

EIR

Executive Intelligence Review

Volume 8, Number 3

January 22-28, 1980

Carter's sanctions: Who really gets hurt
How long can Pakistan's Zia last
Will Iowa's 'uncommitted' defeat Carter again?

**Will Europe stop
the drive toward world war?**



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

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Subscription by mail for the U.S.:

3 months—\$125, 6 months—\$225,

1 year—\$400

ISSN 0 146-9614

EIR

From the Editor-in-Chief

The Carter administration seems to have committed itself to a path of global confrontation with the Soviet Union. From grain embargos and trade cut-offs to arms for China and Pakistan, the policies of the administration add up to a "flight forward" into not only Cold War but perhaps Hot War. The current prevailing illusion in Washington is that this "get tough" posture will call the Soviets' "bluff."

Our contention, from the intelligence available to us, is that the empty hand is on this side of the global poker table, the other side knows it, and a continuation of what is now proven a failed strategic policy can lead ultimately only to total disaster. This week our Special Report focuses on a fact which has been almost completely covered up in the U.S. press: that our major European and Japanese allies agree with our assessment.

We have examined the European response in detail and how Europe is desperately trying to keep the world in a war avoidance mode. Our Contributing Editor Criton Zoakos leads this report with a strategic analysis of the European response. This is followed by European desk expert Susan Welsh's report on overall EEC policy, a further detailed look at French and German response, particularly that of German business, and an analysis by European Editor Vivian Freyre Zoakos of the crucial role that Italy might play in the crisis. We also provide our readers with the text of Soviet President Brezhnev's important statement responding to the administration's measures. Finally, we briefly describe the Japanese response—like that of the Europeans they say "no" on joining sanctions and the like.



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What do oil prices do to average profit margins ?

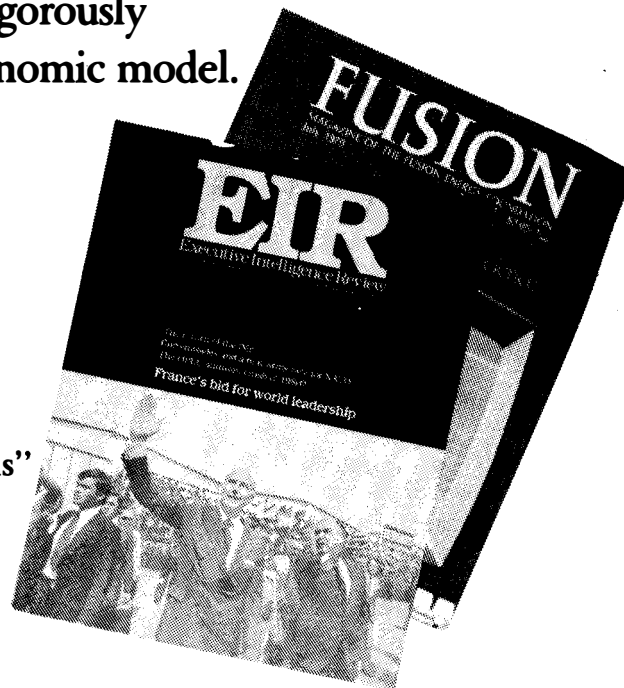
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Editorial Comment

by Nora Hamerman

Kissinger's consensus

For more than one reason, it is useful in these days of grave international crisis to reflect back on the United States presidential election in 1976. At that time, this publication presented the clinical evidence showing that Jimmy Carter, who became the Democratic Party's presidential candidate, was insane. And we warned that the policies of the men controlling the Georgia peanut farmer would lead to nuclear war.

Jimmy Carter won in 1976, in part through vote fraud—which we documented. But his victory was assured by the fact that President Ford refused to dump the most hated man in America, Secretary of State Henry A. Kissinger. Many Americans understandably believed that simply getting that particular lunatic out of the button room would assure national survival—not realizing that Kissinger's and Carter's backers were the same people.

The nasty irony is that today Henry Kissinger enjoys as much if not more power in Washington than in his days at Foggy Bottom. He is going around, from the OpEd page of the *New York Times* to the Sunday television interview shows, advertising his offer to build a "national consensus" around what he likes to describe as a "bipartisan" foreign policy. In Western European capitals, the peripatetic Kissinger calls himself the leading member of the "shadow government."

What Kissinger means by "bipartisan" and "consensus" is given away by the story of how the Carter administration's "Carter Doctrine" was actually formulated—a story you will read in the *EIR's* national report this week and nowhere else in the U.S. press. Imagine 45 of the most discredited old fools in U.S. policy making over the past 30 years. Picture these disreputable old men—the individuals who brought you the Bay of Pigs, the Suez Crisis, the Cuban Missile Crisis, the Vietnam War; the men who have conspired to enforce International Monetary Fund "conditionalities" and World Bank "appropriate technologies"

throughout the developing sector, turning it into a nightmare of genocide and war "hot spots"—at a special briefing session for President Carter on the current U.S.-Soviet crisis.

Democrats and Republicans, "hawks" and "doves," decided there that Carter should pursue a showdown with the U.S.S.R. in precisely that area of the world where Soviet conventional military strength is overwhelmingly superior—leaving the Soviets with no choice but to conclude that the United States plans a tactical nuclear strike against the Warsaw Pact. What the Soviet General Staff will do in response is clear to anyone who is not blind or totally out of his mind.

That lunacy is Henry Kissinger's "consensus." On Jan. 9, Kissinger flew to Washington for private consultations with self-styled foreign policy experts. According to a close associate, he advocated a "definitive show of force" in Iran by the U.S.—even if it is not effective. Days later, policy shifted abruptly from making a "deal" with the Khomeini regime into pressing for United Nations sanctions against those erstwhile Islamic fundamentalist allies, and threats to mine the Persian Gulf.

Henry Kissinger in the past has, not jokingly, declared his ambition to become emperor of the United States. What became clear during his NBC television appearance last Sunday was his conviction that the vaunted "consensus" cannot emerge unless the U.S. Constitution is thrown away, particularly the electoral process. Nothing could more demonstrate the flagrant contempt with which the faction behind Henry regards the American voter, Democrat or Republican, than last week's secretive White House meeting of hoary oligarchs, conspiring to blunder into World War III.

All the more reason why the U.S. 1980 presidential campaign must be used as the major forum for debating and challenging those policies: there is very little time to undo the terrible mischief that was done in 1976.

Carter's sanctions: Who really gets hurt?

by Richard Freeman

The Carter Administration's imposition of trade sanctions on U.S. export of agricultural goods and high-technology components to the Soviet Union will have a devastating impact on the U.S. economy, especially on its most important industrial and agricultural sectors. The sanctions, which deny U.S. shipment of 513 million bushels of grain and the cancelation of applications for export licenses involving deals totaling several billion dollars could have an effect approximating a strategic bombing of U.S. industry and farm centers, sparing the Soviets the effort.

Hastily slapped together, although long on the backburner, the sanctions will hardly dent the Soviet Union's trade. Already, for every high-technology deal the U.S. backs out of, the French, Germans and Japanese—and even Argentina and Brazil—are poised to step in with the denied goods. While the U.S. was sending Undersecretary of State Christopher to various European capitals to arm-twist leading nations into joining the boycott this week, high-powered trade delegations from Nippon Steel and from Krupp Gmb arrived in Moscow to talk big trade deals.

Meanwhile, the governments of Brazil and Argentina announced they would send wheat and soybeans to the Soviet Union to replenish some of the agricultural supplies cut-off (see box).

The parallel threat of an international banking community cut-off of credit to the Soviets, voiced this week in the London *Financial Times*, is just as unlikely to succeed. The Soviets—resting on large gold holdings—are more secure financially than the Western creditors who propose to withhold financing from them.

In and of itself, the loss of trade with the Soviet Union, valued at only \$2.5 billion in 1979 exports, does not seem a big loss. This after all is merely 2 percent of 1979 exports of approximately \$145 billion. Moreover, the industrial segment of this export, approximately 25 to 30 percent of the \$2.5 billion level or \$650 million, is not very large.

Yet this belies the true significance of the move. The most important segment of an economy is that part which represents its highest technology—telecommunications, nuclear, electronics, computers, and other capital goods. This segment thrives only in the context of an export trade, where the introduction of these high-technology goods on foreign markets particularly in the Third World, keeps order books full and growing.

The Soviet Union, the world's second largest economy, represents a potentially unlimited market for U.S. high-technology exports. President Nixon recognized this and during his May, 1972 visit to Moscow, where he signed an historic series of trade, scientific and cultural accords, the President stated that trade with the Soviet Union had the potential of doubling every few years to the point that, by 1980, U.S. manufactured capital goods exports could have been \$10 billion to the U.S.S.R.; to the East bloc as a whole, the total might have reached \$30 billion this year and possibly much more. Nixon, however, did not remain long in office.

Recognizing his point, export-oriented West Germany has enabled its high-technology sector to grow by leaps and bounds through increased trade with the Soviets and East bloc. The accord for a 25-year trade deal between Schmidt and Brezhnev in May, 1978 was an

outcome of this process. The French announced this year they had tripled their trade with the U.S.S.R. over five years. This also makes the point: an export oriented economy whose technology is forging ahead.

The chart shows the same to hold true for both Japan and Italy.

Yet, beginning with Nixon's removal from office, the U.S. has let its trade with the Soviet Union decline. This is reflected in the fact that since 1976, overall U.S. exports, when corrected for inflation, have barely risen at all.

The loss of the Soviet trade will mean a serious setback for the U.S. industrial sector. The \$2.5 billion in total exports, by itself, means roughly 75,000 to 150,000 jobs in high-technology industry or related agricultural production. A Commerce Department rule of thumb says that each \$1 billion of exports means 30,000 to 60,000 industrial and agricultural jobs, depending on the blend of industries affected. Moreover, the U.S. boycott of the Soviets implies increasing hostilities with the East bloc as a whole—an additional \$2 to \$3 billion in exports that could be jeopardized or lost. Much of the trade with the remainder of the East bloc is in capital goods.

It has been suggested by leading Defense Department sources, that with the current U.S. war build-up, U.S. goods originally destined for the Soviet Union, consisting mostly of electronics, computers and drilling equipment, will be absorbed into U.S. armaments capacity within the U.S. This might be the case. But if that were to occur, the purchase of the equipment would have to be born by the tax-payer, contributing to inflation. Moreover, it would lock the U.S. into a national-autarchy war economy, an unacceptable solution.

The U.S. embargo will have some impact on other countries' trade with the Soviets. For example, it is pointed out that the firm Honeywell-Bull, the French electronics firm, is pushing hard to expand its orders in the Soviet Union, but relies on a special part that is only produced by U.S. Honeywell. This part, of course, is now embargoed. However, if the Japanese and French combine, within 3 to 6 months time, they can come up with a suitable replacement. At this point, U.S. goods are no longer indispensable, and the U.S. is perhaps permanently out of a major market. Various combinations of other countries can and will step in.

If the U.S. continues its sanctions-and-bluff course, Soviet and East bloc orders will be far from the only losses. Representative is the case of Iran. By playing the "Islamic fundamentalist card," Secretary Vance and security director Brzezinski have lost the U.S. \$5 to \$8 billion in exports to Iran, again most of a high-technology nature, and perhaps a quarter of a million related high-technology manufacturing jobs.

The continental European powers, France and West Germany in particular, have indicated that they do not

Europe and Japan's stake in trade with the Comecon bloc

Exports to Comecon during 1979

	Estimated dollar value	Percent of total exports
West Germany	\$9.0 billion	5%
Japan	7.0 billion	5
France	5.0 billion	4
Italy	2.8 billion	5
United States	3.0 billion	1

share President Carter's penchant for self-inflicted economic collapse. In a series of statements by government officials and leading business spokesmen, the French and Germans, joined by the Japanese, have said they want no part of the boycott. They will vote up resolutions against the Soviet Union in the United Nations, but not where it counts—they will not surrender East-West trade.

The accord signed by Brezhnev and Chancellor Schmidt in May, 1978—for five consecutive five-year trade accords—is representative of the type of arrangements involved. Since then, Chancellor Schmidt has used the leverage of stable relations with the Soviets, along with Giscard of France, to further the design of the European Monetary System.

Despite intensive pressure from Washington, conveyed by Undersecretary of State Warren Christopher this week in Bonn, the German business community to a man is denouncing or pooh-poohing the boycott. Otto Wolff Von Amerongen, the grand old man of German industry who rarely speaks publicly unless he is speaking for a consensus, said Jan. 13, "The industry of the Federal Republic of Germany is interested in maintaining detente relations with the Soviet Union and will try hard to increase the exchange of goods with the East bloc."

In the middle of the U.S. press hysteria over Afghanistan this week, Bertold Beitz, head of Krupp, was in Moscow finalizing a mammoth 20 billion Deutschemark (\$11.6 billion) natural gas pipeline deal for the immense west Siberian oil fields. A more direct slap in the face to Jimmy Carter can hardly be imagined.

The Japanese, at the same time, had a steel delegation in Moscow led by Nippon and three other companies. They are negotiating a 700,000-pipe deal, which if concluded will be financed by the Japanese Eximbank.

Perhaps the most insulting rebuff of Vance and Brzezinski's trade sanctions came when long-standing U.S. allies, Argentina and Brazil, decided that they had dis-

covered "free enterprise" and would ship to the Soviets much of the wheat and soybeans the U.S.S.R. needs. In addition, as one leading British merchant banker in New York City stated Jan. 15, "the Soviets might always get this grain by way of France from France's secondary grain market. There's a history of this, you know." In addition, reports the Jan. 15 *Journal of Commerce*, the last month has seen a sharp increase in the number of Soviet ships loading and unloading grain in the harbor of Hamburg, West Germany.

A trump card?

To get tough, the U.S. State Department and the British financial press are now talking of a U.S. trump card: U.S. banks will lead the international banking community in a boycott of lending to the East. The Jan. 10 *Financial Times* blared a front-page headline, "Tough Line Likely on Further Lending to East Europe," which appeared above a story predicting that the West might cut off future lending to the East bloc, and get tougher on rolling over East bloc debt.

A quick glimpse of the facts shows that the State Department and the British are engaged in wishful thinking.

The total external debt of the East bloc is currently placed at roughly \$75 billion, of which \$45 billion is lent by private Western banks and \$30 billion is lent by the agencies of Western governments. On the private debt, East European nations owe \$4 billion in debt service in 1980, and may be expected to take out another \$3 to \$4 billion in new borrowings from private banks, if past yearly levels hold this year.

How does the United States figure in this overall picture? The U.S. private banks, stationed at home, abroad and including wholly owned subsidiaries, hold approximately \$7 billion in obligations against East bloc governments. This represents 15.5 percent of total Western private bank lending to the East bloc. On the government lending side, the U.S. holds only \$1 billion of East bloc obligations, which is only 3.3 percent of the Western total. Overall, the U.S. holds \$8 billion of the \$75 billion in combined Eastern European debt, 10.6 percent. This means that a full 90 percent of the debt is held by other countries, principally Japan, West Germany, France and Italy. It is clearly they, and not the U.S. who will call the shots on lending to the socialist nations. The actions of these continental Europeans and the Japanese in concluding trade deals with the Soviets this week speaks firmly: No cut-off of lending is contemplated.

Were the U.S. to suddenly refuse to roll over their portion of the \$4 billion in debt service the East bloc owes this year to the private banks, the Soviets could solve any difficulties by selling gold on the open market. The Soviets sold 400 tons of gold in 1978, but cut back sales of gold to 200 tons in 1979. If one assumes that the

Soviets mined and refined 400 tons of gold last year, but only sold 200 tons, then they have an additional 200 tons in storage. But the crowning irony of the situation is that they are so secure financially that for the last six months the Soviet Union has been prepaying on their loans from private Western banks.

In sum, the U.S. will not dent the Soviet financial situation and barely change its trade position. The Europeans and Latin Americans will gain by the situation. Indeed, the only large victim of the Carter administration sanctions policy against the Soviet Union will be the American industrialist, the American farmer, and the American consumer.

America's friends answer 'No'

Brazil. "This is one of the few times when the country could take advantage of an international crisis situation," stated Brazilian Finance Minister Karlos Rischbieter Jan. 11, in explaining why Brazil rejects a grain embargo of the Soviet Union. Brazil exports some corn and a large part of its big soybean crop to the Soviet Union.

West Germany. "Political developments demand political reactions in the first place. General boycott and embargo actions have never had success, but rather lead to disintegration of the international division of labor and of world trade. Rhodesia survived sanctions and the Soviet Union will do that, only more comfortably," said leading German businessman Otto Wolff Amerongen in the Jan. 13 *Welt Am Sonntag*.

Argentina. "We will not participate in the boycott. We were handled badly. We simply received a letter asking us to a meeting at which it was implied we were expected to agree to the U.S. grain blockade," said an Argentinian diplomat speaking Jan. 15.

France. "The relations which we ... have with the Soviet Union are normal economic relations through which we export all kinds of advanced equipment albeit not necessarily sophisticated, and we buy full price a whole series of goods, notably oil. We buy more oil from the Soviet Union than from Iran—and also cotton and several raw materials. ... I will add that France has as a principle not to use its trade relations with states for political ends." This statement was made by French Foreign Minister Jean Francois-Poncet during a Jan. 6 interview with Europe No. 1 Radio Station.

The embargo's effects

A price tag totalling at least \$15 billion

The estimate of a \$14 billion price tag on Mr. Brzezinski's food weapon, currently circulating in some circles to gasps of disbelief, might just turn out to be on the conservative side. Every indication at this time is that it may in fact take \$15 billion or more—an amount double President Carter's projected 1980 federal budget deficit—to prevent a financial catastrophe in the farm sector due to the grain embargo.

Agriculture Secretary Bergland has been given carte blanche powers by the White House to "spend whatever it takes" to soften the blow on farm producers. But few observers believe that his boss, Mr. Carter, can not be just as easily convinced tomorrow that it is his image as an enforcer of sacrifice—"the man who kept his promise to hold the deficit to \$15 billion"—that will win him the renomination. It is, after all, the same Jimmy Carter who in 1976 solemnly promised he would never use food as a political weapon.

It is not clear what the Administration will actually do to back up its new promises. More will be known, perhaps, after Secretary Bergland is put through the wringer at congressional hearings scheduled to begin Jan. 22. As of Jan. 15, however, the situation was, in the words of a Washington source, "wide open." The Agriculture Department has not yet made a decisive move on even the first thorny issue it has brought down on its own head—namely the form, and therefore the amount, of its restitution to the grain companies holding the embargoed contracts. Will the Department reimburse the cost of the grain paid to producers, or will they cover the grain companies' sales price to the Soviet Union?

The grain companies for their part emphasize that they have been caught out on an impossible limb, with long hedges—that is, hedges based on a rising price trend—in the face of a declining market, and that the smaller and cooperative export companies couldn't survive it. But the cost of abrogating the contracts does not simply correspond even to the face value of the negotiated agreements; all other contracts, to other trading partners are put into question and possible renegotiation. And prospective buyers will hold off signing any contracts, anticipating further price declines.

But the Agriculture Department's dilemma over what to do with the embargoed contracts is just the beginning of the mess. Whether the contracts themselves cost the government \$2 billion or \$4 billion, there is growing recognition that the total cost of the embargo—discounting for a moment the relatively incalculable—will be a far sight greater than the \$2.5 billion tag the Administration has put on Zbigniew Brzezinski's folly. It is not irrelevant to note that the Administration implemented the grain embargo without a shred of analytical consideration of its impact on the farm sector. A Washington correspondent for *Feedstuffs* reports that the USDA walked into its first meeting with grain exporters convinced that most of the embargoed grain was owned by farmers, backing that conviction up with shockingly inaccurate figures.

As various agricultural consultants told the *New York Times* on Monday, the bill for the grain embargo could exceed \$5 billion. But when \$2 billion to finance a 1980 cropland diversion program and another \$2.5 in lost export revenues are added to the \$2.5 contract payoff, it tallies up to about \$7 billion.

There are, however, several further considerations. The first is whether markets and prices can be stabilized at a high enough level so as not to bankrupt producers. After falling the limit for two days last week when the

How much will the embargo cost?

\$ 3 billion	CCC purchase of embargoed contracts
\$10 billion	Agriculture Department expenditures for cropland-diversion and price-support programs
\$ 1 billion	CCC appropriations for export credits to market embargoed grain
\$ 1 billion	Outlays and tax credits for gasohol program

\$15 billion.....TOTAL COST

commodity exchanges were reopened, prices stabilized at the lower brackets on Friday. As has been emphasized, "removing" the embargoed grain from the market by no means eliminates its price-depressing effects. Agriculture Department announcements Jan. 15 that 1979 crops had been even greater than the records first estimated—corn output up more than 4 million tons from the November estimate, and soybeans up nearly 1 million tons—will not help.

There will likely be large crops in 1980 since producers will have to attempt to make up for the lower prices with a larger volume of saleable output, but feeding the price decline spiral. This will necessitate huge government price support program outlays, and/or a set-aside program that is handsome enough to buy farmer participation.

While it is impossible to quantify precisely at this point, it is useful to note that price support outlays for 1979, a year when market demand firmed nicely even with larger output, were a hefty \$5 billion. Projected to drop by \$2 billion in the Carter 1980 budget, these outlays could instead easily double to \$10 billion in 1980.

There are two additional related cost factors to consider in costing out the embargo. The Commodity Credit Corporation's (CCC) appropriation for export credit-lines to market the at least 17 million tons of grains it will be holding will have to be increased. Slashed to \$800 million by Carter, most observers concur that it will have to be boosted by about \$1.5 billion for 1980-81.

The preposterous presidential gasohol program—\$3 billion worth of outlay over ten years to develop the industry—show that it will cost \$8.5 to \$12.8 billion over ten years—or about \$1 billion per year when lost revenues are taken into consideration. A massive subsidy program, the gasohol plan will grant federal tax credits of 44 cents per gallon to gasohol producers. This is most significant in light of the fact that not only have numerous studies repudiated the notion that gasohol represents any kind of viable and cost-effective energy source, but even gasohol proponents involved in the industry have denounced the administration's claims that the industry can absorb 5 million tons of grain this year with or without the subsidies.

So, the bill for the embargo looks like it could add up to about \$15 billion. But, the broader damage and the cost of restoring efficient planning, production and marketing all the way down the line in the farm industry is virtually incalculable at this moment.

There are however a number of very clear indications of the scope of implications. First and foremost is the danger of a grave financial crisis in the farm sector. Even before the embargo, as a result of 20 to 30 percent inflation in key production costs such as energy and credit over 1979, farm income in 1980 was slated for a 20 percent drop, to perhaps the lowest inflation-adjusted

level since World War II. Obviously giving the income drop another shove, the embargo policy may also act to drive up production costs, undermining farm income by that route. For instance, if Mr. Brzezinski succeeds in embargoing Soviet ammonia exports to the U.S., as he is feverishly attempting as of today, fertilizer costs this spring will jump another notch above the 15 to 20 percent rises already registered over last spring. Ammonia prices had been far and away leading the pack.

A farmer cash-flow crisis

Before the embargo, economists had estimated that to get through in the face of a 20 percent income drop, producers would have to rely significantly on increased borrowing to finance normal production and operation costs. As of Jan. 1, 1980, approximately \$70 billion in private credit was outstanding in the farm sector. Producers need this and more, starting now, for 1980 production—but any further income threats immediately puts this credit in jeopardy. The cash-flow squeeze on producers exacerbated by such severe income drops intersects an already precarious situation in the regional credit markets created by the Volcker tight money policy. Private commercial bank lending has been severely curtailed, and where funds are available at all, rates have shot up several notches since Oct. 6 when the Volcker squeeze was announced. Producers can turn to the Farm Credit System, but under the income pressures forecast it is questionable whether many of them can take on the additional credit burden, especially at the higher rates that prevail in the FCS. A self-supporting borrower-owned institution, the Farm Credit System raises its loan funds on the national money markets and its interest rate structure is therefore more closely tied to the higher money-center rates.

The magnitude of cash-flow crisis in the cards will probably necessitate vast new outlays under the Farmers Home Administration "economic emergency" loan provisions—they have already channelled nearly \$10 billion in "disaster loans" into the farm sector since 1978 as credit conditions worsened. Anything less is toying with conditions ready-made to trigger a chain reaction of defaults.

Even less readily calculable at this moment is the impact in terms of the rest of the economy—from agribusiness suppliers such as seed, fertilizer, chemical and equipment producers and dealers. Not only are these in danger, but it is certain that these producers will be forced to budget-cut on future capital expenditures as much as possible.

Finally, America's credibility as a reliable supplier has, perhaps, been destroyed for the foreseeable future—and its command over expanding markets therefore that much weakened.

—Susan Cohen



Exclusive interview:

'This will dog farmers for years'

The following interview was granted to EIR by David Diehl, the agricultural advisor to Democratic presidential contender Lyndon LaRouche. Diehl is the former president of the Michigan Cornrowers Association and a former national board member of the National Cornrowers Association. He owns a 4,000-acre farm outside Dansville, Michigan. In February, Mr. Diehl will be campaigning in New Hampshire for LaRouche's primary election victory there.

Q: President Carter's initial announcement that he would ease the effect of the grain embargo on the American farmer has been more or less retracted. Why?

A: President Carter realizes that his chance of getting the money out of Congress for price supports is politically small. We are talking about between \$8 and \$10 billion. You might get Congress to go along with between \$2 and \$3 billion, but never \$8 to \$10 billion. As a result Carter is backing off from that offer. It would mean that Carter would be buying the grain that shippers should have in stock at this point. If he didn't do that, he would be stuck with it and there would be a dramatic loss. The bad part of this situation is that Carter will ultimately have to pick up the tab.

Q: Does this mean that more family farms are going to go under in 1980?

A: Whether or not they go under in 1980 isn't necessarily the question. The thing that worries me the most is that this is not a one-year proposition. We are looking at a problem that will be dogging farmers for at least five years. We are dealing with that kind of a dollar expenditure and dollar loss for agriculture every year for that five-year period. It is not just that problem.

In addition to that loss in the farm sector, there is money that farmers aren't going to be spending in the rest of the economy. And from the voice of experience, farmers tend to spend money as fast as they earn it. This is going to mean that farmers aren't going to be buying a lot of machinery, it is going to mean that farmers aren't going to be hiring any extra help, it is going to mean that farmers are going to put off every possible expense that

they can. When you talk about the loss in the machinery sector for example, agriculture uses more steel than the automotive industry. You are talking about compounding rather dramatically some of the problems we have in the economy now. A farmer's problem in the long run is going to be everybody's problem. I don't know how to put a dollar estimation on it, but I am sure the figures would be astounding.

Q: In other words, this grain embargo will increase already rising unemployment among industrial workers?

A: Right. You are looking at a whole series of agricultural-supporting industries being targetted. It is going to mean that we are going to be cutting back our building, fertilizer expenses and so on. There will be a ripple effect.

Q: What will this mean in terms of U.S. grain supplies, will there be a glut of grain on the market?

A: The grain will be stored. We are looking at a rather interesting situation. Farmers came out of a year when they had record crops, it appeared that we would be able to sell a significant portion of those.

We had already a significant supply of grain on hand to start with. Now, in one year we are going to add 50 percent to that. While Carter is talking about putting this grain in a reserve program, it doesn't take it off the market, because the grain still hangs over the market. It just means that it puts a lid on the market. It will come back into the market at some point. A lid has been put on the market temporarily, the market knows that the grain is there and, as a result, can afford to bid less all the way along.

The other side of the problem is that a segment of the market that the American farmer had come to count on is now lost to us. It appears to be lost for a relatively long time. There is no way that we can practically reduce our production other than through government payments. So, we are going to be continuing to overproduce for the next few years.

To carry the argument a step further, it has been the export market which has kept the American farmer healthy. The U.S. farmer is keyed to being a dependable

supplier overseas. Carter's program is now putting the American farmer in the position of being an undependable supplier. Because other countries will say, "If we don't mind our Ps and Qs according to the administrations's specifications, they will cut off our grain supply."

Whether or not that is true, the precedent is being set for it to be true. A lot of countries may feel that they can't afford to set a pattern of being dependant on the U.S., so that in addition to losing the Russian sale, we will lose many other future sales that would have allowed us to increase our productivity.

Q: What are the other markets that the U.S. farmer looks to?

A: Primarily Europe, Japan, and China is becoming increasingly important. All of these countries need us to certain degree, and we will continue to export to a certain degree, but we aren't going to be able to expand those markets as dramatically as we thought we would be able to. When you come back to the basic effects this has on the farmer, one of the most frustrating things is trying to figure out which direction the pricing structure will be going. It is a very complex problem, in a certain respect it is a guessing game.

We had been more or less promised by Carter that agricultural price supports was an area into which he wouldn't interfere. We had discounted the possibility of problems in that area.

Q: Do you mean that the American farmer doesn't know when the economic setbacks caused by the grain embargo will end or how far they can go?

A: Or what more steps may be taken by the government in this whole process. There could be many. We are caught in a situation where the factors we have historically used to make decisions are no longer valid. It becomes very hard to manage business in that respect.

The grain embargo will have the biggest effect on the Midwestern grain farmer and the plains states farmer. At this time of year, you start looking at your plans for next year. Now we are up in air because we don't know what is going to happen.

The decision as to what percentage of our acreage is for what crops was made in November and December. We have to start ordering supplies and commit ourselves to various programs then. There is a limited amount of change that can be made, but it becomes more difficult the later in the season it becomes. Now we have mid-stream changes and many of us are caught with decisions that cannot be reversed and they are turning out to be very wrong decisions. It complicates our management problems tremendously.

Q: Will more land be lying fallow next year?

A: Not to any large degree. One of the problems we face as farmers is that we are still a large collection of small businessmen. We cannot get together and say "Hey, everybody, cutback 10 percent" even though that might be the best immediate step to take.

The mechanisms aren't there to do it. The only opportunity an individual farmer has to make things work is to get as much production as he possibly can to counteract the low prices, even though it might be a better overall policy to cutback right now.

Q: Is there a possibility that the embargo could cost Carter the farmer vote?

A: It's too early to judge. In the long chance that Carter's action prompts the Russians to pull out of Afghanistan, farmers may say that the whole exercise was worth it. We are willing to pay that kind of price. At this point, the odds on this happening are almost nil. Then it will be very hard for farmers to support him.

Q: Have you seen among farmers any sentiment in favor of a "Food for Crude" policy?

A: There is discussion of it but I doubt it will be realized. Most farmers don't feel that they can justify using food as a political weapon for moral reasons. The primary reason grain was shipped to the Soviet Union was most farmers felt it was raising the Soviet citizen's diet. Most farmers do not want to hurt or hinder the progress of the average citizen overseas. Withholding food has that connotation.

Q: I understand you run a 4,000 acre farm with eight people. Is this unusual?

A: No. In fact because we are involved in remodeling and expansion I have more labor than is necessary for strictly farming activities...

A management approach is necessary in farming. As labor becomes more expensive, farmers tend to turn to machinery. I have to compete with a local Oldsmobile plant for labor where the prevailing wage is about \$10 per hour. Over time that \$10 per hour can buy a lot of machinery, which is one reason why agriculture is a highly capital intensive business.

Right now I am considering expansion and am trying to find ways to handle 8,000 acres with a four-man crew. The technology does exist to do this. The machinery would be similar to what we use now. It would be larger, include some computerized systems, but the technology does exist. The potential exists right now for one man to run two or three machines by operating a computer without having to actually be on any of the machines. I think this will happen in the not too distant future. I believe that in my lifetime, one man will be able to farm a million acres.

Carter sends gold flying

The strategic posture of the United States in the face of the Soviet Union has made more to do with soaring gold prices in the past week than any market factors....

Continental European investors took one look at President Carter's response to the Soviet intervention in Afghanistan last week and made a mad dash for gold, bidding up the price to an incredible \$777 an ounce on Jan. 16. The European perception is that Carter is leading the U.S. toward a military showdown with the Soviets, which the U.S. at this time could only lose. The run into gold is Europe's overwhelming vote of "no confidence" in Carter, the U.S. strategic position, and the future of the U.S. economy.

The initial surge of gold buying last week came from large West German banks, who most likely were acting on behalf of Middle East investors as well as their traditional European clientele. Most of this European buying involved cash purchases of physical gold, ignoring the U.S. futures markets where regulators have attempted to crackdown on speculative activities in silver.

The European-led goldrush also came in the wake of the Jan. 5 Bank for International Settlements meeting in Basel, Switzerland, where the French and West German central banks vetoed a plan for coordinated central bank gold sales to drive down the price. According to a Bundesbank source, the West German bank actually threatened to *buy* gold if other central banks sold it.

The French and West German

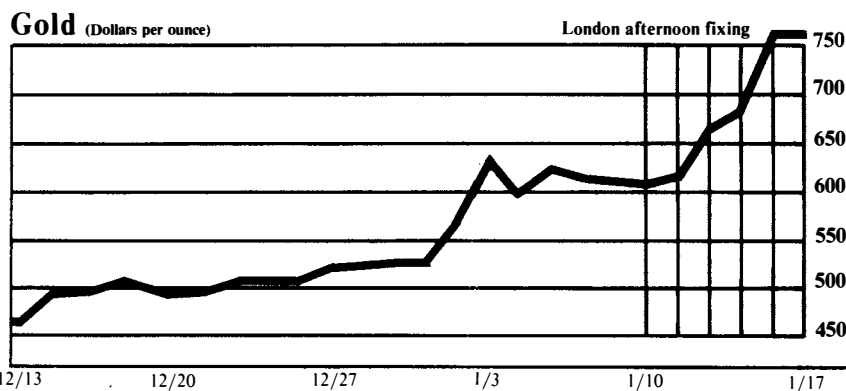
refusal to part with their gold stocks in turn forced the U.S. Treasury to back down on its plans to hold further gold auctions. It would be inappropriate to sell gold in an "unsettled, uncharacteristic marketplace," said G. W. Miller. Following Miller's remark, gold immediately shot through the historic \$700 barrier. The Treasury's nine-year campaign to "phase gold out of the international monetary system," which began when John Connally ended dollar-gold convertibility in August 1971, is now as good as dead.

The intensity of the gold panic has terrified even British policy-makers, who had previously hoped to use gold's rise as a club to enforce new austerity measures in the U.S. The British now fear that the flight into gold could so discredit Western currencies as to leave only the gold-backed Soviet ruble standing. In a Jan. 12 edito-

rial, entitled "Leave Gold Alone," the *Economist* raved that the French and West Europeans had "turned chicken" when they turned down the plan for joint gold sales.

The key question now is: Are French and West German policy-makers merely building gold-lined bombshelters or are they taking positive steps to end the war danger and coordinate with the Soviets to construct a new gold-based world credit system. French President Giscard d'Estaing is preparing a proposal for substantial international monetary reform to be presented at the April economic summit in Venice. This plan, according to top French sources, may be similar to the proposals of U.S. presidential candidate Lyndon LaRouche, who has suggested that the European Monetary Fund issue gold-backed bonds to soak up excess dollar liquidity and invest the proceeds in Third World industrialization projects. Should the European plan succeed, the gold price could stabilize at substantially below present levels.

But April is a long time to wait, and, as long as the threat of a U.S.-Soviet confrontation hangs over us, the price of gold might as well be infinity.



Military crisis suspends dollar dumping

Circles that opposed the dollar politically and financially a short while ago now fear that attacks on the currency will be perceived as attacks on NATO....

At deadline the U.S. dollar was stable above DM 1.73, significantly higher than its level of the past three weeks. According to one West German banker, "There is demand for dollars because people do not want to hold the currencies of countries which are too close to Eastern Europe." Of course, it would be irrational nonsense to guess the consequences for foreign exchange of Soviet tanks moving through the Fulda Gap, but this remark indicates how overriding military considerations are.

Western European central banks, since the Jan. 8 Bank for International Settlements meeting in Basle, have adopted a strong dollar-support stand because any perceived abandonment of the dollar would now be viewed as abandonment of NATO. This is not to say that Western Europe is committed to NATO's survival through the present crisis; the Europeans emphatically refused to take measures to halt the rise in the price of gold, forcing the U.S. to abandon its own gold sales. However, the last thing West Germany in particular will do under present circumstances is to take symbolic action against the United States in such a way as to put the onus of a NATO crisis on their heads. Carter is doing a good enough job of that as it is. willingness to trigger a major crisis of the dollar at this time. Saudi

Otherwise, Europe and Japan have aggressively countered American trade policy through such open overtures to the Soviets as the recent Krupp and Nippon Steel visits to Moscow, and semi-clandestine discussions of secondary-market grain sales to the Soviets.

Direct cooperation of the Europeans with the Fed in upholding the dollar has not been necessary since selling pressure against the dollar remains suspended. Many of the Mideast countries which had been moving out of the dollar, such as Saudi Arabia, renewed support for it following the Afghan crisis. As with the Europeans, the Saudi action does not entail support for Carter policy but un-

Crown Prince Fahd made his objections to Carter policy clear when he told *Le Figaro* that the U.S. administration was complicit in a campaign of slanders intended to undermine the Saudi regime and then added, "Nothing forces us to remain friends with America. Numerous other alternatives are available to us in the military, economic and technological domains."

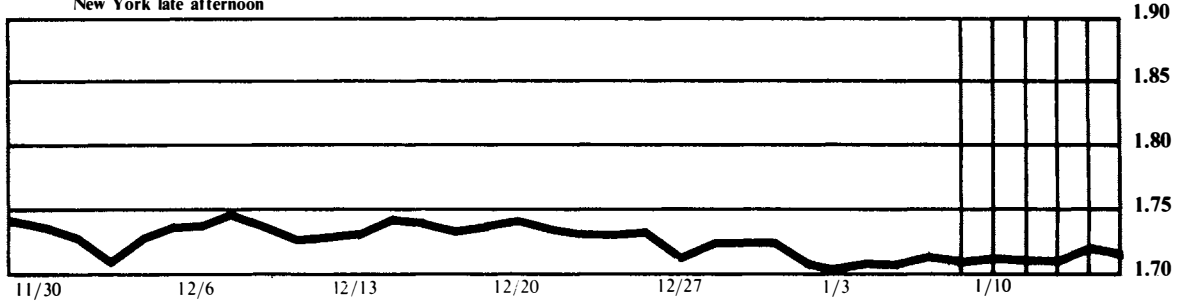
The major exception to the current, relative stabilities of the dollar and the European currencies may be the yen. Significant downward pressure on the yen may occur if Japan goes ahead with its current plans to ignore the U.S. trade embargo against the U.S.S.R. Last week, the government announced it had no intention of applying sanctions against the U.S.S.R. and would watch to see what Europe did. Some U.S. sources expect this to produce a serious strain in U.S.-Japan relations that might put a strain on the yen as well as nurture new protectionist pressures within the U.S. Only last week United Auto Workers President Douglas Fraser announced the UAW's intention to push for a new law mandating that a certain portion of Japanese automobiles be manufactured within the U.S.A. At the end of last year, the Congress held the first of a series of hearings on Japan's computer-related shipments to the U.S., such as semiconductors. So far the yen has fluctuated within the same bounds as the European currencies but the new tension around Iran, including a threatened oil cutoff to Japan, and U.S.-Japan tensions over the U.S.S.R. may alter the situation.



Chicago mercantile exchange

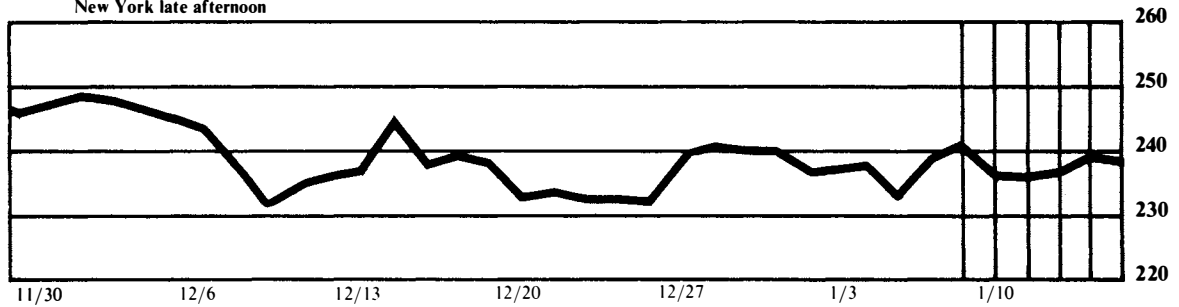
The dollar in deutschmarks

New York late afternoon



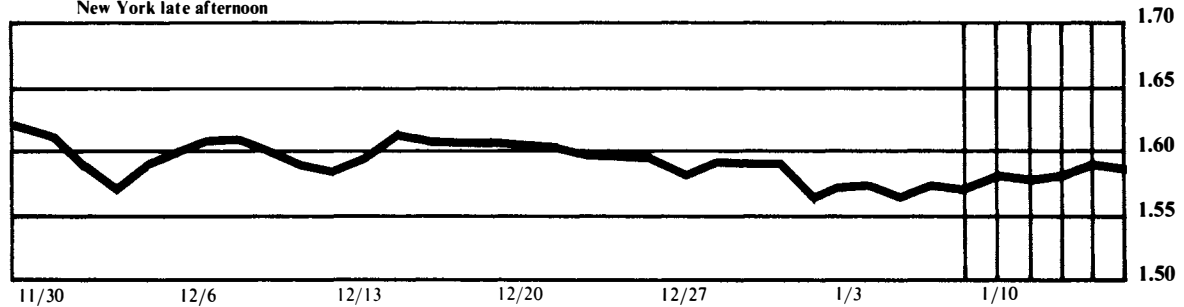
The dollar in yen

New York late afternoon



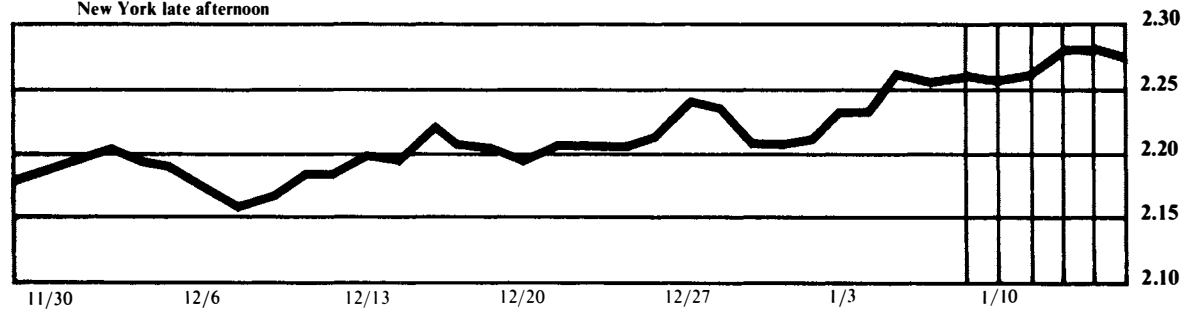
The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon



A war economy without industry?

Informed sources are concerned that projected U.S. defense spending now exceeds the projected capacity of industry to produce defense goods...

Defense industry sources interviewed by *EIR* last week raised serious questions as to whether the U.S. economy is in any shape to embark on a course of increased military spending at the present time.

The big question mark in their minds is the availability of unused capacity in the capital goods and raw material extraction sectors of the economy. According to one source at the Department of Defense in Washington, the situation in the economy is very different from the early period of the Vietnam war, when a margin of unused industrial capacity could be shifted to defense production without straining the limits of capacity. "From 1964 to 1972 was a period of steadily increasing defense expenditures, yet increased defense production did not outstrip existing capacity," he noted. "We got through the period with literally no allocations of resources necessary." A source at a major Long Island-based defense contractor pointed out that the small machine shops on Long Island, to which Grumman subcontracts its defense work, already have more orders than they can meet; the same situation holds at other industry subcontractors such as electronics houses and minicomputer firms. "If the government makes the decision to increase defense spending," he concluded, "then

the government will have to make the other decisions, too—allocate engineering talent, skilled labor, tooling capacity, and raw materials."

Until the release of the fiscal 1981 budget by President Carter Jan. 28, the Department of Defense will not comment on actual plans for escalating government spending on defense or on the existence of allocation programs which might be in the works. "If I told you that we were working out programs to allocate materials and labor, you'd know that we did in fact have plans to increase defense spending in the next budget," a spokesman for the DOD commented. Expectations in the defense industry are that the bulk of any increase will come in the shipbuilding area.

Economists are now projecting that the Carter Administration will seek to raise real defense outlays around 5 percent or higher a year over the next five years. This is just slightly higher than the 4.5 percent annual increase in the five year program announced prior to the launching of the "Carter Doctrine" this month. The current cold war posturing of the Carter Administration could easily translate into real increases of 10 percent per year, between now and 1985, industry insiders say.

The implications for the economy of even the conservative estimate are disturbing. A 5.5 percent

real annual increase combined with a 9 percent annual rate of inflation would lift defense outlays from an estimated \$123.6 billion in fiscal 1980 to a staggering \$243 billion in fiscal 1985. The consequences would be a mushrooming of the federal deficit, spiraling interest rates, and hyperinflation.

The deficit in the fiscal 1981 budget, to be unveiled by President Carter later this month, is now certain to surpass the \$15 billion figure projected by government sources late last year. We are projecting a deficit in the range of \$70 billion based on the following considerations: Carter's embargoing grain to the Soviet Union could add over \$15 billion to government expenditures over the next calendar year, in the form of price supports, grain set asides, and the whole gamut of financial support mechanisms that could be called into play for the farm sector (see accompanying article). In addition, we expect that for political reasons, Carter will both increase defense expenditures and forego any off-setting cuts in domestic programs.

One immediate effect of the growth of the federal deficit will be the squeeze on private sector credit demand. Even before the cry for more defense spending went up, total government borrowing (federal, state and local) was expected to increase to around \$118 billion in 1980 from \$101 billion in 1979.

Given the recent talk about increased defense spending, we expect Federal borrowing needs to escalate, and we expect to hear revived discussion of the Credit Control Act of 1969 or some other mechanism for rationing credit in the economy.

Trade Review

Abbreviations:

U = Undetermined
 NAp = Not applicable
 NAv = Not available

Status:

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

Cost	Principals	Project/Nature of Deal	Financing	Status
\$11.6 bn	West Germany/Soviet Union	A group of West German energy companies led by Deutsche BP is negotiating with the Soviet Union to construct a 2,700-mile natural gas pipeline from the gas fields of West Siberia to Western Europe	credits supplied by Deutsche Bank	III
\$750 mn	Mexico/U.S.	U.S. to sell an additional 4.76 million metric tons of corn, wheat, soybeans and agricultural commodities	cash payment	I
\$21.2 mn	China/Japan	Sanyo Electric Co. and Shanghai Municipal Administration Manual Industry Control Bureau will build and run jointly a refrigerator compressor plant in Shanghai		
\$NA	Brazil/Iraq	Brazil and Iraq announced changes in their 1972 oil contract. Instead of Braspetro investing over \$1 bn. in developing the Majnoon field it discovered in Iraq, and Brazil getting a percentage of that oil at bargain prices, Brazil will now be guaranteed 160,000 bpd for 13 years at official prices. For at least the next several months, Iraq will raise its shipment to Brazil from current 440,000 to 803,000 bpd. Iraq will buy from Brazil nuclear technology, arms, including a complete tank factory, oil technology, and other services		II

Business Briefs

Petroleum Policy

Oil price increases despite world oil glut

In a move that could signal a possible further round of oil price increases, the Gulf oil sheikdom of Kuwait announced Jan. 14 that it may soon cut its oil output by 25 percent from 2 to 1.5 million barrels per day. This was immediately followed by British National Oil Company's (BNOC) pronouncement that it will charge \$29.75 per barrel of oil. On the same day, Algeria raised its surcharge on oil to \$3 per barrel above the \$30 per barrel price it already charges.

The new price leapfrogging comes in the context of a world oil oversupply, which would not support higher oil prices except for the fact that oil prices in the Rotterdam oil spot market still remain artificially inflated. According to an Exxon company memo, in January 1980, crude oil inventories have apparently continued to build long past the historic turning point. By all accounts, Exxon reports, stocks have reached maximum capacity in Japan, are approaching the limit in Europe and are higher than normal in the United States as well. For example, on Oct. 1, inventories available for drawdown in the U.S.—that is, oil actually sitting in storage tanks, as opposed to oil that is counted as inventory but is already in the distribution system—stood at 660 million barrels, enough to supply consumers for at least 16 days. That, the study says, was about 11 percent above normal, and 20 percent above the level of inventories on Oct. 1, 1978, just before the trouble in Iran began. And inventories have probably grown since then.

Exxon's report does not try to reconcile the seemingly anomalous situation: how and who is supporting the increase in oil prices such as those announced by Algeria and BNOC, when

an oil glut, as Exxon describes, should force prices downward? Exxon thinks spot oil prices may fall in the future.

Budget

NYC Mayor Koch demands big service cuts

Predicting that "it will be more difficult than any time since 1975," New York city Mayor Koch demanded Jan. 17 that the City enact both sharp budget cuts and tax increases this year to balance the city budget by 1981. "Every part of the city will feel the impact," Koch boasted, "and no group will find them easy to accept."

Koch's demands lay to rest the story that the Municipal Assistance Corporation (Big MAC) had adequately solved New York city's fiscal crises. Instead, Big MAC, which is run by Lazard Freres investment banker Felix Rohatyn, in conjunction with Koch, has continued to gut the city of essential services. In the latest proposal, Koch asks for a reduction of 7,186 jobs from the city's school system over the next two years, a cut of more than 15 percent of its personnel. Since the institution of Big MAC, following the 1975 New York city financial crisis, the reading scores in New York city schools have plummeted. Koch also called for the reduction of the New York Police Department so that the number of officers on the street at any on time would be reduced by 6,100—a gutting of the police force by one fifth. New York city crime under the joint Koch and Big MAC administration has skyrocketed.

To balance of his austerity, Koch called for \$192 million in new taxes. If the taxes are approved by the City Council, and in some cases the state legislature, New Yorkers could be paying more for their water, beer, liquor, gasoline and home upkeep.

Energy

Carter gasohol gimmick assailed

President Carter's announcement Jan. 9 that he would put through a \$3 billion federally subsidized gasohol program to create a market for embargoed American grain has run into a hail of criticism, from gasohol opponents and proponents alike. The first voices to be raised in erosion of the President's plan came from the "gasohol industry" itself. Spokesmen for the several production facilities now in existence pointed out that, even with massive subsidies, the capacity to do what the President proclaimed just wasn't there. Gasohol industry people have reportedly been up in arms ever since Undersecretary of State Warren Christopher got on national television a week before the embargo and advertised a gasohol market for five million tons of corn—a figure known to be wildly false, they say.

This week, one more study has been issued which questions the basic energy efficiency of gasohol. Researchers at Louisiana State University demonstrated that the use of sugar cane, and other grains, to produce fuel would create a net energy loss—it takes more energy to produce one unit of gasohol than that unit's use as fuel provides.

Gold

Group of 5 meeting fails to agree on gold

A meeting of senior officials of the finance ministries of the Group of 5 nations in Washington Jan. 15 failed to reach agreement on measures to stabilize the price of gold, helping to provoke further increases in the price of the metal, according to Treasury sources.

Gold market sources believe that the meeting would take steps to lower the gold price, whose \$300 rise so far this year has severely damaged Washington's international credibility. The American central bank had proposed some form of coordinated central bank gold sales at a meeting of the Bank for International Settlements in Basle, Switzerland one week earlier, without success.

However, Treasury sources said the U.S. Administration was hamstrung at the Washington meeting by Congressional disapproval of the Treasury's policy of open market gold sales. "Many Congressmen think that the United States could get a much better price for its gold—even better than \$750 an ounce," one Treasury source said. "They also believe that the United States may need its gold reserves."

On Tuesday, Treasury Secretary G. William Miller indicated that the Treasury did not plan future gold sales for the time being.

The meeting, on the other hand, made a significant concession to possible gold remonetization by discussing, for the first time on a high-level official agenda, the use of gold to make the International Monetary Fund's unpopular reserve asset, The Special Drawing Right, more attractive to investors.

International Credit

World Bank doubles capacity

The World Bank announced early this week that it had gained the necessary authorization for a doubling of its capital stock from \$40 billion to \$80 billion. Japan's agreement to the increase Jan. 4 pushed unsuccessfully by the Bank's governors for more than a year and a half, brought the tally of individual member nation approvals just past the

75 percent majority to make the measure law. The United States, which has 21.47 percent of the vote (weighted by financial contribution), is the only country which is required to present such measures to its congress, and was sidestepped in accomplishing the move.

Spokesmen for the World Bank pointed out that if the United States does not ultimately approve the measure, its voting weight in the Bank will shrink to the point of losing the veto over Bank charter changes it presently holds. The American Congress has consistently delayed further contributions to the Bank for lack of a coherent foreign economic policy, and growing questions concerning the role of the Bank—in the forefront of neo-Malthusian zero-growth and "appropriate technologies" hoaxes—is actually playing in the world.

Since by charter the Bank's loans cannot exceed the totality of its subscribed capital and reserves, the institution was anticipating a severe cutback in its activities within the next period unless the increase was implemented. Only 10 percent of the Bank's total capacity is paid in.

Petroleum Policy

Mexico threatens to cut off oil sales to U.S.

Jorge Diaz Serrano, director of Petroleos Mexicanos (Pemex) said Jan. 14 that Mexico may cut off its oil supplies to the U.S. Mexico exports 600,000 barrels per day to the U.S., representing 80 percent of the total of Mexico's oil exports. He said that Mexico is currently selling its light petroleum for \$32 per barrel to the U.S., but that he suspects this oil is being resold on the oil spot market for \$40 per barrel. Pemex, he said, will cut off its oil supplies to the U.S. if these price mark-ups are confirmed and continued.

Briefly

● **SOVIET CENTRAL BANK**

officials are quietly opening checking accounts for Western companies at the International Bank for Economic Cooperation, the central bank of the East bloc Council for Mutual Economic Assistance (Comecon). The accounts, denominated in the Comecon accounting unit, the transferable ruble, are nominally intended to make payments for purchase of Western goods, in a form that can be used to buy Soviet exports, including energy supplies. In effect, Western firms who accept payment in transferable rubles are giving the Soviets suppliers' credits. West German bankers who doubt Soviet need for trade credits think they have encouraged such accounts in order to enhance the prestige of the Comecon monetary system.

● **JAPANESE DEFENSE**

contractors are disappointed over the Ohira government's blunt refusal to take part in any American-sponsored economic sanctions against Iran or the Soviet Union. Japan's defense industries believe that Japan's contribution to a U.S.-led military buildup will more than compensate for lost trade with the Soviets. But Tokyo's refusal to cooperate with the U.S. puts Japanese military expansion to rest.

● **GOLD ROSE**

to \$820 in frantic trading at deadline Jan. 17, in response to a series of military reports from the Mideast and Far East, some of them false (for example, that the Chinese were building up troops on their roof-of-the-world border with Afghanistan). The \$105 upward movement, paralleled by a rise in the price of silver to \$47.30 per ounce, occurred after Western Europe and Japan refused cooperation with Washington on economic measures against Moscow. The gold price reflected the state of confidence in the United States.

Will Europe stop the drive toward world war?

by Criton Zoakos
Contributing Editor

During the grave strategic crisis in the aftermath of the Soviet military intervention in Afghanistan, a very important formulation was put forward by the continental European leadership which, however, was blacked out by Washington and ignored by virtually all of our ostentatious political commentators. President Giscard d'Estaing of France and Chancellor Schmidt of the Federal Republic of Germany met in an emergency consultation in Paris over ten days ago. Their joint attitude toward the United States was characterized by the French daily *Le Figaro* as one of "solidarity, but not alignment."

The implications of this "not alignment" were to become evident during and after the EEC's Foreign Ministers' meeting on Jan. 15, an affair which was run jointly by French Foreign Minister Jean François-Poncet and his West German counterpart Hans Dietrich Genscher. The substance of the meeting was to vote up an independent European initiative toward the Middle East and the Third World. As per the official communiqué, this policy represents a French diplomatic triumph within the EEC: it charts Western Europe's basic role for the present decade as one of providing both the advanced technologies and the political and financial stability required for the development of key Third World nations, with special emphasis on the development of the Arab nations and of India.

This breakthrough development has reshaped the world strategic situation into the following picture:

Washington's greatest fear in the aftermath of the Afghanistan events is not primarily any future Soviet military moves. It is, as Secretary Vance repeatedly pointed out, the Soviet Union's expected "peace offensive" in Western Europe which allegedly will endeavor to "drive a wedge between the United States and its NATO allies."



Photo: Sygma

Moscow's policy in fact cannot be characterized exactly as a "peace offensive." It is simply a straightforward presentation of the "bottom line" to the Europeans: From Vladivostok, to Murmansk, to Riga and to the frontiers with Sinkiang, the Soviet High Command displays a centrally deployed disposition of military forces meant to back up the warning they delivered in Afghanistan: what they shall and what they shall not tolerate of Zbigniew Brzezinski's strategy of encirclement has been clearly articulated. Simultaneously, the Soviet leadership through Leonid Brezhnev and through lesser official spokesmen have clearly stated to Western Europe that they do not consider the Carter leadership in the United States as a "reliable partner" in international affairs, for reasons associated with President Carter's current commitment to Brzezinski's policy of controlled disintegration. The Soviets, in official statements, also made it clear that they also object to the Carter administration's current policy of wrecking the domestic United States economy.

Thus, the Soviets, rather than launching a so-called peace offensive against Western Europe, are presenting the European leaders, principally Giscard and Schmidt, with the challenge to define and push forward a general strategic perspective for the Western World as a whole—a strategic perspective which will be (a) different from the Carter administration's idiotic commitment to "con-

In this section

This week's Special Report examines the meaning of European repudiation of the new "Cold War" doctrine emerging from Washington and London in the wake of the Afghanistan events. Can Europe stop a new world war? First, contributing editor Criton Zoakos analyzes the Soviet policy toward the West, the Carter administration policy toward the Soviets, and the generally unreported degree to which France and West Germany, are now determined to formulate their own policy, independent of the Atlantic alliance. Then, we take a look at the overall policy of the European community nations who have spurned current Carter policy—France, Germany, and Italy. As the continent's No. 3 nation, the Italian answer is of a major strategic significance. Finally, Soviet desk chief Rachel Douglas reports on the Soviet Union's most recent policy pronouncements respecting both Carter and the Europeans, featuring the full text of Soviet President Brezhnev's unusual personal interview with *Pravda*, and a significant commentary from *Red Star*, the Soviet military newspaper.

trolled disintegration” and (b) one with which the Soviet Union and its allies will be able to live. Once again the Soviet leadership, both in private discussions and in public statements, has made it clear that unless Western Europe succeeds in enforcing such a policy, the U.S.S.R. will be compelled to rely on military means for the protection of what it considers its vital interests.

The Europeans’ world strategy

The *Paris-Bonn* axis has, so far, responded to the Soviet challenge and to Washington’s hysteria about the “Soviet peace offensive in Europe” by initiating a sharp definition of its own independent foreign policy, one which both Giscard and Schmidt characterize as “not aligned” with the United States. It is this continental European independence which Carter, Vance, Brzezinski, et al., abhor more than anything else and which they shall shortly attempt to mischaracterize as “capitulation to Soviet pressure.”

The current European policy thrust threatens to destroy the policy of “controlled disintegration” and “decoupling” of the world economy to which the Carter administration is committed on behalf of the International Monetary Fund, the World Bank and the London and New York banking interests.

The Bonn-Paris axis is currently launching a worldwide strategy based on three parallel thrusts: First, launch Phase Two of the European Monetary System, a gold-backed system to provide long-term, low-interest development credits to key Third World nations for the financing of development projects which will function as the engine for a prosperity policy in the advanced sector; second, a massive upgrading of the European-Arab dialogue by means of intensified political and economic cooperation defined around massive “oil-for-technology” deals currently being signed by West German and French delegations in the Middle East; third, preparations for massive economic/industrial cooperation with the new Indira Gandhi government in India—Europe is about to play its own “India Card.”

If Washington rediscovers sanity and joins in this strategy, the current world military-strategic crisis will soon abate. If, as seems more likely, the Carter administration persists on its insane course, the outcome will be either a grand scale strategic humiliation of the United States which will finish off Carter as well as Kennedy as viable Democratic presidential candidates or the outbreak of general thermonuclear war.

At this time, the strategists of the Carter administration are wavering between two equally untenable, alternate courses, as means of frustrating the European strategic initiatives. One is to threaten Europe with some sort of military action in the Straights of Hormuz which will

have the net effect of turning off all Europe’s petroleum supplies. The second is the attempt to impose alliance discipline by means of a rehashed “Truman Doctrine.” Both are abstractions that cannot work.

The U.S. policy of threats

The threat to blow up the Gulf, as the Europeans know, is principally an issue of world war and peace between the U.S.S.R. and the U.S.A., something which, the Europeans also know, cannot be affected by what they do or do not do; moreover, the flaw of this policy of threat is that the threat, once carried out, is no longer a threat and thus cannot influence the behavior of the threatened party: there is no telling what the Europeans will do if their Middle East oil supplies are cut.

The second Carter administration ploy, the rehashed “Truman Doctrine,” cannot work because every living European politician knows that that policy of the 1950s worked then because of two conditions: the undisputed nuclear strategic superiority of the United States during that period, and also the undisputed conventional superiority of the United States at that time in the principal theaters of Europe, the Middle and Near East and the Far East. None of these conditions exists today.

So long as the Carter administration muddles along this path, the European diplomatic offensive will have its greatest impact in the Middle East. European and Arab pressures are now mounting against the so-called Camp David powers in the area. Both France and West Germany are putting out the analysis that the Middle East, including Iran, were destabilized because the Camp David agreements were pushed for implementation. The two policies of Zbigniew Brzezinski, Camp David and Islamic fundamentalism, are now on a head-on collision course. As one helps destroy the other, the options for a decisive EEC intervention in the Middle East along the lines of the European Monetary System seem increasingly more propitious.

A European victory in this domain, contrary to what hysterical commentators peddle, will also be an American victory. The consequent, well deserved discrediting of the Carter team will dramatically open up the prospects of Lyndon H. LaRouche, Jr., the much feared “dark horse” in the Democratic presidential race. Barring a thermonuclear catastrophe by miscalculation, the pitched strategic battles ahead ought to be resolved with the United States developing the leadership to join the European Monetary System, go for gold monetization and launch a protracted era of industrial prosperity throughout the Western alliance. Under such altered, auspicious circumstances, the Soviet leadership ought to, and most likely will, oblige.

The EEC meets: The allies spurn Carter's policy

by Susan Welsh

The Carter administration's policy of imposing economic sanctions against the Soviet Union and Iran, and its moves toward blockading or mining the Persian Gulf, have created the greatest crisis in the Western alliance since France pulled out of the NATO military organization in 1966. America's allies in continental Europe are completely opposed to Carter's confrontation policy, and if Washington goes ahead with it, it will soon be faced with the wholesale loss of the allegiance of every major ally except Great Britain.

Deputy Secretary of State Warren Christopher shuttled to Western Europe this week to try to pull the allies into line behind the administration's new "Carter Doctrine," but his mission was a dismal failure. A meeting of the NATO Council in Brussels Jan. 15 ended without a single U.S. demand accepted, and no statement of concrete action was even issued.

Instead, France and West Germany are shaping an independent policy to try to steer the world back toward detente. The foreign ministers of the European Economic Community met in Brussels simultaneous with the NATO meeting, and decided to substantially increase aid to unstable developing countries, as the best way to prevent future Afghanistan-style crises. The EEC plan calls for:

- A program of cooperation with the nations of the Persian Gulf region to stabilize the area.
- The economic and political stabilization of Yugoslavia through an emergency aid program that would include the extension of soon-to-expire trade agreements.
- Immediate political and economic aid to Turkey, an aid package which has long been delayed.

The EEC statement was formulated in private caucusing beforehand by French Foreign Minister Jean François-Poncet and West German Foreign Minister Hans Dietrich Genscher, and rammed through the EEC

over British opposition. The statement contained no hint of European sanctions against the Soviet Union, although the EEC agrees not to do anything to undermine U.S. measures in this respect.

U.S. must not 'overreact'

West German Chancellor Helmut Schmidt, following his meeting with Christopher in Bonn Jan. 15, delivered a speech to the parliamentary fraction of his Social Democratic Party warning that the worst possible thing for the United States to do would be to "overreact" to the Afghanistan situation. Less tense means must be found for dealing with the crisis, he said, and while the Federal Republic of Germany will do nothing to undercut U.S. sanctions, neither will it do anything that goes against its own policy of detente.

Schmidt attacked NATO Supreme Commander Gen. Bernard Rogers for spreading "nonsense" about how the Soviet Union might attack Western Europe, according to the magazine *Der Spiegel* Jan. 14. An aide to the Chancellor confirmed this report, adding that Schmidt believes Rogers is spreading unnecessary nervousness by carelessly lumping together the Afghanistan situation with that facing NATO in Europe. The West German government wants the U.S. to exercise moderation, he said, and fears that pressure will build for some kind of military measures. Bonn fears that "self-feeding dynamics" could be set into place by the combination of economic sanctions and military moves in the Persian Gulf, and "the spark of war" could jump to the Mideast from Afghanistan, leading to full-scale military confrontation with the Soviet Union.

In another statement indicative of antagonism to American strategic posture, Schmidt referred to Spanish Premier Adolfo Suarez, visiting Washington this week

with an "excellent Middle East peace plan" that Carter might learn from.

Christopher met a second time with Schmidt on Jan. 16, and television cameras showed him trembling with rage as he left the meeting. He called an unexpected press conference at the airport before flying on to Paris, but when an impudent reporter asked "Is it true that you and Chancellor Schmidt were in complete agreement?" Christopher closed down the press conference without a word.

U.S. aims

The aim of Christopher's trip was to sound out European willingness to go along with U.S. military moves in the Persian Gulf, to undertake joint economic actions against the Soviet Union, and to boycott the Moscow Olympics. In addition, Christopher is seeking a far-ranging revision of the so-called "COCOM" agreements restricting sale of high technology to communist countries. The U.S. Defense, State, and Commerce Departments have drafted a proposal for making COCOM, a relic of the Cold War period, into a binding treaty organization, according to the *International Herald Tribune* on Jan. 16. The U.S. goal, according to high-level West German sources, would be to cut off trade to the Soviet Union while favoring China, simultaneously ending government-subsidized credits to the U.S.S.R. and sharply curtailing cultural ties.

That Washington could seriously float such a proposal shows how completely it is misjudging the situation in Europe.

Europe's policy is that detailed by French Foreign Minister Jean François-Poncet in a recent interview (published in last week's *EIR*), and elaborated by the well-informed political commentator for *Le Figaro* newspaper, Paul Marie de la Gorce, Jan. 16. "If France were to go for economic warfare," de la Gorce wrote, "it would be the first one to suffer, and not France alone but also the Europeans, and even more so the Third World. ... France will first and foremost defend its own national interests. ... If the Western economies enter a worsening depression, then the chances for war are increased. ... France will act politically, it will use its diplomacy and continue to push for detente and cooperation with the U.S.S.R."

De la Gorce described the line-up of forces in the West as France backed by West Germany on the one side, and the United States backed by Great Britain on the other, with the British government meanwhile giving full support to British Petroleum and Royal Dutch Shell in undercutting the U.S. boycott of Iranian oil, by concluding agreements to buy Iran's oil at bargain-basement prices.

—Susan Welsh



France

'In this affair, what must count are national interests...'

Following are excerpts of an OpEd by foreign policy commentator Paul-Marie de la Gorce which was published in Le Figaro on Jan. 16. Entitled "Controversy over Afghanistan," the article begins by locating Edmond Maire, general secretary of the Socialist Party-allied trade union confederation, François Mitterrand, General Secretary of the French Socialist Party, and, "more unexpectedly," certain circles inside the Gaullist party as having formed a "school" which is calling for France to take a harder position on the Soviet invasion of Afghanistan. According to this school:

... It would be necessary to respond to a major threat with reactions of the same scope—excepting war. And this reaction should be common to all the Western countries. One should avoid introducing the slightest split between Europe and America, and condemn the Soviet Union in the same manner, and in the same terms, adopt the same retaliatory measures and if possible the same economic sanctions.

The proponents of this school obviously cannot be unaware of the economic consequences this would have on France, on its foreign trade and on its international relations. But, according to them, it is more important to respond to the Soviet Union with a mobilization of all its adversaries, with a multiplication of hostile gestures...

They think that the embargo against agricultural and food products will be effective if it means that the U.S.S.R. will have to confront serious supply problems, or have to increase its investment in agriculture to the detriment of industry and armaments, or if it means that the U.S.S.R. will no longer be able to help its poorest allies, those that need food products the most like Vietnam, Cambodia, Angola, Ethiopia, and, to begin with, Afghanistan. For the most part they will admit—even if they won't willingly mention it—that the sanctions will

have damaging effects on the Western economy, but say that the damages for the Soviet Union will be greater.

From the beginning, the analysis of the [French] government was different, and explains its first reactions. And if the official declarations subsequently corresponded more or less to the expectations of the censors of French policy, they in no way changed the evidence of the contradictions between the attitude chosen by France—and, for other reasons by West Germany—and that hoped for by the United States and which Great Britain has adopted. So what is that [French] analysis.

To begin with, a question: was the United States going to react militarily to the Soviet intervention? And an answer: no. It seems that this was never considered in Washington. The conclusion to be drawn was clear: the Soviets will remain in Afghanistan.

So, should economic sanctions, like the Americans want, be taken? Experience does not suggest that they are effective. ... Recently, the main allies of the United States affirmed that they would not substitute their purchase for American purchases of Iranian oil following the embargo declared after the hostage affair. But 10 days ago, the two main British oil companies, Shell and BP, with the agreement of their government, reached new contracts with the Iranian oil company, not only at high prices—about \$30 a barrel—but prices which go beyond previous contracts since they involve 50 percent Iranian interest in the profits made from the refining of exportable quantities. ...

... Already, the embargo decided by Washington on Iranian oil purchases has naturally led to oil price increases, since the Americans are buying on other markets [i.e., the Rotterdam spot market]. ...

In this kind of affair—and the facts we have just cited prove it—it is national interests that count. And France must defend its own—which no one else will defend for it. Over the past years, our foreign trade has only been balanced, or nearly so, because of our trade surplus with the Third World and the socialist countries. ... Does it make sense to believe that the Soviets' aims will be better contained by aggravating the crisis of the Western economies? ...

The best solution is not in economic sanctions which will begin by harming France and Europe, nor in vain gestures about the Olympic games or cultural exchanges. But it remains to orient, to consolidate and to exploit the reactions of a large number of "nonaligned" countries after the Afghan affair, by reinforcing their will and means for independence, especially in the Middle East which is the most directly concerned with the international crisis.

And this is where France can play a great role. Its authority comes precisely from the fact that France provides the example of independence. ...

'Two ways of handling a crisis'

Following are excerpts from an editorial entitled "The Good Choice?" written by Serge Maffert and published in the French daily Le Figaro Jan. 10.

The current international crisis has brought forth the appearance of two methods, two "approaches" in response to the Soviet challenge: that of the United States and that of certain European countries, particularly France and West Germany.

After the Soviet intervention in Kabul and the reinforcement of already close links between Afghanistan and the U.S.S.R., President Carter chose to globalize or "worldize" the American response. To an aggression of a local or regional character, he responds on the level of the entire planet. It is sort of the political equivalent of massive nuclear reprisals in relation to a counterattack with conventional weapons.

The United States is directly challenging the Soviet Union in a whole series of fronts: with a freeze on the limitation of strategic arms, a brutal reduction of grain exports, a stop to advanced technology exports, fishing prohibitions in certain zones of the Pacific, etc. In addition, Washington is attempting to reconstitute around America the bloc of its traditional allies, notably Canada and the Europeans. And Carter is especially deliberately playing the Chinese card, joining, at least in part, Peking's views on Soviet "social-hegemonism" ...

At the same time, by transforming the Afghan crisis into a global East-West conflict, the United States, by trying to reconstitute old blocs, threatens to start trouble in many countries, notably Arab and African countries, which might be ready to condemn the U.S.S.R. for its action in Afghanistan, but not to sign up under the star spangled banner. ...

The Franco-German point of view is different, and Giscard d'Estaing and Schmidt were able to make a point of the convergence of their views yesterday. For them, if the Soviet action in Kabul is condemnable, and undermines detente, it does not justify a return to the cold war, nor a generalization of the crisis.

Detente—which is not unconditional—must remain the final, indispensable objective for the equilibrium and peace of Europe. Since it is essentially of a psychological character, it is important to reestablish one of its main components: reciprocal confidence between partners or interlocutors. ...

This method has the advantage of throwing the ball into the Soviet camp. It is up to the U.S.S.R. to let it be known and to prove that it remains committed to detente.



W. Germany

'Political actions should be fought with political weapons'

West German industrialists are staunchly opposed to the Carter administration's call for economic sanctions against the Soviet Union, and are pointing out that such steps would do great harm to the economy of West Germany and other European countries. A delegation of top industrialists, including Bertold Beitz from Krupp, was in Moscow last week, discussing long-term cooperation in energy. Otto Wolff von Amerongen, the internationally renowned spokesman for West German industry and the head of the DIHT industrial association, gave the following interview to the newspaper Welt am Sonntag Jan. 13.

Political developments demand primarily political reactions. General boycotts and embargoes have never been successful, but rather lead to unwanted international struggles and to disintegration of the international division of labor and world trade. As Rhodesia survived, so would the Soviet Union, but more comfortably.

We must remain in solidarity with the United States. We Germans are especially obliged to do so. The overall strategic views of the U.S.A. have priority over single problems, but still, specific factual criticism of single measures cannot be excluded. I do not want to avoid stating that it is a good thing that President Carter did not—for the time being at least—call for the Western industrial nations to implement an embargo against the Soviet Union, as the result of such steps would be very difficult to determine.

The Soviet Union must see clearly that the Western world will not only react hastily to their intervention into Afghanistan. The shadows that are cast can become long enough to hit German-Soviet economic relations too. The industry of the Federal Republic is interested in continuing detente relations with the Soviet Union and will try hard to increase the exchange of goods with the East bloc. This however only under the condition that our security is assured and that the supply of raw materials

is not threatened or does not depend upon the generosity of a big power.

Already economic predictions for the year 1980 have termed foreign trade the most unprotected flank. It can definitely be stated that during the recent days, the risk of a fall-off here has grown, since trade automatically decreases in hot spots of the world. Private investment too will be approached more cautiously. We saw that in the U.S.A. during the Vietnam war, we can see it today because of Iran, and we will see it even more so because of the Afghanistan crisis.

I think that restriction of trade is of limited effectiveness. Mere economic steps like sanctions, boycotts, embargoes cannot be substituted for political reactions to political problems.

A counter-boycott by the Soviet Union of supplies of raw materials would hit German industry for sure, but only for a short time. From past crises we have learned that it is good for us not to become dependent for supplies from only one party. What I said on the effectiveness of mere economic sanctions naturally also applies to a possible counter-embargo.

'We look to improved trade with the Soviet Union'

Hans Hartwig, president of the German Foreign Trade and Export Association, made the following comments to Welt am Sonntag Jan. 13.

As I believe free world trade to be a main condition for a functioning world economy, I am opposed to further politicization of foreign trade on principle. This has always been the standpoint of large German firms and foreign traders, whether in the case of the pipe embargo against the Soviet Union, the boycott against Rhodesia or Israel, or the sanctions against Chile.

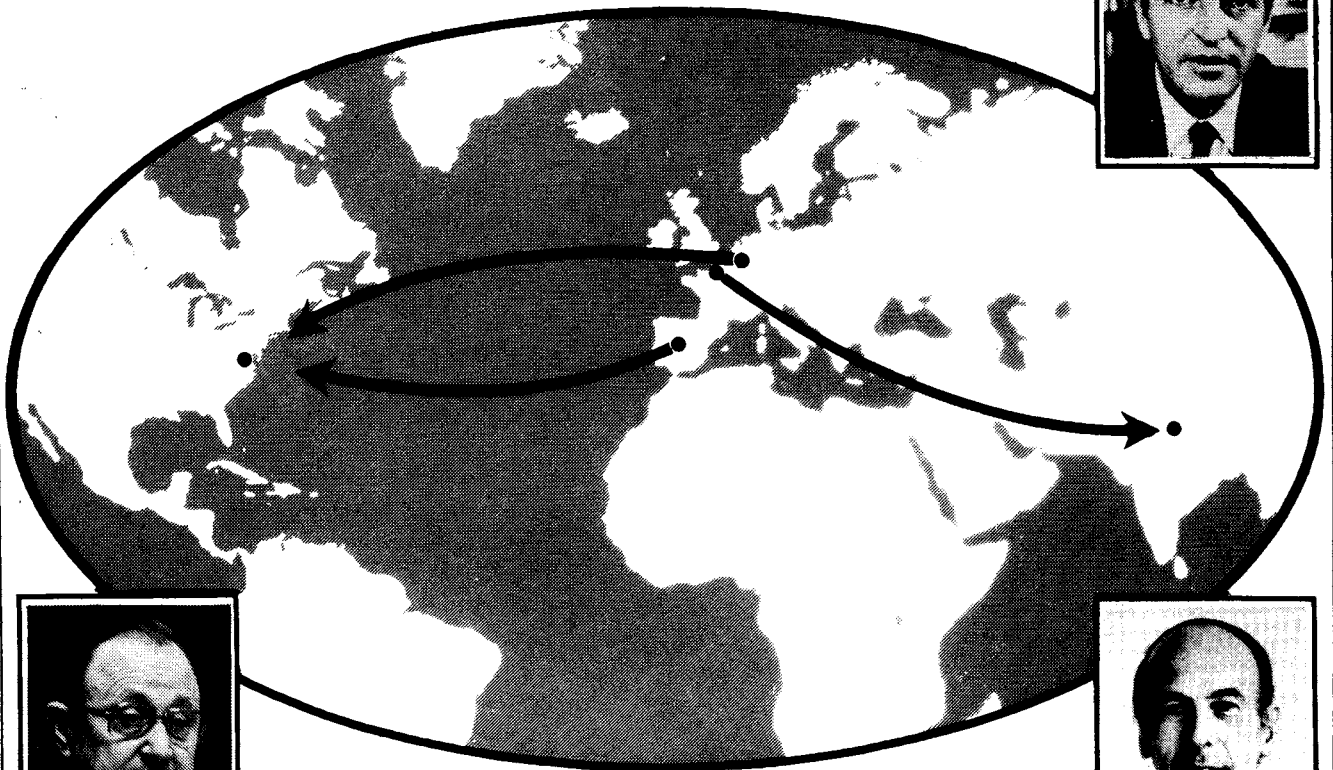
There should not be the slightest doubt of the necessity of political solidarity with the U.S.A. A sober examination of the proposed steps in respect to their real effectiveness and their long-term consequences and repercussions should however be included in this solidarity.

The world political crisis caused by the Soviet Union is already influencing the climate in trade with the U.S.S.R. A cooling-down is imaginable, but a sharp climatic shock could and should be averted by political-diplomatic means....

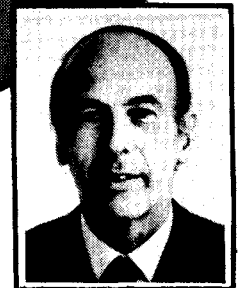
International trade sanctions against Iran in its present economic and political situation could bring together other Islamic states into a bloc. I warn against such sanctions.

A round of diplomacy

Adolfo Suarez
Madrid to Washington



Hans-Dietrich Genscher
Bonn to Washington



Giscard d'Estaing
Paris to New Delhi

Italy

A pro-Carter government may not last long

In a Jan. 14 interview with the magazine *l'Espresso*, a notorious Italian terrorist identified Giacomo Mancini as the famous "Mr. X" who for years funded the terrorist movement from his position within the top leadership of the Socialist Party (PSI), the third largest in Italy. While Mancini vehemently denied the charge, the interview became a sensation overnight. With the charge made by jailed terrorist Fioroni, the many investigative clues leading to PSI involvement in terrorism had become concre-

tized in the role of Mancini as the financial backer of Potere Operaio, the outlawed organization that gave life to the notorious Red Brigades terrorist gang.

Two days before, Jan. 12, two dozen senators led by former judge Claudio Vitalone issued a formal Parliamentary question charging six top Rome magistrates with complicity in terrorism and specifically with the Red Brigades group. The magistrates, all members of the left-wing organization Magistratura Democratica, were identified to be the "leaks" known to exist inside the structure of the magistracy which carries out antiterrorist investigations. The Magistratura Democratica in turn is known for its close ties to the PSI.

These two developments indicate the seriousness of the fight currently taking place in Italy, a fight that will determine whether Italy lines up as a backer of the Anglo-American Cold War, proausterity sphere, or as a member of the Franco-German alliance still determined to maintain detente and deal with the Third World through an economic development approach.

The immediate form this political battle is taking at

this time revolves around the issue of the government. The current cabinet, headed by Prime Minister Francesco Cossiga, has been predictably resolute in backing American policy on questions of retaliation to the Afghani and Iran situations. This is in marked contrast to the Franco-German grouping, which has publicly denounced a return to the Cold War and has voted instead for pushing industrial projects in the Third World to stabilize potential hot spots. In a period like the present when France and West Germany are in opposition to the United States and Britain on matters of crucial strategic import, the alignment of Italy becomes a potentially decisive element on the chessboard as the third largest nation of continental Europe.

The tracing of terrorism into the highest levels of the Socialist Party therefore has much more significance than an especially thorough example of mere law enforcement efforts. The fact is, Christian Democratic premier Cossiga was the preferred choice of the highest levels of the Socialist Party. The Washington-aligned Cossiga government has, as one of its key props, a set of political forces on the verge of criminal prosecution for crimes against the Italian state.

The true political battle lines in the country may be easily examined through the statements of political leaders, irrespective of secondary party allegiances.

For example, the leadership of the Italian Communist Party (PCI) issued a resolution closely paralleling that of France and West Germany. The PCI delegation at the Strasbourg (European) Parliament condemned the Soviet invasion of Afghanistan, but proceeded to call for a "negotiating stance" from the West to ensure the continuance of detente. The PCI, like Bonn and Paris, also proposed an independent European initiative that would include economic aid as a weapon to secure peace.

The PCI was closely echoed by Christian Democrat Giulio Andreotti, the former Prime Minister and now key contender for that same post when the Cossiga government is collapsed. Andreotti dubbed a return to the cold war a terrible error, identifying detente as the cornerstone of Italian foreign policy. While firmly stating that Italy is irrevocably a part of the Western alliance, he added that the country's interests also lie in pursuing relations with the Soviet Union and the rest of Eastern Europe. The statement was a clear reiteration of the policies his own government had pursued prior to the coming of the Cossiga cabinet.

Not surprisingly, Andreotti has become the Socialist Party's target for a watertight meant to destroy his chances at the Prime Ministership with PCI backing. PSI Treasurer Formica responded to the revelations of Socialist Mancini's terrorist role by attempting to implicate Andreotti in a recent oil scandal. On Jan. 11, Formica charged Andreotti with accepting a kickback while

Prime Minister in a deal between Saudi Arabia and the Italian national oil company, ENI. Andreotti responded with a sharp counterattack, accusing the PSI of wanting to put Italy "in the hands of the international stranglers of the oil market," the oil multinationals. For good measure, he went on national radio to call for Communist participation in the government as a necessary step in the detente process.

The PCI question

Indeed, the question of whether the PCI will or will not be allowed to participate in the next government has become the seeming central issue around which the process of government formation is being shaped. While it is true that for various internal reasons the PCI considers it important to gain at least one cabinet post in the next government, it would be deceptive to view the entire problem from this standpoint. Overriding the question of cabinet participation as such, the current PCI leadership's major concern is for a government ruled by forces sympathetic to the Bonn-Paris axis. For various reasons, Christian Democrat Andreotti is the leading figure capable of creating such a government.

As a result, the PCI over the past week, in particular, has begun a campaign of ridiculing Premier Cossiga and his political backers while openly threatening an immediate collapse of the government. Various Communist parliamentarians such as Di Giulio have stated in Parliament over the past week that Cossiga will be coming to the U.S. on Jan. 24 without any Parliamentary consensus on his (pro-Carter) foreign policy. The head of the PCI parliamentary fraction, Alessandro Natta, cited foreign policy considerations to say that there is "no time to waste" in removing Cossiga from office. Meanwhile, the PCI-allied national trade union confederation, the CGIL, held a national general strike on Jan. 15 as an explicit protest against the government.

Various rumors and theories now abound in Italy as to when the inevitable collapse of the Cossiga cabinet will occur. Some say that it cannot take place until after the June administrative elections because of the difficulties of solving the dilemma of the PCI's demand for cabinet participation in the near future. The other target date is late february, following the national congress of the Christian Democratic Party which will determine whether Andreotti can muster enough support inside his party to unseat Cossiga and set up a government on his terms. There is no question but that the relevant issue revolves around the success or failure of Andreotti's power play, which may be consolidated before, during or after the party congress. Certainly his success or failure, as part of a complex political struggle now in progress, can shape decisively the future off Europe and thus the world.

— *Vivian Freyre Zoakos*



Japan

Ohira, politely, turns down Carter's request

Hitherto the Ohira administration of Japan has bent over backwards to accommodate the foreign and economic policy of the Carter administration even when that meant real hardship for Japan, such as in the trade talks. This week, Japan said "no" to Carter. It refused to go along with the United States on sanctions against either Iran or the U.S.S.R.

Carter sent former Undersecretary of State Phil Habib to Japan to persuade the Foreign Ministry to support sanctions despite the fact that Premier Masayoshi Ohira and the Foreign and Trade Ministers were all out of the country. One Trade (MITI) official remarked: "We will treat him [Habib] nicely and see him off at the airport, but basically we want nothing to do with really tough sanctions that we don't believe will work or can work, and are not in the interests of Japan."

Ohira himself told his host Malcolm Fraser of Australia: "It is difficult for Japan to cooperate fully with the United States in imposing economic sanctions against Iran."

While Habib was in Tokyo trying to persuade Japan to relinquish a \$4-billion per year market and a source of raw materials in the U.S.S.R., representatives of four steel companies led by Nippon Steel arrived in Moscow to discuss a deal for 700,000 steel pipes. If concluded, the deal would be financed in part by Japan Export-Import Bank funds and negotiators report that there has been no government interference in the talks. Earlier this month, the cabinet decided against breaking off four current multibillion dollar resource development projects in Siberia or scuttling talks for an additional three. They left their chastisement of the U.S.S.R. to verbal protests and a vague indication of possible future economic repercussions. The closest Carter got to Japanese agreement to act against the Soviet Union was a statement that Japan would watch the European response closely and perhaps take economic action if Europe did.

As Japanese officials well anticipated, the Europeans were not about to take any action, and are being relatively more open about their repudiation of Carter's lunatic trade war course than the Japanese have so far dared. Europe, with very significant trade and financial links to the Comecon nations, has even more to lose than the Japanese in the event of serious trade or credit restrictions regarding the Soviets. And even as Nippon representatives arrived in Moscow to negotiate the provision of steel pipe, West Germany's giant Krupp steelmaker was finalizing a mammoth \$20 billion deutschemark accord for a steel pipeline in the Siberian gas fields.

Japan Chamber of Commerce and Industry President Shigeo Nagano, a venerable kingmaker in Japanese politics, has led the campaign against sanctions against the Soviet Union. Prior to the cabinet's meeting, he criticized sanctions on the grounds "they will hurt Japan more than the U.S.S.R." Nagano is also chairman of the Japan-Soviet Economic Committee and the former chairman of Nippon Steel. He has been a long-time advocate of promoting 5-, 10-, 15-year cooperation agreements between Western countries and the U.S.S.R., both for their economic benefit and as one means of shoring up stable, peaceful relations.

Habib fared no better with the Japanese on the Iran question. Officials from both the Foreign and Trade Ministries informed Habib that Iran had threatened a complete cutoff of oil to Japan if Japan cooperated with the U.S. on sanctions. This would include abrogation of a recently signed long-term contract for Iran to supply 12 Japanese firms with a total of 530,000 barrels per day at \$30 per barrel. Since Iran provides 17 percent of Japan's oil, the Japanese officials naturally asked Habib whether the U.S. could guarantee an equivalent supply following an Iranian cutoff. Habib had nothing to say.

The flat rejection of U.S. demands, including by the usually accommodating Foreign Ministry, marks the first contradiction of U.S. strategy since Japan endorsed the China card a year ago. A very real fear in Tokyo that U.S. policy could produce war forced the shift. With U.S. Defense Secretary Harold Brown having just endorsed—de facto—a new Chinese invasion of Vietnam, the next move to watch is whether Japan supports the invasion as it did last year, or condemns it out of fear of the growing war danger. More fundamentally, will the Ohira administration back off from the "Pacific Community" policy of a Japan-China-ASEAN (Association of Southeast Asian Nations) alliance against the U.S.S.R. now being pursued by Ohira in realization that that policy, like U.S. National Security adviser Brzezinski's "arc of crisis" policy in the Middle East, exacerbates the danger of war?

—Richard Katz



The U.S.S.R.

Washington's 'outbursts' scorned by Soviets' Brezhnev

At the end of the second week since Soviet troops entered Afghanistan, Soviet President Leonid Brezhnev issued his own statement characterizing American response to the Soviet move as "tantamount to serious miscalculations in politics." Brezhnev's surprise interview to *Pravda* on Jan. 13 was the latest and highest-level warning from the Soviet leaders that they think Washington's current policies will lead to world war.

No sane person in the West can doubt the sincerity of Brezhnev's statement. He, after all, became Moscow's highest official in a battle for detente during the late 1960s. He assumed power on behalf of a "war-avoidance" posture, defeating other factional alignments tending to war-preparedness or "war-winning" postures. Brezhnev's personal warnings now therefore confirm the fundamental character of overall strategic thinking among the Soviet leadership—to seek peace, to even compromise readily, up to the point that an impending correlation of international forces is properly perceived as threatening to the Soviet Union's very existence. At such a point—to which Carter administration policies in Europe, Asia and the Middle East brought the world by mid-December—the detente-faction leader and the Red Army commander join hands in a rapid shift to "war-winning" policy, and deploy all the means at their disposal to ensure maximum Soviet advantage in deemed-probable military confrontation with the West.

Executive Intelligence Review is carrying Brezhnev's answers to *Pravda's* questions in full, because we believe responsible Americans should have more than the cursory appreciation of Soviet thinking on these strategic questions that may be gained from the truncated versions of the statement that appeared in most publications here.

Brezhnev's words confirm our assessment last week of what led the U.S.S.R. to dispatch its forces across the border into Afghanistan. Issue by issue, Brezhnev re-

views the ingredients of the crisis: the Dec. 12 NATO decision on medium-range missile deployment, the visit of Defense Secretary Harold Brown to Peking, the arming of rebel forces in Afghanistan through China and Pakistan, the American search for Middle Eastern bases from which to deploy a "rapid response corps," and, finally, the erratic behavior of the Carter administration. In appearing personally with this global round-up of the situation, Brezhnev also laid to rest the rampant speculations that he had been out-voted by a militant faction in the Politburo.

What next from Moscow?

The military contingencies of the present alignment in Central Asia are reviewed in our military analysis in our International section. The very latest bulletins from Moscow show that the world is a hair's-breadth away from rapidly shifting into war-fighting, as they specify conditions which the U.S.S.R. would find "intolerable."

The Soviet news agency TASS, for instance, warned on Jan. 15 that "the mining of the Persian Gulf"—an option entertained for U.S. retaliation against Iran's holding of American hostages—"would be a distinct threat to world peace." On the same day, *Pravda* declared that "anyone trying to launch an attack on the states of the socialist community would experience an immediate counter-strike."

The section of Brezhnev's statement to *Pravda* that was most consistently omitted from American summaries, however, pointed to another track of Soviet foreign policy—detente centered in Europe. The entire second question of the interview is devoted to the potential for the West European powers to break from the most dangerous of Washington policies, and reflects how, despite the setback of Western Europe going along with the December NATO decision, the Soviets perceive this as a still marginally viable war-avoidance opportunity.

Along the same lines, a Jan. 10 commentary by V. Matveev, the government daily *Izvestia's* leading commentator, addressed Europe by saying "it is necessary to propose that all countries whose governments value the interests of peace, take notice of the very recent statements of official U.S. representatives, from which it becomes clear that the policy of instigating tension adopted by Washington is a long-term policy."

Diplomatically, Moscow is also turning to southern Asia, with a trip now scheduled to take Foreign Minister Andrei Gromyko to India Jan. 22. Indira Gandhi, who returned to power with hopes of leading India back to the path of industrial development—and not of seeing the subcontinent go up in flames, will host the Soviet Minister. He will be preceded there four days earlier by the President of France, Valery Giscard d'Estaing.

—Rachel Douglas



A personal warning Leonid Brezhnev's interview in Pravda

The Soviet daily Pravda interviewed President L. I. Brezhnev on Jan. 13. The following translation is by Foreign Broadcasting Information Service, with slight revisions by EIR.

Pravda: Leonid Ilich, how do you evaluate the present international situation, especially in the light of the American administration's latest steps?

Brezhnev: The consistent and creative pursuance by our party of the course of peace, detente and disarmament, of implementing the peace program, set forth by the 24th and 25th congresses of the CPSU, has made it possible to achieve much. Broadly speaking, the main accomplishment is that we have succeeded in breaking the tragic cycle: world war—brief spell of peace—world war again. We the Soviet people, our friends—the peoples of fraternal socialist countries, all those who have struggled and continue to struggle for peace, for detente, for the peaceful coexistence of states with different social systems have a right to be proud of this historic result.

The situation, unfortunately, has noticeably deteriorated at the junction of the 1970s and the 1980s. The peoples know the truth about who is responsible for this. I answer without any reservations—the imperialist forces, and primarily specific circles in the United States, are to blame for this. The blame is on all those who see in relaxation of tension an obstacle to their aggressive plans, to whipping up militaristic psychosis, to interference in the internal affairs of other peoples. The blame is on those who have a deeply ingrained habit of behaving in a cavalier manner with other states, of acting in the international arena as if they can do everything.

It has been clear for some time already that the leading circles of the United States and of some other NATO countries have embarked on a course hostile to the cause of detente, a course of spiraling the arms race

and leading to a growth of the war danger. The beginning of this was laid already in 1978, at the May session of the NATO Council in Washington where the automatic growth of the military budgets of NATO member-countries till the end of the 20th century was approved. Of late, militaristic tendencies in U.S. policy are found in the acceleration of new long-term arms programs, in the creation of new military bases far beyond the United States, including the Middle East and the Indian Ocean areas and in the forming of the so-called "quick reaction corps," this instrument of the policy of military interference.

Now take such an important document as the SALT II treaty. Its implementation would have opened the way to major steps in disarmament. As is known, this treaty received support in the whole world, including the NATO allies of the United States, and in broad circles of the international public. What did the Carter administration do with it? Hardly was the treaty signed when people in the United States began discrediting it. As to the process of ratification, the opponents of the treaty—not without the connivance of government circles in the United States—actually began using it to complicate the treaty's ratification. By his recent decision to freeze indefinitely the debate on the SALT II treaty in the Senate President Carter added one more touch to this unseemly process.

It was the United States that in December 1979 forced on its NATO allies the decision to deploy in a number of West European countries new medium-range nuclear-missiles arms, this leading to a new spiral of the arms race.

Washington virtually muzzled those of its allies who were inclined to positively respond to the Soviet Union's constructive proposals to hold talks on this matter.

Today the opponents of peace and detente are trying

to speculate on the events in Afghanistan. Mountains of lies are being built up around these events and a shameless anti-Soviet campaign is being mounted. What has really happened in Afghanistan?

A revolution took place there in April 1978. The Afghan people took its destiny into its hands and embarked on the road of independence and freedom. As it has always been in history, the forces of the past ganged up against the revolution. The people of Afghanistan, of course, could have coped with them itself. But from the very first days of the revolution it encountered an external aggression, rude interference from outside in its internal affairs.

Thousands and tens of thousands of insurgents, armed and trained abroad, whole armed units were sent into Afghanistan territory. In effect, imperialism together with its accomplices launched an undeclared war against revolutionary Afghanistan.

Afghanistan persistently demanded an end to the aggression, that it be allowed to build its new life in peace. Resisting the external aggression, the Afghan leadership, already under President Taraki and then later, had repeatedly asked the Soviet Union for assistance. On our part we warned those concerned that if the aggression was not stopped we would not abandon the Afghan people at a time of trial. As is known, we stand by what we say.

The actions of the aggressors against Afghanistan were assisted by Amin who, on seizing power, launched cruel repressions against broad segments of the Afghan society, against party and military cadres, against representatives of the intelligentsia and the Muslim clergy, that is exactly against those segments on which the April revolution relied. The people under the leadership of the People's Democratic Party headed by Babrak Karmal rose against this Amin Tyranny and put an end to it. Now in Washington and some other capitals they are mourning over Amin. This exposes their hypocrisy with particular clarity. Where were these mourners when Amin was conducting his mass repressions, when he forcibly removed and unlawfully physically exterminated Taraki, the founder of the new Afghan state?

The unceasing armed intervention, the well advanced plot by external forces of reaction created the real threat that Afghanistan would lose its independence and be turned into an imperialist military bridgehead on our southern border. In other words, the time came when we no longer could fail to respond to the request of the government of friendly Afghanistan. To have acted otherwise would have meant leaving Afghanistan prey to imperialism, allowing the aggressive forces to repeat in that country what they had succeeded in doing, for instance, in Chile where the people's freedom was drowned in blood, To act otherwise would have meant to watch passively the origination on our southern border

of a seat of serious danger to the security of the Soviet state.

When making the request to us, Afghanistan proceeded from clear-cut provisions of the treaty of friendship, good neighbourhood and cooperation, concluded by Afghanistan with the U.S.S.R. in December 1978, on the right of each state, in accordance with the U.N. Charter, to individual or collective self-defense, a right that other states have exercised more than once.

It was no simple decision for us to send Soviet military contingents to Afghanistan. But the party's Central Committee and the Soviet government acted in full awareness of their responsibility and took into account the entire circumstances. The only task set to the Soviet contingents is to assist the Afghans in repulsing the aggression from outside. They will be fully withdrawn

The crux of the matter is that the card on which the imperialists and their accomplices had counted was trumped.

from Afghanistan once the causes that made the Afghan leadership request their introduction disappear.

Imperialist and Peking propaganda deliberately and unscrupulously distort the Soviet Union's role in the Afghan affairs.

It goes without saying that there has been no Soviet "intervention" or "aggression" at all. There is another thing: We are helping the new Afghanistan at its government's request to defend the national independence, freedom and honor of its country from armed aggressive actions from outside.

The national interests or security of the United States of America and other states are not affected in any way by Afghanistan. All attempts to portray matters otherwise are sheer nonsense. These attempts are being made with ill intentions, with the aim of more easily fulfilling their own imperialist plans.

Also absolutely false are the allegations that the Soviet Union has some expansionist plans in respect of Pakistan, Iran or other countries of that area. The policy and psychology of colonialists is alien to us. We do not covet the lands or wealth of others. It is the colonialists who are attracted by the smell of oil.

Outright hypocritical are the attempts to talk at length about the "Soviet threat to peace" and to pose as observers of international morals by those whose record

includes the "dirty war" against Vietnam, those who did not lift a finger when the Chinese aggressors made their armed intrusion into Socialist Vietnam, those who for decades have kept a military base on Cuban soil contrary to the will of its people and government, those who are engaged in sabre-rattling, those who threaten imposition of a blockade and are exerting open military pressure on the revolutionary Iranian people by sending to the shores of Iran a naval armada armed with atomic weapons and including a considerable part of the U.S. carrier force.

A last point must be made in this connection. Interference in the internal affairs of Afghanistan is really taking place, and even such an august and respected institution as the United Nations, is being used for this. Indeed, can the discussion of the so-called "Afghan question" at the United Nations contrary to objections by the Government of Afghanistan be described as other than a rude flouting of the sovereign rights of the Afghan state?

The Afghan Government and its responsible representative in the United Nations state for all to hear: Leave us alone, the Soviet military contingents were brought in at our request and in accordance with the Soviet-Afghan treaty and article 51 of the United Nations charter.

Meantime under the cover of the clamor, assistance is being increased to those elements that are intruding into Afghanistan and perpetrating aggressive actions against the legitimate government. The White House recently openly announced its decision to expand the supply to these elements of military equipment and everything necessary for hostile activities. The Western press reports that during his talks in Peking the U.S. defense secretary colluded with the Chinese leadership on the coordination of such actions.

Concluding the Afghan theme it must be said that there is nothing surprising in the hostile reaction of imperialist forces to the events in Afghanistan. The crux of the matter is that the card on which the imperialists and their accomplices had counted was trumped.

In short, the events in Afghanistan are not the true cause of the present complication of the international situation. If there were no Afghanistan certain circles in the United States, in NATO, would have surely found another pretext to aggravate the world situation.

Finally, the entire sum total of the American administration's steps in connection with the events in Afghanistan—the freezing of the Salt II treaty, refusal to deliver to the U.S.S.R. a number of commodities, including grain, in accordance with some already concluded contracts, the termination of talks with the Soviet Union on a number of questions of bilateral relations, and so on—shows that Washington again, like decades ago, is trying to speak with us in the language of the cold war. In this the Carter administration is displaying contempt for

important interstate documents, is disrupting established ties in the field of science, culture and human contacts.

It is difficult even to enumerate the number of treaties, intergovernmental agreements, accords and understandings reached between our two countries on questions of mutual relations in various fields that have been recently arbitrarily and unilaterally violated by the government of President Carter. Of course, we will manage without this or that tie with the United States. In fact, we never sought these ties as some sort of a favor to us, believing that this is a mutually advantageous matter meeting the mutual interests of the people of our countries, and first of all in the context of strengthening peace.

But the arrogation by Washington of some sort of a "right" to "reward" or "punish" independent sovereign states raises a question of a principled character. In effect, by such actions the U.S. Government deals a blow at the orderly international law system of relations among states.

As a result of the Carter administration's actions the world is increasingly forming the impression of the United States as an absolutely unreliable partner in interstate ties, as a state whose leadership, prompted by some whim, caprice or emotional outbursts, or by considerations of narrowly understood immediate advantage, is capable at any moment of violating international obligations and canceling signed treaties and agreements. There is hardly any need to explain what a dangerous destabilizing impact this has on the entire international situation, particularly since this is the behavior of the leadership of a big, influential power from which the peoples have the right to expect a well-considered and responsible policy.

But, of course, these actions of the U.S. administration will not inflict on us the damage obviously hoped for by their initiators. The cynical estimates concerning the "worsening" of the food situation in the Soviet Union as a result of the U.S. refusal to sell us grain are based on nonsensical notions about our economic potential.

The Soviet people have sufficient possibilities to live and work calmly, to fulfill its plans, to raise its living standards. In particular, I can assure that the plans of providing Soviet people with bread and bakery products will not be lessened by a single kilogram.

We can regard the actions of the American administration only as a poorly weighed attempt to use the events in Afghanistan for blocking international efforts to lessen the military danger, to strengthen peace, to restrict the arms race, in short to block the attainment of aims in which mankind is vitally interested.

The unilateral measures taken by the United States are tantamount to serious miscalculations in politics. Like a boomerang, they will hit back at their initiators, if not today then tomorrow.

Now if all these sallies against our policy are intended to test our mettle, this means that the experience of history is totally ignored. When the world's first socialist states was born in 1917 our people did not ask anybody's permission. And now, too, it decided itself what its way of life is to be. Imperialism tried to put us to test at the dawn of Soviet Government and everybody remembers what came out of this. The fascist aggressors tried to break us in the bloodiest war ever experienced by mankind. But they suffered a defeat. We were subjected to trials in the years of the cold war when the world was being pushed to the brink, when one international crisis after another was engineered. But then, too, nobody succeeded in making us waver. It is very useful to remember this today.

Pravda: What, in your opinion, are the prospects of the development of the situation?

Brezhnev: The situation in Europe today is much better than it was, say, in the early 1970's. But of course Washington's latest irresponsible actions are making

Like a boomerang, these serious miscalculations in politics will hit back at their initiators, if not today then tomorrow.

themselves felt here as well. The United States is not content with just about everything to poison Soviet-American relations. It would also like to spoil the relations of West European countries with the Soviet Union, relations in which, as is known, many useful things were achieved during the past decade. The United States is trying to undermine the spirit and essence of the Helsinki Final Act which has become a recognized milestone in strengthening security and developing peaceful cooperation in the continent. Last but not least, by its steps directed at aggravating the international situation Washington pursues the aim of subduing the European states, first of all its own allies.

But the cardinal interests of the European peoples are unbreakably connected with detente. The Europeans have already come to know its beneficial fruits from their own experience. They are inhabitants of a continent that has been singled more than once by devastating wars and they are by no means prepared, and we are convinced of this, to embark on a road of ventures at the bidding of

politicians from across the ocean. It is impossible to believe that there are states in Europe that would wish to throw the fruit of detente under the feet of those who are ready to trample it. Western states, and the United States, as well, need detente in Europe by no means to a lesser extent than the socialist countries, than the Soviet Union.

Much of a constructive nature can be accomplished in Europe for the good of peace in the near future, in particular, in connection with the forthcoming meeting in Madrid and the proposal by Warsaw Pact countries to hold a conference on military detente and disarmament. We resolutely are for consolidating the multiplying everything positive that has been created over the years in the European Continent through the collective efforts of states, big and small. We will further pursue a policy of peace and friendship between peoples.

In stark contrast to Washington's present extremist position our position is to continue the talks begun in recent years along many directions with the aim of stopping the arms race. This naturally, also applies to problems of lessening military confrontation in Europe.

I repeat we are for talks, but for honest and equal talks, for observance of the principle of equal security. It is the initiation of exactly such talks that we recently proposed on the question of medium-range nuclear arms. Nobody can expect the Soviet Union to accept NATO's terms designed to conduct talks from positions of strength. The present position of NATO countries makes talks on this problem impossible. We formally told the U.S. Government about all this a number of days ago. We look into the future with optimism. It is a well-founded optimism. We understand that the deliberate aggravation of the international situation by American imperialism is an expression of its displeasure at the consolidation of the positions of socialism, the upsurge of the national-liberation movement, the strengthening of forces coming out for detente and peace. We know that the will of the peoples has cleared through all the obstacles a road for the positive direction in world affairs that is well expressed by the word "detente." This policy has deep roots. It is supported by mighty forces and this policy has every chance remaining the leading tendency in relations between states.

Our people, our country are firmly advancing along the road of communist construction, fulfilling the assignments of the 10th 5-Year Plan, the tasks set by the party. Soviet people and our friends abroad can rest assured that the Leninist foreign policy course is unflagging. It was defined by the decisions of CPSU congresses and is embodied in our entire foreign policy activities. This course combines consistent peaceableness with firm rebuff to aggression. It has justified itself in the past decades and we will adhere to it further. No one will push us off this course.

Red Army commentator:

America's protests 'a pretext for new military build-up'

The following excerpts are taken from the Soviet military daily Red Star of Jan. 15. The article by Major General U. Sidel'nikov begins by restating Soviet President L.I. Brezhnev's charge that the United States' political reaction to Afghanistan, like the freezing of SALT II, is being used as a pretext for a military buildup.

Even earlier, there was no doubt that the United States of America and other NATO bloc countries adopted a policy of achieving military superiority, against international commitments they had accepted for themselves. The most convincing proof for this was the decision of the NATO session to deploy in Western Europe new American nuclear missiles, and also the five-year military program outlined at the end of last year in the speeches of the President and the Defense Minister of the U.S.A.

It is not out of place here to say that the struggle for military superiority ... is one of the features of the aggressive nature of capitalism. This aim acquired a special acerbicity under conditions of imperialism. The whole history testifies that once they have achieved military superiority over their opponents, the imperialist states came out as the instigators of aggressive, predatory local as well as world wars.

The Soviet Union and the other countries of the socialist community dispose over a sufficiently developed material basis to produce any modern type of weapon and military technology. If the United States of America is able to produce in this or that quantity the modern means of armed struggle, then the Soviet Union can also produce such means. If the U.S.A. and the NATO bloc as a whole achieved today military superiority in general or superiority in one type of weapon over the Soviet Union and the countries of the Warsaw Treaty, then tomorrow the Soviet Union and the countries of the

Warsaw treaty, by showing constant concern for their own security, will reduce this superiority to nothing.

The article then proceeds to show that the Soviet Union is not striving for military superiority for two reasons: 1) because it is conducting a policy of detente and disarmament and 2) because there now exists an approximate parity between East and West as the U.S.-Soviet communiqué from the Vienna summit states last summer. In that communiqué, both sides renounce the attempt to strive for military superiority. The Soviet Union, says Sidel'nikov, is strictly observing this commitment since "the principle of equal security ... is one of the most important conditions for the continuation of detente, including military detente. The principle of equal security corresponds to the defense character and the defense thrust of the Soviet military doctrine."

Some Western analysts claim that the Soviet Union has an offensive strategic military doctrine. Such claims, said Sidel'nikov, are evil and sinister.

The Social-Political essence and content of military doctrine of any state is determined not by the armament and the quality of it, or by its potentials, but by the *policy* of this state, by the military-political aims which it places in front of itself and of the armed forces.

The Soviet state is a peace-loving state. The armed forces were created and are improved with the aim of a reliable defense of the socialist achievements, of the peaceful labor of the peoples of the U.S.S.R., of the sovereignty and territorial integrity of the U.S.S.R. and its allies. Namely that is the basis of our military defense doctrine. The fact that our army and fleet are equipped with all types of weapons, that they are exercising offensive activities, is not because they want to attack anybody, but in order to *repulse the attack* of any aggressor, what ever means and forms of the armed struggle he applied. And to repulse an aggression includes defense as well as resolute counter-offensive strikes with the aim to destroy the aggressor fully, wherever he would be active—on earth, sea, and water.

Sidel'nikov lists figures from NATO and American military budgets to demonstrate the rearmament drive. President Carter is quoted saying that the American strategic forces are strong enough to destroy any potential enemy many times over. If this were so, asks Sidel'nikov, why does the U.S.A. need to rearm further? Because aggressive influential Western circles are preparing materially for war against the Soviet Union.

But these circles cannot but understand that the punishment for an attack on the U.S.S.R. and its allies will be terrible and inevitable and that those who attempt

to "many times destroy their potential opponent" might find themselves many times destroyed in the end.

The question arises: Do the politicizing generals and the bellicose politicians of the U.S.A. not calculate that they can protect themselves from such a punishment, by building a many times higher military superiority, based on the so-called potential of guaranteed destruction of the Soviet Union, in the war intended by them?

Sidel'nikov says yes, pointing to the new arms programs of the U.S.A., like the Trident, MX, and Cruise missiles. "A special role" in this scenario belongs to Western Europe. The U.S.A. wants to locate strategic missiles like the Pershing II there and thus turn their allies into hostages. "No lies whatsoever" can hide the fact that the U.S.A. wants to "turn away the threat of a nuclear response strike from American territory and subject the countries of Western Europe to this strike," says Sidel'nikov.

Sidel'nikov then deals with the question of war as a continuation of politics by other means. Some Western analysts deny that this doctrine is still valid for modern war. Sidel'nikov shows that it still does.

On the basis of a deep scientific analysis of the relations of the social-political and economic forces fighting each other on the international arena, our party arrived at the conclusion that in the contemporary stage of social development, world wars are not inevitable, that a new world war must and can be prevented, that it *does not have to* emerge as the continuation of politics, that it does not have to be chosen as a means for achieving political aims. Here too, first-ranking significance belongs to the question, *which* policy leads to assertion of peace on earth, to preventing a new world war and which has no need that it be continued in the fire of armed clashes, and *which* policy includes the danger of the emergence of war, which can lead to war and be continued by it.

In this connection, the question is posed thus: the consequence and realization of which policy is the U.S.A. course for military superiority? The answer can be only one: this course originates from the very nature of U.S.A. imperialism, from the very substance of the American Imperialist state and its traditionally reactionary policy, at the basis of which lies the idea of hegemonism, of the so-called "American exclusivity." ... namely the hegemonistic, global pretensions, the striving for imperialist supremacy ... to impose one's own will on other peoples, the striving to deal with other countries, including also the Soviet Union, "from a position of strength" also defines the policy of the current American ruling circles, their military-strategic policy from which results the policy to achieve superiority in military might.

The distant as well as the recent past convincingly testify to the fact that the aggressive, conquering wars of

imperialism were each time the continuation of such a type of policy by the imperialist states. The continuation of such a policy was the war unleashed by Hitler's Germany, the gigantic military power which was built by the efforts of imperialist reaction as a whole and thrust against the U.S.S.R.

It would be a crime to forget this lesson of history and to calmly watch how the current imperialist pretensions on "world leadership" lead to the realization of a policy which is threatening the peoples with the death of nuclear world war. Therefore, there is no task more responsible than the task to restrain the forces of war and aggression and to make stable peace the natural form of life of all peoples. Namely, this is the fundamental basis of the foreign policy of the Soviet Union, its main backbone. The policy of peaceful coexistence, of mutually advantageous cooperation has no need of being continued by the force of weapons.

But we must take into account that there are forces in the world who are filled with such a hatred against socialism, against the Soviet Union, that they might take the risk to unleash a war against our country and against the other countries of the socialist community. A testimony for this is in particular the doctrine of "limited nuclear wars on regional levels," recently adopted by the Pentagon, which is providing for the delivery of "preventive nuclear strikes."

The armed forces of the U.S.S.R. are always ready to deal a crushing blow to any aggressor, to deal him an annihilating counter-blow. And if the imperialist aggressive forces try again to test our firmness and impose a war on us, then, on the part of the Soviet Union the policy (the single aim of which is to defend the socialist fatherland and the achievements of socialism) will also find its continuation in war. This—in the highest degree just—political aim does not change in the case that we have to answer to a nuclear attack with the same weapons.

Sidel'nikov then repeats the offer by President Brezhnev not to strike against those countries on whose territories there are no nuclear weapons. The Soviet Union is against the use of nuclear weapons. Only in "an emergency situation, an aggression against our country or against our allies on the part of another nuclear state can force us to resort to this ultimate means of self-defense."

From all that was stated above, it follows that no weapon, no means of armed struggle, including nuclear weapons, can "abrogate," or put in doubt the proposition that any war was, is and also remains the continuation of a certain policy by forceful means. The main thing is to *forever save the peoples from such a policy which leads to world wars and is continued by them, to forever save humanity from such wars.*



How long can Pakistan's Zia last?

by Daniel Sneider

"The Soviet Union is on our doorstep and the United States of America is 10,000 miles away. We ought to view the situation very pragmatically. You can't live in the sea and create enmity with the whales. You have to be friendly with them." These are the brave words of America's stalwart ally and front line against "Soviet expansion," Pakistan's military dictator General Ziaul Haq.

General Zia uttered this barely disguised blackmail threat only a day after he played host to Britain's Foreign Secretary Lord Carrington, on a tour of the Persian Gulf, Pakistan and India to bolster a new front against the Soviet Union. Zia perhaps was anticipating the visit two days later of Huang Hua, the Foreign Minister of China, a country Zia proclaims to be the only really trusted friend of Pakistan which shares Pakistan's doubts about the reliability of their "friends" in Washington.

In the view of General Zia, at least as can be figured out from his recent periodic statements, Pakistan is now in a position to play a neat game of extortion with the Carter administration. Having had its official economic aid suspended, due to the revelation of Pakistan's efforts to construct a nuclear device, and with military assistance reduced to cash-only sales, particularly during the period of Janata government rule in India, the Pakistani ruler now feels vindicated by the warm embrace given his regime since the events in Afghanistan. He is intent, however, in making sure that this time he gets what he wants, and in the amounts he wants before signing over Pakistan to the U.S.-British-Chinese axis in the region.

General Zia's game is not merely one of making the

best of a bad situation. There is a more profound need: to save the very political existence of the regime itself. Despite frequent pronouncements of the importance of Pakistan, those who have been watching this country carefully over the past two-and-a-half years since Zia and the army overthrew the popular government of Zulfikar Ali Bhutto and subsequently executed him know that the regime rests on the narrowest of bases. In a country which has experienced two previous military regimes, both overthrown by popular uprising, Zia's regime is the least stable in a long line.

The roots of Zia's demise

The roots of Zia's shakiness are both economic and political—and now strategic. The easiest to see is the economic factor. Zia has made the point several times over the past two weeks that he does not want simply military aid but even more economic aid, a point also made by Carrington and reflected in the \$400-million aid package proposed by the Carter administration, half of which is economic assistance. But \$200 million is a drop in Pakistan's empty bucket.

The fact is that Pakistan is broke—already in default on its debt obligations to its World Bank organized aid donors and politically unable to enforce internal austerity. Early last summer, Pakistan went to the annual meeting of the Aid Pakistan Consortium of the World Bank and presented a request for a rescheduling of approximately \$300 million of its debt repayments, par-

ticularly those which fall due beginning 1980. The U.S., the major donor, and others flatly said "no" and demanded instead that Pakistan institute the familiar package of austerity measures—currency devaluation, budget reductions (particularly in the area of food and basic staple price subsidies), and similar measures.

Pakistan was in a bind and faced with a singular lack of enthusiasm from traditional Arab donors. Many were openly antagonistic to the regime after it executed Bhutto in the spring despite appeals to save the life of a man held in high esteem in the Arab world. Later this past summer the government presented its budget, a budget so rife with disaster for the average Pakistani that even Zia's right-wing anti-Bhutto allies in the Pakistan National Alliance attacked it strongly. Even worse U.S. and World Bank officials alike made it clear that they did not view this budget as sufficient to meet their austerity demands.

During this period Zia had been forced to release from imprisonment the leaders of Bhutto's Pakistan Peoples Party (PPP) including Bhutto's wife, Nusrat Bhutto, and fiery daughter, Benazir Bhutto. The PPP rapidly expanded its organizing, with Benazir and Nusrat greeted by massive crowds wherever they appeared. Zia had committed himself to holding national elections on Nov. 17, a commitment which followed similar ones earlier in his regime (one of which came in declaring that the regime would last 90 days) which were not filled.

A series of measures were attempted to rig the elections but failed to accomplish their goal of barring the PPP from participation. Zia faced the inevitable. He cancelled the elections indefinitely in a speech on Oct. 16, banned all political parties, arrested their leaders, particularly those of the PPP, imposed strict martial law and press censorship and made it clear that the rule of his military regime would not be ended at any ballot box. He then returned to his economic troubles.

In late November, an IMF team landed in Pakistan to make a preliminary assessment of the austerity measures that would be required for Pakistan to receive the aid it needed to get by its impending debt crisis. Already Zia had received promises of a \$100 million loan from the Bank of Commerce and Credit International (BCCI), a Dubai-financed London banking house run by renegade Pakistani banker Hasan Abedi. The loan was given with Pakistan's next rice crop as collateral. The IMF team's conclusions are not known, but judging from Pakistan's condition and the IMF track record, Zia was faced with carrying out measures that would not only shrink its barely existent economy to nothing, but risk political upheaval right then and there.

Under these conditions the Afghan crisis almost appears a blessing for Zia. One Pakistani official was quoted in the *Washington Post* Jan. 17 saying that the debt problem would not be solved by rescheduling.

"Why don't they just write it off," he declared. Such elation may go unrewarded, but its roots are clear enough.

The economic side however is the least of it. Politically, Zia is a total liability. When Zia cancelled the elections, he had the support of a handful of Pakistan's recognized political leaders, including the State Department's favorite, former Air Marshall Asghar Khan and the Muslim Brotherhood's arm in Pakistan the Jamaate Islami. The latter, a secretive neo-facist Islamic fundamentalist organization, is understood to be the controller of Zia, who is the nephew of the head of the Jamaate, Mian Tufail Mohammed. Every other political leader of note, including many who had supported the coup, opposed Zia and are now under arrest. The Jamaate alone has been allowed to maintain its organization, despite the ban on all parties, merely changing the signboards on its offices to say a "cultural organization."

Standing against Zia and commanding the vast majority of the population's support are the PPP, some of the rightist opposition parties, and the Pakistan National Party (PNP) which also has the support of smaller leftist groups. The PNP is crucial for one fact alone—it is mostly composed of Baluchis, including the left wing of the former National Awami Party (NAP), the only other popularly based party to come close to the PPP. The NAP had been banned under Bhutto and was based in Baluchistan and the Northwest Frontier Province. When its leadership came out behind Zia out of hatred for Bhutto, the left wing and the majority of the party finally broke to form the PNP. The rump, led by Pathan politician Khan Wali Khan, is said to command very little support even among the tribesmen of the northwest.

The Baluchistan scenario

The bandying about these days of the name "Baluchistan" in the Anglo-American press, the area described as the next state to fall in the Soviet drive to the Persian Gulf and warm water, is usually accompanied by little in the way of hard facts. The crucial factor there is not tribal secessionism among the mountainous and rough territory of 2.5 million Pakistani Baluch, a tribalism that the Soviets supposedly can whip up anytime they want.

The fact is that the Pakistani Baluch, distinct from their brothers in Iran and Afghanistan, have had a well-developed political leadership, including student intelligentsia based in Quetta University. The Baluch Student Organization, for example, is an open left-wing led grouping.

This leadership made up the core of the PNP, including the former Governor-General of the province, Ghaus Bakhsh Bizenjo, and his close ally Astaullah Khan Mengal. They had the support of the key tribe, the Marris,

whose tribal elder, Khair Bakhsh Marri, a former NAP president, commands great loyalty and whose nephew, Sher Mohammed Marri, is the leader of the left-wing Baluchistan Peoples Liberation Front. All of these men, particularly the Marris, were involved in a four-year insurgency against the Pakistan central government from 1973 to 1977, ultimately involving more than 70,000 Pakistan army forces in the province and ended only by a truce with Zia. There is little question that this leadership has the network and the loyalty of the populace to repeat this, only this time with a friendly Afghan regime across the border behind them.

The more interesting aspect of this situation is the links between the PPP and the PNP, most of which must now be semi-underground. Before the ban, the two parties had been moving toward a united front out of common opposition to the Zia regime and some shared vague leftist views. Both parties had supported the Afghan revolution of April 1978 and had attacked the Zia regime's barely disguised support for the "Islamic" tribal rebellion against the Kabul regime.

Pakistan is now in a position to play a neat game of extortion with the Carter Administration...In a country which has experienced two previous military regimes, both overthrown by popular uprising, Zia's regime is the least stable in a long time.

The PNP commands support in the southern province of the Sind, Bhutto's home province, and the Punjab. The Punjabi characteristic of the Zia military regime is thus a factor in alienating the country's three national-ethnic minorities, the Sindhis, Baluchis, and Pathans, but it is not clear that Zia can even count on support among his fellow Punjabis, including in the military.

The Zia regime's sensitivity to the Baluch situation was visibly displayed last month in the arrest of the correspondent of the Hong Kong-based weekly *Far East Economic Review* and his subsequent sentencing to prison. It was revealed that the cause of the arrest was an article written by the reporter, Salamat Ali, in the Oct. 19 issue of the *Review*, entitled "Baluchistan: An upheaval is forecast." The article gave an account of the simmering unrest in the province among the Baluch leaders, many unnamed. Perhaps the most telling quote from one such

leader was this response to a question on the immediate future for Baluchistan:

We have discussed our options for a long time. One is a greater Baluchistan. Another it to take the province of Sind with us, and that has obvious advantages. The third is to go with Iran, but that right now seems ruled out. The fourth is a loose confederation of Baluchistan, Pakhtoonistan (the Pathan areas of Pakistan), and Afghanistan. The fifth is a Soviet socialist republic in which Baluchistan should be a partner. The last-named option has always appealed to our youth, but the problem was that neither Iran nor Afghanistan next door were socialists. Now that hurdle has been removed.

The question of the army

The prospect of a revolution in Baluchistan and beyond must be on the minds of the only other institution that counts in Pakistan—the army. There are signs that within the army there is talk of removing Zia. Pakistani sources in London report that British circles in fact are considering such an option—a "preemptive coup" against Zia which would remove the unpopular leader in a controlled manner before it happens in an uncontrolled manner. Several middle-level officers have left the country and are working with pro-Bhutto exiles in Europe. Bhutto's former military secretary Major General Imtiaz Ali, is reported actively organizing pro-Bhutto army officers from exile abroad in the Gulf shiekhdom of Abu Dhabi. There General Ali is acting as a "military adviser" to Sheik Zayeed, a man who was very close to Bhutto personally.

Zia has responded, our sources report, by constant reshuffling of military personnel in order to prevent a regroupment of these circles. However, a key point is coming up in early February when Zia's retirement from the army is due. It had come up last year and was extended. Also due to retire are three of his close Army supporters: Lt. General Sawar Khan, Governor of the Punjab, Lt. General Faiz Ali Chisti, Governor of Pakistani Kashmir, and Lt. General Iqbal. If Zia does not retire, which he certainly prefers, then it will be difficult for him to go ahead with the retirement of these officers also. Such a move is sure to cause discontent among the ranks of the younger officers who are due to move up in the ranks as a result. That may well be the catalyst for a coup.

Zia will certainly try to buy loyalty in the army with new arms from the U.S. and China to replace the outmoded equipment of the armed force. This has been an issue for some time, also affecting the army's loyalty to

Bhutto. If Zia does not deliver and the army faces the Red Army across the border—and, in their minds, India—then it will be difficult to predict how long Zia can last.

The strategic dimension

It is in this context that we must finally return to the strategic dimension of Zia and Pakistan. The reluctance of Zia to rush into a new axis with the U.S. must stem from this consideration. Militarily, there is little in the way of a Soviet thrust into Pakistan, either in the form of punitive raids on Pakistan-based camps of the Afghan Islamic rebels or a massive drive with full Soviet forces. The terrain bordering Baluchistan is best suited for that, being relatively flat and suited to heavy armored equipment. However, the political realities of Pakistan do not even require that.

Ultimately, Soviet actions will depend on Zia and what he does. It is no secret that the regime has encouraged, armed, trained, and politically backed the various Afghan insurgents, with the aid of China, which has kept up a steady flow of arms and advisers. In fact the main tribal forces are not those in Afghanistan but the Pathan tribes based mainly in Pakistan, who spread across the border. A continuation of this policy, particularly as the snows start melting in the spring, bears heavy risks for Pakistan, as the Soviets have already made perfectly clear.

Zia dispatched his Foreign Secretary Aga Shahi to the U.S. more than a week ago for a first round of talks on what the U.S. would deliver. Shahi was accompanied by two military men—Lt. General Gullam Jilani Khan, the secretary general of the Defense Ministry and Major General K.M. Arif, his chief of staff—presumably carrying a long shopping list. In recent press statements following the visit, Zia indicated displeasure with what had been offered so far by calling the talks “preliminary.” To unnamed Pakistani officials he made it clear that the \$400 million figure was way too low.

What the Chinese have to give is none to clear. They have been major arms suppliers to Pakistan for almost 15 years, including light arms and jet aircraft, but Chinese arms are of a quality not much better than some of the Korean War era equipment found in the Pakistan army now. The *New York Times* reports that U.S. Defense Secretary Harold Brown asked the Chinese to help smooth out U.S.-Pakistan relations but what that means is also not certain.

Gandhi arrives on the scene

The advent to power of Mrs. Gandhi in India must be equally unsettling to General Zia. Mrs. Gandhi, at the

bottom line, will respond toughly to any move to recreate the U.S.-Pakistan-China alliance that functioned during the 1971 war between India and Pakistan. More to the point, she was a vigorous defender of Bhutto during the period when the Zia regime had sentenced him to death. Bhutto supporters will look to her for support in their own cause. While India will not rush into war with Pakistan, hopes circulating in Washington that somehow India and Pakistan can be joined in an anti-Soviet front are totally futile.

Adding it up, the only conclusion that can be reached is that Zia's Pakistan is a card only jokers would depend on playing, a country led by a kook, in the Khomeini sense of the word. He has based his regime entirely on the Jamaate Islami's Islamic ideology, proclaimed friendship for Iran, and overseen such incidents as the burning of the U.S. Embassy and the resulting death of two Americans—an incident organized and carried out by the Jamaate. At every point, Zia has not only refused to relinquish power, but has plunged ahead into disaster, hanging Bhutto, despite the pleas of almost every head of state in the world, and trying to impose a military version of Khomeini's Islamic state which includes public flogging and similar barbarities.

General Zia is unlikely to hear the voice of reason including his “allies” who may urge internal cosmetic reforms to regain some public support. As a military man, he may be impressed by the hard steel of the Soviet tanks on his borders, but as a kook he will likely take Pakistan into a confrontation that the populace will not support. The only question to really ask is whether General Zia can last long enough to try it.

Pakistan arms aid: 'For whose defense?'

Following are excerpts from an editorial on Afghanistan and U.S.-Pakistan relations that was published in the Jan. 1 edition Jang, the leading Urdu-language daily in Pakistan.

The willingness of Pakistan's former ally and superpower America, to extend military aid for Pakistan's security and defense is surprising, because Pakistan has long been a victim of American foreign policy and her fickle-mindedness. Pakistan has been trying, since even before the fall of East Pakistan, to secure arms from America and other friendly countries to meet its defense needs and strengthen its defense. And right at the mo-

ment when foreign troops were advancing in East and West Pakistan, Pakistan tried its best to secure military aid from America but Dacca fell and American aid did not reach Pakistan

... Then, even after such a great tragedy, Pakistan did not look away from America and kept seeking military aid from its friends for the security of the leftover Pakistan. But, making Pakistan's nuclear program a target of its criticism, America has since long stopped not only military but also economic aid

Now that Russian troops have entered Afghanistan in large numbers and American interests in this region are threatened by this action, not only have America and like-minded powers started shouting about the principle of nonintervention in foreign countries, America has, out of princely generosity, also announced military aid for Pakistan, and has immediately started taking stock of Pakistan's military requirements. America's mysterious silence, rather clandestine encouragement to India, at the critical juncture of East Pakistan's fall and then continuous discouragement of Pakistan, and American announcement of military aid for Pakistan now after Russian troops' entry into Afghanistan all show that the real objective (of these offers) can be anything except the defense of Pakistan's security. In this situation we will have to think whether acceptance of aid would be beneficial to us or harmful.

A second aspect of the matter is that the dispute between Iran and America has not yet been resolved. Iran is the closest Muslim neighbor of Pakistan and even in this period of Iran's trial relations between the two countries, have been close and most cordial, and Pakistan has openly declared that it will not tolerate the use of force against Iran. In a situation when the dispute between Iran and America has not been settled, how can Pakistan commit the mistake of irritating a close Muslim neighbor by accepting American aid?

The third aspect worth noting is against whom the American military aid offered to Pakistan is meant to be. Is it directed against Russia? Russia is a very big country; it is a super-power. Neither Russia will attack Pakistan nor can Pakistan fight Russia. As far as Afghanistan is concerned, Pakistan has no designs against Afghanistan also. Like Iran, Afghanistan is also a close neighbor. For thousands of years all pervasive and many-faceted relationships have subsisted between the two countries. Lakhs of Afghan nationals have taken refuge in Pakistan, and Pakistan's best hope in that Afghanistan should have such a stable and popular government as would stop the endless bloodshed in the country, restore law and order and win the confidence of the people so that the Afghan Government and people could together put their country on the path of progress.

'Pakistan has only three options...'

Following are excerpts from an editorial on the same subject in the Pakistan daily NAWA-I-Wagt, Jan. 2.

In connection with his warning (to the Soviet Union), Mr. Brzezinski has also said that this is an important commitment (to uphold the security of Pakistan) which it will honour. But because of the experience Pakistan has had of American attitudes in respect of defence agreements, people of Pakistan will be right in proceeding with care and hesitation in trusting this declaration and warning from America at this critical juncture. An immediate (and a very important) reason for this is that Russia's military occupation of Afghanistan has produced a most fundamental and far-reaching change. But even at this moment, instead of raising this issue at the United Nations, the resolution secured by America from the Security Council relates to American hostages in Teheran. America knows very well that Iran and Pakistan are brother Muslim countries and the people of Pakistan cannot fail to notice and highlight the contradiction between action against Iran and the offer of aid and support to Pakistan.

Regardless of the contradiction ... Pakistan has only three possible options:

1. The offer made by America may be accepted and (we) should be ready to pay the price, whatever it may be, of cooperation with and faith in it (America).

2. A wait-and-see policy may be adopted and an attempt made to adjust ourselves to the way the situation develops.

3. No attempt should be made to annoy Russia, that is, the path of staying non-aligned in the confrontation between the two superpowers should be adopted. And the fate that has befallen Afghanistan despite its reiteration of nonalignment and "friendship with Russia" should be dismissed as the destiny of Afghanistan alone.

All these three possible courses cannot guarantee Pakistan's freedom, sovereignty and security. The experience of relying and depending on America for our defence does not now encourage us to trust America. An attempt to escape Russia's annoyance is no easy matter either because it has an agreement with India similar to the so-called Treaty of Friendship it has invoked to despatch its troops to Afghanistan. In these circumstances the only proper and positive policy for us can be that first of all we should arrange for a national consensus to meet the situation facing us.

Carter policy turns Iran over to the Soviet Union

by Judith Wyer

It is the evaluation of *Executive Intelligence Review* that Iran will become a client state of the Soviet Union within a matter of weeks as the direct result of policies pursued by the Carter administration

A total vacuum of power is developing in Iran which, one way or the other, will soon be filled. From every indication, the Carter regime has not moved in the direction of the one available option that might allow a stable, noncommunist government to develop in Iran, namely, a government led by former Prime Minister Shahpour Bakhtiar, elements of the Iranian military, and centrist political forces including, possibly, Ayatollah Shariatmadari's followers in Azerbaijan.

Instead, Carter and his advisers have opted for direct confrontation with the U.S.S.R. in an area in which they are easily outgunned and outmaneuvered. The United States is still insisting on shaping an alliance with radical Muslim fundamentalists in Iran while, at the same time, threatening to use force openly. Two incompatible options remain under consideration by the U.S. administration:

1. To precipitate a direct military showdown in the coming weeks by blockading Iran with the U.S. navy laying mines in the Persian Gulf, possibly landing U.S. forces on Iranian territory. This is certain to provoke an immediate Soviet military counteraction, as *Pravda* warned earlier this week.

2. To seek an alliance with the Muslim Brotherhood extremists like former Foreign Minister Abolhasan Bani-Sadr and other anti-communist elements of the religious establishment by engineering a U.N.-mediated deal to release the hostages. Given the rampant anti-Americanism in Iran, however that solution is viewed as totally unworkable.

These contradictions are calculated by Washington

and its London ally to induce a U.S.-Soviet showdown over Iran. A superpower crisis in the gulf region could then be used to bludgeon continental Europe and Japan into breaking with their strong pro-detente foreign policies. These governments have been vocal opponents of Carter's call for sanctions against the U.S.S.R.

Outgunned ...

From Washington this week, there are growing indications of apprehension over a future Soviet military move into Iran. The *Baltimore Sun* Washington correspondent, Henry Trehitt, wrote that the Soviets have strengthened their troop presence to 25,000 on the Iranian-Afghanistani border. This is triple the number Soviet troops there last week. Trehitt quotes White House press secretary, Jody Powell, that the two Soviet motorized divisions near the Iranian border at Herat are along the historic "invasion route to Tehran . . ." Prior to the Soviet build up on Iran's northeast border with Afghanistan, the Soviets have slowly increased their troops along their own common border with Iran.

Just after the Soviet backed coup in Afghanistan last month, Soviet ambassador to Tehran, Vladimir Vinogradov, quietly informed both Ayatollah Khomeini and Foreign Minister Sadegh Ghotbzadeh that the Soviet troops along the Iranian-Soviet border would move into their country immediately if the U.S. attempted to move into Iran. Such an option has been publicly weighed by administration officials as a means of securing the release of the American hostages now in their third month of captivity.

President Carter, according to the *New York Post*, Jan. 13, angrily responded to a comment from Ghotbzadeh that the hostages would be held indefinitely, by discussing a U.S. military move into the gulf. The options discussed were a military move into Kharg Island, the loading zone for Iranian oil exports, or a military occu-

pation of the tiny gulf island Abu Musa, which would become a base for future U.S. military operations in the gulf.

Many military specialists familiar with the terrain of the gulf, concur that a military move into Iran by the U.S. is logistically very problematic. The Soviets have a major strategic advantage, with 1,500 miles of Iranian border.

The sanctions farce

The effort on the part of Washington to gain a United Nations Security Council okay for imposing economic sanctions against Iran in retaliation for the hostage-taking is now being evaluated as yet another plus for Moscow. Just three days following the sanction initiative, vetoed by the Soviets, the *Washington Post* printed a lengthy analysis headlined, "Iranian Sanctions Could Help Soviets, Backfire on West." The article emphasized that "besides prolonging the ordeal of the American hostages held ... the imposition of sanctions by Japan and major Western European countries risks altering the predominantly Western pattern of trade and expertise. ... The main beneficiaries are likely to be the Soviet Union and its allies, according to informed Iranians and many diplomats."

Senator Henry Jackson, an outspoken advocate of cold war policies, this week almost thanked the Soviets for their veto of the sanctions. Jackson declared that had the sanctions been imposed it would have aided the Soviets politically and economically within Iran, by providing them new diplomatic and trade openings.

Waldheim-Vance option flops

Secretary of State Cyrus Vance has been discretely working with United Nations Secretary General Kurt Waldheim to arrange a deal with the Khomeini regime whereby the U.S. would agree to an international tribunal to investigate the crimes of the Shah in return for the release of the hostages. Washington sources reveal that Vance has made three secret trips to U.N. headquarters in New York City in the last two weeks as part of this effort.

Vance has held meetings in Washington with Waldheim, Sudanese Islamic leader Sadiq al-Mahdi, and British intelligence Irish lawyer Sean MacBride, all three of whom have made recent trips to Iran to attempt to arrange for the tribunal with Foreign Minister Ghotbzadeh. Vance and company, through such an arrangement, hope to reinforce the positions of the so-called Muslim moderates such as Ghotbzadeh and former foreign minister Ibrahim Yasdi as key figures in the new Iranian government to be formed after the Jan. 25 presidential elections.

But the process of radicalization throughout Iran's population since the Nov. 4 hostage-taking, now makes it impossible for any leading Iranian figure to openly make a deal with Washington. There is increasing evidence that the radical students who have detained the American hostages, for example, are not under the control of Khomeini but are Marxists connected to the growing Iranian leftist movements.

Khomeini's days are numbered

The withdrawal this week of the candidacy of Jaleddin Farsi from the upcoming presidential elections represents a significant setback for Khomeini. Farsi was the candidate of the Islamic Republican Party, Khomeini's party. His withdrawal was forced as a result of a scandal widely publicized within Iran—that his mother was an Afghani and, therefore, he did not qualify to be president. According to the *New York Times*, Khomeini and leading members of the Revolutionary Council are presently considering postponing the Jan. 25 presidential elections in the wake of Farsi's withdrawal.

The remaining candidates for president represent contending political factions within Iran who are in varying degrees at odds with Khomeini. The tension has intensified since the seizing of the Tehran embassy. According to *Le Monde* the vast majority of Iran's population are unhappy with the way Khomeini has handled the hostage situation and "want to end the entire affair."

The leading candidates for president are Economics Minister Abolhassan Bani-Sadr, Foreign Minister Sadegh Ghotbzadeh, and former governor general of the oil producing state of Khuzistan Admiral Madani. Informed sources evaluate each of these candidates as having close ties to both American and British intelligence services. Both Bani-Sadr and Ghotbzadeh have been vocal in their disapproval of Khomeini's intransigence in finding a peaceful solution to the hostage problem. Vance and Waldheim have cultivated these two personalities as probable pro-American presidents of Iran.

Underlying the growing tension throughout Iran against Khomeini, well placed Washington sources indicate that the Soviets have been steadily and discretely building up influence. The sources noted that the Soviets are "not just working through the Tudeh Party (Communist Party)" but through "many diverse channels." Indian sources in New Delhi report that if Khomeini attempts to make a deal with the U.S. over the hostages the Soviets "have the leverage" to step up anti-Khomeini violence throughout Iran's tribal minorities.

The trigger which could prompt a fullscale insurrection against the Khomeini regime is the well organized Turkish speaking minorities in Azerbaijan, in northwest Iran. *Le Monde* every day for the last eight has reported

an impending fullscale anti-Khomeini upsurge. *Le Monde* notes that if Azerbaijan blows up it will set off a round of civil unrest in Kurdistan, Baluchistan, Gilan and Khorasan which will encircle Tehran and Qom, the headquarters of Khomeini.

Iran's second most powerful Ayatollah, Shariatmadari, is the religious leader in Azerbaijan and commands a powerful following in other minority regions. Earlier this month, Khomeini put Shariatmadari under house arrest and has forbidden him to leave Qom to return to Tabriz in Azerbaijan.

Azerbaijan has historically been a center for Soviet penetration into Iran and with Soviet aid, seceded from Iran following World War II. It is the center for the underground guerilla activities of both the Fedayeen al Khalq and the Mujahadeen al Khalq which, according to Iranian sources, have recently developed indirect relations with the Soviet Union.

The projected folly of U.S. deployments in the Indian Ocean

by Uwe Parpart

Count Schlieffen, the chief of the German General Staff before World War I, was known to demand of his officers that they strictly adhere to his precept of "mehr sein als scheinen" (to be more than you appear to be). U.S. strategic thinking, judging by the policy statements and proposals of Cyrus Vance and Harold Brown or Henry Kissinger at this point, is committed to exactly the opposite principle: substituting pathetic bluster and "aura of power" for the exercise of real strategic options and the actual deployment of credible force, neither of which are available in the context of present U.S. Middle East policy. Moreover, and perhaps most dangerous, there is the lingering suspicion that neither President Carter nor his national security advisor so-called are fully capable of making the distinction between "sein" and "schein" (reality and appearance).

With the move in Afghanistan, the Soviet Union put in place a strategic counter to the NATO decision to deploy Pershing II missiles in Western Europe and to the apparent U.S. commitment to go all the way with the China card. But at the same time, the massive military incursion into Afghanistan was intended to call the bluff

on U.S. Middle East policy and to deliver a clear warning against the further employment of the illusory "Islamic Card."

After recovering from the first shock over the Soviet move—"The Russians lied to me!!"—the Carter administration has now made it clear through its activities and statements of the last week that they fail to understand the full scope of the Soviet warning and intend to deliberately ignore the part that is comprehensible to them.

There is no other explanation of Carter's foolish praise of "Islamic Fundamentalism" over the "evils of atheism," presumably designed to encourage the formation of an Islamic anti-Soviet bloc, and of moves to acquire U.S. military bases on and in the proximity of the Arab Peninsula to sprinkle such an Islamic alliance with reassuring U.S. military presence. Thus teams of Pentagon and State Department experts are touring East Africa and various Arabian countries to find suitable bases.

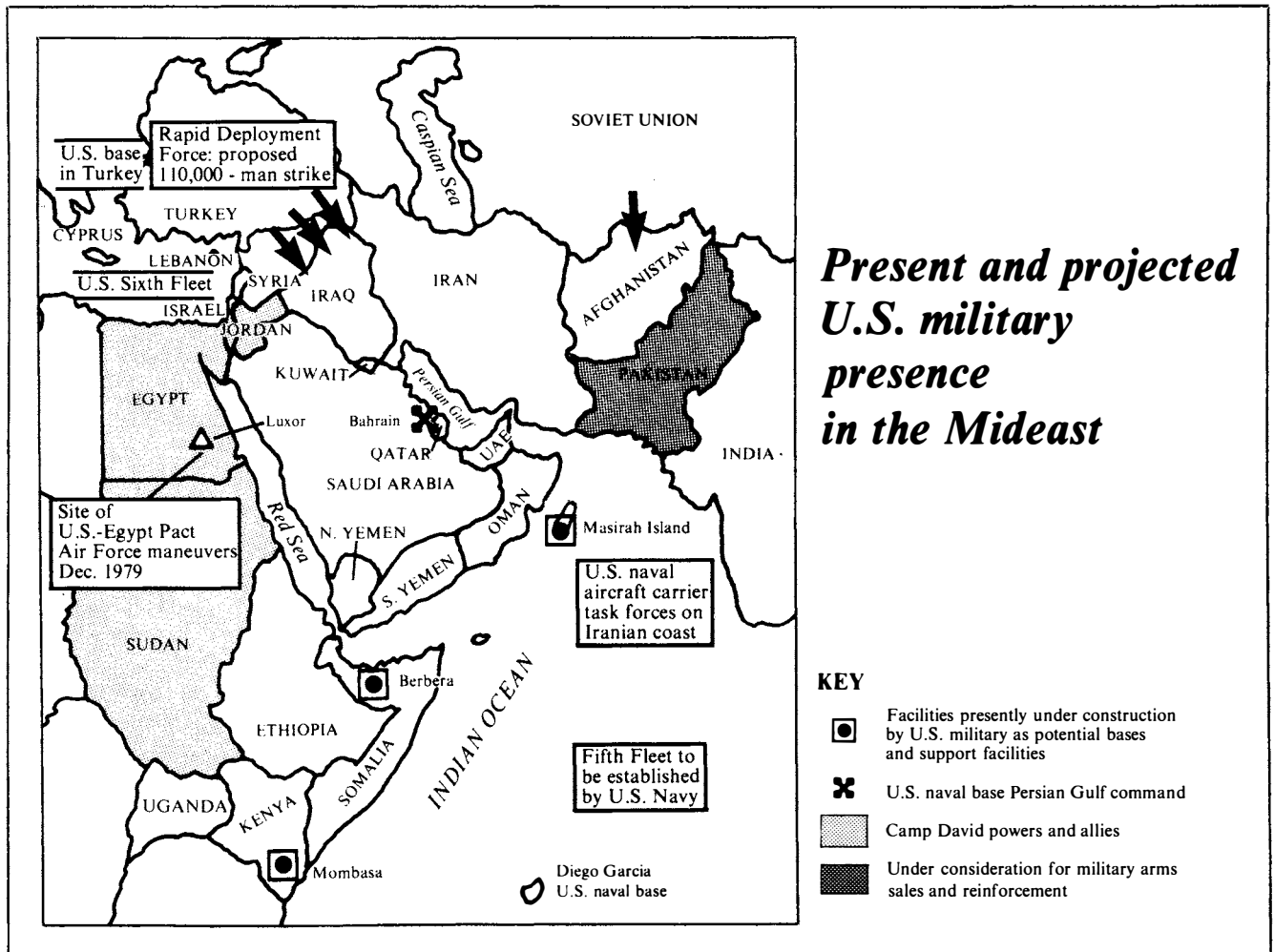
Mombasa in Kenya, the former Soviet base at Berbera in Somalia, and a once British-owned landing strip on the island of Masirah off the coast of Oman are being inspected, though in no case have any of the target countries so far agreed to receive U.S. facilities and personnel. Also under discussion is the former Israeli Sinai base of Etzion; but this is hushed up, since Anwar Sadat is persona non grata among several of Mr. Carter's desired Islamic fundamentalist allies.

Reality of Afghan question

Now look at the military strategic realities in this situation, as well as at a significant point of history—the latter first. After a century of confrontation between Czarist Russia and Britain over control of strategically crucial Afghanistan (the *issue* was undisturbed British rule in India), the two powers finally agreed in the early 1920s to treat Afghanistan as an essentially neutral buffer state between Russian and British interests in the area.

The Soviet choice to now seize that buffer state, representing today the same unique strategic values as in the 19th century, was clearly a major strategic move which only a fool would be tempted and preoccupied to counter on a local basis. Indira Gandhi's now openly voiced support for the Soviet operation only makes the U.S. Indian Ocean game so much more ludicrous. Of course, one can in this kind of situation always count on Henry Kissinger to come up with the most manic, outrageous, and provocative proposal—that the United States should demand base rights in Pakistan.

To soberly evaluate the military realities in the Arabian-Indian Ocean theater, it is best to apply another of Count Schlieffen's precepts: in annual maneuvers designed to test the viability of strategic and tactical plan-



Present and projected U.S. military presence in the Mideast

ning, and specifically in the attempt to discover any weaknesses in the German battle plan for the Western front, named after him, Schlieffen would always assume command of the enemy armies and try to defeat his own forces. Now consider the present and projected alignment of forces in Brzezinski's "Arc of Crisis" from this standpoint.

In any actual military confrontation and exchange, limited to conventional forces, the U.S. and potential Islamic U.S. allies would be faced with overwhelming and close-range Soviet superiority, and the Soviet commander could hardly avoid the conclusion that the U.S. side must attempt to offset that conventional superiority through the use of tactical nuclear weapons. This anticipation of course would, at the moment U.S. deployment indicated actual major use of force, have to invite a Soviet first strike against the principal areas and bases that could be used against Soviet home territory and strategic assets in the area: the Israeli air force, Chinese nuclear missile concentrations, and precisely those bases the U.S. is now projecting to construct in the area.

At that point, the U.S. has the choice to back down

and accept a major strategic defeat, or be engulfed in World War III. This is the inescapable logic of U.S. intended deployments. The analysis presented should not give the impression that we anticipate Soviet overall acceptance of limited nuclear warfare notions. Rather, the projected Soviet move would be the indicated one in any broader strategic confrontation, and be consistent with it, much as this fact was analyzed by Lyndon LaRouche in his analysis of Soviet options in response to the Chinese invasion of Vietnam last February 17. In fact, any planned or actual flimsy U.S. deployment in the Soviet perimeter allowing the Soviets to use the great logistical advantage of interior lines, must have the same and clearly predictable effect as just outlined.

Truman-style containment was a losing proposition already in the 1950s when the U.S. enjoyed major nuclear-strategic as well as conventional force advantages. For President Carter now to return to Truman's ideas, as he has said he intends to do—the ideas of the President who had the distinction of firing the one post-World War II U.S. general with any broader strategic sense, Douglas MacArthur—is more than ironic. It is suicidal.

The 'Iranization' of the Mexican republic

by Dolia E. Pettingell

EIR's sources report that high Mexican government officials now believe that U.S.-Mexican relations are at their worst point ever. An important turning point in the relations was the Mexican government's recent refusal to extend the ex-shah of Iran's tourist visa in early December 1979. Mexican officials argued that the presence of the ex-shah in Mexico "was against our nation's interests."

It may have been evident to the Mexican government that the return of the Shah to their country would have been the occasion for significant "leftist" protest-activity. This could easily have destabilized the government at the point that "rightist" forces similarly deployed in counterattack. It was also undoubtedly evident to the Mexican government that those elements in the U.S. government pressing for Mexican acceptance of the Shah's return looked forward with some eagerness to such a "left-right" destabilization.

In a new year interview, Mexican President Jose Lopez Portillo himself, made his first public statement regarding U.S. government and press accusations that he "reneged" on a commitment to take the Shah back. President Lopez Portillo, in very strong terms, said that Mexico never gave the Shah political asylum, but only a tourist visa, and that he never committed himself—"even less with the U.S. government"—to let the Shah back in.

Since then, the U.S. government and media have continued to escalate pressures against Mexico. "Mexico Threatens Cut Off of Oil Supply", "Mexican Standoffishness," are typical of headlines that American readers encounter daily in the U.S. press.

The media's anti-Mexico campaign along with gross diplomatic affronts by the Carter administration, are directed toward what certain U.S. sources describe as a conditioning of the U.S. population to view Mexico as "our Iran to the South." Actual "Iran-style destabilization" of Mexico is the obvious next step.

As in the mooted case of the Shah's return, any form of intelligence-agency promoted destabilization of Mexico depends on the initial, street-level activation of a "mass of leftists," or alternatively, a wave of terrorism credibly associated with a "leftist" cause. While the Mexican government's susceptibility to certain forms of scenario-manipulation may be reflected in their apparent, occasionally expressed perception that the right-wing "Monterrey group" of oligarchist financial and landlord interests is the principal threat to the Mexican republic, in fact, the "Monterrey group" can perform significantly in such a scenario only as a "rightist" countergang capability to the principal effort, which will be "leftist."

This touches upon the fact that, although the U.S. Carter administration may be the "government-of-record" in the kind of threats that Mexico now faces, the survival of the Mexican republic depends on recognizing and acting on a set of networks associated with the *Societas Jesu*—the Jesuit Order—acting "above" the policy of governments, and through various U.N.-connected agencies that exert influence on the posture of the Mexican government itself. U.S. intelligence capabilities in Mexico are significant as they overlap the assets of the Jesuits—who are the key to the "Iranization" project.

Admittedly, the Hapsburg-led "black nobility" of Europe and their allied branch-families in Latin America have close associations with the "Monterrey group" oligarchists, and also exert decisive policy-influence in the international intelligence operations of the Jesuit Order. However, while Monterrey's fascist hand will be a coordinated feature, the principal leverage-capabilities of the Jesuits in Mexico, as throughout the continent, is "leftist" in fact, networks deployable under auspices of the notorious "liberation theology."

It is this factor, the Jesuit subversive networks on Mexico's "left"—with its included, highly developed

capability for precision-deployed terrorist acts—that is central to the kind of scenarios now being mooted in such U.S. quarters as (Jesuit) Georgetown University.

In a recent issue, the American magazine *Gallery* lays out an exact scenario of how the “Iranization” of Mexico could work. The article, by Institute for Policy Studies founder Karl Hess, entitled “The Day the U.S. Invaded Mexico,” portrays a situation which begins with a severe shortage of oil in the U.S. due to cut-off of supplies from the Middle East. The President of the United States decides to “encourage...terrorist activities by Marxist anti-American guerrillas” in the oil fields in the south of Mexico. This “two weeks of provocations,” lays a basis for a U.S. military takeover of Mexico’s oil fields. The Mexican government announces new oil discoveries; OPEC countries decide to outrageously increase oil prices; and the U.S. cabinet admits that a militarization of the Middle East will mean total suppression of that region’s oil supplies. At the end of two weeks, the President of the U.S. announces that U.S. troops have just taken over the Mexican oil fields.

Although some readers might tend to dismiss this scenario as another fantasy of just another pornographic rag, it is, in fact, a “live” operation of top Anglo-American policy-makers.

This week a top executive of the Center for Inter-American Security, a Washington thinktank closely tied to the Kissinger networks at Georgetown’s Center for Strategic and International Studies (Jesuit), revealed that the current Anglo-American “concern” is with a terrorist threat in the oil rich area of Mexico that borders Guatemala: an exact replica of the *Gallery* scenario.

The CIS source reported that there has recently been an escalation in “Baader-Meinhof type” terrorist activities in the Mexico-Guatemala border area and that the terrorists’ “ultimate target is the Mexican oil fields, especially in the state of Tabasco...”

Mexico’s response to this very real military threat has become more and more defensive as the Middle East crisis worsens. Only days after the government-linked Mexican newspaper *El Dia* reported the *Gallery* article, the Mexican Defense Minister Gen. Felix Galvan Lopez responded with a highly unusual interview.

Answering a reporter’s question, Gen. Galvan stated that Mexico does have the “means” and readiness “to defend our nation’s natural resources,” in the event of a military attack by U.S. troops. Recently, Gen. Galvan visited the Soviet Union where he was warmly received by top Soviet officers.

Mexico in the UN

Taking advantage of Mexico’s fears, Anglo-American circles operated in the U.N. over a period of months to extend Mexico the enticement of the seat in the U.N. Security Council originally intended for Cuba. It appears

that the aim is to draw Mexico into byzantine wheeling-and-dealing leading toward concessions.

One of Mexico’s first dangerous concessions came on Jan. 9, two days after it was elected to the Security Council as a compromise between Colombia, the U.S. proxy, and Cuba. Arriving to personally oversee Mexico’s first action in the council, Foreign Minister Jorge Castañeda stated that “there is no doubt whatever that we are in the presence of an invasion” of Afghanistan and that the Security Council must demand “the withdrawal of the foreign armies.”

Foreign Minister Castañeda, reiterated Mexico’s historical posture of “non-intervention” in “other countries’ affairs”, adding that Mexico will not support “countries” but “principles.”

The Mexican vote against “Soviet intervention” in Afghanistan surprises many in the diplomatic community, since Mexico is known to be acutely aware of the madness of Washington and London’s current strategic doctrine which provoked the Soviet Afghanistan operation.

Many political observers took Mexico’s vote as an expression of their own fears that a “similar” invasion from the U.S. against Mexico would take place. British press conduits pointedly drew the same lesson, thus confirming Mexico in its strategic blindness.

The Mexican statement, very close to Washington’s formulations on the issue, immediately raised voices of protest from representatives of other governments. In a clear reference to the Mexicans’ abstract defense of the principle of “non-intervention,” the Cuban Ambassador to the U.N., Raul Roa Kouri told the general assembly Jan. 14 that “it is not the right to sovereignty that needs to be discussed.” Cuba has and will always stand for such a right, he added. “But when in the name of that right one intends to justify evil imperialism...” we will never line up “on the side of the forces that imposed genocide on the people of Vietnam, the forces that invaded Mexico and grabbed half of their territory...”

Mexican press editorials and commentaries excused Mexico’s stance by again emphasizing that the principle of “non-intervention,” if applied against the Soviets now, might help later in case of a U.S. military move to take over Mexico’s oil.

Mexico’s susceptibility to manipulation in its new Security Council seat is magnified, in the view of observers, by the role of Foreign Minister Castañeda. Castañeda is a personal collaborator of Ervin Laszlo, the director of the United Nations Institute for Training and Research (UNITAR) and current coordinator of Jesuit-based efforts to create an antiscience, antitechnology version of a “new international economic order.” Castañeda was indoctrinated in such “one world” theories in over 20 years of diplomatic work among UNITAR-contaminated U.N. layers.

International Intelligence

EUROPE

Schmidt says no extension of NATO

West German Chancellor Helmut Schmidt delivered his government's policy statement on the current world situation on Jan. 17 following extensive meetings with his cabinet. While saying that West Germany would stand in solidarity with the United States in dealing with the Iran situation, the Chancellor added that "peaceful coexistence must not be endangered through thoughtless calling for an extension of NATO beyond its present boundaries." Instead, he laid out an approach to stabilizing the Third World and dealing with the oil producers.

He called, for example, for an European initiative to intensify dialogue with OPEC, stating that peaceful coexistence will be ensured only through this developmental approach. "The German contribution to maintaining world peace will be through endorsement of regional cooperation and treaties among states all over the world," said Schmidt citing ASEAN, the Lome agreements and the Euro-Arab dialogue. He warned that this is a time for cool heads and a balanced crisis management approach that should include frank discussion with the Soviet Union—noting that it is particularly for times like these that "the so-called red phones are designed for."

Tito illness to trigger new 'Sarajevo'?

The worsening illness of 87-year-old Yugoslav President Josip Broz Tito has prompted intensive speculation on the possibility of a Soviet invasion of Yugoslavia. Newspapers and thinktankers in the United States and Europe are

already forecasting a "new Sarajevo," in reference to the episode in Yugoslavia which provided the flashpoint for the outbreak of World War I. The Yugoslav army was placed on alert Jan. 15, and the country's entire population is in a state of "moderate mobilization," according to the official Yugoslav news agency *Tanjug*.

Tito was operated on unsuccessfully Jan. 12 for a circulatory ailment affecting his leg. The previous week he had been examined by a leading American and Soviet cardiovascular specialist.

The Yugoslav President, who has ruled the country for 35 years, is universally recognized to be the glue that holds together the motley configuration of national, religious and linguistic elements that make up Yugoslavia. When he dies, the animosities presently simmering just below the surface of national politics could boil up and plunge the country into such instability—or civil war—that the Soviet Union would decide to intervene, under conditions of increasing worldwide confrontation with the United States.

West Germany, Soviets negotiate natural gas deal

West German industrial firms and the Soviet government are presently negotiating a 20 billion deutschemark deal for constructing a natural gas pipeline from the western Siberian fields to Western Europe, according to the London *Financial Times* Jan. 17. The fact that such a huge deal is underway while the Carter administration is imposing stringent sanctions on trade with the Soviet Union amounts to a dramatic statement by both West Germany and the Soviet Union that detente must not be allowed to die.

Top industrialists Bertold Beitz of Krupp and Buddenberg of Gelsenberg

were in Moscow this week discussing the project, which would supply 40-50 billion cubic meters of natural gas annually to West Germany. The pipeline would take five years to construct. Deutschebank head Christians will go to Moscow at the beginning of February to discuss the financing of the pipeline.

SOUTHEAST ASIA

Chinese troops mass along Laotian border

The Chinese are reported massing troops along their border with Laos in preparation for an invasion of Indochina. The report appearing in the Soviet daily *Pravda* charged that "a force exceeding one million" is expected to be involved in the operation and "the U.S. is aware of the scheme."

The Soviet daily's commentator Schedrov took the opportunity to attack the United States for support the operation. He accused Brown of being briefed on the plans during his recent trip to Peking.

The Soviet charge seems to be backed by a report in the *New York Times* of Jan. 17 where it said, "Mr. Brown let Peking know that the United States would welcome Chinese military help against Vietnam in whatever form Peking might choose to render it, if Vietnamese forces crossed from Cambodian territory into Thailand."

Soviet fears are not lessened by reports that high government officials in Thailand have been holding discussions with "interested parties" for the revival of the "Manila Pact." This treaty was the vehicle that launched the notorious anti-Communist military alliance of the Southeast Asia Treaty Organization.

SOVIET UNION

Soviets move warships toward Indian Ocean

Five Soviet warships began moving from the Japan Sea toward the Indian Ocean region Jan. 17, the Japanese Defense Ministry reports. One of the ships reportedly flies a banner marking it as having the commander of the Soviet fleet on board. Meanwhile, 100,000 Soviet army reservists have been called up to replace the reservists that have been deployed to Afghanistan, according to CBS radio the same day.

These moves are accompanied by extraordinarily tough warnings in the Soviet military press. The daily *Krasnaya Zvezda* declared Jan. 16 that any aggressor against the Soviet Union will be met with an "annihilating counter-strike." The aim of the Red Army is to defend the socialist fatherland, and this will not be changed, even "if we have to respond to a nuclear attack with the same weapons," the paper said.

MIDDLE EAST

Shakeup in Egyptian military

Two top commanders of the Egyptian armed forces have been shifted from their commands and replaced with other officers. According to the semi-official Egyptian Middle East News Agency, the command of the paratroops and commando divisions of the Egyptian armed forces were shaken up at the beginning of January.

The Jordanian newspaper *Al-Ray al-Aam* reported that the step was taken after opposition developed in the Egyptian army to Egypt's decision to offer the United States military facilities or bases in December. The shakeup followed "a wave of disgruntlement in the ranks of the Egyptian armed forces," said *Al-Ray al-Aam* on Jan. 13.

Meanwhile, the leader of the Egyptian opposition Socialist Labor Party, which is officially sanctioned, attacked the Cairo offer to have Washington use Egyptian military facilities. Ahmed Shukry said that the decision was "undemocratic and hearkened back to the days of one-man rule" and he called for a special parliamentary debate on the subject.

Sentiment against war emerges in Israel

Moshe Sharon, a top adviser to Prime Minister Begin of Israel, writing in the *Jerusalem Post* of Jan. 12, warns that putting U.S. military bases in Israel may cause the thermonuclear destruction of Israel in a new world war. Bitterly attacking Begin and Defense Minister Weizman for suggesting the idea, Sharon says that Israel must remain neutral in any war over the Persian Gulf because Israel is "too small to survive Soviet ballistic missiles on its major cities."

Meanwhile, the Israeli opposition newspaper *Davar* last week said in an editorial that by associating with the emerging Cold War Israel is jeopardizing its national security. *Davar* accused Begin of unnecessarily provoking the Soviet Union by threatening to take part in an assault against Afghanistan by backing Muslim rebels there, ridiculing Begin's "oratorical anti-Soviet activities." A Cold War, said *Davar*, would intensify the U.S. proclivity to support fundamentalist Muslim movements which can only work to the detriment of Israel.

Briefly

● **BRITAIN'S DEFENSE MINISTRY** announced this week that it is training officers and technicians for the Iranian Navy under contract with the government of Ayatollah Khomeini. A British spokesman said that Great Britain is training personnel from over 70 countries at military facilities in the British Isles.

● **WARREN CHRISTOPHER**, the U.S. Deputy Secretary of State got the cold shoulder from Europe this week. West German Chancellor Schmidt gave him only 30 minutes of his time between cabinet meetings. Foreign Minister Genscher refused to discuss what Germany's position would be in case of U.S.-imposed sanctions. In France, Christopher could only say after his meeting with Foreign Minister François-Poncet that while Europe is in solidarity with Washington, they will not be taking any joint actions with the United States.

● **URSULA LORENZEN**, the NATO employee who defected to the East several months ago, told an East Berlin press conference that NATO is seeking to alter the balance of power in its favor and is prepared to use nuclear weapons first against the Warsaw Pact and to mine the sea routes used by the Soviet fleet.

● **EXXON CORPORATION** says that world oil consumption in 1980 will be below 1978 consumption and the world can survive a total cutoff of oil from Iran in 1980. In an in-house study, the world's largest oil company concludes that world oil reserves are adequate to easily tide countries over for three months in the event of a total shutoff of Iranian oil. Overall lowered consumption needs could be met easily by existing non-Iranian OPEC production, says Exxon. Japan has already stockpiled to the limit of its storage capacity. Europe is approaching that point. Stocks are up in the United States as well.

Will Iowa's 'uncommitted' defeat Carter again?

by Konstantine George

A special and politically decisive upset is in the making for the Jan. 21 Iowa precinct caucuses. That evening we may well witness the largest number of votes from Iowa Democratic activists going to neither Carter, Kennedy, nor Brown. Instead, out of widespread negative sentiment over key issues and the lack of moral qualifications for the office of President displayed by the three Democratic contenders in the Iowa contest, the winner may be the uncommitted vote.

Iowa State Democratic Committee sources contacted 10 days before the Jan. 21 caucuses estimate that the percentage of uncommitted delegates from the Iowa caucus going to the National Democratic convention in New York City in July "could be as high as 30-35 percent ... this is because of the tremendous disaffection of the average party member with Carter, Kennedy, or Brown."

This Iowa state party estimation was released to the major media, according to State Committee sources. But to avoid the "Emperor's New Clothes" problem for Carter, such news stories, to date, have been put on ice by the national networks.

Iowa has a tradition of turning out a large uncommitted vote. One of the myths of the 1976 presidential election campaign was that Carter "won" in Iowa. In actual fact, Carter was No. 2. The uncommitted vote won.

The Iowa uncommitted sentiment has been conceded across the board by state spokesmen for the Carter and

Kennedy campaigns. Here is what those in the know inside the state are saying:

Iowa Democratic Party Executive Director, John Lawe. "I was looking for 20-25 percent uncommitted, but now I wouldn't be surprised by 30 percent."

Carter Iowa coordinator, Bill Romjue. "I see a slight recent increase in the undecided vote ... the grain embargo is a factor."

Romjue said this on Jan. 14, clearly understating the case, as subsequent events demonstrate. On Jan. 16, it was reported by the *Boston Globe*—which didn't mention "uncommitted vote" once—that Romjue is de facto out as Carter's coordinator. The *Globe* article was headlined "Carter Organization In Iowa In Disarray." Tim Kraft from the Carter-Mondale national headquarters was dispatched with a team of 30 into Iowa to attempt a last minute shore up of the shaky Carter campaign.

That was not the only White House move touched off by the alarm bells that rang as the news of the uncommitted surge poured in. Vice President Walter Mondale's schedule was hastily rearranged to send him out to Iowa posthaste. Mondale is now hopping from the home of one Iowa Democratic County Chairman to another, seeking, by all means available, to keep wobbly Carterites in the fold, and preempt the developing Jan. 21 upset.

Three out of four farm district Iowa Democratic County Chairmen surveyed by *EIR* who are supporting

Carter, were quite candid as to why: "Only because Kennedy and Brown are so rotten ... if there was someone else ..."

The national pattern

The Iowa picture coheres with soundings taken around the country which reveal that Carter's standing among Democrats is plummeting, with no rebound in sight for the tattered campaign of Senator Edward Kennedy. The current leader in the Democratic nomination race nationally, too, is marked 'uncommitted.'

A just-released poll in North Carolina shows that 48.8 percent of all Democratic voters in that state are uncommitted. Carter stands second at 47.8 percent, while Kennedy stands dismissed as a factor with a dismal 3.4 percent. The North Carolina results are typical for the South as a whole. Extensive informal canvassing of Democratic county and town level officials and party leaders in Alabama, Florida and Georgia reveals that a majority of Dems are considering rejecting both the Carter and Kennedy options, and going uncommitted to the party's Aug. 11 nominating convention in New York.

The process has been working in the following manner. So long as Southern Dems believed Kennedy to be seriously threatening to capture the nomination, they rallied around Carter as the perceived, slightly lesser of two evils. Now the collapse of the Kennedy campaign has removed the basis for Carter's bloc of support in the South.

There are no regional exceptions to the process now underway. After Iowa, the next Democratic caucus, preceding the Feb. 26 New Hampshire primary, is the Feb. 10 Maine caucus. State Democratic Committee estimates in Maine are similar to the Iowa findings. Sources contacted at the committee estimate a "turnout of 7-10,000 people at the caucuses, of whom about 30 percent are expected to vote uncommitted."

In New Hampshire itself, where the ballot for the Feb. 26 contest does not feature Brown, the pattern is continued in a slightly different fashion. A "favorite son" candidate with national aspirations and support, Lyndon H. LaRouche, Jr., has campaigned extensively, garnered numerous high-level party endorsements, and appears on his way to a very significant percentage of the vote come the time of the actual polling. LaRouche's position appears good enough at this point that spokesmen for his campaign organization—without exaggerating the candidate's prospects—can credibly set their sights on an actual victory for LaRouche in the New Hampshire primary. Needless to say, from LaRouche's standpoint, the "uncommitted" trend nationally is viewed so gnawing a potential for voter-support nationally, and the related prospect of an open convention the ideal condition for his determined, dark-horse candidacy to become a major factor.

Meanwhile, from Carter or Kennedy's standpoint, LaRouche's strength in New Hampshire only confirms the national "uncommitted" pattern, and makes it all the more perplexing. The Democratic National Committee, chaired by John White, a political protégé of Robert Strauss, the former DNC Chairman and current head of the Carter-Mondale reelection committee, is extremely upset over the vastness of uncommitted sentiment. Members have been working overtime to "contain" the uncommitted movement. DNC sources readily admit that the DNC has gone to extraordinary lengths to attempt to prevent uncommitted delegate slates from forming in many states. One DNC member close to Strauss stated: "The Carter people forced through a DNC ruling that an uncommitted slate, to get on a ballot in a given state, has to get as many signatures as any committed slate of a Presidential candidate would require. ... We were worried about this at the time, but no more."

The DNCer in question underestimates the depth of anti-Carter and anti-Kennedy sentiment in the Party. That sentiment is so widespread that even David Broder of the *Washington Post* was forced to concede, in a column this past week entitled "Disaffected Dems," that the largest category of Dems is those who reject Carter, Kennedy, and Brown, and are searching for "another option." Until Democrats settle on a specific candidate alternative, the negative sentiment directed at both Carter and Kennedy will continue to propel forward the uncommitted option.

One respected party member summed it up, "Carter or Kennedy spell defeat for the Party in 1980. We need a winner. If enough people go to New York uncommitted, then maybe we can all put our heads together and pick that winner."

'The uncommitted will be the big story...'

Interviews this week with Democratic Party spokesmen from Iowa and Maine reflect the sudden and dramatic growth of the uncommitted movement at the state level. A spokesman for the Iowa Democratic Party said:

We have our caucuses on Jan. 21 and I can tell you that the big story will be the size of the uncommitted vote. I'd say that it will be higher than 30 percent, maybe higher than 35 percent. It's possible that Mr. Uncommitted will come in first in the voting and pick up the most delegates.

Everybody remembers that Jimmy Carter did well in

the 1976 Iowa caucus and that it gave his campaign a big boost. Most people think he came in first, but that's not quite correct. Jimmy Carter finished second to Mr. Uncommitted.

This time around people are trying to squash an uncommitted vote. People at the Democratic National Committee are telling people to go one way or another, or at least were telling people that around here. But I can tell you that no matter what the DNC says, no matter what Carter says, or Kennedy says, people are going to vote uncommitted.

A few weeks ago, I gave this story to someone at the *Los Angeles Times* and they ignored it. Now as the caucuses approach, people are going to have to cover it so they won't look stupid when the votes are counted.

What do I attribute the uncommitted vote to? Well, I think that many Iowans just don't trust any of the candidates. Kennedy is in trouble, but that doesn't mean that Carter is doing well. Brown isn't really a factor. There is little enthusiasm for anyone and this means votes for Mr. Uncommitted. It could be a real shocker. And it's not that much of an organized movement, so you can't make predictions. Who knows, the way things are going it could go even higher than 35 percent.

'Most think both Carter and Kennedy are losers...'

A spokesperson for the Maine Democratic Party, which holds its caucus on Feb. 10 stated:

Uncommitted? That's going to be a pretty sizeable vote. I'm not much for giving percentages, but it's well over a quarter. It could be much more. I was at a pre-caucus meeting the other night and they took a straw poll. I don't say that these things are all that accurate, but more than half the people voted uncommitted. That will change some by Feb. 10, but not all that much.

Carter's and Kennedy's people are quite upset by it. It means that voters here in Maine don't really care all that much for either candidate. We are right next door to New Hampshire and this could have an effect on the vote there.

It makes the caucus more interesting and I'm sure it's going to mean that Carter and Kennedy will be sending in more troops. Maybe I shouldn't say this, but I think a lot of people think that both Carter and Kennedy are losers. The problem is that they don't see anyone else who has a chance for the nomination. Brown doesn't come across very well here. I really don't know what this means for the convention.

'The best and brightest'

A secret meeting

by Barbara Dreyfuss

A top secret breakfast meeting was held last Wednesday, Jan. 9 at the White House. Over 40 leaders of the Anglo-American establishment gathered to plot out the response of the United States to the Iran crisis and the Soviet Union's move into Afghanistan. Three eyewitnesses to the meeting, not reported in any of the U.S. media, revealed that one after another participant stood up to denounce Soviet activities in Afghanistan and demand that President Carter take tough measures to confront Moscow. After several hours of teeth gnashing, the "Carter Doctrine" was born.

A top figure at Georgetown University's Center for Strategic and International Studies divulged that it is now a matter of days before the final decision will be made on whether the new "Carter Doctrine" will be merely a "statement of intent—have Carter get on television and say something bellicose"—or actually include military actions such as "seizing Kharg Island in the Persian Gulf or mining the Gulf."

Notably absent from the discussions was any sense of strategic reality: Why did the Soviets move into Afghanistan? There was no mention that the Carter administration, through the visit of Defense Secretary Harold Brown to China, has committed the United States to a strategic alliance with Communist China directed against the Soviet Union. Equally absent was any sense of fundamental military reality. The participants urged a confrontation over Afghanistan—whose affairs have no bearing on U.S. national security. The participants, after all, were among the same liberal "best and the brightest" crew—Rostow, Fowler, Schlesinger, etc.—whose policies since the '50s have systematically undercut America's industrial-military capability.

Should the U.S. now enter a strategic confrontation with the Soviet Union, assuming no war by miscalculation, the guaranteed outcome is the humiliation of the U.S.—a complete strategic debacle. This is the context in which to view the statements and "recommendations" of those present, and the susceptibility to this madness of a

plots the 'Carter Doctrine'

president who is preoccupied with re-election.

Carter, desperately flailing about for some gimmick that will keep his ratings up in the polls, has seized upon the "Doctrine" idea, *EIR's* source reports. "Carter wants something dramatic, something tough before the Iowa caucuses. He can't wait for the State of the Union speech Jan. 23. He needs to make his Carter Doctrine speech, make himself as famous as Harry Truman."

So, the world totters on the brink of war with President Carter hoping the fallout will be more votes for him.

The men who met behind closed doors last week include the elite of the U.S. foreign policy establishment, the men who have run the White House since Franklin Delano Roosevelt, under both Republican and Democratic Presidents. The bipartisan meeting included John F. Kennedy's National Security Council advisers McGeorge Bundy and Walt Rostow, LBJ's confidant Eugene Rostow, JFK's undersecretary of state George Ball, Lyndon Johnson's defense secretary Clark Clifford, Paul Warnke, LBJ's assistant defense secretary, Nixon's treasury secretary Henry Fowler, Nixon's CIA and defense chief James Schlesinger, Ford's defense secretary Donald Rumsfeld, AFL-CIO head Lane Kirkland, Franklin Roosevelt's key policy man, banker John J. McCloy, and former ambassador to Moscow, Gov. Averell Harriman and his protégé, George F. Kennan.

For over thirty years, these men have orchestrated every international crisis, from Cuban missiles to Vietnam to the 1973 Middle East "oil hoax" war. These crises were aimed as much at continental Europe and the U.S.A. itself as at the Soviet Union. In order to protect the unique Anglo-American political position, they have consistently employed crises to sabotage collaboration for economic development between Western Europe and Eastern Europe.

For example, George F. Kennan and Clark Clifford in 1947 authored the "Truman Doctrine," which is being promoted now as the model for the "Carter Doctrine." The Truman Doctrine, warning of creeping communism,

committed the U.S. to a military buildup and global anti-Soviet military alliances. It marked the death knell of Roosevelt's stated determination that post-war U.S. policy would be aimed at dismantling Britain's empire and collaborating with the Soviet Union to technologically develop the Third World.

But these men, who run Carter policy, have concentrated so long on their confrontation scenarios that they have not noticed that the world has changed markedly in the last three decades. No longer is the U.S. an overwhelmingly superior military power which can merely flex its muscles to impose policies—the "environmentalist" prejudice of these blue-blood cold warriors has undermined high technology research and development and the industrial base necessary for qualitative U.S. military developments. But, oblivious to such strategic considerations, they have proceeded to a "Carter Doctrine."

Vance opens the meeting

After the aging men had settled down to breakfast Secretary of State Cyrus Vance began the policy meeting by outlining a bleak strategic situation. He charged that the Soviet invasion of Afghanistan differed from their moves into Czechoslovakia and Hungary, that it was a much more serious move because it was outside the East bloc. Pakistan and Iran are now threatened, he claimed.

Whether Vance resorted to "pounding his fist on the desk for emphasis," as he did a week later in an interview with the *New York Times* to show that the U.S. was really committed to "a sharp and firm response," is not known. Vance admitted in the interview that he sees "black spots" before his eyes. Many believe these were not just caused by the tennis ball that struck his eye at Christmas time.

President Carter then walked into the meeting and, according to participants, echoed Vance's analysis. Several weeks ago the President announced that he had been

“reborn” yet again, and had finally seen the light in regard to the Soviet Union’s global intentions. The President reflected his conversion at the breakfast meeting, declaring that Soviet actions in Afghanistan were the most serious since World War II.

After the President and Secretary Vance had finished their assessments, the floor was opened up for discussion. One after another, the participants jumped up to declare that the Carter administration’s remedies were not strong enough. According to one insider’s report, Eugene Rostow criticized Secretary Vance for merely proposing consultation with our allies on economic and political measures that should be taken against Moscow. “Rostow proposed an all-oceans navy, the development of the Minuteman III and restoring the draft.”

Rostow’s cold war rhetoric set the tone. “Then an interesting thing happened,” declared one leading policy-maker attending the meeting. “Jim Schlesinger, Henry Fowler, Donald Rumsfeld, George Ball, Lane Kirkland, all supported what he had to say. The most interesting thing was that George Ball spoke twice and with a great deal of force about the Soviet actions and stopping them. Schlesinger, and Rumsfeld also spoke with a great deal of emotion, Rumsfeld even attacking those who had in the past said that detente had to continue. And here was Jimmy Carter wrapping himself in the mantle of all this.”

One after another the planners demanded that the U.S. play its full deck of policy cards against the Soviet Union. One proposed emphasis on the China card—although even the Chinese indicated to defense secretary Brown their fears that if China invaded Vietnam again, the Soviet Union would assault China, regardless of U.S. posture. Another tossed out the arming of Pakistan—although Pakistan is very nervous about becoming a funnel for U.S. arms to the Afghan rebels. The Soviets might well attack the rebels’ sanctuaries inside Pakistan. Others proposed Middle East bases and treaty arrangements. One after another they tossed out their “cards,” and nobody seemed to notice that they were jokers. Instead of admitting that the Soviet Union’s Afghanistan move has called the bluff on U.S. provocations, the policy makers planned bigger and better bluffs. A policy, that of encircling the Soviets with a rearmed Europe, a rearmed China, and a chain of “Islamic” destabilizations, has failed; but the “best and the brightest” only raise their voices louder in demanding that the U.S. government commit all to a continuation of the failed policy. Declared one player of this flirtation with world war, Paul Warnke, “I think the Soviets must recognize that if they continue to do things which challenge our vital interests they are risking military confrontation.” Asked about Soviet warnings in Pravda and Tass against U.S. military moves in the Persian Gulf, he declared, “it is a hollow bluff and I’m sure the West will face up to it.”

And then he added: “I hope the Soviets don’t miscalculate.”

The ‘Carter Doctrine’

“George Ball used the word consensus to describe the meeting,” said one participant. “There was a very striking comment on the consensus in the group—that is, that a new policy was needed, the Carter Doctrine. This would be like the Truman Doctrine.”

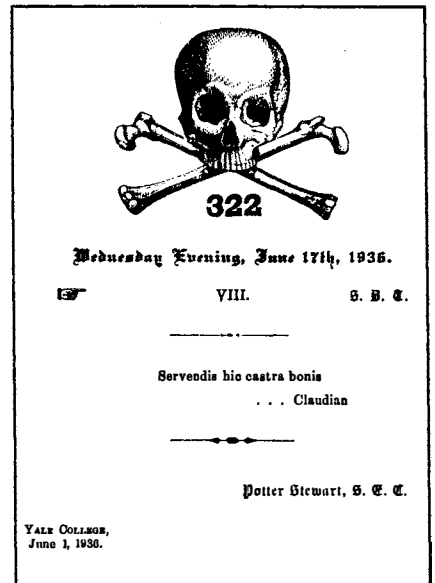
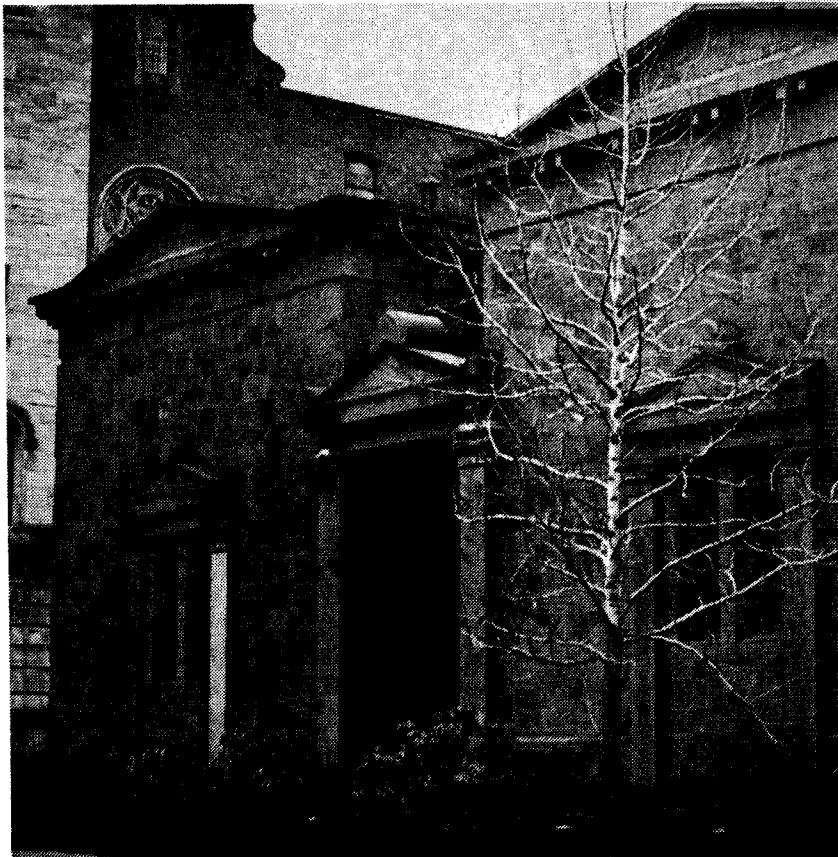
The Carter Doctrine will be a unilateral declaration by the United States of its commitments to militarily rescue any nation the U.S. designates as threatened by the Soviets, and to effect a rapid, land-and-sea conventional-arms buildup, according to Joseph Sisco, former Secretary of State Kissinger’s right hand man, and now President of American University in Washington. Sisco stood in for Kissinger at the policy meeting. The following day Kissinger met for one hour with Vance.

“I said after the meeting that there had been a general consensus,” declared Sisco. “The President supported rebuilding U.S. policy. What I made clear at the meeting was that the basis for a new doctrine had to be a statement that, first, stressed the areas of vital interest to the U.S. and our willingness to use whatever means are available to protect our interests; second, that it was essential for the U.S. to have sound, conventional capabilities in these areas, both naval and other facilities, and third, that we must protect the survival of Israel and our oil interests by a U.S. presence in the area.” In his interview with the *New York Times* Vance agreed that “increased presence of American forces in the Indian Ocean, assistance to nations which are threatened, and negotiations for regional peace such as the Arab-Israel negotiations,” would be the basis for the “new” administration policy.

The meeting adjourned and the cold warriors scattered to begin policy implementation. By Sunday, Jan. 13, the *New York Times*, whose editors are very close to their former board member Cyrus Vance, ran a front-page lead story revealing that the administration was considering announcing a new Truman Doctrine. Deputy Secretary of State Warren Christopher was then sent to Europe with the new policy, to persuade European leaders to join the U.S. anti-Soviet tirades.

On the day the *Times* revealed the doctrine, two leading spokesmen for the Anglo-American establishment began trying to build public support for it. On Sunday, Henry Kissinger, appeared on Meet the Press and called for a “national consensus” on “how to stop Soviet expansionism.” “We need a long-range strategy to curtail Soviet moves.”

Almost simultaneously, the 88 year-old Averell Harriman appeared on CBS’ Sunday morning show. The U.S. has to stand firm and let the Soviets know that there are things the U.S. won’t tolerate, declared the man once considered the architect of U.S.-Soviet detente.



The Skull and Bones Society meets in this "Isis cult" temple on the campus of Yale University.

Above, Supreme Court Justice Potter Stewart's program for induction night at the society, 1936.

The secret society
behind the candidate

The bones in Bush's closet

by George Canning

Republican presidential candidate George Bush's interviews and campaign literature portray him as a gifted and self-reliant lad from Connecticut who went to Yale University, moved to Texas to become a self-made business success, and then entered politics and a series of government posts.

The reality behind George Bush is something quite different. George Bush is a cultist kook.

The nation's newsweeklies recently reported that the Bush campaign staff was mystified and upset by the stream of coded messages received for the candidate from his old chums in the Skull and Bones Society at Yale. The words "Skull and Bones" exude to the knowledgeable the musty smell one imagines emanating from the triple-locked crypt on the Yale campus where Bonemen (as the initiates are called) present and past hold their twice-weekly meetings at "Bonestime" (8 p.m. for those still on planet Earth).

Who's who of bonesmen

Skull and Bones is the oldest and most prestigious of Yale's seven secret "senior societies" (the nearest competitor for prestige is "Scroll and Key," which numbers among its members Cyrus Vance, former New York

mayor John Lindsay, and CIA bigwig Cord Meyer).

In the societies, and in Bones in particular, the heirs of Episcopagan families are united with prospective servants of the Eastern liberal elite in a priesthood dedicated to preserving the power of that Anglophile elite. Contrary to public relations, George Bush is from among the former group. Far from a self-made man, Bush is from an old Connecticut family; his father, former U.S. Senator Prescott Bush, was himself a Bonesman and a partner in Brown Brothers, Harriman. That Anglophile investment banking firm is the address from which all Russell Trust Association (Bones' corporate name) business is handled; Democratic Party *eminence grise* Averell Harriman himself is a Bonesman.

Understanding the importance of the Russell Trust Association in Bush's adult life will help the citizen understand why one must question Bush's political candidacy today.

Although the Massachusetts Bay Colony was founded and led by the republican, anti-aristocratic party of England, some of the prominent families descended from leaders of early New England became a treasonous lot of corrupted persons. Everything that is loony up and down the Connecticut River Valley today is the expression of those influential families who maintain the conscious tradition of pro-British treason from the early 19th century period of Aaron Burr's conspiracy.

The type of Connecticut "blue blood" family into which George Bush's forebears assimilated themselves made their initial piles of wealth first in the black-slave trade and then, in many cases, in the China opium trade: the Alsops, the Edwardses, the Baldwins, the Dwights, the Sages, and the Russells. Most of these, like Elihu Yale himself, were politically corrupted through their financial and political involvement with the British East India Company—the firm against which the American Revolution was made. As that company opened up opium traffic from India to China at the turn of the 19th century, the Connecticut families tended to be shifted from the dwindling black-slave trade into the China opium trade.

Notably, the same families were among the first "abolitionists," of the sort despised by Abraham Lincoln. The Connecticut blue bloods took up abolitionism as "New England secessionists," using "abolitionism" as a pretext for their part of the British plot to dismember the United States.

Today, visiting Yale, one sees male students walking hand-in-hand, lovers, blatantly, on the streets. One does not permit one's boy children to visit certain residences on or around campus—there are too many incidents to be overlooked. One is reminded of the naked wrestling in the mud which initiates to the Yale Skull and Bones society practice.

One thinks of "Skull and Boneser" William F. Buckley's advocacy of the dangerous, mind-wrecking substance, marijuana, and of Buckley's recent, publicly expressed sympathies for sodomy between male public school teachers and students.

Skull and Bones was created in 1833 by William Huntington Russell (valedictorian, Yale, 1833). Russell was a scion of the East India Company-linked Russell family, with a seafaring tradition through the opium-trading Russell & Company.

As the anglophile commitments deepened and decayed, the families reflected this in part by a growth of the incidence of the "homosexuality" for which British public schools and universities are rightly notorious. Skull and Bones is a concentrated expression of that moral and intellectual degeneration.

Inside "the tomb"

Every year the 15 current members of Skull and Bones decide upon a list of 15 junior classmen—and a few alternates in the event any of the chosen decline—to replace them after graduation. Prime candidates along with hereditary eligibles are such men of quality as outstanding scholars, the editor of the *Yale Daily News*, and sports team captains. On the appointed night, "Tap Night," in April when all Yale juniors confine themselves to their rooms, each of the 15 Bonesmen arrives at the door of the junior he is to invite to join, pounds loudly on the door, and when it is answered, claps the chosen one on the shoulder and thunders, "Skull and Bones: Do you accept?" If the tappee answers in the affirmative, he is reportedly given a written message with the skull-and-crossbones emblem and the society's mystical number 322, a message which informs him of the time and place of his formal induction into the society.

Theme of death and rebirth

Several features of what follows the "tapping" conclusively establish the cult to be modelled upon the Ptolemaic cult of Isis and the old Phrygian cult of Dionysus. "Dionysus" is the Greek name for the Semitic name "Satan." The semitic name for Isis is the "Whore of Babylon." This enables us to locate the general character of what goes on inside the tomb-like temple of George Bush's cult-headquarters at Yale.

The Skull and Bones building at Yale is known as The Tomb, and the ritual practiced by the annual crop of 15 initiates is an Osiris-cult "death and resurrection" ritual. The Osiris (castrated bull) cult is one of the three subdivisions of the Isis (Mother) cult.

The significance of the "322" in Skull and Bones is the reputed date of death of Demosthenes of Athens. The "check stubs" still exist proving that Demosthenes was a

paid agent of Philip of Macedon. His “phillipics”—against Philip of Macedon—were designed to incite the weak Athens into attacking Philip, so that Philip might have a pretext for conquering Athens. Why should the most elite of all U.S. university-based cults adopt Macedonian spy Demosthenes as its hero, its cult-prophet figure?

Philip of Macedon was a sub-creature of the “Western Division of the Persian Empire,” whose financial and cult center was that of Apollo at Delphi, from where espionage operations against Greece were run. In order to extend the Persian Empire westward, the Babylonians behind the scheme proposed to have Philip conquer Greece—a “neo-Malthusian” sort of “One World” scheme to crush science and technological progress and turn the world back to “appropriate technologies,” under the rule of a “blue blood” feudal landlord-type class.

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To aid in bringing about that “one world” order, the sponsors of the project utilized a variety of religious cults. Some of these cults were designed for the most illiterate strata of the population, and, at the other extreme, other cults were designed for the indoctrination and control of the ruling elite themselves. The cult-organization under the Roman Empire is an excellent example of what was intended.

The use of drugs, “rock-music-like” dance orgies, and antitechnology doctrines were typical of, for example, the Phrygian cult of Dionysus and the Roman version of the cult of Dionysus, the cult of Bacchus. The cults of Dionysus and Bacchus were essentially assassination cults, like modern international-terrorist cults such as the so-called Muslim Brotherhood, the Weathermen, Baader-Meinhof, and Red Brigades terrorists. Since Ptolemaic Egypt, the ruling elite have practiced the highest-ranking cult-versions, the cults of Isis, Osiris, and Horus.

In Britain today, the leading cult organization of families such as that of Bertrand Russell—a “One

World” advocate—is the Aristotle Society, one of the highest-ranking organizations of the British Secret Intelligence Service proper. One of the sub-cults of the Aristotle Society is Cambridge University’s Apostles.

Another sub-cult of the Aristotle Society within British intelligence is the Isis-Urania cult of Hermetic Mysteries of the Golden Dawn, a fervidly homosexual cult with headquarters in London (Isis), Edinburgh and Paris. It was this latter cult, including Aldous and Julian Huxley, as well as George Orwell, which organized, together with Bertrand Russell, the spreading of the drug counterculture in the postwar United States. Demosthenes is a hero-figure of that set of cults. Skull and Bones was established at Yale during the same period the Apostles was established at Cambridge.

The Skull and Bones is no mere fraternity, no special alumni association with added mumbo-jumbo. Its political policy is identical with the Aristotle Society and the Apostles, and identical with the “One World” scheme of the Delphic cults of yore. Skull and Bones is a very serious, very dedicated cult-conspiracy against the U.S. Constitution. The induction ritual is similar to those of many college fraternities, except with a twist which undoubtedly proves the rule: the aversive environment (torture and degradation) has an explicit theme of death and rebirth to a new world more real than that outside the crypt—the mark of Isis cultism. In a 1977 *Esquire* Magazine article, the records of the initiation ritual of 1940 were quoted as follows: “New man placed in coffin—carried into central part of building. New man chanted over and ‘reborn’ into society. Removed from coffin and given robes with symbols on it (sic). A bone with his name on it is tossed into bone heap at start of every meeting. Initiates plunged naked into mud pile.” A document from the 19th century anonymous anti-Bones group “File and Claw” (after the implements used to allegedly gain access to the crypt) gives a flavor of the meaning of the new Bonesman’s rebirth: “Immediately on entering Bones, the neophyte’s name is changed. He is no longer known by his name as it appears in the college catalogue, but, like a monk or Knight of Malta or St. John, becomes Knight so and so. The old Knights are then known as Patriarch so and so. The outside world are known as Gentiles and Vandals.”

The next major event in the life of the young Knights is the following summer of indoctrination spent at Deer Island, a members-only resort in the Thousand Islands owned by Bones under the name Deer Island Club Corporation. Here the initiates meet and become one with Bonesmen and their families of all ages. Deer Island is also one of the likely focal points of European-style oligarchical in-breeding which provides a touch of incestuous relief (as well as biological continuation) from Bones’ pervasive homosexual cultism; two of the three

residences on the island are for members only, the third for members who bring their families. The already-cited *Esquire* article notes, "Year after year there will be a Whitney Townsend Phelps in the same Bones class as a Phelps Townsend Whitney."

Bonding of bonesmen

The bonding of the new Bonesmen to each other and to the society is completed on two meeting nights in September. At the first, each initiate is required to tell his 14 comrades his entire autobiography; the second is devoted entirely to sexual histories. By the time these psycho-sexual sessions occur, the new Knights have become both totally bonded to Bones and also completely profiled in weaknesses and abilities for whatever missions may be demanded of them in the future. The *Esquire* article indicates the strength of this bond, reporting one Yale coed's comment, "I objected to 14 guys knowing whether I was a good lay ... It was like after that, each of them thought I was his woman in some way." The report continues: "Some women have discovered that their lovers take their vows to Bones more solemnly than their commitments to women. There is the case of the woman who revealed something very personal—not embarrassing, just private—to her lover and made him swear never to repeat it to another human. When he came back from the Bones crypt after his Sunday night sex sessions, he couldn't meet her eyes. He'd told his brothers in Bones."

Among the prominent men who have been bonded together are Alphonso and William Howard Taft, Henry Stimson, Henry Luce, U.S. Justice Potter Stewart, McGeorge and William Bundy, Nixon aides Ray Price and Richard Moore, John Hersey, Archibald MacLeish, William F. Buckley, and William Sloane Coffin.

The latter two names are key in understanding the realities of today's politics. It has always been a matter of titillation to knowledgeable fools that Coffin was a paratrooper and a CIA agent before becoming a reverend peace-creep and more recently a press agent for Ted Kennedy and Ayatollah Khomeini. Skull and Bones completes the puzzle of Coffin's Damascus Road, for not only is he a *third generation* Knight, but was also the man who personally tapped a junior classman named William F. Buckley, one night in April. The conventional categories of politics are meaningless; Bonesmen, like their oligarchical colleagues, merely play preassigned roles for a credulous public.

What sort of role has George Bush been assigned? Read his public relations. What policies, what commands does and will George Bush carry out? The answers are undoubtedly in the coded messages received so frequently at his campaign headquarters.

'Darling of the British

Last Sept. 5, George Bush told the National Press Club that "the U.S. in the 1980s will enter the most dangerous decade in the past 40 years. On three fronts—the economy, energy and international affairs—dark clouds are now pushing over the horizon and promise to ... come rushing together in a great thunderclap that will transform the world."

Bush was referring to the "controlled disintegration" policy of the New York Council on Foreign Relations, of which he was a Trustee until recently. That policy has shaped George Bush's political career—a quest for the "great thunderclap" that will eliminate the sovereignty of nation-states and the progress of science and technology threatening the allied "blue-blood" families of Britain and America, and the members of "Skull and Bones."

His biography begins in a commonplace way for a New England "blue blood": prep-school at Phillips Andover, a stint in the Navy during World War II, back to Yale for initiation into the "Skull and Bones" cult in 1948. Thereafter, according to his campaign literature, he broke from his background, moving to Texas. In fact, Bush obtained a position with the Texas based Dresser Industries through his father, Bonesman Prescott Bush, who sat on the board. He became active in those Texas circles that featured persons like Anne Armstrong, former Ambassador to the Court of St. James and member of the English-Speaking Union. This British-oriented circle sent him to Congress in 1966, and re-elected him in 1968—the only two times he has been elected to public office.

In 1968, Bush lost in a bid for a U.S. Senate seat.

From that point, Bush became active in three major sub-operations of the overall "controlled disintegration" policy: Nixon's "Watergate" overthrow; the playing of the "China Card" in foreign policy; and the replacement of the Shah of Iran by the lunatic Khomeini dictatorship.

Commonwealth'

In January 1973, Bush was named chairman of the Republican National Committee. The appointment was a highly relevant part of "Watergate." Bush performed as a self-proclaimed Nixon "loyalist," in order to have weight behind his very early call for President Nixon to resign. Other "inside" operators in the Watergate affair, apart from Henry Kissinger and Alexander Haig, included Peter Flanigan, now coordinating Bush's New York campaign; and Leon Jaworski, now a member of Bush's campaign steering committee.

After Nixon's resignation, Bush was dispatched to Peking to operate the U.S. Liaison Office from Sept. 1974 to Dec. 1975. Bush was at that time still a member of the Board of Trustees of the Council on Foreign Relations, a period in which the "Project 1980s" policies of the Carter administration were being formulated, prominently including both the development of the "China card" against the Soviet Union, and the development of options for shutting off the oil supply of the United States, Europe and Japan. The latter policy-feature resulted in the Khomeini operation.

There is a good deal more than hypocrisy operating when George Bush criticizes the Carter administration for "harsh treatment" of Taiwan—according to a China policy of which he—unlike poor Carter—is a witting formulator. There is much more than hypocrisy operating when George Bush waves his finger at the Carter administration and asks: "Who lost Iran?" Both were British policies adopted by George Bush's "blue blood" circle in New York and New England.

Bush's campaign literature makes little of his CIA directorship, by appointment of President Ford. The agency is "unpopular," say his aides. In any case, Bush assumed the position in the aftermath of the Church Committee's attacks on the agency. His assignment was a "mop-up." The agency was purged,



George Bush

as he supervised the final phase of depriving the U.S. intelligence service of any operational capabilities independent of the British (and Israeli) intelligence services.

Last June, George Bush told EIR that Britain is "the greatest friend America has" and called for "much closer political, economic and military cooperation with her." His staff includes foreign policy consultant W. Scott Thompson, of London's International Institute for Strategic Studies and issues-director Stef Halper, a former Fulbright scholar brought into British intelligence circles at Oxford. The British press, left, right, and center, calls Bush the man to watch for U.S. president. Bush's press spokesman in New Hampshire, Sarah Browning, boasts that "George is the darling of the British Commonwealth."

Should George Bush be elected President? Should "Skull and Bones" become a ruling institution of the U.S.A.?

Hearings scheduled on embargo of exports to U.S.S.R.

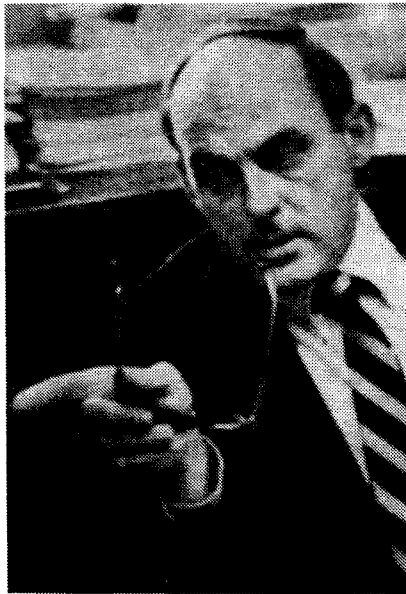
Senator Adlai Stevenson (D-Ill.), the chairman of the Subcommittee of International Finance of the Senate Banking Committee, will hold hearings on the President's decision to embargo U.S. food and technology exports to the Soviet Union on Jan. 22-23.

Authority to control exports for foreign policy objectives is provided by the Export Administration Act of 1979. Stevenson played a crucial role in enacting certain provisions of the bill which make it more difficult for such policy advisors as National Security advisor Zbigniew Brzezinski to use exports as a foreign policy tool. Stevenson in the hearings on these proposals expressed grave concern that the U.S. would be "shooting itself in the foot by cutting back exports, thereby hurting the U.S. economy while not substantially affecting the Soviet Union or other targeted countries."

The act requires that before imposing export controls, the President: 1) seeks to achieve the objectives of such controls by alternate means, 2) consider the likely effects of controls on U.S. exports, on the international reputation of the U.S. as a supplier of goods and technology, and on U.S. communities, 3) consider the ability of the U.S. to enforce the imposed controls effectively, 4) consider the availability of comparable goods and technology from other nations, and 5) consult

with the Congress and with affected U.S. industries.

The act expressed the intent of Congress that export controls not be imposed on goods and technology used primarily to meet basic human needs and provides a 30-day period in which Congress may veto controls imposed on exports of agricultural commodities.



Senator Adlai Stevenson

Omnibus fusion bill on agenda in House

Capitol Hill sources report that Rep. Mike McCormack (D-Wash.) will be introducing a NASA-style fusion development bill during this session of Congress that specifically addresses the successive decreases of the fusion budget under the Carter administration.

The NASA program, when unveiled by President Kennedy, had specific mission orientation: that America must put a man on the moon by the end of the decade. Budgetary questions were simply treated as a matter of what was necessary to achieve that goal. McCormack's bill will declare that the goal of the United States will be a commercial fusion reactor by 1995. If Congress passes such legislation, the President would not be able to cut the budget if it interfered with that mandate.

McCormack's 1995 target date was arrived at after extensive analysis and hearings by a blue ribbon panel which the Congressman established under the authorization of his subcommittee, the Energy Research and Production Subcommittee of the House Science and Technology Committee. The panel was headed by Dr. Robert Hirsch, former head of the Department of Energy's Fusion office and included a number of leading scientists and industry executives. The panel determined that the only thing preventing the construction and operation of a working reactor by 1995 was inadequate financing to achieve the goal.

McCormack will hold a background press briefing on Jan. 18 with his blue ribbon panel and with other leading fusion scientists in order to begin the press campaign necessary to build public support for his bill.

Such support will be crucial in light of recent government moves. The Carter administration has an-

nounced its intention to slow funding for the Shiva Nova laser program at the Lawrence Livermore laboratory, a top military research and development fusion project, because it is too expensive. While individual Congressmen have expressed their intention to fight one or the other of these cutbacks, that strategy will fail as it has in the past unless they develop with McCormack a larger battle plan for high technology development.

Senate subcommittee to target narcotics financing

Following a year-long reorganization which has resulted in a new professional staff and a clean-up of the investigations left over from Henry Jackson's chairmanship, the Senate's Permanent Subcommittee on Investigations now chaired by Senator Sam Nunn (D-Ga.) is equipped to launch the most comprehensive investigation yet of the dirty money machine behind international narcotics trafficking.

Preliminary subcommittee hearings in December began to identify the magnitude of the "narco-dollar" problem, citing a figure of \$54 billion in illegal money flows, into the U.S. and locating some of the bottlenecks in the investigation and prosecution of that flow. Nunn has indicated that he will introduce a preliminary package of legislation amending provisions of the Tax Reform Act so that the Internal Revenue Service can effectively investigate, and loosen

the provisions of *posse comitatus*, the doctrine which prevents the U.S. military from involving itself in domestic law enforcement to the point that radar trackings of incoming drug flights cannot even be passed on to civilian officials.

How far Nunn goes will depend on the ability and willingness of his new staff to follow the investigative method and leads of the bestselling book *Dope, Inc.* and go for the financial kingpins at the top. The new staff includes two prosecuting attorneys formerly connected to the U.S. Attorney's offices, three former FBI agents, a former Drug Enforcement Agency investigator and a former Florida police officer with experience in narcotics enforcement. While some of the staff, including chief counsel Marty Steinberg, have a background in labor racketeering investigation, and may focus on headline-grabbing labor cases, other staff members have expressed willingness to unravel the financial underpinnings of the international narcotics cartel in well-targeted hearings.

Hearings could commence again in late February or early March

Administration proposed youth jobs program

In a major bid for the minority vote, the Carter administration announced Jan. 10 that it will send to Congress on Jan. 28 a budget that includes major funding for a youth jobs program, adding by 1982 \$2

billion a year to the existing youth employment programs for low-wage jobs and tracking of the nation's youth.

Specifically, the administration proposes that for youth aged 18 to 21 three existing part-time jobs programs and training plans will be consolidated. For youth between 14 to 18, the government would provide aid to local school districts to develop back-to-school programs. Officials estimated that the program would involve 1 million more youth on top of the 2 million now participating in existing work and training programs.

The Labor and Health Resources Committee's Subcommittee on Employment, Poverty and Migratory Labor will hold hearings on youth employment programs, beginning in February. In addition to the administration's proposals, the committee has two other programs on line. One is a bill introduced by Senator Kennedy (D-Mass) on May 14 that calls for dramatically increasing the CETA-sponsored youth jobs. Employers would be funded on the basis of the number of youth they employed in these low-wage jobs.

The other bill that will be considered by the subcommittee was introduced Nov. 19 by Senator Metzenbaum (D-Ohio). The bills calls for \$1 billion a year to fund major "projects" in energy conservation programs and low-yield alternate energy schemes that will employ youth between 18-24 years old. A special commission will be established to oversee the project.

Jackson, Moynihan call for GOP foreign policy

One week ago, Henry Kissinger, in an interview with James Reston of the *New York Times*, called for a bipartisan confrontationist foreign policy against the Soviet Union. That call has now been taken up on the congressional side by Senators Jackson and Moynihan, Democrats, and Republican Rep. John Anderson of Illinois. Jackson and Anderson issued a joint call for the administration to take "military action" should the Soviet Union take "further drastic action" in the Persian Gulf region, and demanded action on creating a Mideast "security pact."

Anderson, a Republican presidential candidate and former comember with Carter, Vance and Brzezinski of the Trilateral Commission, declared: "We cannot allow another country to be absorbed into the Soviet sphere of influence. That would require a military response." Until this statement, Anderson was otherwise well-known and despised for his advocacy of a 50 cents a gallon increase in federal gasoline taxes.

Jackson echoed Anderson, and by implication, Kissinger: "If the Pakistan government invites us in, we should establish a presence." Jackson, like his senatorial colleague Moynihan is a leading member of a group called Coalition for a Democratic Majority, which of late has been publicly performing like an Eastern Establishment GOP Trojan Horse within the Democratic Party.

Moynihan, not to be outdone in Kissingerian rhetoric by Jackson, had a statement of his own to add. In an exclusive interview granted to the *New York Post*, owned by British press magnate, Rupert Murdoch, Moynihan declared: "New policies mean new people," as he called on Carter to fire Secretary of State Cyrus Vance, accept Israeli and Egyptian offers of bases, and

"stop" the U.S.S.R. from seizing Middle East oil fields.

Two Kissinger games are being played by Jackson and Moynihan, through their well-publicized utterances. One is the implementation of confrontationist bipartisanship. The second is the launching of Coalition for a Democratic Majority operatives to assist in the Eastern Establishment's intentioned fragmentation of the Democratic Party.

Bush to 'win' Iowa caucus

From all indications former CIA Director George Bush is being "programmed" to win the Jan. 21 Iowa Republican caucuses. Recent polls portray Bush, while still trailing front-runner Ronald Reagan, as the "fastest moving" Republican contender, the one who has made up the most ground over the last two months. Bush has quietly put together an impressive organization in Iowa that includes hundreds of party and state officials and, in the words of one on-the-scene observer, "will deliver a hell of a lot of votes."

For the first time late last week, predictions of a Bush upset in Iowa began to make their way into East coast and midwest newspapers. John Connally and Senator Howard Baker, who until recently were vying with Bush for what was then considered second place in the Iowa vote, have now both officially conceded at least second place to Bush. Said Baker: "I would not be surprised to see Bush beat Reagan in Iowa. I would be surprised if he didn't. I would be pleased to finish third."

If Bush finishes second, the media will say that he won anyway. Hugh Gregg, the former New Hampshire governor who steers the Bush campaign in the Granite State, told a reporter recently that the "press has helped create our image of an underdog who is making it. As long as we keep doing better or up

their projections, we are the winners and there is nothing that Ronald Reagan can do about it."

Bush, who has the backing of circles around the New York Council on Foreign Relations and who privately calls himself the "elitist candidate," has said privately that "things are now beginning to break my way."

Kennedy says stop Seabrook

Senator Edward Kennedy last week told a New Hampshire audience that he wanted to stop construction at the Seabrook, N.H. nuclear facility and have the much-delayed project converted to a coal-burning electric generating plant.

Kennedy, whose campaign was widely associated with the assortment of terrorists and environmentalists who have attempted on several occasions to stop construction at Seabrook, had made no previous direct statement about the project. The Democratic presidential aspirant has repeatedly called for a moratorium on future nuclear plant construction and a case-by-case review of all existing projects.

The Senator cited a new study which claims that it would be cheaper to burn coal at Seabrook than to complete the nuclear plant. Such claims have been disputed by scientists and utility officials.

Sources report that Kennedy's aides feel that the Senator's stand on Seabrook will put him in a position to "capture the environmentalist vote" in the Feb. 26 New Hampshire presidential primary. Recent polls in New Hampshire indicate that Kennedy's mismanaged campaign has made yet another blunder. The polls show that more than two thirds of New Hampshire residents favor the completion of Seabrook and support nuclear energy development.

Senate holds hearings on marijuana

On Jan. 16, Sen. Charles Mathias (R-Md.) convened special hearings under the auspices of the Senate Judiciary Committee on the medical effects of marijuana. For the fourth time in five years, the U.S. Congress is being informed that marijuana smoking damages the genetic material in sperm cells, impairs the immunological system in the human being, and has been found to cause long-lasting damage to brain structure.

Despite the massive evidence, a bill decriminalizing marijuana on the federal level, introduced by Sen. Edward Kennedy, a 1980 Presidential Candidate, was passed out of the Senate Judiciary Committee late last year and is expected to be voted on by the full Senate early in the 1980 session. That measure is part of an overhaul of the U.S. Criminal Codes, known as S. 1722, written by Kennedy hand, Alan Dershowitz of Harvard University.

Sen. Mathias's hearings are a stop-gap measure, pulled out at the eleventh hour after much pressure by parents' groups against marijuana use. Marijuana and cocaine use was higher than at any time in U.S. history in 1979. Mathias could have done more, but would have rised a battle with Sen. Kennedy, the chairman of his committee.

Part of the compromise was Mathias' decision to exclude a representative of the U.S. Anti-Drug Coalition, the largest constituency group against drugs in the country, from the list of speakers at the two-day hearings. Juan Torres, Chairman of the Michigan Anti-Drug Coalition, who convened a national conference of 600 activists in Detroit in late September to form the national organization, plans to launch a broad campaign against the bill and Kennedy's

policies. "We know that marijuana and other psychoactive drugs are dangerous," said Torres. "The question is stopping them, and that is a political question."

Fraser joins a sinking ship

United Autoworkers President Douglas Fraser last week cast his lot with the sagging fortunes of Senator Edward Kennedy. At a Washington press conference, Fraser was less than enthusiastic as he gave his "personal" support for Kennedy's bid for the 1980 Democratic presidential nomination. Sources report that Fraser, who would have liked to sit the current race out a little longer, responded to an urgent personal plea from Kennedy to "come on board" immediately. Kennedy told Fraser, a source close to the UAW leader stated, "I need your support today. Tomorrow may be too late..."

It is hard to gauge how much tangible effect the Fraser endorsement will have on the Kennedy campaign. It comes a few days before the Iowa caucuses, but UAW officials are already doing everything they can for Kennedy in that State. More importantly, sources in the Midwest report growing disillusionment with Kennedy within the UAW ranks. Kennedy, UAW members feel, deserted them during the recent congressional debate on a proposed federal aid program for Chrysler Corporation. They counted on Kennedy to resist the pressure for "givebacks"—UAW members giving up part of their wage and contract settlement—in exchange for the federal loan program. Instead Kennedy remained silent, while one of his top supporters, Sen. Paul Tsongas (D-Mass.) sponsored the giveback amendment. Some UAW aides fear the short memories and the short tempers of the membership and say that the Massachusetts Senator has lost his following in the auto union.

Briefly

● **JOHN CONNALLY** apparently thinks that he makes things fact simply by saying that it is so. Speaking in New Hampshire last week, the Republican presidential aspirant charged that Iranian Foreign Minister Ghotbzadeh is an agent of the Soviet intelligence service, the KGB. Asked what evidence he had to support the charge, Connally replied: "He must be. He's at least a Marxist." Later Connally admitted that he had no evidence whatsoever.

● **LLOYD CUTLER**, White House counsel, has lent his support to a drive for a convention to rewrite the U.S. Constitution. Cutler made his remarks at an alumni meeting at the University of Maryland Law School. What Cutler objects to is the Constitution's principle of separation of powers between the executive, the judiciary, and the Congress. People are afraid to change the constitution, said Jimmy Carter's counsel, based merely on "almost religious awe" of the document.

● **HENRY KISSINGER** told the *New York Daily News* last week that he was not going to run for the U.S. Senate in New York because Jacob Javits intends to seek another term. Kissinger claims that he is working for Senator Howard Baker in his effort to gain the GOP presidential nomination. Kissinger also indicated that he would be willing to support another Republican should the Tennessee Senator's effort falter.

● **THE GERTRUDE STEIN DEMOCRATIC CLUB** in Washington has for several weeks been involved in a raging debate over whether Jimmy Carter, Edward Kennedy, or Jerry Brown would be the best candidate for the gay community in the nation's capital. The verdict is now in: Ted Kennedy receives the club's endorsement. "He was the winner in a close race," said the spokesman.

A kick-off for civil disorders

A Greensboro demonstration "against racism" has been arranged. Probable violence is designed to push the "civil rights movement" toward terrorism....

A wave of civil disorders is set to be launched in the United States with a mass "anti-Klan" demonstration in Greensboro, N.C. planned for Feb. 2. The call for this demonstration came at the National Conference on New Strategies to Counter the Ku Klux Klan and it now has the endorsement of 150 organizations. Ten have constituted a planning committee for the "Feb. 2 Coalition" including the Center for Constitutional Rights, the Communist Workers Party, and the Southern Conference Educational Fund, the leading advocates of a violent confrontation with the Klan. The coalitions' staff includes such leading terrorists as Nelson Johnson and Mark Smith of the Communist Workers Party, and is directed by long-time terrorist supporter Dr. Lucius Walker of the Interreligious Foundation for Community Organizations (IFCO).

Since the November shootout between the Communist Workers Party and the KKK in Greensboro where five members of the CWP were killed, the climate for violence has been building.

On Dec. 4, members of the Revolutionary Communist Party (RCP) were sentenced to jail following an incident where they barged into a classroom to publicize a meeting by their chairman Bob Avakian. The RCP is closely

allied with the CWP.

On Dec. 10, eight members of the RCP received 18-24 months in jail for inciting to riot. They were arrested at a black housing project while provocatively organizing for the same meeting.

On Dec. 10, four members of the CWP were arrested for illegally displaying advertising. Two of these arrests, including Dale Sampson, the wife of one of the CWP members killed, were for carrying concealed weapons.

Nelson Johnson of the CWP, who was arrested the day of the shootout for inciting to riot, had his trial postponed until the end of January.

KKK members have been brought up on charges for two-year-old incidents or have been convicted on various charges.

The planned Feb. 2 demonstration grew out of the effort to create a "civil rights movement," whose specific orientation is to confront the Klan. Included in the perspective is the exposing of police departments across the country for brutality and for their "sympathetic" attitude toward the Klan. But the target of this one-two punch is the 1980 presidential elections. The spectre of the Klan and the "rise of racism" is being flaunted to direct the black population away from the issues of drugs, nuclear power and the economy, and in-

stead to create a phony consensus movement against racism.

The current coordinator of this "race riot" project is the Interreligious Foundation for Community Organizations. Since IFCO's founding by the National Council of Churches in 1967, it has been one of the leading institutions involved in the funding and deployment of the black nationalist movement. According to information in congressional testimony, IFCO was the principal funding source for Imamu Baraka of the Congress of African Peoples, who led the Newark, N.J. riots, convicted murderer Ron Karenga of the Los Angeles-based United States organization, and Nelson Johnson of the CWP. As well, IFCO was the sponsoring agency for the following institutions;

National Black United Fund which is the chief money conduit and support apparatus for the race riot machinery.

National Black United Front the street-level, race-riot provocateurs. NBUF in New York has already led riots against the Brooklyn police.

African Liberation Support Committee the fundraisers for African liberation groups like Frelimo, UNITA and ZANU.

The director of IFCO, Dr. Lucius Walker, is central. Not only is he on the board of governors of NBUF, but he is also the New York State organizer for the Citizens Party. That party was founded by leading antinuclear advocate Barry Commoner, former SDS terrorist Don Rose of Chicago, Richard Barnett of the terrorist think-tank, the Institute for Policy Studies, and David Hunter of the Stern Foundation.

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