New York the preeminent financial axis over the Paris-Bonn combination. Our **ECONOMICS** report this week carries the news of the all-out financial warfare that has broken out between the Europeans and the Anglo-Americans—including the necessary background: a chronology of the London financiers and U.S. Treasury's "Crash of '79" actions since the Ayatollah took his hostages. Included: "The yen collapses," and our agricultural report: "If the U.S.D.A. is right..." **Page 6**

"The American people have a right to know..."

EIR told its readers at the outset of the Iranian crisis that Kissinger, Brzezinski, Vance, and Ramsey Clark had deliberately created the crisis in pursuit of "controlled disintegration" world-economic policies adopted by the New York Council on Foreign Relations and its British mother-institutions. Now, amid howls of protest and slander from the news media, Rep. George Hansen (R.-Ida.) has returned from Iran with "documentary evidence" that those men are responsible for Iran—and demanded the American people be told. This week's **MIDEAST** report details Hansen's report, and the pressure he has come under to keep quiet. Plus, in Saudi Arabia: "Taking the Grand Mosque: A plan that backfired." **Page 37**

EXECUTIVE INTELLIGENCE REVIEW

EDITORIAL

Iran: Congress must investigate 5

ECONOMICS

U.S. and Europe battle over the dollar's fate .. 6
Implications of Bani-Sadr's debt cancellation 10
Debate on rates generates no interest 12
Foreign Exchange 14
Agriculture 14

COUNTERINTELLIGENCE

The truth behind Britain's latest spy scandal 16
Lyndon H. LaRouche on the keys to the Blunt affair
How Britain's spy scandals work 24
The spy capers in the postwar years 26

EUROPE

Showdown over European Monetary System
set for EC meet at Dublin 29
Where the EMS stands now 32
The NATO 'modernization' debate 33
Gromyko in Bonn warns against limited war doctrine

MIDDLE EAST

Iran: 'the public has a right to know' 37
Idaho representative investigates Trilateral Commission and CFR complicity
Grand Mosque takeover: a plan that backfired . 39

LATIN AMERICA

- LaRouche issues a warning to Mexico 41
*Why the Shah of Iran must not return
to Mexico at present*

U.S. REPORT

- Haig takes war candidacy to Europe
and Latin America 43

ASIA

- Afghanistan: in search of an Ayatollah 45

SPECIAL REPORT

- The EIR's LaRouche gives a comparative analysis
of intelligence services 49

ENERGY

- Slow death of the U.S. nuclear industry 58
*Without a policy change, major suppliers will
be out of nuclear business*

COLUMNS

- Facts Behind Terror 61
Congressional Calendar 62
World Trade Review 64

Showdown over EMS

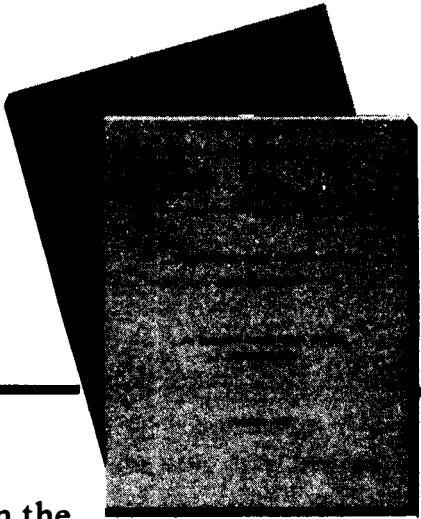
There will be "more Irans," French President Giscard d'Estaing warned this week—unless the problem of Third World misery is solved. His prescription: the International Monetary Fund must be scrapped, and a new system created. In this week's EUROPE report, we bring you Giscard's remarks, and explain the "Showdown over the European Monetary System" now shaping up for next week's Dublin summit of the European Community—Britain's Thatcher will face a Franco-German combination determined to see the EMS take the place of the IMF ... and eliminate the power of the City of London. Meanwhile, the Soviet Union views the EMS nations' success as the key to world peace. We therefore include: "The NATO 'modernization' debate," and "Gromyko's warning against the limited-war doctrine." Page 29

Comparing the world's intelligence services

Who's got the best intelligence service? EIR contributing editor Lyndon H. LaRouche, a Democratic presidential candidate, was asked for his estimate by a European political figure recently. He gives his answer, "A comparative analysis of intelligence services," this week's SPECIAL REPORT. Nine nations' services are ranked in terms of quality of intelligence gathered—and somewhat different, reported—on political, military and "terrorism" matters—and LaRouche adds his estimate of the place now occupied by yet another "intelligence service," the one with which he personally is associated. It is partly a question of *who* has the best intelligence-gathering capability: but even more important is why.

Page 49

EXECUTIVE INTELLIGENCE REVIEW



-Special Reports-

Some men and women, in positions of high responsibility, need to know even more than the weekly **Executive Intelligence Review** can report. These men and women get what they need through **EIR Special Reports**.

**Gold Returns to the Monetary System:
The Inside Story**

EIR has by far the best prediction-record on gold prices of any publication, any analyst. Gold is a political question: what governments do, not "private market forces," determines price behavior.

A 40-page report with all the background information required to put *EIR's* method to work in planning investment strategies.

\$50.00

An Energy Program for America

An exceptional, in-depth report that combines the comprehensive intelligence capability of *EIR* with the expertise of scientists at the Fusion Energy Foundation.

Included: the myth and the reality of the "energy crisis," the consequences of "synthetic fuels," the potential of fission, fusion and hydrogen technologies.

\$50.00

Kennedy and the Environmental Terrorist Movement

This is the report whose circulation prevented violence at an early October demonstration against nuclear power in New Hampshire. Who was planning the terrorism—and will try again, elsewhere? Plus an in-depth look at the Wall Street and Kennedy machine backers of a Europe-style wave of terror in the U.S.

\$50.00

Also available

- The 1979 Bilderburg Society Conference:
Planning for a New Oil Hoax \$50.00
- The José López Portillo World Energy
Proposal \$100.00
- The Case of Max Fisher: Zionist Treason
in America \$50.00

- The Significance of the May 1979
Cabinet Change in Mexico \$100.00
- The New Downturn in U.S.-Mexico
Relations: What's Behind It? \$100.00
- The Energy Crisis and the World
Economy:
The Facts and the Future \$50.00

Gentlemen: Please send me the **EIR SPECIAL REPORTS** I have checked. Please charge to:

Mastercharge No: _____ Name _____
 Interbank No: _____ Address _____
 VISA No: _____ City _____
 Signature _____ State _____ Zip _____

I enclose \$_____ check or money order.

**NOTE: THE STAFF OF EIR IS
AVAILABLE TO PREPARE REPORTS
ON AN EXCLUSIVE BASIS.**

For more information, contact Mr. Peter Ennis, Director of Special Services, *EIR*, 304 W. 58th St., fl. 5, N.Y., N.Y. 10019 (212) 247-5749.

Iran: Congress must investigate

When President Jimmy Carter, in a televised address Nov. 28, said that Henry Kissinger had in no way influenced his decision to admit former Shah Reza Pahlavi of Iran to the United States, he stepped deeper into the quagmire of complicity that binds the highest levels of the U.S. executive branch into the nightmare unfolding in Teheran. Carter's statements contradict the claims of Idaho Representative George Hansen that he has documentary evidence of Kissinger and the administration's role in provoking the Iranian crisis.

In short, the stench of coverup of the worst sort of treasonous mischief among his own advisors hangs over the President's appeal to the nation to "unify" behind his disastrous policy on Iran.

As our ECONOMICS report documents, the Western European press has been filled with accusations that the terrorism in Iran and the ensuing economic and energy warfare against Europe, were "done deliberately" by the United States.

These charges alone merit congressional hearings. Mr. Hansen upon returning from Teheran became the first U.S. official to demand a government investigation, causing the usually cool editorialists of the "Eastern Establishment" press to resort to scatological epithets against the Idaho Republican. Mr. Hansen's evidence, sources close to him indicate, points in the direction of the "private" New York Council on Foreign Relations.

EIR's editors are ready to present Congress with a full, frightening dossier of treason.

We can name the names and cite the specific instances of their actions against the vital interests of the United States, as well as the published blueprints for what the Council on Foreign Relations termed "controlled disintegration" of the world and U.S. economy. That project was authored by individuals who became the Carter administration.

• In January, *EIR* reported that Western Europe was racing to stop the "Crash of '79" from being implemented in the Islamic world. We showed that the efforts by Iranian Premier Bakhtiar to assemble a secular republican government were being sabotaged on orders from U.S. National Security Advisor Zbigniew Brzezinski, who worked to keep the shah

in Iran despite Bakhtiar's insistence that his departure was essential to stabilizing the situation. In exclusive interviews, British intelligence operatives Bernard Lewis and Joseph Harsch described Islamic fundamentalism as an "arc of opportunity" (Harsch) which would allow Carter "to act presidential" and "impose the necessary austerity."

• In our Feb. 20-26 issue, *EIR* blew the whistle on Khomeini's controllers, detailing the "conversion to Islam" of all three of the men who since then became the Ayatollah's foreign ministers (Yazdi, Bani-Sadr, and now Ghotbzadeh) by a Paris-centered existentialist network tied to the late Lord Bertrand Russell. A few weeks earlier, the *EIR* had profiled the Muslim Brotherhood, the Dark Ages cult created by British intelligence.

• In March, we traced U.S. efforts to create a new "oil hoax" in the Middle East and establish a permanent military presence there to a strategy for "surrogate warfare against OPEC" whose real purpose was to block the European Monetary System. The entire scenario was played out as we warned.

• In May, our exposé cover story on the Muslim Brotherhood as a creation of the British "Dark Ages" faction became immediately influential among political insiders in every sector of the globe.

• Over the past two weeks the *EIR* presented: on Nov. 20, the "prearrangement among Brzezinski, Kissinger, Yazdi, and the Muslim Brotherhood to rig the Iran mess in order to justify an energy shutdown; and finally, last week, the story of how the "Crash of '79" destruction of the dollar we warned about last January is now being brought about.

The point is not merely that we have been right, where the rest of the U.S. media have been misleading or silent; nor, that a lot more policy makers should be regular readers of *EIR*. The time has come to place our unique quality of intelligence on the record before the U.S. Congress, and bring Kissinger, Brzezinski, Ramsey Clark and their cohorts to judgment— before the "Crash of '79" crowd drags the world into thermonuclear war.

—Nora Hamerman

U.S. and Europe engage in financial battle over the dollar's fate

Total economic warfare has broken out between the United States and Western Europe in the wake of the U.S. government's freeze of Iran's dollar assets. While the Carter administration and the leading New York commercial banks, including Chase Manhattan and Morgan, are using the Iranian crisis to jettison the dollar's reserve currency role and force a shutdown of the Eurodollar credit market, Western European governments and banks are equally determined to salvage the dollar and avert world depression.

"The U.S. did it deliberately," charged West Germany's *Wirtschaftswoche*. The U.S. asset freeze was completely unnecessary, the publication stated, and "the effect will be an unimaginable shock going through the \$1 trillion Euromarket...It's the end of the dream of international currency and dollar stability."

Responding to the crisis, French President Giscard d'Estaing declared on Nov. 27 before a French television audience "France condemns the practice of hostage taking, however, we hope peaceful solutions will be found ... The problem is not specific to Iran. It is the outcome of the misery in the Third World. This is why France insists on proposing the furthering of the North-South dialogue. ... Unless this succeeds there will be more Irans in the Third World. ... Even more alarming than Iran is the crisis in the international monetary domain. This situation is more grave there. This is why France has been proposing the European Monetary System. But something more is needed than the EMS, and France, by next spring, hopes to have a new monetary system."

Giscard's call for a new monetary order, which would strengthen the dollar by creating high-technology export markets in the Third World, occurred just as U.S. Treasury Secretary G. William Miller was completing a tour of Middle East capitals. During his trip, Miller exerted pressure on the Saudis and other major OPEC dollar-holders to accept the phase-out of the dollar's role as the primary reserve currency and its replacement with the International Monetary Fund's Special Drawing Rights. A new round of speculation against the dollar broke out during the week of Nov. 26, spurred on by British, Swiss, and major U.S. banks.

Morgan Guaranty's Dutch-born economist Rimmer de Vries is encouraging OPEC investors, many of whom are clients of his bank, to "diversify" out of the dollar and run into "hard" currencies, such as the British pound, deutschemark, and Swiss franc.

The Carter administration's hand in stage-managing the Iranian affair was also strongly hinted at in a Nov. 28 *Le Figaro* commentary by Paul-Marie de la Gorce. The respected French columnist, who is close to Giscard, wrote that an American military intervention in Iran would harm European and Japanese economies more than the United States, since these countries are much more vulnerable to a cut-off of Persian Gulf oil supplies. This is "a consideration that the U.S. does not appear to think essential," de la Gorce stated.

Pre-planned Euromarket shrinkage

As European press coverage has suggested, the U.S. freeze of Iranian assets and subsequent Chase Manhattan Bank declaration of an Iranian default was pre-arranged in order to provide an excuse for a drastic shrinkage of Eurodollar market lending. The top-secret Federal Emergency Management Agency (FEMA), which reports directly to Brzezinski's National Security Council, prepared contingency plans for the asset freeze just after Chase's David Rockefeller and Henry Kissinger arranged for the former Shah of Iran to enter the United States—and before the Nov. 4 Iranian seizure of the U.S. embassy.

Then, during the week of Nov. 4-10, the Bank for International Settlements, U.S. Federal Reserve, and other leading central bank issued directives to the international banks instructing them to curtail their Eurodollar lending to "non-credit worthy" countries. The banks were informed that a set of capital ratios would be imposed, requiring that their loans to a given country be no more than a certain percentage of their total capital. As a result, activity in the Eurodollar interbank market, the foundation upon which the rest of the vast Euromarket credit structure rests, had already begun to grind to a halt before the Iranian freeze was imposed.

This Euromarket slowdown accelerated after Nov.

14 when the United States announced its seizure of Iranian assets held in U.S. banks both here and abroad. This established de facto U.S. control over dollar deposits anywhere in the world, in flagrant disregard of the body of international law which states that these funds are in fact under the jurisdiction of the countries in which the banks are located. As a result of the U.S. action, uncertainty concerning the future availability of dollar liquidity has nearly paralyzed the Euromarkets, which provide over \$100 billion annually in credits to governments and major corporations.

Conservative estimates indicate that the developing countries will require next year over \$60 billion to finance their current account deficits, as a result of higher oil prices and interest payments, and the bulk of these funds must come from private Euromarket banks. Should these governments be denied access to the Euromarkets, major defaults could occur as early as the first quarter of 1980.

The pretext for the latest run on the dollar in world currency markets was provided when the U.S. Federal Reserve arranged a slight, momentary easing in U.S. interest rates at the same time that major U.S. media were hyping the possibility of another major oil price boost and production cutbacks coming out of the mid-December OPEC meeting. Schröder Bank director Geoffrey Bell and Morgan Guaranty's Rimmer de Vries are both predicting large-scale diversification out of the dollar by OPEC governments—whose 1980 oil surplus, de Vries estimates, could amount to \$80 to \$90 billion.

According to Morgan's scenario, the chaos on the markets could force the West German government to accept an "orderly" phase-out of the dollar's reserve role by issuing special deutschmark-denominated securities to large foreign investors.

While the West Germans are fighting this tooth and nail, the Swiss government, de Vries reports, may shortly add a new element of instability by creating a new Swiss franc-denominated instrument designed to encourage such diversification.

Chase coup

Meanwhile, Chase Manhattan and a group of other U.S. banks pulled a major coup in the Euromarket with their declaration on Nov. 22 that Iran was in default on a \$500 million syndicated loan. Chase and some other New York banks convinced Treasury to permit them to use the frozen Iranian assets to offset "defaulted" Iranian loans even though the legality of this move is highly questionable. This placed European banks participating in Iranian loans in a bind, since if they also move to seize Iranian assets, they will involve themselves and their governments in a conflict which is not of their making. Moreover, since the bulk of Iran's assets were held in U.S. banks, many non-American banks may not be able to offset the Iranian loans in any event and will

De la Gorce: Iran crisis aimed at Europe

In a Nov. 28 column in *Le Figaro*, foreign policy analyst Paul-Marie de la Gorce reviewed the various military options being discussed in Washington as a "solution" to the Iranian situation. De la Gorce breaks them down into two categories, limited, or global intervention, each with several variants, none of which is satisfactory, particularly since they would mean "more damages for Europe and Japan than for Iran."

All of the "limited" intervention variants "have one point in common: they would entail risks and inconveniences, would probably sacrifice the lives of the hostages, but would not ensure any essential change in the political situation in the region in favor of the United States."

Those of Carter's advisors who favor "global intervention" are "consciously or not inspired by the lessons given by Henry Kissinger." Such an intervention, however, would lead to "a civil and foreign war of unpredictable dimensions," including Soviet intervention.

Warning of dangers created by pre-election year politicking in Washington, de la Gorce concluded:

"we can thus measure the importance of the present efforts to bring out a political solution. Several diplomatic initiatives concur in this direction—those of France in particular at the same time as those of Mr. Waldheim (U.N. Secretary General). They all suppose cooperation with the Soviet Union. After the capture of the hostages, the latter had opposed, like all other powers, the Iranian request for a meeting of the Security Council. Was this a sign and was it picked up by Washington? ... Nonetheless, on Saturday Moscow began to warn that any American action, even limited would not go without a response.

Despite these warnings, American leaders are counting on the ordinary caution of the Soviets: they are undoubtedly right. But this is not enough to set aside the dangers of a military confrontation in the Middle East, nor the dangers of the prolongations it would have in this region of the world, nor the opportunities which would then be opened for the U.S.S.R. to exploit the crisis in its favor."

be forced to take large losses. At a meeting of non-U.S. banks in London during the weekend of Nov. 24, most banks refused to go along with Chase in declaring Iran in default.

An extraordinary escalation in the conflict between U.S. and European banks occurred on Nov. 28 when Morgan Guaranty moved to attach Iran's holdings in two of West Germany's largest companies. Morgan won a court order in West Germany to attach Iran's 25.01 percent interest in the West German steel concern Fried. Krupp G.m.b.H. and its 25.02 percent share in the West German engineering firm Deutsche Babcock

A.G. West German government and banking officials warned privately that the Morgan action would further internationalize the Iranian crisis.

"Tell me, is the Ayatollah going to believe that the West German government can't do anything in this case?" one government official told the *New York Times*. Under West German law, requests such as Morgan's are automatically granted, although the disposition of the assets has yet to be determined. Morgan's motives were clearly not financial but an act of economic war against the West German economy, since the bank's Iranian deposits, effected by the U.S. freeze, exceed its \$80 million in loans to Iran.

The growing acrimony between U.S. and non-U.S. banks over this situation is being manipulated by the British to further the breakdown in the loan syndication process. According to the *Journal of Commerce*, a representative of the British merchant bank Hill, Samuel suggested that, in the future, all syndications will be confined to banks of the same nationality. On Nov. 28, the Iranian government paid \$1.2 million in dollars to Sumitomo Bank, as interest payment on a \$50 million syndicated loan in which only Japanese and European banks had participated. This payment raised speculation that Iran, which had previously threatened to default on all its debts, would henceforth make payments only on loans in which U.S. banks are not involved. Importantly, Iran made the payment by transferring dollars from its account at a British bank—and the Bank of England sanctioned the transaction.

New evidence has also surfaced indicating Chase Manhattan had prior knowledge that a U.S. freeze of Iranian assets was in the offing. The Iranian government reported that it had notified Chase Manhattan on Nov. 5 to transfer funds from its account in order to meet a loan payment due on Nov. 15. Chase failed to make the transfer before the freeze was imposed on Nov. 14 and then proceeded to declare the loan in fault.

With approximately \$340 million in outstanding loans to Iran and \$500 million in Iranian deposits, David Rockefeller's Chase Manhattan—with Henry Kissinger on the board of directors—has itself suffered no financial loss as a result of the Iranian "default" but has nevertheless dealt a serious blow to the Euromarket and the ability of banks to assemble syndicated credits in the future.

Gloating over this development, the London *Guardian's* financial columnist, Hamish McRae wrote on Nov. 27: "Even if Iran does default, it could be a blessing in disguise for the international banking system. If you want to choose a borrower to default with the biggest emotional impact on the international banks, with the least actual damage, choose one with large outstanding loans and large deposits. Iran is the best candidate."

—Alice Roth

West German press: 'The U.S. did it deliberately'

Wirtschaftswoche, Nov. 26: The U.S. did it deliberately. The effect will be an unimaginable shock going through the 1 trillion dollar Euromarket ... It's the end of the dream of international currency and dollar stability.

Die Welt, Nov. 26: [European bankers speak of an unnecessary escalation made in imposing the U.S. freeze—European bankers in the U.S. are embittered because they are left alone with the paper while U.S. banks have Carter's backing. They're enraged at U.S. officials' schadenfreude on the situation of the Europeans, especially Germans.

Anglo-American media: "political friction in money race"

International Herald Tribune, Nov. 26: [This is] the end of the decade of cheap credit and easy money—now there will be political friction in the race for money ... The IMF will take a much bigger role.

Financial Times (London), Nov. 26: The widening shock waves of Iran have the effect that the basic assumptions of the international banking system and Eurocurrency network have been called into question ... At stake is the future integrity of the markets. The Euromarket is not as immune any longer from sovereign control. Dissatisfaction with the method of syndication is now leading to a greater will to use only bilateral direct bank loans. There are worries whether banks should any longer accept petrodollar deposits, with transformation becoming a very risky business.

The 'Crash of '79'—a chronology

Acting in close coordination with leading New York and London banks, elements in the Carter administration have organized and staged the Iranian crisis from the very beginning. Their aim is to use U.S.-Iranian confrontation as a pretext with which to impose a feudalist world economic reorganization along the following lines:

1. The termination of the U.S. dollar's role as the world's primary reserve currency, while simultaneously upgrading the position of the British pound sterling.
2. The destruction of national governments' sovereignty over their economic policy, including the abrogation of U.S. national economic sovereignty.
3. Transformation of the International Monetary Fund (IMF) into a world central bank possessing dictatorial powers over world credit allocations.
4. Instigation of a "controlled" world depression.

Although the Anglo-American policy establishment has favored such a program since at least the end of World War II, it was not until the September 1979 IMF that a certain "kook" faction within that elite made the

decision to "go for broke" and implement the full program—even if it meant risking nuclear holocaust. At that conference, held in Belgrade, Yugoslavia Sept. 30 to Oct. 5, the Anglo-American elite confronted an awesome threat to their power: a growing coalition of Western European governments, Arab petrodollars holders, and other Third World nations. Led by French President Giscard and West German Chancellor Schmidt, this international grouping was pressing for an end to the IMF's austerity conditions, and was taking steps to expand the European Monetary System (EMS) into a global gold-backed monetary system for the industrialization of the Third World. It was the threat that some OPEC nations might channel their petrodollars through the EMS, terminating in one stroke the authority of the IMF, which precipitated the decision to rig the Iranian crisis.

Since the IMF meeting, U.S. and British policymakers have taken the following steps against the dollar and the dollar credit system in rapid-fire succession, removing any possibility that the Iranian events are a mere "spontaneous" occurrence:

October 6: Federal Reserve chairman Paul Volcker announces his three-point "anti-inflationary" package, including a hike in the discount rate, higher reserve requirements on U.S. banks' borrowings from the Eurodollar market, and a Fed commitment to curb the growth of monetary aggregates—no matter how high U.S. interest rates went. The result is the onset of a new U.S. depression, already highly evident in the auto, steel, and housing sectors, and the danger of a "synchronized slump" in Western Europe, Japan, and the developing countries.

October 20: The Carter administration grants permission for the Shah to come to the U.S. following intense lobbying from Henry Kissinger and David Rockefeller, Chase Manhattan chairman and "the Shah's banker." The decision is made despite warnings by some government officials that the Shah's presence in the U.S. could provoke Iranian action against the U.S. embassy.

October 26: At a conference sponsored by the Friedrich Ebert Foundation in Port Chester, New York, U.S. Treasury Undersecretary Anthony Solomon delivers a harsh verbal attack on European governments. Solomon particularly takes the Europeans to task for their

close economic collaboration with the OPEC nations and their failure to follow U.S. monetary leadership. U.S. officials' outrageous behavior at the Port Chester event is commented on by the West German business daily *Handelsblatt*, which remarks that an unidentified American had even compared the present West German government to that of Hitler!

October 30: The British government announces that it is about to bring to a close 30 years of exchange controls, thus eliminating the last remaining technical obstacle to a resurrection of the pound sterling's reserve role. This British move is taken at about the same time that officials at the U.S. Federal Emergency Management Administration (FEMA) begin mapping out contingency plans for the seizure of Iranian assets, a step which will accelerate the diminution of the dollar's role while boosting sterling.

November 4: Iran seizes the U.S. embassy in Teheran.

November 5: The Iranian central bank requests that Chase Manhattan transfer \$4 million from its account to make an interest payment on a Chase-managed loan falling due Nov. 15. (See 'November 22')

November 4-10: A team of central bank experts working under the direction of the Switzerland-based Bank for International Settlements (BIS) prepares a plan to sharply curtail international lending by private banks. According to the *Financial Times*, the plan will force the banks to lend only a specified percentage of their total capital to any given country. Banking sources report that the BIS plan has in fact already gone into effect, that Euromarket funds have dried up for all but the most "creditworthy" Third World countries, even these are being compelled to accept harsher terms. The credit rationing is under the central control of Alexandre de Lamfalussy, the BIS economist who is also associated with the Rothschild-linked Banque Bruxelles Lambert and U.S. Comptroller of the Currency Robert Heymann. Both the BIS and the Comptroller's office run a top-secret, computerized monitoring system of individual banks' activity, which permits them to apply heavy pressure to those banks which persist in lending. FEMA also has access to this data.

November 14: The Carter administration announces that it has frozen all Iranian government assets held in the U.S. and in U.S. bank foreign branches, ostensibly in retaliation to an Iranian threat to transfer those assets to non-American banks.

November 15: The Bank of England announces an increase in its Minimum Lending Rate (equivalent to our discount rate) by three percentage points to an all-time high of 17 percent, an overt act of financial warfare against the dollar. The pound jumps from \$2.1150 to \$2.18 within two days, while Italy's *Il Giornale* editorializes: "International markets have already chosen the currency to replace the dollar: the pound sterling."

November 21: U.S. Treasury Secretary G. W. Miller embarks on a six-day visit to Saudi Arabia, Kuwait, and the United Arab Emirates. Miller informs the press that he is seeking OPEC support for "SDR substitution," a plan which would eliminate the dollar's reserve role by compelling all governments to turn their dollars in to the IMF in exchange for the IMF's paper IOUs.

November 22: Chase Manhattan and other U.S. banks declare Iran in default on a \$500 million Chase-managed syndicated loan, despite Iran's Nov. 5 request for payment.

November 23: Iranian Foreign Minister Bani-Sadr announces that Iran will default on all of its foreign debt, totalling \$15 billion, and use the funds to finance worldwide Islamic "revolution."

November 28: Morgan Guaranty moves to attach Iran's assets in two of West Germany's largest industrial firms, Krupp and Deutsche Babcock.

What is the meaning of

Abolhassan Bani-Sadr's Nov. 28 fall from Iran's foreign ministry leaves in doubt whether his announcement of a unilateral debt moratorium on between \$10 and \$15 billion of Iranian debt will be enacted. Most banking commentators entirely missed the point, however, by centering attention on the Iranian events. Bani-Sadr's apparently out-of-the-blue announcement was not an Iranian matter. It was the first public announcement of a Club of Rome plan to "de-link" the developing sector, in a wide-scale repetition of the Pol Pot solution for "excess population."

The Club of Rome plan to "de-link" developing sector nations from international trade is now the subject of a quiet but intense promotional scheme, centered at the United Nations' Institute for Training and Research (UNITAR), under the direction of Club of Rome operative Ervin Laszlo. Nominally an employee of the UNITAR agency, Laszlo reports directly to his principal funding source, Club of Rome President Aurelio Peccei.

Laszlo, in discussions with Third World leaders, is urging them to declare unilateral debt moratoria of the sort Bani-Sadr proposed as the first step to "total independence" of the developing sector from world trade. The shock effect of these debt moratoria, which Laszlo admits would enforce a shutdown of all imports from the industrial sector, would impel the developing sector nations toward de-urbanization and depopulation.

According to sources close to Laszlo, the Club of Rome spokesman envisions the debt moratoria plan as a form of implementation of the Sorbonne doctoral thesis of the former President of the regime of deposed Cambodia butcher Pol Pot.

A trial balloon

Bani-Sadr's abortive declaration was a trial balloon for broader use of the Club of Rome plan. The former Iranian foreign and economics minister was trained through British intelligence installations at the Sorbonne in Paris. Bani-Sadr—who graduated in the same class as his co-thinker Khieu Samphen—came under the direction of Club of Rome leader Maurice Guernier. Guernier is the funding conduit between Peccei's Club of Rome and UNITAR's Ervin Laszlo.

As the *Executive Intelligence Review* has shown elsewhere, the Iran crisis was pre-rigged to break up

Bani-Sadr's debt cancellation

European efforts to form a new world monetary system oriented toward world development. The Iran crisis is aimed at replacing the dollar reserve system with a London-centered "multi-currency reserve" pool led by a "petro-pound" sterling. The threatened debt cancellation, portrayed in financial press accounts as a sideline of the crisis, is actually the clearest statement of the economic content of the Iran affair.

British financial commentators frankly laud the prospect of Iranian default as a test run, permitting the City to evaluate commercial banking and government reactions. "The default was a blessing in disguise," wrote the London *Guardian's* Hamish McRae Nov. 26. "It produced the greatest emotional impact with the least damage," because Iran's outstanding debts are almost covered by deposits in foreign banks.

U.S. Treasury officials treated the "blessing" in exactly that way. In the most extreme action taken by any monetary authority in the postwar period, the Treasury prepared a "pool" of Iranian deposits frozen by American banks under the Nov. 15 order.

Treasury sources confirm that the pool of funds will be used to redeem Iranian loans that the commercial banks have declared in default, in cases where banks have insufficient deposits to cover such loans. For example, while Chase Manhattan had Iranian deposits of \$500 million against only \$340 million in loans to cover, First Boston, Security Pacific, Chemical Bank, and Wells Fargo had loans in excess of deposits. The Treasury will use frozen assets to pay off the deficit banks.

EIR reported last week that the Treasury's emergency apparatus, in an on-line hookup with the Federal Emergency Management Agency, had prepared a system of financial controls that could apply to all developing countries, not only jittery OPEC depositors. *EIR* revealed exclusively that the Treasury's team, under the direction of Executive Secretary for National Security Affairs Randall Kau, was receiving classified material on flow of banking funds, through National Security Agency "taps" into the major international electronic funds clearing systems.

Where the British and American monetary authorities are concerned, such unilateral defaults would merely trigger a general takeover of developing nations' assets in the advanced sector (if the Treasury stops to consider the legal status of such action, it could activate

the Foreign Sovereign Immunities Act of 1976, according to Treasury General Counsel Santos). The commercial banks have already received assurances that the monetary authorities will distribute these assets to banks—as in the case of the Iran deposit pool—to soften the massive write-offs required.

Mexico's role

However, as the Club of Rome learned when its original 1969 "Limits to Growth" program met rejection from the international community, writing off the developing sector involves huge political obstacles. The Third World has the option, presented Nov. 27 by French President Valery Giscard d'Estaing, of participating in a new world monetary system based on development. Mexican President José López Portillo has been a frequent proponent of a new world order based on capital-intensive development, and has acted as a spokesman for the Third World generally at the United Nations and other international forums.

Consequently, the Club of Rome's chief objective is to undermine Mexico's role, promoting its canned variety of Third World radicalism instead. Club of Rome agent-handler Laszlo is re-grouping the entire UNITAR apparatus at the Mexico City-based Echeverria Institute, as a base of operations for Latin America. (See *EIR* No. 46, Nov. 26-Dec. 3 for Contributing Editor Criton Zoakos's expose of Laszlo's network of Jesuit collaborators in Latin America).

Laszlo's plan, outlined in the book *Goals for Mankind* he authored for the Club of Rome in 1977, is identical to that of Pol Pot and Bani-Sadr. The U.N. official wrote, "Urbanization ... creates problems that are essentially insoluble ... Our goals should be to foster development of the rural zones and to create agro-industrial complexes that are self-sufficient and far from the main urban centers. ... In a more distant future, we can even achieve a moderate reverse migration." Pol Pot successfully brought this about in Cambodia, killing half that nation's population in the process.

Giscard warned in his televised address that if the problem of development were not solved, there will be many more Irans. Bani-Sadr's masters are putting the apparatus in place to create them.

—David Goldman

The debate over rates generates no interest

The current debate over whether or not U.S. interest rates have peaked has a laughable air of unreality to it.

Perhaps the most striking example of the problem is found in the "business as usual" discussion of the federal budget deficit and the effects of financing it on the U.S. credit markets.

The widely read Manufacturers Hanover Trust *Financial Digest* argued last week that the impact of the looming fiscal 1980 budget deficit would not be "unduly disruptive" on the U.S. financial markets because of a large Treasury surplus, state and local government surpluses, and weak business loan demand. But at the same time, the actions of senior U.S. Treasury officials were making it impossible to finance a U.S. government deficit ever again.

Treasury Secretary William Miller's statement in Riyadh on Nov. 25, that he looks forward to a time when the International Monetary Fund's Special Drawing Rights will replace the dollar as the premier international reserve currency, can hardly have increased the Saudis' confidence in the dollar or their eagerness to continue placing surplus oil receipts in Treasury securities. The Treasury's freeze of Iran's dollar-denominated assets is another recent development which raises questions about future foreign purchases of U.S. Treasury debt, to say the least.

The implications for financing the fiscal 1980 federal deficit—which analysts now say could reach \$50 billion or twice the fiscal 1979 deficit—are extremely ominous. In 1977 and 1978, the OPEC nations, Europe, and Japan were the mainstay of the U.S. government securities market. Foreign investors increased their holdings of Treasury debt by \$31.6 billion in 1977 and \$20.8 billion in 1978. The net increases in holdings of Treasury securities by all investors in those years were \$35.2 billion and \$22.2 billion, respectively.

Figures compiled by Bankers Trust show that the liquidation has already begun. During the first three quarters of this year foreign investors ran down their holdings of Treasury securities by \$11.5 billion. The shift principally reflected the temporary stabilization of the dollar and the fact that European central banks were acquiring fewer dollars in currency support operations. Foreign exchange sources now report that the

liquidation is accelerating and taking place for other reasons. Over the last six weeks, \$9.5 billion in U.S. Treasury debt has been dumped by foreign holders, a full \$6 billion of which is accounted for by sales by the Bank of Japan, which desperately needs cash to defend the yen.

Having taken stock of these events, most money market economists now believe that the burden of underwriting the government's growing budget deficit will fall inescapably on domestic investors—commercial banks, savings banks, insurance companies and other institutional investors, and state and local governments. As Manufacturers Hanover noted in its Nov. 26 commentary, whether those sources can come up with sufficient funds to finance the Treasury deficit depends on the size of corporate credit demand—that is, the Treasury's needs can be met only if economic activity collapses and short and long-term credit demand evaporate.

Is this the peak?

As the nation's stock and bond markets burst into euphoria last week over the slight drop in the prime rate, cooler heads on Wall Street were predicting a renewed ascent of rates before long and telling their clients "to go long." In fact, when Chase Manhattan lowered its prime rate to 15-1/4 percent on Nov. 27—a quarter point lower than everyone else—it issued a statement emphasizing that the reduction "shouldn't be interpreted as a prediction of future interest rates one way or the other" but was just "an accurate reflection of current money-market conditions."

The next day Henry Kaufman of Salomon Brothers, the guru of the credit markets, was quoted in the *Financial Times* of London as predicting that the prime rate would peak at 17 percent and not before.

Those sources putting their money on a higher and later peaking of rates cite first the possibility that corporate borrowers may take advantage of the slight easing of rates and rush to lock up more loans before rates go higher again. Loan demand is by no means quenched despite the recent slowdown over the last several weeks, because inflation has locked the corporate sector into a dependency on borrowed funds.

Second, they regard as imminent another major hike in world oil prices when OPEC meets in mid-December.

Expectations of this have already sent the dollar plummeting on the foreign exchanges again, and could provide the Federal Reserve with the pretext for effecting another round of credit tightening measures "to defend the dollar." Furthermore, Fed Governor Henry Wallich, who is usually privy to Chairman Volcker's deepest intentions, leaked to the press last week that he believes that the central bank should accommodate a higher oil price "as little as possible." That is to say, the Fed should let the credit markets and the economy feel the brunt of the threatened OPEC price hike and not relax its stringent monetary policy.

It is also expected that U.S. Treasury securities will be dumped by foreign holders, which would throw the whole Treasury financing ball to domestic investors and put more upward pressure on interest rates.

These well-taken considerations lead various sources to date the peaking of interest rates three to six months hence. What no one fully realizes, however—or at least is willing to admit publicly—is that when interest rates do "peak," it will be after months of economic devastation, and then there will be a drying up of loan demand and collapse of interest rates similar to what happened after the Kredietenstalt folded in 1931. Hardly an event to look forward to.

The easing of interest rates two weeks ago was rigged by the Federal Reserve to, if anything, cover for the budgetary and credit market crisis in the making, and allow the U.S. stock and bond markets a brief rally before the next deluge. The cut in the prime rate initiated Nov. 26 was the outcome of the Fed's generosity to the large commercial banks—the continuing supply of borrowed reserves to the banking system. As the recent statements of Secretary Miller and other senior U.S. monetary officials show, their chief aim is not merely to "cut money supply growth," but to phase out the dollar's role as a world reserve currency, bring on the SDR, and subject the U.S. economy to IMF dictates. In the process of engineering this, they can allow the credit markets to entertain the illusion that "interest rates have peaked."

—Lydia Schulman

We call the shots... and so can you

What you should know about gold

Executive Intelligence Review has the best record by far of any publication, any analyst, in calling the shots on gold price movements. We know one thing that most analysts don't: gold is not a "free market" commodity—it's a political commodity. The policies of governments, not "technical" considerations, ultimately determine where the gold price is going.

Now *Executive Intelligence Review* has put together a 40-page special report, "Gold Returns to the Monetary System," to give you all the background information you need to put this method to work in planning your investment strategy.

- How the European Monetary System works and how it has remonetized gold
- What gold remonetization means for the U.S. economy and the dollar
- How European gold proposals differ from the pre-1914 gold standard

All these questions and more are answered in an easy-to-read question and answer format. The report also includes important policy statements by European officials not generally available in the U.S. press.

To receive your copy of "Gold Returns to the Monetary System," please send \$50.00 by check or money order to *Executive Intelligence Review*, Fifth Floor, 304 W. 58th Street, New York, New York 10019.

FOREIGN EXCHANGE

The yen collapses

Japan's worst postwar currency crisis, now costing in the range of \$3 billion per week in foreign exchange intervention, is the possible prelude to a series of currency crises in Western Europe and elsewhere. Most comments in the foreign exchange circuit attribute the yen plunge—which brought the currency last week to a two and a half year low below the Y250 to the dollar—to the

\$3.5 billion trade deficit announced for last month and Japanese dependency on \$45-per-barrel spot-market oil. Japan now faces a "pincer" of falling exports, low energy availability, and high-cost imports that will flatten the economy, dependent for this year's growth on consumer credit and other fluff.

However, the collapse of the yen was an almost foregone conclusion after last month's elections returned Prime Minister Ohira. Whether Eu-

rope goes down the same tube depends on how the same political problems are resolved there.

The yen and oil

Despite strenuous efforts by the Bank of Japan (BOJ), the nation has been unable to stop a headlong plunge of the yen. In the last three weeks, according to U.S. banking sources, Japan liquidated over \$6 billion in U.S. Treasury notes to fund currency intervention in support of the yen. Nonetheless, the yen plummeted to 250 by Nov. 26 from 220 at the beginning of October. The series of exchange-control measures announced Nov. 27 succeeded in stemming the fall for only a few short hours. The yen may be expected to continue falling through at least December and January to a level approaching 270, if not even further.

The major single impetus for the yen fall-off is the shutoff of oil supplies to Japan by the international majors. Japan is 99 percent depend-

AGRICULTURE

If the USDA is right ...

As *EIR* previously reported, the U.S. Department of Agriculture shocked everyone several weeks ago with projections that showed a 20 percent plunge in net farm income for 1980—from an estimated \$30 to 32 billion this year to \$20 to 25 billion. Crop receipts will be up for all major commodities except possibly oilseeds, but production costs will rise faster

and more, department spokesmen told the recent agricultural "Outlook '80" conference in Washington, D.C. Pork and poultry producers are expected to be squeezed during the first part of the year "before their operations are cut back," conference chairman J. Dawson Ahalt stated, while crop producers should come under the ax by the first preparations for spring planting.

But what the projected income drop will mean for the farm sector is

far worse than the USDA figures indicate, as Federal Reserve economist Emanuel Melichar told the same conference. In fact, Melichar documented that the projected 20 percent drop will deal a crippling blow to the largest, most productive units, with rates of collapse of net money-income up to 38 percent, accompanied by up to a 20 percent drop in cash-flow levels.

In discussions this week, Agriculture department economists were anxious to back away from the drastic projections, arguing that the impact would be "localized," confined for the most part to the poultry and pork sectors that stepped up output "too fast" during 1979 in response to the tight beef supply situation. Influenced perhaps by Federal Reserve Chairman Paul Volcker's assertions Oct. 6 that his new credit crunch measures would wipe out double-

ent on oil imports. The unilateral cancellations of contracts cut majors' supplies from 70 per cent of Japan's consumption at the beginning of the year to only 40 per cent of a lower consumption this year. Japan has not been able to make up the difference and will experience an oil shortfall this winter, according to the Ministry of International Trade and Industry (MITI). "Paying any price" to make up the difference, Japan's largest trading companies just signed a deal to buy 12 million barrels of Iranian oil at the astounding spot price of \$45 per barrel. The Iranians let it be known that refusal to pay the spot prices would lead to cancellation of long-term contracts signed for delivery at a lower price. The rise in the oil import bill will send the yen down still further, while feeding a domestic wholesale inflation rate already at the 20 per cent level.

Japan's predicament is worsened with Ohira as premier. Since his vic-

tory, Ohira has maintained his good relations with the Carter administration, no matter what sacrifices this requires of Japan's economy.

Japan, for example, has almost completely implemented the Bank for International Settlements (BIS) memorandum of four weeks ago mandating a sharp cut-off of loans to developing countries. The Ministry of Finance backed up the BIS diktat in its own directives to the private banks three weeks ago; since then, Japan's new international lending has fallen to practically zero, according to Japanese banks.

On Nov. 27, Ohira appointed a new Governor of the Bank, Haruo Maekawa, currently a deputy governor whose main virtue seems to be his association with the Bank for International Settlements. Otherwise, "his expertise in domestic economics or international matters other than foreign exchange seems rather thin," says one Japanese banker. Many Japanese bankers as well as the polit-

ical faction of former premier Takeo Fukuda had supported Satoshi Sumita for the post. Sumita, a close associate of Fukuda, headed the Export-Import Bank of Japan in 1978 when it and the private banks were being used by then-premier Fukuda to promote an expansion of Japan's role as an international lender in alliance with France and West Germany. Sumita's appointment would have signaled a renewed effort at currency and credit-stabilization efforts with the Europeans, as in 1978. Following Ohira's victory, Sumita was relegated to second-in-command at the bank.

In the short term, international lending buoys Japan's capital goods exports and supports the yen; in the medium term, it aids the European efforts to set up a new monetary system as pledged by France's Giscard d'Estaing. In its absence, Japan has no defense against runs on its currency and shutoffs of its oil.

—Richard Katz

digit inflation, department sources are reluctant to attribute much weight to the generally severe inflation of producer costs, insisting in some cases that "maybe things will change by spring."

A more sober view of the matter would acknowledge, first of all, that the Volcker measures are and will continue to ensure a skyrocketing rate of inflation as long as they are pursued, until the point at which a provoked collapse of economic activity stops the whole process.

Farm income in 1980 may even be a lot worse than the department fears. But, as Dr. Melichar detailed, the current projections are bad enough. Melichar demonstrated that the burden of the projected net income drop would fall most acutely not on isolated poultry or pork operations here and there, but squarely on the 34 percent of farm units, the

larger, more productive ones, that have annual dollar sales in the range of \$20,000 to \$100,000 and over. These account for the bulk of total U.S. farm output.

It is this 34 percent of farms that account for 90 percent of total cash receipts in the farm sector; that account for approximately 90 percent of production expenditures; and that account for over 70 percent of machinery expenditures annually. Not surprisingly, it is this small group that carries the vast bulk of farm debt outstanding, nearly 90 percent.

At the same time, this group accounts for relatively little of the "off-farm" income made by farmers. Those farms that have annual sales of less than \$20,000—more than 60 percent of all units—enjoy the preponderance of off-farm income—a fact which will greatly cushion them against the projected income drop.

If we consider that the nonmoney component of farm income is about \$10 billion today, a 25 percent fall in operators' net income necessarily means a magnified reduction in operators' money net income of about 32 percent, as Melichar shows. Furthermore, the nonmoney portion of farm income, like "off-farm" income, is concentrated on the large number of very small farms that serve primarily as rural residences.

If the USDA's projections materialize, what will result is a fall in net money income from 18 to as high as 38 percent for farms in the \$100,000 and over annual sales range. What will result is from 10 to 20 percent drops in cash flow for the largest, most productive units. Since these units are also the most highly leveraged, the projections chart a cash-flow of monumental proportions.

—Susan Cohen

THE TRUTH BEHIND BRITAIN'S

The key to the Blunt affair

by Lyndon H. LaRouche, Jr.,
Contributing Editor

During the fall of 1977, I succeeded in exposing the notorious, supposed British defector, "Kim" Philby as still, in fact, a loyal member of Her Majesty's Secret Intelligence Service. My proof was examined and corroborated by portions of the United States intelligence establishment, and was independently corroborated by French intelligence.

Now, during the most recent period, the British press has been engaged in a circus-like performance, exposing the Queen's art advisor, 72 year-old Anthony Blunt as the supposed "fourth man" in the quartet of Philby, Burgess, Maclean, and Blunt. British official circles emphasize that Blunt's connection to Philby was fully known to SIS and Her Majesty as early as 1964.

The most immediate narrower significance of the press hullabaloo over "The Man In The Queen's Art Collection" is that it becomes the occasion for strong "grey propaganda" hints that the Queen will step down from the throne, presumably in favor of her son, Prince Charles.

All of this business about Blunt has erupted in the aftermath of the assassination of Lord Louis Mountbatten, the Queen's late cousin. This is no coincidence, but some sort of very meaningful connection.

Immediate implications

To discover the immediate practical implications of the Blunt affair, one must take into account two vital facts. First, one must recognize that Philby, et al. are—on condition they are still alive—deep-penetration agents of British SIS within sensitive elements of the Soviet Party's intelligence establishment. Second, one must

place emphasis on the late Lord Mountbatten's denunciation of those "grand strategies" currently being pursued by both the British and U.S. governments.

On the first count, the blowing of Blunt at this time threatens to set off a "great purge" process within the Soviet Union and Eastern Europe, like first the 1930's purges and second that in which Allen Dulles acted under British direction, in Eastern Europe during the late 1940s.

The second count is directly connected to the propaganda efforts to secure the Queen's abdication in favor of her son. How things go within the intimacies of the royal household itself, we do not know. We do know, however, that the hints at the Queen's abdication are being played in such a way as to suggest strongly that Royal Navy-connected Prince Charles is favored by those forces the late Lord Mountbatten attacked.

Report of a recent address by Henry Kissinger to a captive, blue ribbon audience in West Germany, underlines the way in which the two matters are connected.

Kissinger argued that Eastern Europe is about to undergo a drawn-out process of internal destabilization, such that by about 1985 the Soviet Union's power would be broken. Kissinger argued that the present, "geopolitical" thrusts on the Soviet periphery—including the Iran crisis and the projected new Peking invasion of Southeast Asia—are merely part of the external pressures complementing the insurrectionary activities being projected within the Soviet bloc.

What Kissinger outlined is a reflection of the same policy for which Kissinger was denounced at the recent, Switzerland conference of the London International Institute for International Affairs (IISS). That denunciation aired through the IISS conduit, was essentially an echo of the argument made somewhat earlier by the murdered Lord Louis Mountbatten.

Despite those warnings conduited through IISS, the policies for which Kissinger was denounced are currently in effect in the British and United States government. These current policies are those adopted at the summer Bilderberg conference in Austria, and adopted earlier at a secret meeting of oil multinationals at the Arden House residence of former Governor Averell Harriman.

In the opinion of Lord Mountbatten and others,

LATEST SPY SCANDAL



what Kissinger and his patrons are proposing is an early thermonuclear war, a war brought on by "strategic miscalculation."

It is by no means coincidental that the Blunt affair should have been played into the international press at the time of Kissinger's and the State Department's joint efforts in setting up the taking of U.S. hostages in Teheran. Let us review, first, the Iran situation, and return to reconsider the two essential points of policy raised by the Blunt affair itself.

'Crisis management' in Iran

General Alexander Haig has most recently lied (once again) in asserting that the dispatch of General Huyser to coordinate aspects of the installation of the Khomeini dictatorship in Iran was done without his, Haig's, authority as NATO commander. No doubt, the orders for General Huyser's deployment were coordinated in the National Security Council precincts; however, Haig was "fully on board" and complicit in that operation.

I was personally in the middle of the situation at the time the Khomeini coup was launched. I contended to Washington and other locations, for a policy of supporting the government of Prime Minister Shahpour Bakhtiar, through full U.S. backing of the efforts led by France's President Valery Giscard d'Estaing. I warned of the inevitable scenarios which would be unleashed by allowing the pro-Khomeini coup to proceed—my warnings have been vindicated to the last detail. My strong advice on this matter was overridden then, as it had been earlier in connection with the Camp David fiasco.

In fighting for a policy of restabilization for Iran (around Bakhtiar) I was up against total commitment to what is called the "Bernard Lewis plan" by the State Department, by the National Security Council, by the command of the U.S. intelligence services, and by Mr. Kissinger and his friends. I was up against decisions made among British Petroleum, Royal Dutch Shell, Mobil, Exxon and others, as argued at the Arden House meeting—where my name came up, not so coincidentally, on the agenda as a problem to be dealt with.

It should also be emphasized that the Bernard Lewis plan was enthusiastically countersigned at the Austria

meeting of the Bilderberg Association this past summer.

To situate Haig in this affair, a few facts are sufficient.

Haig is best known to date as Henry Kissinger's errand-boy from the Watergate affair. It was Kissinger and his side-kick Haig who were directly responsible for creating the "plumbers," and who issued every order relevant to the matters for which the Nixon administration was brought down in the "Watergate" proceedings. This, that unwholesome chameleon, Senator Howard Baker, knows very well—among the other facts he was an accomplice in covering up during his association with Senator Sam "Mother" Ervin and Sam Dash.

The connection between Haig and Kissinger goes much deeper. Fritz Kraemer, recently retired from a long career as top mole within the Pentagon, rightly claimed to have "invented Henry Kissinger." Kraemer's claims are fully supported by the evidence. Kraemer also claims to have "invented" General Alexander Haig. This also is a fact. It was also Kraemer who appointed the Lieutenant-Colonel Haig to Kissinger's staff. The key to the controllers of Kissinger and Haig to this present day is the Kraemer link.

Kraemer, a German oligarchist who immigrated to the United States in 1938, made his Pentagon career under the included patronage of Chicago's General Julius Klein. Under Klein, Kraemer and Helmut Sonnenfeldt were a team in postwar, occupied Germany, which team included Pfc. Henry Kissinger as Kraemer's jeep driver. According to Kraemer, Kissinger exhibited those character deficiencies of feral personal insecurity which prompted Kraemer to begin developing Kissinger as an agent. Later, Kraemer sent Kissinger to Harvard, where Kissinger's training as an agent of the British Secret Intelligence Services was subsidized by Rockefeller funds. Kissinger was developed as a British agent under the orbit of John Wheeler-Bennett, and was assimilated into the Sussex Psychological-Warfare Division of British intelligence during the middle 1950s, after which he was assigned to George Franklin, et al. at the British intelligence conduit known as the New York Council on Foreign Relations (CFR).

Did Kissinger and Haig part ways after completing their "cold coup d'etat" handling of an isolated Richard

M. Nixon? A few additional background facts show who was who in the Iranian business.

At the time of the 1978 interim Democratic Party convention, my associates' undercover investigations into appropriate, Council on Foreign Relations authors uncovered wide agreement on a projected game-plan for the 1980 elections. In brief, Senator Edward Kennedy was to gain the Democratic Party nomination, in order to wreck the Democratic Party for the 1980 election. General Alexander Haig was to secure the Republican nomination, and become the four-paper-clip gadget on a white pony to ride into the White House by way of Chappaquiddick Bridge.

The sponsors of this game were not insensible of obstacles in the pathway of the Republican nomination of Haig. Their plan was to put the United States through a series of "crisis management" confrontations with the Soviet Union, beginning fall 1979, which would produce the kind of mass hysteria under which Haig could be sold as "the thing on a white horse."

One of Haig's earliest sponsors was Scott Thompson of the Fletcher Pratt adjunct of the Boston area's Tufts University. It was Thompson who formally launched Haig's career this past spring at a Boston speaking engagement for Haig—before Haig had completed his NATO tour. Currently, Thompson is cooperating with the same Ray Cline who is shaping George Bush's policies, and Haig has a fallback position as a key figure, under Cline's coordination, on Bush's staff. The center of this operation is Georgetown University's CSIS, the same Georgetown through which Kraemer laundered Haig's rise by the paper-clip route, the same Georgetown to which key British intelligence operative Bernard Lewis has been "seconded" for the purposes of of the present Middle East "Arc of Crisis" operations.

There is no one in the higher circles of the Washington intelligence orbit who is not behind the present mess in Iran, and who has not been behind the Khomeini project from the beginning. The "Arc of Crisis" policy of Zbigniew Brzezinski is nothing but Brzezinski's name for British intelligence's "Bernard Lewis plan." Henry Kissinger is fully in support of the same plan. So is Haig. So is the Vance State Department. I know; "I was there" in the the middle of the fight to prevent this hideous policy from being implemented.

Senator Dole may well recall my representatives' discussions of this matter with him. So should other congressmen with whom the same discussions were held.

Furthermore, on Haig. Unless a change is made, Haig is scheduled to deliver an address at the Wharton School attachment of the University of Pennsylvania during early December. The prepared statement Haig is to deliver is supposed to become Republican Party policy for 1980. That policy to be stated there is fully supportive of the "crisis management" policy subsum-

ing the U.S. government's deep implications in both bringing Khomeini's dictatorship to power and in orchestrating the present hostage situation in Iran.

General Haig is a liar, among his other disqualifications for any rank above Pfc. leader of an area butt detail.

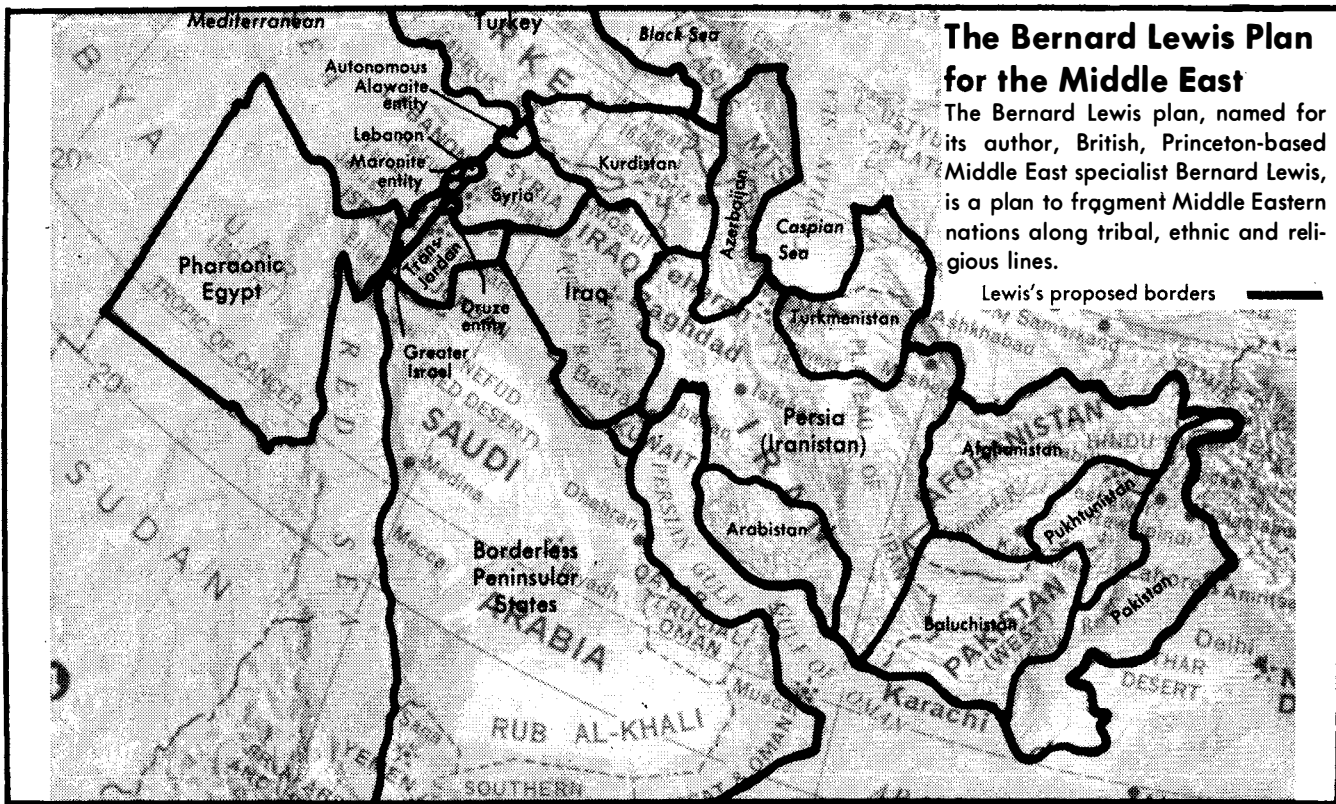
True, former attorney-general Ramsey Clark, wearing a State Department tag, was a key figure in overthrowing the Bakhtiar government in favor of Khomeini. Clark's more recent, published letter to Khomeini's Foreign Minister Yazdi is plain incitement, if not outright instruction to the Iran government to take U.S. hostages. The hostage situation could not have developed if Kissinger, David Rockefeller and others had not lied to the effect that the exiled Shah required medical treatment which could be supplied only in the United States. These facts are now open knowledge in the public press, internationally, as well as in the United States.

Furthermore, the game with "Iranian assets" was an operation already prepared in place weeks prior to the Khomeinians' seizure of U.S. hostages. The plan for deploying a special U.S. military task-force into the Gulf was openly presented as U.S. policy before Haig retired from NATO. The effect of the game with "Iranian assets" is what is otherwise known as "decoupling of the U.S. dollar," the long-standing, stated policy of Blumenthal, Miller and Volcker. Everybody—Vance, Warren Christopher, Clark, Kissinger, Rockefeller, and Haig, among others—is up to their eyeballs in rigging the present predicament of 60-odd hostages in the Teheran U.S. embassy.

The objective of this operation is that set forth in the London press, quite shamelessly. The immediate objective is to overthrow the governments of France and West Germany (among others) by turning down the flow of petroleum from the Persian Gulf. The longer-term objective is laid out explicitly in the 1975-1976 papers written for the New York Council on Foreign Relations under the direction of Vance, Brzezinski, Blumenthal and others. The objective is to bring the world economy into a genocidal depression through "controlled disintegration."

The oil hoax

To understand the forces behind Vance, Kissinger, Haig, et al., one must go back to the 1940's opposition to the development of nuclear energy, then led by the late Bernard Baruch. It was clear then, by the simplest standards of physics—energy-density—that the development of nuclear energy must be pushed ahead as the only visible alternative to long-term constrictions on petroleum supplies as acceptable costs. Under the fraudulent pretext of "non-proliferation," and at the direct instigation of the British government, Baruch and the



The Bernard Lewis Plan for the Middle East

The Bernard Lewis plan, named for its author, British, Princeton-based Middle East specialist Bernard Lewis, is a plan to fragment Middle Eastern nations along tribal, ethnic and religious lines.

Lewis's proposed borders

Truman administration attempted to put the lid on nuclear energy development.

Then, as we know, President Eisenhower's Atoms for Peace policy, launched in the context of Soviet development of the H-bomb, broke the bottleneck created by the British-directed forces of Baruch and the Truman administration. Now, as the need for high-energy-density (fusion) methods for reducing marginal raw materials sources cheaply looms for the next century, the Carter administration, aided by well-financed and powerfully backed "antinuclear," pot-puffing rag-tags, has turned off the spigot of fusion research and is acting, with connivance of all my Republican and Democratic opponents for the 1980 election, to destroy even existing levels of nuclear-energy technology.

Who benefits from such a lunatic, antinuclear policy—and how? Who but those misguided petroleum multinationals which control the marketing of the bulk of world-market petroleum supplies?

Who are these multinationals? Foremost are British Petroleum and Royal Dutch Shell, whose marketing operations are nothing but one of the principal assets of City of London finance. Then, we have Atlantic Richfield, in effect a branch of British Petroleum. There are Shell, Texaco, Mobil and Exxon, nominally U.S. multinationals, but chiefly controlled by the Manhattan allies and conduits of City of London finance.

The City of London—in contrast to the bankrupt, decaying hulk of collapsing British industry—has four principal financial means by which it dominates the

world today. The largest source of London's financial power is the international drug traffic, over \$200 billion annually. HongShang, Singapore and British West Indies "Eurodollar" financial entities are the principal extensions of this London power. The next largest source of London's financial power is its hegemony over the principal petroleum multinationals. A third is London's control over a range of other raw materials internationally marketed. Fourth, but not least, is London's control over the International Monetary Fund and World Bank policies. In this constellation, control of the marketing of the key margin of the world's petroleum supplies is the principal economic-warfare weapon at London's disposal. This control of petroleum and control of the IMF and World Bank are items which London would never surrender peacefully, as long as London controls the military and related power of the United States government.

It will be the policy of a LaRouche administration either to break the power of the multinationals, through monetary and treaty arrangements involving direct producer-consumer relations in oil marketing relations among nations, or to let the multinationals live on condition that they behave themselves under the awesome threat of my proposed alternatives.

It is little wonder that British agent-of-influence Bernard Baruch fought so hard to prevent the development of nuclear energy, or that a pot-smoking gaggle of "antinuke freaks" has such powerful backing today.

What most ordinary, sensible people have not man-

aged to get into their heads is the fact that the British, supported by key U.S. multinationals should go along with a project which involves destroying large portions of the very Middle East petroleum fields on which the multinationals' profits are presumably dependent. Yet, the fact is, that top executives of British Petroleum and Royal Dutch Shell participated in a London-based "crisis management" taskforce which is currently engaged in a project whose targets include blowing up large sections of Middle East oil fields.

Their motives cannot be, and are not simple greed as the ordinary citizen thinks of greed as a motive for wickedness. Their stated objective is to eradicate forever both the institution of the sovereign nation-state, and also the industrial-capitalist vector of republican policy. Their objective is to crush the world in a new depression, in order that, in the aftermath of such a depression, their faction might emerge supreme for a long span of world history to come. In the language of the man-in-the-street, they are "feudalist" in outlook. Although they may not generally hope to bring back rule by knights in armor, they have utopian dreams for a world-order as close to feudalism as modern technology permits.

Who are these people?

Recently, at the New York Anglican Cathedral of St. John the Divine, there was held an initiation ceremony for the Knights of Malta. Most of the branches of the knights were represented, with the British branch of

that order playing host. The tape-recording of those proceedings exists. There gathered the figures in their hooded capes and other cultist paraphernalia: a scene out of "The Phantom of the Opera." In the end, all took a solemn oath of fealty to the British monarch.

This was a mixture of both key influentials in United States policymaking and of their intimate admirers. These are all genuine kooks, and General Alexander Haig is a member of this same lunatic cult from the Dark Ages.

This is the circle to which Cyrus Vance, Zbigniew Brzezinski, Ramsey Clark, Henry Kissinger and Alexander Haig belong. They are not sane, and their motives and actions can not be competently judged by imputing to them the simple greed we take for the source of wickedness among otherwise ordinary sane persons.

The problem of the kooks was one of selling the military operations in the Gulf to the American people. A "mini-Pearl Harbor" was needed. An atrocity against U.S. citizens plus a virtual act of war against the United States by some Gulf state was needed to sell the American people on putting U.S. task-forces into virtual occupation of regions of the Middle East. The taking of U.S. hostages in the Teheran embassy solved the Carter administration's problem.

The objective is to clamp a blockade on Gulf petroleum shipments, and to augment this with a bloody destabilization in Saudi Arabia, jeopardizing Saudi as well as Iranian petroleum supplies. This operation would cut off the petroleum supplies of Europe and Japan, bringing the governments of France, Germany and other nations to their knees.

The real-life 'Kim'

Harold Adrian Russell Philby, born in India, was nicknamed "Kim" after the boy in Rudyard Kipling's novel who goes to work for British intelligence to learn the "Great Game" of battling Russia for control of Eurasia. His father knew what he was doing in choosing the name. It was St. John Philby, himself a British agent, who traveled the colonial world—India and the Middle East especially—for the Empire at the turn of the century and afterwards.

With Donald Maclean, Guy Burgess, Anthony Blunt, and Vic-

tor Rothschild, Philby joined the Apostles club at Trinity College, Cambridge, in its 1930's generation.

The cover stories on Philby's career as a Soviet agent date his "recruitment to the communist cause" during his early-1930s stay in Vienna, Austria. In fact, the "communist" circles there were British-run and British in outlook. So, who recruited whom?

After a stint with "right-wing" journalist circles in Spain during the Civil War, Philby gained entrance to British foreign intelligence—MI-6. At various points he ran its Iberian desk, its Soviet desk, and was liaison to the CIA.

His final trip to the Soviet Union in 1963 was preceded by

years of secret "official investigation" and rumors that he was the "third man" who tipped off "Soviet spies" Guy Burgess and Donald Maclean so that they could make it to Russia in 1951. Nevertheless, Philby continued to function for MI-6 in the Middle East throughout this period.

In 1963, he was made a citizen of the Soviet Union and remained an officer of Soviet intelligence, the KGB, after that. In 1978 and 1979, British and French sources—the former supposedly in jest and the latter dead serious—stated that Philby was a "triple" still working for MI-6. Reports from Moscow have several times suggested Philby was "out of town" or not working in the recent period.

Effects on Soviets

The effect of such an operation on the Soviet leadership is, in fact, unpredictable.

The propeace forces in Moscow have proceeded from the view that the Paris-Bonn alliance of Giscard and Chancellor Helmut Schmidt is the only important obstacle to general war scenarios at this time. As one should have noted during the past week's events, the Schmidt government's capitulation to Washington pressure on NATO "modernization" brought a strong reaction from Soviet Foreign Minister Gromyko, Gromyko's strongest public outburst since his denunciation of Cyrus Vance in 1977. Although Schmidt violated his own, repeatedly stated policy in this matter, he still has enormous credit in Moscow, as the joint communiqué issued by Gromyko and Foreign Minister Genscher correctly indicates. However, should the Paris-Bonn combination collapse, Moscow would react on the basis of assumption that the worst variants were afoot; Moscow would prepare for possible general war.

Both British and U.S. intelligence are aware of this, but the factions currently in control of policy insist that since general war is "unthinkable," the Soviets will not actually resort to general warfare. The assumption of this faction of Anglo-Americans is that the "Soviets will take it and lump it," limiting their possible military response to regional conflicts.

It is on that point that the murdered Lord Mountbatten stoutly disagreed. Mountbatten warned that such policies would lead to actual thermonuclear war by "strategic miscalculation." We agree.

The complement to the Middle East operation is the projected Peking invasion of Southeast Asia.

According to various authoritative sources, the secret agreements between Peking and the Carter administration grant Peking military prerogatives not only over Taiwan, but also the Philippines, Indonesia, Southeast Asia, Burma, Bangladesh, India and Pakistan. Every crucial-test feature of U.S. policy action since the Hua Kuo Feng presence in Washington corroborates that information received from several sources. Furthermore, this information conforms exactly to our knowledge of the character of the secret agreements camouflaged under the so-called Camp David agreements.

The U.S. is going into Southeast Asia militarily again, this time, presumably, in support of a Peking invasion. The relevant concentration of Peking divisions is already in place, and deep reconnaissance operations into Vietnam territory by Peking have already occurred. This time, however, if Peking forces move into Vietnam, Moscow will act militarily against Peking, using sufficient force to enable a Vietnamese victory. If the U.S. meets what Peking believes are U.S. secret commitments

for such a contingency, thermonuclear World War III is standing right before us at that instant.

It was this Southeast Asia proposition against which Mountbatten warned most explicitly, proposing that the "China option" policy be abandoned, in order to avoid threat of imminent thermonuclear war by "strategic miscalculation."

In addition to Middle East and Southeast Asia "hot spots," there is the African "hot spot" plus the Caribbean "hot spot." These latter two may appear to be of lesser weight at the moment, but the threat of such latter "hot spots" combined with the imminent implications of the first two brings the world close to the brink of actual thermonuclear war right now.

The issue of strategic estimates

The issue, between myself and the late Lord Mountbatten, on the one side, and the dupes of Henry Kissinger on the other, is whether a thermonuclear war is possible. Unfortunately, even many of my present and former friends among U.S. flag and field-grade retired ranks have been duped into swallowing the essential point of the Kissinger "flexible response" doctrine.

The most powerful argument against thermonuclear war is that radioactive isotopes of caesium represent a water-soluble group of compounds which would wipe out all higher forms of animal life on earth even after a 10 percent thermonuclear war. Short of that specific argument, there is the longer-standing, more general argument we have heard since the first offering of the policy of "brinkmanship" back during the 1950s days of John Foster Dulles. The consequences of war, the general argument runs, are so horrifying that no rational power would undertake such warfare.

Wrong. Dead—very dead—wrong. When a powerful nation is directly threatened with the extinction of its political existence, there is no longer any deterrent against its deployment of whatever means are deemed sufficient to win general warfare against its perceived adversary.

To argue to the contrary is the proof of the most elementary professional incompetence in the officer who entertains the contrary view. The whole history of military science proves that we are correct.

The nature of the argument associated with Kissinger is not novel. Kissinger represents nothing but a nuclear rewarming of the old British "cabinet warfare" doctrine which was discredited irreparably by Napoleon's victory over the old Prussian line. It was also freshly repudiated in the Russian defeat of Napoleon, and was proven afresh in the Soviet defeat of the Nazi Blitzkrieg during World War II. The classic study of this is provided by the historian Friedrich Schiller in his account of the Thirty Years War; Schiller's study

was used by the German staff of the Russian Czar in planning the defeat of Napoleon prior to the onset of the War of 1812. The classical expression of the principles involved for modern military science was given by Niccolo Machiavelli. The same principles were proven afresh in the course of the Civil War in the United States, out of which experience emerged the reinvigorated military-science doctrine traceable into such recently contemporary figures as General Douglas MacArthur. Two world wars during this century prove the same principle.

It is not irrelevant that the combined case given by Mountbatten and the recent IISS conference echoed almost in "I.D. format" the argument on this subject I have given several times earlier during recent years. I underline, for reference, the remarks made concerning the examples of two preceding world wars of this century as empirical proof of the principle of "strategic miscalculation" associated with the Kissinger policies.

Twice, during this century, Britain engineered a German drive eastwards in furtherance of the geopolitical strategy set forth by Lord Milner's group and faithfully echoed by Major-General Professor Karl Haushofer. Twice, contrary to foregone calculations, Germany struck westward as well as eastward, with the United States twice saving Britain from the mess London had created.

Referring our attention to the 1975-1976 policy papers drafted for CFR under the direction of Vance, et al., we discover that the Carter administration, and also Kissinger, Haig, et al., are proceeding under the same geopolitical doctrine and motivation as Britain adopted at the beginning of this century: to crush the

"threat" of a "neo-mercantilist" thrust from France, Germany, Japan, et al., by destroying the Russia whose economic-development provided the objective basis for industrial booms in Germany and France. The primary adversary of the United States, according to Vance, et al., is not the Soviet Union, but Gaullist France, Germany and the kind of Japan MacArthur worked to build. The destruction of the Soviet Union, according to Vance, et al., is but the means to accomplishing the permanent defeat of the kind of French, German and Japanese "neo-mercantilist" prosperity typified variously by de Gaulle's "Europe from the Atlantic to the Urals" and the present European Monetary System policies.

Since Central Europe no longer serves as a credible basis for launching such a geopolitical thrust, the Middle East and China have been substituted in the present revival of the old geopolitical policy. The Russian response now will be that deeply embedded and institutionalized in Soviet institutions from the two preceding experiences.

Moles in the Politburo

With that essential background outlined, we can now proceed to bring the Blunt affair itself into focus.

During the Ford administration, when the present drive toward confrontation with the Soviets was being launched, the commonplace argument in support of Kissinger's policies around congressional and intelligence circles was the heavy insistence by key planners of the confrontation that "we" have our "moles" in the Kremlin. It was argued that those influential moles in

About 'Operation Splinter Factor'

The current Operation Splinter Factor has two major historical antecedents. The first was during the 1930s, as part of an international deployment aimed toward a second world war, and consisted of a series of attempted destabilizations within the Soviet Union launched by British intelligence to "soften up" that country for an intended successful Nazi invasion.

That round of Splinter Factor began on Dec. 1, 1934 with the

assassination of Politburo member, Sergei Kirov, and a month later the murder by poisoning of another member of the Politburo, Kuibyshev. These two had been, together with Ordzhonikidze, Stalin's closest leadership collaborators. The four as a group were the core of that current within the Soviet leadership, committed to fostering industrial-technological development through an international policy centered on close relations with France, Germany and the United States. Precise recognition of Great Britain and its oligarchic allies as the enemies of sovereign nation states and progress was the other distinguishing characteristic of this

group of Soviet policymakers.

In Splinter Factor British intelligence deliberately "blew" the cover off of high-level agents in place in key Soviet institutions such as the Party, the Army, industry, intelligence services, etc. Its purpose was to trigger chaotic infighting in an induced climate of paranoia fed by the continuing exposure of high-level agents, and to attempt to politically leverage each nodal point in the process for factional gain by the Bukharin-Trotsky currents in the Soviet Union. The ultimate purpose was a "Jacobinite" coup, toppling Stalin in order to proceed with the "ethnic" dismemberment of the Soviet Union.

the Kremlin would force the Soviet command to capitulate in face of confrontation.

Those moles do exist. Maclean and Philby are the tip of the iceberg. Maclean has headed up the key foreign-intelligence arm of the Soviet Communist Party for about a decade-and-a-half. That entity, called Imemo, is a Soviet equivalent to the London Royal Institute for International Affairs (RIIA), and the Manhattan branch of the RIIA, the New York Council on Foreign Relations. Philby is a more shadowy character, but his pedigree and "triangulation" of Soviet policy patterns shows him key to Soviet bungling in its Middle Eastern policies.

There are two aspects to Philby, Maclean and Burgess to be noted.

First, Maclean and Philby could not have succeeded by themselves. They succeeded because they found a favorable climate within aspects of the Soviet leading circles. That climate may be termed generically "Bukharinite."

Second, the beginning of Maclean's and Philby's history as future Soviet-penetration agents of British SIS begins about 1929-1930. It was at that time, in response to Stalin's dumping of British agent-of-influence Bukharin, that British SIS launched a large-scale, fresh penetration operation against the Soviet leading circles, an operation most visibly centered around J.B.S. Haldane and involving the top command of British intelligence, including the Webbs. Scads of frequently fruity Oxford and Cambridge representatives of the British oligarchical families were assigned to join the Communist Party of Great Britain. They took over that party, and used that as a springboard for extremely

effective penetrations of Soviet leading circles.

This operation directly from Britain itself was complemented by British operations conduited through Germany and through Vienna. Karl Korsch, a subordinate of Bertrand Russell in British intelligence, was most notable in German operations of this sort, together with Eduard Bernstein and Karl Kautsky and the Frankfurt School operation generally. Deweyite Sidney Hook was trained in intelligence in the context of the German flank of this British intelligence operation. The old Parvus network within the Soviet leadership, including the "right opposition" generally, and Riazanov in particular, were significant in that operation. Respecting Nazi operations of the 1930s, including Nazi involvement in the British operation against Marshall Tukachevsky, one should note that Major-General Haushofer was a collaborator of Bertrand Russell in British intelligence's China operations following World War I.

Philby's, Maclean's and Burgess's credentials as British SIS "defectors" were established within the context of this larger operation of the post-Bukharin period and intersected British agents and agents-of-influence set in place in Soviet circles since the heyday of Haldane and Webb.

Philby, for example, was run through a Vienna laundering operation, where he acquired his credentials, as a pro-Soviet agent. Then, Philby was tracked into the right-wing Cliveden Set orbit of Joseph Kennedy and his family, finally wandering, before his "leap," back into his youthful stomping-grounds, the place of his father's work in connection with developing the Muslim Brotherhood networks, the Middle East.

The 1930s Splinter Factor did achieve some successes in the purges that occurred, but in terms of the goal set for operation, it was a failure.

The second Splinter Factor was launched in the late 1940s, again through the deliberate "blowing" of British Intelligence agents in high places. It again triggered a round of purges in Eastern Europe and the Soviet Union. Phase two of this operation occurred around the "succession question" following the death of Josef Stalin.

Operation Splinter Factor from 1953 on was a series of staged political upheavals in Eastern Europe (East Germany in 1953; Hungary

and Poland in 1956) and the creation of international crisis-causing "hot spots" (Berlin, Suez, Lebanon, the U-2 affair). At the same time, British Intelligence tried to leverage the highly fluid post-Stalin Soviet factional situation.

The early 1960s marked the high-water mark of successes by the British oligarchy which succeeded in manipulating N. S. Khrushchev into making a string of cardinal blunders, beginning with his post U-2 tantrum against U.S. President Eisenhower which destroyed prospects for a fruitful and mutually beneficial collaboration between the two superpowers. Then, during 1962 and 1963, he broke the Bonn-

Moscow relationship. Khrushchev's Germany policies played right into the hands of Anglo-American strategic objectives in forcing a rupture in the potential de Gaulle-Adenauer-Soviet combination to pursue a "Grand Design" for peace and development from the Atlantic to the Urals.

Now, with the Blunt affair, the next Splinter Factor operation is well underway. The first strategic goal of the operation will be to leverage the Soviet factional situation so as to undercut the Brezhnev-Schmidt and Brezhnev-Giscard axes that are the key to reversing a global situation poised on the brink of world war.

Referring our attention to the 1930's purges and what has been named "Operation Splinter Factor," the potential for destabilization of the Soviet Union by using the Maclean-Philby options once more is obvious. It coincides exactly with what Kissinger recently emphasized to an audience in West Germany.

The immediate objective for Britain is to destroy the element within the Soviet leadership most closely associated with the promotion of high-technology programs. That would be a short-term benefit for the British, within the context of efforts to ignite chaos and confusion within the Soviet elite generally.

That is the significance of unveiling Blunt's supposed 1964 confession 15 years after the alleged fact.

Blunt himself

Blunt himself fits the profile of Philby and Maclean as SIS "triples" exactly. Blunt's career is publicly traced from the Apostles of Cambridge's Trinity College. This was the track through which Bertrand Russell, the grandson of Lord John Russell, was brought into British Secret Intelligence Service. In fact the position of Apostle is the best-known Cambridge track for promotion into SIS.

Blunt never "betrayed" SIS to the Soviets. He acted for SIS in creating his credibility with the Soviets. In any case, SIS and MI-5 do not put confessed Soviet spies in the royal household. Anyone who seriously views Blunt as having sold out to the Soviets has to be a hare-brained fool.

The whole story about a "Fourth Man" is sheer fiction. There were at least scores involved. Fitzroy Maclean is certainly involved, for one. It is virtually certain that persons associated with CIA and FBI counterintelligence back during the early 1950s must have been both complicit and significantly witting.

How the timing of the assassination of Mountbatten is connected to the unveiling of Blunt is not yet clear to us. Contrary to impressions we have from some well-informed sources, Mountbatten was not unimportant at the time of his murder—some of the most important figures on the British side cultivate an aura of unimportance in their senior years. We know he was of active significance. We also know that unveiling Blunt in the fraudulent way that has been done so far is going to uncork some major strategic development. We also know that this operation intersects the current dominant role of the Anglo-American kook faction, Kissinger's patrons, over the more realistic elements of that same association, the rise of Svengali Joseph Trilby (or, "shrillby") over the more Mountbatten-linked Callaghan.

Final answers on all the dotted "i"'s and crossed "t"'s we can not yet prove. However, it is time to put up the warning flags. Something very, very big and very dangerous is afoot behind the Blunt affair.



How Britain's spy scandals work

by Rachel Douglas,
Desk chief, Soviet Sector

The affair of Anthony Blunt, until recently Surveyor of the Queen's Pictures, is an episode in an intelligence game with the Soviet Union that has been under way for six decades. It also has its immediate purposes, as we reported last week, for those inside the British oligarchy: to create leverage for consolidation of control over the monarchy at the expense of the relative "realist" oligarchical faction associated with the late Earl of Mountbatten.

In this report, we turn to the Eastern front of the Blunt affair. The question: How the unmasking of a "Soviet spy" in the inner reaches of Buckingham Palace is a British intervention into the thick of Soviet factional strife. The answer lies in those 60 years the game of geopolitics has been played against the Soviet republic.

The game is older than that, since it is not restricted to the Soviet period in Russia. The British oligarchy's goal to control and dismember both Russia and America matured early in the 18th century, when Russian industrial development under Peter the Great, shaped by continental humanism, and the American revolutionary movement led by Benjamin Franklin emerged at the same time. Ever since, the Russian-American combination has thrust blocks in the way of British strategies for imperial domination and containing and destroying industrial republics. The cases of Russia's crucial military support for Abraham Lincoln during the American Civil War and of the Roosevelt-Stalin alliance that foiled Britain's designs in World War II are sufficient demonstrations.

Since 1917, the British have been trying to recover from the stinging blow of Vladimir Lenin's victory in the Russian revolution. London itself had launched the pre-1917 events, relying on its agents and sympathizers in the Bolshevik Party, like Nikolai Bukharin and Leon Trotsky, to secure control of Russia. Lenin's coup, his cooperation with anti-British capitalist forces in the West, his relentless industrialization programs that Josef Stalin carried through, all upset the British applecart.

Two tracks of British operations

British operations vis-à-vis the Soviet Union work in two ways.

First, British intelligence seeks to capture Soviet policy-making positions, or install its agents in places of influence.

Second, through blowing its triple agents as "Soviet double agents"—as with the "atomic spies" after World War II or the aged Anthony Blunt today—London provokes a "Reds under the bed" climate in the West. This, in turn, strengthens the hand of one type of "hardliner" in the U.S.S.R.: the military or party leader who, as a Soviet patriot viewing war hysteria in the West, ceases to see any Western forces worth lining up with to avoid war.

In the late 1940's, such an effort was directed against the Stalin-Roosevelt understandings and the result was the Cold War. Today, with American policy under British control, London has targeted Moscow's peace and trade ties with the continental European leaders, Chancellor Schmidt of West Germany and President Giscard of France, the founders of the European Monetary System.

Both methods have a side effect which constitutes a third, major method of operating against the Soviet Union known as "Splinter Factor." The agent-in-place, if caught, or the triple agent deliberately exposed by Britain is immediately the pivot point of suspicion and recriminations inside the Soviet Union. He sets off the search for guilty parties: Who let this infiltrator in? Who let our agent be caught?

As for Anthony Blunt, publicizing this "Soviet spy" is supposed to aggravate the East-West confrontation atmosphere that already exists thanks to NATO and related U.S. activities both in Europe and along the "arc of crisis" from the Middle East to Indochina. Since Chancellor Schmidt has spoken aloud of Soviet factions undercutting Brezhnev's détente policy, Britain's aim is evidently to fuel those factions with an escalation of "Soviet spy" frenzy in the West. Brezhnev's opponents may then argue that détente is no longer viable.

Blunt was expendable. There is good reason to think that to the extent Blunt was functioning as a "live" part of the Kim Philby operation (a channel into Moscow from the center of the British oligarchy) that channel had recently been shut down from the Soviet side.

The succession

A prime time for implementing all three leveraging operations is the period of uncertainty in Soviet policy known as a succession crisis. Our grid of spy capers shows that British intelligence-orchestrated "defections" in the postwar years came in waves, preceding anti-

pated Soviet power struggles. This is true for the period up to the death of Stalin (1945-53) and for the years of Nikita Khrushchev's wavering power before his demise (1957-64).

British capability to affect the choice of successors to President Leonid Brezhnev and Prime Minister Aleksei Kosygin is less today than it was at either of those two previous periods. Yet, the parading of Anthony Blunt as the "fourth man," timed with renewed reports of Brezhnev's illness, the absence of Kosygin from public view, and rumors that the 26th congress of the Soviet Communist Party will be moved up a year to 1980, is a signal that London will give it a try anyway.

However remote the chances for a bid for power by ousted President Nikolai Podgorny, who combined the domestic economic policies of a "Bukharinite" (decentralizing and downgrading of industry) with an agitational approach to "class struggle" in especially the Third World—the classic profile of a Soviet Anglophile—his reported appearance at a Kremlin reception in November confirms that British networks have been fully activated.

The news from the late-November Central Committee Plenum and Supreme Soviet session on the economy will provide the barometric measurement of how much pressure these British networks are applying on economic policy.

Soviet advocates of Club of Rome doctrines of zero or delimited growth will be heard from, as will the similarly British-nurtured cheerleaders of Western economic collapse. How much their arguments translate into policy, on questions such as what degree of cooperation with the Western economies to count on, will reflect the measure of success of British operations.

The Cold War

If the goal of forcing the Soviets to jettison what remains of Brezhnev's détente policy is achieved, it will be a replay, at higher stakes, of the first successful British strategic operation after World War II, the creation of the Cold War.

Apart from Sir Winston Churchill's well-known agitational speeches, like his proclamation of the "Iron Curtain" in his March 1946 speech in Fulton, Mo., the events which most quickly undermined the wartime Soviet-American alliance were the atomic spy scandals that followed in quick succession from 1945 to 1951. All of them—the Guzenko affair in Canada, the exposure of British-based physicists Nunn May and Klaus Fuchs as "Russian agents," and the flight to Moscow by the British Foreign Office liaison to the U.S. on atomic questions, Donald Maclean—were easily orchestrated by British intelligence from powerful control positions built up during the war.

Continued on page 28

Spy scandals: British intervention in Soviet affairs

	British intervention	Event in Soviet Union	Event in E. Europe	Soviet-U.S. Ties
1945	Guzenko Affair (May): Soviet spy ring centered on cipher clerk in Canadian Embassy uncovered.			Yalta Conference (Feb.): Roosevelt-Stalin accords.
1946	Allen Nunn May and Klaus Fuchs exposed: Two physicists, one British, one emigré German, revealed as Russian atomic spies. Fulton Speech by Churchill signals Cold War.			
1947		A. Zhdanov "2 camps" speech marks Soviet locking into Cold War.		
1948	J. Swiatlo defects to Polish intelligence for Splinter Factor.	"Leningrad Affair": cleanup of Zhdanov's followers, after his death, by Bukharinite Malenkov.		
1949			"Splinter Factor": trials of leaders accused as spies.	
1951	Burgess and Maclean to Moscow.			
1952	Anglophile economist E. Varga recants his taboo doctrines and is reinstated in Soviet academic life.	19th Party Congress (Nov.): War among capitalist states predicted by Stalin. Stalin initiatives toward continental Europe.		
1953	"Doctors' Plot" announced in U.S.S.R. (Jan.).	Stalin dies (March).		
1953-55		Succession fight between Malenkov and Khrushchev.		Eisenhower's Atoms for Peace plan. Eisenhower meets Marshall Zhukov at Geneva.
1956		20th Party Congress (Feb.): "Destalinization."	Polish and Hungarian uprisings; Bukharinite Gomulka reinstated in Poland.	Soviet Union and U.S. line up together momentarily during British Suez crisis.
1957	Institute for World Economy and International Relations (IMEMO) reestablished; formerly headed by Varga. Bertrand Russell launches "Campaign for Nuclear Disarmament," appeals to Khrushchev for support.	"Anti-Party Group": Khrushchev nearly overthrown; he about-faces on economic policy into Bukharinite stance.		

1959				Khrushchev visits U.S., Eisenhower and De Gaulle plan Paris summit.
1960	U-2 incident.	Khrushchev throws tantrum at Paris summit, jettisoning detente for the moment.		
1961	George Blake tried as Soviet spy in British intelligence, after being "exposed" by Polish intelligence chief Michal Goleniewski. Soviet agent Golitsyn defects in Finland.			
1962	Donald Maclean surfaces at IMEMO as specialist on Britain. Penkovskii affair: Soviet military intelligence colonel arrested as American spy.	Cuba missile crisis opens Khrushchev to attacks on his foreign policy.		
1963	Kim Philby runs to Moscow (Jan.).	Shakeups in Soviet intelligence community over Penkovskii.		
1964		Khrushchev overthrown (Oct.).		
1965-70		Post-Khrushchev power struggle: Brezhnev-Kosygin-Podgornyi "troika" shifts to Brezhnev-Kosygin rule with Brezhnev dominant, as Podgornyi gradually loses power. Brezhnev begins detente moves with France, West Germany.		
1971	Britain expels group of Soviet diplomats as KGB agents.			
1972				Nixon-Brezhnev detente package
1973		Shelest and Voronov, opponents of detente, expelled from Politburo.		
1977		Podgornyi loses remaining post, President, which Brezhnev assumes.		
1979	"Fourth Man," Anthony Blunt, exposed as part of Philby network (Nov.).	Frequent reports of Brezhnev being ill; Kosygin reported ill after absence of one month from public view (Oct.); Podgornyi surfaces as guest at holiday reception (Nov.).		

The Cold War under way, it remained to launch a round of "Splinter Factor" in the Soviet Union, which led to bloody executions of leaders throughout Eastern Europe, and machinations by the thug Lavrentii Beria and Bukharinite G. M. Malenkov to seize the reins of power in the Soviet Union as soon as Stalin died. These included the plan to bring about Stalin's early demise known as the "Doctor's Plot."

1950s round

The outcome of the initial power struggle after Stalin's death did not fulfill British plans. Malenkov was defeated by N.S. Khrushchev, dooming both his "new course" economics of slowing industrial recovery in favor of short-term consumer supplies gains and his military strategy of "Mutually Assured Destruction" which would never have led to Sputnik and the Soviet ICBMs. Backing Khrushchev was a coalition of military men, including General Eisenhower's wartime friend Marshal Zhukov, and high-technology-oriented planners, including the fathers of the Soviet nuclear program. These men were for a strong Soviet Union, but at the same time were the most congenial in their outlook to an American approach to national and world economic development and to concrete cooperation with the United States on the basis of mutual interest.

When Eisenhower proposed to use "atoms for peace" in 1953, the Soviet response was positive, though guarded. By 1955, the machinery was established for Soviet-American centered international cooperation on the peaceful use of nuclear energy. An international conference for that purpose was convened.

British countermoves were swift and effective. Best known are the steps taken by Allen and John Foster Dulles, with help from British subagent Henry Kissinger, to get the Eisenhower administration back on Cold War rails.

Less known are the moves by which the British captured Nikita Khrushchev in a coup that made 1957 to 1964 the most dangerous period the world has lived through until the present period.

At the 20th Party Congress in February 1956, Khrushchev attempted to use his opponents' misdeeds from the Stalin period in order to politically finish them off. Other speakers upped the ante to full-scale "destalinization," and Khrushchev's "secret speech" followed.

The floodgates were open. The far-flung British networks in Eastern Europe, abetted by the Chinese, touched off revolts against Soviet domination in Poland and Hungary. The Bukharinite Gomulka was reinstated in Poland.

Khrushchev turned his back on the alliance that had installed him. He fired Marshal Zhukov from the Cen-

tral Committee. He embarked on a program of chaos for the Soviet economy, dismantling the Machine Tractor Stations that were the mainstay of collectivized agriculture, frequently juggling industry priorities, abolishing the central industry-defined ministries in favor of badly coordinated regional authorities, and eventually splitting the entire Communist Party from the Central Committee on down into one section for agriculture and one for industry.

At the 20th Party Congress, there was one more momentous decision, which escaped unnoticed at the time. That was the decision to upgrade the social sciences and political analysis in the Soviet Union. The Institute of the World Economy and International Relations (Imemo) was formed. Within five years, this think tank would be home for the reactivated British triple agent Donald Maclean, who has been peddling his British analyses of Third World struggle and the improbability of successful Soviet-American entente from his Imemo base ever since. Imemo, in turn, spawned Georgii Arbatov's U.S.A.-Canada Institute in the 1960s.

Not confident in these inside operations alone, the British oligarchy launched an "open diplomacy" offensive led by a member of the Cambridge Apostles group more senior than Maclean, Philby, or Blunt: Bertrand Russell and his Campaign for Nuclear Disarmament. Russell, who in the 1940's had called for dropping the A-bomb on Russia, now set himself up as the enemy of militarism and was welcomed by Khrushchev in an enthusiastic letter-writing campaign. The Soviets jumped on Russell's nonproliferation bandwagon, an instrument for stifling industrial development in the Third World.

This British legacy in Soviet thinking, augmented by Philby's defection in 1963 and aggravated by other spy capers that occurred during these dangerous years of the U-2 incident, the Berlin Wall crisis, and the Cuba missile affair, remained a problematic undercurrent even when things settled down under Brezhnev.

True, the highest-ranking Anglophile in the Soviet leadership, Podgorny, was decisively defeated by 1970, and only retained the honorary presidency after that.

True, Soviet officials at many levels know to one degree or another that Philby and Maclean are British to the core and to the end. But Moscow found it useful to keep them on, and as long as such agents-of-influence are present, they both feed on and nourish the strain of "Marxism-Leninism" that—in contrast to real Soviet interests—esteems the disintegration of the capitalist West as a boon for the socialist Soviet Union.

That is why, although the British lion is a scrawny animal, and its agents are mostly known, new "Operation Splinter Factors" can happen again and old agents dug out of the Queen's closet can spark developments in the Kremlin that hasten the outbreak of world war.

European Monetary System showdown set for EC meet at Dublin

The two-day heads of state summit of the European Community that opens Nov. 30 in Dublin, Ireland, promises to be the stormiest in the history of the EC. On the eve of the summit, all indications are that France and West Germany will lead an attack on Great Britain's year-long effort to sabotage their war-avoidance policy and its core institution, the European Monetary System. It could end up with Britain's ouster from the EC.

The gloves have come off since Margaret Thatcher, the British Tory Prime Minister, threatened to "paralyze" the Community if special budget and other demands of Britain are not met. But according to the *London Observer* of Nov. 25 French President Valery Giscard d'Estaing intends to demand priority at the summit for such European-wide affairs as the oil shortage, currency stability, and a joint policy on the Middle East and Far East.

War on the EC

"There is no doubt that determined wrecking tactics by Britain could make life hell for our (EC) partners," commented *London Times* columnist Michael Hornsby three days before the opening of the summit on Nov. 30. Secret papers drawn up by the British Foreign Office outline a long list of "countermeasures" that can be taken by the U.K. if the Community refuses to grant Britain a "substantial" reduction in its 1.2 billion pound contribution to the EC budget.

The measures, according to the *Observer*, would include a freeze on agricultural prices, the blocking of progress on inter-Community negotiations on topics from fish and wine to energy and transport; boycotts of ministerial meetings; vetos of EC policies and initiatives. Any one of these would cause "intense embarrassment to Schmidt and Giscard," gloats the *Observer*.

The real issue

Thatcher's attempt to make British gripes against the Community the main agenda item in Dublin have little to do with the ostensible issues of the budget or restrictions on the importation of English lambs to the continent (over which the Queen's cousin, the Duke of Buccleuch, called for a boycott of "all things French.")

The giveaway to the game is the fact that during the same week in October, slightly over a month ago, that Thatcher first threatened to walk out of the Dublin summit if British "budget" demands were not met, she also gave the Winston Churchill Memorial lecture in Luxembourg on the topic of defense. Thatcher's Oct. 18 speech entitled "The Obligations of Liberty" argued that unless NATO spends for a massive modernization of its missile arsenal staged on European soil, the Soviets may be tempted to think they can exert political pressure on Europe.

Since then, the "Iron Lady" Prime Minister met first with Schmidt in Bonn, and then last week in London with Giscard. During her late-October Bonn visit, Thatcher was told by Schmidt that West Germany would not "broker" British demands. Schmidt was more interested, the German press reported, in knowing how to interpret Britain's "coolness" to Soviet President Brezhnev's disarmament proposals, since Bonn considered a more positive approach a precondition to NATO "modernization." Giscard pointed out to Thatcher that if each Community member merely subtracted from the EC fund what it put in (the Thatcher argument for budget reductions) there would be no Community.

And no Community is exactly what Britain has in mind to come out of Dublin. In a speech in Italy, Ralf Dahrendorf, the London School of Economics head, predicted the "ultimate crisis of a breakup of the European Community" within the next 12 months into an "a la carte" Europe where members could opt out of common policies as they saw fit. Or, in an alternative scenario floated in Brussels this week by Foreign Secretary Lord Carrington. Britain would join the EMS provided Europe recognized the importance of the "petropound"—London's bid for a new sterling empire based on raw materials looting.

None of these ploys is likely to work in Dublin, since even the smaller European countries are known to deplore Britain's "bullying" efforts and favor efforts to bring Thatcher to heel. One idea gaining favor in continental capitals is to offer Britain a deal: budget concessions linked to firm pledges that cheap North Sea oil will be made available to the rest of Europe. That rules out the "petro-pound."

—Nora Hamerman

'Development key to solving the problems behind Iran'

French President Giscard d'Estaing gave an interview over French national television Nov. 26. Here are excerpts:

Q: *Isn't there a threat of a deterioration of the international situation and even the risk of war?*

A: Since the beginning France considered the Iranian revolution to be a reality. In the beginning, some thought it was possible to deny the existence of this revolution. ... This revolution is a reality and a fundamental force in the life of Iran.

It is a force which is often depicted as being religious. It is in reality the expression of both the discontent, the suffering, the needs of a population which on the social level, on the political level, was for a long time maintained in a situation of misery and dependence, and which seeks to find its expression, using for this a religious expression. But it is not only satisfactions of a religious order which would put an end to the Iranian revolution.

We have to recognize these facts, and they have led

me, already years ago, to stress the importance of the North-South dialogue, because these are situations which will be reproduced in the world, and which are situations of poverty, of very numerous populations maintained in misery and ignorance who, suddenly, gain access to knowledge, to information, to a comparison with the situation of others and who do not accept their situation.

The violation of international law is an unacceptable thing, and it must be known that this violation, finally, as always, will weigh on the weakest. At the present time, there is an apparent belief that the United States will be the one to suffer from it, but the powerful will always defend themselves, sooner or later they will take precautions, since they have the means to do so. If we allow international law to be destroyed, on the diplomatic level, on the financial level through the non-repayment of debts, etc., then it will be the small countries, the poor countries which will be the victims, because there will no longer be an international credit system in their favor or because they do not have the means to protect themselves. It is up to the international organizations to obtain respect for international law.

Q: *So, in your eyes, it is not only a bilateral affair between the United States and Iran?*

A: There are two affairs. There is a very broad litigation between the United States and Iran, but there is also the fact that the non-respect of international law con-

The lineup going into Dublin

The British View

Financial Times editorial, Nov. 21, "Anglo-French attitudes": There are two major dangers. One is that Mrs. Thatcher, having failed to get what she wants in Dublin, allows the pressure of British political and public opinion to drive her into a spoiling role in the Community. A disaffected Britain could do a great deal of damage. The second is that other countries will underestimate this very danger. If they impose too humiliating a deal on Mrs. Thatcher, they risk pushing the U.K. into isolation and possibly into re-examination of its entire relationship with Europe.

Economist editorial, Nov. 24, "The cow must stop laughing": If Mrs. Thatcher's demands are accepted, the community could enter a period of rapid advance.

If Mr. Schmidt and President Giscard d'Estaing win the German and French elections in 1980 and 1981, the Schmidt-Giscard-Thatcher troika might give a new impetus to European integration in the 1980s (including, for example, moves towards a common defense system and a single currency). But if Mrs. Thatcher's demands are not met—in full, or nearly in full—the community faces at least paralysis and perhaps even the withdrawal of Britain. If Mrs. Thatcher is forced into all-out obstructionism to get her own way, she will have the support not only of her own Tory party but of the House of Commons, British public opinion, and this newspaper.

London Times Op Ed, Nov. 26, by Michael Hornsby, "The high money stakes in Dublin": There is no doubt that determined wrecking tactics by Britain could make life hell for our EEC partners ... Any member can quite legally veto any new Community policy ... even on matters normally decided by majority vote, Britain can invoke the so-called Luxembourg compromise which permits a member state to veto anything it deems a threat to vital "national inter-

cerns the entirety of the international community. And in fact, all countries of all tendencies, the Soviet Union, China, the developing sector countries, have expressed this over the past few days.

Q: *Do you think that the West could be led into a military intervention, to economic reprisals to safeguard their way of living and their oil supplies?*

A: Let me go back to your earlier question. At the present time we must go back to the question of respect for international law, and use peaceful means of pressure, notably in the framework of the United Nations to get Ayatollah Khomeini and the Iranian government to respect international law. This is the first required action. And in this situation, the other oil-producing countries, the Arab countries have taken extremely moderate attitudes. But we must not associate them with this action. We must not treat them as though, or consider them as though there was a bloc in this affair; it is not the case....

We must again seek with the developing countries the ways toward a dialogue which would allow us to better organize this great mutation of the world. And we must do so, for the time being, with the countries that are so inclined. This is why I attach great importance to the dialogue with the oil-producing countries of the Gulf and the Near East, and we will continue our efforts to progress in this direction....

What we are witnessing is a disorganization of the

world. And this disorganization has two aspects. The first aspect is North-South. The second is the internal disorganization of the industrialized world which is illustrated more than by anything else by the extravagant monetary disorder. We have succeeded in limiting this disorder in Europe by our European Monetary System which is functioning well. ... But we have to get back to the world problem. We cannot have at the same time an industrialized monetary system and disorganized relations between the industrialized countries and others. This is why, next spring, I will take the initiative in view of the preparation of the summit of industrialized countries for us to build an organized monetary system between industrialized countries.

In the world framework, there is of course Africa, and there our influence is very important....

I have wanted to systematically place the French economy in the sectors of the future. These sectors of the future are what I would call air, intelligence, atom, and life.

Air: that is to say the space and aeronautic industries. We have the first aerospace industry in continental Europe, and we are the first space power in continental Europe.

Intelligence: computer and communications....

Atom: we have the most ambitious program in the world, and the world knows that France is making, in this respect, an effort for energy independence....

Life: that is to say the sciences of biology. ...

est." Old hands in Brussels cannot quite believe the budget dispute will come to this. In the end a face-saving compromise has always been found. ... The only factor this jaded view does not quite account for is the distinctly unjaded single-mindedness of Mrs. Thatcher.

Ralf Dahrendorf, Director of the London School of Economics, in delivering the Jean Monnet Lecture in Florence, Nov. 26: We may yet experience the ultimate crisis of a break-up of the European Community, and we may see it happen in the next twelve months.

The Franco-German View

West German Finance Minister Hans Matthöfer, quoted in Frankfurter Rundschau: It is highly intolerable that Britain imposed higher prices on its North Sea oil than most of the OPEC states. In order to improve the atmosphere for any further compromise

talks on budgetary issues, Britain should rather think about ways to find another oil price policy.

Pierre Werner, chief of government of Luxembourg, interview in Le Republicain Lorrain, Nov. 22: Next year there will be a revision of the EMS in order to consolidate the present system. At the same time, it has to be topped with an organism which will play a role going beyond the current FECOM in order to harmonize European financial policies. The EMF could have a very great influence on the convergence of monetary policies of the different states. It would reinforce the coherence of the EMS, and beyond, the economic and social objectives of the community. ... Luxembourg will remain an irreplaceable financial place. The attractions of Luxembourg are many (banking, legislation, administrative facilities, etc.)... What the world will need in the coming years is precisely a free circulation of capital because investment needs, not only in the industrialized countries but also in the Third World countries are so enormous that one could permanently count on the permanence of an international capitals market..."

Where the EMS stands now

French President Giscard's summit eve speech over French national television summarized the prospects for the European Monetary System (EMS) succinctly: the EMS has provided a zone of stability against the West's "extravagant monetary disorder," but will not succeed unless it expands to solve the underlying problems of world development.

Only half of the original conception behind the EMS, which the European Community nations minus Great Britain founded July 6, 1978, is in effect. At that meeting, European leaders set out a two-step plan: a European Monetary System to establish fixed currency parities and pooled reserves to defend them, and, later, a European Monetary Fund to act in the world arena. A Bonn official then characterized the new institutions as "the seed crystal for an institution that will replace the World Bank and International Monetary Fund." The European Monetary Fund was originally scheduled for implementation in early 1980, a schedule which President Giscard reaffirmed in his television address.

The basis for the creation of a new fund has already been established through the pooling of 20 percent of European nations' gold reserves, valued at market price for purposes of setting members' drawing rights on EMS resources. The gold holdings of EMS members are now worth over \$160 billion at the current gold price, and the value of gold in the EMS pool is \$32 billion. The EMS pool, now placed in the Fund for European Monetary Cooperation, also includes foreign exchange reserves of over \$20 billion.

As Giscard emphasized, the currency stability features of the system—however well they have worked so far—cannot survive without the credit features. Until the eve of the Iranian crisis, the EMS provided shelter for extremely high rates of European private-bank lending to developing countries, which financed continued high European exports. However, Europe will require government muscle to provide a continued flow of export credits to its markets in the developing world and the Comecon, particularly since the private financial markets are now paralyzed by financial warfare.

The European Monetary Fund

The European Monetary Fund is designed to provide direct loans to non-European Community nations for trade and development, at lower-than-commercial interest rates. The French and West German governments intend to expand the EMS to include Europe's trading partners, replacing the Bretton Woods institutions. The French have negotiated possible links between the new Arab Monetary Fund and the European Monetary Fund. In a Feb. 26 statement on Mexican television, Giscard offered to Mexicans direct monetary cooperation when the European Monetary Fund comes on line. French sources report that Giscard intends to bring the Soviet Union into the European system during early 1980.

The scope of what the European Monetary Fund intends to accomplish is much broader than its \$70 billion resources—impressive as this figure is—would indicate. EMF gold reserves are the future reserve basis for a general reorganization of the Eurocurrency markets. Even though European private banks during 1979 took a dominant role in private Eurodollar lending, especially to developing countries, the limits of such operations under the present credit market environment are severe. Average maturity of deposits in that market is less than 30 days, and the post-Oct. 7 interest rate situation makes stable lending impossible. Therefore, the European plan is to consolidate Euromarket funds, possibly with direct help from major OPEC depositors, into low-interest and long-maturity assets at the European Monetary Fund. This could most efficiently be accomplished, European leaders agree with the suggestion of Lyndon H. LaRouche, through the issuance of gold-denomination bonds at low interest rates. Gold denomination of interest and principal repayments would guarantee investors a positive rate of return after inflation and permit the sale of such bonds with coupon yields of about 4 percent.

Britain is still the only member of the European Community to refuse to join the EMS, first on the grounds that the pound sterling was too weak, and then on the grounds that the collapse of the dollar would draw Arab funds into London, creating a "petropound" stronger than the European currencies. The EMS financial reorganization plan, when fully realized, would eliminate the City of London, the principal seat of the present Eurodollar market, and London has bitterly opposed the plan since its inception.

The NATO 'modernization' debate

Gromyko in Bonn warns against limited war doctrine

The real issue in the current strategic debate in NATO around the so-called modernization of theater nuclear forces in NATO—the deployment of U.S. Pershing II and cruise missiles in West Germany and other allied countries—is whether or not Western Europe will accede to the doctrine of theater nuclear warfare as the basis of its military and foreign policy. This is the conclusion to be drawn from an analysis of the full text of an extraordinary press conference given by Soviet Foreign Minister Andrei Gromyko in Bonn Nov. 23, other Soviet press commentaries, and statements by leading West European officials.

In seeking deployment of the new missiles in Western Europe, the United States and Great Britain are not as they claim “defending Western Europe.” As the *London Times* frankly admitted in an editorial on Nov. 26, the goal is to make possible “limited nuclear war” in a Europe militarily decoupled from the United States.

The “limited nuclear war” doctrine was developed by James Schlesinger and his cothinkers (who were termed utopians) during the early 1970s, to replace

NATO's deterrence doctrine of Mutually Assured Destruction. Schlesinger, then the U.S. Defense Secretary, had the idea that “limited” wars can be fought even in Europe, and can be gradually escalated step-wise to force the Soviet Union to back down over key strategic and political issues. The Soviet leadership and particularly its military command totally reject this doctrine as have most West Europeans. The Soviets have stated on many occasions that the only nuclear war that could ever occur is full-scale thermonuclear confrontation between the strategic forces of the United States and the U.S.S.R.

For the two months that the NATO debate has been raging, the Soviet press has stressed again and again that the doctrine of limited war is the real issue. On Nov. 22, Valentin Falin, the head of the Soviet Communist Party Central Committee's Information Department and a former ambassador to Bonn, wrote in the government daily *Izvestia* that the missile program comes in the context of the new military doctrine of “regional little wars” and “first preventive strikes,” as it was expressed in a Presidential Review Memorandum

London Times: arm for limited nuclear war

The lead editorial in The Times of London on Nov. 26, titled “NATO's Nuclear Cover,” frankly described the purpose of the proposed new NATO missiles.

The military case for modernization is very strong. NATO strategy is based on the doctrine of flexible response. This means having the ability to make a controlled response to any level of threat from the smallest border incident to full-scale intercontinental warfare. In recent years a gap has been opening in the middle range of the scale. The Soviet Union has been deploying a new generation of nuclear weapons for the European theatre, notably the SS-20, which is an accurate,

mobile missile with three warheads, and the “Backfire” bomber. Both these systems have ranges of over 3,000 miles and could reach Western Europe from the Urals. Yet they themselves cannot be reached from Western Europe except by obsolete and increasingly vulnerable aircraft. They have a sort of sanctuary status, uncontrolled by the SALT agreement and out of reach of European weapons.

In an escalating conflict Europe could, therefore, find itself having to jump straight from battlefield nuclear weapons to intercontinental annihilation. While this could frighten the Russians it could also tempt them to calculate that the United States would not risk its own cities for the sake of Europe. Dr. Kissinger confirmed in a recent speech that this might not be a wholly irrational calculation.

Hence the NATO plan to deploy 108 Pershing II missiles and 484 ground-launched cruise missiles in Europe. ...

on Aug. 25, 1977. The inventor of this doctrine was James Schlesinger, the former Defense Secretary, Falin said. He pointed out that plans for "modernization" of NATO forces were devised as far back as 1975, before the Soviet SS-20 missiles were ever deployed in the western part of the U.S.S.R.

Writing in the Soviet military daily *Red Star* Nov. 14, commentator Z. Mirskii quoted a West German magazine that the U.S. "believes its NATO partners must 'decouple' from the American nuclear deterrent, since it is possible to limit nuclear war to the boundaries of Europe." Mirskii added: "There you can see what tree the dog is barking up. ... The Pentagon does not want to defend Western Europe but to turn it into the target for a nuclear response strike to turn it into a theater for 'limited nuclear war'."

Gromyko warns Schmidt

There is no question that Chancellor Helmut Schmidt of West Germany rejects this limited nuclear war doctrine as a threat of thermonuclear annihilation of the Federal Republic. However, the issue on which world peace now hangs is whether Schmidt's efforts to slalom through the Dec. 12 NATO ministerial meeting, okaying the missile modernization program and still keeping detente intact, can succeed.

This is the question that Gromyko raised in his surprisingly strong remarks during the Nov. 23 press

conference. If NATO goes ahead with the modernization program and "if our proposal for immediate negotiations is rejected, the basis for negotiations would be destroyed. It would cease to exist," he said. Gromyko said that he first thought that West Germany's call for negotiations would help break the deadlock, "but a clarification followed which showed that the negotiations which we propose and the negotiations which are proposed to us are completely different. We propose to begin negotiations immediately. ... But we were told: no, first we will take the decision on producing this missile and on its deployment. And only then will we begin negotiations with you. ... We declared openly that such a posing of the issue means a political condition. This destroys the basis for negotiations. I repeat, such a position of certain NATO countries destroys the basis for negotiations.

"If anyone contends that this is not the case, that there are de facto no differences between our proposal for negotiations and that proposal, then don't believe this. These are different concepts of negotiations."

Gromyko traced the impulse for the NATO missile program to "the Pentagon or circles close to it." But in an unusual afterthought he noted that "however, if someone proves that these impulses came from different sources, and if he finds convincing arguments, we will agree with this."

Gromyko countered Western accusations that the

Gromyko communiqué

Following is the text of the official communiqué released by Soviet Foreign Minister Andrei Gromyko at the conclusion of his visit to Bonn, West Germany.

In the course of the meetings and discussions, there occurred a thoroughgoing exchange of views on questions of further cooperation, on the basis of documents agreed upon during the visit of the General Secretary of the CPUSSR and chairman of the Presidium of the Supreme Soviet of the U.S.S.R., L. I. Brezhnev, to the Federal Republic in May 1978.

At the center of discussions on problems of today stood the necessity to make peace and security in Europe and the world more firm. Both sides affirmed anew that they see no reasonable alternative to the policy of detente. They expressed their resolve to develop the process of detente, to deepen it and

assure it progress and lasting character.

... The importance of the section of the joint declaration of May 6, 1978 was stressed wherein it is stated that no one should strive for military superiority, that approximate equality and parity suffice for defense, and the appropriate measures in disarmament and arms limitation in the nuclear and conventional areas which correspond to this principle would be of great importance.

The ministers expressed their conviction that the treaty signed between the U.S.S.R. and U.S.A. on limitation of strategic offensive weapons represents an important step in efforts for securing peace. The ministers discussed the state of negotiations on reduction of armed forces and armaments and measures connected with that in Central Europe. They both expressed their desire that the efforts for effective solutions in Vienna be continued, corresponding to the goal of achieving stability at a lower military level than today on the basis of the unreduced security of the participants. The ministers affirmed the importance of the final act of the CSCE conference of Helsinki. They promote further concrete

Soviet Union is using its unilateral disarmament offers, such as those made by Soviet President Brezhnev in Berlin on Oct. 6, to "Finlandize" West Germany. "We do not want to drive a wedge between the Federal Republic of Germany and NATO," he said. "We do not have such a wedge in our arsenal even if we wanted to use it."

Instead, the Soviet Union insists that a situation of approximate military parity now exists between the Warsaw Pact and NATO globally, and that for NATO to begin production of missiles which for the first time could reach Soviet territory from West Germany represents a serious upset in the balance of power. This would require a Soviet response, he said, which would set off a new spiral in the arms race and make progress at the Vienna troop reduction talks more difficult.

Gromyko's warnings to Schmidt cap a process of marked hardening of the Soviet line since Brezhnev's Oct. 6 speech announcing Soviet readiness to begin negotiations on medium-range missiles and a unilateral withdrawal of Soviet troops and tanks from the German Democratic Republic. Central Committee official Vadim Zagladin warned in an Oct. 23 interview to the Italian Communist Party daily *L'Unità* that a NATO decision to station the new missiles would substantially change the U.S.-Soviet weapons balance and thereby circumvent the Strategic Arms Limitation Treaty (SALT II). The Soviet press denounced the fact that

Brezhnev's offers were dismissed in Washington and London as "a propaganda ploy" and a "clever maneuver to split NATO."

Chancellor Schmidt sharply differentiated his own views from those of the Carter administration in the United States and the Thatcher government in Britain. He repeatedly welcomed Brezhnev's speech as an impulse to new negotiations and an embodiment of the spirit of the historic May 1978 Schmidt-Brezhnev agreements that were signed in Bonn. Those accords recognized the principle that neither side would seek military superiority, and instead would seek to further economic, political and cultural-scientific cooperation for the next 25 years, to the end that never again would Germany and the Soviet Union find themselves at war with one another.

From this standpoint, Schmidt has insisted that NATO adopt at its Dec. 12 meeting a two-pronged resolution to begin the production of the Pershing II and cruise missiles for deployment in Europe some three to four years hence, and to also put forward an arms control offer to the Warsaw Pact. "In the ideal case," Schmidt has said on many occasions, successful arms negotiations could make it unnecessary actually to produce or deploy the new missiles. He has urged that NATO adopt a decision for the United States to unilaterally withdraw 1,000 tactical nuclear weapons from Europe as a gesture of good faith, and that NATO

measures toward realization of all the principles and determinations of the final act as a unified whole. In this connection, questions relating to the meeting of participant states of the CSCE November 1980 in Madrid were discussed.

There also occurred an exchange of views on a series of other present problems, among others concerning the situation in the Middle East, certain areas in Africa and Asia. The ministers also dealt with questions presently being considered in the context of the United Nations.

In the course of the discussions, both sides stressed as they have done previously the importance of the strict adherence and full application of the four power agreement of Sept. 3, 1971.

In the course of discussions, the present standpoint and perspectives of bilateral cooperation on the two nations in various areas was discussed. Both sides are for the further development on the basis of the treaty of Moscow (Aug. 12, 1970) and other treaties and agreements between the Federal Republic of Germany and the U.S.S.R. The ministers also spoke about the economic relations so important for

both nations, and noted with satisfaction the positive developments. They praise the useful work of the Commission of the Federal Republic of Germany and work of the U.S.S.R. on economic and economic-technological cooperation, and noted that the working out of the long-term program is proceeding for the chief focal points of that cooperation.

The ministers expressed their satisfaction over the positive development of cultural exchange of views on humanitarian questions also occurred. The ministers proposed that meeting at high political levels between the Soviet Union and the Federal Republic be continued. They are convinced that such contact is of high importance for the development of relations between the two countries, and represent an important instrument for deepening these relations. This holds especially for summit meetings.

A. A. Gromyko confirmed the invitation made earlier to Federal Chancellor Helmut Schmidt to make an official visit to the Soviet Union. An invitation to Foreign Minister Hans Dietrich Genscher was also extended, the invitations were accepted with open spirit and were termed useful by both sides.

put forward a new initiative at the Vienna troop reduction talks (MBFR).

Gromyko and other Soviet spokesmen and press commentators, while recognizing Schmidt's desire for detente, reject his solution to the NATO problem. Numerous Soviet commentaries have criticized Schmidt's Foreign Minister Hans Dietrich Genscher and his Defense Minister Hans Apel for their support of NATO "modernization" and their expectation that weapons once produced, could somehow remain on the shelf without being deployed. In an interview to the West German weekly *Der Spiegel* Nov. 5, Central Committee official Zagladin compared such a naive hope to a 1922 conference on naval armament-to-be-followed-by-disarmament. "The result was Pearl Harbor," he said. "That is my answer."

NATO decision not wrapped up yet

Despite efforts of the U. S. press to portray as a foregone conclusion a NATO decision to go for the whole "modernization" package, there remain significant obstacles to this. The Nov. 19 issue of *Der Spiegel* reported that at a meeting of the NATO Nuclear Planning Group in the Hague, West German Defense Minister Hans Apel "shocked" his U.S. and British counterparts by repeating that it is quite possible that if negotiations with Moscow are successful, a NATO

decision to begin production of the new missiles could still be revoked.

Reports are circulating in the European press that the Soviets may spring a new unilateral initiative to persuade West Germany not to vote for acceptance of the missiles. The Italian daily *Corriere della Sera* reported Nov. 24 that Gromyko may offer to partially withdraw Soviet SS-20 missiles from the western part of the Soviet Union if NATO agrees to negotiate before adopting its modernization decision. The Italian Communist Party daily *Unità* had previously cited "rumors" that the Soviets are preparing a surprise move for one or two days preceding the NATO meeting—a possible unilateral withdrawal of some SS-20s.

Pope John Paul II called on NATO not to adopt the modernization plan. *L'Unità* reported Nov. 27 that the Pope met with Italian Premier Francesco Cossiga and told him that "if the governments decide to take measures for rearmament, everything will become more difficult afterwards."

The Danish government is pushing for a delay in the NATO decision, pending investigation of what arms limitation measures the Soviets are willing to take. This formula will probably be supported by the Dutch government, which has opposed the modernization program.

—Susan Welsh

Iran: 'the public has a right to know'

Idaho representative investigates Trilateral Commission and CFR complicity

Representative George Hansen (R-Id.) charged during a press conference in Washington on Nov. 29 that "elements in our country" share responsibility with Iran's leadership for "precipitating" the crisis in Iran.

Stressing that the Oct. 22 admission of the Shah of Iran to the United States "set the conditions for the assault" on the U.S. Embassy in Teheran, Hansen claimed to have seen State Department and Iranian documents that show conclusively that an "arbitrary intervention" had been made by State Department higher-ups, notably including Secretary of State Cyrus Vance, to "overrule lower-level technicians" at State who warned about the dire consequences which would ensue from admitting the shah onto U.S. soil.

Two days earlier, while in Teheran, Hansen named former Secretary of State Henry Kissinger and Chase Manhattan Chairman David Rockefeller as responsible for setting up the Iran crisis. "I think that what we need to do if we are going to persist in the hostage game is let Mr. Rockefeller, the banker in New York, and Mr. Kissinger, who seems to be so involved in this business, come over and replace the hostages. Let innocent people go home and let us sweat it out over these people," said Rep. Hansen.

Investigating the CFR

At his Washington press conference, Hansen emphasized that the motivation behind his exposure is "the public's right to know" the truth about the Iran crisis.

This opens the way for a full-scale congressional investigation not only into how the Iran crisis developed, but, from information provided by circles close to Hansen, into the more fundamental question of how American foreign policy is being subverted by the David Rockefeller-led Trilateral Commission and the New York Council on Foreign Relations.

A Washington adviser to Hansen noted in an interview that "the Congressman's aim is to find out the details, the facts, about Rockefeller's and Kissinger's complicity for this Iran mess. This will open the case for the *real* target of Hansen's investigations—the Trilateral Commission and the CFR."

An Idaho friend of Hansen's elaborated: "We know the CFR and the Trilateral Commission are behind this whole operation, and we know why. They're out to wreck the American economy as a step toward the imposition of their goal of a 'One World Government'."

CFR Explodes

These reports of what is behind Congressman Hansen's recent efforts explain the astounding press attack mounted against him during this past week. Virtually every press outlet for the New York Council on Foreign Relations and its Trilateral Commission subcommittee has issued thundering denunciations of Hansen's Teheran activities.

The Nov. 28 *Washington Post*, for example, ran a lead editorial labeling Hansen a "jackass." The same day's *New York Post* ran a prominent page two editorial entitled, "Please Shut Up, Hansen," which claimed that Hansen had "lost his self-control" by attacking Kissinger and Rockefeller.

These character assassinations were matched on the floor of the Senate by John Glenn, Democrat for Ohio, who called Hansen "insane." Glenn insisted that the documents Hansen claimed to have seen in Teheran implicating Secretary of State Vance were fabrications. Glenn, a staunch administration backer and a member of the Senate Foreign Relations Committee, then proceeded to justify the U.S. armed taskforce build-up in the Indian Ocean-Arabian Sea area as having been done in response to "threats in the Persian Gulf other than Iran."

Glenn's statement fits a pattern described by Capitol Hill sources as "enormous armtwisting" by congressional leaders against any motion at all for a congressional investigation into the Iran events. Instead, 54 congressmen, led by Rep. Stratton (D-N.Y.), are circulating a joint statement demanding that President Carter declare a "time limit" on how long the U.S. will tolerate the hostage-taking, after which time a military move will be made. Others in the Senate are demanding "full solidarity" with President Carter and no question-

ing of how his administration is handling the Iran events.

Military intervention

Glenn's warning of growing military dangers in the Persian Gulf and the congressional joint statement conform with reports that the United States will follow through on plans to militarily intervene into Iran in the next days.

According to a Washington source, the National Security Council has already decided to go ahead with a military intervention, despite widespread distaste for the move among professional layers in the military." Reportedly, specially trained divisions of the U.S. 82nd Airborne Division have been flown to bases in West Germany and possibly Turkey for intervention into Iran.

By Nov. 29, Capitol Hill sources were predicting that Carter would invoke the War Powers Act during the week of Dec. 3 in a speech before the joint houses of Congress. One Capitol Hill source who favors such a move stated: "The past three weeks, since the hostages were taken, have given the U.S. the time to put all the pieces in place for a military move, which now can be expected to take place pretty soon."

These statements are backed up by military realities. The U.S. aircraft carrier Kittyhawk has steamed to the Indian Ocean, and is possibly preparing to move into the Persian Gulf Straights of Hormuz region through which most of the world's daily oil supplies travel on tankers. Sources in Bahrain report a build-up of U.S. aircraft at the airport in that country, reportedly from the USS Midway in the Arabian Sea.

There is a complementary Soviet buildup in the Indian Ocean. Pentagon sources report that three additional Soviet ships have moved into the Indian Ocean region, and Iranian naval sources claimed on Nov. 29 that 15 Soviet warships had moved into the Gulf of Oman and were heading toward the Straights of Hormuz.

The London *Daily Telegraph* is reporting that the French have sent a special naval task force to the Indian Ocean, including some of the best ships in the French fleet.

From the Iranian side has come a full array of naval maneuvers, paratroop mobilizations, and, more generally, the calling-to-arms of the entire population by the Ayatollah Khomeini.

Other nations in the region have also begun maneuvers; Egypt, for example, is reportedly carrying out naval maneuvers in the Mediterranean area in response to the growing crisis in Iran.

—Mark Burdman

The Grand Mosque

The little-known band of tribal fanatics who seized the Grand Mosque in Mecca, Saudi Arabia, last week sent shivers up the world's collective spine. For a moment, it seemed as if the nation that by itself produces more than one-third of OPEC oil exports was suddenly fallen victim to the plague that has overcome Iran.

But to pin the blame properly for what happened in Mecca on Nov. 20 and afterward, one need not look any further than two names: T.E. Lawrence ("of Arabia") and St. John Philby, Great Britain's two leading Saudi Arabian field intelligence hands, and their heirs, including London's master triple agent, H.A.R. "Kim" Philby. Though both long dead, the two British Arabists are the responsables for the atrocity at the Grand Mosque.

The attack on Mecca's holy place was calculated to upset the Saudi government. From first reports it seems that the incident has backfired, resulting not in a strengthening of the pro-Muslim Brotherhood faction in Saudi Arabia but in the reverse—strengthening Prince Fahd and the so-called stability faction in Saudi Arabia.

Before going into details, two basic points must be made clear at the outset.

First, the operation in Mecca was the work of the secretive Muslim Brotherhood, operating through tribal alliances in southern and southwestern Saudi Arabia and Yemen, under the control of British intelligence, with the complicity of a certain faction of the Saudi ruling family.

Second, the purpose of the attack on the Grand Mosque was to bring about a shift in the power structure inside the Saudi ruling elite, in which Saudi Arabia would undertake a major policy realignment, dropping its traditional position in support of the U.S. dollar and in support of relatively low oil prices and high production rates. Instead, London wanted the Saudis to join Khomeini's Iran in cutting oil output, raising prices to at least \$30 per barrel at the December OPEC meeting, and then making a break with the dollar in favor of a basket of currencies, including the British pound.

So far—put the stress, so far—it hasn't worked. To understand why, the reader must understand something of the internal balance within Saudi Arabia and of Saudi history, especially the role of the British played therein. In the following, EIR presents in summary form an exclusive analysis of the political situation in

takeover: a plan that backfired

and around Saudi Arabia, and the evidence concerning the attack on the Grand Mosque. Next week, EIR will publish a detailed report.

The stakes in Saudi Arabia

Inside Saudi Arabia, two factions can be roughly identified as competing for power and influence. Although King Khaled reigns, he does not really rule. Effective power is in the hands of Crown Prince Fahd and his brothers, the seven sons of the Sudeiri family, which include Defense Minister Prince Sultan. It is generally known that these seven brothers are committed to a relatively forward-looking, prodevelopment policy in which Saudi Arabia is being slowly dragged into the 20th century. Fahd and his faction have been the prime movers behind Saudi Arabia's enormous \$142 billion industrial development strategy. More important, the Fahd faction has been responsible for Saudi Arabia's closer relations with Western Europe, especially Paris and Bonn, and the European Monetary System. In that regard, Saudi Arabia is one of the main stabilizing factors behind the dollar and the world economy.

On the other hand, a pro-London faction is grouped around Prince Abdullah, who is generally considered to be the sponsor of the Muslim Brotherhood in the Arab world. Abdullah's power rests in his command of the Saudi National Guard, an elite, British-trained force that draws on the backward, Bedouin-tribal elements of Saudi society, especially the "minority" tribes which tend to be dissidents in the Saudi power structure. Throughout the Middle East, it is known that Abdullah is extremely close to British intelligence and the Oxford and Cambridge University "Orientalists." It is therefore Abdullah who has argued most strongly for Saudi support, or at least tolerance, of the Iranian revolution of Muslim extremists.

Among the country's technocrats, Oil Minister Zaki Yamani is known to be allied with Prince Fahd and Prince Sultan. But most of the rest of the powerful technocratic elite—including Planning Minister Hisham Nazer, Industry Minister Ghosaibi, and Finance Minister Aba al-Khayl are sponsored by Prince Abdullah. It is that reactionary, antidollar faction that Yamani denounced recently as the Saudi "Young Turks," who are seeking to reverse Saudi Arabia's progressive oil policy. At the time, Yamani stated that this Young Turks faction was gaining in power and would threaten the world economy if it succeeded in its aims.

Now, at the height of the Iran crisis, the British and the Muslim Brotherhood launched the attack on the Mecca mosque. The aim was to create a panic in the Saudi ruling elite that the kingdom's stability was no longer assured. It was expected that the terror seizure of the mosque would strengthen the conservative Abdullah faction by convincing the rest of the Saudi elite they could not resist the "Khomeini phenomenon" unless the kingdom gave greater power to its religious element and the *ulemas*, or Muslim priests, that have great power in the country.

The Mecca attack, by a band of some 200 men with arms from the Saudi National Guard, came only one day after Yamani stated on Nov. 19 that no matter what decision OPEC might take, the Saudi government would always accept dollars. Yamani's statement was all the more important in that it followed threats from the Khomeini regime to break with the dollar and demand payments in currencies other than the dollar.

At the time, the British had begun an effort to create a panic against the dollar in the international markets, a crucial feature of which was the attempt to scare the Arabs away from American banks over the Iranian assets freeze. When the news of the Saudi attack at Mecca came across the wires, it was coupled with reports that Saudi Arabia had closed down its entire communications system. Within hours, rumors of a coup d'etat and worse raced through the financial gossip circles.

What really happened?

Initially Abdullah moved in to run the counteroperation against the attack on the Mosque. The London *Financial Times* predicted Nov. 22 that Abdullah would emerge triumphant in the Saudi power struggle and that the event "would strengthen Abdullah and the conservatives." But within 24 hours, Prince Fahd assumed personal command of the military operation along with his brother, the defense minister, and Abdullah was edged aside.

Meanwhile, it was revealed that the Saudi rebels who terrorized the mosque belonged to the same Ikh-wani sect—affiliated to the Muslim Brotherhood—that was earlier responsible, in 1975, for the assassination of King Faisal. The *Washington Post* of Nov. 25, noting that the protestors were demanding the closing of Saudi television, reported, "Observers recalled that Saudi television particularly had been the object of demonstra-

tions by religious extremists in the past. The assassin who killed King Faisal in March 1975 was said by Saudi investigators to have acted because he was seeking to avenge a relative killed during efforts to put down a protest against a television station.”

But it is known also to Saudi intelligence that Dr. Henry Kissinger ordered the murder of King Faisal, and that the operation was run through Colorado and California networks of the narcotics mafia linked to Israeli intelligence. In December 1978, the *Executive Intelligence Review* printed a major exposé of the story behind the Faisal assassination, including the role of Joseph Malone, a British intelligence agent who was also CIA station chief in Beirut during the 1960s.

On Nov. 27, the Saudi newspaper *Okaz* issued an official appeal to the authorities by its chief editor calling for an investigation of the Ikhwan over the Mecca terrorist incident. According to *Okaz*, there are links between the Mecca events and the massacre at Aleppo, Syria, in August when the Ikhwan murdered 60 Syrian military cadets.

At the same time, several newspapers including the London *Times*—identified the Ikhwan as responsible for the terrorism. The Ikhwan the *Times* referred to was the old, World War I era organization that formed the backbone of the movement that catapulted Ibn Saud and the Saudi family into power in Arabia. That organization—which is not the same as the Egyptian

Ikhwan, the current Muslim Brotherhood—is nonetheless affiliated to it. After World War I the No. 1 sponsor of the Saudi Ikhwan was St. John Philby, the British agent who engineered Ibn Saud's coup in the mid-1920s. But, after his assuming power, in which Saud defeated the Western Arabian-based Hashemite family which was run by Lawrence of Arabia, King Saud suddenly turned around and crushed the Ikhwanis, much to London's surprise. Later, a disgruntled Philby asserted that the Ikhwan had “become a Frankenstein that Ibn Saud had to destroy before it destroyed him.”

When it was suppressed, the Ikhwan formed an alliance with the heirs of the Idrissi family in southwest Arabia, led by Ahmed el-Idrissi. To this day, the Idrissi alliance still exists with the Ikhwan in Saudi Arabia, under British sponsorship.

According to the *Frankfurter Allgemeine Zeitung*, the Idrissi clique is linked to Rashid Pharaon, the chief political adviser to the last three Saudi kings, and to a faction of Saudi Arabia's intelligence service. That faction, according to observers, is probably that associated with ex-Saudi intelligence chief Sheikh Kamal Adham, who is a business partner of Ghaith Pharaon, the son of Rashid Pharaon. Adham was fired by Prince Fahd last year for supporting the Camp David alliance between Egypt and Israel.

—Robert Dreyfuss

LaRouche issues a warning to Mexico

Why the Shah of Iran must not return to Mexico at present

The following is a news bulletin issued on November 28 by Citizens for LaRouche, the campaign organization of Democratic Presidential candidate Lyndon LaRouche, who is the bulletin's author.

Within 48 hours of the bulletin's release, the Mexican government announced that it had declined to extend the Shah's tourist visa and was, in fact, refusing to readmit him to the country. The Mexican government independently arrived at its decision for reasons consistent with those cited in Mr. LaRouche's warning.

U.S. citizens must support my recommendation to the Mexican government of President Jose Lopez Portillo y Pacheco that it not readmit the exiled Shah Pahlevi to Mexico at this time. It is clear that if the Shah were to arrive in Mexico at this juncture, that arrival would be the signal for a "leftist" scenario which would in fact be the opening assault in a scenario aimed at the overthrow of the Mexican government.

It is a matter of published record that the Carter administration has been dedicated to the overthrow of the government of Mexico since the beginning. This is most clearly reflected publicly as a Carter administration policy in Presidential Review Memorandum 41. **PRM 41** reflects the proposal for genocide against Mexico issued in print by think-tanker William Paddock and endorsed by Carter adviser George Ball.

The "Iranian model" is clearly the pattern which the Carter administration's controllers would follow. They are obliged to follow it because that model is the only real capability they have in Mexico—the threat of Moneterrey "right-wing" coup is essentially a feint, whose function is to set up Mexico for a "left-wing" destabilization. The lesson of the attempted destabilization of the Mexican government in 1968 is in part a lesson for understanding this problem of today.

Carter's controllers have the advantage of unwitting complicity in this scenario by a very foolish Havana government. Havana has not only recognized the lunatic dictatorship of Ayatollah Khomeini, but did so because of Havana's blindness to the internal realities of the Palestine Liberation Organization, and Havana's

notorious manipulation by Jesuit-coordinated "leftist" influences, typified by the U.S. Air Force Intelligence-sponsored "Venceremos" organization of avowed Cuba supporters.

The weakness in Mexico City itself is the fact that while government circles are extremely aware of the threat from the right-wing side of the Jesuit-controlled operation, centered around the so-called Moneterrey Group, the government has not shown understanding of the Jesuit danger from the "left," and has been blind to the implications of Havana's stupidities.

No doubt the right-wing Moneterrey Group must imagine itself on the pathway to power—just as right-wing Iranian forces imagined during 1977 and 1978, at a time when they made maneuvers indispensable for setting up the Muslim Brotherhood scenario. The foolish supporters of the Moneterrey faction ought to study the lessons their opposite numbers in Iran experienced so painfully. The Hapsburg-Pallavicini forces controlling both the Moneterrey Group and the Jesuit "left" in Latin America have no loyalties to the credulous tools those Jesuits use. Those Jesuits will "loyally advise" the Moneterrey Group to play the part the Jesuit controllers require, and will then preside, with crocodile tears, over the "martyrdom" of the Moneterrey fools tomorrow, as in Iran.

The Jesuit program for all Latin America is not right-wing regimes, but "dance of death," a genocidal, "New Dark Ages" holocaust, not the "second coming" of Hapsburg Emperor Maximilian. Foolish Havana's endorsement of the credentials of the PLO's Khomeinians, and of Jesuit operatives situated in key positions of "left" organizations throughout the Caribbean region, helps to disorient the Mexican patriots as to the extent of the danger from "the left."

The scenario

With the aid of coded information recently received from Central America, we are informed that the projected scenario for Mexico goes approximately thus.

The return of the Shah to Mexico is the signal for a wild protest from sections of the "left." Because of

stupidity by Havana, in endorsing directly or implicitly the lies of PLO representatives in the Caribbean region, not only the whole "left" but many liberals and others would "sense themselves obliged" to support leftist protests against the Shah.

This "left protest would serve as the signal for a right-wing reaction. The right-wing reaction then triggers sufficient atrocities, aided by agent-provocateurs implanted, to escalate the rage among the anti-Monterrey forces. This would bring the situation inside Mexico toward civil war-like conditions. With that, as in Iran, begins the spiral of genocide of Mexicans which Paddock proposed, Ball recommended, and the controllers of the Carter administration, including Kissinger and David Rockefeller, have in store.

The Havana angle

On many things, Fidel Castro is a proven master. Nonetheless, the Cuban leadership as a whole includes elements of both stupidity and criminality. Crucial indicators show that the combined forces of stupidity and criminality too frequently exert virtual veto power over the Cuban government's better impulses.

The variously corrupt and stupid elements in Havana include those who advised Castro to commit the criminal folly of endorsing the recently released, unrepentant Puerto Rican terrorists, the same forces which

maintain the link of Havana to the "support organization" sponsored by U.S. Air Force Intelligence officers, including H. Bruce Franklin. Such criminals and fools in Havana are otherwise linked to those factional elements within the Soviet leadership which recently beamed Soviet radio broadcasts in support of Khomeini's dictatorship into the Middle East. These are the elements ideologically linked to the tradition of Jesuit agent Bukharin and British agent and Bertrand Russell subordinate Karl Korsch, as well as to Korsch's British intelligence agent protægæ, the degenerate Berthold Brecht. More significantly today, these are elements allied to the Soviet Party think tank of British SIS's McLean, Imemo, and the Middle East specialist and son of a co-author of the Muslim Brotherhood, "Kim" Philby.

Also key in setting up the presently projected Mexican destabilization is the same Jacques Soustelle who is otherwise associated with the French patrons of Iran's Bani-Sadr and Peking puppet Pol Pot. The United Nations Organization's Ervin Lazlo, currently invited to Mexico, is also a significant Jesuit agent. The fact that relevant circles in Mexico do not grasp the significance of Lazlo and Lazlo's channels of influence into Mexico is indicative of the blind spots of the Mexican government to the actual nature of the scenario now projected.



Haig takes war candidacy to Europe and Latin America

Speaking to circles mainly outside of the United States, former NATO commander Alexander Haig has been put forward as the warhawk presidential candidate of 1980—and setting the pace for his Republican opponents.

In an unusual move, Haig announced in Mexico City—rather than in the United States—that “I will seek the nomination of the Republican Party for the presidency of the United States.” The Mexican press broadcast the announcement, but Haig’s speech went unreported in the United States.

The theme of Haig’s strategic pronouncements in Paris and Latin America has been that the real (or imagined) influence of the Soviet Union must be extirpated from the developing sector. Then the Third World must be organized into supranational entities modeled on the North Atlantic Treaty Organization (NATO). These would include a South Atlantic Treaty Organization for Brazil and South Africa, and a Middle East Treaty Organization (an idea first suggested by Edgar Bronfman) which would place much of the Middle East under Israeli military might.

The Soviet Union can only regard Haig’s prescription as a determination for thermonuclear confrontation, since the policies the NATO general advocates would alter the strategic balance of power drastically.

In Mexico: Break cooperation of nonaligned and U.S.S.R.

In his announcement for the presidency in Mexico Nov. 12, Haig scorned the Carter administration’s mishandling of strategic affairs:

“Given the crisis through which Washington is passing and because many Americans seek a leader who

is capable of conducting current debates with a high quality of thought and comprehension of current affairs both internal as well as external,” he claimed that he could deal with the crisis.

The main objective of his foreign policy, Haig said, would be to break the nonaligned nations away from all cooperation with the Soviet Union, to whom he claimed the Carter administration was handing the Third World. “The nonaligned nations and the West must not accept the new two-level Soviet strategy which includes provisions to establish a correlation of forces inside the Third World states with the proposal to provide (Soviet) armaments and promote subversion, which later would serve as a justification of a Soviet intervention, directly or indirectly, to the end of establishing what in reality would be client states.”

Haig also indicated his enthusiasm for the “China Card” against the Soviet Union, an option launched by his former partner in the Nixon administration, Henry Kissinger. The Soviet Union “lives in a state of paranoia respecting” China, Haig asserted, and while we must not provoke “enraged bears,” we can seek the benefits of “multipolarity. . . . Peking will be progressively more influenced by its perception of the political consistency and trustworthiness of the West,” if we continue to support the Peking leadership against the U.S.S.R., as in Vietnam.

Previous to his trip to Mexico City, Haig had attended the “Third International Freedoms Conference” in Valley Forge, Pa. Oct. 25-28. Dominated by U.S. and British military officers, the conference focused on such topics as “democracy and social control movement,” “how religion can preserve liberties,” “what business can do to defend freedom,” and what to do about the Mexican government of Jose Lopez Portillo, according to one attendee.

In Paris:

'The Red Army: objective Europe'

In his Nov. 17 speech "The Red Army: Objective Europe" to the Paris conference on "European Defense and Soviet Strategy" sponsored by the newspaper *Le Figaro*, Haig not only stressed his usual theme of the Soviet threat to Europe. He also emphasized his belief that the Iranian crisis could easily be used to fragment the Soviet Union itself along ethnic lines. This is one of the desired results of the Bernard Lewis plan devised by the Princeton University professor of that name to destroy the nation states of the Mideast by splitting them along racial and ethnic lines.

"Already, we can see the organic failures that the Soviet Union is going through: stagnation of economic growth, chronic deficiency of agricultural production. The frustrations which the Kremlin's government imposes on the civilian population, while military production on the contrary does not slow down, will only be exacerbated. We know that during the 1980s for the first time in its history, the U.S.S.R. will suffer from a shortage of energy resources. Its oil reserves are running out. Another cause of anxiety for tomorrow's Russian leaders will be its demographic weakening. Half of the Soviet population is not of white origin. The other ethnic groups, notably those of the *Muslim republics* englobed in the Soviet empire, have a death rate much higher than the other republics. And if the demands for autonomy develop within these different ethnic currents, it is the entire policy of russification implemented since Lenin which will be thrown in the balance. ..." (emphasis added.)

Haig then attacked the concept of detente and disarmament, thus indicating that no SALT treaty would be negotiated under his administration. Haig ended his speech once again with praise of the U.S.-Peking alliance.

"I have followed all the talks between Washington and Moscow since the Cuba crisis in 1962. I can tell you that an American head of state, in front of a grave crisis, whether it be in Cuba, in the Middle East or Southeast Asia, chooses a line of conduct which obeys the rule of balance of forces. My fear is that during the early 1980s the Soviet Union will become clearly conscious of its superiority in the strategic domain. And act in consequence, to our detriment of course.

"It is therefore extremely important for the nations of Western Europe not to take lightly the problem of arms control and to deal with it in a realistic manner on the basis of their own requirements.

"That being said, history plays tricks on man. To us, Westerners, it offers some trump cards that we have to know how to exploit. The fragmentation of the Marxist-Leninist world plays in our favor, the animosity between Moscow and Peking is sharpening. Should we get involved in subtle tactical manipulations aimed at weakening the U.S.S.R. by favoring China, by betting on the hostility of one Marxist power towards another Marxist power? I think that it is especially important to bring out the advantages which the multipolarity of the world offers us.

"A period is opening up in which our policy vis--vis the two big communist powers must take into consideration the particular behavior of each of them. A change in direction has taken place in China. Mao's successors have opted for a pragmatic attitude, open to the Western world. Western Europe's interest, according to me, is to accept the constitution of a strong and independent China."

Brazil: South Atlantic NATO

While Haig was in Paris, advisors at the Georgetown Center for Strategic and International Studies were in Brazil. Led by Dr. Ray Cline, a delegation from Georgetown met Nov. 14-17 in Brazilia, Brazil, with the top echelon of the Brazilian, Colombian, Argentinian, and Peruvian military.

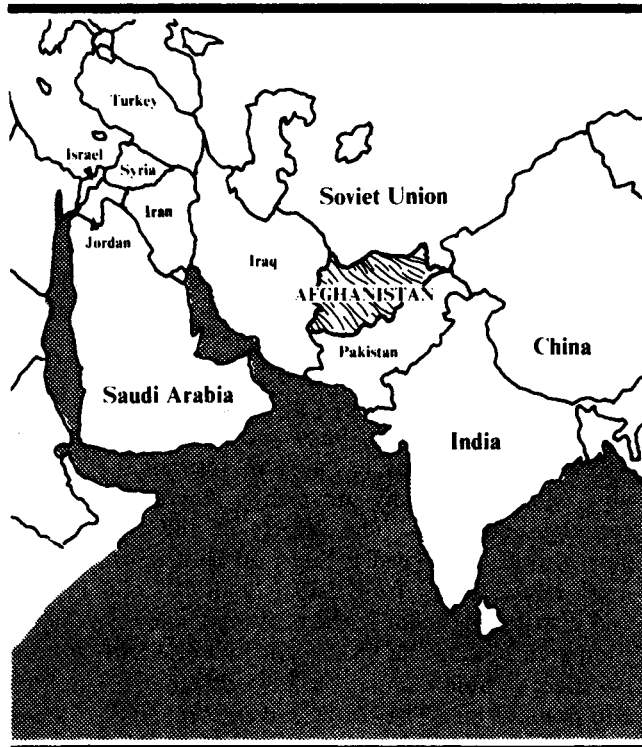
Cline's subordinate Roger Fontaine echoed Haig's warning of Soviet dominance in the Third World in his presentation, "After Havana, Reflections on the Non-Aligned." "In addition to the radical minority of those countries having increased in the last few years in relation to the moderates," he warned of snowballing Soviet influence in the Third World," the tendency is for this to increase further towards the next non-aligned meeting in Bahgdad, 1982. ...The Cuba-Soviet perspective on the nonaligned movement...will necessarily strengthen in the short term."

The meeting therefore proposed the creation of a South Atlantic Treaty Organization, (SATO), a military alliance between the Latin American countries present, South Africa, and whatever black African states—Nigeria was mentioned—would agree to be included. Brazilian airforce adviser Lavenere Wanderly stated that "Brazil will have to make a great effort to adequately equip its armed forces in the face of the strategic evolution of the South Atlantic...specifically the ideological penetration of the Soviet Union...as shown by the expansion of its maritime power which shows its ambition of world power."

Afghanistan: in search of an Ayatollah

This week, in a hall somewhere in Bavaria in southern Germany, a meeting has been taking place. The room is full of Afghans, exiles from their country who are plotting the overthrow of the present government of President Hafizollah Amin. For more than a year, since the April 1978 revolution which overthrew the family that had ruled this Central Asian nation for more than a century, an armed resistance has been mounted to the new government. Based largely out of Pakistan, the rebels are divided among many groups, many tribes, and many leaders—they have no ayatollah for what they describe as their Islamic “jihad” (holy war) against a “godless Communist” regime in Kabul.

The search for an ayatollah, someone to unify the often warring and squabbling groups, has been demanded by the backers of the anti-Afghan movement residing in London, Washington, Teheran, Pakistan



and the Middle East. In the words of one former senior American State Department official, still intimately involved with Afghanistan: “They need a person to rally the tribes. It would take a rallying family or a person who has not emerged as yet.”

One of the men mentioned by the American official as a prime candidate for the position was the center of the Bavarian meeting—General Abdul Wali. A former Afghan army general, Abdul Wali’s main qualification is that he is the son-in-law of the former king of Afghanistan, Zahir Shah. The ex-king now sits complacently in his Rome apartment—“He is a nice guy,” said the senior official, “but a do-nothing.” Abdul Wali on the other hand is ready to seek the throne according to our Washington source. “He is a real leader, and has tribal backing,” but he later added, “he is not very popular.”

The meeting in Germany, however, solved nothing—a new organization was created, the “Islamic Council for the Liberation of Afghanistan,” but the participants could not agree on who should be “the leader.” Instead, a collective leadership was established with the proviso that anyone who might want to be a leader must: believe in Islam, have an “irreproachable personality” and have “fought in the field.” There was no indication as to who meets these “qualifications” to be the new Ayatollah.

So go the problems of what the British call the “Great Game”—their historic intervention to control Afghanistan, the buffer state between “Russian” Asia and “British” India.

Anti-Khomeini government

The fate of the Islamic rebellion in Afghanistan is of great interest to those who are behind the recent events in Iran, in Pakistan, and throughout the region. The Amin government is the most stridently anti-Khomeini government in the world, and the Afghan government press minces no words in day after day describing the Iranian regime as “fanatics, oppressors, and tyrants.” The highest circles of the government, starting with President Amin who succeeded former President Taraki

two months ago, have identified their enemy as "made-in-London Muslims." They are referring to the Ikhwan Mussalman, the same conspiratorial Muslim Brotherhood organization which stands behind Khomeini, which organized the assault on the U.S. embassy in Pakistan, and which is spreading chaos throughout the region from Bangladesh to Turkey.

Afghanistan also represents something else. It is a Soviet-backed government—a counterdeployment to the London-sponsored "Islamic revolution," which was a revolution aimed in part at Soviet Central Asia and

its large Muslim population. Since Amin's accession to the presidency, the Afghan government has toughened its stance against the Brotherhood rebels, sending its army into the heavily rebel-infested provinces which border the rebel sanctuaries in Pakistan. It has simultaneously reached out to draw legitimate Muslim religious leaders into the base of the government. If Amin's approach succeeds, the Islamic "wave" will be broken in Afghanistan and the control of the Brotherhood strongholds in Iran and Pakistan will be threatened.

Islamic Council vows jihad

The following is an edited version of the final communiqué issued by a group of Afghan exiles who met in West Germany this past Nov. 17 to 22. The meeting brought together a variety of exile leaders including General Abdul Wali and S. Mojadedi. This is an unofficial translation from the original Persian and Arabic.

A number of political, military and business leaders, living in the Middle East, Western Europe and the United States, representing the movements of the people of Afghanistan, have met Sept. 16, 1979, in a West German town, and have decided to establish the Islamic Council for the Liberation of Afghanistan. Its aims were the following:

- 1) Full cooperation with the Jihad/Resistance Movement. . .
- 2) To mobilize all necessary kinds of support for the struggle of the people of Afghanistan.
- 3) The establishment of a system of foundations and committees to propagandize the fight.
- 4) The creation of committees aimed at giving the Afghan people democratic institutions.

In a second session, from Nov. 17 to 22, in a West German city, it was decided that full coordination and cooperation between the leaders of the Council and the Mujahideen be established. The Islamic Council denounces the deeds of violence against the Afghan Peoples Committee by the regime in power in Kabul. The Council stresses that it sees no difference between Amin and Taraki, and considers Amin as criminal as Taraki. . .

The Council does not think that the Jihad is merely a national issue. . . It is an Islamic issue and the Council feels sorry for those Islamic forces which have refrained from supporting our Jihad.

The council considers that it is in the interests of all peace-loving nations in the western world and in the developing sector in particular to stop the aggression of the Soviet social-imperialism.

Based in Pakistan

The base of the Brotherhood's operations against Afghanistan in the Northwest Frontier Province of Pakistan, the home of the fabled Pathan tribesmen of the Khyber Pass, which links Pakistan and Afghanistan. The tribesmen are still organized, as they have been for centuries, in feudal clans, and the clans into tribes headed up by a tribal khan or chief. More than half the population of Afghanistan is Pathan, and many of the tribes live in both Afghanistan and Pakistan, passing freely across the border in seasonal migration with their flocks. The Northwest Frontier Province was a part of Afghanistan until the British Indian Empire conquered it in the 19th century. (Afghanistan itself was a virtual British protectorate until 1920.)

It is here, among the tribes and the refugees, that the Brotherhood recruits its "mujahideen" (holy warriors). The main activity of the tribes has not been covered in the numerous reports appearing in the Western press on the "rebellion."

Their main activity is the growing, processing and smuggling of hashish and opium, in a drug "triangle" that recent reports say is rapidly replacing the famous "Golden Triangle" of Southeast Asia in importance. Along with the smuggling of dope is that of guns and precious stones. The poppies which are grown high in the hills of northwestern Pakistan have long been the source of supply for Iran's huge addict population. Until the April revolution they were smuggled through Afghanistan, but now go through the sea and through Baluchistan, the mountainous area which stretches across from Iran to Pakistan and Afghanistan. The difference now is that the Brotherhood's dope is now finding its way into Europe in large amounts.

Some of the tribal khans and their followers have fled with their mulahs, to Pakistan, forming the refugees now camped in army-run camps where they receive training and arms. The efforts of the new Afghan government have been focused on land reform (taking huge estates away from tribal landlords and mullahs and distributing them to the peasants), and on a literacy campaign among the 96 percent illiterate and ignorant populace. These campaigns have driven the landlords and mullahs out. They now lead the "rebellion," which is largely a matter of scattered tribal revolts generated

by lies that the government has burned and destroyed mosques and is trying to kill Muslims. Even an effort by the government to carry out the country's first national census was the subject of a black propaganda rumor campaign in which ignorant tribesmen were told that this was part of the government's plan to eliminate Muslims.

Many Mini-Ayatollahs

The anti-Kabul movement has many aspiring ayatollahs, some of them leaders of organizations not in existence for some time. These also conspired against the pre-1978 Afghan regime of President Mohammed Daud, who had overthrown his brother-in-law, the King, in 1973, with the aid of the forces in the army and outside it, led by the Afghan Peoples Democratic Party which now rules in Afghanistan.

The mini-ayatollahs can be sorted out however, revealing in the process the truth of a charge made by Amin and others that these are "British spies" and "the sons of spies for the English," the historic enemies of the Afghan people. One such "son of a spy" is the leader of the self-styled Afghanistan National Liberation Front, Sigbatullah Mojadedi, also reported to have been a participant in the Bavaria meeting. Mojadedi is a mullah, and the son of a former mullah and minister of the king's government named Sher Agha. Mojadedi's former base of operations was Copenhagen, where he ran an "Islamic Center" known to be a Muslim Brotherhood front and where he established contact with Khomeini when the Ayatollah was camped out in Paris before the downfall of the Shah.

Sher Agha is known to students of Afghan history—of which there are admittedly very few—as the mullah who fled to British India in 1924 out of opposition to

Iran' greatest crisis so far

Following are excerpts from an editorial in the semi-official Kabul Times, Nov. 4, 1979, entitled 'Greatest Crisis Khomeini Faces.'

Khomeini and his clique are critically faced with the greatest crisis they have seen so far... They are currently administering the affairs of the poor people of Iran on the basis of methods which were prevalent in the Middle Ages. This method will draw the people of Iran towards misfortune and misery. This condition will draw Iran once again to the arms of the imperialistic circles.

No doubt this is the intention of the ruling elements of Iran who rule the country with all reactionary ways and means, fanaticism and imperialistic manners.

Ikhwanis against religion's traditions

The following are excerpts from a commentary on Kabul Radio, Oct. 22.

With the victory of the Great Saur Revolution (April Revolution) in Afghanistan, which was realized with the backing of 98 percent of the people of this land, a number of persons had left this country. These persons had been either infidels, Ikhwani Ash-Shayatin [Brotherhood of the Devil—the Muslim Brotherhood] in the guise of religious leaders or the feudal lords. The Ikhwanis in the guise of pirs [religious title] had been directly in the service of the colonialists [the British] and they are now carrying out the cause of the imperialists in Pakistan, Iran and other territories...

'Not a loaf from the British'

Following are excerpts of a speech by President Hafizollah Amin to elders of the Touri, Mangal, and Waziri tribes—Pathan (Pashtoon) tribes which live in the border areas of Afghanistan and Pakistan. The speech is reported in the Oct. 23 issue of the Kabul Times:

Tell your countrymen that their fathers and forefathers were proud and high headed. They were not looking forward to the black hands of the foreigners to throw a loaf of bread in their mouth. They never wanted that Britishers or their agents to give them something. If they walked empty-stomached their pride and their heads were held high. They preferred living on grasses of their country to all luxury and reaction. Thus all of you are the sons of those fathers. Your country will be built. However, you see that some are deceived and have their mouths open for the bread of aliens. They are sitting in the guest house of aliens [referring to the exiles and rebels in Pakistan].

... Our brave laborers, peasants, and workers of our country can never accept this. They say it proudly that their enemies are the sons of the spies of the British. They are the enemies of the country. They are the people whose fathers and forefathers had taken refuge in the lap of the British during the reign of Amanullah Khan. There they were telling lies and shouting nonsense. Today their sons have thrown themselves in the lap of the agents of the British. From there they shout against our country. ...

the then King Amanullah, an enlightened monarch who led his country in a fight for independence from Britain and tried to modernize his backward feudal nation. Sher Agha found employment in the pay of the British Secret Intelligence Service, and led a black propaganda campaign against Amanullah for being "unIslamic" (including his move to have women remove the veil) which led to the British backed overthrow of Amanullah in 1929, with the aid of the same Pathan tribes of the Pakistan (then India) frontier, and the mullahs. Installed to replace Amanullah was King Zahir Shah, father of Zahir Shah. The son, Mojadedi, has dutifully followed in the footsteps of his father.

Mojadedi is a leader of a shaky alliance, the United Islamic Covenant of Afghanistan, which includes another powerful mullah, a former professor of theology at Kabul University, Burhan Rabani. Rabani leads one of the Brotherhood's affiliates, the Jamaati Islami of Afghanistan, and has been recently traveling in London and the Persian Gulf in search of funds. Rabani's group is an armed underground organization, founded about 20 years ago which aims, by his own description, in precise following of Khomeini, to create "an Islamic social, political and economic order in Afghanistan." Rabani is backed by the same Jamaati Islami of Pakistan which controls the Zia regime and was responsible for the burning of the American Embassy and the death of two Americans. Rabani's Brotherhood views are uniquely expressed in an interview last July, where he attacked the U.S., charging that "the Americans and the Soviets have a secret compact with regard to the Muslim world. There appears a method in the Americans making way for the march of Communism in Muslim countries."

Can They 'Deliver?'

The rivals of these two Brotherhood mullahs are many. They include the leader of the Hizbi Islami, engineer Gulbuddin, also a militant Islamic who was imprisoned by both the king and Daud for previous subversive efforts. Another "religious" leader Syed Gailani claims to be a descendant of the Prophet Mohammed. The latter is somewhat distinguished for having decided, after launching a holy war against the infidel in Kabul, that he should shape his appeal more "nationalistic."

Gailani also claims to be pro-Western, and according to a recent article in the London Times owns a posh apartment in London where he says things which sound reasonable: "We are opposed to extremism of any kind. We believe in a moderate, modern Afghan state based

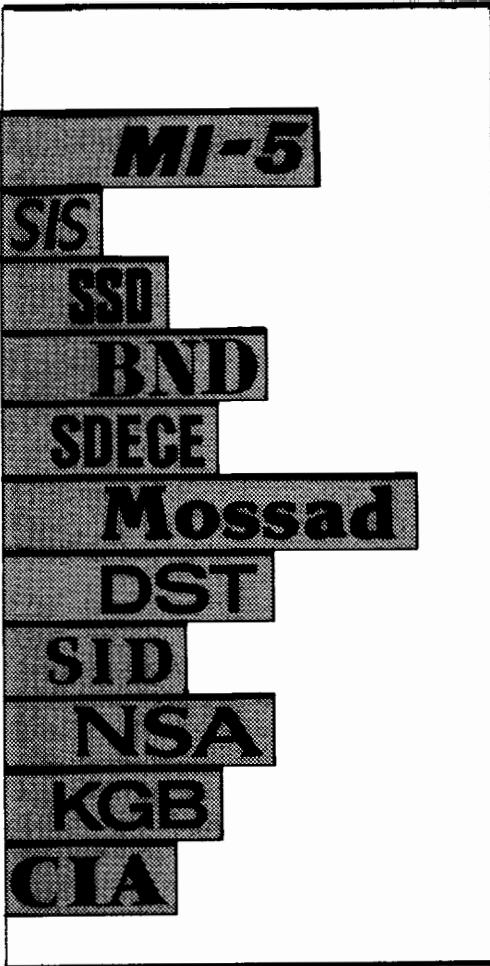
on nationalism." Gailani is thus making his appeal for the much competed for "seal of approval" from London and Washington. His problem is whether he can "deliver."

Gailani has received much notice over the months in the Western press, particularly the *New York Times*, due to the efforts of his self-appointed "right hand man," an Afghan living 18 years in the U.S. and a graduate of Harvard Business School and MIT named Zia Nassry. Zia now, tired it seems of being only a right hand, has taken up the task of unifying the great movement, as Chairman of a 30-man Afghanistan Islamic and Nationalistic Revolution Council based, as are all of these groups, in Pakistan. While Rabani charged in the interview that Gailani is an American "infiltrator," Zia seems to fit that role more, traveling frequently between Pakistan and New York and traveling around the U.S. speaking as an Afghan leader.

Nassry does have some credentials—he claims to be from a tribal leader family and has the support of the dope-running Waziri tribe or parts of it. He also is the son of the former head of the Afghan secret police and numbers among his friends Cord Meyer, a former CIA station chief in London, and a group called The American Friends of Afghanistan, which includes two former U.S. Ambassadors to Afghanistan, Theodore Eliot, (now the Dean of the Fletcher School of Diplomacy in Boston) and Ambassador Newman, (now with the Georgetown Center for Strategic and International Studies). The AFA is supposedly engaged in raising money for Afghan refugees in Pakistan and other humanitarian work but is an unconcealed support operation for the Brotherhood's "rebellion."

Financed by dope money, armed by the Chinese (who have a small Maoist group of Afghans as their contribution to the struggle) and with Soviet and Western arms brought from Egypt and contributions by Pakistan and Iran, these holy warriors have aimed to create a new Khomeiniland in Afghanistan. The Amin government is determined to beat back these defenders of that nation's old feudal order and bring about modern development. It may take a bloody war to do that if the Brotherhood gains a "leader" who can claim the allegiance of all the little ayatollahs. Such a move would be the pretext, in the context of spreading chaos in the region, for open military backing by Pakistan and the British and American intelligence services for this new "liberation movement."

—Daniel Snider



A comparative analysis of intelligence services

by Lyndon H. LaRouche, Jr., Contributing Editor

During the course of the past week, a concerned European official requested that I provide a summary of my estimate of the comparative qualities of several nations' intelligence services.

The query was prompted chiefly by a review of the current Iranian crisis. The question reflected the shock among many European officials after discovering that the U.S. State Department (Ramsey Clark), Henry Kissinger, David Rockefeller, and other U.S. influentials were knowledgeably complicit in setting up the hostage situation in Iran.

That and other discussions of the past week have shown that it would be useful, at this time, to provide the sort of report requested as public information. I do so here.

Classifying national intelligence services

The first thing one must do before rating national intelligence services is to set ground-rules for the review.

When political figures, such as legislators and lead-

ing groups of private citizens, ask about the quality of nations' intelligence services, they are thinking, first of all, of the quality of information leaked to them by official government sources. At first thought, most such persons forget that their own national intelligence services may lie to the highest executive levels of government, as well as to legislators and other influential citizens. So, we must make a distinction between the quality of what intelligence services know, and the competence of the information which they report.

Next, the intelligence capabilities available to various nations are a mixture of private, official, and semi-official institutions. In addition, there are factional differences among the combination of such entities within a nation, and within most of the official varieties of agencies taken one at a time.

This set of complications does not mean that meaningful comparisons are not available. The complications oblige us to construct a comparative picture by means of a series of successive overlays. Each overlay corresponds to one kind of question.

We compare some principal nations' intelligence capabilities and information-releases accordingly.

1. Rated by quality of knowledge	2. Rated by quality of information released	3. Rated by military-strategic competence	4. Rated by knowledge of international terrorism	5. Rated by value of information released on international terrorism
1. Great Britain	1. France	1. Soviet Union	1. Great Britain	1. Italy
2. Israel	2. Italy	2. France	2. Israel	2. France
3. Switzerland financial	3. Great Britain	3. East Germany	3./4. Italy/ France	3. Soviet Union
4. France	4. Soviet Union	4. West Germany	5. Switzerland financial	4. West Germany
5. Soviet Union	5. Switzerland financial	5. Italy	6. Soviet Union	5. East Germany
6. Italy	6. West Germany	6. Great Britain financial	7. West Germany	6. Switzerland financial
7. East Germany	7. East Germany	7. Switzerland financial	8. East Germany	7. Great Britain
8. United States	8. Israel	8. Israel	9. United States	8. United States
9. West Germany	9. United States	9. United States		9. Israel

Comments on each

Great Britain—British intelligence today is the outgrowth, historically, of a 1590s coup takeover of the Tudor Secret Intelligence Service of England (SIS) by the Cecil-led faction. The Cecils were proteges and agents of the Rome-Genoa-Geneva “black nobility” faction (Pallavicinis, Colonnas, et al.), and therefore of the 16th century Jesuit order. They were allied, therefore to the black nobility-controlled Hapsburg and Wittelsbach organizations, as well as such Welf (Guelph) households as the ruling house of Hannover.

John Calvin was also a protege of the Italian black nobility and was the Protestant complement to the Catholic-Jesuit order of Calvin’s former close associate and former fellow-student, Ignatius Loyola. The black nobility worked both sides of the Catholic/Protestant factions of the 16th and 17th centuries, just as the “Protestant League” of France’s Henry IV was an alliance of Augustinian currents of both Catholicism and Protestantism.

That historical background is indispensable for understanding British intelligence and its immediate accomplices today. If one traces out the history of the Cecil family, and the families associated with the Stuart Restoration cabal, one identifies efficiently the hard kernal of what may be usefully identified as the kook faction of British intelligence, the aspect of British intelligence and policy-making closely tied to the black nobility “kooks” of the European continent and Hapsburg-Pallavicini-allied kook factions in the Western Hemisphere. These kooks are the “one worlders,” the

forces which wish to undo such products of the 15th century Golden Renaissance as the creation of the modern nation-state and industrial capitalism. “Trilby” Prime Minister Margaret Thatcher and her “Svengali,” Sir Keith Joseph, are above-surface examples of the kook faction in British policy today. Henry Kissinger and Alexander Haig, among others, are U.S. examples of the same Anglo-American kook faction.

Opposite to the kook faction in British intelligence and policy-making are the British nationalists, the “realists.” Like the kooks, the nationalists or realists are determined to assert London’s hegemony of influence in world affairs, but are not willing to go so far as to risk the absolute destruction of Britain to accomplish that end.

At the present moment, the kooks are running rampant in Britain and in hegemonic influence over policy-making circles in the United States, as well as in Israel.

France—French elites, including military and intelligence elites, are also determined historically. One current in the elite of today’s France is rooted in the establishment of France as a modern national-economy under Louis XI. The 16th century *Politiques* and their 17th century continuation through Richelieu, Mazarin, and Colbert represent what is usefully termed the Legitimist tradition and faction, the faction associated with the Marquis de Lafayette and Benjamin Franklin’s other 18th century allies. Formerly the Legitimist royalist faction of the 1790s, the Legitimist current has become the modern French republican elite, as typified by the late President Charles de Gaulle, and, before de

Gaulle, by the great minister of France, Gabriel Hanotaux.

The opposite faction in France's elite strata is historically Orleanist. This is rooted in the Fronde, in Anglophile Bordeaux, and in other manifestations of adversary factions to Richelieu, Mazarin, Colbert, Lafayette, Hanotaux and de Gaulle in France into the present time. Jacques Soustelle and the leadership of the Socialist Party of France typify the modern outgrowth of the Orleanists.

The close alliance of the Duke of Orleans and Necker during the 1780s through their deaths was also their mutual alliance with the British forces centered around Lord Shelburne, Pitt the Younger, and Jeremy Bentham during the course of the French Revolution. It was Orleans and Necker who sponsored the Jacobin faction, and Jacobin terror in 1790s France; so, the present-day affiliation of OAS types to the Jacobin Socialist Party of France is scarcely wanting in precedents. One should not be astonished, therefore, to discover that the behind-the-scenes sponsors of the anti-Giscard "center-left government" project in France are ultra-rightists allied closely to the forces behind the Thatcher government of Britain.

In general, because of the French elites' conscious rooting in knowledge of European history, French intelligence is potentially of high quality. The weaknesses of French intelligence arise from the precarious hegemony of the healthy currents over the insurgent, anti-Gaullist forces typified by Soustelle's friends.

West Germany—Germany formerly had excellent quality of intelligence services. The Nazi regime made use of these capabilities while also weakening them. The capable social strata which formerly provided Germany with its intelligence capabilities were variously taken over by the British or suppressed during and following the post-war occupation. Federal Republic regular intelligence services are staffed chiefly by ordinary policemen lacking in the assimilated qualities of tradition and knowledge required for a competent intelligence service. This weakness is aggravated by acquired mental and policy habits of the Occupation and NATO arrangements. West Germany maintains, for example, no competent, systematic intelligence study of the United States and Great Britain.

Former German intelligence capabilities developed in the aftermath of the Thirty Years War. One branch of this development was the military and civil-service professionals of the Germany oligarchy. The other, somewhat-overlapping current was the heritage of Gottfried Leibniz, the industrial-republican scientific current.

The latter aspect of former Germany intelligence capabilities deserves the greater emphasis in compara-

tive evaluation of West Germany's intelligence capabilities for today.

Leibniz created the scientific doctrine of modern political economy during the latter part of the 17th century, while also developing a rigorous foundation for Natural Law in both jurisprudence and science. Leibniz also cooperated with France's arch-intelligence grand master, Colbert, with the English Commonwealth Party and with Eugene of Savoy, in heading up during his lifetime one of the most sophisticated, operating political intelligence and operations networks the world has seen to date. Leibniz and his allies came near to taking over Europe. It was the corruption of Louis XIV plus the culmination of that corruption in Marlborough's campaign which narrowly defeated Leibniz and his allies.

During the period of the French Revolution, and afterwards, Germany's republicans, the heirs of Leibniz, were concentrated along the spine of Germany, the Rhine. These forces worked closely with Lafayette's circles, including the Ecole Polytechnique and its heirs in France. In close cooperation with Lafayette and the Whig forces in the United States, the German republicans of the post-1815 period developed a strategic approach for the industrialization of Germany, developing centers in the Rhineland-Ruhr area (metal-working industry) and centered around Stuttgart (chemicals, metal-working). Through a strategic approach to developing the German railway system, the 19th century German economic miracle was accomplished.

German republicanism was significantly disrupted as a political force in its own right by the developments leading into and following the 1848-1849 revolution. The republican tradition of Leibniz, Schiller, von Cotta and Friedrich List retreated into the provinces of science and industry. Despite the wrecking of the 1919-1946 period, these social forces persisted as a significant force in Germany's political life, if vestigially, into the 1966-1968 period, since when they have tended to evaporate, or become mere shadows of their former selves.

Under Occupation and post-Occupation arrangements, various foreign and domestic influences in West Germany worked to the effect of preventing either the industrialist or military traditions from becoming dominant in the development of a new, nationalistic German set of intelligence services. Germany's intelligence services have no historical perspective or "grand strategy" today. To the extent they develop an intelligence estimate, this occurs by "reacting to" developments thrust upon them, not by developing a comprehensive overview in respect to historic, national interests of the nation.

This is associated with a heavy dependence upon and, worse, subordination to, intelligence-estimate "hand-outs" by, principally, British, British-dominated

NATO, and British-Israeli-Peking-dominated U.S.A. intelligence playbacks.

There are isolated exceptions to this, including some better perceptions reflected by Chancellor Schmidt and his Chancellor's office. However, these are conspicuously exceptions, and do not represent or have the advantage of adequate qualities of in-depth, comprehensive work by regular intelligence services.

Crucial proof of this characterization is provided frequently by statements of numerous among leading industrialists and other figures in West Germany. We refer to statements which could not possibly be issued unless the issuer were pathetically ignorant of ABCs in the area involved.

Italy—The superiority of Italian intelligence services over West Germany's is often masked by the fact of the Italian nation's relatively disadvantageous position as an economic and military strategic power.

Italy has several intelligence traditions, and Italian institutions were not gutted to anything near the extent post-war Germany's institutions were ravaged.

There are principally two intelligence traditions in Italy. One centers around the Rome Black Nobility and involves the Genoese Black Nobility, the Fanfani-linked currents of the Christian Democracy, and the Socialist Party of Italy. If we define the anarchist and anarchoid elements of Italy as the heirs, respectively, of Mazzini and Croce, and as the "extreme left," then it is correct to report that the "extreme right" and the "extreme left" of Italy are siblings of the same Black Nobility mother. This is analogous to the Soustelle-Socialist Party linkage in France.

The other principal current in Italy is centered around the Augustinian currents of the Christian Democracy, and often has support on matters of national interest from the non-Crocean forces of the Communist Party. This latter connection is stronger than the present-day Gaullist influence over the Communist Party of France.

This latter force in Italy tends toward close cooperation with the like-oriented forces in France. This force in Italy has been the principal foundation for the recent governments of Giulio Andreotti, and is the force responsible for the inspiring clean-up recently directed against international terrorism in that nation.

Switzerland—Geneva has been a traditional extension of Black Nobility influence in the old Burgundian region since the 15th century. Traditionally directed against France, it is one of the nastiest centers for financing international evil in the world. By virtue of such elements of pure evil within the Swiss banking system as a whole, the nationalist accommodation among Swiss bankers generally results in an overall

amoral-to-immoral quality of the imperatives reflected from Swiss finance generally.

The Swiss financial community has a coordinate influence-intelligence capability, as well as its assets of that sort flowing from its historic participation in the Rome-Genoa-Geneva-Amsterdam-London axis of Black Nobility finance generally. Swiss influence for evil in Italy is traced along a line defined by Milan, Turin, Genoa, Rome, Naples, and Palermo.

Milan and Palermo were centers for the trans-Atlantic kidnapping operation which abducted Vatican-linked financier Michele Sindona. The elements detected in this kidnapping were part of the old Permindex network of Bronfman agent Louis M. Bloomfield. Permindex, expelled from Switzerland for its complicity in attempted assassinations of President de Gaulle, was based in Genoa and Rome, and was tied, together with elements in Brussels and Spain, with OAS and Israeli elements operating against France from Spain. It was the Rome extension of the Permindex network which was indicted by a Louisiana grand jury as complicit in aspects of the assassination of President Kennedy. It was the same Brussels connection of Permindex involved in the assassination-attempts against de Gaulle which led to uncovering the Louisiana extension of Permindex.

East Germany—The special problem in East Germany's intelligence capabilities is the continued, strong influence of the heritage of British intelligence's Karl Korsch among leading and other circles in that nation. East Germany is specially susceptible to the influence of the British intelligence agency-of-influence within the Soviet intelligence community, the Maclean-led IMEMO intelligence service of the Soviet Communist Party leadership. For related reasons, East Germany reports are often violently disinformational by comparison with the usual standard of Moscow *Izvestia* and *Liternaya Gezeta*. Otherwise, like Havana, East Germany is a frequent point of access for laundering British and Israeli terrorist operations through East Bloc facilities.

Soviet Union—Although certain elements of Soviet political intelligence have exhibited genuine sophistication concerning internal political developments in "Western" and "Third World" sectors, Soviet political intelligence overall is myth-bound, and usually presents portraits of internal political developments outside the Soviet orbit which are downright ridiculous. On the military-intelligence side, Soviet intelligence has been generally excellent, insofar as we know it.

Israel—Next to British intelligence, Israeli intelligence is generally the best in the world. Israeli intelligence,

“If we strip away penetration agents-in-place of British, Jesuit, and Israeli intelligence, the U.S. presently has virtually no independent intelligence capability working in the national interest.”

securing extensive support from Zionist and pro-Zionist circles worldwide, is also massively deployed in dirty work on behalf of the British services, most notably in coordination of international terrorist activities, including most PLO “terrorist” groups. Up to a certain level of London-determined “need to know,” therefore, the Mossad and allied services have access to most of the most extremely sensitive intelligence and related secrets of most of the world’s other nations, including the United States.

However, in contrast to the exceptional knowledge available to Israeli services, Israeli intelligence leaks are almost consistently the worst kinds of false information issued by any intelligence service, excepting possibly Peking’s. In contrast the London press is—within certain limits—the most candid in the world. The London press, controlled entirely by British intelligence services, often lies atrociously, but in such a way that qualified professionals can frequently adduce current British operations policy from an experienced overview of that press. Generally, the Israeli intelligence prefers outright lying.

United States—If we strip away from the United States intelligence those elements which are in fact penetration-agents-in-place of British, Jesuit, and Israeli intelligence services, the United States presently has virtually no independent intelligence capability working in the national interest. The last vestige of such a capability was extirpated from regular agencies over the period from August 1977 through fall 1978; the takeover of the U.S. International Association of Chiefs of Police, and a similar coup within the Law Enforcement Intelligence Unit, virtually eliminated antiterrorist intelligence capabilities as well.

The wrecking of the Central Intelligence Agency (CIA) under the Nixon and Carter administrations is merely the concluding phase of this circumstance.

A partial roster of U.S. intelligence agencies helps to make the picture more concrete.

1. FBI “Counterintelligence.” FBI counterintelligence was created under the direction of the British Special Operations Executive (SOE) as FBI Division V. This unit was coordinated by the same Louis M. Bloomfield later heading up the Permindex organization.

Among the various components of the FBI, the most patriotic is the fugitive division. This is the center of the nationalist current within the entity, just as the counterintelligence side is the “fruitiest,” least patriotic.

2. U.S. Department of Justice. The problematic features of the DOJ are exemplified by noting that former and present attorney generals include Ramsey Clark, Edward Levi, and Benjamin Civiletti. Ramsey Clark is otherwise noted as key in suppressing the investigation of Permindex, as a backer of the youth-gang projects key to urban riots, as an active organizer of the legal defense of both the Baader-Meinhof and Red Brigades terrorists, and as not only a supporter of Khomeini’s insurrection, but caught red-handed in inciting the Iranian taking of U.S. hostages. Edward Levi is integral of the Chicago apparatus involving General Julius Klein and the Insull-linked group which deployed gangster Al Capone and Capone’s “enforcer,” Frank Nitti. Levi is also notable for wrecking the antiterrorist capabilities of Federal, state and local law enforcement agencies. Civiletti is the instigator of the release of four unrepentant Puerto Rican terrorists, for dropping of charges against the Weatherman terrorists, and for providing Philip Agee with immunity from prosecution in the U.S.A. The dirtiest element in the DOJ centers historically around the initials OSI (Office of Special Investigations), a current with which Julius Klein is associated historically, as well as his role in reviving the Office of Special Investigations over the objections of all DOJ officials but Civiletti.

During and following the last war, Klein headed up the unit in which Fritz Kraemer and Helmut Sonnenfeldt performed key roles. This unit also included Pfc jeep-driver Henry A. Kissinger, the jeep-driver which Kraemer transformed into the Kissinger Kraemer recently described as the public figure “I invented.” Kraemer also “invented” the midget, four-paper-clip man on a white pony, General Alexander Haig, the man who aided Kissinger in the inside phases of setting up Nixon for Watergate.

3. The National Security Agency. The NSA is also a creation of the British SOE, and is to this day an agency jointly operated by U.S. and British intelligence. It is the largest U.S. intelligence agency, and is primarily the agency which monitors postal and telecommunications domestically as well as internationally. This is the agency which opens each and every diplomatic pouch

and intercepts and decodes all diplomatic telecommunications, as well as maintaining 100 percent monitoring of all international mail and telecommunications to and from the United States. The NSA also runs other forms of dirty tricks.

4. Air Force Intelligence. Air Force Intelligence is the second largest (after NSA) official intelligence agency of the United States, and one of the dirtiest as well as least patriotic.

The Air Force Intelligence is historically complemented by and overlaps with the Rand Corporation, a private, contract, intelligence agency. The Rand Corporation is the corporate outgrowth of the wartime United States Strategic Bombing Survey. The latter was a clone of the British Strategic Bombing Survey, which was, in turn, a subsidiary of the Tavistock Clinic, the British psychological-warfare branch. When Rand was constituted as a private corporation, the Tavistock Institute (Sussex) directed the corporation's development, under the immediate on-site supervision of top British psywar executive H.V. Dicks.

Although Air Force Intelligence is presumed to be concerned chiefly with strategic and tactical concerns of the U.S.A. and NATO air arms, the bulk of its activity over the decades to date has been psychological warfare operations, including major operations deployed against the U.S. population.

5. Naval Intelligence. When U.S. Naval Intelligence was constituted, during the 1880s, it was mandated to conduct operations against every foreign power but Britain, the one power it was prohibited from studying. During and following the war, a special counterintelligence section, called the Office of Naval Intelligence (ONI) was developed under the coordination of Colonel Stephenson's aide, Louis M. Bloomfield.

ONI and FBI Division V were interchangeable in fact during the postwar period.

6. Central Intelligence Agency. The OSS, wartime predecessor organization of the CIA, was composed of two currents of outlook, generally described as the "conservative patriots" and the fruitier "Anglophiles." Allen Dulles, like his brother, John Foster Dulles, was among the most hardcore of Anglophiles. Although the conservatives never developed a competent strategic political-intelligence capability, they represented a source of potential danger to the kinds of treasonous operations which Kissinger, Bush and Turner's CIA were to be assigned during the course of the 1970s. Therefore, beginning with Kissinger's reign at the National Security Council, the CIA was cut to pieces, its covert operations element, the gut of the patriotic faction, ripped out under Turner's and Mondale's direction from the summer of 1977 onward. Now, the CIA is essentially reduced to errand boy and playback device for British, Israeli, and Peking intelligence propaganda hand-outs.

Whig intelligence

The last competent national intelligence capability possessed by the United States was the Whig intelligence network constructed around the key role of the Marquis de Lafayette and built on the basis of the 1783-founded Cincinnatus Society, then jointly headed by George Washington (commanding, U.S.A.), the Marquis de Lafayette (France), and Baron von Steuben (Germany). This continued into the period of the Civil War in the United States, when the service was commanded by General Winfield Scott, and included such leading executives as Samuel F.B. Morse and Henry C. Carey. Links with elements of German republican intelligence continued throughout the 1870s.

With the adoption of the 1879 Specie Resumption Act in the United States, London financial interests took over control of U.S. national credit. With the establishment of the Federal Reserve System in 1913, this British control of U.S. foreign policy was nearly consolidated—despite the threat of war between Britain and the U.S.A. during the early 1920s. During Truman's presidency, Churchill et al. shaped U.S. policy almost entirely into British mold, and the New York Council on Foreign Relations, a rabidly Anglophile daughter-organization of the London Royal Institute for International Affairs, took control of U.S. policy-making institutions, plus the shaping of policies and executive rosters of the various U.S. intelligence (and military) services.

So, as in West Germany today, the root of the incompetence of U.S. intelligence services is the loss of historical continuity, the lack of a leading political elite which has assimilated the lessons of history. At best, the intelligence services of both nations are dominated by the most narrow sort of pragmatism, with a forward concentration-span of minuteness which would embarrass a brain-damaged grasshopper.

A similar problem arises in Soviet intelligence. Soviet mythology prevents contemporary Soviet political-intelligence specialists from rooting their perception of strategic national interest in the example of Count Witte's alliance with France's Gabriel Hanotaux. For related reasons, Soviet specialists do not recognize the identical British motives for creating both world wars of the century, and are therefore blindfolded in their attempts to assess the British geopolitical motives which run consistently from Lord Milner's turn-of-the-century Coefficients and Round Table into the "China option" of today.

Politics is the making of present and future history. Without a deep-rooted comprehension of the corresponding historical process, an intelligence recruit is doomed to be essentially incompetent in respect to all the larger, more fundamental issues of political and

***“Politics is the making of present and future history.
Without a deep-rooted comprehension of the corresponding historical
process, the intelligence recruit is doomed to be incompetent...”***

related strategic intelligence. A competent intelligence officer is one who has assimilated past history as living history into his innermost sense of personal identity. Just as the sense of personal identity is the source of energy for concentration-span and for the passion of judgment, so the best intelligence officers have tended to be those who embody an inbred family tradition concerning their forebearers' place in the former course of historical struggles in world affairs.

It is for such reasons that the British oligarchy, which represents the wrong side in history to date, has maintained the best among the world's national intelligence services. It is for such reasons that the Legitimist tradition in France, typified by de Gaulle, has the best sort of insight into the British problem, and produces the second-best intelligence product in the world among national intelligence services today. It is the reason the old German intelligence services used to be the second best in the world. Conversely, it is the key to the reasons that the United States and German intelligence services are presently among the worst of all principal nations of the world.

This writer is associated with one of the better private political intelligence agencies in the world. For related reasons, numerous among leading circles in the Federal republic are obsessively persuaded that I am a CIA agent—they obviously insult me unintentionally, since they do not know how bad current CIA performance is. Since the NSIPS product is better than the CIA product they obtain through normal channels, they assume that NSIPS, the private news agency with which I am associated, must be reflecting some of the better, inside information and evaluations of the CIA, not circulated through normal courtesy channels.

The New York Times, in preparing its libel against me on behalf of the New York Council on Foreign Relations last summer, was working at that time to prove, with the aid of CIA Director Turner, that I was tied to some obscure, dark part of the intelligence community, beyond the immediate reach of Admiral Turner. As the *Times* reported, Council of Foreign Relations Director William Bundy was fearful that NSIPS might have penetrated into the most secret proceedings of the Bilderbergers.

Unable to make the CIA connection, even with the

aid of Admiral Turner, the *Times* abandoned that thematic lead for its libel, and adopted a recommendation of British intelligence instead for its thematic lead. (The *Times* libel was prepared in collaboration with the Perminex-linked Roy Cohn, who was acting under contract to British intelligence in this matter—according to John Loeb, Jr. of the Loeb-Rhoades Loeb.)

British channels and their U.S. playback circuits tell Americans that I am a German agent, tell some Germans that I am a CIA agent, and other Germans that I am KGB-linked. They also circulate the story in other quarters that I am a Vatican agent. That is deliberate disinformation, of course, since the same channels have been caught red-handed circulating directly opposite allegations to different persons and governments, according to the psychological profile of the recipient of such lies.

Quite apart from such lies, those same circles, including intelligence networks based in Georgetown University, sincerely believe that I was recruited by some Western European secret circles during the spring of 1968. They are currently deploying a major, international effort for the purpose of attempting to discover who that darn “Western European” agency might be. William Bundy's exclamation of fear concerning my suspected penetration of Bilderberger secrets is another example of the point.

Another group, associated with the Hudson Institute of the United States is closer to the truth. According to the source, Hudson has been provided use of a major corporation's computer facilities to put all of my literary output into a computer for a “linguistic analysis.” A corroborating, high-level source in the U.S. intelligence community reports that such an analysis is being made for the included purpose of tracing my intellectual influence into broader circles. According to the source involved in running the project, the included purpose is to assess the impact of my ideas in literary form for such contingencies as my “martyrdom.” This source complained, and rightly so, that a better approach would be to proceed from the standpoint that I am a Neoplatonic thinker.

I include this discussion of NSIPS and its capabilities here because that discussion bears directly upon solving

the kinds of problems associated with the current poor quality of German and U.S. intelligence. The source was correct in stating that the secret about LaRouche is that he is a Neoplatonic. In stating that, the source identified exactly the reason for the blundering investigation of the Georgetown-based intelligence group. In seeking a tangible, personalized West European source for my presumed 1968 cooptation, the Georgetown group had erred merely in misplacing the nature of the source of my Neoplatonic outlook and methodology. That Neoplatonic outlook and method, sometimes termed alternately, an Augustinian outlook, is the essential feature of the French Legitimist elite, of the corresponding elites within the Italian Christian Democracy, and the German republican-industrial-scientific elite.

The British intelligence services typify the opposing elite, the Apollonian or "Delphic" tradition of opposition to Neoplatonism.

In the wake of the August 1971 catastrophe engineered by London and by such London accomplices as John Connally, Paul A. Volcker, and Henry Reuss, I proposed to my associates that we organize an intelligence service along the lines of a "desk" organization of a major national newsweekly. A coordinated transAtlantic operation against us during 1973-1974, involving high-level elements of British MI-5 and corresponding elements of NATO intelligence, led to our discovery of additional dimensions in the current strategic situation, and prompted us to incorporate our political-intelligence activities and related newsservice as New Solidarity International Press Service (NSIPS).

During 1975, two developments brought this writer and NSIPS from relative obscurity into growing recognition and importance. The first, and most weighty, was the campaign centered around a proposal for an "International Development Bank," a new gold-based world monetary system, to replace the IMF and World Bank. Activities centered around this proposal not only brought us into close contact with numerous leading circles of various nations, but also drew adversary attention and operations from high levels of opposing circles, including personal deployments against me by Henry A. Kissinger. The second, important but less weighty, development was our Autumn 1975 reading of the pre-publication of the Hilex '75 scenario in *Der Spiegel* as involving a new, high-risk form of employment of NATO exercises as crisis-management operations. This latter judgment of ours produced panic-reactions in NATO circles and in U.S. branches of Anglo-American intelligence circles. (From that time onwards, according to official U.S. documents now released, the U.S. Embassy in Bonn, together with NATO intelligence, has been heavily engaged in black propaganda and other covert operations against me and my associates.)

As a consequence of this increased contact and prominence in many circles, NSIPS emerged increasingly as an active factor in the world political-intelligence circuits. NSIPS reports are used as a source for composing evaluations and deploying operations by many circles, and NSIPS representatives are in active contact with a wide variety of circles in the world in the course of journalistic activities and background discussions.

Since the material resources of the NSIPS are severely limited, the importance of NSIPS rises from the quality of its evaluations and related work, not the sheer mass of information processed. In 1979, for example, total revenues from publication-sales and related income associated with NSIPS activity internationally will be in the order of 4 million dollars. Persons chiefly involved in newsgathering and evaluations work associated with NSIPS total to merely several hundreds internationally. The figures, which should rise to between 8 and 10 million dollars during 1980, are respectable, but are extremely modest in comparison with a *Time Magazine* or resources of intelligence services of even smaller nations. It is the superior quality of the evaluations and related work of NSIPS which accounts for the massive libel, slander and harassment activities directed against it internationally.

The root of quality

Although I was not born into elite circles, I was a child prodigy in an unusual area of specialization: philosophy, selecting Leibniz over other philosophers known to me by the age of 14 and developing an avid interest in Kant during my fifteenth and sixteenth years.

It was that background which led into the beginning of my most important contribution to science during 1952. It was then that I first recognized, through aid of a study of the work of Georg Cantor, that Riemannian physics, as distinctively identified by Riemann's Habilitation thesis, provided, and uniquely so, the solution to the fundamental, unsolved problem of economic science: a mathematical sort of treatment of the evolution of an economy, using the rate of technological progress as the sole primary metric of action in an economy.

That discovery, and subsequent familiarity with the implications of its empirical proof, has shaped more or less comprehensively the source of my development and activities since 1952. If one recognizes that Riemann's 1854 paper on "the hypotheses which underlie geometry" is identical in thrust with Plato's conception of "the hypothesis of the higher hypothesis," the importance of my successes in economic science for deepening a childhood commitment to a Neoplatonic outlook is appropriately situated.

I have always hated the Apollonian (e.g., Aristotle-

***“The problem of the Paris-Bonn EMS forces
is that leading layers are inadequately knowledgeable of
the history of the Apollo-versus-Plato struggle.”***

lean) world outlook, as well as forms of irrationalism inclusive of pragmatism, and have chosen my intellectual “ancestors” accordingly. This outlook was embodied in a series of one-semester courses on economic science and method which I gave repeatedly over the 1966-1973 period. It was that course which yielded the association of persons with which I am most immediately identified internationally. By selection and further self-development, those associates also represent a Neoplatonic outlook and method. What NSIPS represents, most essentially, is a modern replication of Plato’s Academy at Athens, an association which naturally approaches what appear to some others as diversified scientific, scholarly, and political activities with that same impulse which earlier characterized Plato’s and Leibniz’s networks, among other endeavors in the same general tradition.

One must correlate with that the fact that the essential conflict in today’s world is between the Apollonians (i.e., British, Black Nobility, Hapsburg, et al.) on the one side, and various degrees of conscious and unconscious approximation of a Neoplatonic force on the other side. That is the underlying implication of the central conflict in the world at this moment, between the forces respectively aligned with the Bonn-Paris and London-New York axes of power.

The problem of the Paris-Bonn-centered combination, the pro-EMS forces, is that the leading and supporting layers of this faction are chiefly inadequately knowledgeable in the modern as well as ancient nature and history of the Apollo-versus-Plato struggle. In effect that has been a struggle, in state policy, between the “Malthusian” usurers’ faction (Apollo) and the city-builder, pro-technology faction (Plato). Meanwhile, the leading strata of the Apollonian faction, leading British and allied circles, are acting with aid of more or less adequate knowledge of the history of their side of the age-old, continuing conflict.

When political-intelligence specialists look at today’s developments from the standpoint of age-old knowledge of the Apollo-versus-Plato struggle, the evaluation of current developments is rather readily accomplished. Without such knowledge, the intelligence specialist of either side tends to assess events with the

follies of pragmatism and absurd but conventional mythologies. The evaluations developed from the latter standpoint must be necessarily a muddle.

Where intelligence services are staffed by representatives of historically established national elites, one finds, at worst, a combination of family traditions and some classical knowledge, and therefore at least an approximation of good intelligence work. Where intelligence services are staffed from the “street,” so to speak, by persons lacking either family elite traditions or a rigorous classical education in philosophy and history, the evaluations reached are inevitably incompetent.

So, one uncovers the reasons otherwise honest intelligence specialists in the United States, the Federal Republic, or in the Soviet Union are so easily, so repeatedly duped by British and allied agents penetrating their circles. The average, honest U.S. intelligence operative does not know what the American Revolution against Britain was about. Every example of incompetence on important matters within the ranks of honest members of the U.S. intelligence community is efficiently traced directly to pathetic ignorance on that point. The Soviets are blinded by the mythologies which they associate with the 1917 revolution, and with their pathetic version of the 1792-1794 Jacobin (e.g., “left”) circles in France. The East Germans are also dupes on the same matter of “leftism.” This pathetic folly of East Germany intelligence is exemplified by their gross lack of taste as well as political stupidity in ranking Korschite existentialist Brecht as equal to or superior to Schiller. With such fools, the British can play all year round. In the Federal Republic, the simplistic mythologies of the “Cold War” make the person with a lack of rigorous classical educational overview of German history equally an easy dupe for British intelligence.

It is not essential that future intelligence officers be recruited from the most talented ranks of elite families. It is indispensable that the intelligence specialist be prequalified as a person with the appropriate depth of culture. The “mechanics” of the intelligence trade may not require a rigorous education in the classics. No one should be permitted to rise to an executive post in an intelligence service without “classical” qualifications.

Slow death of the U.S. nuclear industry

Without a policy change, major suppliers will be out of nuclear business

The United States will be out of the nuclear business before the end of the next decade unless there is a radical change in the government's policy toward nuclear licensing and siting, and even toward the continued operation and future construction of nuclear power reactors.

In the last two months, two of the United States' four nuclear suppliers—General Electric and Babcock and Wilcox—announced that they will be shutting down part of their nuclear plant production facilities due to sagging demand for power plants. And the situation doesn't look any better for the two other nuclear suppliers—Westinghouse and Combustion Engineering.

Nuclear plants that had been planned by utilities are either being delayed or cancelled because of the lower than expected growth rates in electricity demand and the frustration which the utilities are experiencing in gaining approval in the siting and licensing of nuclear plants.

A similar forecast is being put forward as policy in a draft report, titled "The Viability of the Civil Nuclear Industry," a summary of which was leaked on Sept. 27 in the newsletter of *Nucleonics Week*. Unless substantial economic and political changes take place in the United States, says the report, the two weakest nuclear suppliers, GE and B&W, will be out of the nuclear business by 1985. Westinghouse and Combustion Engineering would follow by 1988.

Reactor vendors are faced with a 50 to 100 percent over-capacity through the 1980s. There is no way of coping with this over any extended period of time, the report continues.

Even though recent studies predicted that worldwide reactors will be ordered at the rate of 40 to 50 gigawatts per year, the authors of the draft report claim that an ordering rate of 15 to 25 gigawatts per year is a "more probable outcome."

The authors are in a position to know and to gloat. The study was done by Mans Lonnroth of the Secretariat for Future Studies in Stockholm, and by William Walker of the Royal Institute of International Affairs

in London. The report was prepared for the International Consultative Group on Nuclear Energy which is based in London and is sponsored by the Rockefeller Foundation and the RIIA. In its economic and political scenarios for the 1980s, the RIIA, like its offshoot the New York Council on Foreign Relations, predicts collapse, disintegration.

Thus, says the report, even the projected shortages of oil [which the RIIA has helped to mastermind] will not help the nuclear industry. Price hikes will only exacerbate inflation and the chances of a recession—no climate for nuclear investment. Their "pessimistic projection" says that lowered electricity growth rates of 2 to 6 percent per year will characterize the 1980s.

The predictions go on: B&W's future is in doubt due to the fall-out from Three Mile Island. GE has suffered a lack of orders since 1975 and will "probably be out of the nuclear business after the 1980 elections." Combustion Engineering and Westinghouse will have enough work to get through for a few years, but will face difficulties in sustaining design and engineering teams.

The draft report's assessment for the world nuclear program is as bleak as for the U.S.:

It seems to us that the Western world has around five years in which to improve the prospects for nuclear power if it wishes to remain confident that reactor supplies will be forthcoming. Thereafter, the fabric of the reactor industry in a number of countries would begin to disintegrate, leaving little chance for substantial expansion of nuclear power in the 1990s and beyond.

Nuclear shutdown

A decade of well-funded and well-organized antinuclear activity has brought the U.S. nuclear industry to a near shutdown. The Three Mile Island nuclear incident may very well have sounded the death knell.

The most recent indications concerning the state of the U.S. nuclear industry started in the second week in

September when Babcock and Wilcox announced that they were shutting their plant in Mount Vernon, Indiana because "business got too thin at Mount Vernon to keep that facility going." Six hundred workers will be laid off. The plant was opened in 1965 when expectations ran high about the role of nuclear power through the end of this century. It was planned to have a capacity to turn out 12 large reactor vessels each year.

B&W is shipping four uncompleted vessels to their plant in Barberton, Ohio, along with components of the steam generator and coolant piping systems, because the orders for these reactors have been delayed. B&W will reopen the Mount Vernon plant only if the orders come through. Barberton is not large enough for the assembly of completed plants.

One week later, General Electric and Chicago Bridge and Iron, partners in CBI Nuclear, Inc., announced they would be taking in nonnuclear work at their plant in Memphis due to sagging orders for nuclear power plants. The plant fabricates reactor pressure vessels and does the final assembly.

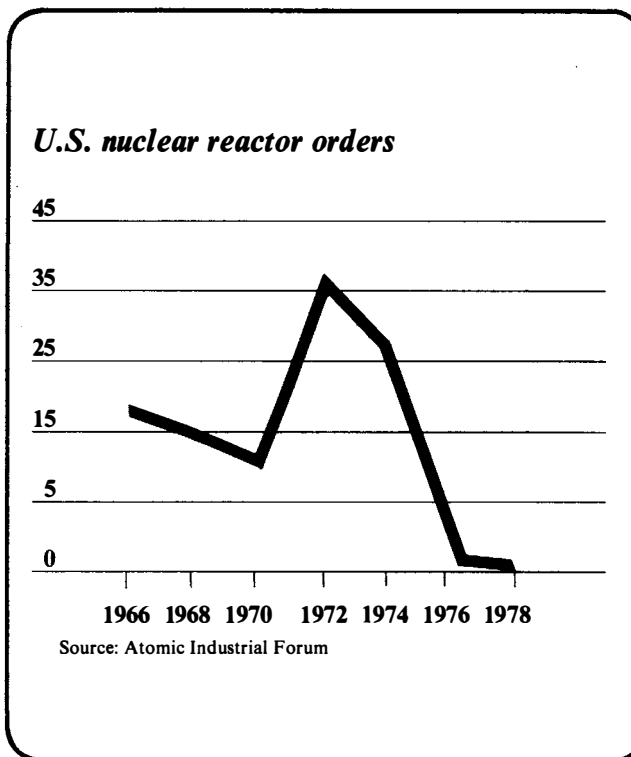
CBI Nuclear will be trying to pick up oil-related business, such as the construction of offshore platforms, in order to "preserve" their highly skilled workforce. CBI expects to finish the three uncompleted vessels in the pipeline, the two in storage ready for shipment, and the six awaiting installation of internal parts. When this work is completed in mid-1982, that's it. General Electric has had no orders since 1975.

Most people will recognize the environmentalist movement as behind the industry decision to move out of nuclear. It was environmentalists like Ralph Nader who were behind legislation like the Environmental Protection Act that places so many restrictions on the industry. It is the environmentalists who have tied the industry up in court, delaying completion of nuclear plant construction for years.

But this is only the tip of the proverbial iceberg that has stalled nuclear power development in this country. Antinuclear sentiments pervade the upper echelons of the scientific community and the nuclear industry itself. Take Roger Sherman, the current chairman of the Atomic Industrial Forum, the industry lobby for nuclear suppliers and users. Sherman has taken a promotorium stand in response to the Three Mile Island incident. The president of AIF, Carl Walske, is not even involved in the civilian nuclear industry. His nuclear expertise is in weapons development and he has advised four defense secretaries and NATO.

The way it should have been

Going back a few years, the U.S. government did have plans for nuclear power. In 1962, the Atomic Energy Commission began making projections for civilian nu-



clear capacity to the year 1980. In 1964, 1966 and 1967, they revised their projections upward, noting that public acceptance of nuclear power was greater than they had projected.

"The upward trend is an indication of the unexpected speed with which nuclear power is becoming a major source of electricity in the United States," reports the AEC in their 1967 "Forecast of Growth of Nuclear Power." The upward trend is dramatic. In 1962, the AEC projected 40,000 megawatts of installed capacity by 1980; in 1964, 75,000MW; in 1966, 95,000MW and in 1967, 145,000MW.

According to a May 21, 1979 study by the General Accounting Office, titled "Questions on the Future of Nuclear Power: Implications and Trade-offs":

While nuclear reactors account for only 9 percent of U.S. installed capacity, nuclear power has been the major growth factor for U.S. electricity. Since 1972, nuclear facilities have accounted for over 20 percent of new capacity additions and over 50 percent of the increased electricity output. Nuclear power has also been the largest single growth factor in domestic energy supplies, exceeding coal by 25 percent.

Among nuclear engineers in the field, it was a policy of 2,000 by 2000—2,000 operating nuclear power plants by the turn of the century.

But from the mid-1970s on, those projections have been declining. Utility orders for nuclear power plants peaked in 1973. At the point that policymakers were calling for energy independence in the aftermath of the 1974 Arab oil embargo, the U.S. nuclear industry began to sense its first serious problems. Hoping the environmentalists would just go away, the industry consoled itself with the illusion that the orders from the early 1970s would carry the industry through a "temporary" lull.

Then came the Carter administration and energy policymaking by James R. Schlesinger and the Department of Energy. The latest DOE projections, issued in the past two weeks, see no more than 150 gigawatts of nuclear energy by the year 2000. In addition to the 68 operating reactors, approximately 120 plants are projected and these are already under construction or on order. No more domestic orders can be expected.

What a nuclear slowdown means

The General Accounting Office report makes it clear that nuclear energy has exhibited the highest growth rate of all U.S. electricity and general energy production in the past half decade. They are equally clear on what the effect would be if little or no nuclear capacity were added in the next decade.

The GAO concludes that if the nuclear growth rate were to continue at the rate of the last five years, in terms of installed capacity, it could increase the U.S. domestic energy supply by the year 2000 by the equivalent of *10 million barrels of oil a day* over 1978 levels. It is doubtful, however, that that growth rate will be maintained given current energy policy.

Even continuing nuclear growth rates at the current level, the GAO remarks, the growth in electricity consumption will have to be curtailed since supply is, in fact, not keeping up with demand. If nuclear power were to peak at 340 gigawatts, then annual growth must be held at below 4.25 percent. If it is held at 150 gigawatts (the current DOE projection), then the annual growth rate would have a ceiling of 3 percent. (These figures assume a steady rate of growth in coal availability for electricity.)

The U.S. economy can not maintain a 3 percent per year growth rate for long, before using up existing raw materials and drastically cutting the standard of living

of most Americans. Furthermore, the cumulative effect of a drastic reduction in planned operating nuclear power units is already portending serious electric supply problems in the next two to three years.

According to the National Electricity Reliability Council (NERC) the U.S. faces the "grim prospect" of power shortages in the early 1980s. "The prospects for future power supply in the long-term have grown materially worse within the passage of one year," NERC said in its 1978 report.

Of the base-load capacity planned to be added in the U.S. between 1978-1987, 118 gigawatts are nuclear. More than 50 nuclear units scheduled to be in service through 1987 have already experienced delays, averaging about 1.5 years per unit. Continued "constraints" against the electric supply industry, NERC warns, can result in a very serious problem.

The consequences of the likely slippage of two to three years in the service dates of planned nuclear and coal-fired plants will be an inadequacy in the supply of electric power starting in the early 1980s and increasing in severity in the years beyond...These shortages will initially cause short-term curtailments of electric power and ultimately lead to some form of rationing with its serious economic consequences.

The NERC report warns that if the situation deteriorates to that point, recovery would take many years. It is inconceivable that an advanced industrial economy could run even for one year in a situation of unreliable and intermittent electricity supplies.

It is U.S. policy to destroy the nuclear option in this country. That policy was formulated by the already mentioned Royal Institute of International Affairs and its U.S. offshoot, the New York Council on Foreign Relations. The policy is for a "controlled disintegration." That disintegration has already begun, the assumption is that it can be controlled. Not only will this policy mothball the nuclear industry's advanced plant and equipment, unemploy skilled workers and engineers, but will force supply shortages on the nation's electrical grids starting a process of rolling brownouts and blackouts. At that point, there is no control.

It is such decisions on U.S. energy policy that are being made right now which will determine whether there will be any energy in the future.

—Marsha Freeman

FACTS BEHIND TERRORISM

An admission of terrorist complicity

Noam Chomsky, professor at the Massachusetts Institute of Technology, confirmed his own role in ongoing plans to unleash a wave of terrorism throughout the United States in an interview with a West Coast-based journalist. In the course of the hour-long interview provided to *EIR*, Chomsky betrayed his knowledge of plans by Iranian students to conduct what are expected to be violent disruptions of immigration hearings scheduled to begin during the first week of December. *EIR* has long identified Chomsky as a controller of radical terrorist networks worldwide.

Chomsky's hand in the activation of "Iranian student-PLO" terrorism in the U.S.A. presents further damning evidence that just about all international terrorist operations are run through the same Anglo-Zionist secret intelligence services. Despite his near two-decade-long track record as an associate of Bertrand Russell and as a bankroller of draft resistance networks linked to the Weathermen, Chomsky has retained a high-level security clearance and close association with the Rand Corporation on a number of Defense Department classified contracts. Chomsky's field of "expertise" is artificial intelligence-linguistics, a form of aversive behavior modification most widely associated with the creation of terrorist cells.

Up until recently, Chomsky had been on a year sabbatical from his post on the MIT faculty. He spent much of the past six

months in Italy at the University of Pisa. Many of Chomsky's closest associates in Italy are now either behind bars or under government investigation for their roles in the kidnapping and assassination of former Premier Aldo Moro.

Chomsky, along with his collaborators in the U.S. Ramsey Clark, Richard Falk, Eqbal Ahmad, and Thomas Ricks has been involved in building for the current Iran crisis since at least 1971 when he helped found the Committee for Artistic and Intellectual Freedom in Iran. The Committee helped to sponsor the career of Muslim Brotherhood operative and former Foreign Minister Ibrahim Yazdi and the Iranian Student Association which Yazdi founded during the mid-1960s.

The following are excerpts from this interview with Chomsky.

On the Hostage Situation in Iran.

"Well, I'll tell you my honest feelings about it frankly, and that's what I wrote in the *Los Angeles Times*. By humanitarian standards, the taking of hostages is deplorable, no question about that. But again, if you turn to the historical standards, the question is considerably more complex. For example, the Western practice, the Western policy, say of the United States, is to oppose the taking of hostages in small groups, but if you think about it, the United States is in favor of and constantly uses the policy of taking hostages in huge numbers.

"Take for example a country like Laos, where the agricultural system was completely wiped out by the United States and the population is now starving to death; and the U.S. is refusing to send aid because we're holding the population hostage to induce a change in government policy. Or just a couple of weeks ago the Congress passed a resolution which reduced the U.S. contribution to the World Bank by \$20 million....

"This is a typical policy. It's absolutely standard to the United States to hold nations hostage under threat or in this case, the reality of causing huge numbers of deaths....

"But, as I say, they're opposed to taking hostages in small numbers. The principle is quite simple. The U.S. government is opposed to the use of the weapons of the weak, and in favor of the use of the weapons of the strong. So it's opposed to the use of small-scale terrorism, but it's in favor of massive state terrorism. And it's opposed to the small-scale taking of hostages, but very much in favor of large-scale taking of hostages. It's like terrorism. They'll come out violently against individual [terrorism], by whatever, like the Red Brigades or the PLO, but they are not opposed to large-scale terrorism like bombings...."

On Iranian terrorism in the U.S.A.:

"Well, the Committee for Artistic and Intellectual Freedom in Iran folded up. But, I've been in touch with the Iranian students around here and I think there is going to be real trouble. ... The Iranian students here are now planning to boycott the Immigration Service hearings ... and they're not planning to go ... I mean it is obvious there are going to be repressive acts, and yeah, I suspect that they'll be jailed."

—Michele Steinberg

Congressional Calendar

Hill Committees blame EMS for tight money

A report just released by the Joint Economic Committee and the House Banking Committee, "The European Monetary System: Problems and Prospects," tries to lay the blame for current tight money policies in the U.S. at the door of the member nations of the European Monetary System. Rep. Henry Reuss, who is chairman of the House Banking Committee, and a senior member of the Joint Economic Committee (JEC), has been a central spokesman for the City of London on Capitol Hill. London wants to destroy or coopt the EMS. Reuss has focused on attacking West German economic policy, in particular.

The report, datelined Nov. 1979, states: "It is often asserted that the European Monetary System was created to shield Europe, and Germany in particular, from the instability of the dollar." The report then notes that the alternative to this European anti-dollar sentiment is for the U.S. to stabilize the dollar through the kind of restrictive monetary policies imposed by the Federal Reserve Board during early October:

"Most European officials want the United States to exploit this change in technique to bring about a sharp tightening of monetary policy to whatever degree be required to stabilize the dollar."

While the report itself covers-up the essential purpose of the EMS—to stabilize the dollar through the remonetization of gold, preparatory to funding technology transfer to the developing sector nations—in his letter of transmittal prefacing the report, Reuss lets leak the real fear respecting the European sys-

tem: that it is slated to replace the International Monetary Fund.

"They (the Europeans) have also set in motion plans to establish a regional IMF known as the 'European Monetary Fund'," says the congressman.

Banking reform legislation still stirring

Rep. Henry Reuss and Sen. William Proxmire's attempt to usher in a major restructuring of the U.S. banking industry in large part now hinges on the actions of Proxmire's Senate Banking Committee in early December on S.87, the Federal Reserve Membership Bill. The House has already passed H.R.7 which ends the dual banking system in the United States by making membership in the Federal Reserve System mandatory for banks of a certain size.

In mid-November Proxmire attempted to push a similar bill through the Senate Banking Committee. He was blocked when the committee voted for a bill from Texas Republican John Tower. The Tower bill has no mandatory membership requirement. Its mark-up is rumored to be scheduled for early December, with Proxmire expected to try to amend the Tower bill to the effect of mandatory membership requirements. The outcome is uncertain.

More is at stake than even this sweeping reform, however.

Reuss has brought together H.R.7 with H.R.4896, the Federal Depository Institutions Deregulation Act, for the purpose of an eventual joint Senate-House conference. H.R.4896, as passed by the Senate, makes such sweeping

changes in regulations governing savings and loan institutions as to guarantee that this specialized portion of the banking industry, responsible for most mortgage financing, will be absorbed by commercial banks. The House version does not have these provisions.

By combining the two bills, Reuss and Proxmire hope to end up with the most sweeping version of each. The one hitch appears to be the Tower bill. Proxmire seems unwilling to go to the floor of the Senate on S.85 unless he can include mandatory Fed membership. If no version, or the Tower version, emerges, the whole coupling strategy may fall apart, and foes of the reforms stand a better chance of saving the banking system.

Kennedy pushes gun control bill

Senator Ted Kennedy (D-Mass.) has introduced legislation that would drastically curtail the American population's Constitutionally declared right to bear arms. On Oct. 24 Kennedy introduced S.1936, the Handgun Crime Control Act. The bill, which could cost Kennedy enormous conservative support for his campaign, establishes a Handgun Concealability Control Committee. This committee, which would include police officials, public officials and gun industry people, would be empowered to declare which guns could be legally imported, produced and sold throughout the U.S. Asked if this meant that guns that did not have a clear sporting use would be outlawed, a Kennedy staffer indicated that such was the case, and that this would include .38 calibre guns in the "outlawed" category.

The bill also "encourages states" to establish licensing for guns. Sources close to Kennedy indicated that the aim would be to establish nationwide gun control laws "very much like we have in Massachusetts," which has the toughest laws in the country.

Other provisions of the bill include requiring that all companies that sell guns keep records for ten years. Also all transactions involving guns would be required to go through a licensed dealer, including a father giving his gun to his son. Fines and imprisonment are stipulated for violation of these provisions.

The bill was introduced into the House during the second week of November by Congressman Peter Rodino (D-N.J.). Both the House and Senate Judiciary Committees are now reviewing the legislation.

Senate begins vote on windfall profits

The Senate has begun voting on amendments to the windfall profits tax bill. The entire bill is expected to be completed by the end of the first week in December, when the final vote by the Senate is expected. On Nov. 27 the Senate voted up an amendment by Senator Lloyd Bentsen (D-Texas) that would exempt from the tax the first 1,000 barrels of oil produced each day by an independent operator, an estimated 15 percent of U.S. production.

This concession to small independent producers will not significantly help the medium producers. "The big companies can handle this tax," declared Bentsen. "The little ones cannot—they will go out of business," he said when introducing his amendment. The amend-

ment will take \$10 billion from the expected revenues generated by the bill.

On Nov. 28 the Senate defeated by a vote of 19 to 79 an amendment proposed by Senators Javits (R-N.Y.), Charles Percy (R-Ill.), Bradley (D-N.J.), and Kennedy (D-Mass.) that would help fund oil development programs controlled by the International lending agencies such as the World Bank, through the windfall profits tax. "My amendment makes it possible for the Secretary to contribute to multinational energy development funds which accept direct contributions and have purposes like the Bank's fund."

World Bank oil programs in the Third World are a form of raw materials extraction from the underdeveloped sector and admittedly have little to do with developing oil industries.

Looming depression brings call for "Old Deal"

With the "Crash of '79" rumored on its way, a variety of Senators and Congressmen are looking back to Franklin Roosevelt's 1930s economic policies as a solution. The latest in the list include Mississippi Rep. Jamie Whitten and Illinois Democrat Adlai Stevenson.

On Nov. 16 Whitten introduced a bill to reestablish the Reconstruction Finance Corporation (H.R. 5920). Whitten calls for an authorized capital stock of \$5 billion for the RFC which could buy, sell, contract, and make loans in the private sector. Ironically, Whitten notes the parallels between the hyperinflationary period in Germany in the 1920s, and what is occurring in the U.S. today, and cites a new

RFC as the way to prevent a rerun of Germany in the 1930s.

Ironically, the Reconstruction Finance Corporation, as Roosevelt himself later recognized, was only a mild version of precisely the economic policies which held sway in Germany in the 1930s.

A week later, Sen. Adlai Stevenson (Ill.) introduced S.2033, a bill to increase funding for the Economic Development Agency to make loans available for the asset stripping of Chrysler. The Economic Development Agency is rapidly becoming the de facto Reconstruction Finance Corporation of the Carter administration.

In early November, the House passed the Public Works and Economic Development authorization which massively increased the funding for the EDA, turning it into a virtual National Development Bank or RFC.

Stevenson calls for the asset stripping of Chrysler, by making loans available through the EDA to the firms which may want to pick up the pieces of a bankrupt or stripped down Chrysler. He says, "it would not be difficult to find better investments than Chrysler, it would not be difficult to find firms better managed with better prospects and likely to create more employment in the long term."

Stevenson also calls for an increase in funding to EDA of \$1.5 billion for use in the Chrysler affair, with no more than \$.5 billion going to one company. He insures the company's bankruptcy, and provides the loan guarantees for lower-wage, lower-skill, lower-technology firms to move in and pick up what is left.

WORLD TRADE REVIEW

New trade deals

COST	PRINCIPALS	PROJECT/NATURE OF DEAL	FINANCING	STATUS
\$422 mn	Iraq from West Germany	The Düsseldorf-based Salzgitter corporation will build four fully automated brick-making plants in Iraq	NAv	I
\$176 mn	India from U.K.	Foster Wheeler Power Products of U.K. won two export orders for the supply of industrial steam generators and ancillary equipment to India	NAv	I
\$35.4 mn	USSR from Sweden	ASEA, the Swedish electrical equipment manufacturer, will build a gas-insulated power substation in the Kursk area.	NAv	II
\$16 mn	Britain from U.S.	The Sikorsky division of United Technologies Corp. sold 10 more Spirit helicopters to Bristol Helicopters Ltd.	NAv	II
\$11 mn	Pakistan from Sweden	Volvo signed a five-year contract with the Punjab Urban Transport Corporation. Involved is the development of a public transport system for the city of Lahore.	NAv	II
\$11 mn	Ivory Coast from U.K.	Plessey Airfield Systems won a contract for the study and design proposal for a new international airport at Abidjan	Financing arranged by Citicorp International Corp.	II
\$10.2 mn	Iraq from Japan	Kawasaki to build a steel plant near Bagdad.		II

Abbreviations:

U = Undetermined
 NAp = Not applicable
 NAv = Not available

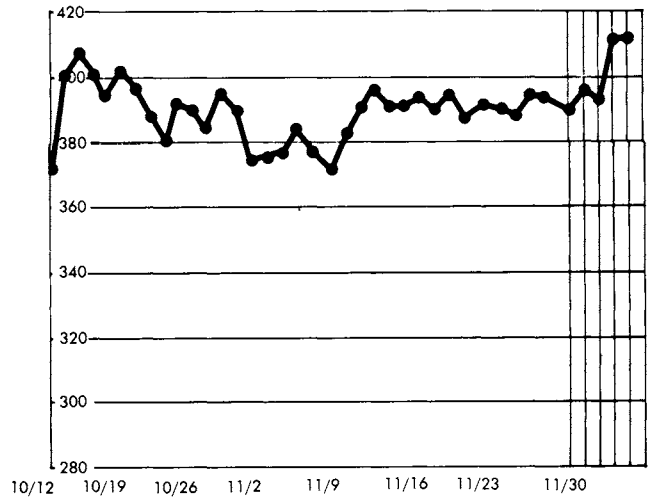
***Status:**

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

[THIS PAGE IS INTENTIONALLY BLANK]

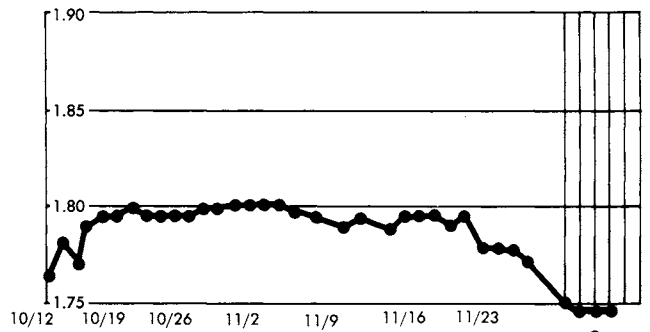
Gold

	November 23	392.00
London afternoon fixing	26	395.25
	27	393.75
	28	411.20
	29	411.70



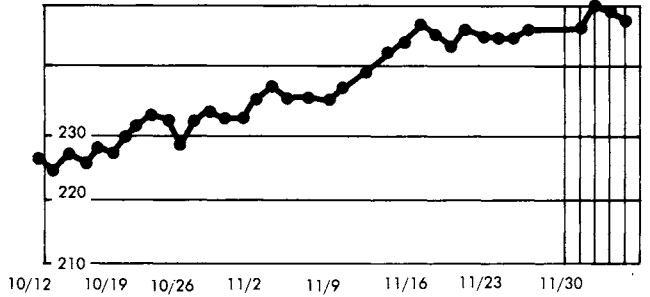
The dollar in deutschmarks

	November 22	—
New York late afternoon	23	1.7570
	26	1.7475
	27	1.7470
	28	1.7448



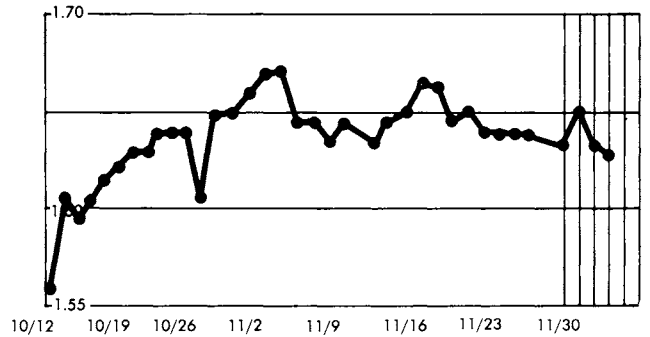
The dollar in yen

	November 22	—
New York late afternoon	23	248.80
	26	250.75
	27	249.40
	28	248.75



The dollar in Swiss francs

	November 22	—
New York late afternoon	23	1.6480
	26	1.6535
	27	1.6460
	28	1.6330



The British pound in dollars

	November 22	—
New York late afternoon	23	2.1655
	26	2.1640
	27	2.1615
	28	2.1785

