

# EIR

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What's behind the interest rate fall  
Dump Carter option on the planning boards  
Why Japan's Ohira left Mexico empty-handed

**Brzezinski's military madness  
and the 'New Age' of Aquarius**



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# EIR

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## From the Editor-in-Chief

“New forms of social control may be needed to limit the indiscriminate exercise by individuals of their new powers. The possibility of extensive chemical and mind control ... will call for a social definition of restraint as well as of utilization.”

George Orwell's 1984?

No. This is the “new age” as described by Zbigniew Brzezinski, head of the U.S. National Security Council, the man presently holding the entire world hostage to his military madness.

“What makes America unique in our time is that it is the first society to experience the future ... be it pop art or LSD. ... Today America is *the* creative society. ...” This, too, is Mr. Brzezinski, the man who brought you the Iran rescue caper and the dictatorial apparatus of the Federal Emergency Management Agency (FEMA).

The above quotes from Brzezinski's *Technetronic Era* along with his recent calls for “new age” anti-materialism and mystic experiences provide some of the evidence of the National Security Adviser's role in the “Aquarian Conspiracy.”

Our Special Report this week, “Brzezinski's military madness and the new Age of Aquarius,” gives you a preview of a soon-to-be-published book which will prove the directing role of NATO and the Club of Rome in creating the “technetronic,” “post-industrial” era of drugs and zero-growth kookery, what is now being openly called the “Aquarian Conspiracy.”

The book, *Stamp Out the Aquarian Conspiracy*, is being prepared by a team of experts commissioned by Lyndon H. LaRouche and headed by Criton Zoakos with Mark Burdman, Kathy Burdman, Konstantin George, Jeffrey Steinberg and Lonnie Wolff.



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## Special Report



Zbigniew Brzezinski demonstrated his diplomatic methods in Pakistan this winter. Photo: Philippe Ledru/Syigma

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Zbigniew Brzezinski is a kook whose goal is "technocratic dictatorship" over a civilization steeped in mysticism. He is running U.S. foreign policy on the basis of a military posture befitting that "Aquarian Age." Meanwhile, an Aquarian NATO General has written about the kind of "Third World War" Brzezinski wants to provoke—the Anglo-American oligarchy wins; France, Germany, the Soviet Union, and the institution of the nation-state itself are destroyed.

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The boys in the backrooms in London and New York met hurriedly after the Iran "rescue" fiasco almost touched off World War III, and they decided that Jimmy Carter will not continue as President

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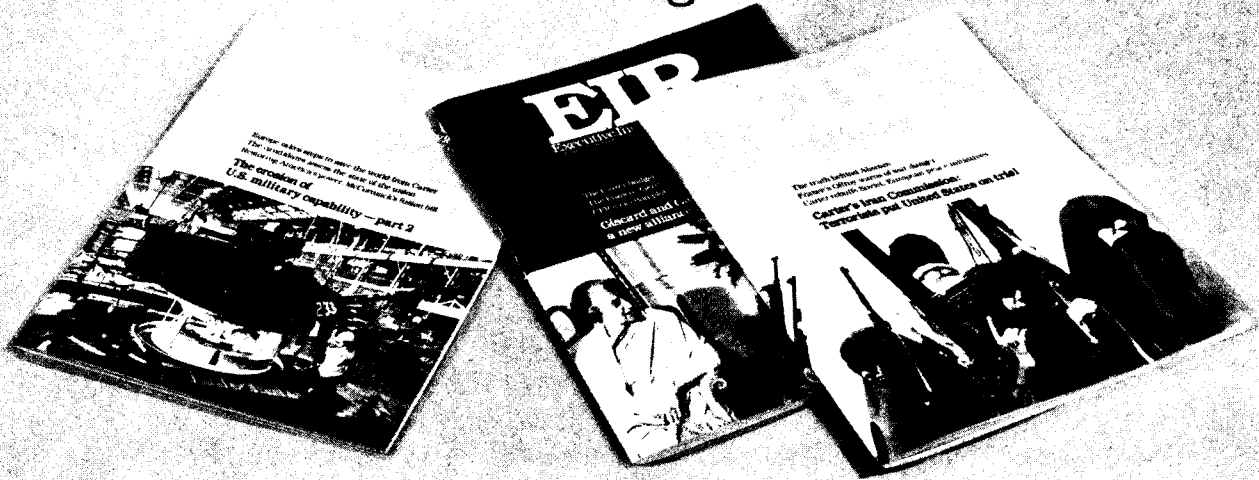
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# Executive Intelligence Review



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# Two opposing strategies

During the second week of May two opposing strategies for third world development were presented at international conferences. On one side were the champions of nuclear energy and transfer of technology. On the other side, the international oligarchy dressed in radical garb, the champions of limits to growth, and "collective self-reliance."

Indian Parliamentarian and former Minister of State for Industrial Development K. Raghunath Reddy addressed a conference sponsored by the Fusion Energy Foundation and the *Executive Intelligence Review* on "The Industrial Development of India—Its Potential, Its Necessity" in Frankfurt, West Germany. "Our problem today in both the developing sector and the developed countries is the monetarists and their agencies such as the International Monetary Fund. Liberation from poverty and suffering is within the reach of man. Both technology and world resources can provide abundance. What is wanting is political will," he explained.

Two days later, a conference was held at the United Nations headquarters in New York designed to destroy or manipulate the "political will" of world leaders. The conference on "Regionalism and the New International Economic Order" was sponsored by the Club of Rome, the United Nations Institute of Training and Research (UNITAR), and the Third World Center of Economic and Social Studies (CEESTEM).

Participants called the idea that a new economic order depends on the recovery and growth of the advanced sector a key error. Rather, in a world of overpopulation, and energy and food shortages, the Third World must acquire "negotiating power" against the advanced sector to force a more equal distribution of the shrinking pie. But since shortages are inevitable, according to the Club of Rome, the developing sector must "achieve sufficient self reliance on the South-South level to sustain their economies until such a time as a negotiated restruc-

turing of the international economies can lift the constraints on their development."

This double-talk is the same manipulative strategy which is laid out in the World Bank sponsored Brandt Commission Report which many developing sector nations have endorsed.

For anyone who knows basic economics the Club of Rome strategy is obvious insanity. The only chance for the Third World to be pulled out of famine and misery is through transfer of technology including nuclear energy from the advanced sector. One need not know that the Club of Rome is an arm of NATO intelligence to smell a rat.

At the conference on Indian development, key individuals stood up to be counted against the Club of Rome genocide strategy. K. D. Malaviya, former Minister of Petroleum and Chemicals, father of the Indian oil industry and close collaborator of Jawaharal Nehru, India's first Prime Minister, defined the development plan for India elaborated by experts associated with FEF and *EIR* as a key example of the way to build world peace. Indian Prime Minister Indira Gandhi sent official greetings to the conference, and Ganesh Shukla, editor of the Indian weekly "New Wave" challenged European leaders to break with their slavery to the Anglo-American policies.

Although two dozen German businessmen, scientists and officials participated in the conference in which FEF director Uwe Parpart and *EIR* Editor-in-Chief Daniel Sneider presented a detailed, forty year development plan for India based on forecasts from the LaRouche-Riemann economic model, the presence of India's veteran statesmen was not matched by the kind of government delegation expected. West German government and high level industry representatives who had pledged their attendance or participation backed down reportedly under pressure from Club of Rome and Brandt Commission-related individuals. Mr. Shukla's challenge should be well taken.

## What's behind the fall in interest rates

by Richard Freeman

The speed of the fall in interest rates during the last two and one half weeks has left nearly everyone in the U.S. money markets aghast. The fall was as volatile downward as the movement upward had been inexorable over the seven months since the credit-tightening pulled by Federal Reserve Board chairman Paul Volcker.

Yet most people in the business and financial community have not understood why the fall has occurred. The normal reasoning is that a recession brings less business activity, which brings a reduced demand for funds and therefore rates fall. This conventional wisdom was given an additional boost when on May 6, Fed chairman Volcker removed the 3 percentage point discount surcharge (on top of the 13 percent prevailing rate) that banks with \$1 billion in assets or more pay when they borrow from the Fed discount window.

Summarizing this widespread conventional view, Bankers Trust of New York economist Donald Woolley said May 6 "the recession has broken out and the recession psychology is everywhere."

But far more important reasons were at work influencing the fall in interest rates. Almost overlooked is the fact that before the big money center banks began lowering their prime lending rate, and Treasury bill rates started falling, Paul Volcker himself was helping undo the high interest rate bubble. Is this the same Paul Volcker, who last year publicly endorsed the Council on Foreign Relations call for the "controlled disintegration of the economy?" Is he suddenly reversing that strategy and proposing to save the U.S. economy with low interest rates? Don't bet on it.

On April 21, the federal funds rate stood at 17.65 percent. On May 6, 10.0 percent. What happened in between? In the interim, Federal Reserve Board chairman Volcker had injected reserves into the banking system at an increasing rate. Volcker bought up billions of dollars of Treasury securities from the commercial banking system, thus making available liquidity. On days when the federal funds rate was trading at low levels, Volcker refused to intervene to push the rate back up.

Something far more important than the oncoming recession was motivating Volcker at this moment: first of all, it was preserving the very integrity of the banking system. As a result of the previous 7 months of the Volcker credit stringency, the U.S. banking system had come to the edge of a total blow-out, as non-performing assets outweighed a shrinking volume of earning loans.

"U.S. banks were finding it almost impossible to operate," said Peregrine Montcrief of First Boston Corporation May 7. "The banks had no mortgages on their books," he continued, "no inventory financing, no good assets. For the 30 day period after March 14, banks were constrained by the Volcker corset [limit on new loan growth—ed.] and that was hurting them." In addition, between March 14 and the end of the third week of April, the money supply became sharply negative.

The First Pennsylvania Bank failure in late April simply heightened the severity of the crisis. First Penn was put into effective receivership by a consortium of the Federal Deposit Insurance Corporation and 26 commercial banks. The scapegoat firing of Robert Abboud as





*Paul Volcker: Easing up interest rates just in time to avoid a bank collapse*

chairman of troubled First Chicago, and the potential loss on investments by the First Wisconsin and First Seattle banks as a result of the Argentine banking collapse, brought the issue to a head.

Volcker bailed out the banking system. By reducing the cost of funds on the interbank market, Volcker helped restore the profit margin spreads of the banks. Then Volcker eliminated the 3 percent surcharge.

Once Volcker began manipulating the federal funds rate downward, Morgan Guaranty Bank, the leading pro-British commercial bank in the U.S., began driving down the prime rate to create the impression of well-being.

### **Appeasing Europe**

Volcker had another matter on his hands in the last week of April: appeasing Europe. The high interest rate of the U.S. has become an increasingly painful thorn in the continent's side. The attraction of flight capital funds into the U.S. forced Europe to jack up their interest rates, leading Germany to hike its Lombard rate to 9 1/2 percent last week, while France's prime rate is hovering at 13 percent.

Europe's export trade financing—the backbone of its economy—is threatened by the Volcker action.

Euro-loan syndications plummeted by 25 percent in the first quarter to \$14.4 billion from \$19.1 billion the previous quarter as a result of the high lending rates Volcker imposed on the world. Moreover, the internal economies of France and Germany do not work well under such high interest rate regimes. By means of astronomical U.S. interest rates the Europeans were simply having a red flag waved in their face by Volcker.

By antagonizing the Europeans, Volcker heightened the tendency for the European Monetary System architects, French President Giscard and German Chancellor Schmidt to find solutions outside the Anglo-American

monetary order, a thought chilling enough for the City of London to send transatlantic cables to Volcker telling him to temporarily lower rates.

### **Reorganizing the U.S. economy**

The recession in the U.S. was of course a consideration. During recessions, rates do tend to naturally come down, even of their own accord.

But Volcker has something else in mind in terms of the U.S. economy. The credit crunch of the last seven months has produced collapse in entire sectors, such as auto and construction. Volcker may have thought that key industrial sectors were sufficiently broken and their downturn steep enough to allow a reorganization from the top. This process is already underway in the devastated auto industry, where the number three auto maker, Chrysler corporation, is being scaled down to a minor producer and where discussions began this week between the government and Big Three on how to "reorder the industry" in exchange for government aid.

In this regard, Volcker's tight credit policy was a softening up move to reorganize the economy. With the softening up objective partly accomplished, Volcker can ease off on interest rates a bit.

Yet, whether Volcker can maintain interest rates at a lower level is an open question. "I don't see interest rates going below 12 to 13 percent by the end of 1980 in any event, and they could go higher again," reported Banker's Trust's Woolley.

Indeed, there are compelling reasons why interest rates may rise. First, the U.S. federal budget deficit for the first half of fiscal 1980 (which ends in September) is \$51.7 billion. This could be a \$100 billion deficit by the end of the budget year, especially since each 1 percentage point increase in the unemployment rate, which is shooting up fast, adds approximately \$20 billion to the deficit. Thus, the Treasury will make a large demand on funds.

Secondly, corporations have a huge pent-up demand for funds, which has only partially been off-set by the dramatic turn around in the corporate bond market of the last two weeks and by the swelling of the commercial paper (corporate IOU) market. Hence, despite the fact of the onset of the recession in an even bigger way, corporate needs will build up credit demand.

Thirdly, reported John Duffy, bank analyst for Keefe Bruyette investment house, "There are still trouble spots in the banking system. Detroit and St. Louis are centers where layoffs will hurt the banks. Sunbelt states dependent on construction are another crisis center. Alabama has banking problems because of construction and steel cutbacks." These regional banks need funds to lend.

In the event Volcker attempts to meet the combination of these needs, money supply may surge and the hyperinflationary spiral will be off and running again. The only answer would be to push interest rates back up.

## Silver collapse or oil grab?

*The Hunt brothers were trapped in the silver crash, and the trap was laid by Engelhard and Volcker—but it had little to do with silver; it had to do with oil.*

In our previous columns we have argued that the Hunt brothers, who lost close to \$2 billion in the recent silver market collapse, were the victims of a carefully laid trap rigged by the top commodity speculators, most notably Engelhard Minerals through its Philipps Bros. trading house. Their board members sit on the rule-making COMEX, and used such positions against the Hunts.

There is, however, something much larger behind the motives of Engelhard, Fed chairman Volcker and others involved. The aim of the entire operation would appear to have nothing to do with silver markets per se, but rather with reorganizing some of the world's largest independently-held oil assets, placing them under the control of New York and London-based financial interests. It appears that these financial insiders, including most notably Volcker, manipulated the entire silver situation to grab another commodity—oil—for a larger geopolitical strategy.

On May 2, the Hunt brothers told Congress that they had set up a partnership for nine years between themselves and the Placid Oil Co., owned by a Hunt family trust. The new partnership has been set up to pay off an estimated \$750 million in silver trading debts. A consortium of banks, arranged with the highly unusual approval of Volcker, has agreed to extend

Placid a \$2 billion credit line, using Placid's considerable oil and gas holdings as "collateral."

Why this complex arrangement? Why could not the Hunt brothers merely raise a relatively modest (for them) \$750 million on their own? The answer is that Volcker, using his expanded credit control powers, intervened to prevent an earlier loan to the Hunts, forcing them to agree to more onerous terms. According to the May 19 issue of *Fortune* magazine, Volcker sat in on an emergency meeting between the Hunts and some of the nation's top bankers in Boca Raton on March 30, just after the silver market collapse hit. The banks refused to give the Hunts a loan.

*Fortune* does not explain what Volcker's role was at that meeting. Lamar Hunt told the *Wall Street Journal* that the Fed "put a clamp on us," even freezing them out of overseas markets by putting "the strong arm on the major European banks."

The collapse of the March 30 loan negotiations resulted in the following: 1) the Hunts were forced to turn over to Engelhard a 20 percent interest in their Canadian oil and gas properties in the Beaufort Sea, in lieu of payment on a \$665 million silver futures contract which the Hunts had signed with Engelhard in January. (Engelhard Chairman Milton Ro-

senthal recently described the Beaufort Sea as "the largest single oil-producing area outside of Saudi Arabia.") 2) The Hunts had to agree to conditions under which they must sell off most of their silver holdings, while mortgaging the properties of Placid Oil.

The upshot is that a substantial portion of the Hunt family oil and gas holdings are, at least for the medium term, out of their control. Placid has substantial holdings in Louisiana, Texas, and the Gulf of Mexico. It also has a 9.2 percent interest in the Louisiana Land and Exploration Co., with large reserves of oil and gas. In short, Placid Oil's assets are a crown jewel in hemispheric energy resources.

Recall that Lazard Freres partner Felix Rohatyn is responsible for creating the Energy Corporation for the Northeast (ENCONO) which is scheduled to force the northeastern states to deindustrialize by using energy resource-control as a choke point. His Lazard Freres' partner Frank Zarb is promoting the so-called Panero Plan for creation of a "Pacific Basin" linking in key North American energy resources with Japan and Communist China in a geopolitical resource grab. Add the fact that Felix Rohatyn sits on the board of Engelhard Minerals which just took a dominant share of the Hunt's major holdings.

The question becomes: did Engelhard lure the Hunts into a rigged silver market in order to seize those substantial oil and gas assets, putting them in a stronger political position to dictate terms to Japan and the United States for an energy austerity regime?

*This week's guest column is by Energy Editor William Engdahl.*

## Bergland to 'restructure' agriculture

*Ignoring conventional wisdom," the Agriculture Secretary is planning a great leap backward for America's high-technology agrobusiness.*

**T**he coincidence last week of the U.S. Department of Agriculture's announcement that farm prices plunged 4.5 percent in April and Secretary Bergland's public discussion of plans to "restructure" American agriculture ought not to be laid to chance. The price collapse, led by livestock, wheat and corn, was no surprise to producers who have been warning of this kind of development and its implications for months. If the price trend persists, it will break the back of the farm sector.

Freed of the demagoguery of protecting the "family farm," what Bergland presented to newsmen at the conclusion of nation-wide hearings on the "future of American agriculture" is a description of what the farm sector will look like after the damage has been done.

The drop in 1980 net farm income is now expected to be more like 25 percent; not the 20 percent predicted five months ago. A net income drop of such magnitude will have a direct and more intense impact on one third of the nation's farm units—the larger farms that have from \$200,000 to \$100,000 and over in annual sales, and that produce nearly 90 percent of the total American farm product. A 20 percent drop in net income overall will hit these large units with a rate of collapse of net money-income of up to 38 percent.

Predominantly the large, modern corporate family farms, these

units account for the bulk of total cash receipts from farm marketings and more than 70 percent of the outstanding debt in the farm sector. But they enjoy only a very tiny portion of the "off-farm" and "nonmoney" income flows that give the small actually marginal farm units the flexibility to "absorb" significant losses.

It is in this context that Secretary Bergland announced in an interview with UPI Farm Editor Sonja Hillgren last week that he would like to "limit farm size."

Bergland counterposes his thinking to the "conventional wisdom" that would dictate maximization of economies of scale and a high-technology, capital intensive approach to meeting growing world food needs.

As he outlined it to a group of embassy agricultural attachés last Dec. 10, Bergland is guided instead by "harsh new realities" that place "limits" on increasing food production. Predictably, these realities feature precisely the tight money, fuel shortages, and limited hopes for major new production technology breakthroughs—not to mention the higher *costs* of these "shrinking elements," land, money energy, water and technology—that Carter's Trilateral administration policy have brought us.

To the "resource constraints" Bergland adds another stock environmentalist lament: the "damage" done by "indiscriminate use

of fertilizers and pesticides."

He rounds out his Malthusian vision with the assertion that large U.S. farms have already reached the size of "optimum production efficiency."

Finally, Bergland states the crux of the scheme: "Indeed, some suspect," he states, "that smaller operations may be better able to adapt to the new resource constraints than the larger farms."

In the May 2 interview, Bergland told UPI that studies on economies of scale were being updated to find optimum levels of efficiency. The consequent farm size limit, he added, would not be determined by output or income, but "it would be a farm large enough to keep a family employed." The farm size limit would be readily enforced, Bergland said, by revamping the federal farm programs to make limited farm size a criterion of eligibility!

The picture painted by Bergland, an on the record admirer of the energy "efficiency" of Chinese agriculture, is clear enough. He emphasized that he expected his efforts to result in encouraging farmers—with federal help—to "diversify their crops and livestock as they used to do before farmers specialized in one or two crops or one kind of animal."

Isn't it time to blow the whistle on Chairman Bergland? He has engaged a bevy of thinktankers on this, with the explicit purpose of using it as a vehicle to spread "structure consciousness"—jabberwocky for Malthusianism—throughout the farm sector. He has even marshaled the otherwise staunchly traditional progressive legions of the Agriculture Department to participate.

## 'A reluctant ECU reserve center'?

*The European Monetary Fund's currency unit is proposed as the latest alternative to the dollar—and to goldbacked lending.*

Among the many arcane and irrelevant plans emanating from the European Commission's Brussels headquarters, there is one unofficial proposal of some importance: to introduce the European Currency Unit (ECU) as a numeraire, or exchange-rate value indicator, into the international capital markets. The proposal is politically of a piece with recent efforts to rally "an independent Europe" against the United States. In economic terms, it is one of many wedges against the effort by French President Giscard, which could emerge in some form next month, to launch a gold-backed monetary system with fixed-rate stabilization of the dollar.

As formulated by the Commission's Monetary Division chief, Hermann Burgard, the plan would create "ECU-denominated assets and liabilities." A "forward market in ECU-denominated assets" would be organized by private banks after governments provided "a starting push." Belgian authorities are now discussing their possible issuance of ECU bonds through the Luxemburg market.

The ECU is at present primarily a means of settlement among the central banks of the European Monetary System countries. What is important here is not the ECU as a "basket of currencies," but the incipient European Monetary Fund principle. EMS central banks' three-month accountings record in ECU terms the progressive upvaluation near market

prices of the 20 percent of their gold reserves already pooled in the EMS. A fullfledged EMS would seek to absorb the inflationary mass of up to \$1 trillion short-term Eurodollar deposits, and reissue this liquidity with gold backing in the form of long-term low-cost industrial development credits.

International Monetary Fund delegates sympathetic to the Burgard plan stress, by contrast, that gold would not at all be involved in the plan's ECU-denominated lending; "the ECU would be just like the SDR," the IMF's Special Drawing Rights dollar substitute whose deployment as a reserve numeraire was aborted last month. Belgium, added the IMF sources, will strongly oppose any effort by Giscard to remonetize gold.

Bankers at Morgan Guaranty, Banque Bruxelles Lambert and elsewhere do not think the ECU plan will get any further than the SDR did, citing the general impracticality of baskets." Burgard has attempted to meet such objections with technical crossrate guarantees that would "hold the ECU at least as strong as the strongest EMS currency," the deutsche-mark. Hoping to make ECU paper a "diversification" instrument for OPEC, he coyly states that "the (European) Community cannot prohibit a Mediterranean or Near East country using the ECU as formal reference" for a currency bloc, as permitted in Article IV of the IMF Agreement.

"The fundamental question is

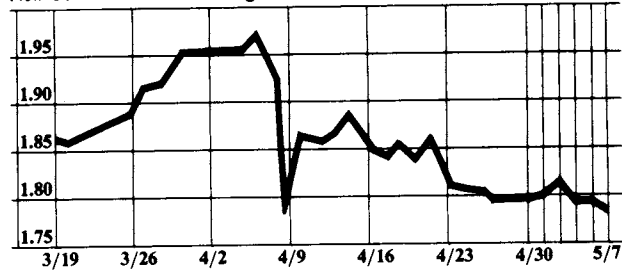
whether this greater EMS zone will simply grow on pragmatic grounds or actively be constructed and managed. ... In any case, in the same manner as the German authorities are now managing a 'reluctant reserve currency,' the EMF could become a 'reluctant ECU-reserve centre,' a kind of regional substitution account for certain varieties of reserve assets." Last August Burgard helped run the Alpbach Seminar on the EMS in Austria, a forum for the U.S. Treasury to demand an end to the dollar's reserve status, and for various versions of a European Monetary Fund disemboweled of its economic development commitment.

A parallel proposal has come from Michael Hodges of Britain's Royal Institute for International Affairs. Hodges wants to activate the dormant Ortolli Facility, through which the Economic Community could raise petrodollar funds for the Community's European Investment Bank. The ETB would make conditional loans to European governments strapped by oil deficits, as well as to infrastructural projects like the English Channel tunnel and "alternative energy" investments featuring solar powers.

Hodges said in an interview this week that "dissatisfaction and despair" prevail on the continent over "the weakening of the dollar and the reality of disunity and disarray within Europe," combined with the threat of "energy cutoffs." Europe must emulate the process described by the necrophiliac Elisabeth Kubler-Ross: "denial, anger, and eventually acceptance and adjustment." Then Britain and the continent can unite, with "the IMF as the political center of gravity."

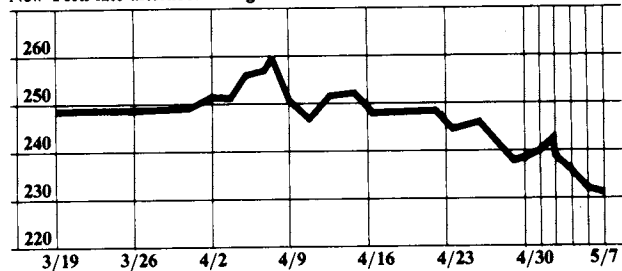
### The dollar in deutschemarks

New York late afternoon fixing



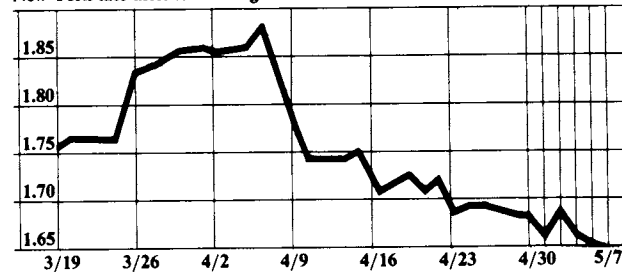
### The dollar in yen

New York late afternoon fixing



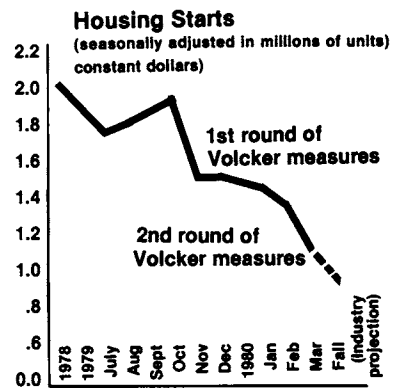
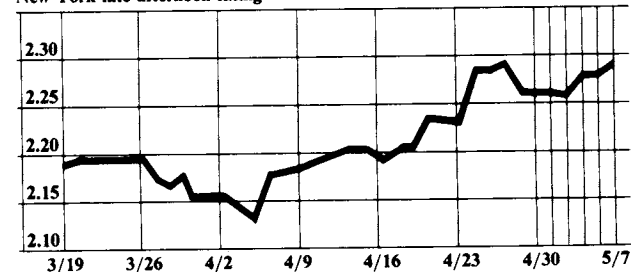
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



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# Trade Review

NEW DEALS				
Cost	Principals	Project/Nature of Deal	Financing	Comment
1.1 bn	Saudi Arabia/U.S.	Exxon and the Saudi government will build a joint-venture polyethylene plant at Jubail		Agreement signed
595 mn	Brazil from France	Loan for major projects, in which French-made equipment will play an important part. The projects include: a Porto Primavera dam, railroad electrification in São Paulo state, a commuter railroad in Belo Horizonte, and two ocean-going phosphate carriers.	595 mn. at 7.5-7.7 percent over 10 years with a 5 year grace period.	Signed. Largest financing agreement ever conducted between France and a foreign power.
280 mn	France/West Germany	Technical cooperation agreement under which two direct transmission television satellites will be launched into orbit. Messerschmitt Boelkow Blohm (MBB) is playing a major role in the satellite development		Agreement signed
270 mn	West Germany/East Germany	Improvement of road, rail, and canal links between West Germany and West Berlin		Accord signed
200 mn	Indonesia from Spain	Centurion SA, a Spanish engineering firm, will build a cement plant in West Java for Indocement, a group owned by the Indonesian entrepreneur Liem Sioe Liong	\$45 mn syndicated loan led by American Express at 1 $\frac{1}{2}$ % over SIBOR (Singapore Interbank Offering Date); \$65.3 mn in credits from Spanish government bank	Contract awarded
96 mn	New Zealand from U.K.	Air New Zealand (government owned) will outfit its new fleet of 5 Boeing 747s with Rolls-Royce engines, not GE engines		
11.4 mn	Cuba from U.K.	Predominantly sugar equipment and spare parts	Export Credits Guarantee Department guarantee of \$11.4 mn. Morgan Grenfell credit	
<b>UPDATE</b> over \$135 mn	Spain from U.S.	Iberia Airlines will buy two Boeing 747 Jumbo jets, one McDonnell Douglas DC-10	\$135 mn. loan by London bank syndicate at $\frac{3}{8}$ percent over LIBOR; additional Eximbank bank credit expected	

# Aerospace industry confirms EIR's depreciation index

by David Goldman

Two issues ago, *EIR* presented the results of a computer simulation of the prospects for the American economy conducted with the LaRouche-Riemann model. The study employed a new depreciation index prepared by *EIR* economics staff, which yielded the disturbing conclusion that net fixed capital investment had been negative in the United States for the entire period since the 1974-1975 recession, reaching a figure of negative \$50 billion by 1979. That is, the amount of productive capacity lost to the economy through obsolescence, physical deterioration through aging, or capacity shutdowns not counterbalanced by construction of new capacity, exceeded total new capital investment in the economy.

The issue of what constitutes depreciation is fundamental both to economic analysis and planning, since it determines the tax-allowances for depreciation used by the Internal Revenue Service. *EIR* adopted as its criteria the level of capital replacement required to maintain a productivity growth rate registered during periods of acceptable economic performance, and took the period 1960-1969 as the base period. The rate of growth of net capital stocks declines sharply in 1970, according to Commerce Department data, corresponding to a secular decline in the rate of productivity growth. The earlier period shows an average 3 percent per annum rise in productivity, against a 2.3 percent average during the 1970s (and a continuously falling trend line).

*EIR* studies found that the divergence between the "optimal" rate of growth of net capital stocks between 1960-1969 and the subsequent lower rate of growth corresponded with great precision to available estimates of obsolescence of plant and equipment due to availability of new technologies. For example, the McGraw-Hill survey, the only such empirical sample currently available, shows that industrial managers believed that about \$80 billion of their plant was outmoded in 1976. In that year, the \$80 billion figure corresponds precisely to the divergence between optimal and actual net capital stocks. However, in 1978, the two numbers diverge sharply; the McGraw Hill number fell back to \$60 billion *plus* the replacement cost of capacity lost permanently to the

system, is \$100 billion, the same number *EIR* arrived at by the optimizing method.

*EIR's* approach is confirmed by a previous study executed by Dr. Klaus P. Heiss for the Aerospace Industries Association of America, Inc. (*Aerospace Capital Formation: Impact of Inflation and Depreciation*, Aerospace Industries Association of America, April 1976.) Adjusting the nominal replacement cost of aging capacity—the cost of the productive asset at time of purchase—by the inflation in capital goods prices during the life of the asset, Heiss established that the commerce Department's nominal depreciation approach understated depreciation by \$20.6 billion in 1971 and by \$54.1 billion in 1975. By this method, he calculated that net real investment in the economy was negative \$10 billion in 1975.

This methodology is coherent with *EIR's*, for the self-evident reason that a decrease in investment in productive areas coincident with a comparable increase in investment in non-goods-producing areas of the economy will generate a higher rate of inflation. Therefore, to the extent that the rate of growth of net capital stocks falls, inflation will increase, and the replacement cost of capital goods will rise. Heiss found that the divergence between real and nominal depreciation came to be a serious problem after 1969, the same conclusion *EIR* arrived at.

Both these methods are in sharp contradistinction to current approaches in preparation by the United States Treasury to adjust depreciation figures currently issued by the Treasury, and arrive at what a Treasury working draft calls a publicly defensible index. The approach outlined relies on such *subjective* views of depreciation requirements as the resale price of existing capital equipment, and manufacturers' own estimates of future capital requirements. This ignores the effect of adverse economic conditions, and doubly adverse conditions for capital investment, on the perceptions of corporations. Both *EIR's* method and the Aerospace Association's method, by contrast, look at depreciation for the purpose of establishing investment criteria for the economy's underlying productivity.

# Hydrogen from a fusion reactor

Hydrogen and hydrides are the fuel of the future, replacing the increasingly scarce fossil fuels. And finding a cheap and efficient method for hydrogen production is the task that will now be taken on by the Lawrence Livermore Laboratory and Brookhaven National Laboratory under a \$1 million contract for conceptual design studies involving fusion reactors.

Awarded by the Development and Technology division of the Department of Energy's Office of Fusion Energy, under the direction of Dr. Franklin Coffman, the contracts will fund two projects to study potential designs to couple the heat produced in a fusion reactor to thermochemical hydrogen production cycles and high-temperature electrolysis, using water as its raw material and not natural gas.

Fusion, the reaction that powers the sun, uses as its fuel ordinary seawater. Under specified temperatures and pressures, the heavy isotopes of hydrogen (deuterium and tritium) found in seawater fuse, releasing tremendous amounts of energy that can be harnessed, for example, as heat energy or electricity.

The fusion reaction therefore has several advantages over current hydrogen production methods. First is the very fact that the fusion process utilizes water as its major raw material input. Second is that higher temperatures can be attained in a fusion reaction than in any advanced fission design. The higher the temperature input, the lower the cost of splitting water to liberate the hydrogen.

At approximately 2,500 degrees Celsius, it is possible to split water with only thermal energy (heat), but there are no existing materials that can withstand that temperature. So temperatures up to approximately 1,800 degrees Celsius are under consideration, coupled with electricity. At that temperature, the amount of electricity needed for electrolysis is considerably less than the electricity needed for today's low-temperature electrolysis

processes. And only the fusion reaction is capable of reaching such temperatures.

### The Brookhaven approach

Two approaches for producing hydrogen are being pursued by the two laboratories.

Brookhaven is using the tokamak (magnetic confinement) fusion reactor design in its high-temperature electrolysis studies.

Dr. Jim Powell at Brookhaven and a team of researchers have been doing conceptual design work to couple fusion reactor heat to high-temperature electrolysis cells for the production of hydrogen. They estimate that a demonstration series of such cells could be ready for testing at the same time that the Engineering Test Facility fusion reactor is ready to demonstrate the commercial feasibility of fusion—in the 1990s.

High-temperature electrolysis consists of conducting the heat from a lithium blanket surrounding the fusion vessel through a series of ceramic ducts. The most efficient design would transfer heat at about 1,800 degrees to a set of between 9 and 12 electrolyzers where an electric current splits water with the help of the heat.

As hydrogen is liberated from the first cell, the temperature drops as the excess heat is transferred to the next cell, so a cascading series is created. The Brookhaven group estimates that 50 to 70 percent efficiencies could be reached depending upon the temperature transferred from the fusion blanket.

Very preliminary estimates by Brookhaven indicate that the cost of hydrogen produced by high-temperature electrolysis would be competitive with today's prices of petroleum, largely because of the need for less electricity. But furthermore, the cost of the electric power used per unit should be lower than today's cost from fossil-fueled units, since fusion uses water as fuel and generates energy at considerably higher energy density than any other process, either combusive or fission.

The only physical problem that needs to be solved in the high-temperature electrolysis process is that of materials able to withstand the 1,500 to 1,800 degree heat required by the system.

### The LLL approach

At Lawrence Livermore, under the direction of Dr. Dick Werner, the magnetic fusion program is investigating the coupling of fusion-generated heat to cycles that produce hydrogen from water through the mediation of various intermediate chemical reactions. All of the thermochemical processes under consideration use highly corrosive sulfuric acid at significantly high temperatures to help split the water.

The Livermore team is looking initially at the tandem mirror magnetic fusion design for thermochemical hydrogen production.

Dr. Werner developed the idea of surrounding the



confined plasma in the cylindrical center of the tandem mirror device with a liquid lithium-sodium liquid blanket, the lithium is transformed into tritium, which is needed for the fusion reaction.

The liquid sodium is heated and turns into a vapor, at about 900 degrees Celsius. This vapor rises in the container and the heat is transferred into heat exchangers at the top of the vessel. As the heat is drawn off, the gaseous sodium condenses and returns to the liquid bath in droplets.

The vessel is lined with a spongy, controlled heat transfer material that will transfer the heat, at about 400 to 500 degrees Celsius, from the liquid bath to heat exchanger tubes. The lower temperature of the heated sodium can be precisely controlled by producing a large temperature gradient across the spongy liner material.

This then houses the hot liquid in a relatively cool container.

Both the higher and lower temperatures would be used as the thermal input for various thermochemical cycles. Most cycles need the heat to break down sulfuric acid into oxygen and sulfur dioxide which are used with water in chemical reactions to liberate hydrogen.

The Livermore and Brookhaven projects, with supporting research ongoing at the University of Washington and Exxon Corporation, are both in the preliminary stage and will consider various technologies for the transfer of fusion-generated heat. Each laboratory will receive \$400,000 in Fiscal Year 1980 and both hope to have designs that can be engineered into bench-scale models, using small-scale heat sources before fusion is ready, to test the initial design concepts.

## The design of the tandem mirror machine

There are two fusion reactor designs being looked at by the scientists involved in the program to produce hydrogen as a byproduct of the fusion reaction.

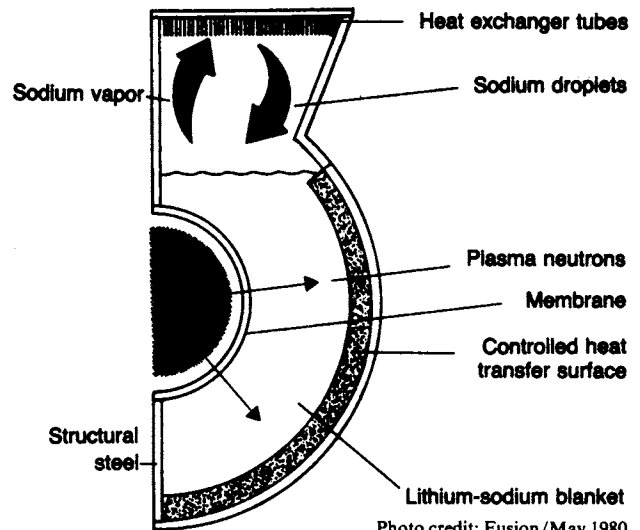
The tokamak design being used in the Brookhaven study is a donut-shaped device that uses a magnetic field to confine the fusion plasma (very hot, ionized matter) until the very high temperatures and pressures are reached for ignition.

At Lawrence Livermore, the design being considered is the tandem mirror. The mirror design is open ended (unlike the tokamak) and uses a strong magnetic field at both ends to prevent the plasma from escaping, acting like a mirror to reflect the plasma back into the center.

The basic idea of the tandem mirror is to use the complex mirror with its large assemblies of neutral beams (to heat the plasma) as an end plug for a long cylinder. The cylinder, which consists of a very simple solenoidal magnetic field, contains the fusion plasma while the endplug mirrors contain the nonreacting plasma. Since electrons tend to escape out the ends of a mirror before the ions do, a positive electric charge builds up in the mirror and can then be used to stably repel plasma from entering the mirror, turning the mirror into an efficient end-plug.

In the preliminary design for using the tandem mirror to produce hydrogen shown above, the confined plasma in the cylindrical center is surrounded with a liquid lithium-sodium bath. Both the high and low temperature heat produced is used for a thermochemical hydrogen process.

The heat at 900 degrees Celsius is removed from



the top of the container. It is captured from the deposition of fusion neutrons in the liquid lithium-sodium blanket. The sodium is heated and vaporizes. The heat is transferred through heat-exchanger pipes that are also filled with liquid sodium. The vapor then condenses and falls in droplets back into the liquid bath. It should be noted that the neutron bombardment of the blanket produces another useful byproduct: tritium from lithium. Tritium is a heavy isotope of hydrogen and can be used to fuel the fusion reaction.

Lower temperature heat, about 400 to 500 degrees Celsius, is carried off from the vessel through a controlled heat transfer surface lining the steel container. Both qualities of heat are transferred to the thermochemical hydrogen production process to break down sulfuric acid into oxygen and sulfur dioxide which are used with water in chemical reaction to liberate hydrogen.

## A disastrous shortage of skills

*The following remarks are excerpted with the permission of John R. Popovich, vice president of the Freeway Corporation, and are from his inaugural address as the president of the American Metal Stamping Association.*

The problem is a disastrous shortage of skilled people—machinists and tool and diemakers; welders and sheet metal workers ... In short, skilled people of every description. All of you have been touched by the problem, but you may not be aware of its magnitude. I am by no means an alarmist, but the cold facts are these:

We are already in deep, deep trouble and unless we do something about it immediately there may be no need for an AMSA in the year 1990 because there won't be a metal stamping industry.

Consider these statistics: across the board, the average journeyman level craftsman is 55 years old. If you check your own personnel records, I believe you will be shocked at what you will find.

More than half of all journeyman level craftsmen will be retiring in seven or eight years.

According to Labor Department figures, we need machinists to fill 22,000 jobs each year. Last year, only about 2,300 machinists completed apprenticeships. Again, according to the Department of Labor we will have job openings for 8,700 tool and diemakers each year through the foreseeable future. Last year only 2,400 tool and diemakers completed registered apprenticeships.

Perhaps you distrust statistics. Ask yourself these questions.

Have I lost jobs that I could have had if I could have gotten the tooling?

Have I been late with deliveries because the tooling was late or because it could not produce the part when I did get it?

Is my toolroom (or suppliers toolroom) overloaded; the toolmakers jaded with overtime?

Am I refusing to quote on jobs because I cannot produce or buy the tooling?

These conditions are chronic across the industry and they are the symptoms of a deep-seated illness.

There are other symptoms, equally disturbing. Quality is one. As a toolmaker myself, I look at an appliance attachment made up of stampings and I see burrs, poor alignment, sloppy fit. Lousy craftsmanship, I think to myself. Here's a chilling thought. Maybe it isn't just lousy craftsmanship. Maybe it's the best they can do....

The shortage of skilled people and the root causes of that shortage present a different sort of problem: a basic problem. A gut problem, if you will. We can survive the incompetence of government and bureaucracies. We will survive the drying up of the last oil well. But on the day the last diemaker or the last skilled machinist turns in his tools and hangs up his shop apron—that day we face Apocalypse.

Too strong a statement? I wish it were. I sincerely wish it were. But the history of mankind proves otherwise. As civilization evolved from the Stone Age through the Bronze Age through the Iron Age, progress was an absolute function of man's increasing ability to make metals do his bidding. It still is.

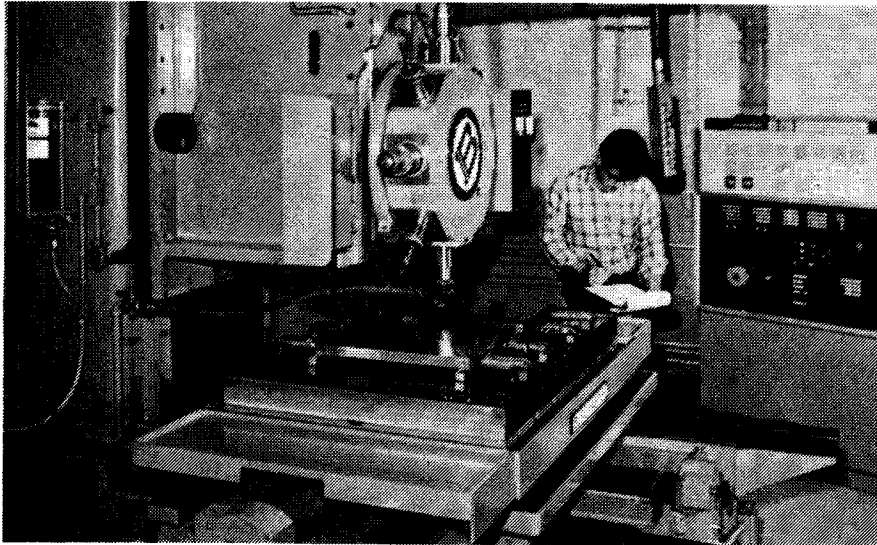
The economy of this country as well as that of any industrialized country is dependent on the ready availability of metal components in an endless variety. A typical, furnished, six-room house will contain about 200,000 stampings—and large quantities of die castings and screw machined parts.

If you trace any one of these parts back far enough, you'll find that somewhere along the line a skilled machinist or diemaker was involved. And the same holds true of plastic injected molded parts.

The very food we eat is similarly dependent. American agriculture is the wonder of the world. The equipment used to plant the crops, the equipment used to cultivate and later to harvest them and the very trucks that carry the crops to the market are made up of stampings, forgings, machine parts and castings. Again, at some point in their manufacture, a skilled machinist or diemaker was required to translate the designer's concept into hard metal.

Without these men, we wouldn't have airplanes, prosthetic devices, computers, television, electric motors....

In this light, let's examine the statistics again. We are producing each year about 25 percent of the skilled journeymen needed to replace those lost through normal



*"The problem is a disastrous shortage of skilled people—machinists, tool and diemakers; welders and sheet metal workers... skilled people of every description." At right, a technician examines a tape-controlled machine tool.*

*Photo: Acushnet*

attrition. What will happen when that tidal wave of mass retirement hits us in seven or eight years down the road? The results will be catastrophic....

One thing is certain. There are no quick fixes. Rebuilding the pool of skilled people is going to be a long hard struggle. The federal government cannot do the job although it can ease the burden by providing training grants and tax credit ...

We can't expect to import skilled people from abroad in any significant quantity....

(There) are marvelous advances in technology and they can reduce build-time and increase the productivity of the skilled journeyman—but they do not replace him. If anything, they demonstrate more conclusively how indispensable he is.

Since there are no short-term solutions, we must seek long-term solutions....

We need to pursue an active policy of upgrading the people we already employ. Every employee deserves the opportunity to go as far as his natural abilities will permit him. Not his skills. We must teach him the skills. Many a stamping plant has a reservoir of potential skilled people that it has never tried to exploit.

We must open the doors of the tool room to women and minority groups....

A change in the Apprenticeship Act made in 1978 recognizes the potential of women in the skilled labor force. ...The Department of Labor would like to see women constitute 20 percent of all apprentices....

We must do a better job of educating the vocational and guidance counselors who are the primary link—in many cases the only link—between the stamping company and the young people just getting ready to enter the workforce. ...

Educating these people is the single most productive step we can take in building a skilled work force....

Whatever direction we take; whatever we do, we can be sure of two things. It will cost money and there will be many disappointments. If necessary, we can add the cost of training to the cost of the product as part of the overhead burden. As to the disappointments, we must accept the fact that people will drop out or that they will leave us when their training has been completed.

A young man who had completed a year of training at Freeway left the company to work at a supermarket, stamping prices on groceries for just about the same wages he had been getting with us. I tried to make him see that four years down the road he would have a skilled trade that would support him comfortably for the rest of his life.

I gave it my best shot, but I still think I failed that young man. He will never experience that gut feeling of satisfaction that only those of us who have worked at the bench can appreciate—building a tool and seeing it work.

I will be making the round of the Districts preaching this Gospel. And in various AMSA publications we will be furnishing you with information about apprentice programs, grants, tax incentives and studies of successful training programs.

It is up to the individual company to develop its own training program and this requires very careful planning because of the infinite variety of situations and individual requirements.

I leave you with this thought. Fooling with numbers is tricky, but simple arithmetic tells us that if each manufacturing member of AMSA would start planning now to train one skilled journeyman for each 50 of his present employees—and would do so on a yearly basis, we would create a self-generating pool of skilled people amounting to 1,100 each year.

That would be a very bright candle indeed.

# Business Briefs

## *International Credit*

### **Lehman's Peterson says crisis needed to grab petrodollars**

"We need a concordat between the oil producing nations, the West and the developing sector. We must work out the specific ways to get the OPEC nations to give up their money into financing the LDC current account deficit and give direct, concessional grants to LDC governments." This is the latest plan of Peter G. Peterson, the chairman of Lehman Brothers Kuhn Loeb and a U.S. member of what is commonly called the World Bank's "Brandt Commission."

To do this, Peterson believes, the current government of Israeli Prime Minister Menachim Begin must be booted out and a government committed to the idea of a Palestinian state brought in. The U.S. must also wake up to the need for a Palestinian state, he believes. "The most important political and financial question is getting a Palestinian state. The Arab nations won't give any of their money if a Palestinian state is not first accomplished. If this is not understood, no monetary reform can take place."

Peterson protested that for too long the U.S. has not taken seriously the difficulties of financing Third World deficits and the resulting banking problems. "You know, I can't understand certain banks," Peterson said. "Ten years ago, you could look at the balance sheets of banks to the Third World and see loans of 10 years, 12 years. Now, you look today, what do you see? Maturities of 5.3 years, 4.7 years, 3.6 years. There's going to be trouble. This has to be financed. Who's going to do it? If no one does, we've got a big crisis."

The lack of a solution to this crisis has lead Peterson to predict a major international crisis, but one that he actually looks forward to, as it will give impetus to the types of reforms he is pushing. In his internal memo to clients for the month of April, Peterson writes,

"Hunger, bankruptcy and despair intensified by the relentless growth of Third World population are inevitably generating hostility and frustration that can lead only to ultimate violence that will not be indefinitely confined to infiltrators on bicycles, the seizure of embassies or the terrorizing and killing of individuals."

This shocking phrase which just as easily could come as a section of a leaflet from Italy's Red Brigades is not an aberrant slip on Peterson's part. He recognizes that the basic "reordering" of the world economy that he is interested in, extending from commodity agreements to the introduction of Special Drawing Rights, must proceed from a breakdown crisis, being implemented on an emergency basis. "The next president of the U.S., who shouldn't be Carter, must be given a crisis. He should be told in his early days of office," Peterson continued, "that either he solves the conflagration or else his entire presidency goes up in flames." First and foremost this must mean getting a hold of the OPEC surplus, he added.

## *Domestic Credit*

### **Rumors shake commercial market**

Rumors are flying on Wall Street that a big issuer of commercial paper is "going to bomb out" and default on its obligations, the *Wall Street Journal* reported May 8. Analogies are being drawn with the 1970 crisis, when the Penn Central Transportation Co., a top-rated borrower, defaulted and scared many investors away from the market.

The existence of the commercial paper market has up to now permitted the largest U.S. companies to evade the worst effects of the present credit crunch. Federal securities law exempts commercial paper from regulation by the Federal Reserve or other agencies, providing that it matures in less than 270 days and that the loans are used only for "current" transactions and not for long-term investment projects. As a

result, lending rates are considerably lower in the commercial paper market, running at about 10 percent recently, in comparison to the banks' 17 to 18 percent prime rates. The nation's largest corporations, that is, those who can win a top credit rating from Moody's or Standard and Poor's, have been tapping this market in droves as an alternative to high priced bank loans.

Corporate liquidity, however, has been steadily deteriorating and the ratings for many issuers, most notably those of the Chrysler Corp's Chrysler Financial subsidiary, are being lowered. Should the commercial paper market undergo a major crisis of confidence, "We would probably have a true credit crunch, with dire consequences for the economy, the financial system and the banking industry," the brokerage firm Bache Halsey Stuart noted in a recent report.

## *Gold*

### **IMF auctions end**

The International Monetary Fund's four-year program of gold sales quietly came to an end on May 7, following the failure of the Fund's Interim Committee to agree on a resumption of the monthly auctions. The IMF auctions had been backed by the U.S. and Britain as a means of driving down gold's price and eventually "phasing out" altogether the metal's role in the world monetary system. However, the emergence of the European Monetary System in 1978-79, which involved the partial remonitization of European gold reserves, destroyed the credibility of this plan. By late 1979, even the U.S. Treasury was convinced that it made more sense to hold on to U.S. gold reserves as a potential backing for the dollar than to continue dissipating them in public auctions.

The IMF gold sales program was finally allowed to expire when the IMF Interim Committee, meeting in Hamburg last month, could not agree on an SDR substitution account to replace the

# Briefly

dollar. Some U.S. experts recommended that the IMF stop selling its gold and use it as backing for the SDR account to make the scheme more palatable to reluctant European and OPEC governments. However, this also proved unworkable, and the gold sales program was allowed to lapse anyway.

## Energy

### Engelhard boasts of oil acquisition

Canada's Beaufort Sea "has great potential, perhaps to be one of the greatest oil fields in history," boasted Engelhard Minerals and Chemicals Corp. chairman Milton Rosenthal in his report to his company's stockholders last week. Engelhard recently acquired substantial oil assets in the Beaufort Sea from the Hunt brothers who owed money to Engelhard as a result of the silver market collapse. While some observers have accused Engelhard of having trapped the Hunts into this deal, *Fortune* magazine attempted to portray Engelhard as a victim of the Hunts in a recent article.

*Fortune* reported that the oil properties could be worthless and were, in any event, subject to takeover by the Canadian government. Unperturbed, Rosenthal continues to compare the Beaufort Sea to Saudi Arabia and notes that the company has "a good record in Canada" and doesn't expect any "trouble" from the Canadian government.

## Foreign Exchange

### Dollar plunges on interest rate drop

The U.S. dollar came under heavy fire on world currency markets last week as overseas investors responded to the sharp drop in the U.S. interest rates. The most dramatic move was in the Japanese yen, which rose 3.5 percent against the dollar. The yen surged forward when, for the first time in more

than a year, short-term Eurodollar interest rates fell below comparable yen rates.

The renewed dollar crisis underscores the dilemma of the Federal Reserve which has permitted rates to drop to avert an overly steep recession. However, with inflation still rising at double-digit rates, high interest rates would appear to be the only thing preventing the dollar from going into a freefall.

## Agriculture

### Farm income down 37 percent

Net farm income in the second quarter of this year fell 37 percent below figures for the same quarter last year, the U.S. Department of Agriculture admitted on May 8. While anticipating a drop in income, the Department predicted only a 20 percent decline; that prediction changed to 25 percent recently, still far below the 37 percent decline now reported.

Agriculture Secretary Bergland claimed that prices would soon go up for farm products, citing expanded export markets as one factor. But the National Farm Bureau reports that Agriculture Department claims of a record volume of farm exports are based on pre-embargo sales figures.

The Agriculture Department admits that even if prices do rise, they will not rise as rapidly as production costs.

The dangers of the situation reside in the fact that the wave of farm bankruptcies that must result must tend to be concentrated in that one-third of all farms that produces 90 percent of all farm output—the high-technology family farms run on a corporate basis, highly leveraged and dependent entirely on money income. These are most vulnerable to a cash-flow crisis, and have suffered a disproportionate share of the "average" income declines the Department reports. Falls of net farm income on this scale put the overall productivity of American agriculture on the chopping block.

● **ERVIN** Laszlo, the Research Director for the Club of Rome and the United Nations Institute for Training and Research, (UNITAR) lost his normal icy cool at a May 7 Club of Rome luncheon in New York. Laszlo reportedly needed sedation after a memorandum was circulated at the meeting identifying Club of Rome founders Aurelio Peccei and others as NATO intelligence operatives.

● **EAGLE** Star insurance executives have reportedly begun an employee civil defense drill program at the group's Canadian headquarters.

● **SALOMON BROTHERS** partner Henry Kaufman, who two months ago demanded credit controls in order to avoid "financial catastrophe," now warns that the dizzying fall in interest rates can't last. In a commentary made public May 6, Kaufman said that Treasury and corporate borrowing requirements would push interest rates back up from last week's low point.

● **OCCIDENTAL** Petroleum the oil independent which made a quick \$130 million selling silver short earlier this year, may have been tipped off by "market insiders," the Hunt brothers charged in their recent Congressional testimony. This is not the first time that the Hunts and Armand Hammar's "Oxy" have ended up on different sides of the win-loss column. The Hunts lost an estimated 5.5 billion barrels of oil in Libya when Qaddafi announced in June 1973 that Hunt's oil interests were being nationalized as "an act of sovereignty." Untouched by the nationalization, Oxy remains in Libya to this day.

## Brzezinski's military madness and the 'New Age' of Aquarius

by Vin Berg

America, having left the industrial phase, is today entering a distinct historical era, a different one from that of Western Europe and Japan. This is prompting subtle and still indefinable changes in the American psyche, providing the psycho-cultural underpinnings for the more evident political disagreements between the two sides of the Atlantic ... Europe and America are no longer in the same historical era. What makes America unique in our time is that it is the first society to experience the future ... be it pop art or LSD ... Today, America is *the* creative society. ... The new era requires a universal intellectual elite ... and a world superculture ... provided by the network of electronic communication ... The instantaneous electronic intermeshing of mankind will make for an intense confrontation, straining social and international peace.

Zbigniew Brzezinski  
*The Technetronic  
Era*, written 1968

In Part I of this story, we reported: "Patiently and methodically, the population of the United States is being brainwashed." The New Left, international terrorism, the spread of homosexuality, the spread of psychotropic drugs, rock and disco music, astrology—none of these are "sociological phenomena," but the calculated outcome of "social engineering projects" conducted by a network of social psychology research institutions whose "mother" institution is the Tavistock Institute in

Sussex, England. a.k.a. the British intelligence psychological warfare division. (See *EIR*, May 13, 1980, pp. 20-38.)

The method of the brainwashers is the laboratory-tested "tension and release" approach whose mass-scale equivalent is "government by crisis management." Crisis "shocks" delivered to an entire population in a scheduled manner can gradually drive upwards of 20 percent to a state of "disassociation." For these, the brainwashers—the Wharton School, Michigan's Institute for Social Research, the Stanford Research Institute—provide remedy by creating cultist movements. The percentile thus rendered kooks is sufficient to destabilize the entire society's orientation to reality, undermining the "American dream" of personal development in an age of scientific and technological progress.

The objective is a new, zero-growth age: "The Age of Aquarius." The brainwashers delight in referring to themselves as: "The Aquarian Conspiracy." And Marilyn Ferguson, a long-time associate of the Stanford Research Institute, has now written a book of that title, to make the conspiracy public, and to unite the kooks into "a single movement."

Can there be any connection between the Aquarians and the present precarious state of the world, teetering on the brink of thermonuclear holocaust? In fact, the war-threat has been most immediately posed by the "incalculable" Carter administration's aborted Iranian rescue mission and threatened new escalations in the Persian Gulf, which constitute a "flight forward" quality of military madness. With the resignation of Secretary of State Cyrus Vance, moreover, the man who is left with



Photo: Philippe Ledru/Syigma

*Aquarian kook and would-be "technocratic dictator" heading the U.S. National Security Council: Zbigniew Brzezinski in Pakistan this past February.*

greater policymaking power than perhaps any other in the government is the National Security Council chief, Zbigniew Brzezinski.

Zbigniew Brzezinski, quite some time ago, became a member of the Aquarian Conspiracy. Zbigniew Brzezinski is a kook. And Zbigniew Brzezinski, at this very moment, is employing criteria for American foreign policy that depend not upon the views of America's allies, the reaction of the Soviet Union, or the real political processes determining success or failure. Brzezinski's only criteria flow from Brzezinski's hostile, Aquarian fantasy world.

In a keynote speech before the founding conference of the Baltimore chapter of the Council on Foreign Relations this week, Brzezinski outlined nothing but a U.S. military posture for the Aquarian Age.

"We are entering a new age," he kept repeating to the audience, an assemblage of leading Zionist figures and American "bluebloods." "To those outside government, day-to-day decisions may seem confusing and incoherent ... But you have to be an insider to know what is going on."

He proceeded to pledge the Carter administration to a continuation of every basic policy feature that has brought the world to the brink of World War III: America will "deepen the relationship with China." America will "gradually strengthen military capabilities in the midst of increasingly dangerous world situations. This is why we are gradually but greatly increasing our military capability in the Persian Gulf."

And then he repeated: "We are entering a new age."

There are occurring "radical shifts all around the world." And the United States will be "the force to maintain stability in the world."

Marilyn Ferguson, author of *The Aquarian Conspiracy*, wrote on page 363 of that book that "Zbigniew Brzezinski, chairman of the United States Security Council," is one of her co-conspirators. Brzezinski, she quoted, "spoke of an 'increasing yearning for something spiritual' in advanced Western societies where materialism has proven unsatisfying. People are discovering, he said, that 5 percent per annum more goods is not a definition of happiness." And Marilyn Ferguson continued:

"Traditional religion, he conceded, does not provide a substitute:

This is why there is a search for personal religion, for direct connection with the spiritual ... Ultimately, every human being, once he reaches the stage of self-consciousness, wants to feel that there is some inner and deeper meaning to his existence than just being and consuming, and once he begins to feel that way, he wants his social organization to correspond to that feeling ... This is happening on a world scale."

As you ponder Zbigniew Brzezinski's call for a "new age" and a society founded upon mysticism, recall Zbigniew Brzezinski's oft-repeated praise for the fanatically feudal "Islamic fundamentalism" of the Ayatollah Khomeini in Iran, and review, in this light, the evidence proving that Khomeini was placed in power by the Carter administration, and that the entire "hostage cri-

sis" was solicited and has been exploited by that same Carter administration ("crisis management"). Ponder also that on May 6, for the second day in a row, Radio Moscow angrily reported that a new U.S. military intervention is being prepared for Iran, with as many as 12,000 troops now assembled on the West Coast for the operation. Ponder that three different European sources described the first Iran "rescue mission" as something that came "as close to World War III as one can come without actually fighting it." Now ponder again: at the helm of U.S. foreign policy and military posture, just behind a "born again" puppet president, is Zbigniew Brzezinski, the Aquarian kook.

The following section, which elaborates upon Zbigniew Brzezinski's fantasy world and his 15-year history in the Aquarian Conspiracy, is excerpted from a book on the Aquarians soon to be published by the New Benjamin Franklin House in New York.

# NATO and the Club of Rome: The Aquarian command

by Criton Zoakos and Mark Burdman

The Aquarian Conspiracy emerged as a major NATO program first made operational during the 1966-68 period. During that time, NATO formed and promoted a major, new international organization, the *Club of Rome*, for the purpose of inventing, disseminating and cultivating various "post-industrial era" countercultural movements in every nation of the Atlantic alliance, i.e. the member states of NATO and the OECD (Organization of Economic Development and Cooperation). The founders and principal officers of the Club of Rome are all senior NATO functionaries.

1. Aurelio Peccei, the chairman and founder, a part owner of FIAT, chairman of the Economic Committee of the Atlantic Institute.
2. Alexander King, the co-founder, Director General of Scientific Affairs of the OECD.
3. Harlan Cleveland, of the Aspen Institute, Ambassador to NATO.

4. Senator Claiborne Pell, former Ambassador to NATO.

5. George McGhee, former Ambassador to NATO.

6. Joseph Slate, the director of the Aspen Institute, member of the U.S. delegation to NATO.

7. William Watts, director of Potomac Associates, a NATO think-tank, and a director of the Atlantic Council.

8. Donald Lesh, an associate of Potomac Associates and a staff member of Henry Kissinger's National Security Council.

9. Walter J. Levy, a director of the Atlantic Council, member of the Bilderberg Society, and the Council on Foreign Relations; a theoretical advocate of the doctrine of extending NATO into the Third World.

10. Sol Linowitz, the Xerox magnate with extensive history of involvement in NATO.

Tavistock Institute, the Stanford Research Institute, the Institute for Social Relations and other centers of applied social psychiatry, all of which are represented on the board of the Club of Rome, played a pivotal role in guiding NATO into adopting the long-term strategy of the Aquarian Age, in the following way:

Immediately after the Cuban Missile Crisis of October 1962, President Kennedy took the important step of rejecting the counsel of Tavistock, Rand and others who were then prompting him to adopt a NATO defense strategy based on psychological "flexible response" gameplans and large-scale psychological manipulations of the domestic NATO populations by means of "Civil Defense" programs. The President, at that time, opted for shutting down the Civil Defense Program and pressing forward with the massive expansion of NASA, the space program and the general scientific-technological upgrading of American industry.

In 1963, the year of President Kennedy's assassination, a certain bureau within NASA signed a large contract with the Tavistock Institute of Human Relations. NASA in fact asked Tavistock to evaluate the effects of the space program on American society, its morale, its values and so forth. Tavistock, accepting the contract, farmed out various portions of the work to its various U.S. subsidiaries such as the Institute of Social Relations, Stanford Research, Rand and others. Tavistock then produced the studies which led to the formation of the Club of Rome and the adoption, by NATO, of the "Aquarian Conspiracy" strategy.

Only a certain portion of the Tavistock reports to NASA and to other clients on this subject have been declassified—to this date, most of the produced material remains classified.

Sometime during 1966, however, Dr. Anatol Rapoport, the Editor-in-Chief of Tavistock's magazine, *Human Relations*, reported that the space program was producing an extraordinary number of "redundant" and



“supernumerary” scientists and engineers; that these new scientists and engineers had the nasty propensity of reproducing themselves at a rate much faster than any other segment of society; that their very presence and rate of expansion had a profound impact on the values of the entire American population from skilled workers and office clerks down to grammar school children eager to explain to anyone who would listen all the secrets of rocket propulsion, from construction to fueling to liftoff, all the way to re-entry and retrieval procedures. Tavistock was shocked!

So were the corporate-financial interests in control of the NATO organization.

### **Brzezinski and Peccei**

When the first results of Tavistock’s profiling of NASA were turned in, an alarmed mobilization took place. In May 1967, the Scientific and Technological Committee of the North Atlantic Assembly and the Pennsylvania-based Foreign Policy Research Institute (headed by NATO Ambassador Robert Strausz-Hupé) organized the *Conference on Transatlantic Technological Imbalance and Collaboration* in Deauville, France. Among the participants were Dr. Zbigniew Brzezinski, then on the staff of the State Department Policy Planning Council, and Dr. Aurelio Peccei, the current head of the Club of Rome and during that time, the chairman of NATO’s leading thinktank, the Economic Committee of the Atlantic Institute in Paris.

That conference was one of many in that period in which the decision was shaped to put an end to the scientific-technological advances of the United States. Two books were produced out of those deliberations, Brzezinski’s *Technetronic Era* and Peccei’s *The Chasm Ahead*. From the ideas presented in these books, the Club of Rome was later formed.

### **The technetronic era**

In his piece, Brzezinski wrote that America was moving into a society “increasingly unlike its industrial predecessor,” a “technetronic” society that could easily become a “technocratic dictatorship.” The society would be characterized by an “information revolution,” “cybernetics,” and the replacement of “achievement-orientation” by “amusement-focus,” based on “spectator spectacles (mass sports and TV) providing an opiate for increasingly purposeless masses.”

“In the technetronic society,” the manic Brzezinski went on, “industrial employment yields to services, with automation and cybernetics replacing individual operation of machines.” This will occur simultaneously with “the increasing availability of bio-chemical means of human control.” Also, “new forms of social control may be needed to limit the indiscriminate exercise by individuals of their new powers. “The possibility of extensive

chemical mind control ... will call for a social definition of common criteria of restraint as well as of utilization.”

A brave new world? In a critical passage further on in the text, Brzezinski laid out the following chilling description of what the “technetronic society” would entail. It is even more chilling from the retrospective vista of Brzezinski now being the head of the U.S. National Security Council.

The challenge in its essence involves the twin dangers of fragmentation and social control. ... The next phase may be one of sullen withdrawal from social and political involvement, a flight from social and political responsibility through inner emigration. Political frustration could increase the difficulty of absorbing and internalizing rapid environmental changes, thereby prompting increasing psychic instability.

At the same time, the capacity to assert social and political control over the individual will vastly increase. ... It will soon be possible to assert almost continuous surveillance over every citizen and to maintain up-to-date complete files, containing even most personal information about the health or personal behavior of the citizen, in addition to more customary data. These files will be subject to instantaneous retrieval by the authorities

Moreover, the rapid pace of change will put a premium on anticipating events and planning for them. Power will gravitate into the hands of those who control the information, and can correlate it most rapidly. Our existing post-crisis management institutions will probably be increasingly supplanted by pre-crisis management institutions, the task of which will be to identify in advance likely social crises and to develop programs to cope with them. This could encourage tendencies during the next several decades towards a technocratic dictatorship, leaving less and less room for political procedures as we now know them.

Finally, looking ahead to the end of this century, the possibility of bio-chemical mind-control and the genetic tinkering with man, including eventually the creation of beings that will function like men—and reason like them as well— could give rise to the most difficult questions.

Brzezinski penned this forecast of “a technocratic dictatorship” for “crisis management” 12 years ago. Today, Brzezinski sits at the center of the directorate of the Federal Emergency Management Agency, which has been provided with authority above the President and the Constitution to rule the nation in times of “crisis.” FEMA’s modus operandi is summed up in the phrase “Reichstag Fire”—prepare a dictatorship, and then prepare the crises that will trigger it. FEMA’s “contingency

plans" for its dictatorship include reorganizing government and the economy according to all the fascist features Brzezinski otherwise attributes to the "new age."

This transformation, Brzezinski went on, means that "America, having left the industrial phase, is today entering a distinct historical era, a different one from that of Western Europe and Japan. This is prompting subtle and still indefinable changes in the American psyche, providing the psycho-cultural underpinnings for the more evident political disagreements between the two sides of the Atlantic. ... Europe and America are no longer in the same historical era. What makes America unique in our time is that it is the first society to experience the future ... be it pop art or LSD. ... Today, America is *the* creative society; the others, consciously and unconsciously, are emulative."

This fact, Brzezinski continued, will have enormous international repercussions. "The instantaneous electronic intermeshing of mankind will make for an intense confrontation, straining social and international peace." There could well be a "three-way split into rural-backward, urban-industrial and technetronic ways of life" that will "only further divide man."

The "implications of a truly new era" will require a "universal intellectual elite" and a "world superculture" produced "inevitably" by "the network of electronic communication." This will also entail "creative interpreters of the new age" who will develop a concept of "regionalism with due deference to the symbolic meaning of national sovereignty." This could all be best thrashed out at "a special world congress, devoted to the technetronic and philosophical problems of the coming age."

### **Enter Aurelio Peccei and The Club of Rome**

This line was echoed in various NATO conferences of the period, and was straightforward: America was becoming a super-sophisticated "information society," while Europe was still an "industrial society." In Peccei's words, America is entering the "IBM age," while Europe is still in the "GM age." In his book of this period, *The Chasm Ahead*, Peccei fully endorsed Brzezinski's "technetronic age" perspective, and laid out the following argument:

Chaos would ensue unless the Atlantic alliance ruled the policy of the world. But that alliance was threatened by this industrial vs. information "gap." Therefore, what was needed was for Europe to end its resistance to aligning itself with "post-industrial" America, to redirect its policies toward the "informational society" direction, and thereby re-create the Atlantic Alliance.

As this was being accomplished, it would mean Malthusian triaging of industrial capital on a global scale. This would of course mean a collision, at some point, with the scientific-technological-military apparatus of

the Soviet Union and the Warsaw Pact. So, suggested Peccei, again citing Brzezinski as his source, the Warsaw Pact would be offered "convergence" with the Atlantic Alliance as the alternative to "explosion." This "convergence" would lay the basis for what Peccei labelled "One World" government that could run global affairs on the twin foundations of "crisis management" and "global planning."

### **A visit to Tavistock**

While this new world strategy was being prepared within NATO, Peccei had a series of consultations with key officials. One was McGeorge Bundy, former National Security Council chief during the Cuba missile crisis; another was the then chief Scientific Administrator for NATO, Dr. Alexander King, the Director General of Scientific Affairs for the OECD, and a third was Dr. Homer Perlmutter, editor of Tavistock's magazine *Human Relations*. Peccei also met extensively with White House officials and with the State Department Policy Planning Council.

Finally, Peccei traveled to the headquarters of the Tavistock Institute of Human Relations in Sussex, England, where the decisions on how to proceed transforming NATO policy were finalized. The strategic attempt would be made to induce the Soviets into "convergence" by means of "disarmament" and similar efforts and through ideological/psychological manipulations centered around the offer of "Systems Analysis" cooperation. McGeorge Bundy and Alexander King would offer the Soviets an "entry point" through the International Institute of Applied Systems Analysis (IIASA) and the International Federation of Institutes of Advanced Studies (IFIAS).

The domestic job of brainwashing the populations of NATO countries, with special emphasis on the American population, would be coordinated by a "Club of Rome" to be founded by Aurelio Peccei and Alexander King, with the Tavistock Institute functioning as the evaluator/controller of the process.

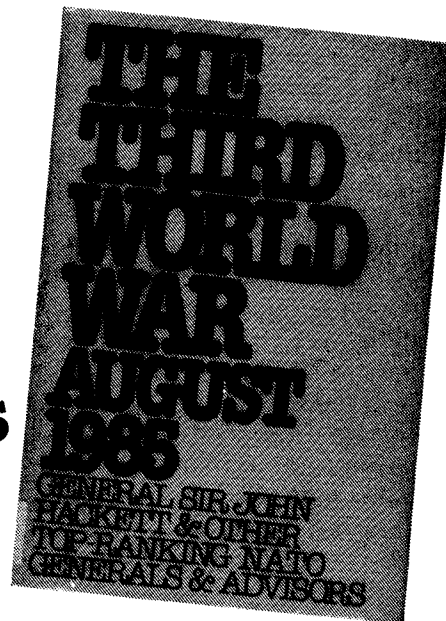
### **The Club of Rome and NATO**

The Club of Rome itself was founded in late 1968 at a meeting called on the basis of Peccei's call for a new one-world government. The attendees at the meeting were to form the core of a to-be-created "World Forum" that would coordinate "global planning" and "crisis management," with the goal of an international "technocratic dictatorship" overseeing "post-industrial, information societies," as outlined by Brzezinski in his 1967 document. The key was to make sure that this global transformation was managed by the NATO alliance; NATO would be the motivators and controllers of the 1984 world outlined in respective writings by Brzezinski and Peccei.

*Aquarians on war*

## A British general plots a brave new world

by Susan Welsh



A monstrous flight from reality is being perpetrated against the American people in the form of the best-selling book, *The Third World War*, by Aquarian General Sir John Hackett et al., just issued in an inexpensive paperback edition, with a movie version in production. Former British Prime Minister James Callaghan presented a copy to President Carter, who now keeps it under the Bible in the Oval Office. When the Carter administration's rescue attempt in Iran failed, General Hackett was interviewed on radio stations throughout the United States, proclaiming that events were now unfolding just as he had predicted.

According to Hackett's scenario, the Soviet Union in 1985 is troubled by the growth of internal unrest within its "empire"—riots in Poland, rumblings in the Central Asian Moslem republics—and by the growing military strength of NATO and of the "China-Japan coprosperity sphere." Moscow decides that the only way to stem the tide of these dangerous developments is to deliver a major strategic humiliation to the weak and demagogic incoming American President Thompson. This Soviet "Bay of Pigs strategy" includes a master plan for the destabilization of the Mideast and southern Africa, with operations in Yugoslavia, India and Latin America as second-level options. But events quickly move out of control of the Soviet planners. Yugoslavia, after President Tito's death, has begun to veer toward a civil war. Three poor harvests in the U.S.S.R. have brought unrest in the Ukraine and Georgia. Sporadic rioting hits Poland and the German Democratic Republic. Frightened, the Kremlin decides to invade Yugoslavia—but Soviet tanks are unexpectedly met by a landing of the U.S. Marine Corps, the first armed confrontation between Soviet and American troops. The Soviets are thrown back.

Moscow decides to launch an invasion of Western Europe with conventional and chemical weapons, aiming for a quick and decisive seizure of the Federal Republic of Germany without use of nuclear weapons. The Soviets calculate that given the disagreements within NATO over use of battlefield nuclear weapons, it would be foolish to force NATO to use them by introducing these weapons first. For if tactical nuclear weapons are used, it would be almost impossible to prevent an escalation to general strategic war, which everyone agrees would be catastrophic for all mankind.

After initial successes, the Soviet invasion begins to bog down, and reinforcements from the United States arrive just in time to rescue embattled Western Europe. This was made possible because between 1979-84, the West began to reverse its long neglect of defense needs, and in particularly Great Britain bolstered its air power. NATO's superiority in electronics and anti-tank warfare, and the inability of Soviet junior officers to take initiative due to their Marxist-Leninist indoctrination, are additional key factors in slowing the Soviet advance.

A bitter debate breaks out in the Kremlin over the "question of nuclear release." Nationalist unrest is increasing in the satellite countries and the Asian republics, which have now seen that the Red Army is not invincible. A faction of "doves" in the Kremlin argues that Soviet use of nuclear weapons is too dangerous since it would invite U.S. retaliation; the Soviet empire is too unwieldy anyway, and the "Russians might be better off alone, without the lesser breeds whom they were finding it increasingly hard to keep in subordination."

But the "hawks" win out, and Moscow launches a single nuclear missile, targeted on Birmingham, England. The Kremlin informs the United States that this is

not part of a general nuclear attack, but is a single strike intended to force NATO to the conference table and to sign a peace treaty. The bombing of Birmingham causes fearful destruction, but fortunately its effects are mitigated throughout the surrounding area by the fact that Great Britain had instituted extensive civil defense and emergency programs in the preceding years, which kept the looting and violence to a minimum.

The United States and Britain retaliate with a barrage of nuclear strikes against the city of Minsk, which is completely destroyed. This sets off the final splintering of the Soviet empire: Kazakhstan secedes from the union, and is immediately recognized by China. The local Soviet commander on the scene, lacking orders from Moscow, is unable to decide what to do. A Ukrainian nationalist cell in the KGB carries out a coup against Soviet President Vorotnikov, backed by the Kremlin "doves" and by a faction in the army which opposes "the dead hand of centralized control of the economic life of the country." A peace treaty is signed, and the U.S.S.R. is carved up into separate states based on "national freedom and socialist principle," as hostile to U.S. multinational companies as they were to Soviet state planners.

### Some kind of a nut?

Is General Sir John, former commander of the British Army of the Rhine and of the NATO Northern Army Group, crazy enough to believe his own scenario? Not quite. In an interview to the *Sunday Times* shortly after the book's first publication, he admitted that the story is not a "prediction." A story so frightening that it "makes the children pee in their beds" without mobilizing them to take action to prevent the fearful outcome is simply not useful, he said. That was why the book had to end in victory for the Allied forces; defeat would have been too demoralizing.

The book is not a "prediction," however, only in the sense that the kind of war he describes will never be fought—although the General cannot be credited with fully comprehending this. In another sense, however, the book is a prediction. As in past world wars provoked by the same British "geopolitical" doctrine informing General Sir John's writing, it is not only the Soviet Union that is to be dismembered, but also, and even primarily, the nations of Western Europe, Britain's *primary enemies* in the British view. For that objective of geopolitics, Sir John's scenario is, indeed, a hopeful prediction. In his war, Europe is destroyed.

Sir John has some other specific programs in mind which he wishes to mobilize the populations of Europe and the United States to adopt. Certainly, he wants to see an arms-buildup of a particular sort, the program which meant a NATO victory in his war scenario. Hackett's program calls for the development of air power, chemical warfare capabilities, and certain kinds of "Star

Wars"-style technological gimmickry, particularly electronics. "The Third World War was widely expected to be the first nuclear war—and perhaps the last," Hackett writes. "It turned out in the event to be essentially a war of electronics." This is the notion of military "technology" prevalent in Britain today, and associated with the ultra-secret Aldermaston laboratories, where scientists sift through the technological literature of the world, making sure that whatever anyone else has, Britain has one, too.

Hackett has other obvious goals, such as persuading his audience to accept "emergency" civil defense programs for the abolition of constitutional rule. The American analogue of his program is the Federal Emergency Management Agency (FEMA), which was formed the day before the nuclear accident at Three Mile Island last year, and which removes political and economic functions from elected officials in case of crisis.

Finally, Hackett certainly wants to escalate covert operations by U.S. and British intelligence agencies aimed at the national and religious minorities in the Soviet Union. This is the plan of U.S. National Security Advisor Zbigniew Brzezinski for creating an "arc of crisis" around the U.S.S.R.'s southern borders, which will lead to uprisings among the Moslem populations of the country.

But Hackett's more fundamental purpose is the creation of schizophrenia in his audience, to undermine their powers of rational judgment by evoking nightmare-like images of war and of the future of mankind. A population brainwashed in this way can be induced to welcome in a new "Aquarian" age, in which nation-states are destroyed, and science and technology remain the closely-kept secret of the kooks of Aldermaston. Hackett uses his own military expertise (including 142 technical military acronyms!), with even a sprinkling of "semi-classified information" to snow the reader into accepting his "scientific" authority, abandoning the reader's own powers of reason.

Take for example the nuclear bombing of Birmingham. This is described in long and gory detail, so as to focus the reader's mind on trivia, away from questions of underlying cause and effect. As a paranoid schizophrenic may become obsessed with a fly crawling on the ceiling of his ward while the building is burning down, so Hackett dwells on the audio-visual effects of the bombing:

The SS-17 missile detonated its nuclear warhead 3,500 metres above Winson Green prison at 1030 hours on the morning of 20 August. Within a fraction of a second the resulting fireball, with temperatures approaching those of the sun, was over 2,000 metres in diameter and reached down towards the centre of Birmingham. The incredibly

brilliant flash which accompanied the detonation was visible in London. Even at that range, individuals looking at the fireball suffered temporary blindness and felt a faint flush of heat on their faces.

The tremendous heat given off by the fireball had a more significant effect upon people and materials within a range of twenty kilometres. Lightly clad yachtsmen on Chasewater about nineteen kilometres from Winson Green felt their skin begin to burn as the lasting pulse of heat from the fireball hit them. The thoughtful ones dived into the water to escape the burning heat. Those who did not suffer blistering burns on all exposed skin. The varnish on their boats bubbled, the nylon sails melted and newspapers lying in the boats burst into flames. Only those who were protected from the pulse of heat by their clothing, or were shielded in some way, escaped severe burns. (p. 374)

Similarly in his discussion of life in Britain during World War III, Hackett draws the reader's mind to the question "how would I personally cope?" Despite widespread panic, looting and mugging, especially in the cities,

It cannot truthfully be said that Britain was ever near collapse as an ordered society, though life in those few weeks was difficult for many, and dangerous for some, while death and destruction were widespread. Much went on as before. The weather was good. In the country the hay was in, the harvest promising. Industry, the railways, coal mining, went on much as before, though North Sea gas was cut off and little oil flowed. Movement was difficult but rationing hurt very few. Food distribution worked well enough, even under the stresses of refugee movement. Cricket was played. People swam, sailed and fished. There was even some racing. The school holidays were not yet over, though when they were very many schools would not reopen in the same place. People still tended to live a large part of their lives with, and through, television.... (p. 323-24)

Who is General Sir John Hackett and what is the kooky "new millenium" he is peddling through his fraudulent scenario? Why would the World War Three he describes never take place? These are the questions we address in the accompanying articles.



## Sir John Hackett, imperialist

General Sir John Winthrop Hackett is a British Imperialist in the old style. His career as a young officer in the Middle East in the 1930s was shaped by the British intelligence networks created during and after World War I by Lawrence of Arabia, Sir John's hero. Lawrence, an Oxford University-trained specialist in pre-Islamic cults, was himself a notorious sadomasochist and devotee of the Cult of Isis. He mobilized Bedouin tribesmen into a British-run strike force against the decaying Ottoman Empire during World War I. Later, Lawrence sought to consolidate Britain's hold over the region by fostering an alliance between Zionism and the Arabian families who are the predecessors of today's Muslim Brotherhood, the controllers of Ayatollah Khomeini.

Last spring, Sir John officiated at a ceremony unveiling a monument to Lawrence at the spot in Dorset, England, where Lawrence died in a motorcycle accident in 1935.

Like many high-level British Intelligence operatives, Sir John is a classics scholar with an abiding interest in medieval history. He earned a degree at Oxford for his thesis on one of Saladin's campaigns in the Third Crusade.

He began service in the Middle East in 1933 in Egypt, and in 1936 was an intelligence officer in Palestine. He was attached to Mussolini's Italian Cavalry before Britain abandoned its support for the dictator.

Hackett fought in various posts in the Mideast and Europe during World War II. After the war he became Director of Intelligence in Palestine, and was the last to command the Transjordan Frontier Force before it was disbanded in 1948, with the formation of the state of Israel. He then spent several years studying medieval history, before becoming Commander in Chief of the British Army of the Rhine, and Commander, North Army Group (NATO) in 1966. In 1968 he was appointed Aide-de-Camp General to Her Majesty the Queen, and soon after, retired from the Army to take up his present post as principal of King's College, University of London.

## After Hackett's war: world without nations

General Hackett's *The Third World War* aims to brainwash the people of Europe and the United States to usher in a Brave New World without nation-states, where empires come and go. Beneath the cultivated exterior of this Knight, soldier and scholar there lurks a fanatical hatred of the modern centralized industrial republic.

*The Third World War* is based on an ideology that cannot incorporate the notions of warfare guiding the Soviets precisely because the book's author is a medieval utopian. The point of interest is not his impossible war scenario *per se*, but that via that scenario, the nation-states of France, Russia, and Germany—whose development ended the medieval world of empires—are destroyed, restoring the world of empires.

This hatred has obsessed the British ruling oligarchy and its international associates since nation-states—and rival empires—first came into being. The British allied with the Confederacy during the American Civil War, determined to destroy the Union which had broken free from British domination. During World War I, Britain's Lawrence of Arabia fomented the zeal of Bedouin tribesmen to destroy the rotting shell of the Ottoman Empire, while British agent Alexander Parvus was similarly deployed to "Balkanize" the Russian tsarist empire.

So, in Hackett's scenario, the "little people" of Eastern Europe and the Soviet Asian republics rise up against the domination of the new Russian Empire. But it is not only the U.S.S.R. which Hackett wants to destroy! His book insists that German nationalism is a continuing threat to Europe, and that even after the defeat of the Soviet Union it would be too dangerous to allow the reunification of Germany. Notably important in Hackett's scenario is that war devastates the economic foundation of the European nations—the primary objective of all British policy since the turn of the century.

The concluding chapter of the book outlines Hackett's vision of the future. With the Soviet Union destroyed, two superpowers will remain: the United States (which retreats into isolationism) and the China-Japan co-prosperity sphere. Europe, no longer the bargaining chip between two superpowers, loses its former strategic importance. The European Economic Community

(EEC) acquires supranational powers, replacing the sovereignty of states "from the Atlantic to the Urals."

A "new concept" of citizenship emerges, which the West German Chancellor calls "triple nationality," but the Prime Minister of Luxembourg more aptly dubs "triple tax status." Given the advanced telecommunications of the future, every well-to-do citizen can live where he chooses, work where he chooses, and belong to whatever state he chooses, regardless of where he lives—provided, of course, that fair tax laws are devised. Once the idea of nationality is sufficiently eroded, "it might eventually be possible for the two Germanies to have a joint unimportant national government."

As the jaded American empire retreats into itself, China-Japan becomes the new center of the world, pacifying the surrounding nations with relative ease since "Japan and China may be more willing than others to 'cure' or 'control' violent individuals with personality-changing tranquilizing drugs."

What role will be left in this Brave New World for General Sir John Hackett and his fellow kooks? Hackett does not answer this question, but why should he worry? After all, it was the British oligarchy that introduced opium into China in the first place, and still controls the international drug trade and the creation of cults which goes with it. They are confident that they will find a suitable position once the rest of us are out of the way.

### 'Smart little monkeys survive'

*The London Sunday Times published Sir John Hackett's thoughts on the coming decade, on Dec. 30, 1979:*

The nation of shopkeepers that has become a nation of shop stewards is now losing patience. It is not only that this great movement of ours has made this once-great country of ours the world's laughing stock ... Sensible men on both sides of industry will correct that, and the unions, gently reduced in stature and restored to their proper role, will play a vital part in Britain's recovery.

For recovery is certain....

The real question of the Eighties is how a technological society in which 10 percent of the working

# Why Hackett's war won't be fought

If World War Three occurs, it will bear no resemblance to that described by Gen. Hackett. It will be a general strategic war from the start, or nearly from the start, since the vital strategic interests of one or both superpowers will be at stake. Under present United States military doctrines and posture, the United States would be defeated. The Soviet Union is trained and prepared to fight a total war; the United States is not.

Hackett admits that in the Soviet Union "it had never ceased to be widely expected that a major campaign against NATO would probably open with massive attack in depth by nuclear or chemical weapons, or both, to be followed by swift and violent exploitation by formations ... attacking off the line of march." He explains that the Soviets reject the ideas of "nuclear deterrence" and of a

population, working for 10 percent of the time, can satisfy material needs of everyone all the time. It is a matter of education, and we should be taking it most seriously—teaching the 14-year-olds classical Greek, say, so that they can read Aristotle whenever Chelsea or Manchester United [soccer teams—ed.] are not playing.

Now some thoughts from abroad. No world nuclear war so long as nuclear preponderance remains with the military superpowers and both sides retain rough parity. When China joins them in the later Eighties there will be a changed pattern of world power but not necessarily a more threatening one. There will also be a shift of emphasis from Europe and the Atlantic community towards the Pacific before the centre of gravity moves to Africa in the new millenium. By then the U.S.S.R. will long have fallen apart.

What worries me is the uncertainty which, about mid-decade, will follow upon widespread nuclear proliferation. Man, however, though too clever and not good enough, is a sufficiently smart little monkey to bring off his own survival.

"firebreak" between non-nuclear and nuclear warfare; "nuclear and non-nuclear warfare had never been regarded in the Red Army's philosophy as alternatives. Each fitted in as an element in a total war-fighting capability." But Hackett does not wish to "frighten" his readers with the prospects of a Soviet victory, so he insists that, when it comes down to the wire, they will not follow their own doctrine; they will decide that total war is "unthinkable."

Why, Hackett asks, have the Russians been so successful in past wars, against Napoleon and Hitler, but not in World War Three? Because of "three priceless assets," he answers: "unlimited space, apparently unlimited manpower and the willingness of Russians to be led into frightful sacrifice for the defence of the motherland. Now, everything was reversed." The Soviet Union was surrounded by a ring of hostile states, the fragments of its empire. The manpower from these subject territories was not reliable, and loyal Russian manpower was stretched thin by national revolts on two fronts and by the potential Chinese threat.

But the British geopolitician leaves out of account everything that really made the Soviet victories in World War II possible. Stalin's industrialization of the Soviet Union, the development of armor in the 1930s under Marshal Tukhachevskii, the skillful leadership of Marshal Zhukov during the war, in which the nation's reserves and industrial capacities were mobilized for the counteroffensive against Hitler.

So, too, Hackett ignores the real economy of the world today. The West, he simply asserts, emerged from its economic difficulties by the early 1980s, and the "greater national affluence" in NATO countries made possible a rise in military preparedness. The Soviet economy, however, continued to suffer untold problems, the result of its excessive centralization. The West, he claims, has forged ahead in electronics technology and miniaturization, giving it crucial margins of superiority. While admitting that the Soviet Union is more advanced in anti-satellite warfare, laser and high-energy beam technology, Hackett attributes no particular significance to these developments, which could in fact, give the U.S.S.R. the ability to knock American ballistic missiles out of the air.

As to "lack of initiative" of junior officers, this is simply not a serious claim, as any German who fought at Stalingrad could testify. As far as the diverse national makeup of the Soviet Union is concerned, Soviet President Leonid Brezhnev delivered a rather explicit warning to Hackett, Brzezinski et al. in a speech early this year: "Let our adversaries remember the lessons of history. Let them know that the unity of the Soviet people manifests itself with special force precisely at times when attempts are made to talk to us in a language of threats."

## Europe warns against new U.S. adventure in Mideast

by Dana Sloane

In the wake of President Carter's first military intervention into Iran, heads of state and leading diplomatic figures of continental Western Europe are warning that the foreign policy establishment centered around National Security Council advisor Zbigniew Brzezinski is preparing another, even larger military adventure in the Middle East. The most politically precise evaluation was made by French Ambassador Raymond Offroy in the French daily *Le Monde*.

Ambassador Offroy charged that the real objective of the first Carter raid into Iran was to "intimidate the Europeans." The failed mission, he asserted, had nothing to do with "saving hostages," but only with "transforming Europe into a group of countries as docile as the Soviet satellites in the Warsaw Pact" by disrupting Europe's economic lifeline: the flow of Middle East oil.

The long-time close associate of former President Charles de Gaulle, Offroy reported that "another American military operation" is now being planned to confront European nations with two options: either become the "vassals" of the United States or, if the Soviets fail to back down from an American-Soviet confrontation, submit to a superpower war fought on European soil.

Offroy is not the only individual warning of impending military incursion into the Gulf on the part of the U.S. The Italian newspaper *Il Giornale* on May 7 noted that a Pentagon envoy had toured Kenya, Somalia, Oman, and finally Italy, to prepare needed bases for the success of a large scale military operation. *Giornale* also leaked that earlier statements from Italian Prime Minister Francesco Cossiga had alluded to the request for a

new southern Italian base from the Pentagon envoy, one Reginald Bartholomew.

*Giornale* was referring to a speech delivered by Cossiga before a meeting of his party's defense experts earlier this week. Italy "could be called upon at any moment to make complex and difficult decisions. Serious responsibilities could result for Italy..." *Il Giornale* reported that one immediate "decision" to which Cossiga referred was making available to the U.S. a base in the south of the country from which a Gulf military operation could be logistically coordinated and supplied.

The U.S. Ambassador to Paris, Hartman, toured the Metz industrial area in France this week and in the process delivered a speech warning openly that military action might be taken by the United States in Iran if the hostages are not released soon. Similarly, the West German newspaper *Die Welt* reported on May 7 that 400 Green Berets are stationed in the Bavarian city of Toelz, ready for further action.

### British role

As Ambassador Offroy also reported, the operation against continental Europe is being run "with the support of London," most openly, the faction around Prime Minister Margaret Thatcher.

Despite Thatcher's public disclaimers that she opposes a new military intervention, it is well known that it would serve her plans to break the Franco-German alliance running policy in Western Europe. Her "obstructionist" role in European affairs continues to be





*Raymond Offroy, French ambassador-at-large, addresses a New Hampshire campaign rally of Democratic presidential candidate Lyndon LaRouche in February.*

attacked by French President Giscard d'Estaing, who is becoming more determined to make good on his threat to have Britain reduced to second-class membership in the European Community.

However, as the resignation of Cyrus Vance demonstrated a sharp polemic has erupted among the Anglo-American elites over the issue of military operations into the Gulf and its concomitant danger of triggering a superpower confrontation in a period in which the U.S. is at a gross military disadvantage. On the British side, the factional dispute was made most explicitly over the past week in the op-ed authored for the London *Guardian* by Peter Jenkins, a well-known spokesman for the views of circles inside 10 Downing Street.

Jenkins began by saying that the Atlantic Alliance is undergoing the most profound crisis of its history, and that it is doubtful the Alliance will be able to "patch up" those differences. In fact, he said, Europe is beginning to realize that the two superpowers are "equally unreliable," with the U.S. no longer able to provide a realistic nuclear umbrella for the continent.

Jenkins goes so far as to compare Carter's military mission to Iran with the Soviet invasion of Afghanistan, characterizing them as politically equivalent.

Militating against a return to the "special relation" between Britain and the U.S., Jenkins advocates instead the creation of an "independent Europe," with Britain patching up its differences with the continental powers

British Foreign Minister Lord Carrington, in the United States this week for consultations with Washington, was advocating a similar orientation. Carrington

used the trip to float the idea of an "independent European initiative for the Middle East." He is threatening that the Europeans will call a special session of the United Nations to deal with the Palestinian problem and the Afghanistan problem if Camp David makes no more progress this month. The response to this from Carter and Brzezinski circles has ranged "from unenthusiastic to unprintable," according to the *Washington Post*.

Carrington is acting on behalf of what is sometimes termed the "realist" faction of the Anglo-American ruling elites, which is more cautious about sparking off a confrontation with the Soviets. The Carrington, Jenkins types do, however, share with the more obviously insane Brzezinski-Carter circles the perceived necessity of destroying the Franco-German alliance and its program for anchoring international peace to Third World development and détente. The Jenkins approach to this situation is a well-defined "delphic" response, in which Britain would don the robe of "European solidarity" while internally subverting Franco-German policy.

For this reason the British press has expressed significant nervousness about the meetings scheduled to take place in the course of Tito's funeral in Belgrade. West German Chancellor Helmut Schmidt, who is heading his country's delegation to the funeral, will be using the occasion to hold meetings with Soviet President Leonid Brezhnev, East German leader Honecker, and Indira Gandhi of India. The Chancellor's press spokesman, Klaus Bölling, has also confirmed that Schmidt will accept Brezhnev's invitation to visit Moscow sometime this summer.



## Offroy: 'Are we to be vassals?'

*The following article, "We Are All Hostages," is translated from the French daily Le Monde of May 6, and was penned by Raymond Offroy, the former French ambassador to Mexico. It provides yet another striking example of coverage in the major European papers of stories the U.S. media blacks out. Three months ago, Ambassador Offroy visited New Hampshire, warning that war was in the offing in the Mideast. The local Associated Press correspondent refused to cover Offroy on the grounds that the veteran French diplomat "did not exist."*

The confused explanations which have been given on the recent American military expedition in Iran should not fool anyone: the adventure did not succeed because it was not designed to succeed. With or without the breakdown of some of the helicopters, the execution of the second and third phases would never have been ordered.

There is manifold proof of this: that only eight helicopters were sent, although the fragility of this equipment is known and it was stated that at least six of them would be needed to attempt the operation—twelve of them would have had to be sent to achieve the indispensable (safety) margin; the removal of the (sand) filters, although the helicopters were taking off for a desert where sand storms are frequent; the weakness of commando operations where it was a question of taking over an embassy located in the middle of a large capital, neutralizing its guards, and confronting a violently hostile population; the precariousness of an eventual safe return of the helicopters to their bases in the desert, loaded with fifty American hostages, despite the Iranian air force and the vulnerability of this means of transport.

The resignation of Cyrus Vance, which was handed in before the expedition even started, that is to say, if we are to believe the official version, before it was known whether it would succeed, proves once more that nobody in Washington envisaged the possible success of this team.

"The only treaties that should count," Paul Valery used to say, "are those concluded between ulterior motives." What were they in this affair? Obviously to intimidate the Europeans. It was necessary to demonstrate

to Paris, as well as Bonn and Rome, that American threats of military intervention—if Atlantic solidarity was not played in full—were not empty. It was necessary to prove that if Europe did not commit itself fully in America's quarrel, then a hazardous initiative by Washington, which could bring about an armed conflict, was not to be excluded.

For in this whole affair it was less a question of saving the hostages or liberating Afghanistan than it was to bring Europe into line: to threaten Europe with control over its oil supplies through an eventual blockade of the Hormuz Straits, to transform Europe into a group of countries as docile as the Soviet satellites in the Warsaw Pact.

In this scheme, Great Britain—which alone was warned of the Iranian expedition—could give itself the luxury of playing the role of arbiter and intermediary between the United States and Europe. It is undoubtedly from this that Mrs. Thatcher's intransigence at the Luxembourg summit came.

There is a double objective: if the Soviet Union backs down before the American military initiatives, then Washington, with the backing of London, would have converted continental Europe into vassals, with all the consequences this entails.

If, on the contrary, the Russian bear bristles, war will once again take place in Europe, and the United States, as in 1917 and 1941, will be able to intervene in the place and time of its own choosing.

Let us hope that our leaders will see in time the trap which is being laid for them, and won't let themselves be sheared like the sheep, (Britain) wants to sell us at low prices.

The possibility of another American military operation in that region is now being announced if Atlantic solidarity fails to take concrete steps: the Iranian fiasco makes this threat all the more plausible since the determining role now vested in Mr. Brzezinski, in fact, eliminates the last restraints on President Carter. It is up to us to see where we are being led before doing the irreparable, that is placing ourselves in the front lines of Moscow's eventual reactions.



The late Josip Broz Tito

## High summitry at Tito funeral

The funeral of Yugoslavia's President Josip Broz Tito, who died May 4 at the age of 87, is expected to serve as the occasion for a round of impromptu summitry including East-West talks. The importance of these consultations grew when the Soviet Union announced on May 6 that President Leonid Brezhnev would head the Russian delegation.

Because Brezhnev is coming, there will be top-level contacts between the Soviets and Western Europe well before the trip of West German Chancellor Helmut Schmidt to Moscow, which is slated for next month. They come at a time when the U.S.S.R. is seeking diplomatic venues for renewed peace initiatives in the climate of shock that enveloped Europe after the abortive American raid into Iran.

In addition to Schmidt and Brezhnev, world leaders gathering in Yugoslavia for Tito's funeral include Prime Minister Margaret Thatcher of Britain and India's Prime Minister Indira Gandhi. Vice President Walter Mondale will represent the United States and Chinese Party Chairman Hua Guo-Feng has already arrived from Peking.

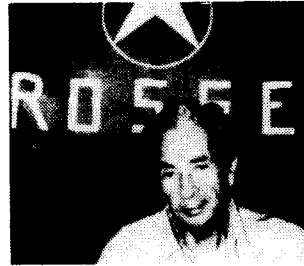
It is probable that Schmidt will also confer with the East German leader, Erich Honecker, whose meeting with the West German Chancellor has been delayed repeatedly due to the international crisis. Schmidt has come in for criticism from within NATO and *sotto voce* from Washington for restarting diplomatic contact with Moscow. But he has received the full support of Austrian Chancellor Bruno Kreisky, who said in Bonn this week that Schmidt might be able to solve the present East-West "deadlock."

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Italy's Aldo Moro, as photographed by Red Brigades murderers.

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# Why Japan's Ohira left Mexico empty-handed

by Dennis Small

In a 48-hour State visit to Mexico May 2 and 4, Japanese Prime Minister Masayoshi Ohira undid three years of patient negotiations with Mexico and left relations with that oil-rich country a shambles.

This was no easy task.

The Ohira-Lopez Portillo summit meeting was eagerly awaited by both countries, and was expected to cap years of painstaking talks by signing sizeable oil-for-technology accords. Two weeks prior to Ohira's arrival, Mexican Industry Minister de Oteyza returned from a trip to Japan expressing public excitement at the complementarities of the two economies, and private willingness to up oil exports to Japan from 100,000 to 300,000 bpd. In exchange, Japan was to sign for massive, multi-billion dollar investment and transfer of technology projects in heavy industrial areas such as steel, port construction, and railroad electrification.

In fact, talks had progressed so far that all Ohira had to do to obtain the urgently needed increase in Mexican oil deliveries, was to sign on the dotted line to guarantee Mexico advanced technology, and to refrain from making any excessively provocative political comments while in the company of his Mexican hosts.

Ohira did neither. The first, and probably most significant, affront to Mexico was the Japanese Prime Minister's 24 hour stop-over in Washington, D.C., *before* arriving in Mexico. "Do they have to get permission from Washington for *everything* they do?" was a commonly heard complaint in Mexican government circles over the recent period (see article below).

The second affront was on oil. Where President Lopez Portillo stated clearly that Mexican oil would be available *only* if Japan agreed to transfer technology to Mexico, Ohira shocked his hosts by saying the exact opposite: "Oil provisions have nothing to do with Japanese investment. Although, if the former increase, the

latter will also." The Mexican hackles could almost be seen rising.

And third, Ohira made every imaginable political blunder in dealing with highly nationalist Mexico:

- He praised GATT, the General Agreement on Trade and Tariffs, which Mexico had six weeks earlier refused to join.

- He called for expanding the powers of the International Monetary Fund, while the Mexican President argued that "it is above all indispensable to reorganize the (world) financial system."

- Ohira refused to at any point endorse Lopez Portillo's fundamental goal of building a New International Economic Order.

- And he baldly attacked developing nations which use their raw materials to achieve political goals—a transparent reference to Mexican oil policy.

Not surprisingly, Ohira left Mexico empty-handed.

It was almost as if someone had *deliberately* misbriefed the Japanese Prime Minister on every single point that was guaranteed to enrage his Mexican hosts and make a shambles of Japanese-Mexican relations.

Someone did just that.

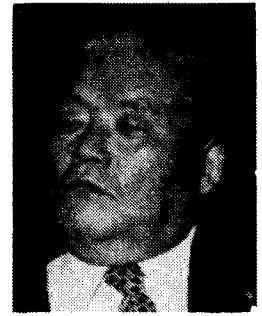
## The case of Mr. Okita

Prime Minister Ohira knew full well that his approach would lead to failure in Mexico. *EIR* has learned from various highly reliable sources that Japan's Ministry of International Trade and Industry (MITI) had predicted that the trip would be a total disaster if Mexico was hit with the above package, and advised the Prime Minister to instead "take more presents" with him. Ohira, however, chose to ignore MITI's obviously sound advise, and instead followed the recommendations proffered by Foreign Minister Saburo Okita. Ohira took Okita with him



President López Portillo

Mexico's policy on oil production and export increases will be determined by the capacity of its economy to productively absorb the additional foreign exchange...Development projects undertaken jointly...would contribute to increasing...absorption capacity.



Premier Masayoshi Ohira

"Oil provisions have nothing to do with Japanese investment. Although, if the former increase, the latter will also."

to Mexico, and simultaneously sent MITI Minister Sasaki on a wild-goose chase to seek oil, coal and other economic deals ... from China!

The Mr. Okita whose advice Prime Minister Ohira so respects is a leading member of the zero-growth think tank, the Club of Rome. He is also one of Japan's top members of David Rockefeller's Trilateral Commission. And just prior to the Mexico trip, the Trilateral Commission held its annual meeting in London, where a policy was charted out of preventing the industrialization of developing nations like Mexico, by seizing control of their raw materials as a "strategic reserve" for the London-Washington axis. This is exactly current U.S. policy toward Mexico's oil, and during his brief Washington stop-over Ohira was instructed to take this same approach into the talks with Mexico.

There is little doubt that the Trilateral policymakers were perfectly aware that Mexico would violently reject this approach, and would refuse to deal with Japan on this basis. Since an independent Japan-Mexico relationship built around joint industrialization projects is anathema to the Trilateral Commission, they chose to torpedo the relationship from the inside before anything unmanageable developed.

As far as it went, their strategy was successful.

But Ohira and Okita have a problem: they will now have to answer to people back home for the manifest failure of the summit. There is a powerful faction in Japan—known as the "Resource Faction"—which despises the Club of Rome approach and has historically favored the rapid industrialization of developing nations like Mexico, in alliance with advanced sector partners in the European Monetary System. This is the outlook prevalent in MITI, as well as in many of Japan's large trading companies.

They will be asking Ohira to justify a policy of such

total servility to Washington's every whim that it has resulted in Japan's loss of, first, the 10 percent of its oil that it received from Iran, and, second, of the large quantities of Mexican oil that were on the negotiating table and which Japan so urgently needs. Many close observers of the Japan scene are predicting that the "Resource Faction" will now move factionally against the Ohira crowd, by launching a national debate over "Who lost Mexico."

On the Mexican side, Ohira's fiasco will not aid the forces favoring rapid industrialization. With Mexican President Lopez Portillo leaving for a critical European tour ten days from now, Mexico's sizeable collection of anti-industry leftists, both inside and outside the government, can be expected to use the Japanese example to "prove" that Mexico can't trust any advanced sector nations, including Giscard d'Estaing's France, and that Mexico should instead go it alone or throw in its lot with Third World radical nations like Iran.

### What went wrong?

Even before Ohira landed at Mexico City's Benito Juarez airport, the showdown could be seen coming. The day before Ohira departed Washington, a group of U.S. Congressmen—including Senators Javits, Baucus, and Bentsen—called for the creation of a "North American Common Market" among the U.S., Canada and Mexico. Mexican officials as high as President Lopez Portillo himself have categorically rejected such a proposal more than once, calling it "imperialist."

This time, the official Mexican response came less than 24 hours later. Jorge Diaz Serrano, the Director of Mexico's nationalized oil company, Pemex, bluntly told the press: "Mexico will not be a strategic solution, either for the United States or for the world." Mexican Budget

Minister De la Madrid made the same point equally forcefully in a speech delivered to Mexico's Congress two days later: "Mexico will not become an exclusively oil-producing country, nor will it determine its sales of oil based on international pressure."

With these precedents, it is not surprising that the final Joint Communique reads more like a political battlefield than anything else. Virtually the only topic agreed on was "the need for peaceful solutions to international controversies." Otherwise, the two heads of state "exchanged points of view," with each side alternately including major points which the other leader clearly totally rejected. Ohira got not a single barrel of oil above the 100,000 agreed to months earlier. And outside of promises of "utmost sincerity" and "serious willingness to consider" concrete projects, the only thing Japan actually came through with was a pathetic \$1 million for a

Mexican-Japanese Friendship Society.

With the dust still settling in Mexico City, a major Japanese Industrial Fair will open there this week to try to pick up the pieces. Further negotiations will undoubtedly occur, and some specific projects may even be agreed to in the future.

But all eyes are now on Lopez Portillo's European trip, where he will meet with the architects of the European Monetary System, Giscard d'Estaing and Helmut Schmidt, at a moment of strategic redefinition for the Mexican nation. As *EIR* forecast three weeks ago in these pages:

"If Ohira tries to obtain Mexican oil *without* committing Japan to transfer of technology to Mexico, Mexico will unquestionably take its orders for capital goods—and *its surplus oil*—elsewhere: to France, to Spain, to West Germany, and so forth."

## Ohira talks oil, Portillo talks technology

*On May 3, Mexican President Lopez Portillo granted an interview to Japan's Asahi TV. He had the following to say on the oil question.*

We have recently fixed our oil production platform at between 2.25 and 2.5 million barrels per day, with a 10 percent flexibility margin to guarantee internal supplies and exports of about 1.1 million barrels. ... So long as there does not exist an international order which justifies Mexico changing her policies, we will naturally continue in accord with the internal interests of our country, given that the current disorder does not guarantee that Mexico's possible increased efforts would be fruitful ...

*Asked when Mexico would increase its oil exports, Lopez Portillo replied:*

Not for a sufficiently long time, until we see how the country's economy performs with these [current] export indices...

For Japan, Mexico is an interesting market for her products, a place where she can invest to satisfy the needs of our internal market, and, supported by such a base, go out and export to neighboring markets, from the U.S. to Latin America. Mexico is a country which possesses raw materials, coastlines, and human resources sufficient to support many projects... It has

energy sources, attractive levels of installed capacity... This might interest Japan.

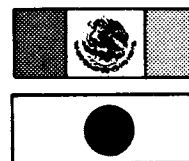
*Japanese Prime Minister Ohira spoke to the press on May 3. The following are selected comments.*

... Our relations with Mexico exist not only because she has oil, since even if she didn't, we would study our relations with this country. We have learned recently of Mexico's great oil resources, and Japan needs oil; therefore we came to obtain crude from Mexico. Japan can offer technology and capital for economic development...

Crude oil is an important objective. We have spoken of three steel projects and we promise serious cooperation on this. On the other hand, Japan wants to increase its Mexican oil imports to 300,000 barrels per day by 1982. Mexico answered us that she determined her oil production plan three months ago. Export quotas for a number of countries, including the United States, have already been set and it is impossible for Mexico to change its development plan. Mexico wants to increase her production, because several countries have asked for it but Mexico has to think of the inflation which this would bring the Mexican economy. And Mexico wants economic development without inflation.

In Mexico, increases in oil production and economic development are tightly linked. Thus, they promised to try to satisfy our demands...

Japan has \$230 million invested in Mexico. Oil provisions have nothing to do with Japanese investment. Although, if the former increase, the latter will also. That's natural..."



# Ohira bows to Washington's desire

by Peter Ennis

The failure of Japanese Prime Minister Masayoshi Ohira's trip to Mexico was hardly surprising to those who carefully observed his stop in Washington on May 1. Though he was in the United States for only 24 hours, Ohira managed to grant more concessions to the Carter administration than most heads of state could make in a week-long stay. The decision by Ohira to not actively pursue expanded economic relations with Mexico was just one of these many concessions.

In fact, it was precisely with the intention of making concessions that Ohira traveled to the United States. Arriving immediately on the heels of the Carter administration's Iranian hostage "rescue" operation, which caused shock and anger throughout Japan, Ohira designed his trip to be a demonstration of the "true friendship" between Washington and Tokyo. Ohira is known to be worried about the growing scepticism in Japan toward the Carter administration, especially those policies which are causing an increase in global tensions. To counter this, Ohira is arguing that Japan has "no choice" but to follow the United States on any major strategic policy, and he went to Washington prepared to go to any lengths to prevent a rift in U.S.-Japan relations.

Ohira traveled to great lengths indeed. During his stay in Washington, the premier succeeded in demonstrating his personal friendship with the Washington Trilateral Commission crowd by agreeing to numerous administration demands, including increased Japanese defense spending in cooperation with the NATO countries, provision of financial aid to several tottering Third World countries now functioning as bases for the NATO alliance, and acceptance of Henry Kissinger's International Energy Agency as the source of oil supplies to Japan in the event of an "emergency."

Moreover, Carter did not respond with return concessions. Terrified of a cutoff of crude oil supplies

from the Middle East, Ohira is reported to have meekly requested that the United States take no more military action in the Persian Gulf. Carter offered no comment.

## Tokyo takes responsibility

Throughout the two hours of talks between Ohira and Jimmy Carter, defense and international strategic matters were the main agenda topics. Concerning Japanese defense spending, Carter is reported to have urged Ohira to speed up the timetable for implementation of a recently announced Japanese Defense Agency plan to modernize the country's armed forces. The modernization program stems from years of American pressure on Japan to assume more "responsibility" for the defense of the Asian region.

Ohira was careful in his response to this "request," going only so far as to say that Japan would have to decide on its own how best to increase defense spending. Most saw Ohira's cautiousness as stemming from domestic opposition to this plan, indicating that Ohira himself was operating under certain constraints in demonstrating his "friendship." However, Ohira fully agreed in principal to an increase in Japan's defense responsibilities. Earlier this year Ohira demonstrated this same commitment when he allowed the Japanese navy to participate in naval maneuvers with Australia, New Zealand and the United States—the first time in the post-war period that joint military activities were undertaken with a country other than the United States.

Moreover, to show his good faith and Japan's full commitment to the "Western Alliance," Ohira announced that Japan will undertake a major effort to aid such strategically "important" countries as Oman, Pakistan, Turkey, Somalia and Kenya. There is little disguising the fact that this is military-related aid, something which Japan had previously avoided since World War II.

Much publicity was given to a reported commitment by the Carter administration to help supply oil to Japan in the event a shortfall in supplies develops for that country. This commitment supposedly came as American "thanks" to Japan for backing the administration in imposing sanctions against Iran.

However, on close examination it is very clear that the administration offered no concrete plan to Ohira, but instead made vague reference to the possibility of emergency supplies coming from American multinational oil companies, or Alaska. The only guarantee the administration did supply was American support for any Japanese effort to invoke the "emergency" sharing provisions of the International Energy Agency—established by Henry Kissinger after the 1973 oil embargo. This "help" will include an IEA diktat to Japan to cut back oil consumption by at least seven percent, and will further increase Japanese dependence on American and British dominated institutions for oil supplies.

Overall, while the administration treated Ohira in a

"polite but firm" fashion, the premier was given a rougher time by the U.S. Congress. This was undoubtedly done with the prior knowledge of the administration.

Before having lunch with Carter on May 1, Ohira had separate breakfast sessions with the foreign relations committees of the House and Senate. The agenda for these meetings was largely set by a group of seven senators, including Charles Percy (R-Ill.), Frank Church (O-Idaho), and Jacob Javits (R-N.Y.), who drafted a letter to Ohira shortly before his arrival outlining their views on how Japan could better contribute to the Western Alliance. Their "suggestions" included most of the demands later put before Ohira by Carter. The letter also contained a direct threat to pass protectionist measures against Japanese cars imported into the United States—a threat which Carter himself also made. The letter was eventually co-signed by thirty-five senators and delivered to Ohira through the American embassy in Tokyo, showing beyond doubt that the demands had the official backing of the Carter administration.



## Ohira freezes at mention of Okuma

Observant attendees noticed Ohira suddenly stiffen during the opening banquet when Lopez Portillo said that the foundation of productive Japan-Mexico relations lay in the 1883 treaty Mexico signed with Japanese Foreign Minister Count Okuma. In that treaty Mexico became the first country to abrogate the unequal treaties which were hindering Japan's industrialization.

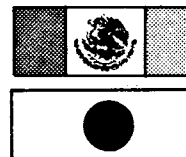
The barb on Portillo's spear was that specific reference to Count Okuma. Japan is an industrial power today because of the courage and determination of the Meiji Restoration faction led by Okuma. Yet every step of the way, Okuma and his associates were subjected to political attack, including assassination, by the men whom Ohira correctly regards as his forebears, the British-allied Mitsui faction.

Critical support from Juarez's Mexico, Lincoln's America and republicans in France, helped Okuma lead Japan from literal zero-growth feudalism to industrialism in one generation. Students of Lincoln's economic advisers Henry Carey and Friedrich List were in turn advisers to Okuma. Okuma's group is often called the Mitsubishi faction, after the business group which it created to carry out its economic and political policies.

To Okuma's industrial policy, Ohira's Mitsui ancestors countered with economic subordination to Britain, the cultism of "sonno-joi" shintoism, and the terrorism and drug dealing of the infamous Black Dragon Society.

Ohira today is trying to peddle to Mexico the same anti-industrial policy which his 19th century political ancestors, in alliance with Britain, tried to foist on Japan. Ohira became nervous at the very mention of the parallel.





# The Joint Communique

*The following are excerpts from the Joint Communiqué issued at the end of the Ohira-López Portillo summit.*

The two heads of state exchanged points of view on international development strategies for the 1980s and on beginning a series of global negotiations on raw materials, energy, development, currency and finance. ... They agreed that bilateral and multilateral efforts should continue taking into full account the need of developing countries to advance their industrialization and economic diversification processes, to seek greater export revenue stability, to reduce their great external imbalances, to obtain greater access to world trade flows and relief from their burdensome accumulated foreign indebtedness. The President [of Mexico] appreciated Japan's efforts during the Tokyo Round of multilateral trade negotiations.

The Prime Minister [of Japan] expressed his conviction that the implementation of the Tokyo Round agreements would promote an increase and an opening of world trade and would result in great benefits for the developing countries.

The President likewise stressed the need to change the present international monetary system to make it capable of meeting the demands of the moment, specifically, the needs of the developing countries. And, in this respect he reiterated Mexico's firm support for the action program for the reform of the international monetary system which was presented to the developing countries at Belgrade in 1979. ... Prime Minister Ohira praised President López Portillo's very timely United Nations initiative for drafting a world energy plan....

In regard to the three steel projects (the second stage of SICARTSA, a foundry and heavy-duty forge, and a large diameter pipe plant), the Prime Minister expressed with the utmost sincerity his complete willingness to cooperate. The two heads of state decided to continue with the negotiations as soon as possible, to determine the modalities of said collaboration.

The Prime Minister expressed his government's serious willingness to consider and, by means of co-invest-

ment or other modalities, begin implementation of projects in the fields of industry, mining, industrial port construction and equipping, railroad electrification, fishing, and tourism. The two leaders instructed the relevant officials in their administrations to proceed—actively—to define, study, and detail concrete projects in said fields.

In his turn, and in the same way, the President of Mexico reiterated the willingness of his government in the context of this global cooperation program, to contribute to Japan's energy requirements by means of crude oil exports to that country, which will reach 100,000 barrels per day toward the end of 1980. These exports and their possible increase in the future are a central element of Mexico's contribution to global cooperation between the two countries and, thus, their relation requires advances, according to an agreed schedule, in the implementation of the cited cooperation projects.

The two heads of state agreed to make joint efforts to increase and diversify Mexican exports.

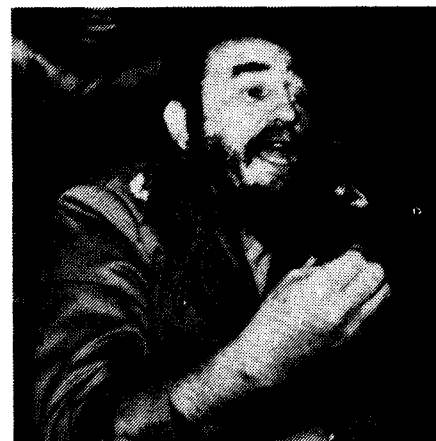
The Prime Minister expressed his appreciation for Mexico supplying 100,000 barrels per day of crude oil to Japan starting this year. The Prime Minister stated his desire and expectation that this would be increased until it reaches 300,000 barrels per day during 1982.

The President reiterated Mexico's policy that oil production and export increases will be determined by the capacity of its economy to productively absorb the additional foreign exchange generated by such increments. In this regard, he recognized that the promotion and bringing on line of development projects undertaken jointly by both sides in Mexico, would contribute to increasing said absorption capacity. In this context, and within the long-term global development policy for the Mexican economy, the President stated that he was politically willing and disposed to consider the Japanese request...

The Prime Minister expressed the intention of the Japanese government to make a donation equivalent to one million dollars to establish in Mexico a jointly-administered Mexican-Japanese Friendship Fund for cultural exchange...

# Brzezinski's madness: threat to the Caribbean

by Gretchen Small



Cuba's Fidel Castro

While most attention was focused on the U.S. debacle in Iran two weeks ago, Carter administration military adventurism in the Caribbean simultaneously brought that area to the point of conflict. With the largest American military maneuvers in the history of the Caribbean set for May 8 in the vicinity of Cuba, the Soviet press and diplomats abroad have been warning repeatedly that Cuba does not stand alone and is protected by the Soviet nuclear umbrella. "Hands off Cuba," growled *Pravda* ten days ago.

What has Cuban officials and their Soviet allies upset are the so-called Solid Shield '80 maneuvers, Caribbean naval exercises which, Cuba has charged, are scheduled to go beyond "practice" deployments into live operations. Particular concern was caused by the planned "simulated" invasion of "any" Caribbean island, to be carried out on the U.S. base at Guantanamo—located within Cuba itself!

With the Iran debacle forcing reality on some policy-makers in Washington, the most provocative part of Solid Shield '80—the marine landings on Guantanamo—were cancelled in late April. However, as of this writing there is no indication of any change in the basic policy course coming from Carter's National Security adviser, Zbigniew Brzezinski, and the Caribbean generally and Cuba in particular must be rated as one of the tensest nuclear hotspots of the globe.

Earlier this week, two U.S. navy ships, the USS Saipan and the USS Boulder, were diverted from the Solid Shield exercises and have now joined the Coast Guard in patrolling the Straits of Florida, allegedly to aid the hundreds of small boats filled with Cuban refugees now flooding Florida. This, along with the fact that the Federal Emergency Management Agency (FEMA) has moved in lock, stock and barrel to control the new "crisis" in Florida, leaves ample room for provocations and/or "accidental" incidents with Cuba. A new Cuban

missile crisis, for example, would give FEMA national dictatorial powers.

## Trading pawns

The assumption underlying the Brzezinski-Carter policy towards the Caribbean remains the crass, geopolitical notion that Cuba, lying within the "American Sea," is the logical place for the U.S. to "retaliate for Afghanistan," safely display a "show of force," and score a significant victory against the Soviets at what is judged "minimal cost." Too far from Soviet support lines, the argument goes, Cuba is certainly well within Brzezinski's now-famed "Long Reach."

Added to this is the assessment by these same circles that now is the best time since 1961 to destabilize, and eventually overthrow, the Castro government, pulling Cuba out from the Soviet orbit altogether. That assessment has added a particularly dangerous, "manic" coloring to Anglo-American planning for the area. The military professional would use the term "flight forward."

Needless to say, the refugee operation, which began last month when a soldier's death prompted Castro to withdraw guards around the Peruvian embassy, and several thousands of "dissidents" took sanctuary there, has created a very destabilizing internal situation, and field-day conditions for U.S. intelligence agents inside Cuba. This, the Cubans naturally view as the "inside" element of preparations for a U.S. invasion. Whether that comes or not, they would be wrong to assume otherwise.

Military siege, biological warfare, industrial sabotage, fomenting internal dissent, cutting off relations with the rest of Latin America—these policies have all been set into motion to maximize the terror within Cuba. As a Georgetown-associated Latin Americanist recently put it, the policy is "to turn the screws tighter and tighter

on Cuba," pressuring them from all sides, and when they are weakened, then move in with "the offer of a big carrot," some sort of relief from the siege—if they agree to split from the Soviets.

In response to these head-on attacks, the Cuban population has overwhelmingly rallied to support the Castro government. Despite the numbers of Cubans fleeing the hardship created internally, most commentators have been forced to acknowledge that the current wave of exiles is hardly the intellectual cream of the island, but precisely the "lumpens" and "social misfits" that Castro has claimed they are.

### **Cuban insanity**

But this is only one side of the Cuban response. The announcement last week by Cuban officials that they are launching an international campaign to pull the developing sector together in support of the psychotic Khomeini regime in Iran, indicates that, on a deeper level, Brzezinski's manipulation is scoring an important victory. Driven into a "fortress mentality," Cuban officials began desperately seeking any and all radical allies for a "united front" against the Carter administration threats.

Castro, when he announced the policy in his May Day speech last week, succinctly summed up their thinking: Cuba must organize its "internationalist friends" to support Iran, Castro told a mass rally gathered that day, a "duty because everything that is happening in Iran reminds us of what happened in our country."

Cuban Foreign minister Isidoro Malmierca also flew to Teheran for talks with Iranian Foreign Minister Ghotbzadeh over the weekend, emerging from those discussions to announce that Cuba has promised "not only moral but also material support" to Iran "in case of need"—an obvious reference to possible military aid. Malmierca also promised that Cuba would organize support for the Iranian proposal to immediately convene a three-day conference in Teheran of the Nonaligned Movement to discuss joint action in response to the recent U.S. military venture into Iran.

Ironically, Castro's new-found comradeship with the radical Ayatollah has allied him with the very same "Islamic fundamentalism" praised repeatedly by Brzezinski himself, and which he directly installed in power in Iran. Strange bedfellows indeed. Always susceptible to simple-minded radicalism as an answer to complex international politics, Castro's declaration of support for Khomeini goes beyond stupidity into the realm of full-fledged strategic insanity. Cuba now stands aligned with Brzezinski's broader strategy to drive the developing sector into a suicidal confrontation with the industrialized "North," so that no possibility of an alliance for development between the two can emerge.

## **Solid Shield '80: invasion of Cuba?**

by Cynthia Rush

Evidence gathered by the *Executive Intelligence Review* over the past two-week period suggests that a U.S. plan to invade Cuba or Central America may now be fully operative, and could be carried out under cover of the "Solid Shield 80" military maneuvers scheduled to begin in the Caribbean region May 8.

Although the United States regularly stages such maneuvers, the scope and complexity of Solid Shield, together with reports of a number of highly unusual military deployments in the Central American region, indicate that there is a good deal more to this activity than simple military exercises. While as of this writing the Pentagon has announced the cancellation of one of the more provocative aspects of the maneuvers—the landing of 2,000 marines on the U.S. naval base in Guantanamo, Cuba—a number of other destabilizing options remain in place.

Any U.S. military incursion into the Caribbean would at best mean another major foreign policy debacle—if not an incident to spark World War III. Strong "hands off Cuba" warnings issued in *Pravda* last week make clear that the Soviet Union would view any attack on Cuba as a threat to its strategic interests, and respond accordingly. But, such considerations have never stopped President Carter or his national security adviser Zbigniew Brzezinski, who has vowed to transform the Central American and Caribbean region into an "arc of crisis" to justify U.S. military intervention. In the aftermath of the Iran "rescue" flop, individuals such as Committee for the Present Danger member Richard Pipes are fueling Brzezinski's wild schemes by urging the President to confront the Soviet Union "where they are most vulnerable," in Cuba and the Caribbean.

### **An invasion is possible**

According to a confidential document distributed by the Cuban government and reported on by several Mexican newspapers, exercises of the type planned by Solid Shield have in the past always been carried out off the coast of North Carolina in the Atlantic, never in the Caribbean region. The maneuvers are also unusual in that they include for the first time the U.S. Seventh Fleet, normally stationed in the Pacific, and will occur simul-

taneously with exercises carried out on military bases in the United States and in the Atlantic and Pacific. The maneuvers will include 200,000 men and women, 42 ships, and 350 airplanes.

The Cuban document reports that the Solid Shield maneuvers are "a rehearsal for the invasion of an island in the Caribbean, from which a part of the population supposedly requests U.S. military aid to liberate it from the domination of a foreign power." The landing of the 2,000 U.S. marines on Guantanamo naval base was to have been part of the exercises simulating an evacuation of the civilian population.

Because all operations to overthrow the Castro regime have consisted of a combined strategy of fomenting an internal uprising and an external invasion, the planned marine landing was particularly provocative. Although the Pentagon announced April 30 that the Guantanamo landing would be cancelled, possibly due to pressures from more rational elements within the administration, *EIR* estimates that an actual invasion is still possible. Several wire services reported on April 30 that an army of Cuban exiles is now in training in Florida, preparing to invade and carry out "an insurrection in Cuba." The grouping, which the FBI estimates could be one thousand strong, trains openly in combat gear in Miami, and is drawing recruits from the large Cuban exile community in New Jersey, according to the April 29 *Bergen Record*.

Even if strategists for the Carter administration decide that a direct assault on Cuba carries too many risks, it's clear they view the isolation and destabilization of Cuba as a prerequisite for successful military operations elsewhere in the region.

Central America is a primary target for such operations, as seen in a series of unusual military deployments there over the past ten days. On April 30 the Mexican press covered reports that a mercenary army of Cuban exiles, former members of the Nicaraguan National Guard, and special units of the Guatemalan army is preparing to invade El Salvador shortly with "logistical support from the United States."

On May 1, a military force led by former President Romero, a Somoza-linked general, attempted to carry out a coup in El Salvador but failed. However, the presence in Guatemala of fifty U.S. marines, who arrived on April 24 and have been stationed since then at a Guatemalan army barracks, indicates that another coup attempt, or invasion, could be carried out in El Salvador in the near future.

In neighboring Honduras, all units of the National Police have been replaced by special "tactical anti-guerrilla units," reportedly to free up policy to receive training in the same methods. Salvadorean sources have charged that units of the Honduran army have already attacked Salvadorean towns in the province of Chalatenango.

## Cuba on full alert

The Cuban government responded to U.S. military threats around the "Solid Shield '80" military maneuvers by mobilizing the entire population and placing it on full alert along with the country's armed forces. Simultaneously, the Soviet Union has made clear that an attack on Cuba is an attack on them, and they will honor their unwritten agreement that places Cuba under the Soviet's nuclear umbrella.

*Pravda*, the newspaper of the Soviet Communist Party, editorialized April 29: "Cuba is not alone, Cuba has many friends and allies and the Soviet Union is in the front line. We all declare: Hands off Cuba."

Starting April 19, one day after the U.S. announced that 2,000 marines were going to land in Guantanamo, over one million Cubans demonstrated in the streets of Havana in support of Castro. This

demonstration was followed by a May Day parade that turned into a massive expression of nationalism.

In his May Day speech, Fidel Castro briefed the population on how he expected them to be mobilized. "By May 17," Castro said, "five million people—not one million—will be mobilized...and should be prepared to wage two types of war: a conventional and a popular war." he informed them that he had instructed the Cuban Armed Forces to "organize armed militias that will defend every part of the nation's territory."

Since mid April, the Cuban army, the largest and best trained in Latin America, started its own military exercises, leading up to the "Giron 19" military maneuvers scheduled to coincide with the U.S.'s "Solid Shield '80". The Cuban government canceled the part of the maneuvers around Guantanamo upon receiving word that the U.S. had pulled back from its plan to land 2,000 marines in Guantanamo. Around the same time, the Cuban Joint Chiefs of Staff restricted to barracks all the regular troops, and ordered the Navy to step up military patrols around every Cuban port.

# A close encounter with Robert Moss

by Robert Dreyfuss

“Which one is Robert Moss?” I asked the woman next to me, who motioned with a surreptitious gesture toward a little knot of ladies and gentlemen engaged in conversation not too far away. Before she could identify which of the three or four possibilities was in fact the intrepid Mr. Moss, however, I realized that I knew instinctively which one it was. There, amid admiring ladies of the Anti-Defamation League and stern NATO partisans, stood only one man with the appearance of an overgrown, fattish Eton schoolboy.

“Is it him?” I asked, though knowing the answer already, and she nodded. I drifted over to where Moss was holding forth, catching snippets of a conversation whose content I could have predicted. Moss was intently pushing his just-released Grade B novelette, *The Spike*, which was coauthored with Arnaud de Borchgrave, editor of *Newsweek*. Its subject—like everything Moss does—is the urgent danger of the Communist-PLO plot to destroy Western civilization, using agents trained, it seems, at a secret base near the East German-Czechoslovakian border.

The occasion was a conference of the National Committee on American Foreign Policy, on the subject: “The American Stake in Southwest Asia and the Middle East.” I had come primarily to encounter Robert Moss. As the editor of what is usually described as the “prestigious” *Foreign Report* of the *London Economist* and the columnist for the *Daily Telegraph* of London, Mr. Moss has gained a place in history as the twentieth-century’s most informed expert on terrorism. But, in his detailed and incisive commentaries on terrorism he neglects to mention that it is the particular circles of Anglo-American intelligence with which he associates who are, in fact, the primary sponsors of terrorist political violence. In addition, Mr. Moss is perhaps the leading specialist for British intelligence on Lyndon H. LaRouche, Jr., and his associates.

After a polite period of waiting I introduced myself as an associate of Mr. LaRouche and a correspondent of the weekly *Executive Intelligence Review*, and I proposed to Mr. Moss a meeting to compare our understanding of the world strategic situation. Whatever response I might have expected was not the one I got. He giggled.

“LaRouche? *Executive Intelligence Review*?” exclaimed Moss. “You mean the the U.S. Labor Party? Ah, yes, yes, yes. I know you—very well.” Then turning to several people nearby and pretending to address them but not really speaking to anyone in particular, he continued, “Do you know the USLP? Do *you* know them? *You* know them, don’t you? They call me the coordinator of British-Israeli intelligence. I wish I was.” And with an insipid smile, he pranced away.

Upon close observation, it was clear that Moss was afflicted with the typical British disease. Exhibiting the strong flavor of faggotry, the puffy-cheeked, baby-faced Moss combined the worst English pomposity with that exquisite simpering quality that most Americans dislike about the British aristocracy. I had noticed that as soon as I had introduced myself, the paranoid Moss became intensely concerned with the appearance he would give to the people around him, and he sought immediately to justify himself to them. What a worm, I thought to myself.

But it was time for the panel discussion to begin. After suffering through an hysterical diatribe by Zionist apologist Joan Peters, who was concerned primarily with convincing her audience that the Arabs would always hate the Jews, the gathering prepared itself for Robert Moss’s performance. As he approached the podium, I looked around at the hundred or so who had gathered there and noticed quite a few quizzical and skeptical glances exchanged among those seated.

## “Conspiracy of silence”

Moss began his presentation with the cadence of a military briefing officer, though in fact his effort fell short of being convincing, sounding rather like a queer Walter Winchell. His call to arms began with a rousing plea to break what he called the “conspiracy of silence” and expose the “systematic campaign of disinformation and lies” spread in the West by agents of the KGB, Soviet intelligence. The main subject of the conspiracy is the Palestine Liberation Organization, said Moss. “We are facing brutal choices and a grim task,” he intoned, “confronted with the combination of Soviet power, Arab instability, and Islamic revolution.”

His voice rising, he declared that the Soviet bloc “is intimately and deliberately engaged in support for international terrorism,” and he asserted that the chief tool of the KGB in this work is the PLO. “The PLO is a surrogate and auxiliary force for the KGB, and it is the coordinating body for world terrorism against the dem-



*EIR Middle East Editor Robert Dreyfuss (center) behind Henry Kissinger during a U.N. General Assembly session in 1976.*

Photo: NSIPS

ocratic and pro-Western forces everywhere. The PLO has formed hit teams to strike at targets assigned by the KGB.”

Now Moss was in his element. With obvious great relish, he fulminated with details of how the U.S.S.R. and its allies recruit and train Palestinian terrorists, issuing a stream of facts and figures, names and dates, people, and places. For instance: “And in East Germany, whose intelligence chief, Marcus Wolf, is the only Jewish head of an East bloc intelligence service, hundreds of PLO activists are trained in several camps”—here he rattled off three or four names—”led by the PLO’s Abu Taib, having created the dangerous Force 17 for the purpose of sowing terror in Western Europe.”

Then came the clincher. Clearly, this was what Moss was waiting to say. Lowering his voice into a hushed, confidential tone, he warned: “But perhaps it will take something inside your own borders before the American people will wake up to this danger. Within the next four weeks, according to my information, there will be a spectacular terrorist action in Washington, D.C. It will be sponsored by the Ayatollah Khomeini, who has networks in Washington, and they intend to retaliate for your raid into Iran.

“When President Carter closed down the Iranian embassy there, agents of Khomeini were seen by intelligence people taking cartons of high-powered rifles and automatic weapons from the embassy. They were taken to the home of the top agent of Khomeini in Washington, an Iranian rug dealer in McLean, Virginia, just down the road from the headquarters of the CIA....”

I was shocked. Moss was obviously referring to Abolfazl Nahidian, a Persian rug dealer, who is indeed the behind-the-scenes coordinator for SAVAMA, Kho-

meini’s secret police. But Nahidian was the subject of a series of exposés in this publication in December 1979 reporting his intimate connections to the U.S. Office of Naval Intelligence. At that time, *EIR*’s exposé of Nahidian and his cohort, Capt. Siavash Setoudeh—who then had a 35-man office inside the Pentagon’s Office of Naval Research—forced the Carter administration to expel Setoudeh from that office and severed an important secret link between U.S. military intelligence and the Muslim Brotherhood terrorists associated with the SAVAMA.

Nahidian, who still lives in Washington, closely collaborates with the Muslim Students Association, a branch of the Muslim Brotherhood, which sponsored the entry into the U.S. of 200 Iranian terrorists on false passports stamped with the visa stamp stolen by the “students” who seized the U.S. embassy in Teheran. Now, Moss was saying, “And these people entered the United States on false passports....”

“This terrorist action will reveal the cost of ignoring the realities I have presented,” he said. The message was clear: the British controllers of the Muslim Brotherhood terrorists are planning to stage another “Reichstag fire,” right in our own backyard. “That will wake up the American people,” he declared

The rest of Moss’s speech centered on the existence of a “Soviet-PLO-Libyan conspiracy” to foment revolution first in Iran, and then in Saudi Arabia “to sweep away the feudal monarchies of the Arabian Gulf.” Revolution, said Moss, would topple the Saudi royal family in a few months to a year. He cited dark plots involving “Saudi colonels who were recruited by Syrian military intelligence on behalf of the KGB, during their stay in Lebanon, who resent the sanctimonious princes with their

bottle of scotch a day.” His voice now entering a rising crescendo, Moss flailed wildly against the PLO operation in Africa, in Latin American banana republics, running revolution in Nicaragua, and terrorism in European capitals. He ended with a climactic paroxysm on PLO Chairman Arafat’s reference to the Persian Gulf as an “area of volcanos.”

With an air of satisfaction, convinced he had succeeded in casting a spell over his audience, he glided back to his seat.

### The show fizzles

I raised my hand, and went up to the mike with the first question. “Watching Mr. Moss’s performance, I am reminded of the evil gnostic priest Simon Magus, who attempted to infiltrate the Christian church during the first century,” I began. “But Simon was accompanied by a circus, complete with fireworks and smoke bombs that he used to attract an audience. I must congratulate Mr. Moss on his showmanship even without the use of any stage effects. Of course, I want to assure the audience that Mr. Moss believed not a word of what he has just said.” In fact, I continued, “his theories of involved conspiracies are so far-fetched as to make the right-wingers who believe in the ‘Rockefeller conspiracy’ seem mild by comparison.” Then, point by point, I noted several cases of Mr. Moss’s lying.

I had introduced myself as from the *Executive Intelligence Review*. As I sat down, Moss could just barely control his anger. “I should inform you that Mr. Dreyfuss is from the U.S. Labor Party of Lyndon LaRouche. They often use respectable-sounding names of their publications to impress people. This is a very interesting organization. I have made a careful study of it. I have a thick file in my office on them.”

Aha! I thought. So our informants were correct. The grand Mr. Moss is a “LaRouche expert.”

“The USLP believes that the real threat to the world comes from a British-Chinese-Israeli plot. I myself have been accused by them of being a coordinator of British-Israeli intelligence. And they accused me of being a Rothschild agent, just because the editor of my publication is a Rothschild. The USLP also hates monarchies.” On and on went Moss, causing giggles of embarrassment from some in the audience. “It is a cult. They may appear well-dressed, but about their eyes there is a manic glint, a staring”—here he started to wiggle his fingers in front of his eyes—“that makes them look dangerous.”

When he was finished, sweating profusely, the next three questioners—from the United Nations missions of Pakistan, Egypt, and Czechoslovakia—each got up to say, with differing emphasis, that Moss was insane. Even

Hermann Eilts, the self-respecting former U.S. Ambassador to Egypt, politely stood up to assert that Moss’ theories of worldwide Soviet-PLO terror plots appeared to be rather kooky. The spell that Moss thought he had cast was broken.

After the close of the panel, I approached Moss to determine his reaction. I intended to tell him, privately, that he should drop the pretense and talk straight. But as I approached, he fixated on my coming and exclaimed, “You’re brainwashed. Why don’t you tell these people about your sources of finance? *Our Town* newspaper here exposed how you get your money from East Germany.” I pointed out that the *Our Town* slander, which originated from John Loeb, Jr., one of the sponsors of today’s event, said that my organization was “Nazis,” not commies, and that he had mixed up his slanders. “Uh, er, oh, yes, quite right,” he stuttered, then recovering, said: “But you see, sometimes communists do fund rightist extremists.”

Clearly, there was little hope of saving Mr. Moss’s soul.

### Goodbyes

But I was not to be free of him. Just before I was to leave, a few minutes later, as I was waiting on line behind two women to use the telephone there, all of a sudden Moss was at my elbow. Bending close to my ear, he growled.

“You are barbarians. You are despicable. You are a bunch of sexually frustrated, paranoid schizophrenics. I can’t stand you. I suggest that you get out of here at once. You’d better watch yourself—or else.”

Quietly, I refused to leave, stating my intention to use the phone nearby.

“I repeat myself. I suggest that you use another phone, elsewhere in the building.”

Smiling with contempt now, I said: I will not.

“Who do you think you are!” he shouted, flying into a rage. “Listening in on other people’s phone conversations!” It was then that I noticed that he obviously knew the woman standing in front of me, also waiting for the phone, and that she was his wife or mother. To her, he said, “Come dear. Then *we* will have to use another phone.” Turning to me, with supreme British sadism, he said: “This is quite a little victory for your movement, isn’t it!” And away he stormed.

“Goodbye, Robert,” I said. He turned on me, in an incredible fury.

“How *dare* you use my first name!” he sputtered.

I pointed out that this was America, not Britain, where it is common. But it did not satisfy him. So I did the honorable thing. “Goodbye, *Lord* Robert,” I said. For some reason, it only made him angrier.

## Where does Mexican labor stand?

*They're almost powerful enough to pick a president, but who the labor federation's own next president will be is still a matter for speculation.*

Around of agitated political speculation was kicked off in Mexico by the Tenth Annual Congress of the Confederation of Mexican Workers (CTM), held in Mexico City April 21-23. President José López Portillo himself explained why in his inaugural speech: "The CTM is historically, politically, and ideologically the most powerful grouping in my nation."

The Mexican President was not engaging in hyperbole. The CTM—and its veteran leader of 40 years, Fidel Velásquez—has for decades been the backbone of institutional life in Mexico, organizing popular support for each administration and exercising a powerful influence over the selection for the PRI party presidential candidate, the guaranteed victor in Mexico's presidential elections every six years. Those who are today trying to second-guess the PRI's selection for 1982 have taken note of the fact that it was Fidel Velásquez who first gave public word that López Portillo would be the 1976 presidential candidate for the PRI. *The Wall Street Journal*, for example, went so far as to state in a March feature: "Presidents came and presidents go, but Fidel Velásquez stays."

Thus, what attracted most attention in this capital was not so much the expected reelection of Velásquez to a sixth term as Secretary General of the CTM, but rather the list of possible successors to

the octogenarian labor leader that emerged from the conference proceedings. The CTM succession question for years has been a subject of heated political maneuvering in which many forces—both domestic and foreign—have tried to have their preferences prevail.

Some have argued—as the *Wall Street Journal* did in the cited article—that there is *no one* capable of replacing Velásquez, and that with his death Mexico will be vulnerable to institutional destabilization. A well-placed Mexican trade unionist consulted by *EIR* dismissed this argument as "wishful thinking."

### Who is in the running?

For many observers of the Mexican labor scene, the most surprising development at the CTM conference was the fact that the well-known labor spokesman and President of Mexico's Senate, Joaquín Gamboa Pascoe, didn't even land a post on the CTM Central Committee. Gamboa Pascoe has been mooted as a possible successor to Velásquez. Knowledgeable insiders explain that Gamboa Pascoe's problem is that he is not well-liked within the labor movement.

Also much-noted was the naming of the leader of the oil workers union, Joaquín Hernández Galicia ("La Quina"), as President of this year's CTM conference. Although he is not now Secretary General of the oil workers—the nation's most

powerful union both politically and economically—he did hold that post twice in the past and is now the "eminence grise" of the union. No one becomes Secretary General of the union without his approval. In the period leading up to the CTM conference, Hernández Galicia announced that the oil workers union would be placing half of the \$100 million that they now have invested in stocks and properties to aid in the development of the Mexican Agricultural System, recently announced by the federal government. This was widely read as a strong endorsement of the economic policies of the Lopez Portillo administration.

Hernández Galicia, like Gamboa Pascoe, did not win a position on the CTM Central Committee—a fact which some ascribe to the factional warfare between the two contenders to the Secretary General post.

A third candidate sometimes mooted in labor circles is Blas Chumacero, one of Velásquez's oldest collaborators and closest advisers. Chumacero surprised the conference by delivering an unexpected paean to the Mexican Armed Forces as the defenders of the nation's constitutional institutions, but age and other factors converge to rule Chumacero out, in many observers' ranking.

When all was said and done, it was old Fidel Velásquez himself who stole the show and reaffirmed his total control of the CTM. In his keynote speech he called for radicalizing the CTM's demands; nationalizing the food processing and pharmaceutical industries; and called on labor to participate fully in the nation's economic decision-making process.



## The plot to topple Begin

*"It will take someone with courage" to replace Israel's premier; the Anglo-American crowd now thinks they've found the man.*

The Anglo-American crowd that is committed to using the Camp David Egypt-Israel-U.S.A. accords as the basis for creating a Middle East Treaty Organization (METO) is working to oust Israeli Premier Begin and replace him with Defense Minister Ezer Weizman.

It will take "someone with courage to overthrow the government of Begin," editorialized the *Daily Telegraph*, May 5, speaking for British Tories who aim to extend NATO's military arm into the Mideast in order to gain a stranglehold over world oil supplies.

Begin's obdurate refusal to negotiate on the pivotal issue of Palestinian autonomy has blocked the finalization of the Camp David agreements. According to the calculations of London and Washington, once even a cosmetic agreement is reached on the Palestinian issue, other Arab states may be induced to come in on the talks.

The Camp David agreements have served to link the intelligence and military services of Egypt and Israel as the foundation of METO, for which Weizman has been the chief architect in Israel. The expansion of the Camp David dialogue is intended to serve as a vehicle to expand METO.

As a further step in this direction, London aims to steer Iran's Islamic fundamentalists toward an

alliance with Egypt, on the pretext of resisting Soviet expansionism." The *Baltimore Sun* today featured Egyptian President Anwar Sadat as the first "Muslim leader" to arm the Islamic Afghani insurgents to confront occupying Soviet troops in Afghanistan.

Well-placed French sources say that the terrorist raid on the Iranian Embassy in London this week was orchestrated by British intelligence to create the pretext for a thaw in Iran-British relations. British commandos stormed the embassy, freeing Iranian hostages, allegedly held by Arabs of Iranian nationality. These sources report that British Prime Minister Margaret Thatcher and Iranian Foreign Minister Bani-Sadr were in constant touch throughout the affair. In the aftermath of the attack numerous British press sources are lauding the "great improvement" in Iran British relations.

For months Weizman and Israeli Labor Party chief Shimon Peres have openly conspired to replace the increasingly unpopular Begin. Just before a visit to Washington by Peres and Weizman last month, Weizman declared that he was prepared to leave Begin's government and possibly form a new Center Party or a coalition government with the oppositon Labor Party.

In response to this growing

challenge, Begin has provoked a crisis on the Israeli-occupied West Bank by allowing the militant Gush Emunim settlers, the religious fanatic sect that believes Israel has a biblical right to Palestine, to encroach upon Arab-owned land. Begin calculates that the crisis will enable him to rally popular support. But it is Begin's hardline policy on the West Bank, the home of the Palestinians, which his opposition is using against him.

Since the first instance of a Peres-Weizman alliance two years ago Begin has promoted a policy of using the Gush Emunim against the Arab population on the West Bank. This has led to a cycle of terror between Palestinian guerrilla groups and the Israeli military, which culminated this week in a terrorist incident in which Palestinian terrorists killed five paramilitary Gush Emunim members.

Last week, 150,000 members of the Israeli Labor Federation, the Histadrut, demonstrated against the Begin government and its Friedmanite economic policies which have led to over 100 percent inflation. The *Jerusalem Post*, speaking for Begin's opposition, attacked his government for its military ties to the Lebanese fascists, declaring that Israel and the Falange should pull out of southern Lebanon.

Outspoken senior Zionist statesman Nahum Goldmann, who has termed the Begin government a threat to world peace, recently harshly attacked the Gush Emunim cult. Following the Palestinian raid this week, 500 members of the cult called for Weizman's dismissal accusing him of not imposing strong enough punishment on the Arab West Bank population.

# International Intelligence

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## Middle East

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### *Anglo-Americans set Begin's ouster*

Over the last week, a round of strongly worded editorials appeared in the press outlets of the City of London and Washington calling for the removal of Israel's hardline Prime Minister Menachem Begin. The influential London *Daily Telegraph* May 6 editorialized that it will take "someone with courage to overthrow the government of Begin." That someone is current Defense Minister Ezer Weizman, who along with the opposition Labor Party leader, Shimon Peres, are now openly challenging Begin's government.

Just prior to his recent visit to Washington, Weizman publicly stated that he was considering leaving Begin's government and forming either a new Center Party or a coalition with Peres. Weizman, a close confidant of Egyptian President Sadat, is a key asset of London in forging a NATO-linked Middle East Treaty Organization. In a press conference in Washington this week, Carrington laid out a plan whereby Europe, under British leadership, would present a new Middle East initiative following the deadline for Camp David talks on Palestinian autonomy on May 26. The British calculate that Mideast initiative, largely cosmetic in its content, could be used to woo the moderate Arab leadership, notably the Saudis, into accepting the METO plan.

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## Latin America

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### *Colombia legalizes personal pot dose*

May 8 (NSIPS)—The Colombian Supreme Court has just announced its decision to legalize the possession of a "personal dose" of marijuana, up to and

including 28 grams of the drug. In addition, the court has declared that if a person charged with possession of a larger quantity can prove that his family or friends are users of the drug, he or she will be permitted to divide the larger quantity into several totally legal "personal doses." The Court decision revives a 1976 decree to legalize personal drug usage which had been overturned as illegal by the Colombian State Council.

The Court decision was hailed by financier Ernesto Samper Pizano, Colombia's leading advocate of drug legalization, while others expressed deep concern that the measure would prove a stimulus to the already widespread drug trafficking that plagues Colombia. One legal expert in the country warned that now "a family of ten persons could easily come and go with a substantial quantity of marijuana or hashish, very possibly demonstrating with doctored medical evidence that they are all addicted due to serious illnesses."

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## Asia

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### *Ominous signs of military tensions*

The Soviet Union is reported to have deployed nuclear missile carrying submarines into the South China Sea and is reinforcing its garrison on the four small islands north of Japan's Hokkaido Island. The moves come amidst growing military tensions throughout the east and Southeast Asian region.

In an unusually candid press conference on May 7, Soviet Ambassador to Japan, Dimitri S. Polyansky, said that the Soviet Union was strengthening its military forces in the Far East to deal with the United States presence on Japanese territory, the strengthening of the United States-Japanese alliance and what he termed the instability of the Korean peninsula and Indochina. Speaking before the Foreign Correspondents Club, the Ambassador told journalists the reinforcement of troops

on the four northern Islands "should not be considered in isolation from the military and political situation in that area." He warned the Japanese not to choose the path of confrontation against the Soviet Union.

The Soviet Ambassador's concerns appeared confirmed by recent statements by Chinese leaders. Chinese Communist Party Chairman Hua Guofeng called on the Japanese to choose the path of rearmament to help prevent the Soviet Union "from dominating the world." Hua, who is scheduled to arrive in Japan at the end of May, told a visiting Japanese, "A sovereign state should have sufficient defense capabilities" and that China supported "Japan's efforts to strengthen its defenses." Hua hinted at possible renewal of war with Vietnam when he told a group of Japanese journalists last month that China still reserves the "right to punish Vietnam again" if their "provocations" require such a move.

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### *British experts warn on 'China card'*

Two of Great Britain's foremost experts on security affairs, Sir Neil Cameron and Lord Chalfont, warned this week that the Western powers might have to drop the China card option if world war is to be averted.

Speaking before the Royal Society of the Arts April 30, Marshal of the Air Force Sir Neil Cameron warned that the Western nations might have to lessen their ties to China. The Soviets will not tolerate a "quadruple entente" developing among the United States and Western Europe, and Japan and China.

Sir Neil's comments contrast sharply with his previous views on the Western Alliance and China. Sir Neil, as the Tory Defence Secretary two years ago, made international headlines during a tour of China's military facilities by calling for a "NATO-China alliance against the Soviet hegemonists."

Sir Neil was joined by another prominent defense expert and former Tory

defense minister and defense affairs correspondent for the *London Times*, Lord Chalfont. Speaking before the German-British Friendship Society in Munich, he warned of the great danger of war due to Soviet interventionism and the incalculability of the world strategic situation. Lord Chalfont admitted that the Soviets at this moment have the strategic advantage, and warned that at all costs the West should not give China offensive weapons that pose a threat to the Soviet Union. Nothing should be done to make the Soviets feel they are being encircled, Chalfont warned.

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## Europe

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### *London embassy siege staged*

Both Iranian and Iraqi sources report that the siege of the Iranian Embassy in London by alleged Arabs of Iranian nationality was in fact completely orchestrated by British intelligence. The reason for the incident which ended this week when British SAS commandos stormed the embassy and killed the terrorists, was to create the pretext for a thaw of British-Iranian relations.

The same sources indicate that Iranian Prime Minister Abolhassan Bani-Sadr knew in advance of the raid and was in constant contact with London. Britain calculated that by bringing Iran back into Teheran's good graces, it could mediate between Iran and the U.S. for the release of the American hostages.

British Prime Minister Margaret Thatcher, following the taking of the embassy by the British commandos, told the British Parliament: "I think we had best consider how we can turn this superb operation to the best advantage for the American hostages. I believe the way the operation was carried out in this country will have an effect on the future position with regard to Britain."

Iran's Foreign Minister Sadegh Ghotbzadeh, however, has nixed any such British mediation.

London hopes that the affair will strengthen the flagging political power of President Bani-Sadr and that he can be used to steer Iran towards participation in a Middle East Treaty Organization, to be allied to NATO.

The British and the Iranians have also coordinated a propaganda campaign to implicate Iran's rival neighbor, Iraq, in the Embassy affair. Iraq is covertly supporting the growing military resistance to the Islamic regime of Ayatollah Khomeini.

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### *Zia visits China, launches border skirmishes with India*

China's Chairman Hua Guofeng granted visiting Pakistan dictator Zia ul-Haq increased military and economic aid, and publicly admitted that China was actively supplying Pakistan-based Islamic rebels in Afghanistan. Diplomatic sources report that Zia and the Chinese will discuss what further aid can be given to the rebels. Thus, Zbigniew Brzezinski's dream of an "arc of crisis" alliance between Islamic fundamentalism and Chinese hegemonism against the U.S.S.R. received an important boost.

Emboldened by simultaneous support from Washington and Peking, Zia intensified border skirmishes with India in the disputed territory of Kashmir, according to both the Indian and British press. The London *Daily Telegraph* reports that since March, Pakistani soldiers have repeatedly entered the cease-fire zone in Kashmir and fired upon Indian soldiers.

Now, according to the *Telegraph*, not only are Pakistani troops building up along the Kashmir border, but China is conducting a troop buildup in Sinkiang Province, which also borders Kashmir.

## Briefly

● **PLO CHIEF** Yasser Arafat yesterday threw cold water on a plan being floated by British Foreign Minister Lord Carrington to "supplement" the United Nations Resolution 242 with a statement favoring Palestinian self-determination as part of a settlement of the Arab-Israeli conflict. Arafat, speaking in Beirut, stated that the Palestinian people, despite a revision, would still be treated as refugees.

● **SOUTH KOREA's** Hyundai Construction Corp. became the latest target of the series of corruption scandals in Saudi Arabia. Rumors, reported here last December, came true as Hyundai was banned from operating in Saudi Arabia for two years and fined \$90 million for alleged bribery. Over the years Hyundai had risen quickly to the top ranks of world construction companies due in large part to its Saudi operations. If the U.S. Justice Department has anything to say about it, more firms will follow in Hyundai's wake.

● **LOPEZ PORTILLO**, President of Mexico, made a fool of his West German interviewers for *Der Spiegel* magazine, who repeatedly asked provocative questions designed to throw the Mexican leader in a bad light. The high point of the interview, published in *Der Spiegel* this week, came when he answered a question implying the possibility that Mexico could industrialize successfully. Who will produce Mexico's food if, as he stated, 80 percent of the population is living in cities by the end of the century? In the United States, he replied, only one percent of the population lives on the farm. "It is a mistake to overload the countryside with a labor force ... simply mechanize your agriculture!"

## The 'dump Carter' option is on the planning boards

by L. Wolfe

These moves put the option into place, centering around Mondale, who still professes in public a devout loyalty to Carter, or some unnamed alternative. Whether the option is deployed is dependent upon a number of factors.

The primary results May 4 or any day, are the least relevant of these considerations. CBS television commentator Walter Cronkite, who sees himself operating "above dirty politics," was emphatic in pointing out that the developments around the *Des Moines Register* editorial, the Carey-Moynihan maneuvers, and a 20 percent uncommitted vote in last weekend's Texas primary, point to "the possible future" and an "open convention." Cronkite is attempting to give shape to the growing dissatisfaction with Carter, the collapse of the domestic economy and the administration's foreign policy failures. With Reagan still unacceptable to a large percentage of the population, this demands the creation of an acceptable outlet for the rage and disgust of Americans—even if it is kept deliberately "faceless" for the moment—to maintain a "controlled environment."

### Foreign Policy

But the volatile situation in the country threatens to undermine the controlled environment. Already forces within the Carter-Mondale camp are looking around for a candidate who can save the Democratic Party from what otherwise is certain defeat by Reagan. The Mondale-Muskie option is also seen as a loser by such individuals. If Carter is forced aside, likely beneficiary could be conservative Lyndon LaRouche, who is now picking up support from labor and other Democratic constituency

organizations.

This fact raises a strategic question that will determine whether the rug is pulled out from under Carter: how the Soviets respond to each of the three "options" being proffered by the CFR crowd—the Reagan bogeyman, the gyrating Carter-Brzezinski crowd, and the possibility of Mondale-Muskie or a similar candidate. All three of the options are controlled by the CFR and all three lead to confrontation because of their underlying commitment to a fascist economic program.

A second interrelated, consideration is which of these options Western Europe will best respond to. The idea is to try to recreate a basis for continued CFR manipulation of both the Soviets and the NATO allies.

It is clear that the decision has not yet been made on which of these paths to pursue. While Cronkite blathered about an "open convention," James Reston of the *New York Times* claimed today that no one can deny Carter the nomination. Other sources report that the only way a Democratic "fallback" option around Mondale or anyone else will work is if Carter agrees to step aside. "He will have to be forced out, if you want that to happen," said a well placed Washington source. "It will take a dramatic move, another disaster in foreign policy, some more resignations."

A potential time bomb has been placed in the center of the Carter administration in the person of the newly appointed successor to Cyrus Vance as secretary of state, Edmund Muskie. Senator Joe Biden (D-Del.) a spokesman for the CFR crowd, laid out a possible Carter exit scenario at today's confirmation hearings for Muskie. Said Biden: "I want it out on the public record, that if



*Brzezinski, Muskie, Carter, Mondale and Vance.*

Carter does not back you against Brzezinski, you walk out just like Cyrus Vance did. You and you alone can bring down the President and deny him his reelection..." Muskie, who after Mondale is among those most mentioned as "the Third Man," muttered a few jokes in response.

Immediately after World War III almost happened—when reported Soviet intervention in some form aborted the U.S. Iranian hostage "rescue" caper—an unannounced meeting at the New York Council on Foreign Relations, informed by London's thinking, was hurriedly convened to discuss options to a continuing Carter presidency. Forthwith, press outlets and other puppets of that inner circle began to brand Carter and Zbigniew Brzezinski lunatics or otherwise unfit for office. With Ted Kennedy out of the question, the name cautiously raised by spokesmen for this circle was Walter Mondale.

Seemingly oblivious a confident White House press secretary Jody Powell May 5 called on Senator Edward Kennedy to drop out of the race for the Democratic presidential nomination following a sweep by President Carter of primaries yesterday in Indiana North Carolina, and Tennessee. Powell claimed "there are only two real presidential candidates—Jimmy Carter and Ronald Reagan."

The blustering confidence of the Carter "inner circle" aside, the Council on Foreign Relations and related networks of the Anglo-American political establishment are building up their options to banish Jimmy Carter to political exile. The option was discussed and prepared at a meeting held at the council Thursday evening, May 1. The consensus emerging off that meeting was best

summed up by one participant: "I'm afraid Carter will get us in a war for reelection." Within 72 hours, the spate of CFR-linked attacks on the Carter candidacy had surfaced.

### **'Incapable of Guiding the Country'**

On May 4, the *Des Moines Register*, ran a lead editorial calling for Carter to quit the race, with equal emphasis on the demand that the Democratic convention be opened up for a choice other than Kennedy. Said the Register, which is owned by the Cowles Communication chain and linked directly to the *New York Times*: "(Carter) seems incapable of guiding the country and running for President at the same time ... he is letting politics influence his policies. Given the state of the world today this is tragic ... Kennedy is not the man to unite the nation. There is such a man, however. His name is Walter Mondale and if Carter would throw his support to Mondale, the Kennedy campaign would lose much of the reason for its existence..."

The same theme was picked up the next day, by New York Governor Hugh Carey. Stating that the "nation is in trouble," Carey called on both Carter and Kennedy to release all their delegates to allow for a "totally open convention." Carey also indicated a preference for a Mondale candidacy.

Yesterday, New York Senator Daniel "Pat" Moynihan, who had been among the individuals who reportedly pushed Ted Kennedy into making a run, announced that he too "wanted an open convention" and a "third choice." Like Carey, Moynihan will not go to the convention as a delegate.

### *'Brzezinski is the problem in all this'*

*The following interview with Helmut Sonnefeld, former aide to Henry Kissinger and senior fellow at the Brookings Institution, was made available to the EIR by an investigative reporter.*

**Q:** What do you think of the administration's efforts to rescue the hostages?

**A:** I have been reluctant to second guess the administration. I deplore the focus on Iran. We are so preoccupied with it. I have argued that the logical next step is physical force. I prefer mining of the ports to a blockade which raises the question of stopping a Soviet ship. I have not made up my mind on how and when we should do this.

**Q:** There has been a lot of criticism of Brzezinski for the raid.

**A:** Brzezinski is the problem in all this. He has shown little evidence of serious talent in managing crises. In fact in that respect Vance in the Johnson administration was a better crisis manager. There is a malaise around about the lack of American leadership. Nitze and Jackson are criticizing, saying that the U.S. is putting its prestige on the line where its capacity is limited. Nitze says all the time that he was never so scared in his life. The Joint Chiefs of Staff know how difficult the military situation is. Some think the Soviets would be deterred because we act like we would go nuts. In the present circumstances they won't go beyond Afghanistan. There is a great fear of drifting without a sure hand into the unknown, into a military conflict. I have some queasy feelings myself.

**Q:** What about the idea that Carter must be gotten out of the White House, that some compromise has to be accepted?

**A:** I hear this being said more and more. This presupposes that Carter will quit, and I don't see that he has it in him. I've thought of this in the past myself. If he keeps winning the primaries he will think he's vindicated. The problem too is that then we will end up with Mondale or Muskie. I don't especially want Mondale but I like him, he's more decisive than Carter. There is a lot of gloom and doom because there is no light at the end of the presidential front. If you travel through Europe as I have just done, on the electoral prospects, the malaise is

widespread and deep. They are thinking that we are getting them into a war. There is no leadership from Washington. I'm very worried about U.S.-European relations. Things are pulling us apart.

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### *'Carter was right to lose his nerve'*

*The following interview with Professor Scott Thompson, of the Fletcher School of Diplomacy, Tufts University, was made available to the EIR.*

**Q:** What do you think about the way that Carter handled the attempt to rescue the hostages?

**A:** Carter was right to lose his nerve. The Carter Doctrine says if the Soviets cross the line it will be war. The hawks don't threaten that because we can't do it. Those of us who are hawks would tell the President to back down if the Soviets stood up to us.

Brzezinski has no understanding of military power. He tries rhetoric as military power. This is the essence of appeasement. Words don't say anything. Carter lost his nerve. He aborted when things got shakey.

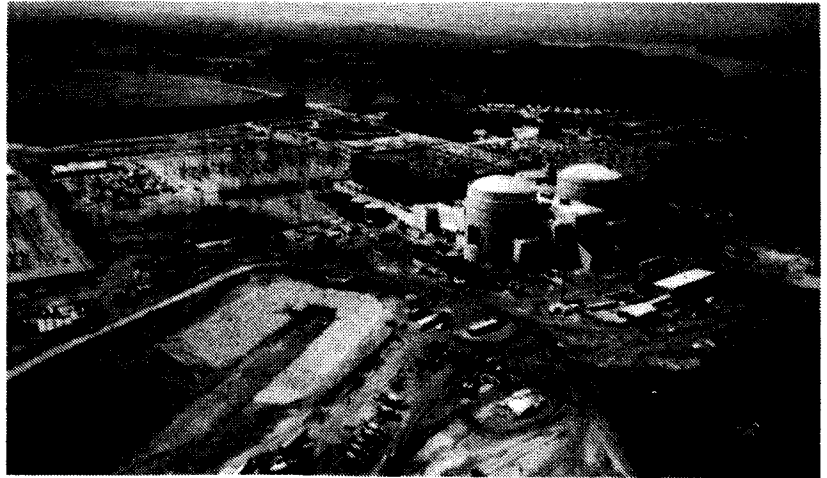
**Q:** What effect do you think this will have on his reelection?

**A:** I've been hearing Kennedy people say that if they get a campaign going, if they stop the president, they will back a compromise candidate. Mondale is the most likely. Last night at the Council on Foreign Relations where Walter Levy spoke on the decline of the West, our table was talking about this question of Carter all night. There is a remote chance that he would not run but there is still the problem of Rosalyn who will say, "Look Jimmy, how you were down in the polls before and came back."

I'm afraid and Washington students of foreign affairs are afraid that Carter will get us in a war for re-election. Very important people are concerned about this—even people close to Carter. He's going to have many chances to stand up to the Soviets and people fear he will. People last night were talking about this. This is the most common talk. All the major departments in the government are concerned about it. Carter was overreacting. He misjudged like in 1914. The main thing we have to do is to get him unelected. In general discussions people see Mondale as the Democratic candidate but he couldn't win.

# Judge voids ban of nuclear power

by Sanford Roberts



*A TVA nuclear construction site near Chattanooga, Tenn.*

Last week, federal Judge Manual Real of the Eastern District of California ruled that the notorious Warren-Alquist Act, passed by the California State Legislature in 1975, is unconstitutional. Warren-Alquist was a de facto ban of the nuclear industry by legislatively mandating that no plants could be built until the federal government demonstrated an absolutely safe method of nuclear waste disposal.

The constitutionality of Warren-Alquist was challenged by the two largest utilities in the state, in the case of *Pacific Gas & Electric v. State Energy Commission*. Judge Real's opinion in this case clears the way for the reemergence of an advanced nuclear industry into that great, green Aquarian laboratory known as the state of California.

In passing Warren-Alquist the California state legislature relied heavily upon a fraudulent states rights interpretation of the Tenth Amendment to the U.S. Constitution. This legal doctrine, associated in the 19th century with the traitorous Chief Justice, Roger B. Taney, seeks to grant to the states a broad array of sovereign powers which can be exercised independent of (and in opposition to) the federal government. Where Taney used the doctrine of states rights to aid and abet the creation of the Confederacy, today's greenie movement seized upon this long-discarded interpretation to cripple and destroy the nuclear industry.

States rights became the battle cry of the antinuclear movement after other legal tricks had failed. For years, they kept the utilities tied up in court with endless procedural challenges to the plant licensing and siting process. In the spring of 1978, the Supreme Court in the historic case of *Consumers Power v. Aeschliman* put an end to this environmentalist nonsense. In this case, the Court speaking through Justice William Rehnquist put the environmentalists on notice that their obstructionism would no longer be tolerated. Rehnquist characterized the typical environmentalist tactic of interminable legal

delay as "positively Kafkaesque." In giving the green light to Consumers Power, the Court implicitly gave a green light to the nuclear industry as a whole. This view was buttressed later in 1978 when the court, in another major nuclear case, upheld the constitutionality of the Price-Anderson Act which allows the nuclear industry to assume limited liability for potential accidents in the interest of fostering the development of atomic power.

The only beacon of hope for the defeated environmentalists came from California where the State Energy Commission, acting under its authority per Warren-Alquist, refused to allow San Diego Gas and Electric to build their planned Sundesert plant. This became a major election battle during the state's 1978 gubernatorial campaign. Attorney General Evelle Younger, the eventual Republican candidate for governor, issued an opinion calling the Energy Commission action unconstitutional. The Energy Commission and its supporters, the most noted of which was the guru Governor Jerry Brown, imported a "constitutional expert" from Harvard, one Laurence Tribe, to retail the appropriate states rights hogwash to the press and public, San Diego G&E eventually folded its plans for Sundesert.

Judge Real's opinion, if upheld on appeal, precludes a repeat of the 1978 debacle. In his ruling, the judge concurs with the utilities that the federal government has preempted the field of nuclear power and the state of California has intruded upon the authority of Congress. Judge Real notes that in the controlling case of *Northern States Power Co.* it is clear that Congress expressly intended that "the federal government retain exclusive control over the construction of nuclear reactors..." In analyzing Warren-Alquist, Judge Real states simply that this "broad renunciation of the exclusivity of the federal government's control of nuclear power development is just too much." The Real decision should be welcomed by the population of California who want to eradicate kookery in state government.

# Kennedy's 'bioethics' and the Karen Ann Quinlan case

by Dr. Ned Rosinski

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*Whatever proportions [Nazi-doctor] crimes finally assumed, it became evident to all who investigated them that they had started from small beginnings. The beginnings at first were merely a subtle shift in emphasis in the basic attitude of the physicians. It started with the acceptance of the attitude, basic in the euthanasia movement, that there is such a thing as life not worthy to be lived. This attitude in its early stages concerned itself merely with the severely and chronically sick. Gradually the sphere of those to be included in this category was enlarged to encompass the socially unproductive, the ideologically unwanted, the racially unwanted and finally all non-Germans. But it is important to realize that the infinitely small wedged-in lever from which this entire trend of mind received its impetus was the attitude toward the nonrehabilitable sick.*

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The author of this quote is Leo Alexander, an American medical doctor who was special advisor to the chief counsel for war crimes at the Nuremberg Tribunal trials of Nazi doctors. The quote is from an article Alexander wrote for the *New England Journal of Medicine* in 1949, in which he detailed the crimes of the Nazi doctors, including experiments on efficient methods of mass murder, murder by freezing, and murder by exposure to low air pressure (high altitude simulation) to test the limits of human endurance. More than 270,000 people were killed in the experiments.

Under the subtitle "The situation in the United States," Dr. Alexander had this to say:

The question that (the facts on how the Nazi policy of euthanasia began) prompts is whether there are any danger signs that American physicians have also been infected with Hegelian, cold-blooded, utilitarian philosophy and whether early traces of it can be detected in their medical thinking that may make them vulnerable to departures of the type that occurred in Germany...

Hospitals like to limit themselves to the care of patients who can be fully rehabilitated, and the patient whose full rehabilitation is unlikely finds himself, at least in the best and most advanced centers of healing, as a second-class patient faced with a reluctance on the part of both the visiting and the house staff to suggest and apply therapeutic procedures that are not likely to bring about immediately striking results in terms of recovery. I





*Human beings, or "useless eaters"?*

wish to emphasize that this point of view did not arise primarily within the medical profession, which has always been outstanding in a highly competitive economic society for giving freely and unstintingly of its time and efforts, but was imposed by the shortage of funds available, both private and public. From the attitude of easing patients with chronic diseases away from the doors of the best types of treatment facilities available to the actual dispatching of such patients to killing centers is a long but nevertheless logical step...

The trend of development in the facilities available for the chronically ill outlined above will not necessarily be altered by public or state medicine. With provision of public funds in any setting of public activity the question is bound to come up, "Is it worthwhile to spend a certain amount of effort to restore a certain type of patient?" This rationalistic point of view has insidiously crept into the motivation of medical effort, supplanting the old Hippocratic point of view...

There can be no doubt that in a subtle way the Hegelian premise of "what is useful is right" has infected society, including the medical portion.

### **Kennedy's health bill**

The trend toward cost-cutting and budget consciousness in American medical practice that frightened Dr. Alexander shortly following his Nuremberg experience with the horrors of Nazi medicine has today, three

decades later, virtually captured the federal government's outlook toward health care planning. Cost-accounting is the focus of Senator Edward Kennedy's national health insurance bill, a piece of legislation that is dominating debate over the future direction of U.S. health care. In the senator's own words: "budgeting is at the heart of the Health Care for All Americans Act."

The Kennedy health bill would close hospitals, constrict vital medical research and development, add a mountain of bureaucratic red tape onto medical establishment operations, and in the very short run vastly diminish the quality and intensity of health care enjoyed by all Americans—all in the name of cost-effectiveness. In fact, the bill's zero-growth provision that the growth of the national medical bill not exceed the growth in the Gross National Product, would ensure deep cuts in medical care expenses under current conditions of economic collapse. To stay within budget guidelines, doctors would soon be faced with gruesome choices: for example, euthanasia through the denial of advanced treatment to chronically sick elderly citizens, such as Earle Spring whose case made national headlines recently, or the denial of prenatal care to pregnant women.

The quicker, cheaper way to die that Kennedy is peddling on the presidential campaign trail, however, is not of his personal invention. The formulations basic to the legislation, and the thinking behind it, come from the Georgetown University Center for Bioethics, which was founded in 1971 with a grant from the Joseph P. Kennedy Jr. Foundation.

### **Target: medical profession**

The Center is part of a larger Kennedy Institute at Georgetown which includes, in addition to the Bioethics Center, a Population Center and a human reproductive biology laboratory. The Population Center was set up in 1962 with Ford Foundation money as a think tank for zero growth economics. Ted Kennedy is president of the Kennedy Foundation, and his sister, Eunice Shriver, wife of Sargent Shriver, is executive vice president.

Various founding members of the center, such as the Jesuit Richard McCormick and Dr. Robert Cooke, began the public relations job of legitimizing "bioethics" in the mid and late 1960s by using issues such as abortion and experimentation on humans as the subject of well-funded conferences. In the late 1960s the overall amount of medical services provided in the United States began to increase rapidly, following the passage of Medicaid and Medicare in 1965. At this point, the underlying policy of the Kennedy Institute and the Bioethics Center began to emerge more clearly as antitechnology, antiprogress, and zero growth. Coming under particular attack were new methods of treatment and life support which utilized advanced technology, such as heart monitors.

The Bioethics Center simultaneously served as a think tank for the various attacks on the medical profession at that time. The antitechnology argument was couched in the utilitarian ethic, "greatest good for the greatest number" arguments demanding that the "nonrehabilitable" be sacrificed so that "scarce medical resources" could be conserved.

The medical profession was a prime target of Bioethics Center propaganda for good reason. Following the 1971 financial crisis and the abandoning of the NASA effort, the medical profession was virtually the only organized lobby for progress in the United States which combined the qualities of scientific commitment, respect by the public and by Congress, and a powerful financial clout.

The 1976 New Jersey Court case of Karen Ann Quinlan was central to the Bioethics Center's evil efforts to dissuade Americans from their commitment to progress in medical care. Although there were no substantive legal issues or issues of medical ethics involved in the case, it dominated coast-to-coast headlines for month after month, hammering away at Americans on the question of whether Karen Quinlan's parents should "pull the plug" on their comatose daughter. Supreme Court Justice Morris Pashman stated as much during one hearing on the question: As he told State Attorney General Hyland, the case "doesn't belong (in court), it should never have been started."

### **The case of Karen Quinlan**

In April of 1975, Karen Quinlan, 21 years old and from a deeply religious Catholic family, stopped breathing temporarily and fell into a coma for reasons which were never ascertained. During the next several weeks her condition changed to what is described as a chronic vegetative state. Even though Karen Quinlan has measurable brain waves to this day, however, it is generally presumed that she has no thinking functions or even conscious perception of stimulation as such. Doctors believe that the reason for this is that the "higher" portions of the brain, the cerebral structures, have been destroyed (in this case by oxygen deprivation), while the "lower" portions responsible for reflexes, temperature regulation, and so on, have been spared.

During the early phases of Quinlan's treatment she had not been able to breathe on her own and so was placed on a respirator. Over the first several weeks attempts to wean her off the respirator by taking her off for short periods of time failed. In addition to the respirator, she was treated with tube feedings through a nasogastric tube and intravenous antibiotics for recurring bouts of pneumonia.

After several months of no improvement, the Quinlan

family accepted the doctor's opinion that reversal of the condition was highly unlikely, and requested that the doctor remove the respirator, as her mother Julie described it, "that grey console called the respirator, with its lights blinking on and off like some giant electronic computer, making hissing and gurgling noises as it endlessly pumped air down into a hole in Karen's throat." (*Karen Ann, The Quinlans Tell Their Story*, Bantam Books, 1977). Julie Quinlan, however, did not want her daughter's tube feedings to be stopped. "That's her nourishment," she said. Her father said "I didn't want Karen to die. I just wanted her back in her natural state. If God wants her to live in a natural state, she'll live. If he wants her to die, she'll die."

The doctor refused to take her off the respirator, most likely due to the highly charged malpractice atmosphere that had been developing since the late 1960s due to precedents set by California Governor Jerry Brown and his insurance regulators. Instead of simply changing doctors, the family got a lawyer. And instead of advising changing doctors, the lawyer, Paul Armstrong, a graduate of the Jesuit Loyola Law School, went to court, knowing what he would put the family through.

The petition to the court asked that Joe Quinlan be made Karen's legal guardian "with the express power of authorizing the discontinuance of all extraordinary means of sustaining the vital processes of his daughter, Karen Ann Quinlan." Nothing in the petition implied that the doctors were being forced to comply with the request. The doctors however, objected to this unnecessary intervention. They won in the lower court.

Armstrong, however, prepared to continue the legal battle. He put his case together with the help of the largest law firm in the world, Shearman and Sterling located at 53 Wall Street. The firm is one of the principal banking law firms. One of the key senior partners in the firm is Michael Forrestal, a member of the Council on Foreign Relations, who was on the White House National Security Council staff under McGeorge Bundy, and who is now an advisor to Jimmy Carter. Armstrong and another member of the firm who helped him on the Quinlan case, James Crowley, were given "secretarial assistance, clerical supplies, printing and duplicating services—and the use of Shearman and Sterling's offices as a headquarters for preparation of the briefs," all donated by "the senior law partners, Henry Harfield and Myles Wayland," according to Armstrong.

### **Help from the Kennedy center**

After losing the lower court case, Armstrong appealed to the State Supreme Court. Before the hearing, Armstrong went to the Kennedy Bioethics Center and for four days "held intensive dialogue with the priests,

physicians, lawyers, and ethicists on the moral, constitutional, and religious issues which formed the heart of the Quinlan plea."

Chief among these experts was Richard J. McCormick, S.J. Next, Armstrong conferred with Robert Veatch of the Hastings Institute, a bioethics think tank in New York. After these meetings Armstrong stated: "Our minds were well-honed for the tasks ahead."

During the months between the lower court ruling and the appeal, the world was inundated with an unending series of vicious headlines such as "Father Seeks Legal Right to Let His Gravely Ill Daughter Die," "Family Wants to Pull Plug."

The fraud was finally exposed in the appeal hearing. There, Armstrong admitted under questioning that he had originally not asked the Quinlans simply to find another doctor who would honor their request to remove Karen from the respirator because he wanted the court to "provide guidelines," to "make new law" in the tradition of "the evolution of common law, since its inception in England." He neglected to mention the relevance of the U.S. Constitution with regard to legislative powers of the courts. Despite this public display of legal absurdity, the court ruled unanimously to allow Joe Quinlan to request the discontinuation of the respirator. After some weeks, the doctors successfully weaned Karen off, and she is still alive now in a nursing home, her state of consciousness unchanged.

The rest of the world, however, is quite changed. For eight months daily headlines identified advanced medical technology as "extraordinary" and therefore not "ethically required," pushed cost-benefit analysis in a time of "limited resources", charged doctors with an imperious "disregard for the rights of the patient," and waged psychological warfare against the Catholic Church based on perverting Pope Pius XII's 1957 definition of "extraordinary" as damaging to the "spiritual life," to mean unusual or expensive.

### **The right to die**

In the immediate aftermath of its successful mass brainwashing with the Quinlan case, the Kennedy Bioethics Center stepped up its other efforts to eliminate advanced medical science in America.

In late 1976, Andre Hellegers, founder and director of the Kennedy Center, joined the advisory council of the National Committee on the Treatment of Intractable Pain to demand the use of heroin for pain treatment. With Hellegers on the council were Rev. Lawrence J. Madden, S.J. vice president of Georgetown University; and Norman E. Zinberg, M.D., a Harvard psychiatrist and member of the Advisory Board of the National Organization for the Reform of Marijuana Laws.

Dr. Peter Bourne, special advisor to Carter on drug abuse and an advocate of marijuana decriminalization, was quoted in an Intractable Pain Committee brochure as saying "I think you can rest assured...that there is a good deal of sympathy with the concerns of your organization within the federal government." Pressure from the committee, along with the willing compliance of House, Education and Welfare head and Council on Foreign Relations member Joseph Califano, forced through National Institute of Health funding for several large heroin testing programs, one of these at New York's Memorial Sloan-Kettering Cancer Research Center. As the doctors had predicted before the experiments began, heroin was no better than the standard therapies such as morphine, so its use was not recommended after the testing programs. However, as with the Quinlan case, the effect on public opinion was nevertheless real: if doctors are experimenting with heroin, then it can't be all that bad for you.

A second operation coming out of the Quinlan case was the "living will" law passed in California, which allows healthy persons to sign a "living will" stipulating that they be put to death if they ever become incurably sick. A complementary effort is the cost-cutting hospice movement, pushed by Kennedy Center advisor Elizabeth Kubler-Ross, who did the original studies of the dying which served as the basis for hospices, and who claims she has talked to the dead!

It is important to recall that the Council on Foreign Relations economic shutdown policies had made the nation "ripe" for the case.

The overall economy was in a severe downturn due to the manipulated oil hoax of 1973-74. Medical costs were rising, but predominantly due to the increase of needed medical services in the Medicaid and Medicare programs, services which had resulted in a plunge in infant mortality and increase in the life expectancy of the elderly.

Kennedy criticizes these increased services as "wasteful."

The Kennedy Bioethics Center today has directly or indirectly set up courses in bioethics in more than half of the nation's medical schools over the past five years. Hundreds of hospitals, including most of the nation's major medical centers, have defensively set up "bioethics committees" to decide on plug-pulling policy. Members of the Kennedy Center and allied think tanks staff a special President's Commission on Bioethics in the White House and a bioethics oversight committee in the National Institutes of Health. The Center has supplied the "ethical justifications" for every one of Ted Kennedy's attacks on the health care system, including his arbitrary budget caps, his attempts to cut back technology, and his bill to stifle pharmaceutical research.

## Muskie should "pull Carter down," says Senator

Senator Joe Biden (D-Del.) shocked a packed Senate caucus room on May 7, when he told Senator Edmund Muskie that he should walk out on Carter if the President does not back him up against National Security adviser Brzezinski. During Muskie's confirmation hearing before the Senate Foreign Relations Committee, Biden said: "It may not be diplomatic, but I think it must be said publicly, you and you alone have the power to bring the President down and prevent his reelection, and if he does not back you up against Brzezinski, you should walk out and do just that."

That was only the most explicit of recommendations to the Secretary of State designate. Committee Chairman Frank Church (D-Id.) and ranking Republican Jake Javits of New York, both prefaced their questioning of Muskie with support for the War Powers Act as a check against military adventurism. Church said: "The last two wars which this country fought were initiated by the President, and both ended with the country in a state of division and bitter recriminations. The War Powers Act was established to ensure a united voice stemming from the federal government."

Sen. Jesse Helms (R-NC.) however actually brought up a much more profound aspect of American foreign policy—its control by the Council on Foreign Relations and the Trilateral Commission. Helms stated that "a majority of Ameri-

cans consider that the administration's foreign policy up to this point is an unmitigated disaster," and attributed that to the influence of the CFR and the Trilateral Commission in formulating U.S. foreign policy. But Helms let Muskie off the hook by grilling him only on his formal relationship to the two named institutions (there is none) rather than on his adherence to their policies.

## Commission to reorganize government proposed

Congressman Bolling has introduced legislation to establish a special commission to evaluate programs for reorganizing the executive branch in conjunction with the state and local governments. The commission would be titled Commission on More Effective Government, under the bill introduced Jan. 30. It would consist of 18 members of both political parties, and all sectors of the economy and continue its work for two years.

Bolling is modeling his commission on the first Hoover Commission for government reorganization, which streamlined the executive branch, establishing the Office of Management and Budget and the National Security Council in the late 1940s.

The Bolling-proposed legislation has 110 cosponsors in the House and was endorsed by Congressman Parren Mitchell (D-Md.) in a major OpEd in the *Baltimore Sun* May 4. However, Bolling is not

moving the legislation out of committee until the next session of Congress. He has been talking with the Brookings Institute and Common Cause, arranging that they will play a major part in shaping the work of the commission, acting as outside advisers.

In the Senate however, action is expected sooner. Congressman Roth (D-Del.), a member of the Trilateral Commission, which has called for limiting democratic government, has introduced a proposal similar to Bolling's. Roth has included a commission proposal in his sunset legislation, which will be taken up in the Senate this summer.

## Hunts' silver market activities prompt legislation

On May 2, William Herbert Hunt and Nelson Bunker Hunt testified before the Senate Agriculture Subcommittee and a House Government Operations Subcommittee on their investments in the silver futures market. William Hunt said that the Commodity Exchange and the Chicago Board of Trade actions to raise margin requirements and limit trade when the price of silver escalated in March "were not fair or market neutral."

The hearings are being used to justify legislation that will place the futures market much more under the control of the Federal Reserve Board. "We have to see if we can halt these high-flying games," declared Rep. Ferdinand St. Germain

(D-R.I.) announcing to the Hunts that he and Senate Banking Committee Chairman William Proxmire intend to introduce legislation to create federal guidelines for the extension of credit on silver and other futures contracts. The legislation, still in the drafting stage, would set margin requirements in the futures markets and limit financing for futures investments. "The model for the legislation would be what's in place with stock margin requirements," declared an aide to Rep. St. Germain. The Federal Reserve Board now sets the margin requirements for stocks and there is a lot of discussion about extending the power of the Federal Reserve into commodity futures trading.

## **M**ove underway to eliminate oil import fee

A move has started in Congress to lift the 10 cent a gallon (\$4.62 a barrel) fee on imported oil that was declared April 2 by executive action because of expected congressional resistance to the proposal.

A resolution has been introduced in the House by Congressman Shannon (D-Mass.) with 121 cosponsors invoking Section 402 of the windfall profits tax legislation which provides for congressional review of all White House actions on oil imports. The resolution is before the House Subcommittee on the Environment and Energy and mark-up is expected after May 15. On that date, the oil companies will be allowed to pass on to consumers the oil import fee and backers of the

resolution expect a public outcry that will make speedy action on the resolution possible.

Meanwhile, Congressmen Mofett (D-Cn.), Markey (D-Mass.), Maguire (D-N.J.), Moore (R-Pa.), and Stockman (R-Mich.) along with several citizens groups and the Independent Gasoline Marketers Council went to Federal District Court on May 6 to seek a temporary restraining order and a permanent injunction against the fee. They asserted that the fee was unconstitutional because, in fact, it is a \$10 billion tax and only Congress has the power to tax according to the U.S. Constitution.

On May 5, the Federal Court rejected the temporary restraining order.

## **F**ood war in the making

Two Congressional "initiatives" in response to the economic crisis hitting the American agriculture sector have revealed themselves to be token efforts at best, and dangerous predecessors to a food war at worst.

Senator John Culver's (D-Iowa) opposition to the nomination of Lyle Gramley to the Board of Directors of the Federal Reserve Board seems to have crumbled in the face of the Fed's announcement that it is lowering the discount rate to 13 percent for small business- and agriculture-connected banks. Culver had vowed to fight Gramley's nomination on the Senate floor because it was a further indication that the administration "did

not understand" the effect of tight-money policies on those two sectors.

When the Senate Banking Committee voted 13 to 2 in favor of Gramley, Culver announced that "we have accomplished a great deal in the fight so far. . . we have been successful in easing credit to farmers, the administration is now listening to us . . . and I have made no final decision on whether to continue the fight on the Gramley nomination on the floor of the Senate."

The second "initiative" centered around comprehensive hearings on the financial crisis in agriculture held by the House Agriculture Committee. Chaired by Washington Democrat Tom Foley, the Committee heard two solid days of testimony from the major agriculture organizations, agriculture-related financial institutions and individual farmers and farm-related businessmen. Asked what Foley or the committee planned to do about the tight money situation currently devastating agriculture, a committee spokesman said, "We have no proposals in the hopper on that." The staff member added that the committee is responding to the crisis in grain production brought about by the President's embargo of grain to the Soviet Union with a proposal to establish a 4 million ton food security reserve. Major farm organizations have opposed such a proposal, because they feared that the historic American commitment to feed the world might be subverted by the use of such a food reserve in a food war against, especially, the Third World.

## **The environmentalist bilks the taxpayer**

*Environmentalists in government are using tax dollars to pay for environmentalists out of government—it's an outrage; it's also illegal.*

**M**y April 28 column reported on the remarkable fact that \$140,000 in outright grants was going from the Department of Energy to gaggles of environmentalists, including one group that was planning a one-day "civil disobedience" occupation of the Washington offices of the DOE itself. The obvious conclusion: there is little difference between the DOE at the top, and the unwashed environmentalists at the bottom, whose leaders have been taken into the Carter administration.

My investigation has now established that the \$140,000 "Earth Day" grants were only one instance of government funding for organizations whose objective is to stop American economic growth. Moreover, the funding is all strictly illegal, and involves such exemplary conflicts of interest as environmentalist leaders now employed in one or another government agency funneling federal tax dollars back to their former environmentalist organizations.

For instance, we would assume that, upon learning of the contents of the official Contracts/Grants Summary of Fiscal Year 1979 put out by the DOE's Office of Consumer Affairs, several "budget conscious" Congressmen will want to have a look at this document.

The second largest area of Consumer Affairs expenditures is categorized "Citizen Participation." The major category is referred to as

"Community Self-Help." To translate: millions of taxpayer dollars are going to the various front-groups of Mr. Nader.

Among the recipients are the following projects:

1) The Council on Environmental Alternatives of the Consumer Action Now organization received almost \$10,000 to stage a "National Energy Education Program for Women," subtitled "Brainstorming Conference, Harper's Ferry, West Virginia." Presumably, the conference organizers have found that energy is a gender-specific issue.

2) The Center for Renewable Resources of Washington, D.C. received a comparable sum for a "Project to increase minority involvement in renewable energy technologies." Solar-heated swimming pools for the ghetto?

3) The National Land for People organization of Fresno, California—its principal objective is to break up agribusiness acreage in favor of "20 acres and a mule" farming—received thousands of dollars for the following lolapalooza: "Report on the role of centralized data systems in the advancement of people-to-people energy technology transfer." Computerized sodomy?

4) The Center for Renewable Resources got \$20,000 for "Outreach support to consumer/public environmental interest groups."

The Office of Consumer Affairs has also issued grants to create likenesses of itself in each state government, with the task of impeding utility rate increases, primarily in order to inhibit nuclear and other power plant construction. Those offices are staffed by members of Nader fronts. Hobson's office also created a Consumer Affairs Advisory Committee, whose recommendations to the Secretary of Energy last May were provided almost word for word by a private agency called COIN—headed by Gar Alperowitz and Ralph Nader. The recommendations call for a Mussolini-type corporatist reorganization of electrical utilities and nationalization of the oil industry.

What's so illegal in the funding process? In the case of *Alaska Pipeline Service Co. vs. Wilderness Society*, the Supreme Court denied three environmentalist groups federal reimbursement for their legal fees because such "fee shifting" is a "policy matter that Congress has reserved for itself." Congress, moreover, has explicitly prohibited funding of the Center for Renewable Resources variety in previous appropriations battles with the Department of Energy.

But at COIN's insistence, President Carter signed a directive permitting executive agencies to create "floating money"—which is where the funds for environmentalists come from. Not only the DOE, but the White House Office of Consumer Affairs, HUD, the Department of Agriculture, and the Federal Trade Commission—all infested with "former" colleagues of Nader—donate their "floating money" to the environmentalists.

## Tax revolt: American tradition?

*The American colonists rejected British taxes designed to enforce economic backwardness—but were ready to pay levies for their new nation's development.*

Following the howls of protest that came from some quarters when subscribers studied Lyndon LaRouche's tax program in a recent issue, we are obliged to straighten out some misconceptions about the history of the tax issue in the United States. LaRouche's policy, given the condition of the U.S. economy, is very tough on "free enterprise" speculation.

For the purpose of channeling savings and earnings into capital intensive investment in production of useful, tangible commodities which will in fact increase the tax base of the economy and its productivity, LaRouche proposes a substantial increase in amortization, depreciation and depletion allowances for capital improvements in agriculture, manufacturing, construction, mining, forestry, and public transport; tax deduction credits for not only businesses, but households investing in the equity earning such depreciation, amortization and depletion; and credits for investing profits in research and development and for exporting high technology.

Speculation will be severely penalized by this tax policy putting such "investors" out of business.

Is this American, some readers ask? Was not the 1776 revolt against Britain inspired by resistance to British tax policy?

The real story is that the American Revolution was fought over

the colonies' right to develop their own industry, against the British Crown's insistence that the colonies remain raw materials producers. British taxation was just one aspect of the Crown's policy to deny America the right to develop.

After the revolutionary war, there was probably no greater impetus to the creation of the present Constitution than the recognized weakness of the federal government under the Articles of Confederation with regard to taxation. Under the Confederation, the central government had no powers to raise revenues through directly levying taxes. It could only go, hat in hand, to state governments to "requisition" funds, even for such vital matters as financing the Continental Army.

Then, as now, the tax issue was not an abstract issue, but a practical matter of weaponry in combatting the economic warfare Britain was waging against the United States. The British made no secret of the fact that they were prepared to resubjugate the United States by strangling its infant industries in the cradle and crippling the Union through internecine quarrels, especially on taxes.

George Washington was deeply concerned about the powerlessness of the central government, as was General Lafayette, who wrote to Washington: "By their conduct in the revolution, the citizens of America have commanded the re-

spect of the world; but it grieves me to think that they will in a measure lose it, unless they strengthen the confederation, give Congress the power to regulate their trade, pay off their debt, or at least the interest of it, establish a well regulated militia, and in a word, complete all those measures which you have recommended to them."

Popular antagonism to taxes encouraged by the Tories reached its peak shortly before the adoption of the new Constitution with Shay's Rebellion in Massachusetts. In response to Washington's inquiries, General Knox, the initiator of the Society of the Cincinnati, reported to Washington: "... high taxes are the ostensible cause of the commotions, but that they are the real cause, is as far remote from the truth, as light from darkness. The people who are the insurgents have never paid any, but very little taxes. But they see the weakness of the government."

Washington's reaction to the tax riots was: "Good God! who besides a Tory could have foreseen, or a Briton predicted them?" Knox, who was dispatched with 2,000 troops to suppress the rebellion, confirmed Washington's judgment, reporting that the leaders of the rebellion had avowed their objectives to be "abolition of debts, the division of property, and a reunion with Great Britain."

As LaRouche recently noted, the reason many Americans are drawn into the "tax revolt" today is that they hate the government—and with good reason. If LaRouche were in the White House, they would be willing to pay taxes to get America back on the road to prosperity.

# National News

## Club of Rome calls for eliminating 150 million Americans

In a frank interview this week, leading Club of Rome scientist Howard Odum said that "It is necessary that the United States cut its population by two-thirds within the next 50 years." Odum based his conclusion on his study which showed that solar energy and biomass, which he views as the only viable long-term energy supplies for America, are far less efficient than coal and oil and therefore can support less people. However, once the population is cut by about 150 million people, the remaining 75 million Americans "could be stably employed in subsistence agriculture. And unemployment would be virtually nil, as many jobs which are now done by machine would have to be done by human labor."

When asked if it was possible that nuclear fusion might provide an energy alternative, Odum replied, "Fusion is a fallacy because its energy and temperature yields are too high. Anyway, if fusion was possible we would really be in trouble because the energy would be unlimited and you couldn't stop growth. Fortunately, we don't have that problem."

"The U.S. has a new and exciting leadership role in the world," Odum declared. "We will lead the world down. We will help the world down to a lower plateau in energy use."

According to Odum, in the America of the future, big cities will no longer exist, all population will be rural. How to affect the transformation? "Perhaps this new influx of people from Cuba will help set up the mechanisms for resettling

the urban poor into rural habitats where they can be usefully employed in subsistence agriculture." The Cuban refugee operation is being run by the Federal Emergency Management Agency which has "contingency plans" for just such relocation.

Odum is a marine biologist employed with the University of Florida at Gainesville. His fraudulent "steady state" models of marine ecologies have been used for years to prevent proper development of marine and fisheries resources.

## Heroin epidemic to hit U.S. streets

According to a confidential report compiled by the U.S. Drug Enforcement Administration in November 1979, the U.S. will experience a heroin epidemic this summer over 20 times worse than the "worst ever" epidemic of 1970. According to the DEA intelligence forecast called Operation Cerberus, the source for this tremendous influx of heroin is the so-called Golden Crescent area of Iran, Pakistan, and Afghanistan. Officials estimate that the 1980 opium crop from these three countries alone is 1500 metric tons—almost 10 times the total opium harvest of the Golden Triangle area of Southeast Asia. Before the pro-drug Khomeini regime came to power in Iran—and the subsequent increase of Islamic fundamentalism in the region—the Golden Triangle accounted for approximately three-quarters of the entire world's exportable opium crop.

Aside from the gross amount of heroin aimed at the U.S., the new Mideast supply is unusually high in potency which will make addiction and overdose death rates soar. Street level purity of

U.S. heroin, even at the height of the epidemic a decade ago, ranged between 2-6 percent. Since the Islamic crop began coming into the U.S. several months ago, purity levels of 15 percent are now common. New York "dime bags," according to the DEA, now have a dangerously erratic purity ranging from 2.3 to 62.8 percent. The impact of this is already being felt in Europe where in West Germany alone heroin deaths have doubled over the last three months. Authorities in Boston have stated that they expect that by June there will be between 15-20 heroin-related deaths per day. In 1979, the heroin death rate nationwide was only 20-30 a month.

Moreover, representatives of the Therapeutic Communities of America, which is directed by Monsignor William O'Brien, say that as frightening as the DEA report is, the figures are seriously underestimated. They have pointed out that the DEA report was guardedly optimistic in thinking they could reduce the problem through diplomatic efforts and joint law enforcement efforts. However, since the seizure of the U.S. embassy in Iran, this is no longer viable.

## FEMA to bolster opium price by stockpiling

The Federal Emergency Management Agency announced May 2 that it has revised the list of "strategic materials" that it intends to stockpile in the event of a nuclear war. Included in the new list are some 60 tons of morphine products, or the equivalent of 600 tons of raw opium. That is almost four times the total opium crop produced in Asia's Golden Triangle region in a single year.

The U.S. government stopped purchasing opium for medical "reserves" in



## Briefly

● **THE AQUARIANS** plan a major coup when Catherine Poe addresses the annual convention of the National Organization of Women (NOW) this summer. The topic of Poe's keynote will be "The relevance of witchcraft to contemporary feminism." Aquarian "New Dark Age" planners are planning a large scale recruitment drive among feminist organizations, believing that a widespread fear of science among women makes such groups easy targets.

● **EXTENSIVE DISCONTENT** with both Carter and Kennedy is very much in evidence in the Democratic caucuses held in Colorado May 5, where the uncommitted slate garnered a full 33 percent of the vote. The large Colorado "none of the above" rejection vote continued the trend seen in several recent primaries including the huge 20 percent uncommitted popular vote in the Texas primary May 3. The Colorado total may turn out even higher when later statistics become available. United Press International is predicting the uncommitted slate will lead in delegates when all the votes are counted.

● **HENRY KISSINGER** has endorsed Ronald Reagan for President of the United States. His endorsement was given May 8 in New York City, where Kissinger received the "Man of the Year" award from the Anti-Defamation League.

● **53 ADJUTANTS GENERAL** representing National Guard units in every state and three territories have signed and are preparing to issue a set of resolutions critical of the way the Carter administration has allowed the National Guard to deteriorate, the *Chicago Tribune* reports. According to one officer, "We couldn't mobilize enough firepower to stop Snow White and the Seven Dwarfs."

1959; over a decade, those reserves built up to 350 tons. FEMA is now planning to revive government opium purchases as soon as it gets Congressional approval.

According to one FEMA official, this means the agency could end up buying another 250 tons by 1983.

The announcement followed disclosure of a report by the Drug Enforcement Administration warning of an imminent flood of pure heroin into the United States this summer. The world opium crop has multiplied several fold during recent months as a result of production in Iran and Pakistan, and by the Afghan rebels. FEMA's stockpile will be equivalent to Iran's total crop for a year.

Asked if they might approach Ayatollah Khomeini and Pakistan's Zia for purchases one FEMA official commented: "It doesn't take long to seed and grow this stuff, you know. In about a year you could do it." Another official said he would not disclose when the agency will begin its buying binge, because it would have an impact on "the market." "It would be like a price support."

### FEMA running Cuban boatlift

"Perhaps this influx of people from Cuba will help set up the mechanism for resettling the urban poor (of America) into rural habitats where they can be usefully employed in subsistence agriculture." Thus commented leading genocide advocate Howard Odum of the U.S. Association for the Club of Rome. His remark could not be more revealing.

The entire Cuban boatlift operation is being run as a test in population relocation by the Federal Emergency

Management Agency (FEMA). FEMA was created in 1979 by President Carter along the lines set forth by Trilateral Commission member Samuel Huntington and embodied in memo PRM-32. That memo stated that democratic institutions would be inadequate to effectively govern the U.S. during the 1980s and called for the establishment of a shadow dictatorial government that could take over all functions in the event of "emergencies." The FEMA was then brought into existence one day before the staged "crisis" at Three Mile Island in March 1979. FEMA "managed" that "crisis" as a psychological warfare operation designed to terrorize the American public into accepting the abortion of U.S. nuclear development, and has now been given full powers in the Cuban boatlift.

The current boatlift operation marks a dramatic expansion in FEMA functions as it establishes two key precedents: FEMA commanding U.S. military units, and FEMA conducting an actual population relocation. FEMA's role in the boatlift operation began after Florida Governor Graham called up 700 national guardsmen to deal with the Cuban influx, and FEMA took command of U.S. Air Force planes and personnel to commence airlifting the refugees from Key West to the "Tent City" relocation camp in northwest Florida.

FEMA's role escalated after President Carter declared a state of emergency in four counties in southern Florida and sent U.S. Marines into Key West. Within 40 hours FEMA had rapidly expanded the geographic extent of its role, establishing a second relocation center at Ft. Chafee, Arkansas. FEMA officials say that if the crisis continues, they will soon be setting up more relocation centers in several other states.

## The next attack on Seabrook

*The May 24 assault on the Seabrook nuclear power plant in New Hampshire will not be a typical "civil disobedience" action like the last, but a terrorist commando raid.*

In the early hours before dawn on May 24, over 1,000 individuals, trained in commando tactics, will leave the base camp and move in coordinated teams through the woods and marshes of the New Hampshire seacoast area to their objective: the occupation and destruction of the nuclear plant under construction at Seabrook.

The teams are already in training for this sixth major assault against the Seabrook site. However, unlike previous failed attempts, this year's operation has been expanded under an international command structure, and will include the deployment of teams of specialists from the anti-nuclear networks in Europe.

Among the organizations included in this are the British anarchist Toch Ness Coalition which has identified Seabrook as the top strategic priority of the international environmentalist movement; the French terrorist *Action Directe* group which recently surfaced with a series of bombings of police stations and the sabotage of several government connected computer companies in France; the West German *Burgerinitiativen* which has conducted numerous bloody confrontations with police during anti-nuclear demonstrations in Germany, France and Belgium.

This year's operation is not simply a scaled up version of previous attempts. There are funda-

mental shifts in the outlook and preparation of the commando teams. This change is the accomplishment of the Fellowship of Reconciliation.

The Fellowship of Reconciliation (FOR), ostensibly a religious organization "above suspicion," has used this status to promote virtually every One World Government project since its creation in 1914—in the tradition of Bertrand Russell, one of the FOR founders.

The organizations which the FOR works through in running the new Seabrook assault are the Quaker-linked American Friends Service Committee, and the AFSC's Movement for a New Society cult based in Philadelphia. These groups comprise the Coalition for Direct Action at Seabrook, the official sponsor for the May 24 action.

The European anti-nuclear specialty teams being brought to the U.S. are being coordinated by FOR member Lynn Shivers. Shivers, the head of the Movement for a New Society Transnational Collective has worked closely with the West German Action Reconciliation and the Europeanwide International Fellowship of Reconciliation in "exchange" programs for U.S. activists and Europeans, which provided the possibility for the trans-Atlantic interface leading to the May 24 action.

The upgraded training for the

Direct Action commandos began in February, when key leaders were taken to Iran by Dr. Norman Furer for two weeks. Included in Furer's entourage were Lynn Shivers, Boston Direct Action Coalition leader Randy Goodman, and New Hampshire Direct Action leader Lucille Gunderson. In Iran they met with the militant "students" holding the American hostages and "learned" the necessity of "direct action."

The next phase of the training is brainwashing the core group of attackers into believing that they are saving humanity.

A training program, just completed in a camp in the mountains of New Hampshire named "Another Place" was attended by 250 people. Presided over by instructors from the Movement for a New Society and AFSC, the program was an ongoing encounter group on issues such as "controlling the mind in crisis."

At more secretive locations the commando teams are training in tactics for rapid penetration of fences, dealing with police, etc.

The final stage of the training—the most important—will be the establishment of the base camp, code named the "organizing Freestate." At the Freestate camp, located near the Seabrook site, the teams will receive their final "hardening." No one will leave the Freestate during the final build-up for the operation, providing ideal conditions for psychologically conditioning the teams for the suicidal mission ahead. Into this situation the European specialists will add their expertise in police confrontation and terrorism to the overall capabilities.