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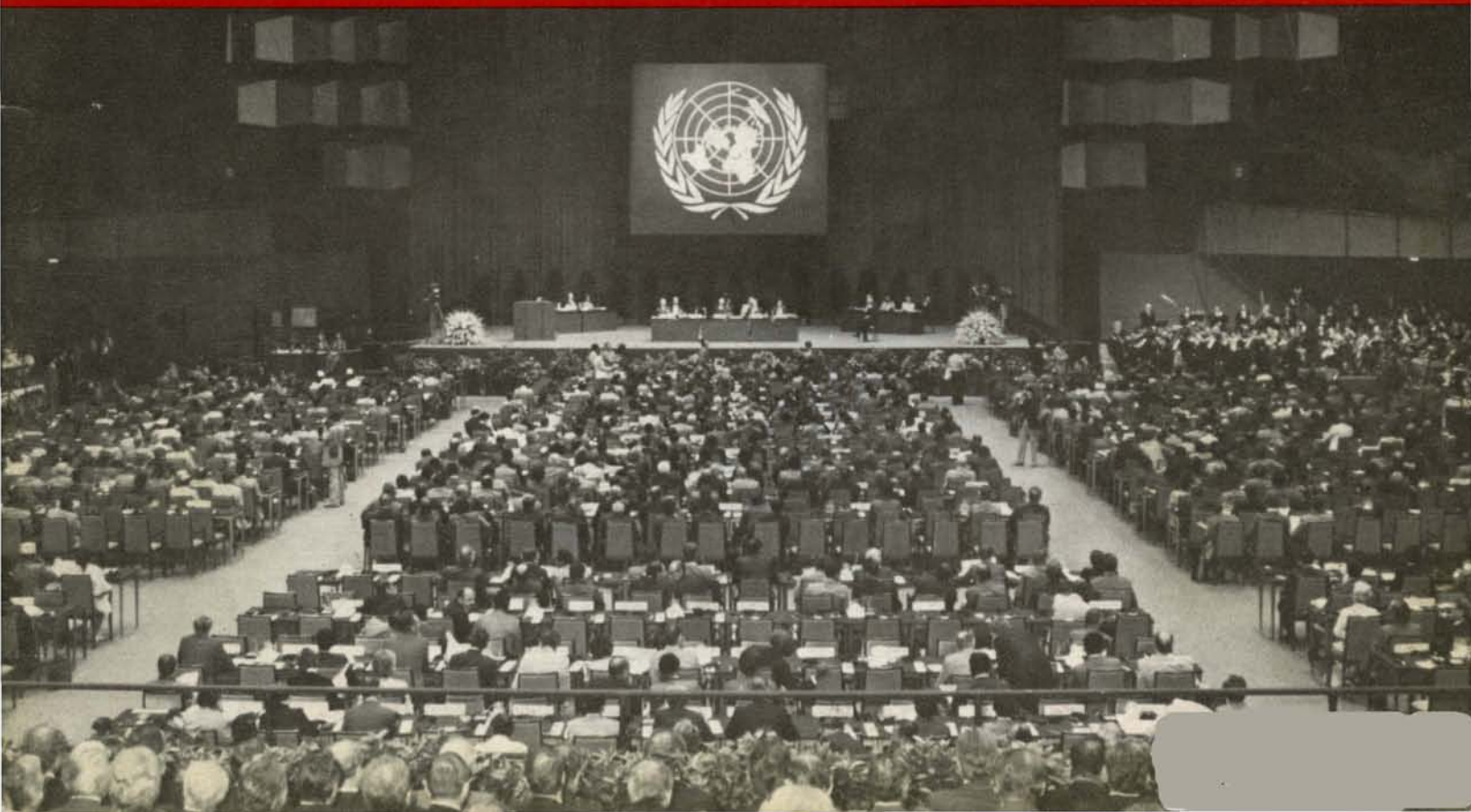
Executive Intelligence Review

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December 18-24, 1979

Britain raises the flag over southern Africa
The NATO summit: missiles for Europe?
Muslim Brotherhood 'killer squads' in U.S.

Exclusive: the one-world conspiracy



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EIR

From the Editor-in-Chief

We have chosen a provocative title for this week's cover story, "The One World Conspiracy," with a photo of that infamous institution, the United Nations, on our cover. Our special report, however, is *not* an exposé of the United Nations but of the institutions operating under its auspices and outside it who are seeking to propel the world by means of crisis into a New World Order. Men like Ervin Laszlo, a focus of an article in this report by our Contributing Editor Criton Zoakos, are the insiders who run institutions like the United Nations Institute for Training and Research (UNITAR), the think tank of the UN system. Laszlo, an agent of the "Limits to Growth" Club of Rome, hatches the plans for future world orders where policies and events will not be determined by the combinations of sovereign nations acting on national interest but by supranational elites and institutions, beholden to no nation. The supranational institutions in some cases are already with us—the International Monetary Fund (IMF), UNESCO, the International Energy Agency (IEA)—while others are only on the drawing boards.

Our story takes you from this conception to its attempted implementation through a global crisis, centered on a dollar-monetary crisis and an oil crisis, both springing from the Iranian situation and its expanding effects. One story details the attack on the dollar, monetary stability, and the European plans for a new monetary system, by means of dividing the world into currency blocs. Another story gives a view of how the oil crisis is aimed at creating an international energy dictatorship, à la the International Monetary Fund.

Finally our special report explores a confidential UNITAR-Club of Rome document which reveals the next step in the One World Conspiracy—going from the New International Economic Order to a New Inter-Regional Economic Order, which would divide the world into ten autarchic regional blocs united only through the IMF and the UN system.

The Iranian crisis and its offshoots continue to be a center of our attention, as well as of our readers. In this issue, our Economics Editor David Goldman takes a look at what is sure to be a developing story, a series of scandals aimed at overthrowing the Saudi royal family.



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the Saudi oil scandals?**

When Treasury Secretary Miller
walked into Saudi oil minister
Yamani's office, Yamani booted
him out—the U.S. government is
clearly complicit in promoting the
“scandals” now rocking the Saudi
royal family. But then, the Saudis
have refused U.S. advice on
economic policy, and are
positioning themselves to help
Europe create a new monetary
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By means of managed crises, economic warfare, diplomatic blackmail and political brainwashing, a strong international political faction has been working around and through the United Nations bureaucracy to produce a "new world order," in which policies and events are not shaped by the action of sovereign nation-states, but a supranational elite and its institutions, beholden to no national government.

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Within NATO, there are two utterly distinct conceptions of NATO; two utterly distinct conceptions of arms policy, and two utterly distinct conceptions of the agreement on the Pershing II missile that was reached at this week's NATO summit. And apart from the differences separating the Bonn government from London and Washington, there is more than one view of the issue in the Soviet Union.

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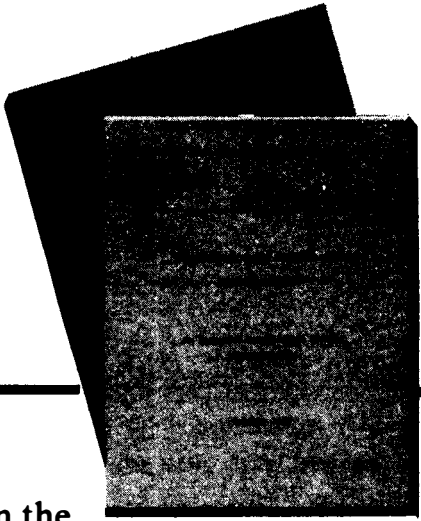
Next Week

France's bid for world leadership

In a period of global crises, provoked and managed by the existing centers of power, the government of France is making a bid for world leadership. Next week, we take a close look at the character and the policies of President Valery Giscard d'Estaing, what his vision is for Europe, and what his leadership also portends for the key regions of the Middle East and Africa.

Also next week, there are continuing moves afoot for an international oil dictatorship; we will expose those moves, carry the full story of what is about to happen at the OPEC summit meeting in Venezuela, and who's making it happen. Finally—After the NATO summit: what's next?

EXECUTIVE INTELLIGENCE REVIEW



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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.

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Editorial Comment

by Nora Hamerman

Washington's devout faith in Islam

Two developments have added urgency to the call first made in this column a fortnight ago, that Congress begin an immediate investigation of the Muslim Brotherhood and of the prominent traitors in the United States who are backing it. The investigation must go after the foreign policy planners—Cyrus Vance, Henry Kissinger, Ramsey Clark, and Zbigniew Brzezinski—who not only brought Khomeini to power but who also engineered the former shah of Iran's entry into the United States, knowing it would result in the seizing of U.S. hostages in Teheran.

The most dramatic new development, perhaps, is the open avowal of Iran's lord high executioner, the Ayatollah Khalkhali, that assassination squads under the command of the Iranian branch of the Muslim Brotherhood have been sent to the United States and Western Europe to carry out attacks against a "hit list" drawn up by the regime of the Ayatollah Khomeini. Khalkhali stated that "even the people who inhabit the White House" are on the list. No idle threats: Khalkhali's remarks were made as he claimed responsibility for the Paris murder of the nephew of the former shah of Iran.

The second development has to do with the administration's irresponsible antics in connection with the Middle East crisis. As our *Economics* story documents, Treasury Secretary G. William Miller was kicked out of Saudi Arabia last week for excellent reasons. Yamani, speaking on behalf of the Saudi government as well as his own office, rightly accused the Carter administration of subjecting the Saudis to the same pattern of attempted destabilizations which the administration conducted at the outset of its destabilization of the shah's government.

It may seem astounding, given Khalkhali's boast that the Muslim Brotherhood is a terrorist

organization (as this review has long maintained) and his threats to President Carter and his family, that the White House and State Department are limiting their response to "increased security measures." The appropriate reaction would be to launch a fullscale investigation of the Brotherhood's activities in this country and, as Democratic presidential contender Lyndon LaRouche advised Carter nearly a month ago, to make it clear that any harm to the U.S. hostages in Teheran or other U.S. lives will result in the ruthless hunting down of the Muslim Brotherhood everywhere, as an international outlaw organization akin to the Nazis.

As recently as Dec. 6, at a White House press briefing, Carter spokesman Jody Powell was pressed by a reporter on why National Security Advisor Brzezinski seems to support the Muslim Brotherhood. His response: "In terms of East-West conflicts, the administration believes that those who have devout faith in Islam would find the materialism and atheism of Communism to be repugnant to them."

Now, the same "devout faith in Islam" is to be wielded against Saudi Arabia—not, certainly, in the interest of overcoming the feudal structure of that nation but to ensure that a fanatical dark age horde will end once and for all the Saudis' commitment to modernization and economic development. "The real target of this operation is the United States itself," as presidential candidate LaRouche told a New Hampshire audience Dec. 7. "The idea is to create an energy crisis in the United States to implement the next phase of the administration's energy austerity policy. The other targets—and this is being openly stated—are France, West Germany, and Japan. The policy is to bring down the economies of our Western European allies by cutting off their oil."

What's at stake in the Saudi oil scandals

by David Goldman

Authoritative sources report that Saudi Arabia's Sheikh Zaki Yamani took the occasion of Treasury Secretary G. W. Miller's visit to Riyadh earlier this month to accuse the U.S. Administration of complicity in a plan to give the royal family the same treatment accorded to the former Shah of Iran. Enraged, Yamani threw Miller—whom no other senior Saudi official would meet—out of his office.

Yamani reportedly referred to Justice Department muckraking into the relationship between the Saudi regime and the oil industry, potentially implicating royal family members in illegal doings. The Saudis believe—correctly—that this would give fuel to the Muslim Brotherhood insurrectionaries who earlier this month occupied the Great Mosque in Mecca. Various parts of a projected smear campaign have appeared in U.S. East Coast media, including a Dec. 10 *Washington Post* report on the investigation under Attorney General Civiletti and Anti-Trust chief John Sheinfeld, and a Dec. 12 *New York Times* hype of British charges of “embezzlement” against the Saudi Arabian Monetary Agency. The *Times* story alleged that 21 junior royal family members had been shot for participating in an \$18 billion embezzlement scheme.

However, the SAMA scandal unravels to reveal the evident motive for the outbreak of attacks on King Khalid's government: Saudi Arabia is getting into position to take a leading role in a new monetary system which will emerge from the present mess. Emphatically,

America's biggest creditor will *not* unload its dollar reserves; Washington's biggest point of rancor is that the Saudis adamantly refused all proposals for “currency diversification” or “dollar substitution” from the United States, the British government, and the International Monetary Fund.

To take apart the Chinese boxes:

The *Times* story is a hype of an allegation by *International Currency Review* editor Christopher Storey, who has pursued the Saudis for more than two years over the issue of SAMA reserves. The Saudi policy is to bleed reserves from SAMA, their official monetary agency, into private royal family accounts. Storey's latest allegations were prompted by the “disappearance” of \$7 billion of Saudi reserves from the International Monetary Fund statistics during the past several months. The Saudis do this, of course, for good reasons: SAMA was founded 15 years ago as the Anglo-American custodian for Saudi funds. It is not a Saudi institution.

Six Western advisers run the agency, most importantly, Morgan Guaranty Trust and the Robert Fleming investment bank in Britain. Robert Fleming, through its director the Duke of Norfolk, is part of the Sir Keith Joseph faction of the Tory party, which now controls the Thatcher government. King Khalid's antagonist Christopher Storey, by his boast to *EIR*, is a pamphleteer for Sir Keith Joseph. European bankers familiar with Saudi financial policy believe that the Saudis wish to free themselves and much of their funds from SAMA control,

and are siphoning reserves into separate accounts. The British and Americans have become enraged and are attempting to scandalize the royal family out of office.

The most recent, and bizarre, turn in the SAMA scandal is the retention, by SAMA, of United Nations official Erwin Laszlo to conduct the "investigation" into the missing reserves. Laszlo, an associate of Sir Keith Joseph through Laszlo's longstanding Club of Rome connection, is one of the leading operatives for what this week's cover story describes as an "Anglo-Jesuit" plan for the world monetary system.

What's at Stake

How mammoth the stakes in this are may not be understood, unless the survival of the present Saudi government is put in context of the struggle over what monetary system will emerge through the next few chaotic weeks. The Saudis are one of a few critical "swing" elements that will determine who comes out first. What the perspective of Sir Keith Joseph and his colleagues is was stated in the Dec. 12 *London Times* editorial (see GOLD): "Gold has become the dominant reserve. That is a fact." In other words, as our cover story documents, all the one-worldist mumbo-jumbo concerning "currency diversification" has flopped. The great threat to London is President Giscard's commitment to an early-spring monetary initiative, which the West German daily *Die Welt* says will propose gold remonetization and a dollar link to the European Monetary System.

London has decided that it must field its own "hard commodity option" as a fallback position. Such an option was designed by Sir Keith Joseph's chief economic consultant, Sir George Bolton, a Bank of England adviser and director of Lonrho. (Bolton was instrumental in securing the recent Rhodesia settlement, with its heavy implications for British influence in raw materials trade).

Bolton wrote the script replayed in the *London Times* leader, quoted extensively in this week's gold coverage, one year ago, in a Nov. 2, 1978 Memorandum circulated by the Bank of England. He proposes to convince the United States and the International Monetary Fund to join a gold system under British direction. Strategically, that is possible only if other groups join Britain's side. Specifically, the European Monetary System on one side, and the British-American International Monetary Fund group on the other, each have precisely 404 million ounces of gold in reserve. The Arabs, the Swiss, and perhaps the Soviets, and Britain's commanding position in other metals, will make up the difference.

That is why the British and their American supporters cannot tolerate Saudi financial independence. A major scandal will have broken, for example, over a Saudi Group's purchase of 27 percent of the shares of Sunshine Mining, a leading U.S. silver producer, by the time this issue of *EIR* reaches subscribers (on this, more next issue). The monetary issue was the content of Yamani's reported shouting match with Secretary Miller.

During Yamani's heated interchange with Miller, Yamani briskly responded to Miller's request that Saudi Arabia funnel more of its petrodollars through the IMF by threatening to end Saudi contributions to the Fund if the Justice probe did not stop. Yamani informed Miller that his country knew that the United States had played a critical role in the overthrow of the Shah, by neutralizing the Iranian Army, during the last phases of former prime minister Bakhtiar's tenure. He warned Miller that the Saudis will retaliate against the United States and the IMF by launching a development campaign for the entire Arab world, using Saudi Arabia's petrodollars. Yamani concluded by telling Miller that Saudi Arabia will not break with the dollar or allow a big price rise for OPEC oil next month at the Caracas meeting of the cartel.

That may be the reason a Washington-based Saudi watcher stated today that if the scandal campaign continues it could mean a coup against the royal family by the clique of young princes working with Muslim fundamentalists. He noted that these restive young princes have the same puritanical outlook of the young Saudi prince who murdered Saudi King Faisal in March 1975. He recounted that the Islamic demands of the insurgents that seized the mosque last month are identical to those of Faisal's murderer.

Volcker's policy comes to Europe

The Bank of Italy's recent discount rate hike is just the latest skirmish of an interest rate war battering the EMS.

On Dec. 5, the Bank of Italy raised its discount rate 3 percent to 15 percent—making it second only to the United Kingdom's 17 percent minimum lending rate. Italian authorities were coerced into the move by the continued oil war destabilization of the Middle East, the day before the lira collapsed and trading had to be halted in the foreign exchange markets when the Saudi Arabian oil authority, Petromin, cancelled a crucial 30-day supply agreement with the Italian oil giant after the latter was hit by a corruption scandal.

But Italy is just the latest in a series of European casualties of this sort. Over the past several weeks, one after another European country has been forced to raise its domestic interest rate structure. In line with U.S. Federal Reserve Chairman Volcker's rate hiking operation, they are tightening the credit noose another notch or two and patching and repatching the shaky European Monetary System (EMS) currency parities.

What is unfolding now is precisely the "interest rate warfare" that such opponents of the EMS (from the outset a prodollar plan) as the New York Schröder Bank's Geoffrey Bell are so eagerly "predicting."

- A week before the Italian move, Norway raised its discount rate a full 2 percent, in an attempt to avoid a currency devaluation and attendant austerity measures.

- Denmark, on Nov. 30, announced a 5 percent devaluation of the krona and last week followed it up with an austerity program, including wage and price controls, which is expected to cause a 5 percent real wage drop in 1980 and a 3 percent drop in real consumption.

- On Nov. 28, the Dutch central bank raised its discount rate one point, from 8.5 percent to 9.5 percent—on top of a 1.5 percent increase just three weeks earlier. Commercial banks followed with a rise of 1 percent in the surcharge

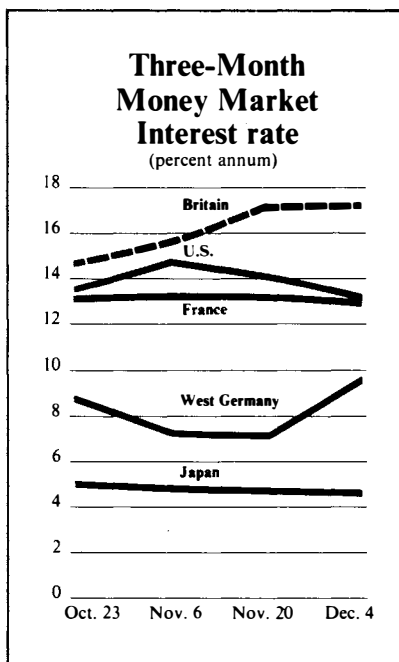
on loans, now at 3 percent. Top quality customers now pay at least 15.5 percent to borrow money. Furthermore, authorities announced that growth in private-sector lending will be held to 8 percent in 1980, compared to 9 percent in 1979.

- West German short-term rates are rising, as they have been consistently, and now top 9 percent. One month and three month rates are at 9.85 and 9.55 respectively.

- Britain earlier set the pace with its 17 percent minimum lending rate.

At present Europe is on the defensive. But as the EMS now stands as a mere currency stabilization apparatus, the price of European noncompliance with the credit squeeze is just more interest rate and inflation pressures generated by the Volcker measures in the United States. Short-term Eurodollar rates show what is in store.

As First Pennsylvania Bank's current newsletter emphasizes, there is every indication that "international considerations" will fuel Mr. Volcker's chicken game of interest rates from the U.S. side. "The combination of factors outlined above (i.e., interest rate increases) together with the perception that the Fed had eased in its resolve to fight inflation," wrote First Penn, "undoubtedly triggered the latest run on the dollar." They continue to draw the interest rate hike-inflation-currency collapse syndrome full circle: "Subsequent Fed moves do not confirm that the Fed has, in fact, eased. Fed Funds were allowed to trade as high as 14.5 percent before the Fed supplied temporary reserves."



The fraud in the unemployment statistics

Behind the government's "good news" about employment is bad news that Volcker is continuing to squeeze industry.

The latest set of unemployment statistics released by the U.S. Department of Labor and which showed a decline in the unemployment rate from 6 percent in October to 5.8 percent last month, are reason enough to warrant a complete overhaul in the government's methods of collecting and analysing economic data. The November statistics were a fraud—for three different reasons.

First, the Bureau of Labor Statistics (BLS) conducted its "scientific" survey of the jobless rate during the Nov. 12-16 period "missing" at least 50,000 layoffs in the steel and auto industries which were announced at the end of the month.

Second, the statistical fraud is being maintained to provide a rationale for more credit tightening and austerity in the economy. An editorial in the Dec. 9 *Washington Post* noted glibly that the numbers were phony, but continued: "The November numbers are very good luck ... The President has the opportunity to speak to the subjects of inflation and energy without that distraction [of a falling unemployment rate]."

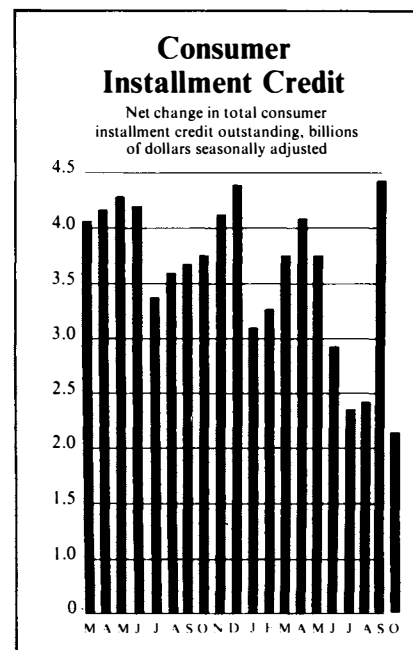
The third aspect of the fraud involves the presumably correct report of a 353,000 seasonally adjusted rise in the number of employed workers in November, most of which occurred in the service sector, that more than offset the rise in unemployment among blue-collar workers in the auto and other durable goods industries.

That the government's statistics do not differentiate between blue-collar and service sector employment makes the unemployment rate a useless economic indicator. It does indeed make a difference for future trends in the economy whether employment is in steel production or "paper pushing" activities.

Federal Reserve Chairman Paul Volcker's "tight money" policy has discriminated against the goods-producing industries and promoted the shift of investment into overhead or outright speculative activities. The current record high level of interest rates has ruled out all investment but purchases of high-yielding money market instruments, raw materials speculation, and the like.

The just-released Producer Price Index for November reveals the process at work in the economy as a result of the Volcker policy. The index, which reflects wholesale price movements in the economy, jumped 1.3 percent last month. Wholesale price trends for 1979 to date assure that retail price inflation for the year will hit at least 15 percent, the highest rate since the postwar inflation of 1946. This jump was largely attributed to a surge in food prices. However, on closer inspection, it turns out that the 2.6 percent jump in food prices consisted of a .9 percent "seasonal adjustment" factor that does not make the increase indicative of real trends.

Food prices are rising. But the



real motor of inflation is in the energy and raw materials sectors. Energy price rises of 62.7 percent over the past 12 months are well-known, but are usually attributed to "factors beyond our control." But what of the surge in raw materials prices? The Volcker policy is simultaneously promoting speculation in raw materials that are consumed in industrial production—resulting in price increases that get passed on to the consumer. In November, nonfood, nonenergy crude materials prices rose by an adjusted 3.9 percent.

Recent government statistics show equally who is getting hit the hardest by the Volcker credit crunch. The net increase in consumer installment credit fell off precipitously in October, as banks selectively reviewed their loans to the consumer-sector of the economy. And a recent study by the F. W. Dodge unit of McGraw Hill projects an 8 percent decline in volume terms for all building contracts (commercial and industrial construction) in 1980.

Whither the yen?

The same banks which sent the yen down in October and November bid it back up in early December. Where it goes now depends on Tokyo's response to the yen bloc proposal.

The most important fact about the wild fluctuations of the yen over the past weeks is that the same foreign banks that engineered the yen's dive in October and November sent it back up in early December. This includes the fabled 10-point rise on Dec. 10. Early reports said that Japanese trading companies pushed the yen up through massive selling of dollar export contracts for yen. But when the Bank of Japan counted up the deals at the end of the day it showed that the foreign institutions again predominated in the \$1.128 billion turnover. Moreover, Japanese bankers point out that Tokyo was simply following the lead of London and New York. The following two days the foreign banks predominated, reversing the Dec. 10 rise, but at a rate higher than the Nov. 30 nadir of 249.

Behind the perhaps temporary reversal of foreign pressure on the yen lay key events tied to the politics of oil and U.S. President Carter's pressure on Japan to accept internationalization of the yen.

The National Iranian Oil Company (NIOC) sent a letter to a consortium of six Japanese trading companies and refineries inviting them to discuss new long-term oil contracts. Japanese sources say NIOC is discussing raising Japan's contract from the present 450,000 barrels per day to as much as 900,000. This is even more than the 700,000 Japan received while the Shah was in power.

Iran had earlier let Japan know

that unless it bought the celebrated 20 million barrels at \$40 per barrel following the U.S. cutoff of Iranian oil imports, then it could not hope to get long-term contracts.

Behind these purchases and U.S. Secretary of State Cyrus Vance's denunciation of Japan this week in Paris lay an even more interesting story: Japan had taken the spot oil and resold a significant portion of it to Europe—at a loss of up to \$8 per barrel! In the process, Japanese banks became agents of dollar payment to Iran for themselves and the Europeans, bypassing the American banks and Vance's freeze on Iran's assets. In turn, Iran deposited a significant portion of dollars in Japan. NIOC's reward of oil to Japan for this sent the yen up and Vance's pressure on Japan to stop buying oil sent it down again.

The question remains whether Royal Dutch Shell and British Petroleum—who helped catapult the Ayatollah Khomeini to power in Iran last winter—have been using their own good offices to make things easier with the Ayatollah for Japan.

If they have, what is Japan doing in return?

London as well as Washington are pushing to replace the dollar with an international system of regional currency blocs including a yen bloc for Asia. One indication that Japan might tone down its resistance to it was Ohira's announcement of a series of yen-dominated loans to China.

Furthermore, reports reached Tokyo banks two weeks ago that Saudi Arabia had bought \$200 million worth of Japanese government bonds and that Kuwait, which had already made significant private purchases of securities, had approached Nomura Securities about additional offerings. On the basis of the Saudi report, Mitsubishi Trading Company bought yen massively in London Dec. 6, according to Japanese sources.

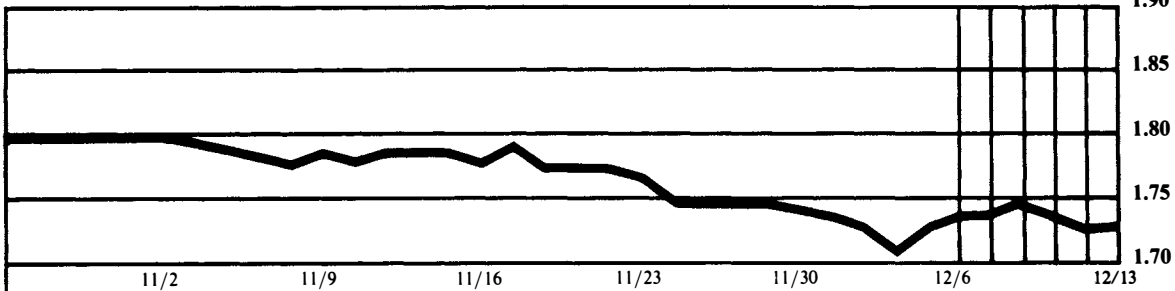
More evidence began accumulating that internationalization of the yen was proceeding. Late November, it was announced that Euroyen—yen held outside Japan in either Japanese or non-Japanese banks—had tripled since June to \$10 billion. Most of that increase had been very recent and the total amount equals half of Japan's foreign exchange reserves. The final evidence was new Bank of Japan Governor Haruo Maekawa's reputation as a supporter of a yen trading bloc.

Japanese bankers point out when the yen rose in recent years, trade denominated in yen also rose to almost 30 percent of exports but only 5 percent of imports. During the yen's fall during 1979, the pace of growth in yen-denominated trade slowed.

Yet Japanese resistance to internationalization of the yen is still strong. And while some American and British bankers "see the yen rising" and they will help it rise to support the yen bloc, an equally large number of New York and Chicago bankers intend to sell. It is clear that the yen will be volatile for some time and that major determinants of the yen's rate will be foreign, not Japanese decisions.

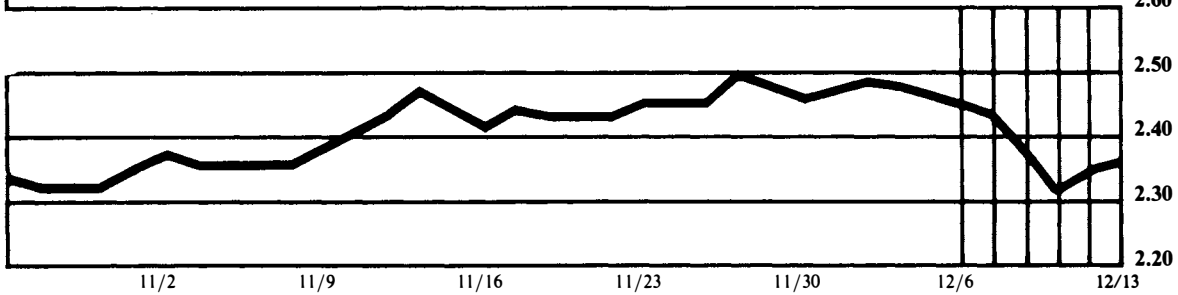
The dollar in deutschmarks

New York late afternoon



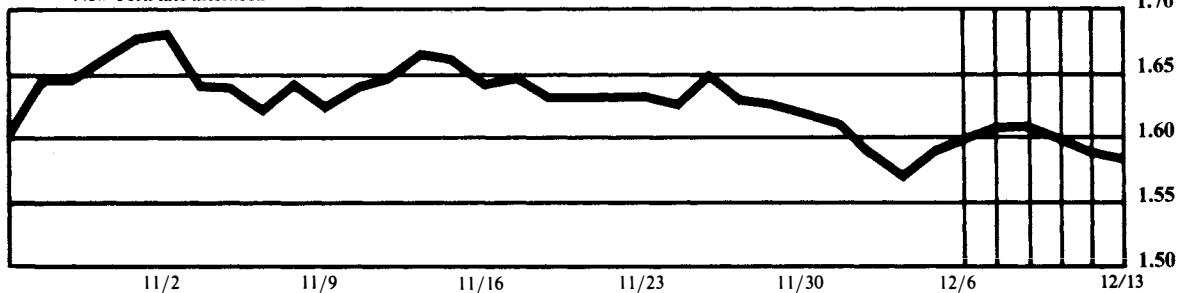
The dollar in yen

New York late afternoon



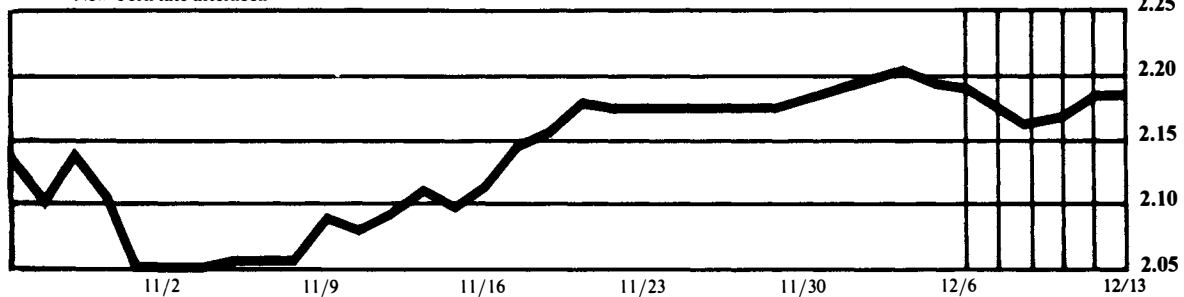
The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon



A big brother to run America?

An Office of Strategic Planning is being proposed to set national priorities in the event of an energy crisis.

The United States needs an Office of Strategic Planning to run planning for this country. The energy crisis will require this," according to a consultant with the Chapel Hill-based consulting firm, SSI. Dr. Thomas Naylor, the SSI consultant added on Dec 9: "I have already talked with people at the highest levels of government, including the Treasury and State Department, who are considering whether to go with this plan. But don't publish this, because it will sabotage everything."

Dr. Naylor's proposals for an Office of Strategic Planning take one step further measures implemented earlier this year. This includes the establishment this summer of a crisis management agency, the Federal Emergency Management Agency (FEMA), which was given authority by a presidential executive order to run the nation in an "emergency."

And Dr. Naylor's proposals are exactly the sort of planning that is referred to in calls issued for wage-price controls, credit controls and computer-based world-stockpile raw materials reserves. The movement toward wage-price controls was emphasized once again this week by Dr. David Lomax, economic adviser to National Westminster Bank Ltd, London, who stated to the Irving Trust newsletter, "I've been very surprised re-

cently ... to hear the enthusiasm expressed for incomes policies among prominent economists ... from the United States."

Indeed, in the Dec. 17 issue of *Business Week*, Dr. Naylor writes in the "Ideas and Trends" column, "The real question is: 'Is there not a need for comprehensive strategic planning across government departmental and disciplinary lines?' In the event of another oil embargo or the complete demise of the nation's nuclear power program, how will the economy be affected? What are the implications for national defense and military security? What about the environmental effects and the impact on the urban poor? Will these events alter international relationships thus necessitating a review of existing treaties?"

In an interview Dec. 10, Dr. Naylor proposed that "the Office of Strategic Planning would solve these problems. It would set national goals and harmonize the plans of the various government departments around these goals. Every year the President of the United States would be required, in addition to his State of the Union address, to give a National Plan address."

Naylor's views are not new. The model is the Strategic Bomb-

ing Survey conducted during World War II, which selected economic and military targets and then leveled them. This is the same view of the offshoot of the Survey, the systems analysis crowd at the Rand Corporation. Naylor's Office of Strategic Planning would be used the same way against the U.S. economy.

These views, however, have consistently been rejected by the U.S. Congress, as well as industry and labor. For example, the Humphrey-Hawkins Full Employment bill, which had a provision for national planning has been repeatedly defeated in the U.S. House of Representatives and the Senate. SSI's Naylor acknowledges this point. "If you'll notice I emphasize corporate planning and nowhere mention Humphrey in my proposals for planning. This is intentional, because otherwise, this proposal would never be given a hearing." Naylor then admitted, "Look, my views are exactly like the Humphrey-Hawkins bill. In fact, there is a little-noted provision in that bill which mandates the executive branch to set up an organizational structure that would implement a set of national goals. But, only if corporate planning is emphasized as the motivation for the Office of Strategic Planning will it have a chance. This is how I proposed it to the government."

According to Naylor, he will receive word from the U.S. government on his proposal in two weeks. Otherwise, he said that he is working with a leading gaming theorist at Yale University, Martin Shubek, and the inhouse economist at the *New York Times*, Leonard Forman, (both officers of SSI) on the best way to sell his plan.

London scrambles for gold

*London is eyeing a gold-backed monetary system—
but what kind?*

The *London Times*' remarkable unsigned Dec. 12 editorial, "A Possession Not A Promise," calling for the institution of a gold-backed international credit system, signals an entirely new phase in the struggle between the Franco-German backers of the European Monetary System (EMS) and the old Anglo-American establishment. Following last week's Atlantic Institute conference where European governments vigorously rebuffed U.S. and British "currency diversification" schemes, London has apparently gone for a "fall-back" option. The name of the game is now an all-out scramble for gold and other "hard" commodities pitting London, the EMS forces, and various Arab oil money factions. As London sees it, whichever groups emerges with the largest gold kitty will be the one to dictate *what kind* of gold-backed system prevails in the 1980s.

The *London Times* editorial makes it clear that the London faction is responding to what they consider a very powerful threat that French President Giscard may make good on his promise to launch a new monetary initiative that could lead to a new international monetary system by spring 1980. Giscard made this promise in a Nov. 26 address before French television. According to the West German daily *Die Welt* on Dec. 10, Giscard intends a "lasting stabilization of the international monetary system. More details concerning that plan are not yet

known. Giscard himself has referred to the 'extravagant monetary disorder prevailing outside the well-functioning EMS.'

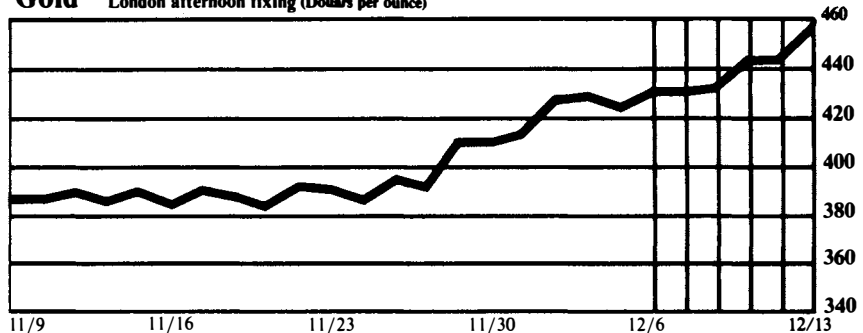
The *London Times* piece insists on the following: 1) Gold has tended to anticipate increases in the world oil price in recent years and, unlike paper currencies, is unlikely to lose its purchasing power between now and 1990; 2) "The European Monetary System recognizes that gold has again become the reserve base of the world monetary system"; 3) "It would be better if the United States and indeed the International Monetary Fund now officially accepted the reality" of gold remonetization; and 4) Gold loans, which have "low nominal and low real rates of interest," could help with "apparently insoluble world economic problems."

London's decision to "grab for gold" and Europe's counter-deployment was reflected in international trading last week when gold was big up to a new historical record of \$451 an ounce on the

New York market. American traders reported a huge surge in buying by a range of European and British institutions, including the major West German and Swiss banks as well as leading London bullion dealers. The large orders prompted rumors that Saudi or other Arab interests were behind the run-up, although this may account for only a portion of the gold buying.

The mysterious decline in reserves at the Saudi Arabian Monetary Agency (SAMA) could be key to understanding recent occurrences in the precious metals market and the likely denouement. Saudi Arabia's official reserves, managed by SAMA, have inexplicably plunged from about \$32 billion at the end of 1977 to roughly \$17 billion last September. Financial experts suggest that the funds may have been diverted away from SAMA into private funds which in turn have been increasingly channeled into gold and silver. If this is true, the future shape of the world monetary system could depend heavily on just which faction of the Saudi royal family—the pro-European moderates or the radical Islamic, London-aligned grouping—control the bulk of these private funds and how they decide to deploy them.

Gold London afternoon fixing (Dollars per ounce)



How will a 'free trade zone' work?

"An extraterritorial enclave like Hong Kong" is projected for a site in New Jersey, and a spokesman for the project defends it against attack. It appears, however, indefensible.

The letter below was received from Marshall V. Miller, president of the National Association of Foreign Trade Zones, in late November. The letter was prompted by the article which appeared in the Corporate Strategy column in our Oct. 9-15 issue, titled "Cushman & Wakefield brings Hong Kong to N.J." The subject of the article was the role that the real estate firm of Cushman & Wakefield is playing in establishing a foreign trade zone, which I characterized as "an extraterritorial enclave like Hong Kong," in Morris County, N.J. The article was based in part on an interview with Tyson Maroon, a senior vice president at Cushman & Wakefield who worked on putting together and attracting prospective tenants to the zone.

Mr. Miller states:

"As President of the Association, I have received several complaints on the above referred article. The article's reference to "Hong Kong" and "the largest foreign-trade zone" are a step beyond traditional "puffing" and might serve to leave a false impression. U.S. law, with respect to foreign-trade zones, is far more restrictive than Hong Kong law. The title of "largest" foreign-trade zone depends on your frame of reference and is currently claimed by several zones.

"Of particular concern is a totally incorrect statement in the third full paragraph of page 11. If

assembled merchandise is sold in the U.S., the tariff rate is *not* one half. The tariff rate is based on either the imported parts or the finished product. In some instances there may be a small or a very large difference. The issue is somewhat complex. In addition, under current U.S. Customs Service appraisal law after the assembly an additional value for the cost of U.S. labor, overhead expense, and profit will be added to the cost of the assembled product. The Association has been hard at work since July of 1978 to change the current practice and it is expected this change will occur very soon.

"Lastly, the reasons Mr. Maroon cites for new zone interest are only partially correct—it is not just computerized inventory control, but an entire system called the Alternate Inventory Control System (A.I.C.S.). The single biggest factor will be the change in the U.S. Customs appraisal standard at 146.48(e)....

The reference to Hong Kong in my original article was not, I believe, misleading. Mr. Maroon and an aide to State Senator Manfred Ohrenstein whom I interviewed about the prospective foreign trade zone in the South Bronx—which Cushman & Wakefield may also become involved with—stressed that the type of employment created would be unskilled, labor-intensive jobs in electronics and other

assembling factories. This type of employment represents a lamentable falling away from the best American traditions—skilled employment in the frontiers of industry—and is, in fact, based on the "Hong Kong model." Following a meeting of the Mont Pelerin Society, an association of professedly conservative economists, in Hong Kong last winter, Milton Friedman spoke out in favor of Hong Kong as the perfect example of free enterprise and said the model should be emulated in the United States and other countries.

Mr. Miller noted in an October speech that the Foreign Trade Zone Act was passed in the midst of the Great Depression to stimulate international trade and employment in the U.S. The fact remains that the act is no substitute for a successful U.S. export program, which would feature a vast expansion of low interest Ex-Im Bank credits to finance high technology exports such as capital goods and nuclear plants.

I also had good reason to pause over Ty Maroon's reference to the lack of piece-by-piece inspection of goods entering the zone. Cushman & Wakefield appears, along with the New Orleans World Trade Mart, on the mailing list of Permindex, the Switzerland-based entity exposed in the book *Dope, Inc.* and other locations for its involvement in international assassinations (attempts against DeGaulle's life, John F. Kennedy) and drug running.

Finally, my information on the tariff rate on goods entering the U.S. from foreign trade zones was what Mr. Maroon and others whom I interviewed believed to be the case.

Trade Review

		Abbreviations:	Status:	
		U = Undetermined	I = signed, work in progress	IV = in negotiation
		NAP = Not applicable	II = signed, contracts issued	V = preliminary talks
		NAv = Not available	III = deal signed	
Cost	Principals	Project/Nature of Deal	Financing	Status
\$300 mn.	Saudi Arabia from South Korea	The New York branch of You One Construction Ltd., a Seoul-based construction/engineering firm, won a contract by Saudi Arabian Ministry of Defense for several support facilities at the King Abdul Aziz Military Center.	NAv.	I
\$254 mn.	China from West Germany	The West German engineering firm Mannesmann Demag won a contract for the supply and construction of a continuous steel rolling mill to China.	The contract will be 85 percent financed by a credit arranged by Deutsche Bank—the first such medium term credit ever in West German-China trade. The West German government-controlled Hermes Insurance Company is expected to guarantee part of the credit line.	I
\$218 mn.	Australia from France, West Germany, U.K.	Purchase of four A-300 Airbus Industries aircrafts by Trans Australia Airlines	NAv.	I
Over \$50 mn.	S. Korea from U.S.A. and Japan	J. Ray McDermott & Co., Inc. and Hyundai Heavy Industries won a joint supply contract for components for two 550-MW coal-fired burners. McDermott's share is valued at about \$30 mn.	NAv.	I
\$21 mn.	Jordan from Japan	Dainichi-Nippon Cable Company was awarded contract to replace all existing overhead telephone and telex lines in Amman.	Loan from Japan's Import-Export Bank for 8 years at 8 percent annual interest with 3 years grace period.	I
\$15.8 mn	France from Japan	Hitachi Shipbuilding and Engineering Co. will deliver a shallow-water drilling rig to French oil exploration company S.A. Foramer.	NAv.	I
\$14 mn. annually over 10 years	U.K. from U.S.A.	A 20-year contract to produce telephone directories in the U.K. was awarded to R.B. Donnelly & Sons Co. Initial annual billings are estimated at \$14 mn.	NAv.	I
\$4 mn.	China from Japan	Victor Co. of Japan to build a color-TV assembly plant in China.	NAv.	I
\$2.18 mn	Nigeria from U.K.	R.A. Lister, a Hawker-Siddeley company, won a Nigerian order for diesel engines and generating sets.	NAv.	I

Business Briefs

Corporate Strategy

Chrysler selling foreign branch

Chrysler Financial Corp. is currently negotiating the sale of a 75 percent interest in Chrysler Credit Australia, Ltd. to an Australian subsidiary of the Barclays Group. The \$10 million sale is the latest in a series of overseas divestitures made by the troubled U.S. corporation to raise cash and pare operations.

Meanwhile, bargaining and compromise on federal loan guarantees for Chrysler continues on Capitol Hill. The latest plan is a compromise proposal jointly sponsored by Sen. Paul Tsongas and Rep. William Moorhead which eliminates the three-year wage freeze for Chrysler workers that was specified in the Senate bill. The plan includes \$600 in wage and salary concessions from Chrysler employees, a \$100 million advance loan from the UAW, and the creation of a \$60 million Employee Stock Ownership Program. In addition, a government review board would be established to oversee the corporation, similar to the Emergency Financial Control Board for New York City. The board would consist of the Secretaries of Treasury, Labor, and Transportation, plus Fed Chairman Volcker and John Heimann, the Comptroller of the Currency.

Commodities

Hunt-Saudi silver grab

The Hunt family and a group of Arab investors have sealed a deal which will permit them to jointly establish a "corner" on world silver production, according to informed market sources. On Dec. 11, Sunshine Mining Co., a Dallas-

based silver mining firm (in which the descendants of Texas billionaire H.L. Hunt have a large interest), announced the sale of more than one million shares of its stock—a 19 percent stake—to the Luxembourg-based Arab Investors Group. The Arab Investors Group is reportedly closely tied to Roger Tamraz, a leading Saudi financier who holds an additional 160,000 Sunshine shares.

Sunshine's general counsel Samuel Dash reportedly "gave the final okay" for the Sunshine-Arab Investors deal. Dash, who played a prominent role in the Watergate investigations, also heads the Jesuit Georgetown University's Law Center.

Sunshine Mining will produce 5.5 million ounces of silver this year out of a total U.S. output of 43 million ounces and reportedly controls 20 percent of U.S. silver reserves. Sunshine is also issuing silver-indexed bonds in private placements in London, the proceeds of which the company plans to use to buy up other silver mines in the U.S. and Canada.

Virtually the entirety of world silver output is concentrated in only four countries: Mexico, Peru, Canada, and the U.S. Silver, which is used in the production of batteries and film, is already in tight supply, with world consumption this year surpassing newly-mined supplies by about 100 million ounces.

Sunshine's deal with Arab Investors is being hotly contested by Andrew G. Racz, president of the New York-based brokerage firm Racz International, who had hoped to purchase the shares on behalf of an unidentified group of American investors. Asked whether the Sunshine deal might have anything to do with the reported disappearance of reserves held by the Saudi Arabian Monetary Agency (SAMA), Racz replied: "Of course, there's a connection. This is how the Arabs got the money."

According to recent reports, several Hunt family members involved with Sunshine were interviewed by the U.S. Commodity Futures Trading Commis-

sion in connection with CFTC's investigation of a silver market squeeze a few months ago. At that time British and Swiss bullion interests joined forces with a group of Kuwaiti investors and the Hunts to create an artificial silver shortage. Many small American investors were caught short, provoking the commodity regulatory authorities to investigate.

Hunt family silver holdings are rumored to have amounted at one point to more than seventy-five percent of all outstanding American futures contracts. As part of its investigation the CFTC filed a complaint Dec. 3 against a Swiss bank, Bank Populaire Suisse, which had refused to name the clients for whom it had placed large orders for silver futures.

Although this "silver cartel" has placed primary emphasis on silver, market experts say that Swiss banks are also behind the latest gold price run-up above the \$400 level, often placing their orders on the highly anonymous Hong Kong market.

One analysis of what the "cartel" is up to says that it is coordinating its activity with the Bank of England, which wishes to discredit Franco-German efforts to build a gold-based monetary system by creating excessive volatility on world gold markets, and focusing attention on silver at gold's expense. The British central bank also hopes to terminate the U.S. dollar's reserve currency role, replacing it with a currency system indexed to the price of strategically important metals and raw materials.

International Credit

Kuwait, Libya form joint bank

Kuwait and Libya have agreed to form a bank with \$1 billion in resources, the Kuwaiti News Agency reported on Dec.

11. The agreement was signed by Kuwaiti Finance Minister Abdel Rahman Al Atiq and Libyan Treasury Secretary Mohammed Zarouk Rajab. The bank is designed to "support Arab monetary institutions and adopt joint enterprises to achieve economic integration among Arab countries," the agency said. Financial experts say that the agreement could reflect the efforts of certain British and Swiss bankers to establish an Arab currency bloc centered around a common "Arab dinar."

Domestic Credit

Volcker tightens rates again

While New York bank economists were predicting a general fall in interest rates, on Dec. 12 rates hit nearly the record highs established on Oct. 23—as Federal Reserve Board chairman Paul Volcker drained money from the banking system.

Shortly after 2 p.m. on Dec. 12, the Federal Reserve stepped into the money market and arranged to sell Treasury issues with the proviso that it would buy them back the next day: so-called repurchase agreements. These Fed transactions occurred at the point that federal funds were already trading at a high 13.5 percent level.

As a result, bond prices fell sharply and effective interest rates rose concurrently. Three-month Treasury bills rose from 12.20 percent on Dec. 11 to 12.56 percent on Dec. 12. Longer term Treasury notes and bonds also rose steeply. State of Michigan bonds (rated A-plus by Standard and Poor's rating service) totaling \$106 million issued Dec. 12, remained 80 percent unsold at the end of the day.

Many analysts believe the Fed will tighten even further. Consumer and wholesale prices have not budged from their steady upward rise over the last

few months despite Volcker's "anti-inflation" program. The U.S. freeze of Iran assets has generally unsettled the world currency markets, in combination with the threat of oil price increases. European nations have responded to the deteriorating situation by tightening their interest rates. To prevent a dollar outflow, several analysts say, Volcker will have to tighten U.S. interest rates again.

Banking

Rosenthal protests HongShang takeover

Congressman Benjamin Rosenthal (D-N.Y.) challenged last week the Hongkong and Shanghai Banking Corporation's attempted takeover of New York's Marine Midland Bank. In a letter to Federal Reserve Chairman Paul Volcker, Rosenthal, who chairs the House Commerce, Consumer, and Monetary Affairs Subcommittee, asked the Federal Reserve to reconsider its March approval of the takeover. In a second letter, Rosenthal asked Comptroller of the Currency John Heimann to delay action on Marine's application for a national banking charter. The bank had filed for national status as a result of New York State Banking Superintendent Muriel Siebert's refusal to permit the takeover under New York law.

Rosenthal is opposing HongShang's bid on the grounds that the bank is involved in non-financial business overseas and that the takeover of Marine violates the Banking Holding Company Act, requiring a separation of banking and other commercial activities. A Rosenthal aide denied that the Congressman's decision to oppose the bid had anything to do with Democratic presidential candidate Lyndon LaRouche's earlier charges that the HongShang acts as a central bank for the Far Eastern narcotics traffic.

Briefly

● **THREE JAPANESE FIRMS** have suspended negotiations with Iran for oil purchases until after the Dec. 17 OPEC meeting in Caracas. With Iran asking for \$35 per barrel, the Japanese Trade Ministry halted the talks for fear of U.S. accusations that the Japanese are fueling oil price rises.

● **FRITZ LEUTWILER** and a Swiss government delegation traveled to Saudi Arabia on Dec. 10 for discussions with the Saudi Arabian Monetary Agency and other Saudi investors. Leutwiler, the chairman of the Swiss National Bank, is seeking to ensure orderly Saudi investment in Swiss franc-denominated instruments.

● **MEXICO'S CENTRAL BANK** will continue to accept dollar payments for oil, State Department Deputy Secretary Warren Christopher told reporters Dec. 11, following rumors that Mexico would insist on other currencies. However, Latin American countries are reportedly building up non-dollar reserve positions by quietly purchasing German mark and Swiss franc securities through Luxembourg and other European centers.

● **THE BRITISH BANK OF THE MIDDLE EAST (BBME)** announced that it will move its headquarters from London to Hongkong, home of the bank's parent Hongkong and Shanghai Banking Corporation. BBME told EIR that the move is for tax purposes. However, financial community observers associate the move with speculation by bankers at last weekend's Atlantic Institute seminar in Paris that much of the trillion-dollar Euro-dollar market will move into havens like Hongkong and the Bahamas, because of the possibility of more "freezes" on capital movements after Iran.

Exclusive: The one-world conspiracy

by Criton Zoakos

We are reliably informed that "the boys" in the National Security Council have "written off" the lives of the 50 American hostages in Teheran as far back as two weeks ago. This bit of information coheres with such further related developments now breaking into public purview as: Representative Hansen's (R-Id.) charing that the Carter administration at the highest level connived in setting up the taking of American hostages; Democratic Presidential hopeful Lyndon LaRouche charging and substantiating treason by the administration; and the shah of Iran supplying devastating details of how in fact the Carter administration deliberately paved the way for the Ayatollah Khomeini's ascension to power.

For months, insiders in possession of this and other more substantial information, were puzzling over *why* the Carter administration did act to overthrow the shah and, more recently, did deliberately set up the taking of American hostages.

The answer to these two questions is now known:

The controllers of the Carter administration are bent on immediately destroying the United States dollar as a



world currency during 1979 if possible. The crisis in Iran was manufactured for the purpose of providing them with a handy crisis-management instrumentality for pursuing this goal.

Literally half the Carter cabinet deployed into Europe and the Middle East throughout last week, leading a charge of secondary-level bureaucrats, running from capital to capital to threaten and pound their fists on tables: Secretary of State Cyrus Vance in London, Paris, Bonn and Rome; Defense Secretary Harold Brown in Brussels, Attorney General Benjamin Civiletti in the Hague; Energy Secretary Charles Duncan in Paris; Secretary of the Treasury G. William Miller in the Middle East.

Underneath them, a swarm of antidollar bureaucrats, including Solomon, Carswell, Cooper et al. The entirety of this diplomatic invasion of Europe and the Middle East was focused on pushing the following two objectives: *First*, replace the international role of the dollar with a "currency diversification" scheme, namely the establishment of 10 distinct, isolated and self-sufficient

currency zones around the globe which will supervise the decoupling of the advanced-sector economies from the Third World and the drastic reduction of international trade activities permanently; *second*, force the advanced sector itself, Europe, Japan and North America, to conduct a one-shot massive reduction of their oil imports and energy production generally. The ostensible reason for the U.S. government officials demanding such an outrage of our allies, is solidarity against Khomeini "in order to save the American hostages."

This, therefore, is the reason why, as the shah of Iran charges, the Carter administration put Khomeini in power, and, as Mr. LaRouche and, on a more limited track, Representative Hansen charge, the Carter administration connived to have American hostages taken by the Muslim Brotherhood maniacs at Teheran.

The diplomatic invasion of Europe from Washington has, however, failed so far. Treasury Secretary G. W. Miller was literally kicked out of Saudi Arabia upon his mere suggestion of "diversification" out of the dollar. Paris and Bonn jointly gave Secretary Vance the chilliest of Gallic and Germanic *savoir vivre*; the hastily assembled meetings of the Bank for International Settlements, the Atlantic Institute and the EC Monetary Commission were taken over by joint Franco-German forces delivering resounding No's to "currency diversification." In separate statements, the French and West German governments proclaimed that one of the main aims of the European Monetary System is the defense of a strong and prosperous United States dollar. Secretary Duncan's demands for further oil import cutbacks were soundly voted down at the IEA meeting in Paris.

When the week ended the dismal reports were filed at the intelligence departments of New York's investment houses, a new avenue of attack was defined by Schröder's Bank, one of the key strategists behind the current insanity in Washington: We cannot break the Europeans unless we first break the Saudi influence in OPEC. The Germans and the French, according to this version, will capitulate and accept "currency diversification" and dollar busting, only if they are first hit by another massive oil price increase and a reduction of their oil supplies imposed by OPEC "radicals."

Hence, massive London-New York-Washington pressure is now being focused on the upcoming OPEC summit in Caracas, Venezuela on Dec. 17. Within Saudi Arabia, the infernal situation contrived by British intelligence is already reminiscent of Iran in the summer of 1978.

Between now and New Year's Eve, enormous strategic forces will be escalating their engagement in a struggle to determine whether the world markets will be broken up by this "currency diversification scheme" or whether France and West Germany-centered forces of the EMS

will succeed in bolstering the dollar as a precondition for launching an era of industrial and commercial prosperity in the 1980s.

Behind the "currency diversification" commitments of the maniacs in the Carter administration stands, as we have discovered, the Club of Rome, UNITAR and CEESTEM which have jointly produced a highly confidential document which they plan to drop upon a United Nations Special session next May.

Hostages, oil and dollar busting

A few words about the particular form of insanity embedded in this document and reflected in the obsessive commitment by U.S. government officials to dollar busting.

The Club of Rome/UNITAR/CEESTEM document is authored by a group of people with lengthy pedigrees in the service of that branch of ancient, entrenched European aristocracy known as the "one worlders," which include the Belgian, Dutch and British Royal families, the Cecil family, founders of both the League of Nations and the United Nations, the more ancient Hapsburg, Pallavicini, Collonna and Wittelsbach families which traditionally prefer to work through such Catholic institutions as the Society of Jesus, the Justitia et Pax Commission, the World Council of Churches, Louvain and Georgetown Universities, the Kennedy Institute of Bio-Ethics, etc.

The combined financial, diplomatic, cultural, military and intelligence clout of these assembled forces is, at this time, all focused on the singular objective of establishing a series of "supranational," "global," "planetary" institutions which will override and circumvent the competencies of sovereign nation-states in such crucial areas as energy production and distribution, control over science and technology policies, currency, financial and credit policies, production and distribution of basic raw materials, and law.

The principal obstacle of the "one-worlders" offensive is the interests of the classical nation-state and its sovereign prerogatives. The United States dollar, to the extent that it reflects the sovereign powers of the American Republic, has been targeted by the traitors in the Carter administration because these people, rather than being public servants, have in fact been installed into the pivotal positions of American government as agents of the "one world" crowd.

As Jesuit-trained Zbigniew Brzezinski, the National Security advisor, said to the *Baltimore Sun* on Dec. 12, the transformation occurring in world politics since the taking of American hostages at Teheran, is the most momentous since "the Treaty of Westphalia of 1648." The issue now as then is the very survival of the nation-state as mankind's central institution.



The UNITAR plan:

A new 'interregional' order

The conspiracy centered at the United Nations Institute for Training and Research (UNITAR), under the direction of Ervin Laszlo, has prepared itself to shape the next phase in what is called by them "A New Interregional Economic Order." A confidential planning document of UNITAR, excerpted below, lays out a policy to divide the world into autarchic blocs, 10 of them in regions around the world, each being "self-reliant" and regulated among themselves by supranational institutions like the United Nations and the World Bank/International Monetary Fund. This assault on the nation state, and on national sovereignty is presented in this planning document as an attempt to shape the next phase in the North-South debate and as part of the planning for next year's U.N. discussions on the Third Development Decade.

The plan is a joint project of UNITAR, the Club of Rome, and CEESTEM, the Third World center in Mexico which is run out of UNITAR itself. The document cites the European Community and the Lomé agree-

ments as the models for regional blocs and "interregional agreements," respectively, and is coherent with efforts to wreck a development oriented East-West/North-South policy based on the emergent European Monetary System.

The regional blocs indicated in the report are not mere words on paper. In many forms these efforts are well underway. In the Western Hemisphere, extensive discussion has taken place for the formation of a North American Common Market.

Another regional effort involves the ASEAN—Association of Southeast Asian Nations (Thailand, the Philippines, Indonesia, Singapore, and Malaysia) which is linked, in some plans, to a Pacific Economic Basin linking Japan with Australia, ASEAN, North America, and China (see International).

The following document provides a glimpse into the inner world of the One World Conspirators and their plans to subjugate national sovereignty and development.

I. Background and rationale

Negotiations leading to a New International Economic Order appear to be stalemated. The objectives have been generally spelled out, the agenda has been established (Special Session of the General Assembly in September 1980, followed by adoption of the International Development Strategy for the 1980s and beyond in the autumn of 1980). A politically feasible and economically sound strategy is lacking. The Joint Symposium would attempt to introduce a new strategy, based not on the traditional pattern of a dialogue between North and South, or between the bloc of developing countries, the bloc of market economies and the socialist countries, but founded on negotiated agreements between integrated and basically self-reliant regional economic communities, drawing on the experience of the European Community and nascent regional communities in other parts of the world as example and model.

The Symposium would have before it a detailed Discussion Document spelling out the main outlines of a

new international economic order implemented by means of wide-ranging treaties and agreements among ten Regional Communities:

- The North American Community
- The European Community
- The Soviet/East European Community
- The Japan—Asian NIC—Australia Community
- The China Community
- The Latin American Community
- The Sub-Sahara African Community
- The Middle Eastern Community
- The Indian Subcontinental Community
- The Southeast Asian Community

The document would show that each community can command sufficient natural, human and financial resources to be self-reliant. These resources can be integrated through reciprocal arrangements among the Member-States (free trade zones, joint projects, co-ordinated planning, information exchanges, etc.). Economic

relations among the regional communities can be reciprocal if they are on similar levels of overall development, and non-reciprocal otherwise, using specific interregional agreements (à la Lomé Convention) to regulate trade, financial transfers, industrial division of labour, market access, etc.

The purpose of the Symposium would be to demonstrate that the objectives of the NIEO can be achieved faster and more efficiently through the adoption of the strategy of a World Inter-Regional Economic Order than through the classical strategies of North-South negotiation involving politically allied but economically discrete and disparate States.

In order to achieve this purpose The Club of Rome, an informal group of private individuals who function as a collective conscience of humanity, UNITAR, the brain trust of the United Nations system, and the Centro de Estudios Economicos y Sociales del Tercer Mundo, the major research centre of the Third World countries, join together in both research and debate, to call attention to this important alternative in the framework of the United Nations.

II. Preparation of the discussion document

provisional title:

“The Strategy of a New Inter-Regional Economic Order”

tentative table of contents:

Introduction Why an inter-regional strategy for the NIEO?

The cost of the present order and the need for a new strategy, comparative advantages of the inter-regional as compared with the international strategy in the implementation of the objectives of the NIEO, drawing on conclusions of the rest of the document.

Chapter 1 The economic logic of regional communities

General introductory statement outlining the economic benefit that may result in the creation of regional economic communities, drawing on the EEC and other regional communities as examples.

Chapter 2 Parameters of the major regional communities

A general description of each of the

ten proposed communities with special reference to: geopolitical outlines (approximate State-membership) resource endowments (natural, human and financial resources).

Chapter 3 Main features of the principal intra-community arrangements

The types of mechanisms required for achieving *inter*-regional cooperation on the world level in the pursuit of NIEO objectives (e.g. reciprocal and nonreciprocal trade agreements, preferential systems, market access guarantees, compensatory financing, development aid flows, etc.) using the revised Lomé Convention as example wherever appropriate.

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Chapter 5 The institutional requirements of the inter-regional strategy

The kinds of institutional structures and functions required on national, regional and global levels for the administration and implementation of a new inter-regional economic order.

Summary and Conclusions The potential benefits of a new inter-regional economic order

Projected assessment of the benefits that may be attained via the inter-regional strategy with specific reference to the main objectives of the NIEO (in the areas of international finance, trade, industrialization, law, social wellbeing, and population....

Western hemisphere bloc—the inside story

For three days, from Dec. 3-5, a select group of participants were given an insider's view of an operational drive to fuse the Western Hemisphere into its own, self-sufficient, regional bloc.

This was the Western Hemisphere Energy Symposium, cosponsored by four organizations: MITRE Corp., Council of the Americas, the Inter-American Development Bank, and Robert Panero Associates. Quarters were provided by MITRE's McLean, Va. branch. The approximately 100 participants represented personnel from international banks, Wall St. investment houses, private enterprise, government energy specialists, and think-tankers.

Robert Panero, a RAND Corporation and Hudson Institute private intelligence impresario who brought together most of the speakers and many of the participants on the basis of personal, longstanding friendships, opened his remarks on the strategic context of the symposium by disarmingly saying he merely wanted to "increase the menu" of energy choices on the continent. "We want to make a three day soup," he said. What emerged was a singularly lethal brew.

Panero went straight to the current Middle East crisis as his point of departure. "The unraveling of the Mideast has started. It is irreversible and natural," he reported. "We have based our energy policy on the accident of Middle East stability since World War II. This is crazy. Now, the loss of confidence in that region brings an automatic renewed focus on the Western Hemisphere."

Though noting that his collaboration with Charles Zraket, executive vice president of MITRE, goes back 25 years, Panero traced the Western Hemisphere Energy Symposium effort to a series of Hudson Institute meetings arranged by Panero and Zraket in the early 1970s. The "predictive" theme: the coming jump in world energy prices and looming world energy shortages.

Panero urged the audience to shift its attention "off Iran" and "onto the Mecca mosque incident" which had just taken place in Saudi Arabia. "The theory of the Saudi ruling family's right to govern is based on its role as guardian of the holy mosque in Mecca. Add to this the fact that the second and third generation of Saudi princes

have used up all their political credit as guardians of Mecca with corruption, expensive cars and so forth." He concluded that the current Mideast destabilizations must be taken as "inevitable and natural": the Mideast is permanently crippled as the world's premier oil and gas producer.

Other speakers included Walt W. Rostow, now of the University of Texas and formerly White House foreign policy advisor under Kennedy and Johnson; and Carlos Sanz de Santamaria, a Colombian who headed the Latin American contingent drafted to front for U.S. policy planners in the Alliance for Progress bureaucracy.

Rostow, in the keynote speech the first day of the Symposium, posed as the friend of Latin America who wanted growth for the continent in the context of worldwide North-South progress, not a divisive regionalism isolating Latin America from the rest of the Third World. The catch: let hemispheric self-sufficiency be set up first as the prototype. Rostow referred his listeners to an article he authored for the magazine *Americas* in February 1979, which concluded: "... we command the experience of cooperation and the institutions to pioneer in the Hemisphere the new patterns of North-South cooperation that will be required on a global as well as Hemisphere-wide basis."

Rostow's evocation of the period of the Alliance for Progress was then made explicit by Sanz de Santamaria. The Alliance was "development with a human face. ... Let's hope that the result of this meeting today, in two or three years time, is an 'Alliance for Energy'."

All thinking was then channeled into giant energy boondoggles at equally giant capital costs. The way Rostow put it was that "there must be a radical shift in the direction of investment to the *supply* side" of energy, raw materials and food. Panero demanded "aggressive," not "defensive" giant energy projects.

The final point of Panero's symposium was conveyed in his aside that it was "reasonable," in the pre-Iran period, "to plan industry in centralized fashion. Today, that is unreasonable. Today, heavy industry has to move where the energy is." This was also conveyed in Rostow's glowing tribute to Felix Rohatyn's Energy Corporation of the Northeast (Encono) proposal, as the only effort "to have seen that the kind of investment required means full employment."

The "Alliance for Energy" in the Western Hemisphere foreseen by these gentlemen in the wake of their successful unravelling of the Mideast is simply put: a supranational control mechanism characterized by clusters of high-cost energy and industry relocation projects dotting a continent "self-sufficient" in energy—and wracked by collapse as regional autarky and deficiencies in investment in other vital areas take hold.



A global IEA:

The tactic of the 'producer-consumer dialogue'

by Judith Wyer

Gulf Oil president Jerry McAfee, speaking in St. Louis, Missouri late last month, endorsed a plan for "a producer-consumer dialogue" on oil supplies to resolve the world energy crisis. Only days earlier, the proposal for "dialogue" had been voiced by former British Prime Minister James Callaghan, following a trip to the Middle East.

Under the conditions created by the "Iran crisis," a "dialogue" between oil producers and consumers, in Anglo-American parlance, is a "crisis management" measure, aimed at allowing Washington and London to use the advantage the Iran crisis gives them to force the principal nations of the world into agreeing to an international energy autarky that would effectively destroy the European Monetary System. Through the "dialogue," the International Monetary Fund would be preserved, and an "energy IMF" in effect created.

That was the topic of this week's International Energy Agency meeting in Paris. Britain and the United States went to the meeting with proposals for a voluntary cut in IEA member countries' oil consumption by a total of 1 million barrels per day and for increased powers for the IEA to regulate oil flow into the various member economies. The meeting however ended with little accomplished as the West German and Japanese delegations led the Swiss and others in rejecting the Anglo-American proposals.

The tactic of a producer-consumer dialogue was fully elaborated by the prestigious New York Council on Foreign Relations in a volume entitled "Oil Politics in the 1980s," released this year. The goal of such a dialogue, says the report, is the creation of a multinational energy cartel which would be controlled by a supranational agency, like the IEA or a new United Nations Energy Institute.

Dr. Herbert Hansen, vice president for government agreements for Gulf Energy and Minerals Company International, was responsible for convincing Gulf President McAfee as well as Chairman of the Board James Lee to back the consumer-producer dialogue, according to well-placed sources.

Hansen is also a promoter of a plan to eradicate the sovereignty of nation-states in favor of an "interdependent system" of world government, and locates his ideas on energy in those terms.

The founders of the European Monetary System, French President Valery Giscard d'Estaing and West German Chancellor Helmut Schmidt have also been active promoters of a producer-consumer dialogue, but from a very different perspective. The Franco-German plan was to reach an agreement with the Mideast oil producers to use excess dollars as the basis for a European Monetary Fund to channel industrial investment into the Third World.

McAfee made it clear in his St. Louis speech that the dialogue he was endorsing had no such objective. Any agreement reached with the producers, he indicated, would be within the context of "the existing system." Using the threat of further oil supply disruptions—like Iran—and certain planned oil-export reductions by a number of OPEC countries beginning in 1980, this "dialogue" would be oriented to blackmailing Europe to drop its EMS plan and accept severe energy austerity.

The IEA connection

Secretary of State Vance's trip to Europe this week was designed to press for support from Europe for administration plans to wage economic warfare and possible military intervention into the Middle East. This would provide the Muslim Brotherhood radicals in Iran, Libya and elsewhere the pretext for declaring an oil embargo against the entire advanced sector.

His departure intersected the convening of the Paris conference of the IEA, an institution set up by former Secretary of State Henry Kissinger in 1974 to put oil consumers into conflict with producers and attempt to dictate allocation of supplies in the consumer countries.

To do this would require import ceilings which the IEA is all too ready to enforce: countries "guilty" of not respecting the ceilings would be left out the IEA's allocation of strategic reserves in the event of an embargo or

shortage. In addition to the sanctions, the IEA reserves the right to put into action its "automatic redistribution mechanism" to divert oil supplies from one country to another if the latter's supplies fall short of their requirements.

A source in the West German capital of Bonn, however, notes that neither his government nor the other governments of continental Europe will that easily accept such severe energy conservation under the domination of Washington and London.

The source noted that at the recent European Economic Community meeting of heads of State in Dublin, Britain categorically refused to accept any continental European suggestion for dealing with energy problems, except that of the IEA.

This week's firing of the head of the Italian state-owned oil company ENI, Giorgio Mazzanti, is yet another facet of the Anglo-American effort to undermine European resistance to a "planetary" energy regime.

Oil Politics in the 1980s states bluntly that European state oil companies must be bludgeoned into accepting the multinational oil companies as the chief arbiters of a supranational energy cartel. Key to this scenario is the immediate removal of nationalist elements in the management of the European companies.

ENI has historically represented a threat to the multinationals, as under former ENI chief Enrico Mattei, who met a sudden and mysterious death in 1963.

The coup which has occurred within ENI was occasioned from a sudden decision on the part of Saudi Arabia to suspend an oil contract to the already oil-short Italians, based on an alleged scandal between the Saudi government and the ENI management.

The OPEC flank

Since its creation in 1960, OPEC has been controlled chiefly out of London, through such institutions as St. Antony's and St. Catherine's Colleges at Oxford, by such notable petroleum economists as Britain's Robert Mabro, and Edith Penrose. Within the United States, Harvard University has served as an institution that both trains many of the leading figures within the oil ministries of the oil producing countries, and the OPEC secretariat in Vienna.

Since the 1974 fourfold oil price increase by OPEC, a high level institution both for training and advising OPEC members at Boulder, Colorado has been established, run by Ragaei El Mallakh, an Egyptian, the University of Colorado based International Research Center for Energy and Economic Development. Notably, El Mallakh helped to oversee the CFR's "1980s" studies.

Out of these institutions, plus the University of Rot-

terdam (the city out of which the notorious speculative oil spot-markets operate), and with such private advisors as Deputy Energy Secretary John Sawhill, and former American Ambassador to Saudi Arabia James Akins, that most of OPEC receives its economic and political intelligence.

Dumping the dollar

According to a well-placed source with the New York investment house Salomon brothers, certain "radical" OPEC nations will begin to follow Iran's lead and demand payment in currencies other than the dollar for oil sales. According to the Venezuelan ambassador to Iran, the Iranian Oil Minister Ali Moinfar, and his Venezuelan counterpart Calderon Berti met this week for eight hours and arrived at the same conclusion, that OPEC as a whole will not determine currency policy, but that individual countries will make the move to break with the dollar.

At present the governments of Iran, Venezuela, Libya, Algeria and to a lesser extent, Kuwait and Qatar are the supporters within OPEC of the policies of Mr. McAfee and Mr. Callaghan. Together, OPEC and non-OPEC exponents of the global energy cartel intend to use a "producer-consumer dialogue" to crush all resistance to the plan.

"The conference should be sponsored by... the CFR, the RIIA, and a Third World group."

An aide to Gulf Vice President for Government Agreements, Dr. Herbert Hansen, detailed the long-range plan for a government of "world unity" in the following interview.

Q: Gulf President Jerry McAfee is predicting a major cut-off or reduction in OPEC oil production and is proposing that a producer-consumer conference be convened to head off a confrontation between OPEC and the OECD nations. What is Hansen's view on how the process leading to such a conference can be expected to unfold?

A: Well, Mr. Hansen is very actively at work on exactly this question. He just returned from a week of meetings with well-informed people in Washington.

The CIA's recent report on "The World Oil Markets and the Years Ahead" gives a very good picture of the way the world is headed. OPEC nations are more and more to be influenced by the actions of Muslim countries

and the spreading revolutions against the Western concept of development, against our value system. The CIA report projects growing destabilization throughout the Mideast. There will be more Irans.

As a result, the OPEC nations are beginning to cut back on their development programs. They are reevaluating the plans to produce oil in line with their real economic needs. And there are some really wild predictions coming out of some OPEC circles. The Kuwaiti oil minister has proposed a 50 percent cut in OPEC production by the mid-1980s! As a result of this, we all have to reconsider our objectives. We have to work out a solution based on our mutual interests. They are getting destabilized and are reducing development. It's beginning to dawn on everybody that such a conference is necessary. Europe is being threatened. Mr. Hansen has had a very busy week in Washington.

Q: How would the conference itself shape up?

A: Washington politicians, OPEC, Third World representation, think tanks and academic circles.

The conference should be modeled on the 1975 conference on International Economic Cooperation (North-South) called by Giscard d'Estaing. That is what is required. The conference should be sponsored by a number of private institutions—the New York Council on Foreign Relations, the Royal Institute of International Affairs, a Swiss or Austrian group and a Third World group. After the conference has been convened, an institutional framework can be developed.

Q: I believe Britain's former Prime Minister Callaghan and also McAfee have called for an energy "Yalta" conference of OECD nations.

A: Yes, a rallying of the separate groups will be necessary as well. OPEC is way ahead of the West in this regard. What the administration is doing in Europe around the Iranian situation will lead to this [a "Yalta" conference]. The more general problem will be addressed in conjunction with the problem of terrorism and the destabilizations. We are going to see the Muslim revolt against the existing world order gain broad support throughout the Third World, and lead to similar developments outside the Muslim world. The uprisings will be couched in religious terms but will bear directly on economic and social conditions. The consumers will have to rally themselves. Then we will have a process of intersecting circles, between the Muslim revolts and the consumers which will overlap.

The period of crisis in the 1980s will lead to a new world order; "world unity" is too ambitious right now ... that will take a couple more decades. The United States is 10 years behind in relations to the Third World.

Europe has a much better relationship with the Muslim world. The U.S. has a bad name from North Africa to Indonesia. We have lagged the most on energy policy, on our own domestic problems too. Europe is in a much better position to work out government-to-government deals. We have impediments such as ridiculous antiboycott legislation, stupid IRS rulings, wrong foreign policy decisions.

"The multinationals bridge the gap between the antiquated sovereign states and the real economic set-up."

Gulf Oil Vice President Herbert Hansen delivered a speech in early 1976 which was printed in the spring 1976 issue of the Journal of Energy and Development. Mr. Hansen is one of the first Americans to promote producer-consumer cooperation in the context of creating a global "interdependent system" mediated through the multinational companies. Excerpts from his speech follow.

In the light of this recent experience from the standpoint of both producing and consuming countries, it has become increasingly clear that in the field of energy, as well as economic development, *interdependence must replace nationalism*. On Sept. 1, 1975, Daniel Moynihan, United States Representative to the United Nations, delivered Secretary Kissinger's landmark address to the United Nations General Assembly. In this speech he pointed out vividly the dangers of continued economic confrontation in the international sphere: "embargoes, cartels, seizures, countermeasures, and bitter rhetoric."

Certainly the United States policy is to avoid such a confrontation by bringing together producers and consumers to develop specific courses of action which will lead to better access to capital markets by developing countries, to the promotion of the transfer of technology, and to a consensus of principles to guide the beneficial operation of transnational enterprises (although there will eventually have to be many changes in the existing economic order as a result).

... There is growing recognition that what makes the international economic system work at all may be precisely the role of the international company. The late Arnold Toynbee, Britain's dean of historians, stated in *Forbes* magazine that the multinational corporations precisely bridge the gap between *the antiquated political set up of the local sovereign states and the real global economic set up*.



Ensuring IMF rule:

'Regional currency blocs' scheme

by Richard Freeman

City of London financiers began to implement a plan between Dec. 8-11 to collapse the dollar, carve up the world into economic, trade and currency zones. The outlines of this plot were worked out at three closed door meetings of top geopolitical monetary groups in Europe—the monthly Bank for International Settlements meeting in Basle, the European Commission meeting in Geneva, and the top Atlantic Institute think-tank in Paris.

Nicholas Krul, a senior partner at the Swiss-based Gulf and Occident investment bank who made policy input into all three of the meetings best summarized: "The world is going to break up into competing currency zones. "I see the international monetary system going into a Darwinian phase, in which each zone survives by competing with the other." This, said Krul, must be preceded by a breakdown of the dollar. "The dollar has lost its hegemonic lynchpin role," boasted Krul. "We can't go back to the old centralized monetary system." Indicating his attempt to pull the East bloc into this deal, Krul added, "this arrangement can be conducive to the cooperation of the Soviets and an East bloc transfer ruble, because the Soviets up until now have never accepted and would not accept the central role of the dollar."

Krul's version of a world broken into rival zones is not new. It is the vision of the Club of Rome-controlled United Nations bureaucracy and in particular the United Nations Institute for Training and Research (UNITAR) which is calling for a "New Inter-Regional Economic Order." In Europe, this view has long been espoused by the Hapsburg Pan-European Union which has campaigned in the last elections for a "Europe of the Regions." The basis for the entire plan was worked out Sept. 29-Oct. 3 at the International Monetary Fund meeting in Belgrade, Yugoslavia, where the American representative, Treasury Under-Secretary Anthony Solomon, and the British representative, Chancellor of the Exchequer Geoffrey Howe, proposed that: a) the dollar be scrapped in favor of the IMF's Special Drawing Rights currency; b) international lending outside the

channels of the IMF be reduced; and c) "IMF authority to set economic policy for the United States and Western Europe be increased," according to an advisor of Solomon's.

The intent of this plan is to achieve the elimination of national economic and political sovereignty of all the world's nations and replace that with unrestricted IMF rule and the imposition of the IMF's "conditionalities."

The new boldness in the British presentation of their "currency zone plan" has come about as a result of the Iranian crisis. The U.S. freeze of Iranian assets held in U.S. banks on Nov. 14 and the Nov. 22 declaration by Chase Manhattan Bank, Morgan Guaranty Bank and Citibank that the Iranian government and its subdivisions were in default on loans had been worked out weeks in advance of the taking of hostages at the U.S. Embassy in Iran Nov. 4. The U.S. State Department, the Treasury Department, the crisis management planning group, the Federal Emergency Management Agency (FEMA), the top U.S. money center banks and the Eastern Establishment's Council on Foreign Relations had participated in planning the Iranian asset freeze scenario.

A bridge out of the dollar

The Atlantic Institute brings together under one roof the top policy and economic planners located in the orbit of the City of London to discuss monetary and military events. The Institute, established shortly after the war, functions as the adjunct planning body of the British General Staff and economics desk stationed at NATO headquarters in Brussels.

A partial list of attendees to the Dec. 8-11 Institute meeting included: Renee Larse, head of the Bank for International Settlements, a secretive institution in Basle where the Federal Reserve and other major central banks coordinate financial strategies; Paolo Baffi, who resigned as governor of the Bank of Italy a few weeks ago; Nathaniel Samuels, vice chairman of Kuhn Loeb/Lehmann Brothers international, a big New York investment house; and Rimmer de Vries, chief international econo-

mist for the Morgan Guaranty Bank and another member of the "Dutch financial mafia." The Dec. 10 meeting, "World Monetary Tensions," was opened as a secret briefing to selected press to make sure they got out the "correct line" on the dollar's collapse.

Giving the keynote address on the last day of the Institute's meeting, Morgan's de Vries emphasized that the international monetary system would break apart under an OPEC price increase, leading to a regional currency zone system.

In an interview, de Vries outlined on Dec. 3 the content of his Atlantic Institute presentation. "I'm calling for European governments to issue currency bonds in their own currencies to sop up dollars," stated de Vries.

Under the de Vries plan, the German deutschemark, the Swiss franc, and the French franc, the world's "hard currencies," would become world reserve currencies, in which trade and credit would be priced. The dollar would be retired, or restricted to North American use.

Yet, according to Nathaniel Samuels of Lehman Brothers, de Vries' proposals landed on deaf ears on the part of the Germans and the French. "The German Finance Ministry wouldn't hear of a currency bond scheme. Their representative at the meeting rejected this plan out of hand."

To circumvent this continental European blockage, Samuels proposed that "the only way we're going to get currency diversification, is if the OPEC oil producing nations themselves demand payment in d-marks or French francs. What can the individual oil consuming nation do; it's over a barrel."

Picking up on this theme, the London *Daily Telegraph*, in the wake of the Iran crisis, said, "the possibility of individual bank failures is acknowledged. ... The serious long-term consequences of what has happened can already be outlined. Banks from different countries may be willing in the future to form syndicates to provide loans to countries and multinational corporations around the world." Citing a growing "friction in the world's monetary machinery," the *Telegraph* discloses that the crisis does increase the role of the City of London "as a world financial center."

Tightening the noose around lending

To ensure, however, that the volume of international lending does not increase, the Bank for International Settlements, under the direction of the British and Dutch financial community, has sought to place capital ratios on European banks as well as impose consolidation of bank balance sheets, reportedly in order to get "more uniform bank reporting." These new BIS requirements would cut down on the amount of capital the German

banks would be allowed to lend, thus damaging German use of dollars to conduct trade financing to industrialize the Third World.

Parallel to the BIS meeting, the European Commission met in Geneva to work out the technical basis for the extension of the European Currency Unit (ECU). The European Commission bureaucracy, which is under the control of EC President Roy Jenkins, has been pushing to make the ECU a formal trading and payments currency.

According to participants at the BIS and European Commission meeting, neither seems to have gone very far toward their objectives. According to a German central bank representative at the European Commission meeting Dec. 10, "This meeting was useless. I don't see the ECU being established for many, many years."

Furthermore, early reports from the Atlantic Institute meeting indicate that the German and French delegations offered stiff opposition to all plans to get out of the dollar. "The German Finance Ministry didn't listen to these proposals," reported Lehman Brothers/Kuhn Loeb's Samuels. In perhaps the biggest surprise, the Atlantic Institute meeting may have turned out to have been a major defeat for the British forces there. Reports the German daily *Die Welt* Dec. 10, the French perceived the Atlantic Institute meeting as a direct sounding board for the proposal of President Giscard of France to extend the European Monetary System to a global scale by next spring. *Die Welt* adds that this implies correcting "the extravagant monetary disorder prevailing outside the well-functioning EMS" by linking the dollar to the EMS and then backing both of them on gold.

"Europe can do nothing about currency diversification."

The following interview with Nathaniel Samuels, vice chairman of Lehman Brothers, Kuhn Loeb International, was made available to EIR by an independent journalist.

Q: Was currency diversification one of the subjects discussed?

A: Yes, the three subjects of discussion were currency diversification; Third World debt and the subject of oil. On currency diversification, I would say that that is the direction the world monetary system must move in. However, there are two ways to go about getting currency diversification. One is for European countries to issue national currency bonds. This might be a good idea as Rimmer de Vries is proposing, but there wasn't much acceptance of the idea.

Q: You mean by the French and Germans and...

A: The Germans at the Atlantic Institute meeting wouldn't even hear of the proposal. They're not interested in it.

Q: So what's the solution?

A: The second currency diversification option is for the oil producing countries themselves to demand payment for their oil in a foreign currency, such as getting paid D-marks from the Germans.

Q: What if the Europeans don't like this proposal?

A: There is nothing they can do about it. An individual country can do very little to prevent it.

Q: Do you see this coming from the OPEC meeting in Venezuela?

A: Yes, that might happen among some of the OPEC nations.

Q: What in addition to currency diversification might bring monetary reform?

A: I've said this many times, monetary reform is only a predicate of something else and that's the oil situation. ... This may sound trite, but right now the most crucial happening is the International Energy Agency meeting. The advanced countries must agree to cooperate to cut oil consumption. If there are some countries that can't accept the IEA itself, that's not the most important thing, it's the *IEA concept* that's important. We must have a reduction of bilateralism between countries; it is bilateralism on oil and other matters that is ruining us.

“Europe should issue national currency bonds to recycle dollar surpluses.”

The following interview with Morgan Guaranty Bank's Rimmer de Vries was made available to EIR by an independent journalist.

Q: Recently the Journal of Commerce referenced a plan from Morgan Bank, which I assume you authored, calling for foreign currency bonds to sop up dollars.

A: The main idea for that editorial is that if the price of oil goes up to \$30 per barrel by next year, which I assume could happen, then there is going to be a major problem in recycling the OPEC surplus. If the price remains the same, then the OPEC surplus for next year will only be \$25 billion which can be handled by the commercial

banking system. If, however, the price goes to \$30 per barrel, then the banking system cannot handle this, because we are talking about a surplus of \$80 ... \$90 ... \$100 billion. That amount is too large to be handled by the banks.

Q: What happens then?

A: The foreign governments step in and help, on the backs of the banks, to recycle the surplus. They can do this by issuing national currency bonds....

Q: You mean you don't want the U.S. to issue foreign currency bonds, like D-mark bonds, but instead have the European government issue that bond?

A: That's right, that's right. Henry Reuss spoke the other day on getting foreign currency bonds issued by the U.S. government, but that won't work. These bonds are like what the Swiss have done. The Swiss issued Swiss franc bonds through the World Bank recently and will soon be issuing, as official Swiss central bank policy, more Swiss franc bonds. The British are issuing sterling bonds...

Q: Can the British succeed?

A: They don't have a large enough currency. It will have to be done with other countries issuing foreign currency bonds.

Q: You mean the Germans?

A: Yes. The Germans are key.

Q: But will the German government agree to this?

A: Well, the Bundesbank has a party line against this proposal.

Q: What about the U.S. government? Does Anthony Solomon agree with the plan?

A: Solomon is enigmatic. He wants the SDR. That's not realistic until 1985.

Q: What about the charge these foreign currency bonds are inflationary?

A: They're not. Their attraction is that first, they create exchange stability and monetary order, something that's lacking. Second, this is money that will end up in Europe's coffers and not somewhere else, which is very attractive for Europe. Third, by recycling on the backs of the commercial banks, the European governments are relieving the banking system's burdens.

Q: One last question. Will you be presenting this plan to anyone soon?

A: As a matter of fact, I'm going to be presenting this proposal to a meeting of the Atlantic Bridge.

Laszlo and the brainwashers at the United Nations

by Criton Zoakos



A genocidal maniac named Dr. Ervin Laszlo of the Club of Rome, who is presently to be appointed to the Secretariat of the United Nations, is the project director of the Project on Futures of the United Nations Institute for Training and Research (UNITAR). Project on Futures and its key intellectual authors such as Ervin Laszlo, Jan Tinbergen, and Robert Triffin, among others, happen to be the main direct determining influences which shaped the Council on Foreign Relations' 1980s Project which is the central programmatic thrust of the Carter administration.

Laszlo, Tinbergen, and Triffin, among others, are the leading elements of the interfacing political intelligence networks which go deeply into the Council on Foreign Relations, elements of the United Nations administrative apparatus such as its Economic and Social Council (ECOSOC), the U.N. Conference on Trade and Development (UNCTAD), the U.N. Educational, Scientific and Cultural Organization (UNESCO), and UNITAR; the British intelligence networks in New York City, London, and Oxford; the Dutch royal family; the Belgian royal family; the Habsburg "Pan-European movement" networks; and the international deployment of the Society of Jesus.

The positive identification of this fact by New Solidarity International Press Service and *Executive Intelligence Review* brings to full disclosure the threads of numerous parallel investigations which for a number of years were maintained on an "ongoing" status. The reader will be enabled to follow these threads and appreciate the need for dismantling these U.N.-associated bestial intelligence networks, when provided with certain background facts of the struggle between these networks on the one side and Lyndon H. LaRouche, Jr., the Democratic presidential candidate and his associates on the other.

The issue on which these two opponents clashed is centered around the question of the future course of the world economy, and more especially, around the struggle

to influence the governments of the Third World in the direction of one of two irreconcilable economic perspectives.

The LaRouche perspective proposes the fastest possible rates of industrial, technological, and scientific growth in the advanced sector for the purpose of engineering a forced-march, rapid-pace industrialization throughout the entire so-called developing sector, based on thermonuclear energy, the "nuplex city" concept, massive advanced technology transfers, and the large-scale introduction of advanced science and technology in the social practices of the Third World.

The perspective of LaRouche's opponents, and principally of Dr. Ervin Laszlo, the genocidal maniac, is exactly the opposite: slow down economic activity in the advanced sector to a standstill, impose a fixed-income redistribution worldwide, and at all costs prevent the dissemination of advanced scientific practice in the developing sector.

Some secrets of recent history

On Aug. 15, 1971, when the British oligarchy, working through the Bank of England and Ditchley Foundation member Paul Adolph Volcker, connived with then Treasury Secretary John Connally to collapse the U.S. dollar and put an end to the postwar Bretton Woods system, they were aware that this move would give extraordinary political leverage to LaRouche, who, since at least 1966, had been conducting a political campaign based on a prediction that what ultimately happened in August 1971 would indeed happen.

After the news of that monetary collapse, LaRouche moved to organize the international political intelligence apparatus of his organization, the International Caucus of Labor Committees. LaRouche's opponents moved to infiltrate LaRouche's intelligence group with a number of deep-penetration "sleepers" who were gradually successfully uncovered and burned out over a period of five

to six years. One group of at least five was made up of individuals from families in leading positions in the United Nations administration, going back to 1945-47. The second group was made up of a number of terrorist-trained, "national-liberation"-oriented Jacobins educated personally in advanced techniques of field-anthropological profiling by the late Margaret Mead, a close associate of the United Nations intelligence networks associated with Ervin Laszlo today.

As the enemy penetration effort was gradually and effectively being burned out, Ervin Laszlo was being gradually brought forward at the United Nations to shape an intellectual-programmatic counterthrust to the influence that LaRouche's program was increasingly exerting among Third World governments.

During 1972, LaRouche's opponents, through the Jesuit-controlled Club of Rome, whose leading theoretician is Laszlo, and the Morgan-Guaranty-owned Massachusetts Institute of Technology, launched the zero-growth movement around the notorious Forrest-Meadows Limits To Growth thesis.

LaRouche, throughout 1973 and 1974, deployed his organization into a series of surgical-precision interventions internationally for the purpose of discrediting the Limits to Growth thesis in the eyes of international policy making circles. LaRouche's inoculation campaign culminated in his classic booklet *Rockefeller's Fascism With A Democratic Face*, widely circulated in 1974.

LaRouche's opponents at the Club of Rome, U.N. intelligence networks, and the London and Benelux Jesuits responded to the challenge by altering their approach from the blunt "zero growth" argument to the "bioethics" argument in the 1974 Mesarovic-Pestel computer model of the Club of Rome, which revived the ancient Nicomachean-Aristotelian thesis that ethics is the moral science according to which man subordinates his social behavior to the task of protecting the existing "natural environment." This redefinition of ethics as bioethics, first launched by Aristotle, was later codified by the Roman dictator Sulla into Roman law; it was further refined by the Byzantine emperor Justinian in his *Eclogae* and *Codex* as "natural law," and from there it was evolved by Jesuit agents Montesquieu and Rousseau into the recent form of "social contract law." The same concept of Aristotelian bioethical subversion of "natural law" is now promoted by the Kennedy Institute of Bioethics at the Jesuit Georgetown University and at the Club of Rome, and throughout all the permanent institutions of the U.N. organization, led by UNESCO.

LaRouche's forces and their allies continued and escalated their counteroffensive during that period by launching a series of epistemological and scientific projects, including joining in the founding of the Fusion Energy Foundation and a major revival of emphasis on

Riemannian mathematics, and a renewed offensive against the influence of Aristotle and Aristotelianism, culminating in LaRouche's classical treatise, *The Secrets Known Only to The Inner Elites*.

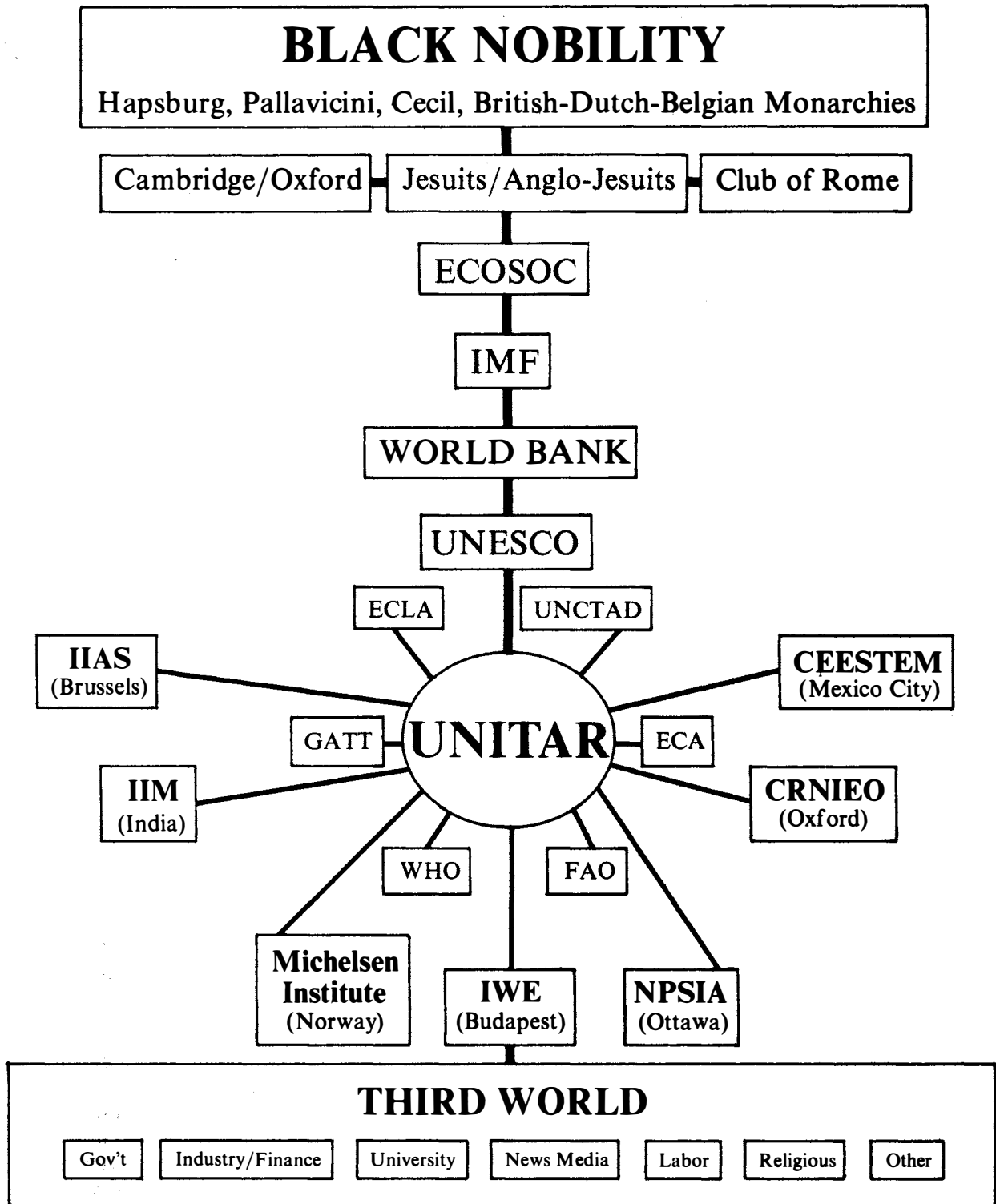
On the epistemological plane, the opposition's reaction was summarily formulated in the two latest redefinitions of the Club of Rome approach, now fully incorporated in the policies of the United Nations bureaucracy. The first is found in the 1975 book *Restructuring the International Order*, a book supervised by Jan Tinbergen, the associate of Laszlo and a political intelligence agent of the British Cecil family since 1930. In this book, the atrocious concept of "culturally relative scientific values" is launched in order to argue for prohibiting the dissemination of advanced science to the Third World, out of racist "respect" for "indigenous ideas of science" that the racists in the U.N. organization promote.

The second is found in Ervin Laszlo's own 1977 book *Goals for Mankind*, which, operating as the current update to Tinbergen's attack on science and technology, characterizes science as the main tool that "imperialism uses for the continued subjugation of the developing sector," and then calls for a worldwide program to redirect international research and development efforts exclusively for the following tasks:

1. Develop labor-intensive farming techniques to produce foodstuffs acceptable to indigenous cultures.
2. Improve the use of indigenous water resources with labor-intensive low capital-cost methods.
3. Evolve local cottage industries by improving on traditional techniques of tanning, weaving, carpetmaking, pottery, ceramics, carpentry and food processing, and finding novel uses for local products.
4. Inventing birth control techniques and devices that are safe, inexpensive, simple to use and acceptable to the local cultures.
5. Develop small-scale energy technologies that use nonpolluting and renewable sources (windmills, watermills, organic waste conversion, solar panels) for cooking, hot water and space heating. [pp. 246-247, Signet edition]

Apart from this systematic polemic against LaRouche's concept of science, technology, and industrial development, a raging fight developed from 1975 onward in the "corridors of power" internationally, just under the epistemological level, around the fundamental issue of immediate political program for the developing sector as a whole in its relations to the advanced sector as a whole. That was the period in which the concept of "North-South dialogue" emerged. The two contesting forces

The United Nations Bureaucracy



were, again, LaRouche and his associates, cothinkers and supporters in North America, Western Europe, Eastern Europe, Japan, and the Third World, and his opponents in London, Brussels, and New York utilizing the intelligence networks around the U.N. organization.

In April 1975, LaRouche held a press conference in Bonn, West Germany, in which he announced his proposal for a New World Economic Order based on the International Development Bank for the facilitation of massive development credits to be directed for the rapid-pace industrialization of the Third World. Within weeks, certain London banking-oligarchical circles communicated a message to LaRouche using intermediary intelligence cutouts: "Your economic program is technically feasible, but for political reasons we shall not allow its implementation. You are overestimating the ability of Third World politicians to understand you, and we are confident that once again we shall be able to manipulate them into their own destruction."

After that, a massive wave of Third World destabilizations took place, which included the overthrow of Zulfikar Ali Bhutto of Pakistan. At the same time, the Club of Rome and the United Nations bureaucracy launched, in Delphic style, their fraudulent so-called New International Economic Order, a mish-mash of antiscience ravings and "radical redistributionist" demands aimed at using the legitimate concerns of the Third World for the purpose of imposing general austerity and industrial recession in the advanced sector. LaRouche had forced them to put in currency the term N.I.E.O. In revenge, they tried to distort its contents to their opposite.

The Delphic octopus in the United Nations

There is a massive cancerous growth in the United Nations bureaucracy which is exercising the most blatant form of "intellectual colonialism" at the expense of every Third World nation. This cancerous growth is centered around the entities of UNESCO, ECOSOC, UNITAR, UNCTAD, the Food and Agricultural Organization (FAO), and the World Health Organization (WHO), principally. The direct, combined influence of these entities over the policy-formulating process of Third World governments is at this time so enormous that it can justly be characterized as intellectual colonialism. This specific influence, when viewed together with the grass-roots types of movements and pressures that the various Jacobin projects of the Society of Jesus promotes in every Third World country, and together with the outright economic and financial blackmail exercised by the financial-oligarchical interests which thoroughly control the U.N. bureaucracy, tells us the complete story of post-World War II colonialism.

While nations that experienced "political decolonization" during this period justly concerned themselves with the problems of "economic colonialism," they were in fact subjugated by means of "intellectual colonialism" exercised through the seemingly innocuous and humanitarian institutions of the United Nations.

An examination of UNITAR and its mode of operation will establish the case. UNITAR is generally considered the overall "think tank" of all United Nations projects. It concerns itself principally with the task of combating the economic development program which Pope Paul VI promulgated in his celebrated encyclical *Populorum Progressio* in 1964. UNITAR was established one year later and, along with the pontifical *Justitia et Pax* commission in the Vatican, constitutes the strategic direction center of the Jesuits and others, internationally, who deploy to frustrate the effort to build a high-technology, high-science civilization in the so-called Third World. It is a Jesuit command center against the Pope's policy, and is constituted as an epistemological warfare center very much in the same way that UNESCO was so constituted by its first secretary general, Julian Huxley, and his confederate Father Pierre Teilhard de Chardin, S.J., back in 1945.

UNESCO, UNITAR, and *Justitia et Pax* are known to collaborate extensively both at the top level and in their field-level deployments in virtually all the developing-sector countries. UNESCO was founded by a leading Jesuit, *Justitia et Pax* is currently headed by a Jesuit official, and UNITAR is dominated by people like Ervin Laszlo who, although not formally members of the Jesuit Order, proudly and openly proclaim that their life's work is to complete the task initiated by Father Teilhard de Chardin, that is, attain the "Omega Point" in world civilization by means of pulverizing the institutions of the sovereign nation-state and putting a permanent end to scientific progress.

Now, UNITAR's work is basically to coordinate the preparatory research, documentation, and shaping of all preparatory drafts of policies intended to be initiated by various United Nations forums. Its activities interlock with those of all other United Nations agencies which work on any aspects of "New International Economic Order" operations. The membership of UNITAR is dominated by the Club of Rome, which we have documented elsewhere to be the joint stock company of the West European "black nobility," namely the Habsburgs, the Cecils, the Pallavicini, and the Belgian and Dutch monarchies. There exists literally not one single United Nations study, document, or resolution whose policy contents are not either totally or significantly dominated by the general outlook methodically and quietly shaped by UNITAR and resolutions of the so-called Group of 77 and Non-Aligned Group.

UNITAR does not do all this coordinating work by itself. In fact, it heads up a cluster of institutions whose main job is to coordinate the research, profiling, and intelligence-gathering in every Third World nation. This cluster is composed of eight organizations which are dominated by UNITAR at the U.N., Oxford University and CEESTEM in Mexico. The eight are:

1. United Nations Institute for Training and Research;
2. Center for Economic and Social Studies of the Third World, (CEESTEM) Mexico City;
3. Center for Research on the New International Economic Order, Oxford, England;
4. the Norman Paterson School of International Affairs, Carleton University, Ottawa, Canada;
5. The Institute of World Economics, Budapest, Hungary;
6. The Chr. Michelsen Institute of Science and Intellectual Freedom, Bergen, Norway;
7. Indian Institute of Management, Bangalore, India;
8. International Institute of Administrative Sciences Brussels, Belgium.

Under the joint auspices of UNITAR/CEESTEM, with Oxford remaining in the background, there is currently a massive intelligence/brainwashing project going on, which involves no less than 90 research groups around the world.

This massive project involves the meticulous gathering of every type of economic, political, military, social, and cultural intelligence from the entire world, as well as compilation, codification, computer storage, processing, and evaluation. UNITAR in its official publications describes the objective of this project as follows:

1. identification of the main types of obstacles blocking the establishment of the new international economic order (N.I.E.O.), in light of the principles and objectives articulated in the framework of the United Nations 1974-77.
2. suggestion of appropriate strategies on national, regional, and world levels for overcoming the most critical obstacles.
3. recommendation of the elements of a new Programme of Action for adoption by the General Assembly in 1980 to assure more rapid progress toward a new and just international economic order.

The massive amounts of data assembled by the 90-odd research organizations of UNITAR/CEESTEM/Oxford are fed into nine major computer matrices: (i) *Research on Developing Countries and Regions* with subsets on Technology, Liquidity, Political Systems, Social and Cultural Values, Raw Materials, and Natural Re-

sources, etc.; (ii) *Research on Developed Economies* with subsets on Industry, Parliamentary Politics, Cultural Values and Political Processes, etc.; (iii) *Research on Socialist Countries* with special emphasis on future policy perspectives; (iv) *Research on General and Structural Issues* with subsets on Possibilities of Collective Self-Reliance, Major Obstacles, and Alternative Development Strategies, etc.; (v) *Research on International Trade*; (vi) *Research on Political and Institutional Issues* with subsets on Decision-Making Structures and Processes, Administrative Apparatuses, Relationships between the Sovereignty of States and Economic Processes, etc.; (vii) *Research on the Financing of Development*; (viii) *Research on Economic and Social Problems of Industrialization* with subsets on Appropriate Technologies, Third World Habitat, Relation of Industrialization to Social Process, etc.; (ix) *Research on Socio-cultural Issues* with subsets on Education in the Third World, Learning Processes, Mass Media, Sexism and the Process of Development, Popular Medicine and Public Health, and finally, *Impact of World Order Studies on Policy Making*.

This organized mass of data is inserted into UNITAR-associated computer banks, processed, analyzed, and evaluated from the standpoint of the policy objectives set by the Club of Rome and Dr. Laszlo and associates, that is, from the standpoint of seeking optimal paths toward zero growth, elimination of scientific progress, and destruction of the sovereign nation-state. On the basis of this computer-processed information, scores of new policy proposals and recommendations are mass-produced, spiced with appropriate lovey-dovey terms about "humanitarianism," "human needs," and "developmental ideals" by highly seasoned linguists and semantics specialists; in their polished form, they are dished out to the credulous and unsuspecting diplomats who have been appointed to serve their nations' interests in the various negotiating forums.

The process is repeated endless times at trade negotiations, raw materials forums, industrial development conferences, and scientific colloquia, at UNCTAD, GATT, FAO, UNESCO, the World Bank for Reconstruction and Development, the IMF, the Economic Commission on Latin America, ECOSOC, the Economic Commission for Africa, the Economic Commission for Asia and the Far East, and so forth.

A special UNITAR operation is being run into the commissions of the Nonaligned agencies by one A. Singham of Sri Lanka.

In case this devastating brainwashing environment does not produce the desired result of a totally controlled environment, UNITAR then deploys a set of corrective feedback operations, the most notorious of which are its so-called training seminars, whose purpose is, mainly, to reinforce the emotion-cathexis of certain key-words of

U.N. jargon, such as "interdependence," "humanitarianism," "global perspective," "human needs," "world solidarity," "structural changes," "planetary dimension," and other such buzz-words which, however, are indispensable for the linguists and semantics specialists to use in the drafting of their policy proposals which will flood virtually every negotiating forum on earth.

When the political realities tend to break through this perpetual brainwashing operation, UNITAR moves in for a major reprofiling and reassessment operation, targeting virtually thousands of public personalities around the world, reviews the results, and readjusts its approach. One such operation is being carried out right now under the official title "International Survey of Decision-Makers and Experts on the New International Economic Order." This survey is being conducted by UNITAR/CEESTEM with the participation of the various United Nations Associations in most nations around the world. The official UNITAR document describes this profiling project in the following way:

Content of Survey

The Survey will consist of two parts: a general attitude survey concerning the N.I.E.O. concept itself, and a survey of opinion concerning some specific major objectives of the N.I.E.O..

The general attitude survey will seek to elicit information from decision-makers and other experts concerning

- level of previous information on the N.I.E.O.
- perceived relevance of the N.I.E.O. to economic and social problems
- perception of the need for major structural changes in the world economy as contrasted with ad hoc incremental adjustments
- support for the United Nations as a forum for debate and negotiation on the N.I.E.O.
- support for political implementation of the N.I.E.O. on the national level
- level of moral commitment to the cause of the N.I.E.O. and solidarity in its implementation.

Subsequently, the UNITAR document identifies the following people as the targets of its profiling:

Within each country, the following groups of decision makers and other experts will be interviewed:

Government leaders. Central Government Parliamentarians, Policy Makers, National Legislators, Senior Civil Servants.

Business, Industry, Finance. Chief Executives of Transnational Enterprises, State Enterprises, Entrepreneurs, Chief Executives of Central Banks.

University Specialists. Economists, Chief Aca-

demical Administrators, Academics in International Relations.

Public Opinion Makers. Foreign Affairs and Economic Writers and Editors, Senior Editors for Major Newspapers and Periodicals, News Editors in Electronic Media.

Unions. Chief Officials in Labor Unions.

Other Opinion Makers. Religious Leaders, etc.

Then the UNITAR document proceeds to outline its methodology:

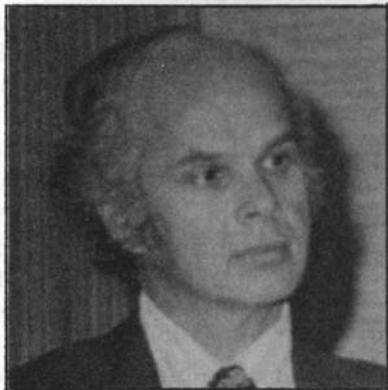
The methodology of the expert opinion survey will involve the use of a semantic differential technique wherein a question about a particular issue in the world economy is stated as a stimulus and the expert's response to that stimulus is measured on a graduated scale. This technique assures an accurate assessment of the opinions of decision-makers and other experts on each key issue as well as the relative strength of convictions regarding each response. The survey will attempt to correct for differences between various cultural perceptions of issues as well as the many varied political perceptions on them. In addition, translation accuracy will be guaranteed by using back-translations to measure the recoverability of the text from the translated language into the English original. To further insure the reliability of the test instrument a world-wide 'pretest' will be conducted prior to the administration of the opinion survey. Results of the pretest will be used to correct any cultural, translational, economic, or political biases that may have eluded previous scrutiny.

Institutional Arrangements and Submission of Report

"The survey is under the joint auspices of UNITAR and the CEESTEM, and is carried out by the WFUNA through its member UNAs. Basic funding has been provided by UNITAR and CEESTEM; the latter also made available its computer facilities for data analysis. The WFUNA and participating member UNAs contribute their time and services to the extent permitted by their budgets. Additional funds are sought from UN programmes and agencies and, through the UNAs from local governmental and other sources.

"The Survey Report is expected to be ready by January of 1980. It will be made available to the United Nations by UNITAR through OPI [Office of Public Information] and CESI [Center for Economic and Scientific Information] and the appropriate bodies of the 1980 special session. A detailed report will be published subsequently in the UNI-

Who is Ervin Laszlo



Ervin Laszlo, billed as a "pioneer of systems thinking in philosophy," was born in Hungary in 1932 where he studied music and reportedly gained "international fame" as a teenage concert pianist. From music, Laszlo turned to the fields of "human sciences" and philosophy in the early 1960s, racking up a graduate degree from the Institute of East European Studies at the University of Freiburg in 1967, followed by a stint at the Sorbonne, from which he received a doctorate in letters and human sciences in 1970. He has taught in at least 15 universities in the United States and abroad, and written some 33 books and countless monographs since early 1960s.

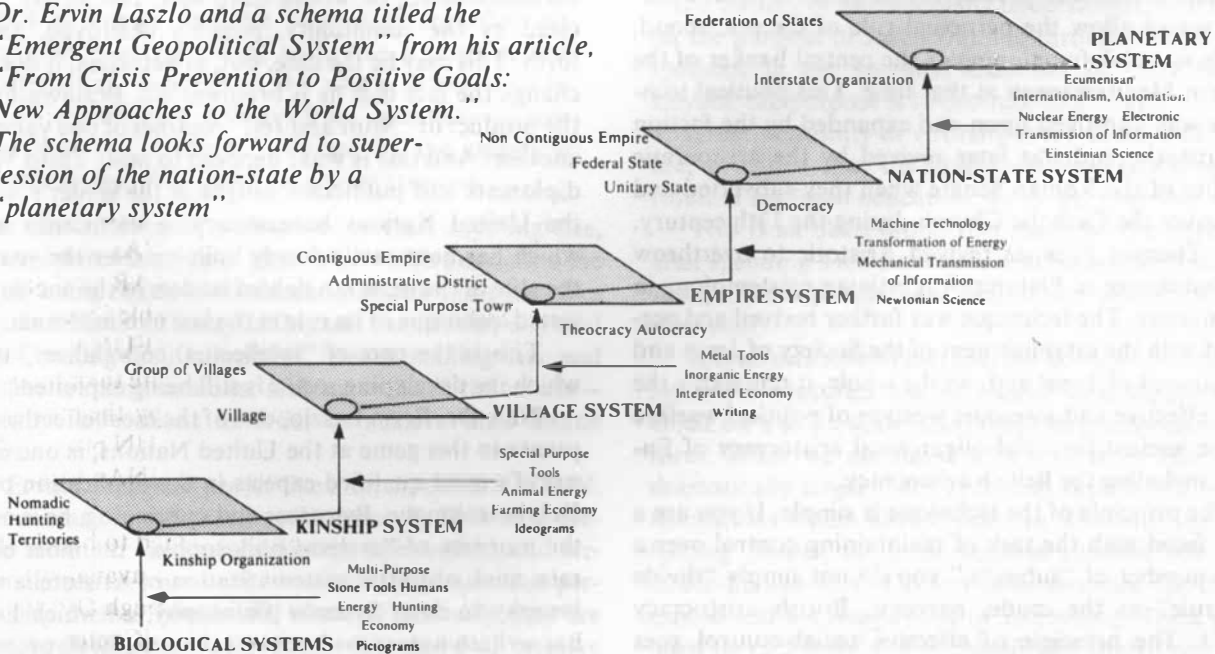
A Club of Rome member,

Laszlo was commissioned by Aurelio Peccei to author one of the Club's major studies, *Goals of Mankind* (1977), in the turn away from the unpopular "limits to growth" to a more "Third Worldist" stance promoting a "new world economic order."

Laszlo subsequently was chosen to head the United Nations Institute for Research and Training "Project on the Future."

He is a member of the Advisory Council of the Planetary Citizens organization, a member of the board of directors of the Center for the Reconstruction of Human Society. He has lectured for the International Cultural Foundation, one of the international fronts for the Rev. Moon Unification Church movement.

Dr. Ervin Laszlo and a schema titled the "Emergent Geopolitical System" from his article, "From Crisis Prevention to Positive Goals: New Approaches to the World System." The schema looks forward to supersession of the nation-state by a "planetary system"



TAR-Pergamon Press series of publications of the UNITAR-CEESTEM project.

Laszlo and the Jesuit Delphi technique

Ervin Laszlo, in a personal note to a UNITAR official document, makes the following remark about the purpose of all these multifarious profiling and brain-washing activities of his organization:

Thus the focus of UNITAR/CEESTEM is not a given economic theory, but the perceptions and opinions underlying the positions taken by diverse actors. The configuration and strength of these perceptions and opinions will ultimately determine whether negotiations in the area of the N.I.E.O. can be successful, and if so, which strategies will have optimum chances of success.

This is a precise identification of a special political manipulation technique which is historically known as the "Delphi principle," a method used by the Oracle of Delphi in ancient Greece for purposes of maintaining social control among many contending and fragmented city-states during that period. The Delphic priesthood successfully used this technique over a period of centuries for the purpose of building a succession of coalitions of several weak and mediocre city-states against major republican forces which tended to challenge the social controls established by the priesthood. The objective then was to perpetually maintain a swarm of weak and ineffective political pseudo-sovereignties whose weakness would allow the perpetual rule of the priesthood, which was also functioning as the central banker of the Eastern Mediterranean at that time. This political technique was improved upon and expanded by the faction of Aristotle, and was later revived by the aristocratic families of the Roman Senate when they subverted and took over the Catholic Church during the 13th century. Thus Thomas Aquinas revived Aristotle to overthrow the dominance of Platonic-Augustinian epistemology in Christianity. The technique was further revived and perfected with the establishment of the Society of Jesus and the Council of Trent and, on the whole, it represents the most effective and awesome weapon of political warfare by the ancient financial-oligarchical aristocracy of Europe, including the British aristocracy.

The principle of the technique is simple. If you are a ruler faced with the task of maintaining control over a large number of "subjects," you do not simply "divide and rule" as the crude, parvenu, British aristocracy would. The principle of effective social control goes beyond mere divide and rule. The principle involves creating a generalized controlled debate among the subjects on the issues of how they should be ruled. The force

which controls the procedure of the debate is the ruler. By generating the debate, he makes the thought-processes of the other participants implicitly, but unquestionably, accept him as the indispensable ingredient of the debate—"without him this wonderful process of problem-solving would not have been possible." Precisely the attitude of most Third World governments to the United Nations bureaucracy.

So long as the "debate" is conducted within these confines, the ruler's control remains assured, and thus *the debate is the means by which he maintains control*. Suppose, however, that a participant in the debate is struck by a creative thought which directly challenges and threatens the prerogatives of the ruler. Then the ruler will bring out the real "genius" of the Delphi principle. He will take care to isolate the single creative individual by pointing out to the rest that this is a thoroughly democratic procedure and that this calls for a renewed communal effort to reach a compromise between the extravagant proposals of the creative individual and the opinions of all the others. The brilliant points of exceptional insight will be praised, but since this exceptional and valuable insight has not been accepted by all, will the creative individual please modify slightly his great, ingenious proposal for the sake of democratic consensus?

If the exceptional individual capitulates one shade of an inch to this systematic, multifaceted, seductive appeal, he has capitulated to whomever the ruler of the situation is: *he is brainwashed*. He may protest that if he had not accommodated, he would have been completely ostracized by the community, possibly destroyed, and so forth. This may be the case, but, nonetheless, it does not change the fact that he is brainwashed. Brainwashing is the product of "Mutt and Jeff" routines of one variety or another. And this is what happens to most Third World diplomats and politicians caught in the spider's web of the United Nations bureaucracy, a monstrous entity which has been meticulously built up over the years by the elite of the most far-sighted leaders of the ancient and tested technique of its rule in the last two millennia.

This is the core of "intellectual colonialism" under which the developing sector is still being exploited!

Now Dr. Ervin Laszlo, one of the most effective high priests in this game at the United Nations, is one of the world's most qualified experts in the application of the Delphi technique. By career and upbringing, he is one of the pioneers of "systems philosophy," the most elaborate, anal, obsessive systematization of Aristotelian philosophy to date. Systems philosophy, on which Laszlo has written numerous books, is the systematic organization of the entire methodology of the Delphic principle. During the earlier part of this century, this philosophy was known as *Holism*, the brainchild of two notorious

colonialists and racialists, Marshall Jan Smuts of South Africa and Father Teilhard de Chardin of the Society of Jesus. Laszlo is their heir.

As a philosophy, systems philosophy is a thorough fraud, because it attempts to understand higher negentropic processes in the three domains of inorganic processes, organic processes, and processes of mentation from the primitive standpoint of empirical sense-perception. In other words, it attempts to understand processes in the domain of Reason, while it denies the possibility that Reason itself can be employed for such a task. The systems philosopher will insist that not Reason but empirical sense-certainty has a higher authority in interpreting processes of Reason than does Reason itself. Ervin Laszlo himself bears testimony to this in his own essay, titled "Systems Philosophy:"

Systems philosophy is the philosophical explication and generalization of the concepts and principles of the contemporary systems sciences and general systems theory. It received its name in recent years, but its roots go back to the beginnings of systematic thinking about the nature of reality. It is a successor to the cosmological doctrines of the Ionian nature philosophers (especially Anaximander and Heraclitus) and to the cosmology of Plato (Timaeus). It counts among its precursors Nicholas de Cusa in mediaeval thought, and the great metaphysical and process thinkers of modern philosophy (such as Hegel, Bergson, Lloyd Morgan, Samuel Alexander, and Whitehead). Systems philosophy is similar to these schools in regard to its emphasis on beholding reality as a process, and attributing meaning to the whole rather than to any isolated part. It differs from them in being able to draw on evidence provided by the empirical sciences for all its principal generalizations.

This clinical sample, perhaps more than anything else, demonstrates the type of pathology which dominates the whole being of the few thousand pathetic characters like Laszlo who labor away with great fanaticism, day and night, among their computers, telexes, mailing lists, and endless training sessions, seeking to bend the minds—literally—of nations in order to achieve their insane goals.

Ervin Laszlo and people like him, the cohorts of U.N. bureaucrat brainwashers, suffer from the following specific affliction: while by training, upbringing, and circumstances they are conditioned to adopt an outer personality shell of intellectual identity, internally they are completely deprived of even the last shred of creative intellectual capacity.

It can easily be proven through their activities, writings, and talk that they are incapable of authentic acts of

conceptualization in the sense of concept creation. This inability creates a stress-conflict with the cultivated outer persona of intellectual identity. This stress-conflict in turn is the motivating mechanism which drives them to intensive, protracted, and tireless labor, essentially meaningless labor, to prove themselves "intellectually," to spread their psychological affliction to others on as broad a scale as possible. Their systematic inability to conceptualize universals drives them to the endless Sisyphian labor of compiling and classifying literally infinite amounts of data and items to be separated into different kinds of heaps with the aid of computers, those true blood-brothers of the Laszlos of this world. Once the arbitrary heaps are piled and labeled, our feral little gnomes are satisfied that they have attained conceptualization of universals.

This is what enables them to equate Plato with Whitehead. This mental state is similar to another one with which Ervin Laszlo in particular is personally familiar, the state of a professionally trained pianist who is by upbringing and training profoundly terrified of musical ideas and who, failing to conceptualize the musical idea of a given composition, performs the athletic feat of memorizing each and every note separately in order to succeed in putting up a credible outer performance.

The obsessive passion of all such afflicted individuals is to go and stamp out every last shred of creative mental spark that may be found in others. This is a profound, all-dominating lifelong commitment. The similarity of such randomly produced individuals to the highly organized Society of Jesus is easily understood if one reflects on the purpose of Jesuit training through the programs specified in the Spiritual Exercises of Saint Ignatius Loyola: the purpose is to produce individuals with great apparent versatility in virtually every domain of mental life, provided that the individual thus educated, as a result of his Jesuit education, no longer possesses a soul.

This is an observation that many people have made after spending a few hours of conversation with seasoned Jesuits: these people have brains, but where the hell is their soul?

It is an established fact that the Society of Jesus in the last three centuries has succeeded in mass-producing, albeit on a small scale, such soulless, brainwashed creatures. What we are faced with now is an effort on a dramatically larger scale, involving key United Nations institutions which were created by and with the aid of leading Jesuits, to create soulless zombies out of the entire human race. Do not underestimate the chances Laszlo and his creeps have of succeeding. These people must be ruthlessly and systematically rooted out of the domain of public activity internationally and in each particular country. UNITAR/CEESTEM, UNESCO, and the rest must be destroyed.

The NATO summit: Missiles for Europe?

by Rachel Douglas

The foreign ministers of the North Atlantic Treaty Organization (NATO) countries, meeting in Brussels as we go to press, are set to reach a compromise decision on the controversial plan for NATO to produce and station nearly 600 American Pershing II and cruise missiles in Western Europe. It is expected that the session will approve the plan, but also issue a call for negotiations with the Warsaw Pact nations on this class of weapons.

The Warsaw Pact foreign ministers, after their own meeting in East Berlin Dec. 6, cautiously intimated that they have not closed off the channels for such talks, although their communiqué repeated Soviet Foreign Minister Andrei Gromyko's recent warnings that a favorable NATO decision for this type of modernization would "destroy the basis for negotiations" on medium-range missiles. The ministers qualified their warning by adding that this would not occur until the plan was fully implemented and the missiles ready for deployment—which is due to be in 1983. This wording was read in Bonn and elsewhere as an easing of the Soviet line, indicating that talks could take place during that four-year interim.

The stage is thus set for talks on the limitation of medium-range nuclear weapons—known as "gray area" arms because they have escaped coverage both in the Soviet-American Strategic Arms Limitation Talks (SALT) and the European-theater conventional disarmament forum in Vienna, which will begin soon after the NATO conference now in session. What is not deter-

mined, is what international context will shape these new talks.

There are two fundamentally opposed approaches to disarmament current within NATO. One belongs to Great Britain and the New York Council on Foreign Relations and has been adopted by the Carter administration. It casts disarmament as a means toward dismantling the scientific and industrial capabilities of developed countries and applying genocidal "appropriate technologies" in the developing sector.

The London-centered strategists, who advocate disarmament for these purposes, simultaneously promote arms build-up, for the sake of gaining clout to secure Soviet acquiescence to their policies. The result of their strategic commitment, if it prevails, is certain war.

The second conception of disarmament in Europe is that of French President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt of West Germany. For these leaders, the founders of the European Monetary System, military detente with the Soviet Union is indispensable for a safe climate in which to pursue a trade-based economic recovery. By the same token, they insist that only economic development and East-West cooperation for a high-technology industrial growth policy, including Third World development, can provide a firm basis for peace and for arms negotiations. Soviet President Leonid Brezhnev and his factional allies share this outlook, but it is opposed by a pro-London Soviet faction presently on the upswing in the U.S.S.R.

The line-up on missile plan

Going into the ministers' session, there was a three-way split within NATO on how to move with respect to the medium-range missile development plan.

Washington and London. The Carter administration and the Thatcher government in Britain are energetically seeking approval of the Pershing and cruise deployment. The Cossiga government in Italy will vote with them.

In the perspective of Washington and London, the NATO arms decision is subsumed in a broader campaign to destroy the European Monetary System. A chief weapon in that campaign today is the crisis in Iran, through invoking the threat of oil cutoff and the currency disruptions that occur with the freezing of Iranian assets held in Europe. It was therefore an accurate reflection of the tension between the U.S. and the allies that Secretary of Defense Harold Brown, speaking at the NATO defense ministers' pre-meeting in Brussels Dec. 11, reportedly opened his speech not with the medium-range missiles agenda item, but with Iran. Speaking "bluntly," according to the *Washington Post*, Brown demanded "concrete economic and diplomatic steps" by Western Europe at Washington's bidding.

The *New York Times'* senior Europeanist, Flora Lewis, declared that the missiles issue "was overshadowed at least for a day by the crisis in Iran."

Even viewed, for a moment, apart from the strategic context typified by the Iran crisis leverage against Europe, the missile deployment that NATO is to decide on is militarily momentous for Europe.

London and Washington field two arguments in its favor.

One is a matter of numbers: counting up whether the Warsaw Pact has more forces trained on Europe than NATO does, and determining what to do if that is the case. The Pentagon holds that the Soviet SS-20 rocket, a medium-range missile with multiple independent reentry vehicles (MIRVs), with which the U.S.S.R. has steadily been replacing its older SS-4 and SS-5 rockets, gives the Warsaw Pact a qualitative and quantitative advantage that must be matched.

The "numbers" argument is disputed, not only by the Soviets, but by numerous military analysts in the West.

West German Defense Minister Hans Apel told the *Frankfurter Allgemeine Zeitung* Dec. 11 that he thought the "big threat" from the Soviet SS-20's was exaggerated. In a more detailed analysis, retired Lieutenant-General Baudissin of the Hamburg Institute for Peace Research authorized an aide to write in the *Frankfurter Rundschau* that the new NATO weapons would be "militarily useless."

The second, more fundamental Anglo-American ar-

gument is what Henry Kissinger calls "decoupling." The continental members of Europe should no longer be protected by the American nuclear umbrella, according to this idea, but by the continental force of Pershing II's and cruise missiles plus other existing armaments in Europe. Kissinger links "decoupling" to the strategy of "limited nuclear war," proposing that if the United States is decoupled from the defense of Europe—and does not fire its intercontinental ballistic missiles against the Soviet Union during a putative Soviet land attack on Western Europe—then war will be limited to Europe and the U.S. will be spared.

The Netherlands and Scandinavia. Great Britain, while officially sharing the American "hawk" position, has released several trained doves in the smaller NATO countries. Going into the foreign ministers sessions Dec. 12, the Netherlands, Norway, and Denmark were expected to oppose the plan outright, while Belgium would argue for a six-month postponement of the decision.

British-linked left and liberal parties in these countries are responsible for their stance. In Holland, for instance, the van Agt government depends for a parliamentary majority on the Dutch Social Democrats, who vehemently oppose the Pershing deployment.

The British are walking both sides of the fence because a Europe split over NATO strategy would make it more difficult for Schmidt and Giscard to unite behind the EMS. London strategists also anticipate that Schmidt, emerging as the architect of a compromise reconciliation of the hawks and doves, will be left to preside over an outcome that may compromise *him* politically if the NATO sweetener—an offer to the Soviets to talk on medium-range weapons—is rejected by Moscow.

Germany. Despite efforts by the *New York Times* to portray the missile plan as Helmut Schmidt's brainchild, the truth is that the West German leadership has been wary of the proposed missile deployment from the moment it was floated as an idea many months ago. The placement of nuclear weapons on West German soil, with the trigger control in the hands of the Americans, is a touchy question for the German population that would be underneath where the Soviet bombs fell in retaliation.

From the beginning, therefore, Schmidt has insisted that West Germany would not consent to be the only European NATO country besides Britain to host the American rockets. This is one factor that gives weight to the Dutch say in Brussels.

Kissinger's "decoupling" scenario is not attractive to the West Germans either, because Bonn knows that "limited nuclear war" is a pipedream. The Russians have said in terms that leave no room for doubt, that a strike

launched by U.S. weapons from Western European soil is a strategic strike subject to retaliation by the full Soviet strategic arsenal against Western Europe and North America.

Schmidt and his defense minister Hans Apel have put together a platform for the NATO session. The *London Times*, which monitors the Germans' moves closely, forecast that their proposals to accompany the missile decision would be five:

1. Unilateral withdrawal of 1,000 obsolete American nuclear warheads from Western Europe;
2. A proposal by West Germany at the deadlocked Vienna Mutual Balanced Force Reduction talks (covering central Europe) for the simultaneous withdrawal of 13,000 American and 30,000 Soviet troops from the area;
3. Concrete proposals to start talks on reducing theater nuclear weapons in Europe, in the context of SALT III;
4. Strong West German support for "hitherto ne-

glected French proposals" for a general disarmament conference covering all forces in Europe west of the Ural mountains;

5. A demand for ratification of SALT II by the U.S. Senate.

The reference to the French proposals is crucial to understanding Schmidt's approach. Although France is not a member of the NATO military organization, Paris is working with Bonn to shift European disarmament talks onto a pro-EMS track, including the convening of a pan-European disarmament conference. The French conference idea was backed by Soviet President Brezhnev in an Oct. 6 speech. On Dec. 8, Czechoslovak Foreign Minister Bohuslav Chnoupek said that preparations for such a conference should begin immediately.

West Germany's Foreign Minister Hans Dietrich Genscher will soon travel to Poland, Czechoslovakia, and Hungary to discuss a "broad-based disarmament initiative." These proposals are also certain to figure in

The fallacies of British and American strategy

The Soviets and the French have both exposed the strategic incompetence of the American and British thinking that went into the ideas of "decoupling" and "limited nuclear war." Since Atlantic strategists as prominent as Henry Kissinger have used these concepts to motivate a favorable decision on upgrading NATO's medium range missiles in Western Europe, and because the West Germans lend an ear to French and Russian arguments against them, *EIR* excerpts here the views of *Le Figaro's* Paul-Marie de la Gorce and *Pravda's* Vladimir Bolshakov on these questions.

In his Dec. 10 article, "The Euromissiles—A Stake in the U.S.-U.S.S.R. Rivalry," de la Gorce disposed of the idea that these weapons would be used in retaliation to a Soviet land advance. Rather, they would have to be used first.

"The real strategic import of the installation of a new American arsenal in Europe must be understood. The experts will certainly discuss this for a long time, but a first appreciation may be offered now.

"If the Soviets take the initiative of a general offensive against the European NATO countries, the Pershing IIs would immediately lose a large part of

their effectiveness, because the designated targets would have been emptied by the offensive itself (barracks, troop concentrations, bases, depots, headquarters, etc.): only damage that could be caused to fixed infrastructure would then be important. The cruise missiles ... would only have a limited effectiveness against forces that were rapidly advancing, unless they were equipped with extremely powerful nuclear charges that would cause enormous damages.

"If the initiative was the West's, however, the effectiveness of the Pershing II and cruise missiles would be considerable, compared with the use of the SS-20 by the Soviets. ... In sum, the Eurostrategic weapons, whether deployed in the East or the West, would place a high premium on surprise for the one who took the initiative."

Writing *Pravda's* authoritative "International Survey" column Dec. 9, Vladimir Bolshakov said:

"During the Vietnam war, American futurologist Herman Kahn developed a series of escalation scenarios for the stepwise progress of armed conflict to the brink of thermonuclear war. At the highest rung of the ladder were the United States' intercontinental missiles.

"NATO headquarters recently recollected these scenarios all of a sudden, in the following connection. NATO military doctrine provides that 'NATO must be able to expand a war as far as its enemy can.' But the enemy, i.e., the Soviet Union, has ICBMs while NATO

Schmidt's talks with Brezhnev in Moscow next March and with East German leader Erich Honecker, whom he will meet in the spring.

A Soviet time bomb

But time is running out. The pro-London, "Jacobin" faction in the Soviet Union, which operates under control of British agents Kim Philby and Donald Maclean who are lodged in the Soviet establishment, is using Schmidt's compromise formula for the NATO meeting to argue that the Bonn-Paris war avoidance strategy is a fraud. They say that the Western Europeans will knuckle under to "U.S. imperialism" when push comes to shove, and therefore that the best tack for Moscow is weakening the West through "Jacobin" destabilizations on every possible front. This is the Soviet faction which is presently backing Ayatollah Khomeini in Iran on the grounds that the Ayatollah, however "reactionary," is anti-American.

If this line were to win out in Moscow, there would be virtually nothing to prevent world war.

(from which in such propagandistic explanations the U.S. is 'excluded') allegedly does not. So what if the Soviet Union decides to strike NATO with all its forces? What then?

"The NATO strategists prefer to remain silent about the fact that the Soviet Union, as even the Western press admits, 'has no rational alternative to such a strike.' But they assure the Europeans that the Pershing IIs and cruise missiles are needed in order to be able to launch a 'retaliatory strike' against the U.S.S.R.

"Tipsying up the steps of the ladder, the NATO strategists use the arguments of former Secretary of State H. Kissinger, who announced in Brussels last September that the Western Europeans should not count on the American 'nuclear umbrella' anymore, since the United States would use its ICBMs only for the defense of its own territory. This statement inspired the hawks on both sides of the Atlantic. The Americans are told that they should cough up to help Western Europe arm so heavily that the U.S. doesn't have to intervene in any conflict of NATO with the Warsaw Pact and thus risk its own cities.

"But these rockets add nothing to the security of either the U.S. or Western Europe. Kissinger's arguments... are untenable. This is why... the Washington Post (writes) that... 'The decision to use these weapons would be taken by the President of the U.S., as before, and American cities would risk a Soviet retaliatory strike just as much as before...'"

IRELAND

Prime Minister Jack Lynch forced into resignation

The sudden resignation of Irish prime Minister Jack Lynch marks the second initiating government of the European Monetary System to fall since the system's creation in the summer of 1978. As Ireland's head of state for nine years, Lynch had campaigned vigorously for a domestic policy based on industrialization and technological growth, allying himself in the recent period with the efforts of France's Giscard and West Germany's Schmidt to establish a European Monetary System. Under Lynch's leadership, the Republic of Ireland achieved the fastest growth rate in Europe.

The new Prime Minister of Ireland, Charles Haughey—who was elected head of the ruling Fianna Fail party in a special caucus meeting Dec. 7—is not likely to make either economic development or relations with Europe his top agenda item. Ireland will more than likely be plunged into a bloody repeat of the 1921-22 civil war which tore the country apart and enabled the British to establish a base for their intelligence operations in Northern Ireland.

In 1970 Haughey, who was then Finance Minister, stood trial on a charge of conspiring to import guns into Ireland allegedly for use by Irish Republican Army (IRA) terrorists. Haughey was acquitted. His sympathy for the aims of the IRA, however, is well known. In his first press conference, the Prime Minister-designate, a self-made millionaire whose hobby is breeding horses, announced that he intends to seek early withdrawal of British forces from Northern Ireland—a policy which can only have the most dangerous and violent consequences if not accompanied by a firm political and economic foundation for restoring social peace.

British plotted against Lynch

Although Haughey and company have played a key role in discrediting Lynch's policies, the ouster of Lynch had been planned by the British since at least December of 1978 when Lynch joined forces with Schmidt and Giscard, breaking Ireland's historic link with the pound sterling and hooking the Irish "punt" into the EMS currency snake.

The plan became fully operational last August when Lord Louis Mountbatten—a relative of the British Royal

Family—was assassinated in Ireland, allegedly by IRA terrorists. Shortly thereafter, Sir Arthur (“Smiley”) Oldfield, the former head of British intelligence’s MI6, was appointed security coordinator for Northern Ireland.

In a meeting with British Prime Minister Thatcher held the day Mountbatten was buried, Lynch was forced to agree to joint security and intelligence measures with the British, an immensely unpopular thing in Ireland. Lynch’s fate was sealed when details of the semi-secret arrangements were “leaked” during his abortive visit to the United States in October. The fact that Lynch was treated with utter contempt by the Carter Administration during his U.S. visit gave further ammunition to his political rivals. Lynch’s schedule in Washington included a banquet at which Congressman Biaggi, whom Lynch has denounced for his supposed IRA sympathies, was an invited guest.

The Mountbatten murder, which contributed to Lynch’s downfall, may have been linked to a “deal” between Vatican-Jesuit forces and factions in the British oligarchy who also wanted Lynch out as part of a broader anti-EMS operation. Not long after Pope John Paul exhorted Irish youth in Galway to shun the “materialism” associated with technological progress, the British government suddenly announced that it intended to establish diplomatic relations with the Vatican, which were broken off by Henry VIII in the 16th century. The Vatican’s unofficial ambassador in London, Archbishop Heim, an expert on “heraldry,” is “known to have promoted the British government’s attitude toward Northern Ireland very forcefully,” reported the London Times. It should also be noted that leading U.S. Georgetown Jesuit, religion professor, and journalist, Michael Novak, paid a visit to Ireland just before Lynch announced his resignation.

Which way Ireland?

With Lynch out of the picture, Ireland’s EMS membership is immediately thrown open to question. The Irish press has already indicated that Haughey may reshuffle his cabinet, purging Ministers who now hold key posts connected with Ireland’s membership in the European Community. Major changes are also likely in the area of domestic policy. The *Sunday Press*, a Dublin newspaper, reported that the abolition of the crucial Department of Economic Planning and Development is in the cards and that the new “Taoiseach” (Gaelic for Prime Minister) will want to bring his own financial expertise to bear on the economy. What this policy will be was hinted at editorially by the weekly *Hibernia*, noting that “on present form, the day is not far off when the IMF will be dictating economic policy to us as it did to the UK last year. Either we put our own house in order or our foreign creditors will start to call the tune.”

ITALY

A new Andreotti government in the wings?

The established alliance of France and West Germany leading Europe against Britain and her global deindustrialization policies has one crucial weak flank, and that is the government of Italy. So long as the Italian government remains in the hands of Prime Minister Francesco Cossiga or his Anglophile colleagues in the ruling Christian Democratic party, Italy remains a potential, recurring source of destabilization against the Franco-German alliance.

This explains the strategic importance of the current efforts of Helmut Schmidt’s close friend, former Italian Prime Minister Giulio Andreotti, to put together the cross-party alliance that would enable him to return to power sometime in the near future. As of this writing, the Italian press is filled with talk of an imminent government crisis, most likely to be precipitated by Andreotti’s allies in the Italian Communist Party.

Italy is a member of both the European Community and NATO. In the EC, Italy’s vote at the recent Dublin summit bolstered a unified continental European front against Britain’s latest effort to destroy the European Monetary System that French President Giscard d’Estaing and Chancellor Schmidt have made the cornerstone of their foreign policy. In NATO, Rome is expected to provide important leverage in determining whether the war-promoting policies of the London-Washington axis, or the pro-detente policies of the Franco-German alliance, will gain the upper hand at the Dec. 12 NATO Defense Ministers meeting. London has made a major point of the fact that the Cossiga government supports a massive NATO military buildup in Western Europe, including the stationing of new Pershing 2 missiles. But an Andreotti government would almost certainly link its efforts with France and West Germany in negotiating disarmament with the Soviet Union, adopting a cooler view of the military balance issue.

Three-pronged tactic

To become premier again, Andreotti must politically defeat those individuals and factions inside his own Christian Democratic party (DC) that are the mainstay of the current government of Francesco Cossiga. These

are the networks that run drugs, who control and deploy terrorism, and who are firmly allied to Great Britain.

After a lengthy government crisis last summer—prior to the formation of the current cabinet of Francesco Cossiga—Andreotti as Prime Minister collaborated closely with the leadership of the Italian Communist Party (PCI) and certain forces in the Vatican. This unusual alliance began an exposure of the formerly unimpeachable political “leaders” and their attached baggage of “intellectuals” who run the dope and terrorist traffic. Many of these individuals, at the secondary level of leadership, are now behind bars. Others, like Socialist Party bigwig Giacomo Mancini, have been heavily tainted by public exposure of their links to jailed terrorists. For example, Mancini is a close associate of Toni Negri, whom Mancini defended as a mere “radical professor,” and was still defending in public even as Negri was proven to be one of the “masterminds” behind the kidnap and assassination of former premier Aldo Moro, and thrown behind bars.

However, if Andreotti is to succeed not only in dislodging Premier Cossiga but, more importantly, in putting together a new government coalition certain to last beyond the typical six-month lifespan of Italian governments, he has to permanently defeat those individuals who would otherwise lead any movement to depose him once an Andreotti cabinet is formed.

Andreotti has assumed a three-pronged tactic involving cooperation with the Communists, an offensive in the Vatican, and the broadening of his own base within the Christian Democracy. In all three cases, the behind-the-scenes and public dissemination of documentation on the actual leaders of terrorism forms an indispensable strategy. The job could not be done if any of these three component forces failed in its commitment.

A journalist for the Roman ANIPE press agency, D’Arcangelo, who is very much a member of Andreotti’s networks, has just published a book exposing in detail the names of the individuals and institutions who control the dope and terrorist networks from London, Washington, and within Italy. The book is being serialized in the widely read Rome magazine *Tutoroma*.

D’Arcangelo’s book is the result of close collaboration with the European and U.S. Labor Parties, with whole chapters written in the form of interviews with one “Colonel Harris,” a character closely resembling Democratic presidential candidate Lyndon H. LaRouche who has repeatedly publicized the British-centered financial networks behind drugs and terrorism and behind past efforts to overthrow Andreotti.

Simultaneously, someone has made police dossiers, proving the terrorist involvement of the Italian Socialist Party leadership, available to the Communist Party leadership for use in dealings with the Socialists. This is

the necessary escalation of the process which began with last spring’s wave of arrests, by the Andreotti government, of proven terrorist controllers trained and kept in place by the Socialists.

Opus Dei vs. the Anglo-Jesuits

Without strategic Vatican backing, however, Andreotti would be severely limited in any attempt to form a stable coalition of forces. Historically, Vatican involvement in internal Italian affairs has been decisive for a variety of reasons, not the least of which is that the various factions inside the Christian Democracy can only be properly understood as extensions of powerful Church forces. To that extent the split which exists in the party,

“An Andreotti government would almost certainly link its efforts with France and West Germany in negotiating disarmament with the Soviet Union.”

between Andreotti and opposed Anglo-Jesuitical forces, is a faithful mirror image of conditions inside the Vatican itself.

To state the case briefly, the international Catholic organizations of the Opus Dei, as the humanist Augustinian tendency within Catholicism, is making a bid for power in the Vatican. Outwardly, this has taken the form of asking to be given the same status of a centralized order which the Jesuits—their Aristotelian factional opponents—have enjoyed for centuries.

This new status would make the Opus Dei organization subject only to centralized direction from their leader in Rome and the Pope, putting the movement beyond the reach of local bishops. Behind the legalism, however, sufficient signs have emerged to show that in fact the Opus Dei leadership aims to dislodge the Jesuits from their central position of power, including in the highly sensitive matter of who gains the ear of the Pope.

The signs of the Opus Dei’s growing success are as follows. First, the Jesuit General—the Basque Father Arrupe—has been forced to send a letter to all the Superiors of the Society of Jesus asking that they take note of the errors and excesses of the Order as, he notes, they have been repeatedly pointed out by three Popes.

Secondly, Pope John Paul II has issued a statement on science in the tradition of his great predecessor, Paul VI, which indicates a reversal of position from John Paul II's first encyclical, issued last summer. In his past encyclical, John Paul II had questioned the role of science in the pursuit of Christian virtue. But his new pronouncement

“The split that exists in the Christian Democracy, between Andreotti and opposed Anglo-Jesuitical forces, is a faithful mirror image of conditions inside the Vatican itself.”

ment was in praise of Galileo, condemning the error which the Church had made in punishing him for his work, and calling now for a reconciliation of science and faith.

Even more indicative of current trends, the Pope has come out forcefully against the deployment of new Pershing missiles in Western Europe. The issue of the Pershings, a weapon capable of reaching inside Soviet territory from Western Europe, will be the leading item on the agenda for the North Atlantic Treaty Organization summit scheduled Dec. 12. The Soviets have made it clear that detente itself, as well as the future of Franco-German cooperation with the Soviet Union, could be seriously affected by a NATO vote in favor of the missiles.

The Pope's pronouncement came shortly after the visit of Soviet Central Committee member Boris Ponomarev to Italy to meet with Andreotti and Communist Party general secretary Enrico Berlinguer. Andreotti joined Berlinguer in opposing the deployment of the Pershings, calling instead for negotiations with the Soviets to obviate the need for beginning construction of the missiles. As is well known, the Cossiga cabinet has the opposite position.

Forlani

With the forces of the Vatican swinging in his direction, Andreotti has gained leverage for the defeating of factional opponents inside his own Christian Democracy. Foremost among these is Arnaldo Forlani, who, as foreign minister to Andreotti's last government, consist-

ently sabotaged Andreotti's antiterror and prodevelopment alliances.

Andreotti is strengthening his connections among old conservative Catholic forces in the Marches region on Italy's Adriatic coast in order to irreparably weaken Forlani, whose power base also lies in the Marches. It is from Ancona, an Adriatic port, that Forlani controls the major drug-running rings centered in Rome.

Andreotti is also organizing his "corrente" or faction outside the boundaries of the Marches area. This is the first time in his political career that the former premier has attempted to build a nationwide power base. To the immense concern of the Anglo-Jesuits such as Forlani, Andreotti recently concluded a tour throughout southern Italy organizing a base for his "corrente" in this traditional mafia bastion, until now run by Forlani's backers such as the British-linked former Prime Minister Amintore Fanfani.

Until this week, Andreotti's target for initiating a bid for power was the scheduled late January conference of the Christian Democracy. However, events precipitated his timetable, and all signs point to a government collapse possibly even before the end of the year.

Oil deal cancelled

The precipitating development was the cancellation of a giant oil deal between ENI, Italy's national oil company, and Saudi Arabia—a deal which was to have accounted for fully seven percent of Italy's oil consumption in the coming year. The cancellation was the result of a complex scandal involving alleged bribery of Saudi officials by ENI officers. According to the British press, the scandal is the result of information leaked by sources in the Socialist Party, including Claudio Signorile, the right hand man of the Socialist general secretary.

The seven percent shortfall, coming as it does atop an already projected twenty-three shortfall in oil imports, has thrown the country into serious crisis.

As a result, the Communist Party leadership has begun to speak of the government with unveiled hostility, and talk of an imminent cabinet crisis is rife in the Italian press. Typical of recent Communist statements, Central Committee member Emmanuele Macaluso told an interviewer in the Dec. 16 issue of *l'Espresso* that the Communist Party considers the time ripe for the end of the "truce phase" represented by the present coalition government of Cossiga. He added that it now appears that the Christian Democratic congress "won't solve anything," and nothing is to be gained by waiting. The Communists have also charged that the government's "inertia" on all aspects of economic policy has exacerbated Italy's already poor economic situation, causing the discrediting of ENI and compromising crucial international relations.

WEST GERMANY

Berlin conference victor, Chancellor Schmidt

West German Chancellor Helmut Schmidt won a vote of confidence at the congress of his Social Democratic party (SPD) in West Berlin Dec. 4-7. The party left wing, grouped around Anglo-American agent Willy Brandt and environmentalist Erhard Eppler, was dealt a defeat.

Schmidt 'can't fail'

Schmidt, in the coming election race, faces Christian Democratic Union-Christian Social Union candidate Franz Josef Strauss. As the London *Times* editorialized Dec. 7: "At the moment it looks as if Herr Schmidt can hardly fail to win unless there is some unexpected crisis or a startling surge of support for the [environmentalist] 'greens'." The *Süddeutsche Zeitung* Dec. 7 wrote that Schmidt's popularity is now the highest ever.

The SPD party congress voted to support Schmidt's policy of nuclear energy development for the Federal Republic of Germany, and also backed his position on the modernization of NATO's missiles, which calls for production of new medium-range weapons to be coupled with arms negotiation offers to the Warsaw Pact. The party left wing, which opposed both of these policies, failed to return three of its leaders to the national executive committee, leaving Schmidt in complete control.

Brandt a loser

One who fared notably poorly was Willy Brandt, the party chairman and former Chancellor. He is West Germany's best known—and formerly most powerful—"Fabian" liberal.

Brandt has maintained close ties to the European left-terrorist underground, as documented in the Italian magazine *Il Settimanale* in 1974 (an exclusive translation was published in the *Executive Intelligence Review*). Today, Brandt's remaining base of power is the so-called Brandt Commission for North-South relations, which is currently preparing a report to the United Nations advocating labor-intensive, "appropriate technologies" development of the Third World.

Although the congress re-elected Brandt party chairman, as expected, he received fewer votes than ever before. Twice as many people voted against Brandt or

abstained as did two years ago. Schmidt was re-elected as deputy chairman, and his right-hand man in the Chancellor's office, Hans-Jürgen Wischniewski, became a second deputy chairman. This means that Brandt is "politically encircled," commented the *Frankfurter Allgemeine Zeitung* Dec. 8.

Nuclear energy

The paper's editorial, titled "The Victor of Berlin," compared Schmidt's present role to that of Konrad Adenauer during the 1950s: "Rarely has a party meeting been so dominated by one person as this one was by Helmut Schmidt. It was his courage, his tactical skill and his tough will which finally brought him success. It was also obviously the fruit of long and intensive preparation. ... The only real opponents of the Chancellor now are the apostles of zero growth, wind energy and total disarmament. ... The party was wise enough in Berlin not to weaken Schmidt but to strengthen him. From now on he not only leads the government, but also the SPD."

Schmidt routed efforts by the environmentalists to introduce hopelessly watered-down formulas on the nuclear energy question. He announced that he had no desire for a party congress resolution which would please 95 percent of the voters but would mean something different to everyone. "We are not about to undermine our international credibility through this congress," he said, pointing to the pronuclear programs of other leading industrial nations.

Despite this commitment from Schmidt, the resolution on nuclear energy which the congress adopted shows the impact of the long environmentalist onslaught against nuclear energy in West Germany. Although it affirms that "nuclear power plants under construction are to be completed"—in itself a major victory on the part of Schmidt—it also stipulates:

"No additional nuclear power plant is to be approved for construction if the applicant has obtained approval for a coal power plant that he has not built. An applicant who applies for a construction permit for a new nuclear power plant must present proof that the need cannot be covered by a power plant fueled with domestic coal."

From the Atlantic to the Urals

Schmidt, in his two-hour congress speech, emphasized the prodevelopment, city-building heritage of the European continent. "It is not only Rome and Byzantium" that make up Europe, he said, "but also Oxford and Prague and the Sorbonne, Cluny and Zagorsk, Bergen and Novgorod." He described Europe's great industrial centers as the expressions of a common cultural heritage. The London *Financial Times* yesterday headlined its coverage "From the Atlantic to the Urals?"

Press sees sure winner

The Berliner Morgenpost, Dec. 5: "Helmut Schmidt's speech to the SPD Congress yesterday ... may well have elicited nostalgia in quite a few opposition minds for Konrad Adenauer. Naturally Schmidt doled out a few verbal soothing strokes to his internal critics, but at no point did the chancellor get lost in the uncertain, the nebulous. A cloud rider à la Brandt did not emerge...."

The Mainz Allgemeine Zeitung, Dec. 5: "The stakes have been set up at the Berlin SPD Congress. Herbert Wehner, the great strategist of the party, and Chancellor Schmidt, in urgent and impressive speeches, made it clear to the delegates where the limits are for them in internal party discussion and freedom of decision. It was the tenor of the Schmidt and Wehner speeches that nothing may be decided in Berlin which might even remotely jeopardize the chancellorship and the capability of Helmut Schmidt to govern...."

The Times, (London), Dec. 7, editorial: "... At the moment it looks as if Herr Schmidt can hardly fail to win unless there is some unexpected crisis or a startling surge of support for the 'greens.' He is very strong in the country, and at the Social Democratic Party Congress this week his authority within his own party was demonstrated beyond doubt. He won comfortable support on two particularly difficult and divisive issues—the modernization of

theatre nuclear weapons in Europe and the continuation of the nuclear energy programme...."

The Guardian, (London), Dec. 10: "... Nobody could really doubt, after watching the SPD Congress, that Mr. Schmidt has established himself as the towering figure of the party, and that the longstanding Troika of Brandt, Schmidt, and Herbert Wehner has become far more the collective symbol of the SPD's conscience than its effective leadership.

"Willy Brandt's strategy of reconciling left and right-wing differences in the SPD has always been to give them all free expression, and then paper them over with resolutions capable of different interpretations. Mr. Schmidt, this time, was all for free speech, but not for paper compromise.

But he seems to have reckoned that the best way of ensuring that the greens do not end up holding the political balance in the federal election, is not by making concessions to them, but rather by undermining the main opposition, the CDU-CSU, and keeping down its vote."

The Washington Post, Dec. 11: "Although the five-day Social Democratic Party convention ... was a personal triumph for West German Chancellor Helmut Schmidt, it also reflected some signs of an uncertain future for the party that has led Western Europe's most populated nation for the last 10 years.

It was, for example, a rocky convention for Willy Brandt, the venerable party chairman. ... The week's event seemed to reflect some fading of Brandt's star....

Brandt's problems, along with the aging of the party's floor leader in parliament, 73-year-old Herbert Wehner—who has guided the Social Democrats' fortunes since the postwar era began—mark a serious challenge to the party's future leadership...."

Schmidt: Europe's 'common destiny'

The following are excerpts from the speech by West German Chancellor Helmut Schmidt to the congress of the Social Democratic Party in West Berlin Dec. 4. This abridged translation is courtesy of the German Information Center.

The oil crisis. "... The exacerbation of the oil crisis this year and the events in Iran have demonstrated to us that energy supply is the life artery of all nations. Nobody knows what is going to happen on the oil markets or in the Middle East. We therefore strongly urge the resumption of the energy dialogue between the producing and the consumer countries, and we support the proposal by [Mexican President] López Portillo for a world energy conference, and we also want a European energy conference. At last week's meeting of the European Council in Dublin, I appealed urgently for a common energy policy within the European Community. We need more clarity in the oil markets and in the conduct of the multinational corporations. With this in mind, we decided at the last international economics summit in Tokyo, at my suggestion, to introduce a system of registering international oil transactions and stated our intention to secure better information on the profits of oil companies...."

Alternate sources of energy. "Because coal entails [environmental] risks, we are striving at considerable cost to develop clean, alternative, inexhaustible sources of energy, such as solar energy, and heat from the earth with the aid of

thermal pumps. But we have to realize that we shall not be in a position to draw on such alternative sources on a large scale before the end of this century, with the exception of the thermal pumps—they will be a big “hit” in the next few years. These taken together are the compelling reasons why, for the next few decades at least, we cannot dispense with the limited expansion and limited use of nuclear energy.

“I know that nuclear energy has made many people anxious and this has to be taken very seriously. Hence our motto will continue to be: safety first. Compared with other countries, we have achieved very high safety standards. And through my initiative we have also achieved international cooperation in the matter of reactor safety.

“Everywhere, oil substitution leads to an increase in electricity consumption and this can very quickly produce supply bottlenecks. For all these reasons, France, for instance, is already in the process of building an additional 33 nuclear power stations to be completed by 1985.

“This is causing many people in the Saar and in Rhineland Palatinate much concern. Thirty-three nuclear power stations. France will then produce 50 percent of its electricity from nuclear energy—six years from today. The Eastern bloc plans to expand its nuclear energy production from 33,000 MW to 140,000 MW within ten years. ... I cannot imagine that all these governments in East and West are wrong and that we alone are so much wiser with regard to energy and have so much bigger reserves than the others.”

NATO and the policy of détente. “Stable as we may seem, we still live with risks, including the risk of inadequately safeguarded peace. That is why peace is the most important task of our foreign policy. A policy for peace demands constant efforts to maintain the balance in Europe, a balance of

the powers that affect Europe.

“This includes the need for our Alliance and our country to retain its defense capability. It includes determination and a will for compromise in our attempts to ease political tensions in the conflicts of interests around the world. It includes above all the development of systems of international arms control and limitation. A policy of détente and defense capability, both together form the common policy of the Alliance....

“We shall continue in the '80s to make our appropriate contribution within NATO to the collective defense of the West, to its defensive capability. But our responsibility at the same time demands fresh efforts to achieve arms control and disarmament....

“I am firmly convinced that the leadership of the Soviet Union and of the other members of the Warsaw Pact want peace. I have no doubt about it. We for our part expect them to assume that the Western Alliance and we in this country have the same will for peace....

“The SALT II agreement has established the principle of self-restraint on the basis of parity in the ICBMs of both superpowers. ... It would have been logical in terms of a balance of strategic arms if the Soviet Union had exercised self-restraint with regard to its long-range theater nuclear forces (LRTNF). But in a actual fact it has for the past two years been introducing the most modern missiles in this category, the SS-20. In terms of quality, they are far superior to earlier Soviet systems.

“They carry three nuclear warheads, each aimed at a different target. They are of long range and great accuracy. They are reloadable, mobile, and therefore practically invulnerable. In May 1978, I had an opportunity to explain my concern about this development to Mr. Brezhnev, and this summer to Mr. Kosygin and Mr. Gromyko. Mr. Brezhnev stated in general terms that he was willing to enter into negotiations on this issue as

well. And in his speech in East Berlin in October he came out in favor of specific negotiations in this field.

“The United States of America is also ready to negotiate. We can but warmly welcome this readiness to negotiate on both sides, which we have played a considerable role in bringing about.

“The Western Alliance could not, however, overlook the fact that the Soviet Union has continued to build up its lead in LRTNF, which even previously was quite considerable....”

The European Community. “The progress achieved so far in the development of the Community would hardly have been possible without ever closer bilateral relations between the member states. This applies especially to Franco-German relations. They have reached a level of intensity and diversity which is unprecedented in Franco-German history. I am particularly grateful for the very close cooperation I have established with President Giscard d’Estaing. I deem it a great honor and am proud of it.

“But in occupying ourselves with the further development of the European Community we must not lose sight of the fact that East and West have to reflect on their longstanding mutual cultural inspiration. This embraces not only the classical ages of Rome and Byzantium, not only Oxford and Prague and the Sorbonne; it also embraces Cluny as well as Zagorsk, Bergen or Novgorod, Czeszochowa, as well as Aachen or Weimar. The big industrial centers are likewise manifestations of our common culture, those of Lancashire, the Ruhr, and the Donets Basin. It is all one common culture. We have a common destiny. Kant was right when he said: “Peace is not a natural state among men, it has to be nurtured.” This is just as true today as it was 200 years ago. That is why a policy for peace is the most important task for the 1980s.”

The British flag flies over southern Africa again

by Douglas de Groot

On Dec. 12 the clock was turned back in southern Africa as the British flag was raised again in Salisbury, Rhodesia. On to the tarmac stepped Her Majesty's Governor General Lord Christopher Soames, fittingly the son-in-law of Winston Churchill, to take command of what is now formally called the Crown Colony of Southern Rhodesia. With this step the British, with the aid of their loyal helpers in Washington, have placed themselves in command of the political future of southern Africa.

The return of Rhodesia to the status of a British colony is the first phase of Lord Carrington's London conference "solution" to the problem of the future of Rhodesia-Zimbabwe. The foreign secretary, having effectively brought together the parties to the conflict—the Muzorewa government, its white Ian Smith controllers, and the "liberation movement" of the Patriotic Front—can now move to dictate the pace of the events which follow.

The details, such as the ceasefire agreement of the Patriotic Front and the Muzorewa-Smith regime, remain to be worked out. The Patriotic Front may try to haggle, but its fate was sealed the moment its leaders walked into Lord Carrington's parlor in London and sat down to negotiate their future with Her Majesty's government. Should the Front balk at what now amounts to a British administered, and sanitized, version of the "internal solution," Lord Soames now has the formal command of the British "monitoring force" and the Rhodesian army of Lt.-General Peter Walls to enforce the peace.

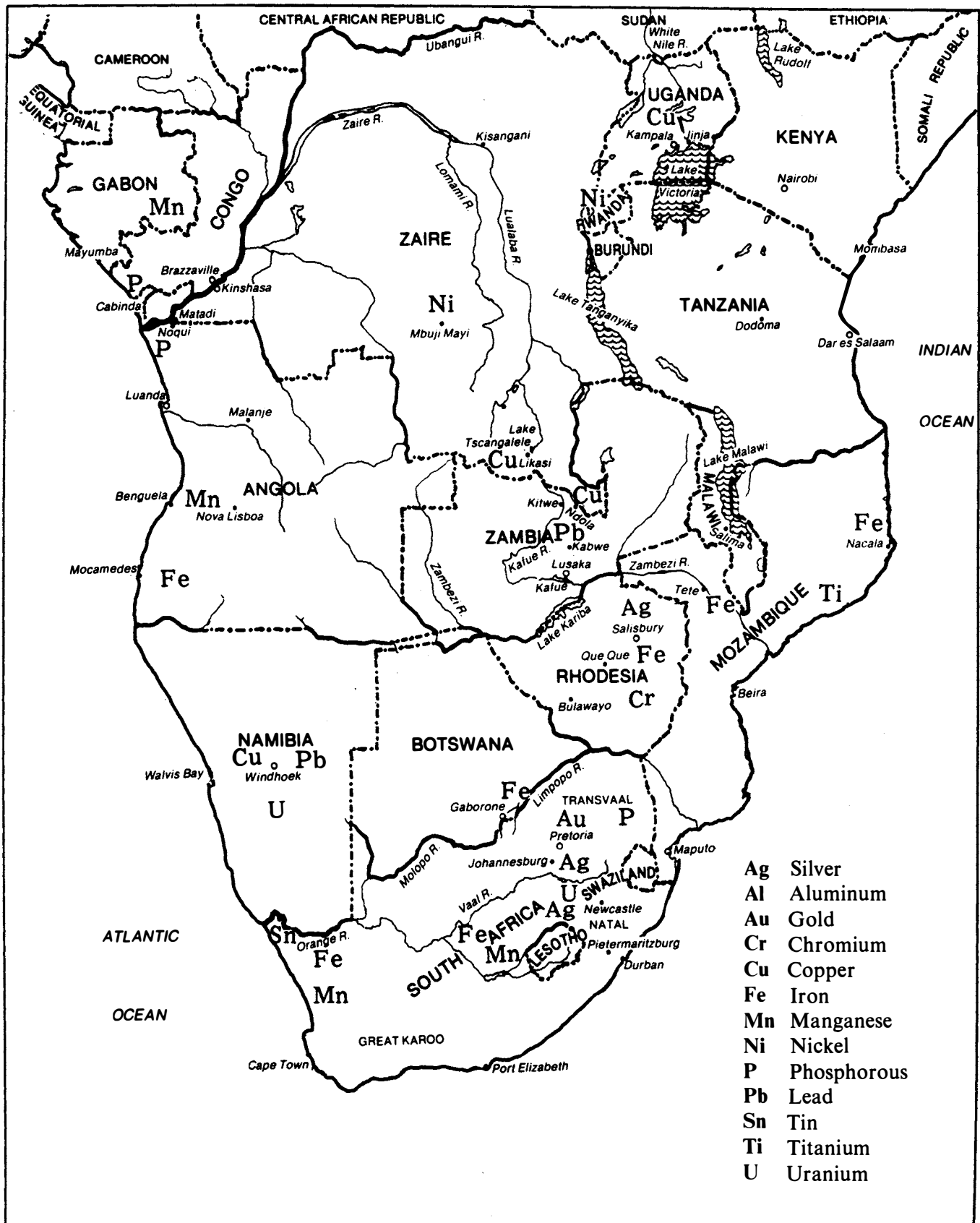
The British have not returned merely to frustrate what is obviously a pathetic liberation movement in

Rhodesia—the stakes are much bigger and much more important. The prize is the control of one of the greatest concentrations of mineral wealth in the world, located in the region of Africa stretching from the belt of Angola and Zaire in the north to South Africa in the south. Control of this region yields control of strategic minerals like cobalt, copper, and uranium along with a large portion of the world's supply of diamonds and gold. Iron ore and other alloys crucial to steelmaking and other industrial processes are also abundant.

Since the days of Cecil Rhodes and his South Africa Company (established in 1889) and the acquisition of the Congo as the personal colony of King Leopold II of Belgium in 1884, control of this strategic region has rested in the hands of the inner elite of the British oligarchy and its continental Belgian-Hapsburg allies. A vast network of mining companies—detailed in this report—including Rio Tinto-Zinc (on whose board sits Lord Carrington), Anglo American, Union Minière, Lonrho, and others continues this control to this day.

The British-Hapsburg objective is not simply to maintain control over the raw materials wealth of southern Africa. It is to keep that region, and the power which rests with the strategic wealth it possesses, out of reach of any other powers in the world. The principal enemy of British control is not the Soviet Union but the continental Western European powers of France and Germany.

Control over southern Africa yields tremendous power to the British and their allies against the Western Europeans who want their European Monetary System and Fund to eventually replace the British-controlled



International Monetary Fund. Not only can certain key raw materials be cut off, like oil from Iran, but the default of major developing sector borrowers in Africa like Zaire and Zambia rests on their mineral receipts.

This strategic dimension has been the most prominent since the fall of the Portuguese empire in 1974-1975 and the independence of Angola and Mozambique under pro-Soviet governments. Socialism, however, is not the real threat that sent South African troops, at Kissinger's urging, into Angola, but rather the creation of a nontribally-based state which was broadly committed to industrially oriented development of Angola. Angola's ties have not been merely to the Soviet Union, but include growing links to the West, particularly France and Italy.

The guiding European conception is the French policy of "Triologue," a triangular axis of Europe, Africa and the Middle East, combining Arab petrodollars and European technology to develop the vast untapped wealth of Africa.

Such an alliance is contrary to the oligarchic policy of maintaining African backwardness around their raw materials extraction interests, using the enforcement power of the "marcher lord" regime of South African Premier P.W. Botha. Tendencies within the South African Afrikaner circles to withdraw into a contained state, holding the line against the post-Portuguese dissolution, have been supplanted in Botha's regime with an aggressive policy which aims at a "constellation of states" in the region operating under South African hegemony. The British installation in Rhodesia is merely one phase of that policy.

The Anglo-Hapsburg axis has the advantage that accrues from a virtual lack of serious political leadership in Africa itself. Most post-colonial leaders have been the carefully nurtured products of the colonial powers themselves.

The oligarchs' own political intelligence arm, the Jesuit order of the Catholic Church and its Protestant World Council of Churches allies, have trained nearly every one of these "liberation leaders" (with the notable exception of Angola). Jesuit-trained Julius Nyerere of Tanzania urged the London conference into being last summer. Zambia's Kenneth Kaunda is a somewhat pathetic "Christian Socialist," who protested loudly as he watched his country's infrastructure being bombed out, leaving his only link to the outside world through South Africa; Jesuit-trained Robert Mugabe is the "radical" leader of the Patriotic Front; and of course the good Christians Bishop Muzorewa and Rev. Sithole, the partners of Ian Smith.

When Lord Carrington walked into the room in London he knew all too well how to achieve his aims, how to make the players move and where to move them.

From Kissinger to Carrington

Here is a brief chronology of the "step by step" road which brought Lord Soames to Salisbury, including the post 1974 efforts of the British, the Americans (particularly Henry Kissinger) and their South African allies.

1974

April. The Portuguese "revolution" opens the door to independence in the colonies of Mozambique, Angola, and Guinea-Bissau. The Frelimo front in Mozambique and the MPLA in Angola begin negotiations to this end.

Autumn. South African Prime Minister John Vorster, reacting to the loss of the Portuguese buffer states, calls for negotiated settlements in southern Africa's confrontation points, particularly Rhodesia.

December. Under South African pressure, Rhodesian Premier Ian Smith releases nationalist leaders Joshua Nkomo and Ndbanangi Sithole and their associates to attend a nationalist unity conference in Zambia.

1975

Spring Summer. Mozambique becomes independent; talks occur in Angola to reach settlement between various groups vying for power.

August. Under pressure again from Vorster, Smith agrees to a conference with black leaders at Victoria Falls, on the border between Zambia and Rhodesia. The talks convene Aug. 26, and collapse the same day. With assurances from Henry Kissinger and urging from then South African Defense Minister P. W. Botha, South African forces invade Angola to block a takeover by the MPLA. Cuban troops and Soviet arms flow in to support the MPLA.

1976

February. South African forces pull out of Angola after failing to oust the Cuban backed government; in Pretoria, Vorster and his allies grumble about being set up and deserted by Kissinger.

March. On March 4 Kissinger announces a new U.S. effort in southern Africa, declaring before the House Committee on International Relations: "We are in favor of majority rule in Rhodesia and we will use our influence in that direction." Kissinger also warns Cuba and the Soviet Union "to act with great circumspection" before getting involved in that conflict. U.S. response, Kissinger proclaims, "cannot be deduced from what we did in Angola."

April-May. Kissinger travels to Africa; in Zambia April 29, he declares U.S. support for majority rule in Rhodesia, offering the State Department's services as "honest brokers" between Rhodesia and South Africa, on one hand, and black Africa and Rhodesian nationalists, on the other. Kissinger meets with Nyerere and Kaunda.

Summer. Kissinger meets with Vorster in Austria. Kissinger follows with a trip to Pretoria where he meets with Smith and offers the first "Anglo-American plan" calling for majority rule within two years, a lifting of economic sanctions against Rhodesia, and a special fund to reimburse whites wanting to leave the country.

October. Under the chairmanship of British Foreign Secretary Anthony Crosland and U.N. Ambassador Ivor Richard, a conference begins in Geneva between the nationalists and the Smith regime. The conference ends in December with no agreement reached.

1977

January. Mugabe and Nkomo join in an alliance, the Patriotic Front, which receives the backing of the frontline states and the Organization of African Unity, rejecting Muzorewa and Sithole who negotiate unilaterally with Smith following this.

Spring. European leaders, including West German Chancellor Schmidt and French Foreign Minister Louis de Guiringaud visit southern Africa proposing economic cooperation and diplomatic support for ending minority rule in Rhodesia. Castro and then Soviet President Podgorny also visit during this period. The Carter administration replaces the Kissinger effort with that of U.N.

Ambassador Young, alongside British Foreign Secretary Owen to convince African leaders that Anglo-American pressure will bring a settlement.

1978

March. Smith signs an agreement for an internal settlement with Muzorewa and Sithole. The Rhodesian army steps up military raids on Zambia and Mozambique, hitting not only guerrilla camps but the economic infrastructure of those countries. General Walls, veteran of British counterinsurgency campaigns in Malaysia and Somalia, becomes the effective power in Rhodesia.

September. The Vorster regime is forced out in South Africa, in an "Infogate" scandal, and replaced by Kissinger ally, anglophile "moderate" P. W. Botha.

1979

April. Walls starts bombing every single road and rail link of Zambia to the sea with the exception of the route to Rhodesia, under conditions of severe economic collapse in Zambia.

May. Elections are held in Rhodesia, placing Muzorewa in office as prime minister of Rhodesia-Zimbabwe.

August. The Commonwealth conference in Lusaka brings agreement between Britain and the frontline states to hold a new conference on Rhodesia.

September. On September 11, the London conference opens with Smith, Muzorewa, and the Patriotic Front in attendance under direction of Lord Carrington.

November. On Nov. 15, the Front agrees to Carrington's demands for British authority during the transition period to majority rule.

December. Final agreement is reached on British transition, with details of a ceasefire to be worked out later. On Dec. 7, Lord Soames is named as Governor General and a U.S.-assisted airlift is prepared to bring 1,200 British troops and their equipment to Rhodesia. Speculation is for a February election. On Dec. 9 the Rhodesian air force raids Mozambique and Zambia bases of the guerrillas, applying final pressures for the ceasefire agreement.

Who controls southern Africa's mineral wealth?

The Anglo American Corporation

The Anglo American Corporation is the flagship holding concern for a vast group of companies, interlocking in ownership and directors, which dominates the mining of uranium, gold, diamonds, copper, coal and other minerals in southern Africa. The chairman of the group is Harry Frederick Oppenheimer. The subcompanies include De Beers Consolidated Mines, Charter Consolidated and Engelhard Minerals. Rio Tinto-Zinc, Lonrho and Union Minière are related to the Anglo American group through political alliances for shared policies. Ultimately, the same families control all the companies, with the names Cecil and Hapsburg most powerful.

The chairman of Anglo American's Diamond Services division is Julian Ogilvie Thompson, married to a daughter of the late Viscount Hampden; the chairman of the Gold and Uranium division is Dennis Etheredge, O.B.E., who worked for South African military intelligence during World War II under Jan Smuts, member of the British Round Table. The Executive Director of Anglo American after the death of founder Sir Ernest Oppenheimer, was William Marshall Clark, a Knight of the Military and Hospitaler Order of St. John of Jerusalem (Order of Malta). The first head of Anglo American's Diamond Security Organization—a private army—was Percy Sillitoe, former director of British Military intelligence—MI-5. Among other notables on the payroll of the Diamond Security Organization is Nathaniel Mbumba, leader of recent "Marxist" invasions of Shaba province in Zaire.

The Anglo American group is deeply implicated in international drug traffic. Its diamond (De Beers) and gold production plays a central role—through non-contractual sales—in laundering the "dirty money" from the dope trade. Accordingly, Oppenheimer has been a board member of the Canadian Imperial Bank of Commerce, a key bank for drug-money laundering. Anglo American board member Sidney Spiro is now on the same bank's international advisory board. Another subcompany of Anglo American is South African Eagle, an offshoot of

Eagle Star Insurance of London, which owns and operates the drug-running empire associated with the Canadian Bronfman family.

Completing the circle, Oppenheimer's Anglo American group passed on executives to the Schlesinger Insurance group, a leading corporate front for the Permindex Organization, an international assassination bureau created under the supervision of Knight of St. John Mortimer Louis Bloomfield, attorney for the Bronfman family. Permindex murdered John Fitzgerald Kennedy. It attempted to murder Charles de Gaulle. Anglo American bought out Schlesinger Insurance in 1975.

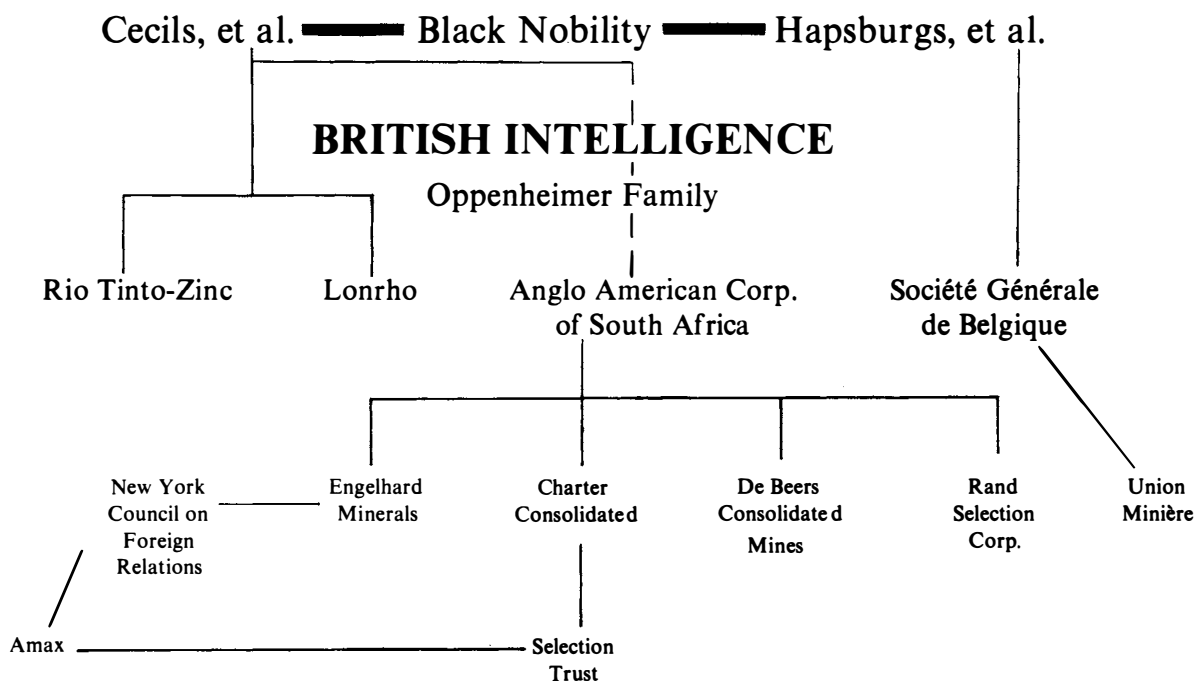
Rio Tinto-Zinc

Rio Tinto's major operations are in iron ore and copper with an important share of uranium. Among the board members is Lord Carrington, a protégé of the Cecil family who is now British Foreign Secretary. Rio Tinto's chairman is Sir Mark Turner, a member of the board (former deputy chairman) of the banking firm, Kleinwort, Benson, Lonsdale, Ltd., another of whose directors is Baron Rockley (Cecil). A colleague of Turner's in World War II British economic warfare and raw-materials control operations was the Marquess of Exeter (Cecil).

The Cecils are among the most powerful of Britain's families—with factional ties to the Hapsburgs and Jesuit intelligence operations dating from the 16th century. Titled the Marquesses of Salisbury, first sons of the family have held office as Prime Minister, leader of the House of Lords, Foreign Secretary, Colonial Secretary and Secretary for Commonwealth Relations in the past 100 years. The capital of Rhodesia, Salisbury, takes its name from the Cecils.

Lonrho, Ltd.

Lonrho, formerly the London and Rhodesia Mining and Land Company, represents both mining and manufacturing interests. The chairman since 1972 has been Duncan Duncan-Sandys (Baron Duncan-Sandys) who owes his fortune to the Cecil family. The baron is a



former son-in-law of Winston Churchill. A deputy chairman of Lonrho is former Bank of England governor Sir George Bolton. Also on the board is Edward du Cann, chairman of the Keyser Ullman merchant banking group.

Union Minière

The only non-British company with southern African mining interests comparable to Rio Tinto-Zinc and Lonrho is Union Minière which is tightly controlled by the finance company Société Générale de Belgique. Union Minière has extensive interests in copper, cobalt and zinc in the Shaba province of Zaire (called Katanga province in the former Belgian Congo), and some investment in Europe and North America. Société Générale/Union Minière organized the recent invasion of Shaba province by "Katangese rebels" in collaboration with the Diamond Security division of the Oppenheimer Anglo American Corporation—with the effect of stopping a French-arranged loan package to the Zairean government.

There is little public-domain evidence of who exerts control over Société Générale de Belgique. However, information received by *EIR* establishes that the control is Hapsburg. Count Otto von Hapsburg and several of his siblings inhabit the board of directors, under assumed names.

Engelhard and Amax

The New York Council on Foreign Relations has its share in the mining complex through Engelhard Minerals, a subcompany of the Anglo American group, and Amax, Inc. (American Metal Climax). The Council on Foreign Relations is the American branch of the Royal Institute for International Affairs in London (British intelligence executive offices at Chatham House). The board of Amax includes George Ball of Lehman Bros. Kuhn Loeb, Gabriel Hauge, chairman of Manufacturers Hanover Trust, as well as two vice presidents of Standard Oil of California. Felix Rohatyn of Lazard Freres, the American branch of Lazard Brothers of London, sits on the board of Engelhard Minerals.

Muslim Brotherhood sends 'killer squads' to the U.S.A.

by Nancy Coker

Within 24 hours of the murder of the Shah of Iran's nephew in Paris Dec. 7, Mustafa Chafik, the head of the Muslim Brotherhood in Iran, took responsibility for the killing and threatened more terror.

"The Islamic Fedayeen [the name of the Muslim Brotherhood in Iran] are continuing their activities in Europe and the United States to identify these wrongdoers and punish them for their actions," stated Ayatollah Khalkhali, a Brotherhood leader in Iran and chief of the Islamic tribunals. "This will continue until all these dirty pawns of the decadent system have been purged."

State Department spokesman Hodding Carter III, asked by *EIR* at a Dec. 10 press briefing about reports that Khalkhali's Muslim Brotherhood killers had been deployed in the United States for assassinations, answered that security measures had been taken for certain individuals because of Khalkhali's threats. Up until a month ago at least, even after the taking of hostages in Iran, National Security Council adviser Zbigniew Brzezinski, according to White House press secretary Jody Powell, was still viewing Muslim fundamentalism, the ideology of the Muslim Brotherhood, as a "bulwark against communism."

Khalkhali's terrorist declaration should relieve any doubts pertaining to the *EIR*'s exposure of the Muslim Brotherhood as a terrorist grouping, and makes even more urgent a thorough investigation into the Brotherhood and its controllers. In the United States a compe-

tent investigation would begin with those in the Carter administration who abetted the rise to power of the Muslim Brotherhood. It would also look at the Muslim Student Organization. The MSA, first established by former Iranian foreign minister Ibrahim Yazdi while he was in the United States, is known to have a terrorist training center in Plainfield, Indiana.

The SAVAK angle

According to sources in Paris, the responsibility for the murder of the Shah's nephew can be laid at the doorstep not only of the Muslim Brotherhood but on SAVAMA, the shadowy intelligence service of Khomeini.

The following evidence exists.

1. Two days before the assassination of Chafik, an Iranian general, Hossein Fardoust, paid a secret visit to Paris. According to Marc Valle, the lawyer for the murdered man, Fardoust is responsible for having ordered the assassination. "You can easily draw conclusions as to who organized the cold-blooded murder," charged Valle, "because it was after Gen. Fardoust's visit that strange men were seen lurking in the area where the killing took place."

Fardoust was formerly the number-two man in the SAVAK, the secret police of the Shah—and is now one

of the leading intelligence officials of Khomeini's SAVAMA intelligence apparatus.

Last month, *EIR* exposed Fardoust as one of the contact men for NATO Gen. Robert Huyser, who was Brzezinski's and Vance's man-in-Teheran during the February revolution to neutralize the military and ensure the downfall of former prime minister Shahpur Bakhtiar.

2. Three weeks ago, two former leading officials of the SAVAK's Foreign Operations Division now working with SAVAMA, also visited Paris to prepare the assassination of the Shah's nephew and to plan other hits against Khomeini's opponents living in exile. The two are Gen. Farouzian, the second-ranking member of SAVAMA, and Gen. Kaveh, the head of SAVAMA.

Following their stay in Paris, members of the Iranian community there have reported an increase in surveillance. Several have reported receiving threatening letters and phone calls.

The SAVAK-SAVAMA operation and, in particular, the role of Fardoust, Farouzian, and Kaveh, were discussed in the Oct. 23 *Financial Times*:

Ayatollah Khomeini's regime in Iran is being actively aided by a number of key military and security officers who were close to the Shah until he went into exile last January. Well-placed Iranians say that among those now holding official or unofficial positions are a number of boyhood friends of the former monarch and the Shah's last chief of staff of the armed forces. Senior figures in SAVAK, the old secret police force, have also apparently switched sides without qualms.

The two most important men believed to have changed sides are Gen. Hossein Fardoust and Gen. Abbas Gharabaghi. They were closely involved in the military's negotiations with the Khomeini camp for a transfer of power during the crucial 48 hours leading up to the Teheran uprising of February.

The present government is meanwhile believed to have retained almost intact three departments of the old SAVAK. These departments include numbers two, six, and eight, dealing with the communists, tribes at home, and counterespionage.

All intelligence activity comes under Defence Minister Mustafa Chamran. Working under him, prominent Iranian exiles say, are two senior members of the old organization, Gen. Farouzian and Gen. Kaveh.

Meet the assassin: Ayatollah Khalkhali

From France's Le Figaro, Dec. 11:

Khalkhali "has made frequent stays in insane asylums under the regime of the Shah, for if he was arrested by the political police for words against the emperor, he was also detained by psychiatrists who were astonished to see this religious man chase after domestic animals in the streets of Qom to make them submit to torture. He had in effect the habit of hanging dogs and cats and of gouging out the eyes of birds. One sees who one is dealing with.

"And yesterday, he told us, just like that, that it was he who had organized the assassination against the nephew of the Shah in Paris. He added that that was only the beginning and that the whole Pahlevi family 'was going to get it' as well as the ex-prime minister, Shapur Bakhtiar; about twenty former officials under the Shah; and even 'the people who inhabit the White House.' "

In short, Khomeini's secret police SAVAMA is largely composed of the repressive apparatus of the Shah's SAVAK. The connecting link is the Muslim Brotherhood, itself an agency controlled by British intelligence operatives.

Confirming Khalkhali's boast that he and his hit men were behind the assassination in Paris, French police have reported that they have evidence linking the murder to Khalkhali's Fedayeen-e Islam.

From Iran itself, Foreign Minister Sadegh Ghotbzadeh is doing his utmost to protect Khalkhali. In a Dec. 9 television interview, Ghotbzadeh claimed that "Khalkhali is not head of anything."

According to insiders, Khalkhali—a certified lunatic who used to torture and dismember animals until he was committed to an insane asylum years ago—is not only chief of the Muslim Brotherhood in Iran but heads the Islamic tribunals. Khalkhali has also been given the responsibility for security inside the "holy city" of Qom itself. According to these same sources, Khalkhali and his Fedayeen were responsible for the attempt to assassinate opposition figure Ayatollah Shariatmadari last week.

Half of Iran in rebellion

The rebellion that has engulfed Iran has the support of approximately half the country's population located in five distinct ethnic areas.

The central figure of the insurgency is Ayatollah Shariatmadari, the second highest ranking religious leader and Khomeini's premier rival. The base of Shariatmadari's followers is the city of Tabriz, the capital of Azerbaijan province in northwestern Iran, whose population is Turkish-speaking Azerbaijani Turks, who comprise one third of Iran's population. Azerbaijani Turks also comprise one third of Teh-

eran's population. There is also a strong pro-Shariatmadari militia in the holy city of Qom, where Shariatmadari is now residing.

Shariatmadari's followers have seized control of Azerbaijan, expelling pro-Khomeini government troops and representatives, seizing the radio station in Tabriz, and kicking out the pro-Khomeini governor. The Iranian army, which is largely commanded by Azerbaijani officers, is largely behind Shariatmadari.

Many leading opposition figures and groups which supported Khomeini's Islamic regime have since broken with the Ayatollah

and gone into Azerbaijan, notably the Fedayeen and the Mura-dine al Khalq. These two guerrilla groups have also lent military backing to the Kurdish minority's opposition to Khomeini. As well, a number of prominent figures associated with the National Front have broken their allegiance to Khomeini and sought refuge in Azerbaijan. The influential former head of the National Iranian Oil Company, Hassan Nazih, is now working closely with Shariatmadari. Nazih's influence extends into the oil producing region of the Khuzestan district.

Shariatmadari is backed in his confrontation with Khomeini by other ethnic minorities in Iran, including the country's 4 million Kurds. Both the Kurdish Democratic Party and Sheikh Hosseini, the religious leader, have endorsed the rebellion.

In Khorasan province, the Turkomen population there is led by Ayatollah Qomi, who maintains close ties with Shariatmadari and has mobilized his followers behind him.

In Baluchistan, Baluchi rebels there have taken the pro-Khomeini governor of the province hostage.

Although Khuzestan province is reported to be presently quiet, the Arab Sunnis who comprise the bulk of the population are reportedly at odds with Khomeini's fanatic brand of Shiite fundamentalism. Also residing in Khuzestan is the Bakhtiari tribe, who maintain their loyalty to former prime minister Shahpur Bakhtiar, now in exile in France. The situation in Khuzestan is crucial, given the fact that it is that province that produces Iran's oil; the Arab and Bakhtiari populations there comprise most of the labor for Iran's oilfields.



International Intelligence

EUROPE

Schmidt boasts of approving Pershing missiles

Chancellor Helmut Schmidt of West Germany has boasted that he was the first political leader to call attention to military strategic imbalances in Europe favoring the Soviet Union, in an interview with West German journalists this week. Schmidt, speaking one day after NATO's Dec. 12 meeting, where the Bonn government joined London and Washington in approving the production of Pershing II strategic nuclear missiles for later stationing on the continent, was asked about his "warning" on Soviet strength at the London meeting, responding: "Not only there (London), but also in personal discussions with Mr. Brezhnev, Kosygin, Gromyko, and in my talks with many other statesmen in the East and West ... We are very much interested in the extension of cooperation with the East ... but this can only be done from a standpoint of equality between East and West. Balance, that is the real purpose of the decision NATO made yesterday ... The Soviets have undergone a remarkable rearmament in accordance with SALT I."

One reporter pointed out that Moscow has taken an extremely hard line against the decision NATO has just taken—the Pershing II missile's production. Schmidt said, however, "I think it can be taken as certain that the Soviet Union will not step out of international disarmament talks ... they wouldn't do that. The Soviet propaganda will not stop that soon, naturally...."

One respected and knowledgeable European commentator, however, sharply disagrees with Schmidt. Frenchman Paul-Marie de la Gorce—whose views often represent those of the Giscard government—wrote in *Le Figaro* that West Germany's adherence to the NATO decision on new missiles has granted hegemony to the "Schlesinger doctrine" of "tactical nuclear war" in-

side NATO. Either West Germany now continues its present course, which is extremely provocative toward the U.S.S.R. and increases the likelihood of war, or West Germany follows in France's footsteps and leaves NATO altogether. Approving the Pershing missile decision, says de la Gorce, leaves the Bonn government no third course.

Italy's Communists threaten government collapse

Emmanuele Macaluso of the Italian Communist Party's (PCI) Central Committee said that his party considers the time ripe for an end to the "truce" represented by the present coalition government under Christian Democratic Premier Francesco Cossiga. Macaluso made his statement during an interview published in the Dec. 16 issue of *L'Espresso* magazine.

An unofficial consensus had existed that the present government should be allowed to rule until after the Christian Democrats' national congress at the end of January. However, it appears, said Macaluso, that the Christian Democratic congress won't solve anything, and nothing is to be gained by waiting. Macaluso said that the PCI, the country's second largest political party, will not support any government in which it is not represented at the cabinet level.

Cyprus to Britain: Get out

Cypriot President Spiros Kyprianou issued a call this past week for the dismantling of the two military bases that Great Britain maintains on the island nation.

In a Dec. 3 address, President Kyprianou asserted that his government will never allow the use of the two bases for operations beyond what was agreed upon with Britain. He also states that in

the future the Cypriot people would like to see their island completely demilitarized.

The two British bases in Cyprus, one of which is known to house nuclear weapons, are used as intelligence-gathering posts and command centers for terrorist and gun-running operations in the Middle East and eastern Mediterranean, according to intelligence specialists.

MIDDLE EAST

Muslim Brotherhood terrorists infiltrate U.S.A.

The Carter Administration is covering up the fact that hundreds of trained assassination squads under the command of Iran's Ayatollah Khomeini and the Muslim Brotherhood have secretly infiltrated the United States and plan to carry out terrorism here.

According to highly reliable Iranian sources, when the students seized the U.S. embassy in Iran, they acquired the use of the official U.S. visa stamp, and proceeded to issue hundreds of illegal visas for entry into the United States. Since mid-November, at least 300 Iranians have entered the United States bearing false visas. Informed sources report that these students are members of Iran's secret police, SAVAMA, and Ayatollah Khomeini's Muslim Brotherhood.

Last week, following the murder of the Shah's nephew in Paris, Khomeini announced that he has killer squads "in Europe and the United States" to hunt down "opponents of the Revolution."

The U.S. State Department and other agencies, including the Immigration and Naturalization Service, have knowledge of the entry of these terrorists because they have traced the serial

International Intelligence

numbers on the phony visas—yet they have done nothing. In addition, the INS has been enjoined from carrying out federal orders to expel Iranian terrorists as the result of a court decision Dec. 11 by Judge Joyce Green, who ruled that the INS was violating the civil rights of Iranians by demanding their passports be checked! That suit was brought as a joint action of the Socialist Workers Party and the National Emergency Civil Liberties Committee, a Communist Party front. Both the SWP and the CPUSA are supporters of the terrorist Iranian student organizations.

LATIN AMERICA

Bolivia: heading for another coup?

Bolivia's recently appointed interim civilian president, Mrs. Lydia Gueiler, announced Nov. 30 an economic austerity package including a 25 percent devaluation of the Bolivian peso, substantial price hikes in gasoline, and a rise in the interest rates on loans from 16-19 percent. The measures, which Gueiler's military and civilian predecessors were unable or unwilling to impose, correspond to the "financial stabilization" package set down by the International Monetary Fund as conditions for providing debt relief and lifting a months-long credit blockage. Bolivia is now scheduled to receive \$500 million in aid from the IMF, World Bank, Interamerican Development Bank, and the Venezuelan and U.S. governments.

While the Gueiler government's austerity package won praise from the international banking community, the unpopular measures have provoked a domestic crisis in Bolivia and renewed rumors of military coup conspiracies. The powerful Bolivian Confederation of Labor, which has denounced both the IMF and the "reactionary" Gueiler cabinet,

held a 24-hour national general strike this week in support of peasant organizations who are demanding higher prices for their produce.

Brazil devalues currency

Foreign investors have reacted with confusion and concern to Brazil's 30 percent "shock" devaluation of its currency and dismantling of its corporate subsidy system. President J.B. Figueiredo's Dec. 7 announcement is designed to clear away a complex system of economic incentives and controls which encouraged industrialization.

Under pressure from an unpayable \$50 billion debt burden, Brazil is now attempting to curb imports and stimulate exports, especially of agricultural products. Since it is not clear yet how the latest "drastic" changes in the Brazilian economic model will accomplish these goals, further steps are expected.

One big question is where the investments needed for added production will come from. The government is ending its generous programs of subsidized credit. The devaluation hits hardest at companies which will now have to come up with 30 percent more cruzeiros to repay their foreign loans; and bankers expect many of these to go under, unless bailed out by the government. Even those "smart" companies who sheltered \$5 to \$10 billion from the devaluation in special Central Bank accounts now find those funds effectively "frozen," and are "moaning and groaning about how bad they had been deceived," according to a knowledgeable bank source.

The new measures slash food subsidies and come on the heels of a 58 percent gasoline price boost, fueling inflation already over 75 percent, while wages are being increased only 57 percent. A series of spontaneous riots of poor workers highlight the popular desperation. The Times inquires, "Can the negative consequences of the new measures be contained at a time of increasing unrest?"

Briefly

● **KOREAN GENERAL** Chung Seung Hwa, Chief Martial Law Administrator since the assassination of Park Chung-hee, has been arrested amid rumors that a coup is in the works in Korea. Chung was arrested by his deputy, Army Counter-Intelligence Corps chief Chung Dong-won, who is said to reflect "young generals" in the Korean military. The State Department response was quick, calling on the Korean military not to halt the pace of "democratization."

● **EDWIN REISCHAUER**, the former U.S. Ambassador to Japan is reported by reliable sources to be worried that the Korean Christian opposition might be trying to move too fast to force liberalization. A member of the Council on Foreign Relations, Reischauer reportedly fears that the job has not been done properly, and could provoke the Korean military to clamp down on the Jesuit-directed Christian opposition.

● **SADASIVA DANGE**, founder of the Indian Communist Party (CPI) resigned his post as party chairman and issued an open letter attacking the party leadership for its alliance with Prime Minister Charan Singh. Dange states that: "Our failure to understand Indira Gandhi as representative of the patriotic national bourgeoisie which is intrinsically anti-monopolist, anti-imperialist and anti-feudalist in character ... has landed us into the most ridiculous position."

● **A SOVIET MILITARY** delegation led by the commander of Soviet ground forces concluded lengthy visits to the southern African countries of Angola and Mozambique on Dec. 5. The Soviet visit comes amidst continuing South African raids into Angola, and immediately preceded the reimposition of British control in Rhodesia.



Kennedy: A NATO for energy

With Teheran mobs enthusiastically chanting "Teddy for President" in Farsi following the Senator's attack on the Shah last week, Edward Kennedy has unveiled his policy for dealing with the Iranian crisis: cartelization of world energy resources and distribution.

Citing the possibility of a Middle East oil shutdown developing out of the situation in Iran during a campaign speech in Chicago, Dec. 10, the Democratic presidential contender called for the United States and its allies to form a "NATO" energy alliance. "Just as we have a NATO to defend Europe," Kennedy said, "we must also forge an alliance for collective energy security." According to the Massachusetts Senator, a longtime proponent of slashing energy use, this new alliance "should provide for more effective conservation [and] increased oil-sharing" on an international basis.

Kennedy's energy adviser Jim Kubie told a reporter that the senator decided to issue his proposal now because he is "extremely dissatisfied" with current levels of cooperation among the Western nations in cutting their energy consumption and believes that only a new "transnational institution" can enforce the necessary cutbacks.

Bush uses 'who lost Iran' theme

Republican presidential hopeful George Bush has kicked off a campaign to win the White House based on charges that the Democratic administration of Jimmy Carter deliberately lost Iran for the United States. On Friday, Dec. 7, Bush declared that as soon as the immediate crisis around the hostages cools down, investigations should begin into the Shah's charges that the Carter administration deliberately undermined the Shah by refusing to allow his military to put down the Khomeini opposition.

The following day, Bush told a campaign rally in New Hampshire "I have already made my criticisms of American policy in Iran as early as May. I was right. People will understand that and make the appropriate decision on the election."

When pressed on this in private discussion, Bush was forced to admit that his "national security estimates" when at the CIA did indeed show that the Muslim Brotherhood was the dominating force behind the destabilization of the Shah.

A Reagan-Haig ticket?

Amid endless media reminders that Republican presidential contender Ronald Reagan is a vulnerable 68 years old, the London *Economist* is suggesting that Alexander Haig's best route to the presidency might be, literally, over Reagan's dead body.

In its Dec. 8 issue, the Rothschild-owned financial magazine, among the earliest boosters of Haig's presidential aspirations, concludes a favorable story on the

armchair general with this scenario: "It is hard to imagine that the general might actually be nominated by the Republican convention. ... and he does not seem a probable compromise nominee in the event of a deadlock. General Haig could, however, hope to be someone's—almost anyone's—vice-presidential candidate. If the nominee is of Mr. Reagan's age and uncertain health, that job might be worth having."

Of pots and kettles

John Connally has decided to grab for the Presidency by portraying himself as a true American patriot defending the country against "Eastern Establishment insider" and fellow GOP contender, George Bush. Big John, who, not two months ago claimed to this news service that he'd "never heard of" the New York Council on Foreign Relations, is now loudly asserting that Bush is not qualified for the Presidency because of his membership in the CFR and the Trilateral Commission.

True enough, Bush is a silver-spoon member of the east coast anglophile blue bloods who, under London's direction, run U.S. policy; and was, until recently, a member of the CFR's board of trustees and the Trilateral Commission.

But for Connally to play to Americans' gut distrust of the CFR gang is truly a case of the pot calling the kettle black. Bush may have been a Council member, but Connally is on the board of directors of the Mellon Foundation which supplied the principal funding for the Council's *Project 1980s*.

The only difference between Bush and Connally is that where Bush is one of the Council's insiders, Connally is just run by them.

Congressman warns of world war over Iran. Rep. George Hansen (R-Idaho), who recently returned from an unofficial Teheran mission, warned of the danger of World War III erupting from the Iran crisis in a speech on the House floor Dec. 5—a speech totally blacked out by the news media. “I do not know if there are people in this country who really want to provoke this crisis to a point of war,” he told the House, “but I must caution you that what we are talking about is a confrontation with a fairly large nation having vast resources, with a lot of military given to them by our own government—a country in an area where there are many other nations with elements hostile to the U.S. . . . There are combined hundreds of millions of people and a threat to a considerable amount of resources that would be most disruptive to us and to Western Europe, and this is all on the doorstep of the Soviet Union.

“This is Armageddon territory,” Hansen warned. “It has World War III possibilities, and it seems that if we do not want to find ourselves in a fight of this proportion over an argument of where a deposed ruler gets his medical treatment, we had better start talking. It seems that somebody had better start getting better intelligence.”

Hansen charged that the administration was at best failing miserably in its intelligence and diplomatic efforts concerning the hostages. Hansen reported that the State Department had made no ef-

fort to debrief him on his trip to Teheran and his meeting with some of the hostages. Two lower level State Department functionaries were dispatched to his office at his request and at the prodding of other Congressmen. Hansen stressed that the kind of unofficial diplomatic liaison which he established could undoubtedly be reproduced by the State Department if they wanted to.

Hansen concluded, “I challenge members of this body and the administration to insist that they get the intelligence that is available from people who have been there.”

Sources on Capitol Hill report that Hansen has put out feelers to establish a bipartisan task force to investigate all aspects of the crisis.

Banking reform legislation stalled. Conceding defeat, Senator William Proxmire (D-Wisc.) said on the Senate floor Dec. 10 that his attempt to railroad sweeping banking reform legislation has been stalled until at least February 1980. Proxmire, who is chairman of the Senate Banking Committee and House Banking Committee chairman Henry Reuss (D-Wisc.) had engineered the passage of H.R. 4986 through the House and Senate. The Senate version of the bill would have repealed Regulation Q, the effect of which would destroy the interest rate differential allowed between savings institutions and commercial banks. This differential provides slightly higher interest

rates for savings banks, making them attractive for depositors and providing revenues enabling them to offer, for example, low-cost home mortgage loans. Regulation Q also provides a certain hold on skyrocketing interest rates.

The House version of the bill, while not tinkering with Regulation Q, imposes mandatory Federal Reserve membership requirements in the Federal Reserve System for commercial banks of a certain size, thus destroying the concept of a dual banking structure in the United States.

Reuss and Proxmire were eyeing a Jan. 1 deadline for railroading both versions of the bill through a House-Senate conference following a U.S. Court of Appeals decision declaring improper the existence of NOW accounts. The court said that on Jan. 1 banks can no longer offer these accounts without Congressional legislation.

However, lacking Senate support for mandatory Fed membership, and House support for repeal of Regulation Q, Reuss and Proxmire were forced to retreat and have instead proposed a ninety day extension on the use of NOW accounts. In conceding defeat Proxmire said, “unfortunately the House conferees state they need time to address the Reg Q issue in hearings in February. Therefore no resolution of H.R. 4986 can be arrived at by the end of this year.”

Jake Garn (R-Utah) and ranking Republican on the Senate Banking Committee, noted that “the Senate Banking Committee

has failed to complete its consideration of that [Fed membership] issue."

Senate Judiciary Committee endorses criminal code bill. The Senate Judiciary Committee, headed by Senator Ted Kennedy (D-Mass.) voted 14 to 1 on Dec. 4 in support of the Omnibus Crime Bill introduced by Kennedy. The bill is better known as S.1, its designation last year when it in fact passed the Senate, only to be stalled in the House. The legislation has been widely criticized for its tendency to place the criminal justice system on a basis of retributive justice, not reform of the criminal. The bill would eliminate all paroles and hand down sentencing guidelines for judges.

The bill also effectively decriminalizes marijuana with the penalty for using small amounts being a \$500 fine and 5 days in jail. The one Senator to vote against the bill in the Judiciary Committee, Mathias (R-Md.) did so because he objected that the marijuana provisions did not provide strict enough penalties.

The bill will be filed with the Senate before the Christmas recess Dec. 21 and action by the full Senate is expected shortly after their return in January.

The House Judiciary subcommittee, working on a similar bill, will finish mark-up by Dec. 18 and then go to full committee. House action is expected by June.

Tax Social Security checks? The Social Security Advisory Council submitted a report on Dec. 7 to the House Ways and Means Committee proposing major changes in tax policies. Their suggestion is that half of every Social Security recipient's benefits be taxed at normal income tax rates. According to staff members on the committee, social security benefits are already so low that many of the recipients will not even be in the taxable bracket.

The Social Security Advisory Council is constituted every four years by the Secretary of the Department of Health, Education and Welfare to review the social security system and make recommendations. The Council is headed up by Henry Aaron of the Brookings Institution, the Washington, D.C. think tank associated with the Council on Foreign Relations. Another Brookings Institution member is Joseph Pechman, an economics advisor to Senator Ted Kennedy (D-Mass.) who is also a Council member. Another Council member, Melvin Glaser, was a leading figure in the United Autoworkers Union.

The Committee plans to issue the report shortly as a House document and begin hearings on it next year. But already Congressman Young (R-Alaska) has moved to preempt taxation of social security benefits. On Dec. 6, Congressman Young introduced legislation preventing such a taxation. "I had heard that the Council would come out in the report advocating taxing

social security benefits and that's why we introduced our bill. It is a preventative thing," declared an aide to the Congressman.

Omnibus anti-drug legislation on the agenda? Sen. Sam Nunn (D-Ga.) announced at Dec. 11 hearings of the Permanent Subcommittee on Investigations that he intends to introduce a package of legislation early next session aimed at strengthening law enforcement against narcotics trafficking and dirty money laundering. Nunn's statement came in the midst of hearings covering six days of testimony.

While Nunn will be addressing the health implications of drug usage, including marijuana, his central thrust against the international financing apparatus for drug traffic is unique to Congressional investigations in recent memory. The highlight of the hearings came Dec. 11 when real estate specialist Charles Kimball presented evidence showing that large portions of Florida's legitimate economy is based on dirty money.

Other witnesses include investigators from the Drug Enforcement Administration, the Justice Department, Treasury, Customs and the Internal Revenue Service. Nunn has indicated that his legislative initiatives will concentrate heavily on giving these agencies the tools they need to conduct investigations of drug traffic financing.

National News

Rep. Hansen demands Congress investigate Iran terror

Congressman George Hansen (R-Id.) demanded on Dec. 13 a congressional investigation into the U.S. government's handling of the Iranian crisis. Two weeks ago, Hansen paid a visit to Tehran on a fact-finding tour, and sources close to Hansen reported that the purpose of his trip was to "get the goods" on the Trilateral Commission and the Council on Foreign Relations for their actions in Iran.

At a press conference at the National Press Club in Washington, Hansen compared the bungling and outright treason concerning Iran to the U.S. debacle at Pearl Harbor in 1941, and he said that now, as then, officials will have to pay with their jobs for the crisis.

Hansen especially singled out the danger resulting from the threat of Ayatollah Khalkhali, the head of the Muslim Brotherhood in Iran. "We are now told that Ayatollah Khalkhali, a high figure in the current Iranian government, has sent assassination squads throughout the world to search out and destroy the 'opponents of the revolution.' Dare we assume that this is an idle boast in view of the assassination in Paris of the shah's nephew? Does the threat extend to people residing in our own country, even to elected and appointed officials?"

Bush plans to exploit Iran crisis

A George Bush for President campaign insider outlined for *EIR* the intended impact of the Iranian crisis on the 1980 election. "The entire election campaign revolves on the Iran issue. Kennedy will be blamed as a traitor when the hostages are killed. His campaign will not survive the death of the hostages. Iran will not

hurt Carter, but he will be hit from all sides on the destruction of our intelligence capabilities. Bush will pick up this theme, as the expert" with intelligence experience.

Bush's strategy is to use the Iranian debacle to play up his credentials. He is a former director of the Council on Foreign Relations, a member of the Trilateral Commission, and a former CIA director. But as such, he was intimately involved with those circles responsible for bringing down the Shah of Iran and installing the Ayatollah Khomeini. The same circles, led by David Rockefeller and Henry Kissinger, were responsible for pressuring the Carter administration to admit the shah to the U.S.A., precipitating the Iranian "student" takeover of the U.S. embassy in Teheran.

Kennedy sheds liberal cover at Chicago CFR

A much-publicized speech before the Chicago Council on Foreign Relations on Dec. 10 was the occasion for Democratic presidential contender Edward Kennedy to shed the last layer of his well-cultivated cover as a liberal on foreign policy issues.

The Massachusetts senator was most vociferous in his Cold War stand against the Soviet Union. "We must deal with the dual danger of a Soviet arsenal of mounting weaponry and a Soviet policy of constant probing wherever they see opportunity and vulnerability," Kennedy told the council.

In other remarks that echoed recent policy statements of retired NATO Gen. Alexander Haig, whose candidacy for the White House on a GOP ticket is being mooted, Kennedy announced his support for a new MX missile system and the maintenance of the U.S. naval base at Diego Garcia in the Indian Ocean. Both statements were policy reversals for the senator.

"The United States must never retreat in the face of rising Soviet power,"

he said. "This nation must never accept second place in national security." Some political observers have commented that Kennedy is making political hay over the Iran crisis, while hoping to conceal his longtime connections to former attorney general Ramsey Clark, Princeton University Professor Bernard Lewis, and others who were instrumental in installing Khomeini in power.

Hispanic American Dems meet in Denver

A new national Hispanic political association was formed in Denver Dec. 7-9 which promises to play an important role in shaping the political development of the nation's fastest growing minority.

Approximately 300 delegates, representing 10 states, with significant Hispanic populations, and Puerto Rico, voted to form Hispanic American Democrats. David Lizarraga, a southern California Democrat, was elected chairman.

From a minority which traditionally votes upwards of 80 percent Democratic, the convention brought together the greatest concentration of Hispanic leaders in the party outside of full party conventions. Included were Reps. Roybal (Ca.) and Garcia (N.Y.); Miami Mayor Maurice Ferre; New Mexico Lt. Governor Mondragon; over a dozen state senators and assemblymen from California, New Mexico, Texas, Colorado and New York; and Hispanic political appointees in Washington and several state houses. The keynote address was given by President Carter's White House liaison with Hispanics, former UNESCO Ambassador Esteban Torres.

Though the convention did not officially endorse any 1980 candidate, representatives of Carter, Kennedy, LaRouche, and Brown met privately with numerous delegates to line up or confirm support.

Political observers noted a surprisingly subdued Kennedy presence, in the leadership of a minority often viewed as solidly lined up with the Kennedy camp.

Kennedy floor leaders admitted that the endorsement from Chicago's Mayor Byrne and Kennedy's campaign statements on Iran had hurt him and that the race among Hispanics is up for grabs.

San Francisco elections: defeat for 'Jonestown machine'

The results of the Dec. 11 elections in San Francisco, Ca. are in and it looks like the voters are wary about being represented by politicians with ties to the People's Temple of Jim Jones.

By a margin of 3 to 1, District Attorney Joe Freitas lost to his opponent, Arlo Smith. Freitas was the subject of a 50,000-run leaflet issued by the nonpartisan Citizens for San Francisco on Dec. 5. Freitas, reported the leaflet, had hired Jim Jones, president of the People's Temple, to investigate charges of vote fraud in the Moscone-Barbagelata mayoralty race.

Incumbent Mayor Diane Feinstein won her election bid against Quentin Kopp with 54 percent of the vote. Citizens for San Francisco are reportedly investigating the possibility of fraud. Feinstein too has ties with the People's Temple cultists. The mayor's most prominent black supporter with a machine to get out the vote is State Assemblyman Willie Jones, a close friend of Jim Jones.

NSC plans Persian Gulf invasion

The "highest circles in the administration have already decided on the destruction of Iran's navy and air capabilities and the introduction of sufficient force into Iran to effect the partition (between the U.S. and U.S.S.R.) of that nation," said a source close to former NATO Commander Gen. Alexander Haig.

The presidential okay for such an

operation is guaranteed, said the source, based upon a National Security Council profile of President Carter as a "religious fundamentalist." According to the profile, "Carter is a fundamentalist nabob. He will never deploy violence unless violence occurs against Americans. ... The hostages have been written off by the highest circles in Washington. ... The hostages are already dead. ... When he is made to see that, Carter will be gotten to intervene."

These same circles concede that this might trigger World War III. Said our source, "Iran will be partitioned. We think the Soviet Union is interested in partition. If the Soviet Union doesn't accept this, it could mean World War III."

Congress Panel finds 'no barrier' to fusion

After two days of deliberations and expert testimony, the House Science and Technology Subcommittee on Energy Research and Production's Fusion Advisory Panel concluded Dec. 11 that there are "no scientific or technical barriers" to the development of fusion energy by the 1990s. The panel further found that the only existing impediments to the U.S. fusion effort were "lack of funding" and "the current Carter administration policy" to delay fusion development for another 40 years.

Congressman Mike McCormack, the chairman of the Energy subcommittee, put it this way: "The technology is available today to develop magnetic fusion ... in the 1990s, about two decades earlier than the current Department of Energy plan.

"Fusion has been perceived only as a long-term energy source," McCormack said. "Recent successes in the fusion program oblige us to change that view." Fusion is not just another energy source, McCormack said, it is the only energy-dense source which can provide unlimited, cheap, and clean energy.

Briefly

● ANTHONY SOLOMON, Undersecretary of the Treasury for Monetary Affairs, called for the imposition of IMF controls over the U.S. economy during hearings conducted Dec. 12 by Senator Adlai Stevenson's sub-committee on international monetary affairs. "... The Fund's examination goes beyond narrowly defined exchange rate policy to encompass the broad range of economic policies affecting balance of payments adjustment. The IMF has begun to implement the new surveillance arrangements."

● PRESIDENT CARTER announced on Dec. 12 his intention to increase the military budget five percent over the rate of inflation for the fiscal year and a five-year military plan that would see defense spending increases of 4.5 percent above inflation each year. Spending would go toward development of the mobile MX missile and completion of the rapid strike forces.

● THE DEPARTMENT of Public Utilities in Massachusetts announced on Dec. 11 that it will require an investigation of the financial health of the Seabrook, N.H. nuclear project, before allowing the state's municipal electric light companies to invest in the project. The decision was made on a motion by State Attorney General Francis X. Belotti and indefinitely delays the implementation of a proposal by Massachusetts Municipal Wholesale Electric Co. to purchase a 5.6 percent share of the Seabrook facility.

● SEN. EDWARD KENNEDY held a \$1,000 a plate dinner at the Park Plaza in Boston on Dec. 12 with 500 people attending. The money was there, but as the *Boston Globe* ruefully conceded the following day, it was like "betting on one horse among several," and the crowd was reported to be "very fickle."

Lots of oil, but no gasoline

Oil production and export from producing countries remains at record highs—a virtual oil 'glut'— but none of it is being taken off the boats for refining into gasoline.

Last week this column documented little-publicized facts showing that the world is currently in the midst of what can only be described as a "glut" in world oil production. Total world production this year is at a record 63-plus million barrels per day or more than 6 percent higher than 1978—when there was no Iran crisis.

But now consider the situation at the refinery end. At the end of November, primary stocks of gasoline at the refinery level stood at 224 million barrels, according to figures from the American Petroleum Institute. The Department of Energy defines 219 million barrels for this period of seasonal demand as a red-line "minimum acceptance level." This means that there is less than one day's supply over that level.

Already there are warnings of gas spot shortages in the New York metropolitan area, particularly Long Island where major oil refiners such as Exxon have cut back dealer allocations by as much as 19 percent over the same period last year.

Because of a form of price-induced conservation over the past 12 months, national gasoline consumption is down 5 percent over the previous year. The oil is there, sitting in primary and secondary storage, in VLCC supertankers off the coast of Norway and the Port of New York ... the gasoline is not. Refinery utilization nationally

in the last week averaged a little more than 87 percent of capacity. Previously, a figure of 91 percent was considered normal.

In short, the refiners are not refining gasoline.

Last summer, the Department of Energy set an arbitrary stockpile level of 240 million barrels of home heating oil reserve to be in place by October. This target was met, but met in part at the expense of refining gasoline. In fact, this nation has never had a level of home heating oil stocks as high as 240 million barrels.

Now, the situation is a chilling replica of the contrived shortage situation at the exact same period last year. Major oil companies such as Mobil, who are also culpable in forcing the OPEC price dramatically upward by reselling OPEC crude illegally on the Rotterdam spot market for more than twice what they pay OPEC producers such as Saudi Arabia, are withholding stocks. They argue the uncertainties in the Middle East. The fact remains that with the Dec. 17 OPEC meeting in Caracas—where official OPEC prices are expected to rise a significant \$4 per barrel over the current \$23.50 price—the major holders of unrefined crude stocks stand to gain an enormous paper "windfall" profit showing on unrefined inventories. In short, it is overwhelmingly in their interest to allow a precarious supply situation in gasoline to de-

velop in the United States.

Add to this an administration embargo against import of Iranian crude. Although the amount is on the order of several hundred thousand barrels daily, less than 3-4 percent of total U.S. supply, the embargo creates a further pressure of apparent crisis in supply, for the Iranian oil is being sold on spot markets for as much as \$46 a barrel, according to reliable estimates. The net result is not political pressure on Iran but rather a further upward pressure on world oil prices.

At this point, another ominous element has been added into the makings for an orchestrated crisis to develop early next year. Late last month the administration managed, quietly, to get Congressional passage for a long-sought emergency gas rationing authority. In tandem, Deputy Energy Secretary John Sawhill, who sits on the board of the anti-energy environmentalist Aspen Institute think tank, together with Robert O. Anderson of Atlantic Richfield, just announced formation of an energy "crisis management" task force incorporating the new Federal Emergency Management Agency (FEMA). Sawhill heads the task force which would run all allocation of energy supplies in the event of a disruption of supply such as the trouble in the Persian Gulf could trigger. In this situation, with existing gasoline stocks so perilously low, the country could be thrown under wartime emergency powers over all aspects of the economy and national life, administered by Sawhill's task force. Does this sound anything like an energy dictatorship? We think so.

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