

EIR

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Mass unemployment is national policy
Club of Rome: 'We created environmentalists'
Carter commits U.S. to nuclear confrontation

**The education gap:
Soviets leave America far behind**



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EIR

From the Editor

“An educational revolution” is on in the Soviet Union and has been since the late 1960s, precisely the time when American youth became submerged in the drug-rock culture, and “dropouts” from society—and school—became the rage.

Today the Soviet Union has millions of scientifically trained youth graduating from high schools and universities every year. “The disparity between the level of training in science and mathematics of an average Soviet skilled worker or military recruit and that of a non-college-bound American high school graduate, an average worker in one of our major industries, or an average member of our All-Volunteer Army is so great that comparisons are meaningless.

Izaak Wirszup, professor of mathematics at the University of Chicago drew this conclusion in a report comparing the U.S. and Soviet scientific education systems.

Our Special Report details the facts of the “Education Gap,” exposing one of the biggest scandals in U.S. history. We excerpt the Wirszup report at length, and show the extraordinary applications of the Soviets’ scientific revolution in a profile of the Siberian university city of Novosibirsk.

We also include a commentary on the destruction of scientific education at West Point by Dr. Morris Levitt, Executive Director of the Fusion Energy Foundation. Education, you will see, is the most crucial of national security questions.

But there is even more of a scandal than meets the eye in comparing the one year of training in geometry of an American high school graduate to the eight-year geometry training of his Soviet counterpart. Dr. Steven Bardwell, associate editor of *Fusion* magazine, describes the incompetent “New Math” being taught in U.S. schools and demonstrates why this “educational reform” is destroying our children’s capacity for creative thinking.



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At least through April, all the nasty features of the present "recession" were a product of Carter administration policies to create those features, and if unemployment hit 9 percent in 1974-75, it's sure to hit 12 percent this time. But from now on, even the "controlled disintegration" crowd in the White House can't plan on controlling matters.

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Special Report



Soviet school children take a class in geometry, which they study for a minimum of ten years. Photo: Sygma

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The Malthusian program of America's ruling circles has degraded the nation's young and virtually wiped out quality education. But in the Soviet Union, the momentum of the 1960s space-exploration period was never lost. As "Aquarian" kookery sweeps American youth, the Russians are turning out mathematicians and scientists by the millions. Here are the facts suppressed by the U.S. government.

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Rethinking national goals

"A basic rethinking of national goals, policies, and strategies regarding the use and misuse of psychoactive drugs is required," states a recent report of the Drug Abuse Council. "To state it plainly, the challenge facing America regarding drugs is to determine how best to live with the inevitable availability of psychoactive drugs."

The Drug Abuse Council, the White House advisory panel on drug policy, openly endorses this marijuana decriminalization policy called for by both Ted Kennedy and Jimmy Carter.

The drug epidemic has become a question of national security if one compares the degraded state of the majority of the youth of the United States with the education and scientific capacities of Soviet youth. Yet the policy coming out of the White House demands that we learn "how best to live with the inevitable. . ." From a national security standpoint, this is treason.

According to a confidential report compiled by the U.S. Drug Enforcement Agency in November 1979, the U.S. will face the worst heroin epidemic in its history as heroin floods in from Iran, Pakistan, and Afghanistan. The 1980 opium crop from these countries is estimated at 1,500 metric tons, almost ten times the opium harvest of the Golden Triangle area of Southeast Asia, traditionally the supplier of three quarters of the world's opium exports. Ayatollah Khomeini's heroin exporting policy is responsible for this extraordinary crop in the regions dominated by his Islamic doctrine.

The new Mideast supply of heroin will constitute open warfare on the nation's youth. Aside from the massive increase in quantity and the lowering of prices, the unusually high potency will make addiction and overdose rates soar. The purity of a "dime bag" now being sold in New York has a dangerously high rate of purity ranging from 2.3 to 62.8 percent. This means thousands of young people will be dead by overdose this summer.

Who is to blame for the destruction of our youth through drugs, for the degeneracy of our military, for the destruction of our educational system that now teaches adaptation to "post-industrial society?"

Behind the heroin epidemic and the drug decriminalizers is the basic economic and political policy which cannot be implemented unless the moral, cultural and intellectual life of the nation is impaired. That is why drugs have been systematically introduced into the United States from the time of the CIA's MK-Ultra project into the 1980s.

Who is to blame for the current "rethinking of national goals?"

Milton Friedman, champion of austerity and depression economics and a top advisor to Ronald Reagan, first endorsed drug decriminalization, not only marijuana but heroin, in 1972. He was also a key proponent of the disaster called the All-Volunteer Army, where drugs are rife and the average volunteer reads at a 5th-grade level.

The Islamic fundamentalists, lead by the Ayatollah Khomeini, are growing poison for American youth—the same Khomeini put into power by Carter advisor Zbigniew Brzezinski. The same Brzezinski praises and funnels funds and arms to "the fiercely independent" Afghan tribesmen who are the opium growers.

Behind the Carter administration's inaction against the drug menace is "Dope, Inc.," the international drug cartel which is run by the same families that brought you the Trilateral Commission, the New York Council on Foreign Relations and the Club of Rome.

The same policy makers who advocate the "controlled disintegration" of the U.S. economy must bring you drugs, counterculture and mysticism. Milton Friedman's drug advocacy, like that of the CFR, is totally coherent with the "national goal" of a zero-growth society.

Mass unemployment is the national policy

by David Goldman

April's 7 percent unemployment rate is not merely proof that the United States is entering a "deep recession," as most of the commentators suggest, but that unemployment is an intentional feature of public policy. No one should be deceived that a \$25 billion tax cut, as proposed by the Business Council and various economists to counteract the apparent severity of the downturn, will have significant effect on the economy. What is at work is something more fundamentally wrong than anything that occurred in the 1974-75 period.

What is qualitatively new in the bad news announcements of the past two weeks is that the part of the economy which was artificially protected by expectations of hefty military orders and strong Federal support for energy-autarky schemes has begun to unravel. As *EIR* reported in its survey of the American economy last month, the difference between September-March 1974-75 and September-March 1979-80 lies in the "mix" of the economy between consumer and capital goods. Although the two downturns were comparably severe in the consumer industries, total industrial production did not fall over the past eight months, although it fell by 15 percent during the earlier recession period.

Now, in bits and pieces, the capital goods sector is starting to unravel. U.S. Steel, which lost some forty percent of its orders during April, is now operating at 60 percent of capacity. A wave of mass layoffs is now following in steel, after a similar wave in auto. The first important breaks in capital spending plans have been reported. National Steel announced the reduction of its spending plans by 20 percent, along with other steelmakers. Even more significant is Ford's announcement of a

\$2.5 billion reduction of capital spending plans for the present year.

Such capital spending was not an elective for Ford Motor Co., which must downsize its cars by 1985 to meet EPA regulations or cease to function as a major American automaker. The strong implication, already suggested by highly-placed Washington sources, is that Ford will drastically reduce its unprofitable domestic operations, now running at a deficit rate of between \$1.5 and \$2 billion p.a., in favor of more profitable foreign operations. Also significant is the speculative collapse of defense and aerospace industry stocks on the New York market, despite continued efforts of analysts to promote them on grounds that the United States is moving towards a war economy in the long term.

On the energy side, all the talk about multi-billion dollar investments in synthetic fuels plants has not yet materialized in the form of hard Federal dollars. It is still not clear whether the demonstration plant built by Exxon, American Natural Resources, and other firms, and funded by a group of gas-using utilities, will survive foot-dragging in Washington.

For reasons stated clearly by Manufacturers Hanover economist Irwin Kellner, the conjunction of a collapse in capital spending on top of the devastation of the consumer sector means mass unemployment:

... the pace at which jobs were created during the expansion that began in April 1975 was nothing short of phenomenal. This reflected a fortunate confluence of two elements of demand and supply. The supply of people willing to work was there



An unemployment line in New York. "Simple arithmetic tells us that if the 1974-75 recession brought unemployment to a peak of 9 percent, the current recession will reach a peak of 12 percent unemployment if the overall downturn is of comparable severity."

Photo: NSIPS

because of the two- and three-income family ... The demand for workers matched supply because of the shift in the economy towards labor-intensive, low-productivity industries ... if this recession spreads across a whole host of consumer industries, as I think it will, then layoffs will occur in services, retailing and white-collar industries in general. It stands to reason that if it took more than the usual number of workers to increase output in a labor-intensive sector, it will take a layoff of more than the usual number of workers to decrease output if these sectors run into difficulty. And, I would remind you, that unlike past cycles, families won't have credit to turn to, since lending institutions have virtually shut off the credit tap in the wake of the mid-March policy tightening.

Simple arithmetic tells us that if the 1974-1975 recession brought unemployment to a peak of 9 percent, the current recession will reach a peak of 12 percent unemployment if the overall downturn is of comparable severity. These figures, of course, do not include workers who have stopped looking for work, gone onto welfare, or otherwise disappeared from the count at the unemployment centers, or potential labor force entrants excluded from the workforce due to adverse conditions, or an entire range of labor force participants otherwise excluded. The actual unemployment rate now is above 10 percent when these categories of unemployment are added to the official totals—assuming that the Bureau of Labor Statistics count is honest.

However, drastic as the prediction of 12 percent

unemployment may seem, that is the least of the economy's problems. The bigger problem is that, if events proceed linearly on their present course, the economy will never recover.

EIR demonstrated in the cited survey, through a computer simulation employing the LaRouche-Riemann model, that by 1981 the American economy will no longer be capable of replacing obsolesced and deteriorated plant and equipment, after five years of negative net capital formation, after the deduction of real depreciation. It is intuitively obvious that the costs of lost capacity utilization and lost skills in the workforce associated with prolonged idleness will bring us to this point faster.

But the round of current developments demonstrate that it is not merely a question of *when* the American economy will undergo the phase change which we earlier described as "thermodynamic death," but also, what sort of phenomena are associated with the period approaching such a phase change. In this sense the London *Economist's* criticism of Federal Reserve Chairman Paul Volcker is *superficially* correct; the *Economist* wrote, "Like a teenager with a new sports car, the Fed has spent the first six months at its new controls learning that it can accelerate fast and brake hard. It has still to master-cruising at a steady pace within the speed limit."

However, the *Economist* is drastically in error when it assumes that a middle course exists in the first place. The intention of the Carter administration, as *EIR* reported in depth over the past several months, was explicitly to turn out the results that pertained through March: to butcher the consumer sector of the economy and build up the military and quasi-military sectors of the econo-

my, including energy autarky. The administration was lifting entire pages of Nazi Finance Minister Hjalmar Schacht's manual of 1933-1938. Its chosen instrument for this reorganization was the Federal Reserve Board, which received more power at the hands of Rep. Henry Reuss than Schacht ever enjoyed at the Reichsbank, and the semi-secret Federal Emergency Management Agency, the successor of the Strategic Bombing Survey and the Office of Preparedness. What the administration wanted was precisely what we saw until April.

How mindlessly stupid this policy is became evident when bank newsletters appeared this week describing the change of the economy's "mix" between capital and consumer goods, at the moment that the capital goods side of the economy began to break. The Morgan Guaranty Survey, for example, wrote in its May issue, "At present, there are few signs of imminent weakness in business capital spending. Indeed, most investment indicators do not suggest any sudden deterioration of outlays on plant and equipment. Moreover, there is a distinct absence of the speculative excesses that were an important element of the capital-spending collapse of 1974-75." Manufacturers Hanover also called the consumer the "biggest negative this time around."

We have published the results of computer simulation of the policy described above in some detail, but the basic problem is simple: concentration of investment in either non-productive industrial sectors, e.g., military goods, or in the least-efficient of available technologies, e.g., synthetic fuels, produces a tendency towards hyperinflation, for the simple reason that the incremental capitalized value of the equity and debt associated with such ventures exceeds the total value added to the economy. The "success" of Volcker's restrictions against consumer credit, combined with an open door to credit for capital spending in such areas and a 30 percent p.a. increase in the rate of military spending, gave us a 20 percent inflation rate by early this year.

The Volcker March 16 credit controls package,

whose most devastating provision was the overall limitation of credit extension by commercial banks to 9 percent per year (against a 15 percent annual rate during the first quarter), threatened to bring the entire credit system down. Banks' lending slowed to virtually zero.

Pittsburgh National Bank economist Norman Robertson calls this "the largest two month decline in thirty years" (see chart). The economy dropped out so fast that even *Wall Street Journal* columnist Lindley Clarke, Jr., Milton Friedman's voice on that newspaper, proposed May 13 that the Federal Reserve remove the statutory 9 percent rule. In any event, rather than let the entire financial system come down with a crash—a month ago top New York investment bankers had put their entire personal fortunes into short-term Treasury bills in expectation of such a crash—the Federal Reserve brought the Federal Funds rate down by 8 percent in less than three weeks, taking the major pressure off the commercial banking system.

As the *Economist* of London critique suggests, the Fed and administration are now attempting to "fine-tune" a depression through the most incompetent possible methods. For example, the White House is reportedly not displeased by a Federal judge's May 13 decision to postpone the \$10 per barrel surcharge on imported oil. Reportedly, administration economists fear that the new tax on top of other strains would yield uncontrolled disintegration of the economy. Even for an administration whose leading policymakers wrote the 1979 Council on Foreign Relations statement that "controlled disintegration of the world economy is a legitimate objective for the 1980's," this is something to give pause.

The issue of the defense budget hoax is also revealing. We now know that despite the burst in defense spending during the last quarter of 1979, the current state of defense procurement is exceedingly parsimonious; the administration has actually deferred some spending in order to show a paper increase of 3 percent in military spending between the Fiscal 1980 and Fiscal 1981 budgets! The current year's budget deficit will now undoubtedly top \$70 billion, and the budget deficit next year could "easily" top \$100 billion due to the loss of revenues through the depression. This deficit does not even count about \$70 billion in off-budget financing. Some Wall Street analysts are predicting a sharp interest rate upturn, not only because of the excessive volume of Treasury financing, but because corporations delayed payment of April taxes, in effect borrowing from the Federal government, and will have to come onto the loan market to make up these payments.

There is no longer a middle ground between hyperinflation and general industrial collapse, contrary to the *Economist's* illusions. That has already been demonstrated in computer simulations. Now it has also been demonstrated by the headlines of the financial press.

Domestic Commercial and Industrial Loans		
Per Annum Rates of Growth		
	1st Quarter 1980	Last six weeks
NYC Banks	4.4%	-7.7%
Money Center Banks (including NYC)	10.4%	-6.9%
Regional Banks	19.6%	5.7%
All Large Commercial Banks	15.6%	0.3%

Will France put gold on Venice agenda?

Central banks have put a \$500 floor under the bullion price, while everyone wants to hear Giscard's undisclosed plan.

French President Giscard d'Estaing is expected to advance a sweeping proposal for international monetary reform, including a plan to enhance gold's role, at the upcoming Venice summit of Western heads of state. Although Giscard indicated that he was preparing such a plan as long ago as last December, French officials declined to give any details and since then few references to the plan have appeared in the press.

However, in a recent issue of his *Green's Commodity Market Comments*, analyst Charles Stahl predicted that Giscard's plan would have a major impact on world markets: "Valery Giscard d'Estaing will come up with some kind of proposal to enhance the role of gold in the monetary system. We do not believe that [his] proposal will be accepted ... but the mere expectation ... should add fuel to the bullishness..."

The Giscard plan was also the subject of an editorial in the May 12, 1980, issue of *Barron's*. *Barron's* stated that Giscard would probably propose "some form of link between the EMS and other major currencies, such as the dollar and the yen. Central banks would be empowered to maintain stable exchange rates partly by buying and selling gold." *Barron's* also quotes a French official as saying that there will be "a recognition of gold's proper role as a monetary asset."

The heightened speculation

concerning Giscard's monetary plan occurs amidst mounting signs that both the French and West German governments are prepared to move independently of the U.S. in the foreign and military policy spheres. Just before Carter's failed Iranian "rescue" mission, the two governments had fallen in line behind the U.S. in a display of "Western solidarity" and there were even some rumors that Giscard would drop his monetary proposal. However, in the wake of the "rescue" mission fiasco, the view in Paris is that the Carter administration is dangerously adventurist and unstable. The crisis has apparently given Giscard cause to recall his own December speech, in which he stressed that the only way to secure world peace was to build a new monetary system that could solve the problem of Third World underdevelopment.

The threat of a new French initiative on gold has caused some consternation in the Anglo-American financial establishment. Brookings Institution senior economist Robert Solomon commented May 13 that Giscard "would never dare" to propose an expanded monetary role for gold and insisted that the French would, at most, suggest a new petrodollar recycling mechanism to roll over Third World debts. However, as Solomon admits, Giscard's actual plan is a closely guarded secret. When Solomon went to Paris to find out about it and asked his "close

friend" Bernard Clappier, the former French central bank chief, for the details, Clappier said he had asked Giscard the same thing and was told: "Figure it out for yourself."

Meanwhile, New York traders report that some Western and Eastern European central banks have been regular buyers of gold whenever the price dips below \$500 an ounce. This central bank activity could indicate that European governments have an informal agreement to support the gold price at the \$500 level. Rumor also has it that Bank for International Settlements chief Jelle Zjilstra is proposing a "band" within which the gold price would fluctuate, as a countermove.

The gold market has been in the doldrums since February because of the international credit crunch which has caused private investors to liquidate their gold holdings in favor of high-yielding debt instruments. This downward pressure on the gold price has been neatly counterbalanced by central bank and Middle Eastern purchases as well as by the fact that two major sources of gold supply, the U.S. Treasury and the International Monetary Fund, have withdrawn from the market. The Treasury has not held a gold sale since November, in belated recognition of the fact that the effort to demonetize gold has failed, while the IMF's mandate to auction its gold expired this month.

As a result of this standoff in the "supply-demand equation," the gold price has moved in a narrow range between \$500 and \$550 in recent weeks. Depending on Giscard's long-awaited monetary plan, the gold markets could spring alive again.

Foreign aid for Chrysler

While Japanese banks stretched out little-known loans under pressure, some Senators still want to shut down the whole works.

After much delaying, the government's Chrysler Loan Guarantee Board decided last week to release \$1.5 billion in federal loan guarantees to the Chrysler Corp., paving the way for a new infusion of credit to the ailing automaker. While this event was capturing the headlines, a number of other developments surfaced which bear on the nature of the "rescue" package and on the fate of Chrysler.

On May 6, *Keizai Shimbun* (Japan Economic Journal) reported that Chrysler Corp. is asking seven Japanese banks to accept deferred payment on \$30 million in dollar-denominated bonds that were privately placed in the Tokyo capital market in December 1972. The bonds in question have a 15-year maturity and were to have been redeemed at a yearly rate of about \$3 million starting in 1979.

According to an April 22 report in *Nihon Keizai*, the seven banks were previously pressured into accepting a stretchout of \$156 million in short-term trade credits into nine-year loans to help out the cash-starved Chrysler. The authoritative Japanese economics weekly reported:

"There was strong speculation last week that such a change in credit status, rare in the banking business, was worked out under political pressure at a time when there is considerable friction in Japan-U.S. trade relations over Japanese car sales in the U.S., which

could be an issue when Prime Minister Ohira meets with President Carter during Ohira's forthcoming visit to Washington in May."

Until several months ago the Japanese banks, which include Mitsubishi Bank, the Industrial Bank of Japan, and the Bank of Tokyo, had been providing trade credits to finance the import into the U.S. of subcompact cars and light trucks made by Mitsubishi Motors Corp., in which Chrysler has a 15 percent interest. At one point last winter, the Japanese banks were considering suing Chrysler to recover their \$156 million as unidentified European banks have apparently done. Then came the political armtwisting.

The existence of the Japanese credits was only hinted in the voluminous documents on the financial condition of Chrysler submitted to Congress by Treasury.

In another development, Sen. Lowell Weicker (R-Conn.), Sen. William Proxmire (D-Wisc.), and other critics of Chrysler are seeking to challenge the Loan Guarantee Board's decision to release the guarantees by attaching an amendment to the \$1.5 billion appropriations bill. The amendment would make the actual appropriation contingent on meeting the exact conditions specified by the loan guarantee act passed by Congress last December—namely, that Chrysler's creditors extend it new unsecured loans and that Chrysler

plan a sale of new stock to the public. These conditions were waived by the Loan Guarantee Board last week.

An aide to Senator Weicker said in an interview that Chrysler's domestic bank creditors must make good on \$159 million in loan commitments to the automaker that were still outstanding as of last fall.

"There won't be any money in the till if Chrysler goes belly up and defaults on the guaranteed loans, unless the banks agree to the letter of the law now ... Some time ago the marketplace decided that it wouldn't support Chrysler any more by buying its commercial paper, because it is not a prudent investment." Sens. Weicker, Proxmire, et al. would like to see Chrysler go "belly side up" with no more adue.

Complaints that the loan guarantee package is just an elaborate debt rollover—and one of more benefit to Chrysler's creditors than to the automaker—are valid, however. Chrysler's own financial reports show that between December 1978 and December 1979, the corporation's outstanding commercial paper, its unsecured IOUs to large investors, dropped from \$1.65 billion to only \$62.4 million. The loan guarantees package would simply substitute high-risk short-term debt that Wall Street rejected with other debt bearing the government's imprimatur.

The release of the loan guarantees substantially altered the dim outlook for Chrysler. The corporation is expected to have to tap \$500 million of the loan guarantees by the end of May and another \$600 million before the end of 1981.

Get a horse!

Agriculture Secretary Bergland does not believe in farmers' using machines, fertilizers and insecticides.

I do not think that federal funding for labor-saving devices is a proper use of federal money," Agriculture Secretary Bergland told a California audience last December. Bergland's preference for cheap, manual labor over machines is as repugnant to American industry's working people as to farm producers. University researchers, producers and agribusinessmen were up in arms over Bergland's pronouncements. Letters were fired off to the White House demanding that Bergland retract the statement and issue a policy "clarification."

Secretary Bergland, refusing to retract the statement, instead restated his policy in a speech and press release at the end of January. The December outburst was not just an idle remark. At the time, a law suit against the University of California had been making its way through the state courts to prevent tax dollars from being used to support research that allegedly benefits private, not public interests. The suit, brought by the so-called California Rural Legal Assistance project, centers on the development of a mechanical tomato picker at UC-Davis, where a prototype lettuce picker has also been developed. The CRLA maintains not only that the mechanical harvesting machinery is increasing

tomato production but is eliminating thousands of stoop labor jobs. This, according to the CRLA, is contrary to the public interest.

At last report, the Alameda County superior court judge trying the case has opted to ignore the important issue of whether or not these technological developments benefit the public, and has instead narrowed his consideration to three points concerning possible conflict of interest of university officials with holdings in agribusiness and the like.

This was the context in which Bergland repeated his policy statement. "We will not put federal money into research where—other factors being equal or neutral—the major effect of that research will be the replacing of an adequate and willing workforce with machines."

Bergland also added that up to now, too much emphasis has been put on the value of productivity gains resulting from new farm technology, and not enough attention has been paid to the "social costs" of adopting new technologies.

Bergland stated explicitly his doubts about the future viability of high-technology farming and of highly mechanized farms, because, as he put it in the policy clarification, "we no longer have cheap

and abundant supplies of energy. And we have learned that mechanical and chemical technology can exact a high price in terms of erosion, pollution, and human health."

As he has stated repeatedly, Bergland emphasized that research monies should be devoted to finding ways to reduce the use of fertilizer, pesticides and petroleum.

To implement this policy, Bergland set up a committee of consumer and farm representatives that is charged with sorting out the "public" interest from the "private," socially harmful research categories. One of the co-chairmen of this committee is USDA Deputy Director of the Office of Economics, Policy Analysis, and Budget, Susan Sechler. Ms. Sechler told *Science* magazine recently that work was going slowly because of the controversial nature of the subject, and stressed that great care was being taken to be fair. Ms. Sechler hastened to add, however, that she is convinced that agriculture has become, as she put it, "a tremendously overmechanized industry," and that every effort should be made to draw the line on research projects that could accelerate mechanization.

The odor of the virulently anti-technology "Agriculture Accountability Project," inspired by Ralph Nader and targetted by this news service three years ago as having an inordinate influence on the Carter Agriculture Department, is unmistakable in Chairman Bergland's mechanization policy. Incredibly, according to the May 9 issue of *Science*, this "policy clarification" has stilled at least some of the angry farm voices from California.

Germany seeks 'island of stability'

But the dangers that prompted establishment of the European Monetary System now require its expansion.

E*IR* conducted an informal poll this week of the Group of 30, the body assembled last year by the International Monetary Fund and financed by the Rockefeller Foundation to oversee world monetary reform. Members expressed in strong terms the likelihood of a new dollar crisis, in comments ranging from "The [U.S.] economy is falling away beneath us, and reserve diversification into deutschemarks will speed up," to "When the Europeans really think about a Reagan presidency, the dollar will go."

Publicly, however, the line is that the dollar has stabilized and it will strengthen as the U.S. economic collapse reduces imports and eventually cuts inflation. The American and British financial press have been full of such judgments, though the sources don't believe them and moreover are still committed to phasing out the dollar's reserve role.

Why the deception? It reflects a specific stage in the ongoing "aversive conditioning" process against Western Europe. Hammered over the past months with unworkable and undesirable schemes for expanding the reserve role of the IMF's Special Drawing Right, France and West Germany are at present being induced to imagine they have won a victory by shelving such proposals, and can "muddle through" the U.S. economic crisis without fundamental initiatives on their own.

West Germany and, above all, France launched the European Monetary System two years ago as a strategic solution to the credit starvation of the Third World, and the East-West war threat fueled by Third World "hot spots." Lesser policymakers were drawn by Schmidt and Giscard into the perspective because the Carter administration had triggered an inescapable dollar crisis.

The EMS contribution to dollar stabilization has been a large, successful one, but the Phase II plan for absorbing petrodollars and other Euromarket deposits into a European Monetary Fund, then relending them with backing from pooled gold reserves in the form of long-term Third World development credits, has been stalled. At this point, private European banks are not even functioning as the "safety net" that sustained Third World lending last year.

A highly placed Frankfurt banker told *EIR* May 14: "The problem is that we're not lending anything on the Euromarkets. Our exposure, the country limits, are stretched to the last pfennig. Now we are pressuring the government to help us. There is no way, the banks can handle the recycling alone; we need government guarantees. And the goddamned Arabs should do more direct lending."

"This is a dangerous problem, very much so, this controlling of the Euromarkets. We are pressed

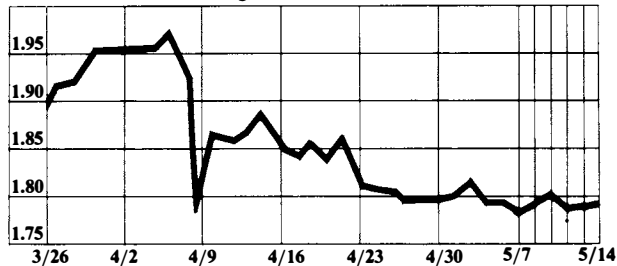
harder and harder by the [central bank and supervisory] authorities. We'll fight on the ratios [an effort to limit lending in proportion to bank capital] but we're on the losing side of things. It will endanger the recycling process."

West Germany, along with France and Japan, has not only experienced an influx of petrodollars but will undoubtedly see the flow increase. But the deposits are not being lent to the developing sector, as this Big Three banker defensively complained. Europe and Japan are financing their own current accounts deficits and priming domestic investment, while much of whatever German Euro-lending persisted in the past four months has gone to U.S. corporations strapped by the Federal Reserve's credit corset!

The resort to high interest rates to induce capital inflows, cut import costs through currency appreciation, and hold down consumption—the "island of stability" concept expressed by Bundesbank chief Karl-Otto Poehl and emulated by Japan's Ohira government—is not a workable one either for Europe and Japan, or for their Arab associates. There is the danger of dollar turmoil renewing interest-rate escalation on the U.S. side later in the year, or the possibility of Penn Central-style financial panics and the potential for the U.S. to export its "recession." Most pressingly—as the Group of 30 economists themselves said this week with sincere horror—the Third World economic situation will engender "terrific instabilities." The factors that prompted the European Monetary Fund conception are therefore still there in spades.

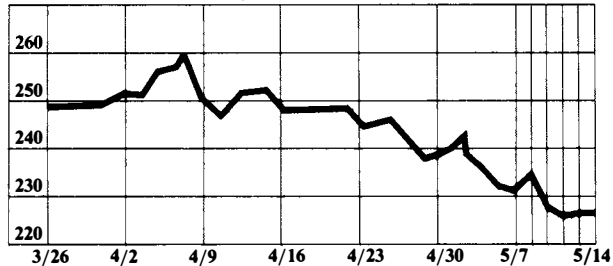
The dollar in deutschemarks

New York late afternoon fixing



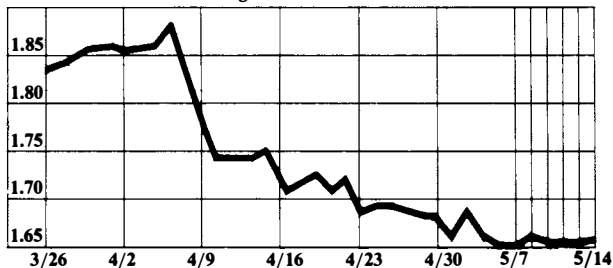
The dollar in yen

New York late afternoon fixing



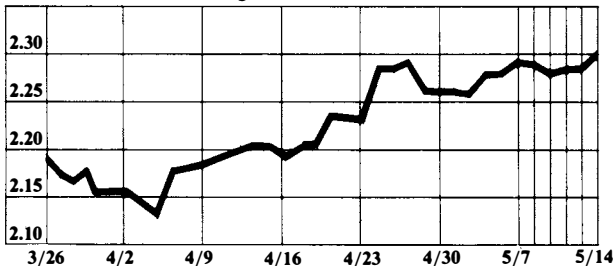
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



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and the Fusion Energy Foundation.

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Trade Review

NEW DEALS				
Cost	Principals	Project/Nature of Deal	Financing	Comment
(\$) 1.7 bn	Saudi Arabia from France	Modernization of Saudi navy, including supply of several guided missile patrol boats and corvettes for both the Red Sea and the Gulf. This contract follows an earlier one to France for modernization of the Saudi army; France will supply 1,000 tanks and reorganize the ground defense system		France won out against Italian competition
(\$) over 200 mn	Argentina/France	Pechiney will build a uranium processing plant in San Rafael, Argentina (near Mendoza). The entirety of the plant's production will go to France's Atomic Energy Commission (CEA). Pechiney will hold 25 percent of Minera Sierra Pintada, the plant's owner		Accord signed with Atomic Energy Commission
(\$) over 419 mn	Portugal from Switzerland	Motor-Colombus Ingenieurunternehmung AG of Baden, a Swiss civil engineering concern, will supply Portugal's state utility, Electricidade do Portugal, with a steam power station in Sines		winning bid announced
(\$) At least 350 mn	USSR from Japan	Japanese export of 700,000 tons of large pipe for use in a Siberian natural gas project	As much as \$350 mn in Japanese "Eximbank" credits	Export credits approved by Japanese government on basis of similar W. German "go-ahead" on Soviet pipeline deal
(\$) 300 mn	Peru from USSR	Olmos dam and irrigation in draught-stricken northern Peru. Originally planned by an American in 1920s, Olmos has been subject of Soviet studies for a decade	Soviet 18 year dollar credits at 6.5%	Contract signed
(\$) 21 mn	Abu Dhabi from France	Matra will supply television equipment to Zakum Development Co., an affiliate of Abu Dhabi's National Oil Co., for use in surveilling drilling platforms. The National Oil Co. is closely linked to France's CFP		Contract awarded
(\$) 5.6 mn	Greece from U.K.	Olympic Airways has ordered two SD-330 "Commuterliner" aircraft		
(\$) 1.8 bn	Egypt from W. Germany, France, Austria	Siemens (W. Germany and Austria) and Thomson CSF (France) are negotiating to supply telephone equipment to Egypt	West German financing arranged on "soft loan" terms (no more than 5.5 percent) insisted on by Egypt. French and Austrian agreement not yet concluded	

MHD: efficient power production

by Marsha Freeman

Magnetohydrodynamics has the capability of direct production of electricity at increasing efficiencies and without environmental problems. Part 1 of our series.

Since 1832 and the experiments of Michael Faraday it has been known that if an ionized fluid is passed across the line of force of a magnetic field, an electrical current is produced. This method of generating power without any moving parts is known as magnetohydrodynamic (MHD) direct energy conversion and it can be used with any fuel, in space and in industry, and is the best means found yet to take the products of combustion or heat and turn them into the highly organized form of energy in a power grid. As such, it is an important part of the high-technology alternative to the Carter administration's proposal for inefficient and costly synthetic fuel and alternative energy programs.

MHD electric power conversion is an extremely flexible technology. Generators can be built in the range of 30 megawatt devices for scientific experiments and as portable power sources. (Such devices are operational in the Soviet Union now.) And baseload electric power generators for commercial utility systems will likely use MHD systems with a 1,000 megawatt capacity.

The working fluid in the generator can be combustion products, including oil, natural gas, coal, or chemical rocket fuel, where the fuel is partially ionized in the process of burning at high temperatures. Or at the lower temperatures available from fission reactors, the working fluid can be liquid or vaporized metals such as sodium as well as noble (inert) gases. With thermonuclear fusion, the nuclear combustion process of fusion will eventually provide a high-temperature plasma as the working fluid.

MHD generators can be designed in either open-cycle or closed-cycle configurations, depending on the working fluid. If the fluid used is the combustion product of a fossil fuel, the exhaust gas from the MHD generator can have its heat transferred to a conventional steam turbine cycle for additional power generation—an open cycle. With a liquid metal that is heated by an external

heat source, such as a nuclear reactor or coal combustion, the working fluid is recirculated after power is drawn off from the MHD generator and is reheated and reused—a closed cycle.

The four major parameters that must be in precise balance for efficiency of conversion and for the production of large power loads are the electrical conductivity of the working fluid, the velocity of the fluid through the channel or containing vessel, the strength of the magnetic field and the configuration of the electrodes to most efficiently draw off the current produced in the generator.

Each of these parameters has expanded the technology and engineering capabilities of industry and, in some cases, has helped pose whole new problems and solutions in power engineering.

- In order to bring the electrical conductivity up to required levels in working fluids made up of combustion products, researchers have developed a chemical seeding process.

- To increase the flow rate of a gaseous fluid beyond the speed of sound, nozzle systems are used that compress the gas and then expand it as it accelerates in the MHD channel.

- For baseload power systems, where the magnetic fields must create a Lorentz force large enough to separate enough of the charged particles in the working fluid to make the system economical, researchers developed superconducting magnet systems. Basically, the Lorentz force is the force created on the charged particle when a flow of charged particles is passed through a magnetic field that is at right angles to the direction of fluid flow. The particles separate by charge, providing the electric potential by which a current can be drawn off when a load is attached.

- Finally, working out the complexity of the magnetic and electrical fields in the MHD generator has led to the design and engineering of sophisticated generators that capture only the Faraday current (the current produced as the result of the Lorentz force that is perpendicular both to the direction of fluid flow and to the magnetic field) or only the Hall current (the electric field induced by placing a current-carrying conductor in a magnetic field) or that optimize the system by making use of both.

Research and experimentation in MHD for numerous applications is ongoing in the United States, the Soviet Union, Japan, Great Britain, the Netherlands, France and West Germany. In the next installments in this series on the technology of magnetohydrodynamics, *EIR* will review the various approaches (fossil, nuclear and fusion) and its applications.

Our thanks to the Fusion Energy Foundation and its magazine Fusion for providing much of the information for this series.

Business Briefs

Foreign banking

French declare war on Swiss banking 'secrecy'

French customs officials have raided the Paris offices of the Swiss Bank Corporation and a subsidiary of the Nestlé's Company and arrested a Swiss financier in a crackdown against illegal activities carried out by Swiss businesses long protected by strict secrecy laws.

The crackdown, which also includes meticulous searching of all luggage coming in from Swiss flights, began last week in apparent retaliation for the arrest in Basel, Switzerland of two French customs investigators April 15. The two were entrapped in Swiss territory after an agent for the Basel police had promised to deliver documents violating Swiss secrecy laws to the two Frenchmen.

Informed observers note, however, that the entities being harassed by French authorities—with the full backing of the government—are notoriously well known for their sponsoring of Club of Rome "zero economic growth" policies (Nestlé's) or involvement in the laundering of dirty money linked to narcotics traffic.

Credit

Volcker says no let-up in crunch

Addressing the annual convention of the National Association of Mutual Savings Banks, Federal Reserve Board Chairman Paul Volcker indicated May 14 that he will not significantly let up on the policy he initiated last October.

Volcker did tell the assembled savings bankers that he hopes to eliminate some of the features of the March 14 invocation of the Credit Control Act and replace the mandatory 6 to 9 percent corset on new bank lending by a "voluntary corset." Volcker will continue

the controls on credit cards and the extra reserve requirements on certain categories of bank holdings.

Volcker told the gathering, "Money and credit growth have slowed appreciably. Indeed, there is now considerable room for growth consistent with the targets we set for ourselves for all of this year." Yet, Volcker counterposed: "My point is that interest rates have not in any sense been forced lower, nor will they be, at the risk of a resurgence of inflation and inflationary expectations."

Volcker has maintained a very tight rein on the amount of liquidity actually reaching the medium and small sized tiers of U.S. industry. It is possible that he has tightened so severely in the past seven months, that he may have to pump a massive infusion of funds into the economy just to prevent an uncontrolled blow-out. Some thought his May 15 speech would signal just that. However, there has been no sign yet that in the near future new supplies of credit will reach the medium or small sized U.S. company or many larger companies that have been shut out of the credit market.

Technology

NASA tilting at windmills

In a May 15 speech at the National Aeronautics and Space Administration (NASA) Lewis Research Center, William Robbins, the head of NASA's Wind and Stationary Power Division, announced that "thousands of giant windmills" could supply one-third of the electric power of the U.S. and could provide "an alternative or supplement" to nuclear-powered and conventional generating plants.

"We don't need any miracles to do this. No major technological breakthrough is required." All that is needed, Robbins insisted, was the building of 90,000 advanced-design windmills grouped in "wind power farms" using currently available technology.

The only "environmental" drawback to the scheme, Robbins said, was that it would produce "low-frequency noise pollution from the motion of the huge rotor blades."

Energy

Carter program flounders

With one of its key elements upset in federal court this week and other major features under ridicule, the Carter administration's energy austerity program has run into some choppy water. The program as a whole will probably survive more or less intact, however, as the bulk of the legislative package continues to sail through the Congress.

Federal District Judge Aubrey Robinson's action to overturn the oil import fee President Carter designed to rake off a 10 cent per gallon gasoline tax on Tuesday brought a prompt outcry from the *New York Times*. The *Times* insisted that nothing less than a 50 cent per gallon tax was tolerable. For the time being, though, the import-fee gas-tax is prohibited.

Further, qualified commentators continue to point out the fantastic bent of the program goals. Texaco's Tor Meloe, a former government economist, told the Atlanta Economic Club recently that a single plant producing Western shale and tar sands based fuel would cost from \$3 billion to \$7.5 billion—and its best output would be 100,000 barrels per day. It is highly doubtful, Meloe added, that there would be any commercial synfuel production by 1990.

Carter, however, remains fully committed to the program, and a flatulent Congress continues to push and pull and shove at the program, moving it steadily through the hurdles into law. The Energy Mobilization Board is now in conference committee where the strange battle between the warhawks and the environmentalists appears to be settled in favor of the former, granting the Board powers to waive environmen-

Briefly

tal guidelines in the synfuel effort. There could be court tests later, but for the moment, the Mobilization Board, like the Energy Security Corporation synfuel administrative arm, is headed for a successful floor vote in the near future.

Banking

FDIC chief to savings banks: "drop dead"

Irving H. Sprague, chairman of the Federal Deposit Insurance Corp., has accused savings and loan institutions of "still clinging too much to the frayed and worn security blanket of federal protection." Sprague delivered this criticism in a speech before the annual meeting of the National Association of Mutual Savings Banks on May 14.

Many savings institutions are in serious financial trouble as a result of skyrocketing short-term interest rates which have caused savers to withdraw their funds and place them in higher-yielding Treasury bills or money market funds. The plight of thrift institutions has been exacerbated by the passage of the Reuss-Proxmire Monetary Control Act of 1980 which eliminates many of the competitive advantages which the thrifts enjoyed.

To alleviate the pressures on their industry, the association proposed the restoration of the one-quarter percentage point extra interest that thrift institutions were previously allowed to pay on six-month money-market certificates when Treasury bill rates were above 9 percent. It was in response to this proposal that Sprague made his remark about "security blankets."

Sprague also refused to consider applying a temporary reserve requirement to the assets of money market funds, charging that this ran against "the general trend toward freer competition."

As if this were not enough, Sprague stated that he expects the savings bank industry to suffer "severe losses" during

this quarter that will "wipe out the artificial gains of the first quarter."

International credit

Funding for IMF, World Bank hits snag

The Carter administration may be forced to reduce the U.S. contribution to several regional development banks by about 10 percent in order to satisfy conservative Congressional opponents of U.S. participation in these institutions. The effected agencies include the Inter-American Development Bank, the African Development Fund, and the Asian Development Bank.

According to Washington sources, the administration may agree to cut appropriations for the banks as a trade-off for Congressional approval of an increase in the U.S. quota at the International Monetary Fund and increased funds for the International Development Association, an arm of the World Bank.

Congressional opposition to the funding measures appears to stem largely from conservative Republicans, who view them merely as more expensive "handouts to foreigners." To combat this resurgence of "isolationism," Treasury Secretary William Miller has released the text of a recent speech he gave before the Chicago Council on Foreign Relations. "These institutions are the centerpiece of our efforts to restore stability and growth to a troubled world economy, strengthening the foundations for broad political cooperation. An inward turn is not a solution to the political threat (to the United States in Iran and Afghanistan) or to the world's economic problems."

Despite Miller's liberal veneer, Third World critics of the IMF/World Bank and associated regional institutions point out that these agencies have fostered underdevelopment by peddling backward "appropriate technologies" and forcing governments to adhere to stringent austerity conditions.

● **A MILTON FRIEDMAN** assistant, in his office at the Hoover Institution on War, Revolution and Peace in Palo Alto, California, has asserted that "it is probably true" that Friedman recently advocated decriminalization of marijuana. "In 1972, Friedman wrote a piece for *Newsweek* advocating the decriminalization of all drugs," the assistant proclaimed. "Friedman argues that to outlaw drugs is an infringement on individual freedom."

● **PETROSTUDIES**, a Swedish research firm, says that the Soviet Union will not only not become a net exporter of oil in this decade, but will probably not import any petroleum during the 1990s. More intense exploitation of existing fields, said PetroStudies, will give the Soviets ten years of assured full production before it is necessary to find new reserves. Reliance on American capital equipment will also be eliminated.

● **THE CHINESE** have attempted to produce their own version of Boeing's 707 jet, but after completion of the model at a secret factory, it wouldn't fly. Reports indicate that the Chinese, who apparently built the plane out of extra spare parts ostensibly ordered for 4 Boeing 707's purchased in the United States, forgot to establish a center of gravity for the aircraft, the first principle of design. Boeing representatives, as well as the Pekingese, are said to be very embarrassed at China's failed effort to copy the 707. Unconfirmed rumors, however, say that the Carter administration intends to go ahead with plans to purchase 50 helicopters equipped for desert deployment from the same Chinese engineering firm.

The education gap: Soviets leave America far behind

by Vin Berg

Will the Soviets Rule in the 1980s? Democratic presidential candidate Lyndon LaRouche, in a fall 1979 book of that title, recounted a world strategic situation veering increasingly close to thermonuclear war. The imposition of a Malthusian zero-growth policy on the Western economies, coupled with two decades of de-emphasis on manpower training and basic scientific research, has significantly undermined U.S. military capabilities and their industrial foundation.

At present, the Carter administration, with its new escalations in the Persian Gulf under the direction of Zbigniew Brzezinski, is plunging America toward a war it would certainly lose.

Yet, as the following report establishes, the present Soviet advantage in both military and industrial applications of basic scientific research now appears small by comparison with what that advantage may become in the near future. Educational statistics and other information that has been in the hands of the U.S. government for four months—and suppressed—show that Soviet education and scientific manpower development is in the process of realizing the most dramatic sort of achievements. In the United States, deterioration is continuing in an equally dramatic way.

One fact from the following report summarizes “the education gap”: last year, a mere 105,000 students were turned out of U.S. high schools with one year of calculus; in the Soviet Union, 5 million 1979 graduates had two years of calculus or more. Such differentials, moreover, hold across the spectrum of scientific disciplines. How could this have come to pass?

In the late 1950s, the United States government—stunned awake by the Russian sputnik—launched a crash science education and high-technology space exploration program that became centralized under the National Aeronautics and Space Administration. The NASA years had a tremendous impact on the whole of American society, as science and the potential for



Photo: Sygma

personal development in an age of technological progress, captured the imagination of the American people.

The emphasis in school curricula was mathematics, chemistry, physics, engineering, and Americans of working class origin could dream—and did—of their children growing up to be scientists, or even astronauts.

Obviously, something similar was afoot at that time in the Soviet Union; this report establishes that the Soviet development has accelerated through the present day. But between now and then in the United States, something happened.

At first, there appeared a “protest” movement—called New Left—barely distinguishable from a youth “counterculture” steeped in marijuana, psychotropic drugs and rock-and-roll. The anti-technology bias was evident, and then became blatant. Throughout the '70s, amorphous cultish fads and movements spread, and drugs reached down to the elementary school level. The former New Lefters contrived to discover that a nuclear technology accident-free for 30 years was, somehow, a safety hazard.

Not every kid went nuts. But just enough did to create an environment of unreality for all, a know-nothingism disposed to accept sado-masochism and homosexuality as, if anything, a more legitimate “lifestyle” than nuclear engineering.

As of 1980, an entire generation of American youth—the same who grew up in the NASA years—is either addicted to drugs, rock, environmentalism, astrology, and homosexuality, or ready to justify peoples’ “right to do their own thing.”

After all, the President believes in UFOs. Governors take drugs and meditate. Mayors are flagrant homosexuals. One U.S. senator—a former astronaut!—has called for Congressional appropriations to probe the role of extraterrestrial beings in the injury of cattle in his state.

In this section

The articles and information contained in this report were the product of a special *EIR* team that included Dr. Morris Levitt, Dr. Steven Bardwell, Marsha Freeman, and Vin Berg.

- The Wirszup Report: ‘Soviet education is so far ahead comparison is meaningless’
- Novosibirsk tames Siberia with science
- Can we restore West Point’s tradition?
- Math vs. ‘New Math’—how it should be taught

This deep-rooted moral and intellectual decay has not been a “sociological phenomenon,” but a deliberately induced social crisis, scheduled, prolonged and deepened in phases by a network of “social psychology” research institutions under Sussex, England’s Tavistock Institute and its subsidiary NATO intelligence arm, the Club of Rome. The New Left, terrorism, environmentalism, the gay movement, cults of the supernatural—all aspects of a single, vast “social engineering project” aimed at surgically crippling and eradicating the “American dream” of progress.

The guiding principle of the financial aristocracy behind Tavistock is Malthusianism, and their quest is to achieve a “zero growth” age, a “New Dark Age,” or—as the social psychologists delight in defining it: the “Age of Aquarius.”

Not just we say so; they say so—as in Stanford Research Institute associate Marilyn Ferguson’s book, *The Aquarian Conspiracy*.

The systematic degradation of the educated youth of the 1960s and 1970s is an evil. But what America now faces is a singular point of no return. The American educational system itself has been methodically curtailed and gutted of scientific content. In the name of “liberal arts” and “social relevance,” instruction in mathematics and the sciences has been dramatically reduced, and the content of what remains must leave the serious student in demoralized agreement with the Aquarians—science is not “socially relevant.”

What need of education in an “Age of Aquarius”? In fact, the Malthusian elite of the “Aquarian conspiracy” cannot allow it! The Aquarian project itself was launched after Tavistock studies of the impact of NASA and related programs in producing a growing number of scientists and engineers. The ego-ideals and “self-image” of all Americans was directed by the potentials of science. Even grade-school children could recount the mechanics of rocket fueling, lift-off and propulsion.

The decay that the United States has since been forced through has found no reflection in the Soviet Union, however.

As we document, the Soviet Union is not only far ahead in present numbers of scientific and technically-trained personnel: the Soviet Union presently enjoys a greater potential for future development on this basis than ever before, while the United States—even now behind—has virtually eliminated its potential in terms of educated manpower to recover its former greatness.

If the “incalculable” lunacy of U.S. ruling circles does not plunge the nation into a thermonuclear holocaust in the months just ahead, we are forced all the more to raise LaRouche’s question: Will Malthusian policies reduce America to relative Third World status? Will the Soviets rule in the 1980s?



“The Soviet Union’s tremendous investment in human resources, unprecedented achievements in the education of the general population, and immense manpower pool in science and technology will have an immeasurable impact on that country’s scientific, industrial and military strength. The recent Soviet educational mobilization, poses a formidable challenge to the national security of the United States, one that is far more threatening than any in the past and much more difficult to meet.”

Prof. Izaak Wirszup
December, 1979

The Wirszup report:

'Soviet education: so far ahead comparison is meaningless'

In December 1979, Izaak Wirszup, professor of mathematics at the University of Chicago, sent a preview report of an in-depth comparison of the Soviet and U.S. scientific education system to the National Science Foundation. The report exposes one of the biggest scandals in the history of the United States. While American children and youth have been inundated with the drug-rock counterculture, Soviet children and youth have been undergoing what the "Soviets call an 'educational revolution'," which, says Wirszup, is "tantamount to an enormous expansion of the manpower training system, and radical curricular reforms brought about by an unexpected turn toward the individual and the development of his ability to do independent, creative work."

For four months, the Wirszup report stirred reaction at the highest level of government and academia, but it never emerged into the public light. Finally on April 17, Wirszup released the story to the Chicago Sun Times and the University of Chicago newspaper. Wirszup is regarded as an international authority on mathematics education. He directs several National Science Foundation projects at the University of Chicago and is the author of the book, Soviet Studies in the Psychology of Learning and Teaching Mathematics.

Executive Intelligence Review now publishes sections of the report with the purpose to show Americans that its contents must be acted upon in the United States: the drug counterculture afflicting our youth must be immediately stopped and it must be replaced with scientific and moral training of our youth for productive adulthood.

... My investigations show conclusively that in the last decade the Soviets have made simultaneous quantitative and qualitative gains without equal in the history of their education, affecting the entire young population. They have dramatically restructured and expanded their multi-track secondary educational system, achieving

particular success in the development of institutions that combine general education with the training of skilled labor (technical-vocational schools) and middle-level professionals (secondary specialized schools).

For the 98 percent of the school-age population that now completes secondary school or its equivalent, the Soviets have introduced science and mathematics curricula whose content and scope place them far ahead of every other nation, including the United States. Their foremost scholars and educators are engaged in improving the school curricula and perfecting teaching methods in a concerted drive to provide mass education of unmatched quality...

In order to appreciate the scale of Soviet educational expansion, it is worth remembering that during the Stalin era the secondary school graduation rate was as low as 4.9 percent—out of 1000 children entering the first grade in 1930, only 49 completed the tenth grade in 1940. In 1957—the year of Sputnik, and just prior to the Khrushchev reforms of 1958—no more than 1,728,000 students graduated from secondary schools. In June of 1978, however, after years of extraordinary investment and effort culminating in the introduction (1975) of compulsory 10-year schooling, over 5,000,000 students graduated from secondary schools of all types, a success rate of 97.7 percent. (In the United States, by contrast, nearly 75 percent of all 17-year-olds—about 3,150,000 students—graduate from high school.)

The major impetus for the tremendous changes that have taken place was a Nov. 10, 1966 resolution adopted by the Central Committee of the Communist Party of the Soviet Union following the Twenty-Third Party Congress. This resolution, entitled "On Measures for Further Improving the Work of the Secondary General Education School," addressed the demands of the "scientific and technological revolution" for a skilled labor force with a broader general education and a higher intellec-

tual level. The resulting measures represented a total commitment to change in Soviet global educational goals and policies in relation to manpower needs, with particular emphasis on the individual's preparation for maximally productive service to the state.

These changes (which the Soviets call an "educational revolution") are tantamount to an *educational mobilization of the entire population*: an enormous expansion of the manpower training system, and radical curricular reforms brought about by an unexpected turn toward the individual and the development of his ability to do independent creative work.

Responsibility for the reform in general education schools was assigned to the highest scientific and educational institutions of the Soviet Union—the USSR Academy of Sciences and the USSR Academy of Pedagogical Sciences.

A team of scholars from both Academies, headed by A.N. Kolmogorov, has been responsible since 1964 for the entire school mathematics reform. Kolmogorov, one of the century's great mathematicians, worked in close collaboration with such outstanding scholars and educators as Markushevich, Gnedenko, Boltyanskii, Vilenkin, and Yaglom to set the goals of the new program, design the curriculum in every detail, decide on ways of treating various topics, and write the texts and manuals for students and teachers. (Kolmogorov himself is the co-author and editor-in-chief of three volumes on geometry and two on algebra and calculus.)

The result of their 15-year-effort is a program for mathematics instruction that is modern in content, innovative in approach, well-integrated and highly sophisticated. It gives strong emphasis to theoretical foundations and logical rigor as well as to applications. The program culminates in a calculus course taught in grades 9 and 10. Moreover, the extraordinary Soviet research in the psychology and methods of learning and teaching mathematics has been applied in the new curriculum, which now surpasses in quality, scope, and range of implementation that of any other country.

In only ten years, the Soviet compulsory program for all students covers the equivalent of at least thirteen years of American schooling in arithmetic, algebra and calculus, and does so much more thoroughly and effectively. The American one-year geometry course offers but a very small fraction of the Soviet 10-year geometry curriculum.

We are confronted, for example, with the fact that *over 5,000,000 graduates of Soviet secondary educational institutions in 1978 and 1979 have studied calculus for two years, while 105,000 United States high school students have taken a one-year calculus course (1976)*. This shocking situation is not ameliorated substantially by study at our institutions of higher learning. In the fall of 1975, only 397,000 American college students were enrolled in calculus courses. The majority of Soviet students at institutions of higher learning are studying engineering

or science-oriented disciplines, and more than half of the 1,000,000 entering higher education each year have intensive training in mathematics, starting with a comprehensive course in calculus.

Still another consequence of the 1966 resolution was the emergence of *elective studies* in various school subjects. In addition to the compulsory school mathematics curriculum, which accounts for 6 hours per week in each of grades 1-8 and 5 hours in grades 9 and 10 (a total of more than 2000 class hours over ten years), *over 1.6 million students in grades 7-10 participated in elective studies in mathematics during 1973*. These studies, which extend and deepen the compulsory curriculum, were established primarily to foster habits of independent and creative work.

In addition, hundreds of thousands of youngsters take part in an exceptional range of extracurricular activities—mathematics clubs, circles, and olympiads—or study in unique secondary schools specializing in mathematics and physics—all designed to discover mathematical talent and to train it from the earliest possible age. These programs have been developed and refined by world-famous mathematicians such as I. M. Gel'fand, A. N. Kolmogorov, M.A. Lavrent'ev, and S.L. Sobolev over some 45 years and have proved immensely successful. The programs themselves and the vast and original literature used in conducting them have no equal in the West.

It is quite evident that the successful Soviet experiences and achievements in mathematics education are being applied with extraordinary fervor and commitment to the closely related areas of the computer sciences. The Soviets look upon automation of production and management as a key weapon for overcoming the inefficiency other aspects of their system impose on the economy.

Obviously, great difficulties could have been expected for the Kolmogorov school mathematics curriculum. It is clearly far ahead of any offered on a mass scale—an exceedingly innovative program in a country where the educational traditions are extremely strong, a program accomplishing what is still considered unattainable here: teaching two years of calculus to the entire young generation of a nation of over 260 million. In addition, all youngsters are required to complete five years of physics (including, for example, an introduction to Einstein's special theory of relativity), and four years of chemistry (including a full year of organic chemistry). These are compulsory school programs of the highest quality, which like the mathematics program have been prepared by renowned scientists (Academicians I.K. Kikoin and Ya.B. Zel'dovich) and introduced after years of experimentation. Difficulties were perhaps inevitable if one remembers that this radical school reform coincided with the enforcement of compulsory secondary schooling and the accompanying explosion in the school population. For example, over a fifteen-year period (1960-1975) the

enrollment in grades 9-10 has increased more than four times, from 2.6 million to 10.8 million in all types of general education schools, and from 1.5 million to 6.2 million in the general-education day schools. . . .

I do not doubt that the Soviets will overcome most of the obstacles. The Communist Party and the government are determined to adopt the highest possible educational standards and maintain the scale of mobilization they have recently achieved. The individual youngster, who is earnest, well-disciplined and intensely motivated, will pursue maximum education and training in spite of the dislocations involved. Not only is it the main criterion for success in a society that has become increasingly compartmentalized by educational achievement, it is practically the only safe avenue to a more comfortable standard of living under Soviet conditions.

The persistent elitism of the Soviet educational system can be illustrated by data on admissions to various levels of schools in 1977:

After demanding competitive examinations, 1,017,000 persons were admitted to *institutions of higher learning*, of whom 613,000 entered day-session departments. Only the top 9-10 percent of the 5 million *secondary school* graduates were admitted to day sessions of higher institutions.

At the next level, 1,430,000 students gained admission, again based on competitive examinations, to the *secondary specialized schools (primarily tekhnikums)*, which train middle-level professionals and white-collar technicians. Of these, 925,000 were admitted to the day-session schools, predominantly new graduates of the 8-year and 10-year general-education schools. The Soviet target is to have nearly one-fifth of its youngsters in a secondary specialized school. The adjective "secondary" here is an anachronism. These schools with 3-4-year programs, although designed mainly for graduates of the 8-year school, actually represent a much higher level. An examination of curricula and of text materials used in some tekhnikums indicates that with regard to professional-technical and science-mathematics content, their programs correspond to between 2 and 3 years at U.S. technical institutes or colleges.)

The remaining graduates of the 10-year schools (well over 70 percent), either go directly to work in various branches of the Soviet economy at the lowest qualification and salary rank or enter the technical-vocational school system, which trains skilled workers. In this case, they are assured a higher rank and an opportunity for more rapid job advancement. The young generation is increasingly obliged to follow the road of technical-vocational schooling, and the government's goal is to provide such training for 45-46 percent of Soviet youth.

The Soviets' current educational mobilization is characterized by intensive investment at all levels, with particular emphasis on the various types of secondary schooling which affect the entire workforce.

The system of *technical-vocational* schools has more than tripled enrollments since 1960, from 1,064,000 to 3,681,000 in 1977. The most modern and advanced of them, the *secondary technical-vocational* schools (3-4 years), offer both general education and technical training: 71 started operation in 1966, and have increased to 3,700 schools in 1979, with an enrollment of over 1,750,000. The technical-vocational system also includes the post-secondary *technical schools* (1-2 years), which show similar growth: 364 schools with 210,500 students in 1970, 1,000 schools with some 1,000,000 students in 1978 (projected admissions to these schools for 1980 will reach 800,000).

The long-established *secondary specialized schools* have also expanded; enrollment rose from 2,059,500 in 1960 to 4,662,000 in 1977-78. Similarly, enrollment in *institutions of higher learning* more than doubled in the period 1960-1977, from 2,396,000 to 5,037,000. (In 1977, 752,000 persons graduated from institutions of higher learning with training corresponding to our master's degree.)

In addition, over 36 million people learned new professions or improved their qualifications in 1977-78, and millions more studied in various establishments for continuing education.

Returns on this educational expansion are already impressive, and they have only begun. During the Ninth Five-Year Plan (1971-75) the technical-vocational schools alone trained some 9,500,000 skilled workers, a figure projected to reach 11,000,000 in the Tenth Five-Year Plan (1976-1980). (2,119,000 skilled workers graduated from these schools in 1976.)

In 1977, the secondary specialized system produced 1,185,800 graduates, 70 percent of whom became professionals in engineering, agriculture, and management.

It follows that some 3 million skilled workers and trained middle-level technicians enter the Soviet economy each year. Their high educational and technical level promises to accommodate manpower needs, both industrial and military, by turning out more versatile and efficient workers for high technology production. This intensive effort is particularly important in view of the impending serious labor shortage in the European part of the Soviet Union.

In 1978, A. A. Bulgakov, Chairman of the State Committee of the USSR Council of Ministers on Technical-Vocational Training, reported on research showing that graduates of the secondary technical-vocational schools are more productive, efficient, and contributive of improvements to technology and production. They (a) advance in qualification rank twice as fast as workers receiving other forms of vocational training; (b) are more likely to learn new or combined trades (50 percent within 2-3 years of starting work); (c) participate more readily in rationalization and invention in their work (40 percent—4 times those without this training); and (d) in-

crease their annual productivity 1.5 times more than their counterparts with different basic training. Bulgakov's data derived from research at two Leningrad plants, need no further comment:

	Trained:		
	By the individual-and-team method	In schools of tech.-voc. education for a period of 1-1.5 years	After completing technical and secondary tech.-voc schools
Production unit output per worker	258.7	320.7	529.2
Cost (in rubles) of mechanically producing one gear	.75	.59	.36

The effect of educational expansion on the labor force is reflected in a 1978 statement by M.A. Prokof'ev, Minister of Education of the USSR. He notes that 80 percent of the workers at the Volga Automobile Plant have completed either higher education, specialized professional, or full secondary education, and the remaining 6,000 workers are studying.

Anyone following the course of the Soviet educational mobilization, which has already achieved great success since its start in 1966, can see that this is just the beginning of a determined drive to achieve scientific and technological supremacy. L. I. Brezhnev has stated bluntly: "The field of scientific and technological progress is today one of the major fronts in the historical battle between the two systems."

It is extremely difficult to compare educational achievements in two countries as fundamentally different as the Soviet Union and the United States. Still, in order to give some idea of what has happened in the USSR in recent years, I would like to offer a preliminary comparative interpretation of Soviet secondary mathematics and science training in light of the three NSF studies.

Virtually the entire young Soviet population has been receiving 10 years of compulsory schooling in mathematics, comprising:

- 3 years of arithmetic (grades 1-3)
- 2 years of arithmetic combined with algebra (grades 4-5)
- 5 years of algebra (grades 6-10)
- 10 years of geometry (5 of intuitive geometry in grades 1-5; 3 of semi-rigorous plane geometry in grades 6-8; 2 of semi-rigorous solid geometry in grades 9-10)
- 2 years of calculus (grades 9-10; in the future calculus may be taught in grade 10 only)

In addition, the curriculum of the Soviet general education school includes:

- 5 years of physics
- 4 years of chemistry
- 1 year of astronomy
- 5-1/2 years of biology
- 5 years of geography
- 3 years of mechanical drawing
- 10 years of workshop training

All of these courses are *compulsory*.

The NSF studies on *The Status of Pre-College Science, Mathematics, and Social Studies Educational Practices in U.S. Schools*. . . show that of our high school graduates, 9.1 percent receive one year of physics, 16.1 percent one year of chemistry, 45 percent one year of biology, and 17.3 percent one year of general science. (Over 56 percent of districts responding to the survey indicated that they required no mathematics courses, or only one, for graduation from high school.)

A very rough comparison of the content of mathematics programs in the two countries shows the following:

Mathematics programs

USA		USSR
8 years of arithmetic 1 year of general mathematics or business mathematics (essentially a review of arithmetic)	=	the arithmetic and algebra training in Soviet grades 1 through 5 and part of grade 6.
First-year algebra	=	algebra in grades 6-7 and part of 8
One year of geometry	=	geometry in grades 6-7.
Advanced algebra Advanced mathematics Trigonometry	=	algebra in grades 8-10.

If we bear in mind that the upper 60 percent of our high school graduates are college-bound, it follows from the NSF *Studies* that an *average* college-bound U.S. high school graduate (*one in the 70th percentile*), or an entrant to one of our military academies, acquires the following background in mathematics and the sciences:

- 8 years of arithmetic, and possibly 1 year of general mathematics
- 1 year of basic algebra
- 1 year of geometry
- 1 year of advanced algebra or trigonometry
- at most, 1 year of chemistry or physics
- 1 year of biology

Allowing that a U.S. high school graduate has acquired in primary school a science background equivalent to the Soviet—

- 3 years of natural science (grades 2-4)
- 3 years of geography (grades 5-7)
- 2 years of biology (grades 5-6)
- 1 year of physics (grade 6)

we find that a *Soviet secondary school graduate* who is university-bound, or entering a military academy, or one who is a middle-level professional or a skilled worker has, in comparison with his American counterpart, *on the average*, at least (in years, not hours):

- 1-2 years more training in algebra
- 8 years more training in geometry
- 1-2 years more training in calculus
- 4 years more training in physics
- 3 years more training in chemistry
- 3-½ years more training in biology
- 1 year more training in astronomy
- 3 years more training in mechanical drawing
- 6-10 years more training in workshop

Many of the Soviets have an additional several years of elective courses and extracurricular activities in mathematics, science, or technical fields in school or at an institution of higher learning and in the Pioneer Houses.

The disparity between the level of training in science and mathematics of an average Soviet skilled worker or military recruit and that of a non-college-bound American high school graduate, an average worker in one of our major industries, or an average member of our All-Volunteer Army (in 1977 only 59 percent of the Army's entrants possessed a high school diploma) is so great that comparisons are meaningless. Consider, on the one hand, the Soviet's educational background in mathematics and science (presented on page 9), and, on the other, the American's:

- 8-9 years of arithmetic
- 1 year of algebra
- 1 year of geometry, at most

and no high school level physics, chemistry, biology, or astronomy.

The Soviet Union's tremendous investment in human resources, unprecedented achievements in the education of the general population, and immense manpower pool in science and technology will have an immeasurable impact on that country's scientific, industrial and military strength. It is my considered opinion that the recent Soviet educational mobilization, although not as spectacular as the launching of the first Sputnik, poses a formidable challenge to the national security of the United States, one that is far more threatening than any in the past and one that will be much more difficult to meet.

Novosibirsk tames Siberia with science

Only two decades ago, there was virtually nothing there. Today, what was a vast expanse of desolate tundra, seemingly uninhabitable, is an international symbol of human scientific achievement. A city of 1.5 million has been built in the middle of Siberia: Novosibirsk.

Its creation in the space of two decades is not only the consequence of the Soviet Union's commitment to scientific and technological progress, but to an educational policy that matches. In fact, Novosibirsk might be described as one vast university and scientific laboratory, developing a labor force that can apply the most advanced technologies for the development of the whole of Siberia's resources, and much else besides.

In the mid-1950s, when the Soviet Union had largely completed the reconstruction of its economy from the destruction of World War II, a major expansion of scientific efforts was undertaken, most famously resulting in the 1957 Sputnik space shot. But also included was research into controlled thermonuclear reactions (fusion energy), advanced industrial processing, and economic planning methods.

In 1957, a group of scientists under the leadership of Academician Mikhail Lavrent'ev submitted a proposal to the government for the establishment of a branch of the Moscow Academy of Sciences in Western Siberia. In May, the proposal was approved by the government and in June it was taken up by the Academy Presidium. The objective of the plan was to create an on-site center that could solve the problems blocking the development of the vast resources of Siberia and the Far East.

Complementing the earlier established institutes of Chemicals and Metallurgy, Transport and Power, and their subdivisions in East Siberia, Yakutsk, and the Far East, the Novosibirsk branch of the Academy established an Institute of Mathematics, another for Mechanics, and others for Physics, Hydrodynamics, Automation, Geology and Genetics, Economics and Statistics, and a com-

puter center. Around the institutes, 18 in all, an industrial city was built.

Academician Lavrent'ev, Novosibirsk's founder and first settler, heads the Institute of Hydrodynamics. He has done work on the theory of cumulative (directed) explosions since the 1940s, and contributed substantially to Soviet weapons development during World War II. He once made the observation that "modern science cannot develop without a large industrial base." That is the thinking that produced Novosibirsk.

When the project was first launched, scientists found that, as their theoretical breakthroughs were tuned toward application to industrial processes, the factory workforce drawn from around Novosibirsk could not immediately assimilate the new technologies. The scientists themselves were therefore continually drawn into engineering and technical experimentation and away from basic theoretical work.

To solve the problem, Lavrent'ev drew up a program for creating experimental pilot-plants to test the latest technologies, and industrial research centers to handle their design and production. This division of labor allowed scientists to concentrate on basic research, the foundation of the development project.

To Soviet scientists and science students, Novosibirsk's development has constituted an unparalleled opportunity for creative work. At the Institute of Mathematics, Academician L.V. Kantorovich put his ideas on the use of mathematics in economic planning to practical test. Novosibirsk was planned with the question of improving the quality of labor-power foremost in mind.

The key consideration in massive industrial construction is whether a labor force—drawn initially from a culturally backward, peasant region would be developed to the point of assimilating a whole range of new technologies successively brought on line. Therefore, Novosibirsk and the attached Akademgorodok community (where the Academy institutes themselves are located) have been planned and built as cultural centers for the surrounding population. The city now has a population of more than 1.5 million, with over 550 libraries, four museums, an opera house, concert hall, a university, and several technical high schools, all immediately accessible to towns and villages within a 200 mile radius via the Trans-Siberian Railroad.

The Academy itself is made up of 18 Institutes involving over 50,000 people, including 21 Academicians, 47 Corresponding Members, 3,000 scientists with masters or doctoral degrees, and thousands of engineers, technicians and students. The community has been made into a national science training center that attracts some of the most promising students from all over the country.

Every third person in Novosibirsk is a student, and other centers modeled on Akademgorodok are now being built elsewhere in Siberia.

Can we restore West Point's tradition?

University of Chicago Professor Izaak Wirszup's point that the average American high school graduate is essentially illiterate in science and math (most particularly when compared to the typical Soviet student) was recently well substantiated by Dr. Morris Levitt, a former physics researcher and teacher who is now the director of the Fusion Energy Foundation. In a guest commentary in the May 14 issue of the twice-weekly newspaper New Solidarity, Dr. Levitt recounted the situation at the United States Military Academy at West Point, New York where he had just given a seminar on "Fusion Power and its Military Applications" at the invitation of members of the physics department. We excerpt that article here.

... The situation at West Point that I learned of first hand from officers in the science faculty is perhaps the most shocking aspect of the ongoing collapse of U.S. scientific training and capabilities. Compared with the many campus playpens I have visited this year, West Point and its cadets at least still *look* like they should. But our nation's most respected institution of higher learning and national service is also in danger of becoming not much more than a Hollywood set....

Back in 1976, you may recall that there was a major cheating scandal at West Point. Somehow, an advance copy of an exam was obtained, copied, and distributed to a number of cadets. Whether or not cheating went on, it was alleged that the honor code, which calls for reporting anyone else known to be violating the rules, had been seriously breached. The whole incident had a most peculiar odor about it, because grade-grubbing is normally alien to cadet and military life since professional advancement is very rarely linked to purely academic accomplishments.



Dr. Levitt address officers and cadets at West Point.

However, a team of “reformers” immediately descended upon the Academy to “clean things up.” Their recommendation? Improve the ethical standards by upgrading the liberal arts curriculum and smashing the science and technology requirements. The traditional military faculty opposed the “reform”—which was said to be largely inspired by a professor from Kook Tech (also known as Princeton)—but to no avail.

The result? Whereas in the past every cadet was required to take at least three semesters of physics and a course in electrical engineering it is now possible to graduate with just a sniff or two of science. Many cadets are doing just that, concentrating in a series of courses dubbed “the poets and lovers” curriculum by the traditionalists. Therefore, it is now possible for a West Point graduate to get some sensitive organ shot off by a laser beam on a distant electronic battlefield, without even knowing what the offending gizmo was called, let alone how it works!

The physics faculty meanwhile is desperately trying to cope with their new orders to cram mechanics, electromagnetism, and modern physics into just two semesters. Predictably, the ranks of science majors and physics concentrators is rapidly dwindling. America, what outrages you permit against your best traditions! Don't you know that West Point was the first major scientific and engineering institution in the young American republic? Its great commandant of the early 19th century, Superintendent Thayer, was in direct contact with the staff of the peerless institution on which the Academy was originally modeled, the Ecole Polytechnique of Republican France. The Ecole, under the leadership of the great scientists Monge and Carnot, produced the advances in

geometry, dynamics, thermodynamics, and chemistry which laid the basis for modern science, as well as the outstanding officer cadres responsible for the military defense of the Republic; West Point was the source of the first science textbooks in America and the engineering corps that built up our vital inland waterways.

West Point is the last bastion to fall in a war offensive against American science and republicanism that started in the second half of the 1960s. At that time *NATO's* Club of Rome and its environmentalist spawn killed off our two pace-setting science programs, space exploration and nuclear energy, and the Aquarian kook-dominated National Science Foundation replaced the scientific core of the educational system with the New Math and Malthusian drivel....

What has been the net result? Look at it from top to bottom. A few of our oldest scientists, like Edward Teller, are trying to push forward basic energy and military research against increasing odds. Our many talented and dedicated senior scientists have managed to maintain a significant level of progress in fusion and weapons systems, but with no present prospect for bringing on line in the 1980s the most advanced types of systems that the broad-based Soviet effort brings closer to realization every year. Below that level, the opportunities for fruitful scientific work continue to shrink, manifested by the continuing falloff in science training at all levels from postgraduate down to the hideously deprived public schools. The All Volunteer Army is now 60 percent comprised of individuals who are not high school graduates, but who are generally well schooled in the ways of drug use....

Perhaps one final anecdote from West Point summarizes the whole situation. An officer on the science faculty who recently served a tour of duty with the Brazilian Army recounted the following story. The officers of the Brazilian Army are selected from the top of the intellectual elite of the country. Their service is viewed as a hallmark of honor. The enlisted men also consider Army service to be a great honor, and in fact it offers much better educational and training opportunities than most any other employment. Officers and enlisted men also have a concrete sense of purpose through the army's role in engineering and construction projects to build up the infrastructure of their country.

One day, however, the West Point officer recounted, two enlisted men in his unit were caught in possession of some marijuana. The entire unit was immediately assembled, and in front of all the officers and enlisted men the drug users were stripped of their insignias and drummed out of the Army, suffering humiliation and disgrace as much from the contempt of their former comrades as from their loss of position.

Can we be any less resolute in fighting to restore our country's science and honor?

Mathematics vs. 'New Math'— how it should be taught

by Dr. Steven Bardwell

The multitudes of American parents who have felt frustration and rage at what passes for mathematics in today's schools, the parents who have, in the end, resigned themselves to the fact that Johnny can't add, unconsciously adhere to a long, continuous line of mathematical thought—stretching from the mathematicians of Plato's Academy, Archimedes, through Nicholas of Cusa and Leibniz to the great 19th-century school of German and French mathematicians. This tradition is outstanding for two reasons: first, its members are responsible for *every essential* mathematical discovery in the last 2,000 years, and second, it has been pitted, since its inception, against a contrary tradition in mathematical thinking; today's parents are the frontline of that fight.

The New Math is not really new, any more than the inspiration for its method is new. Lord Bertrand Russell and Swiss "child psychologist" Jean Piaget, are the modern progenitors of the development of the New Math's ideas. Both are quite explicit that their aim is to establish a non-Platonic mathematics, based on the methods of Aristotle; both make unmistakably clear that the fundamental issue is one concerning *how* men think:

The 'rational nature' of man is only a derivative. The subject and object of knowledge are separate. ... On this point as on many others' Aristotelean physics marks a return to ordinary thought rather than a continuation of the aspirations of Platonist mathematics.

Jean Piaget:
*Mathematical Epistemology
and Psychology*

On the other side, perhaps the clearest statement of the Platonic view is given in a paper by the founder of the *real* theory of sets, Georg Cantor:

We can speak of the reality or the existence of the

whole numbers, both the finite and the infinite ones in two senses; however, these are the same two ways, to be sure in which any concepts or ideas can be considered. On the one hand we may regard the whole numbers as real insofar as they take up a very definite place in our mind on the basis of definitions, become clearly differentiated from all the other components of our thinking, stand in definite relations to them and thus modify the substance of mind in a definite way. Let me call this type of reality of numbers their intrasubjective or immanent reality. Then again we can ascribe reality to numbers insofar as they must be regarded as an expression or image of occurrences and relationships in the external world confronting the intellect. This second type of reality I call the transsubjective or transient reality of the whole numbers. ...

There is no doubt in my mind that these two types of reality will always be found together, in the sense that a concept to be regarded as existent in the first respect will always in certain, even in infinitely many ways, possess a transient reality as well. ...

This coherence of the two realities has its true foundation in the *unity* of the *all*, to which we ourselves belong as well.

This view of mathematics and science is what the New Math is designed to destroy. The Platonists have maintained that mathematics is an empirical science whose subject (like that of any science) is what Plato called the "hypothesis of the higher hypothesis" and Cantor called the "Principle of Generation," both descriptions of the self-developing evolution of the Universe. The Aristotelean opposition has counterposed the view that mathematics (along with the other sciences) is a logical structure, lacking any *essential* connection to reality, and *merely* a product of the human mind, a mind which in

their view has itself no essential connection to reality. (This psychology is obviously self-validating, as the insanity of many of the most illustrious of the latest generation of mathematicians testifies).

The fight between these two views in the 20th century has taken place over the basic concepts of arithmetic numbers and arithmetic operations. The biggest guns of the Aristotelian faction have, in fact, been aimed at overturning the explicitly Platonic significance of the concept of number developed, as both sides recognize, by the discoverer of set theory, Georg Cantor.

Bertrand Russell spent ten years of his life producing a three volume book, *Principia Mathematica*, which he hoped would show that mathematics could, *through the use of set theory*, be reduced to logic. He failed, but his book became the model for three generations of formal logical mathematics to be used against Platonic methods in mathematics. On the pedagogical side, Jean Piaget took Russell's work and developed a theory of number and the concept of number which he claims purifies Cantor of his Platonic excesses!

The new math is the fruition of the Piaget-Russell attack on Platonic mathematics. Its incoherence, self-evident sterility, and destructive effect on children's minds are not accidental—this is the essence of the Aristotelian theory of mind.

Two examples

There have been many attacks on the New Math, but its epistemological significance remains largely unknown. The destructiveness of the New Math is clear from two examples taken from its curriculum which have escaped the notice of critiques of New Math from conventional or practical standpoints; I want to concentrate on these here. The first is the concept of an "algorithm" which is used as the basis for teaching arithmetic operations, and, second, the New Math concept of the structure of the number system.

1. Algorithms and arithmetic

An algorithm is a set of rules, usually recursive, for performing some task and for testing for the completion of the task. The concept of an algorithm was a product of the development of machines which had to be "programmed" with instructions for the actions required of the machine. The punched cards that controlled early spinning and knitting machines are classic examples of an algorithm—move needle A to position 1, needle B to position 2, move the red thread over needle 1, etc. Obviously, an algorithm is a powerful tool if certain conditions are satisfied:

- 1) The problem to be solved or task to be performed is completely posed beforehand;
- 2) The problem can be solved in a finite number of steps;

Exercises

List the members of set A and of set B.
Then tell if B is a subset of A.

1.

A

3

5

7

14

B

6

1

9

2.

A

4

2

1

3

6

B

9

3.

A

a

e

d

B

b

c

f

FIGURE 1

Set theory vs "set theory"

The new math is well known for its love of set theory, as exemplified by the above diagram from a first grade workbook illustrating the idea of number as a property of sets of arbitrary objects. However, the set theory taught in the new math is diametrically opposed to the concept as developed by its inventor, Georg Cantor. As Cantor makes clear over and over again, a set is *not* an arbitrary collection; it is defined by the "rule" which determines membership in a set. There are real sets and collections which are not sets. Cantor put into mathematical form, with his definition of sets, the essentially Platonic idea of a universal—a "set" is a higher-order concept, not a simple aggregation of objects. The new math, based on Russell's bowdlerization of set theory, turns the whole concept into a nominalist game. As the above picture shows, any collection can be a set even if the "rule" for membership is a totally arbitrary one.

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- 3) The quality of solution does not depend on factors known only after the algorithm is begun (for example, singularities are excluded);
- 4) The rules for performing the algorithm are fixed or drawn from a fixed group.

These assumptions are fine for a machine or a computer, but they are all violated by the simplest task required of human mentation! No algorithm could be written for something as simple as getting out of bed (or getting your kids to school) in the morning.

In spite of this obvious fact, the algorithm has been taken as a prototype of mathematical thinking by the Aristotelians and incorporated in the New Math as the way of teaching arithmetic operations like addition and subtraction. From a psychological and pedagogical standpoint this is absurd. Since people are not machines they perform tasks differently and they learn them differently. In the same way, this method is absurd mathematically; arithmetic operations are only *formally* reducible to algorithmic techniques. They are actually synthetic concepts, higher order concepts, and, when reduced to their algorithmic counterpart, cease to be mathematics.

Long-division, long the terror of elementary children students, provided fertile ground for the New Math's algorithmic theory of arithmetic. Presented with the problem of dividing 90 by 8, the New Mathematician will tell us the following (of course, he probably won't actually *do* the division this way—but this is what he says to the kids):

- STEP 1: Is 8 larger than 90? If yes, then quotient is 0; otherwise go to STEP 2.
- STEP 2: Subtract 8 from dividend. Add 1 to quotient.
- STEP 3: If 8 is larger than dividend then end;

The algorithm which he proposes counts the number of times that the divisor (8) can be subtracted from the dividend (90)—this number of times is the quotient (11). This method is used, in actuality, only by the crudest of mechanical calculators—even computers have better ways of dividing!

Is this algorithm even division? Let's try it on the problem of 4 divided by 12—the answer, according to one student is -8 . Certainly not. From a mathematical standpoint, division is qualitatively different from subtraction—it is not compounded subtraction, unless, of course, you are a mechanical calculator. Subtraction of whole numbers, no matter how many times it is performed, always produces whole numbers; but division, takes whole numbers and produces a new kind of number—a rational number, or fraction. One can never get fractions from subtraction of whole numbers.

This reduction of division to an algorithm involving repeated subtraction is not merely a mathematical travesty. The subject of mathematics, as all great mathematicians have known, is not numbers and their manipulation; it is the human mind

Division of whole numbers:

Introduce procedures for recording division in vertical format

Divisors: numbers less than 10

Dividends: numbers less than 100

No remainder

Because children may need to record steps in their thinking in a variety of ways, the illustrations shown are only a few of the possible steps in the development.

For example,

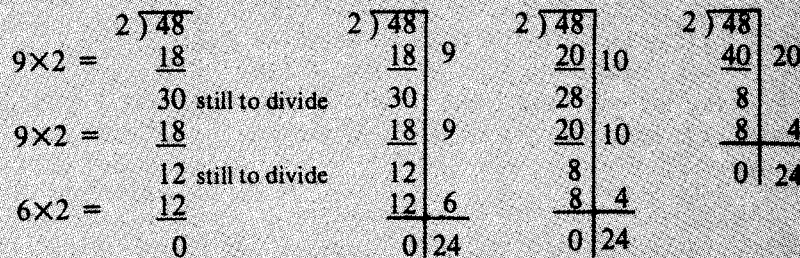


FIGURE 2
Division as repeated subtraction

The algorithmic approach to arithmetic shows its impracticality and its inaccuracy in this figure taken from a fourth grade new math text. The diagram is an attempt to show how long division can be done by counting the number of subtractions of the divisor from the dividend.

as a mirror of the Universe. Mathematics, as a product of the human mind, both reflects and modifies the structure and evolution of the Universe. Cantor says that this connection—the “unity of the all”—is mathematics. Since neither the human mind nor the Universe satisfies any of the four prerequisites for the applicability of an algorithm, to teach algorithmic thinking as if it were mathematics is to systematically distort both reality and human mentation. No wonder children hate the New Math—to understand it, they must deny the fundamental characteristic of their ability to think!

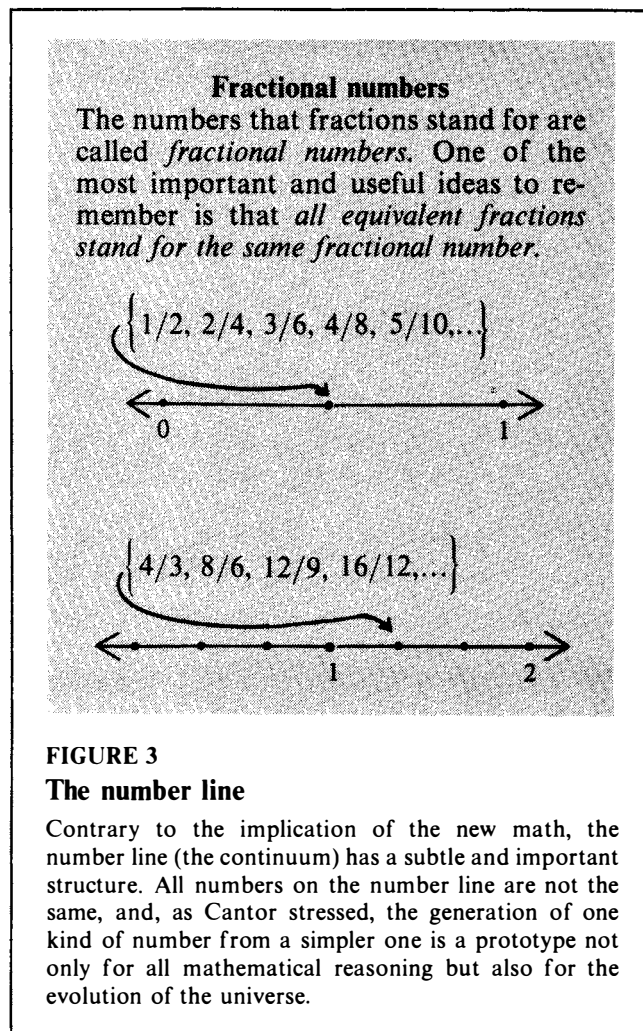
Let there be no mistake; the Aristotelian faction of mathematics agrees about the implications of algorithmic thinking. They only disagree about the inapplicability of algorithmic methods to the mind and the Universe. Their premise is that the laws governing both human thought and the Universe are fixed. Of course, they say, algorithms work precisely *because* human beings and the Universe are machine-like.

2. The Structure of the Number System

The problem of long division raises a more fundamental problem in arithmetic; the New Mathematician’s reply to my objection that his algorithm for long division could not generate fractions (because subtraction of whole numbers can only generate whole numbers) would be the following: I can provide you with an algorithm that is too simple, but just because subtraction doesn’t give you fractions, doesn’t mean that there is no algorithm for doing so.

The real argument here is not over an algorithm for long division, but rather, over the significance of these new numbers generated by division. Any qualitative significance of division comes from its ability to generate these new numbers (fractions). The Platonic approach to mathematics has maintained, as Cantor and Dedekind were the first to show, that fractions (rational numbers) are a qualitatively different kind of number than whole numbers. In addition, Cantor showed that the number system is, in fact, a nested hierarchy of different kinds of numbers, each of which is generated from the preceding by inherently nonalgorithmic processes like limits of infinite series. To get irrational numbers from rational ones, for example, requires a complicated geometrical argument that demands new mathematical rules for new numbers.

As Cantor points out, the significance of this hierarchical structure of the number system far transcends its mathematical applications. It is parallel to—a model of—the similar nested, hierarchical structure of the physical Universe. Cantor showed, even more, that the fundamental feature of this hierarchy was not its structure at any one instant, but rather what he called the Principle of



Generation which creates a new level of hierarchy out of its predecessor. This transition from one level to the next (like from the whole numbers to the rational numbers) is lawful but there is nothing in the lower level that *determines* beforehand its successor. The Principle of Generation in mathematics has been called “negentropy” in physics—but they are the same.

By his algorithms, bastardized set-theory, and the like, the New Mathematician denies the qualitative structure of the number system. The crux of the Aristotelian approach is that the Platonic hierarchy does not exist. Russell’s book was an attempt to prove the qualitative homogeneity of mathematics—to prove that it was *in toto* reducible to a fixed set of logical axioms. If he had been successful, it would have been possible to build a computer which could prove every existing theorem in mathematics and every theorem ever provable! He was not successful, but not because of any shortcoming of his attempt; it is just that he and his New Math disciples are wrong about the nature of the human mind and physical universe.

Brown and Muskie put the screws on Europe

by Susan Welsh

At the Brussels meeting of NATO defense and foreign ministers this week, U.S. Secretary of State Edmund Muskie and Secretary of Defense Harold Brown sought to pressure Western Europe to go along with Washington's policy of confronting the Soviet Union with a "paper tiger" Chinese-style military strategy. They determined to force Europe to break off what remains of detente, and to extend NATO outside its treaty-mandated boundaries to the Third World, encircling the Soviet Union with hostile states.

While the U.S. did not officially propose such an extension of NATO due to stubborn opposition from particularly West Germany, this was the subject of intensive behind-the-scenes armtwisting (known as "bilateral consultation"). Before the Brussels meetings convened, Secretary Brown visited Rome to line up support for NATO deployments into the Indian Ocean and the Persian Gulf from Italian Prime Minister Cossiga. Brown admitted in an interview to the daily *Il Tempo*, which has been blacked out in the U.S. press, that the United States has secretly requested such deployments of each of its major allies, and insists that the allies "show the flag" in the Indian Ocean and the Arabian Sea.

Following the NATO meetings, Brown expressed satisfaction that his program would yet be implemented. "We have had the rhetoric, and it has been good. We've had the beginning of the concrete steps, and the signs are that the longer term steps will also be forthcoming."

Edmund Muskie, in his first diplomatic mission as Secretary of State, made it clear to Europe and to the Soviet Union that the Carter administration is as fully

committed to confrontationist policies as it was before the cabinet crisis. Scheduled to meet with Soviet Foreign Minister Andrei Gromyko May 16, he announced that the talks will merely be a "fencing exercise... I'm here to find out if Moscow is prepared to meet minimum requirements in resuming detente." Muskie dismissed a proposal made May 14 by the Afghan government for withdrawal of Soviet troops in return for American promises not to finance rebel activities there.

The Secretary of State, in his discussions with NATO foreign ministers, demanded that they fully implement economic and political sanctions against Iran by May 17. The European pledge was made before President Carter's abortive Iran raid, and was seen by many European leaders as the only way to prevent U.S. military action. When Carter launched the raid, many in Western Europe concluded that the terms of the deal had been broken, and began to look for ways to water down the sanctions. Muskie also demanded that Western Europe stop its efforts to build an independent Mideast peace initiative, since this would "endanger the Camp David agreements.... I think it would be a very poor time to in any way divert attention from that process."

Europe stalls

The Europeans' reaction to Brown and Muskie was to stall, agreeing to a strongly worded condemnation of the Soviet invasion of Afghanistan, accepting certain short-term military measures to bolster U.S. capabilities, but deferring longer-term decisions until the December meeting of the Allied Ministerial Council.

West German Defense Minister Hans Apel has repeatedly rejected any deployment of the West German army outside Europe, and sources in his ministry said this week that the Federal Republic of Germany will send no ships into the Mediterranean. The three ships it has presently en route to the Indian Ocean are on a "routine training mission," will not participate in any maneuvers with other units, and in case of crisis have orders to return immediately to their positions in the Atlantic. West Germany will refuse to provide logistical support to the United States for transport of troops anywhere outside Europe, since "this would violate existing political agreements," the sources said.

But Europe is finding itself with less and less maneuvering room. Although fearful that the Carter administration's "incalculability" will lead to World War III, the leaders of West Germany and France have held back from any intervention which would radically reorient American policy towards global economic development and away from military bluff. The most active "intervention" into U.S. politics has come from Great Britain, seeking to fill the "vacuum" created by Carter.

The stalling tactics of continental Europe drew sharp criticism from the Soviet Union this week, which fears the consolidation of a Washington-Europe-Tel Aviv-Peking axis. As the Warsaw Pact met May 14, Commander Marshal V. Kulikov announced new measures for tight centralization and combat-readiness to make possible a permanent mobilization capability. Radio Moscow commented on the NATO meetings: "It is hard to recall a NATO meeting which took place in such an alarming atmosphere ... There is a psychological attack by the United States on its allies. ... It is trying to intimidate them with the consequences of what would happen if the allies departed from solidarity ... Western Europe follows reluctantly and with reservations. But the fact remains that they follow. However, they may find the price is too high for them. U.S. policy might lead to the brink of a big war in which entire countries would burn up."

NATO's "military buildup"

The measures adopted at the NATO sessions, while significant politically, are a joke from the standpoint of war-fighting ability versus the Soviet Union. The ministers agreed to increase stocks of ammunition and transport aircraft in Europe and to speed up deployment of new weapons, so that Europe can shoulder more of its own defense in case U.S. troops are sent to the Middle East. But European leaders in Brussels privately questioned whether the United States could live up to its own part of the arrangements in view of the depletion of American reserves under the All-Volunteer Army. Whereas the NATO meeting reaffirmed the pledge of each country to increase its defense budget 3 percent

The final communique

The communiqué issued by the NATO Defense Planning Committee May 14 declared in reference to the Soviet invasion of Afghanistan that "the stability of regions outside NATO boundaries" was of "crucial importance" to the member countries, although not an area of Alliance responsibility. This is the first time that a NATO communiqué has described an event occurring so far from the NATO region as having such a serious effect on the security of the alliance. The communiqué reads, in part:

"Ministers expressed their concern that for the first time in the postwar era the Soviet Union had used military force to impose its will on a non-aligned country of the Third World and in a way which affected the overall strategic situation.

"Ministers denounced this use of force, which jeopardizes international peace and stability and strikes at the principles of the United Nations Charter, and called for the total and immediate withdrawal of all Soviet forces from Afghanistan.

"The people of Afghanistan must be free to shape their future without outside interference."

Following the NATO session, U.S. Defense Secretary Brown compared the Soviet Union to Nazi Germany. "I would offer for your consideration the analogy of the 1930s," he told a press conference, "Those were also dangerous times. They went from danger into war through a lack of resolve and a lack of willingness to face up to the threat."

annually (at U.S. insistence), the United States has had to resort to fraudulent accounting techniques to achieve such an increase. The Carter administration knocked a few million dollars off the FY 1980 defense budget so that the new FY 1981 could register a 3 percent rise!

More serious, however, is the U.S. Defense Department's "Chinese" approach to military technology. Secretary Brown recently issued a confidential memorandum citing the disastrous condition of the U.S. Air Force, according to the London *Guardian* May 12. Air force planes spend between one-third and two-thirds of their lives out of order; the F-111D can only stay in the air for 12 minutes before a breakdown!

Brown's solution? An abandonment of technology which is "too complex" to be operated by low-skill operators, in favor of "more practical weapons that we can buy in greater quantity." Bows and arrows, anyone?

Brown, Luns say Europe will back U.S. adventures

NATO is going to have to make plans to replace American troops in Western Europe in case the United States decides to commit additional forces to the Persian Gulf, said NATO Secretary General Joseph Luns in a May 6 Washington, D.C., speech. A special NATO committee will probably be formed to draw up contingency plans "in case the Soviets grab the Gulf oil."

"The countries in Europe might well have to shoulder a heavier share ... to take up the slack. ... If the Soviet Union really would not shrink from world war, we will get that world war one day," Luns said, adding that he believed the Soviets would not risk the "unacceptable losses."

The Italian daily Il Tempo published an interview with U.S. Defense Secretary Harold Brown May 12, in which Brown admits to secret discussions with the leaders of NATO countries on the deployment of NATO forces outside their treaty regions of Europe and the North Atlantic.

But West Germans say they will not

The following wire from the West German DPA press agency May 7 was monitored by FBIS:

As far as the Federal Government knows, the United States does not plan to withdraw troops from the Federal Republic. Speaking at a press conference in Bonn today in connection with statements by NATO Secretary General Luns about a possible movement of U.S. troops from Europe to crisis areas in the Middle East, State Secretary Boelling said that, according to the impression in Bonn, this could "by no means be the case." Boelling conceded, however, that he cannot "enter into discussion of the overall subject . . ."

Boelling added that there has been little time to examine Luns' statement "very precisely." It is his "reliable impression" that maybe as a result of the reports the "mistaken impression" has arisen that the United States is considering the transfer of units stationed in the Federal Republic. Some thoughts on this subject matter had "of course" engaged the Federal Government's attention some time ago and "have been the subject of information as well as of talks within Germany's Federal Security

Il Tempo explained that the purpose of Brown's visit to Europe is to convince the allies that the United States must shift forces from the Mediterranean to the Indian Ocean, which means that Europe and particularly Italy must be prepared to intervene in the Indian Ocean too. Brown will tell the allies at the NATO meeting in Brussels, according to Il Tempo, that a part of the U.S. military budget will be designated for military expenses in the Southwest Asian theater, and that consequently Europe and Japan will have to accept an increasing role.

Brown: This request has been made confidentially to all the European allies in secret communications between the European governments and the U.S. But now the U.S. is officially placing the question on the table with the urgency which is dictated by the continuing global confrontation.

Il Tempo: It is significant that Brown wanted to inform the Italian government first on such plans.

Brown: The aim of my visit to Rome is to convey to the Prime Minister and the Defense Minister the deep appreciation of the U.S. government and people for the many recent initiatives of the Italian government and people in this moment of serious difficulties. Italy has shown itself

Council" whose deliberations "were not a matter for public knowledge."

Informed military quarters in Bonn confessed themselves "extremely astonished" by the statement attributed to Luns. Hitherto nobody in NATO knew anything of this, it was stated. What Luns is reported to have said "cannot be correct."

"There is no reason for Luns to say this," it was argued in Bonn. It can only cause confusion in the Western alliance. There can be no substitute for U.S. divisions. It is conceded that a situation might arise "in which one is subjected to increased demands."

The remark attributed to Luns that the German Navy might assist the United States in strengthening its military potential in the Indian Ocean is also strongly denied. "Nobody has authorized Luns to make such statements," it was said in Bonn. There will be no German presence in the Indian Ocean.

West German Defense Minister Hans Apel gave an interview to Deutsche Welle radio May 7, monitored by FBIS:

Q: Mr. Minister ... you said in one of your last speeches: There is no national security without international security. Does that not mean that in the future NATO will have to defend the security of its members beyond the

to be among our most solid allies and we will not forget this. Italy showed courage in joining in the decision to modernize NATO's nuclear forces so that the disadvantage due to the increasing number of Soviet medium-range weapons aimed against Europe could be overcome. Italy, although it faces a difficult economic situation, is determined to reach the goal of 3 percent increase in defense expenditures in real terms. . . .

A large portion of the increased expenditures planned in the U.S. military budget for the next five years is to be used in Southwest Asia. In Brussels we will discuss how to implement this new division of expenditures.

Il Tempo: In plain English, Brown said not only Southwest Asia but also adjacent areas, meaning an extension of the NATO countries and Japan outside their areas of competence. This means NATO must not limit its activity to a strictly defined geographical area.

Brown: The military contribution must also include an increase in naval forces, meaning that the allies must show the flag in the Indian Ocean and the Arabian Sea . . . The U.S. will undertake the largest part of this military increase, and this could make it necessary to move part of our forces from other theaters toward that region, for example to periodically move our aircraft carriers from the Mediterranean to the Arabian Sea.

treaty area in other parts of the world?

A: Let us view the current situation quite soberly. What are the reasons for our concern? We are concerned about Soviet expansion, about the improvement of the Soviet Union's strategic positions. By the way, it cannot be shaken out militarily: Afghanistan is topographically in such a location that nobody can go into action there even if he wanted to. Second, there is the concern of endangering our oil supply. Third, the hostages must be freed alive. . . .

NATO would totally overstrain itself if it wanted to solve the problems. At best, NATO can contribute if the Americans say: we are more deeply involved somewhere else, you must relieve us in Central Europe.

Q: In addition, the Army will face a special situation if and when NATO is called upon to share in worldwide responsibility, namely, the situation resulting from the partition of Germany.

A: The point at issue is not just Germany's partition. What matters is that our basic law says in no uncertain terms and without any contradictions: The Federal Republic has, and is allowed to have troops for defensive purposes, for home defense. And this makes it absolutely clear in legal terms that a Bundeswehr mission outside of Europe just cannot take place.

West Germany

A vote in the Ruhr for Schmidt and peace

by Ranier Apel

West German Chancellor Schmidt's Social Democratic Party (SPD) won a major victory in May 11 elections in the state of North Rhine Westfalia, where more than one-third of Germany's electorate lives and works. The returns are considered an important setback to the ambitions of Bavarian Franz Josef Strauss, who is scheduled to be the joint chancellor candidate of the opposition Christian Democratic Union and Christian Social Union parties in this October's national elections.

The victory of SPD candidates in this Ruhr industrial area represents a clear mandate for Schmidt's war-avoidance, detente-oriented foreign policy, and his government's continuing refusal to collaborate with the Carter administration's military posturing in the international arena.

Overall, the SPD gained 3.3 percentage points in the vote, raising its seats in North Rhine Westfalia's parliament to 49 percent. The Christian Democrats lost 3.9 percentage points, while the Free Democratic Party, Schmidt's coalition partner at the national level, suffered a 1.8 percent decline, failing to qualify for "major party status." Now below the minimum five percent level, the FDP must leave the state's parliament. Analysts agree that some of the SPD gains came directly at the expense of "migrant voters" formerly committed to the Christian Democrats.

Significantly, the so-called Green Party—the environmentalists and radicals—also failed to gain the minimum five percent to qualify for seats in the state parliament. A significant Green vote had been counted on by Chancellor Schmidt's enemies, including Christian Democrat leader Kurt Beidenkopf and Strauss, to weaken the chancellor's governing coalition. But the SPD suffered no net loss of votes to the greenies, whose minimal gains at the expense of the Christian Democrats and Free Democrats still left them at only three percent.

In at least this key state, therefore, the policy of Strauss and Beidenkopf to build the Green Party has floundered. This policy was actually worked out for the two opposition leaders in the United States in February, when Strauss visited America for one week of top-level meetings with Carter administration officials and geopolitical specialists at the Jesuit Georgetown University.

The sole topic was how to topple Helmut Schmidt in order to reduce West Germany to a subservient vassal of Anglo-American policy within the NATO alliance. Building the environmentalist kooks of the Green Party into a "major party" in parliament at the expense of the SPD and FDP was to have been a principal tactic. But not only did the greens fail to grow significantly; Schmidt's SPD won new support from traditionally Christian Democratic Catholic workers in what were considered that party's bastions of support.

Beidenkopf, who became Christian Democratic chief in North Rhine Westfalia upon the death of Heinrich Koepler in the middle of the election campaign period, and proceeded to suffer the past week's defeats, is one of Strauss's most prominent supporters at the federal level. It is widely recognized, moreover, that the defeat was due to Beidenkopf's "American way of politics" (i.e., support for the Carter administration) in the eyes of Ruhr voters. In Germany, there is no one more "American" in that distasteful sense than Franz Josef Strauss.

Is Strauss viable?

The defeat of the Strauss forces has raised public questions about whether Strauss's own ambitions for the chancellorship might be at an end. Questions about the viability of the Strauss candidacy were reportedly raised at the presidium meeting of the Christian Democrats on May 12 in Bonn. They were immediately shoved aside, however, by the CDU's leadership group, dominated by such tools of Georgetown as Leisler Kiep, Ernst Albrecht and Philipp von Bismarck, who conjured up "the need for inner party solidarity."

Similarly, at a press conference held jointly by the CDU leadership and Strauss's Christian Social Union (Bavarian), it was announced that there would be no change in the party's "new policy"—unquestioning solidarity with the foreign policy of the Carter administration, increased military expenditures as per NATO request, and a domestic policy centered around "the problems of the young"—that is, building the Green Party—as well as a populist tax policy, etc.

The policy is considered "new" because, traditionally, the Christian Democrats have been the party of industry and economic growth. The Strauss supporters at the CDU's helm, however, are as totally committed to Club of Rome-NATO economic policies of zero-growth as to NATO-Carter foreign policy postures.

With a strong base oriented to industrial growth and East-West detente still remaining in the Christian Democratic ranks, the Strauss-allied leadership must avoid any concessions to the anti-Strauss ferment, for fear of encouraging a revolt. All the more after the Ruhr electoral defeat, Strauss's main objective is to crush the traditional Christian Democratic policy orientation.

This Georgetown faction in the CDU is evidently not confining its campaign against Chancellor Schmidt to mere parliamentary and electoral opposition. The Green Party is being used as shock-troops in the streets to destabilize and split the "left" environmentalist wing of the SPD out from under the Chancellor. Exemplary were street riots in the city of Bremen May 6 on the occasion of the 25th anniversary of West Germany's membership in NATO. What started as a "peaceful demonstration" sponsored by the Lutheran Church—in which a powerful influence is the "black noble" von Bismarck family, whose Philipp heads the CDU Economic Council—erupted into violent clashes with the Green Party in the lead, leaving 25 policemen injured.

As the newspaper *Die Zeit* wrote even several months ago, it is very possible that Strauss intends to base his electoral campaign not on industry or labor support, but on public riots, tax revolts, and youth protests organized by his own "Green Party" team centered around Beidenkopf and the von Bismarcks.

One pressing question after the North Rhine Westfalia elections is that of the future of the Free Democratic Party. The party's importance, despite its size, is that its support has given Schmidt the margin in the Bundestag (federal parliament) required to rule.

The "party crisis" created by the North Rhine Westfalia defeat, however, may be used by some forces to attempt a transformation of the Free Democrats in a populist, Green Party direction—and in fact, pro-Strauss currents in the FDP came out of the Ruhr defeat with warnings that it should now distance itself from the Chancellor's SPD.

In fact, although allied with Schmidt, the zero-growth policy thinking of such agencies as Georgetown and NATO's Club of Rome has had a significant impact in Free Democratic Party ranks—enough to make it part of the drug legalization movement in West Germany, for example. If such policy orientations become strengthened in the wake of the Ruhr elections, the FDP could be on its way out of Schmidt's coalition and into an alliance with Strauss.

However, that appears to be a fragile prospect, if Schmidt's party does what now appears well within its capability. A majority of the West German electorate is showing that it identifies with the German Chancellor. Schmidt is moving into a position in which he will be able to conduct a head-on political fight with the "green" wing of his own party around former chancellor Willy Brandt, now party chairman. In that event, the move of the Catholic labor vote into his camp which provided the SPD with 49 percent in North Rhine Westfalia, could be accelerated, giving Schmidt even an absolute majority at the federal level come October. What need then of labile Free Democrats, always the government's weak flank?

Italy

Will Cossiga survive new terror scandal?

by Jeffrey Steinberg

A political civil war has broken out in Italy following public revelations that the "godfather" of the present Cossiga government is linked to the terrorist assassination of a leading Italian judge and possibly to the kidnapping-assassination of former Premier Aldo Moro. While it is impossible to predict at this time what the outcome of this series of startling revelations will be, or what arrests and counter-arrests will be made, it is now firmly established that the evidence published in the November 1978 European Labor Party dossier, *Who killed Aldo Moro*, is true.

That dossier, which has shaped the efforts of anti-terrorist forces in Italy since its publication, showed that it was the Italian black nobility, acting through its kept servants in the Christian Democracy and the leadership of the Socialist Party, linked as well to Anglo-American and Israeli intelligence services, who ordered and carried out the Moro assassination.

Last week, police in Turin revealed that Marco Donat Cattin, the son of DC Vice-Secretary Senator Carlo Donat Cattin, was a leading member of the terrorist underground in Italy, responsible for the assassination in January 1979 of Milan-based Judge Alessandrini. At the time of his assassination, Alessandrini was about to name the names of the black nobility (those feudalists who trace their lineage back to the Roman Empire) behind the Moro killing.

The Turin police revealed that they were in possession of tape recorded evidence of the role of the young Donat Cattin in the Alessandrini assassination and the earlier murder of Milan University Professor Galuzzi. Three of those tape recordings were of telephone calls that Marco Donat Cattin made from the office and the apartment of his father! Two calls made from the Senator's apartment during the March 1978 period leading into the Moro kidnapping came well over a year after the DC official had "repudiated" his son's terrorist activities by claiming that Marco had gone underground and had not been seen by the family for over a year. The taped evidence shows that Senator Donat Cattin was lying.

The recent Donat Cattin revelations add further weight to the charges—carried frequently in the pages of

EIR—that the Cossiga government is a coalition of terrorists. Senator Donat Cattin, more than perhaps any other Italian political figure, was responsible for putting Cossiga back in power, in coalition with the Socialists. At the February 1980 DC Congress, Donat Cattin blocked with the Cossiga forces in the party to muscle the faction led by Giulio Andreotti out of power. The Andreotti group had led Italy into a close political alliance with Chancellor Schmidt of the Federal Republic of Germany and President Giscard d'Estaing of France in creating the new gold-backed European Monetary System and in conducting a coordinated international crackdown against the "citizens above suspicion" who run terrorism in the NATO countries.

Senator Donat Cattin's actions at the DC Congress were backed up by the Trilateral Commission-owned Carter administration. According to one highly placed source in the DC, former U.S. Secretary of State Cyrus Vance arrived in Rome on the eve of the Congress with "a suitcase full of money and a gun"—with orders to see a Cossiga-PSI coalition installed in power. For Vance, it was a quieter version of the more bloody coup d'etat that he ran in Greece in 1967.

What was the ruling coalition that Vance ushered into power? A government of terrorists:

- Prime Minister Cossiga was the Interior Minister during the Moro kidnapping. Following the discovery of Moro's corpse, then Prime Minister Andreotti fired Cossiga. The not-so-secret motive behind Cossiga's dumping was the fact that the Interior Ministry had been a pipeline of information into the Red Brigades on the state of the Moro investigation. More recent revelations published in *L'Unita* and *L'Espresso* indicate that the Interior Ministry had evidence of Marco Donat Cattin's role in the terrorist Primo Linea ("Front Line") group by no later than March 1977 and suppressed the evidence.

- The Italian Socialist Party, presently holding one-third of the ministerial seats in the Cossiga government, is the principal recruiting and control point over the Red Brigades, Front Line, the Autonomi and every other left-radical terrorist cell in Italy. According to testimony recently taken from Front Line "military commander" Patrizio Peci, following the arrests of professors Negri and Piperno on charges that they masterminded the Moro assassination, Piperno was visited in jail by Giacomo Mancini, a leading PSI mafiosi, and ordered to keep his mouth shut. According to Peci, it was three top leaders of the PSI who ordered the Moro hit and oversaw its execution.

This band of terrorists now ruling Italy through the combined efforts of Cyrus Vance and terrorist papa Senator Donat Cattin is the government that U.S. Secretary of Defense Harold Brown described last week as "America's most reliable ally in Western Europe!"

The battle for Italy

A see-saw battle for power has erupted in Italy over the past week, centered around the long-suppressed revelations of the Donat Cattin-terrorist connection. It had been the intention of the Cossiga-PSI government since it entered office to bury once and for all the trail of evidence leading to its collective hand in carrying out the Moro murder (Moro at the time of his murder had been the prime mover behind an Andreotti-led "historic compromise" coalition with the Communist Party of Italy) and other terrorist acts.

Toward that end, Cossiga, et al. launched a campaign to "prove" that Italian terrorism was purely a local, sociological phenomenon, born of social conditions rather than through conscious, top-down design. Last month, the Cossiga-linked intelligence services released a 70-page dossier-confession by Primo Linea leader Peci. Peci claimed that the Red Brigades, et al. were purely Italian in origin, with no foreign links. He further claimed that professors Negri and Piperno were innocent of all involvement in the Moro killing. On the basis of these fabrications, an Italian judge is presently considering the release of Messrs Negri and Piperno—despite the existence of powerful contradictory evidence including taped telephone conversations between Negri and the Moro family during the "ransom" phase of the kidnaping-assassination.

The Peci "revelations" themselves took a startling turn during the first week of May when Judge Calogero, one of the most aggressive prosecutors of the forces

behind the Red Brigades took over the Peci interrogations. Immediately, information came pouring out of Peci's mouth that contradicted his 70-page "confession." Peci revealed the Marco Donat Cattin role as an important regional coordinator of Autonomi, Red Brigade and Front Line activities in the provinces of Piedmont, Lombard and Tuscany. He further revealed that the Israeli Shin Beth agency had made contact with the Red Brigades seeking cooperation.

Far from being successfully suppressed by the Cossiga government, these latest revelations have become front-page news throughout Italy—particularly the exposure of the Donat Cattin hand in terrorism.

As the result of these leaked interrogations, Cossiga-linked police on May 14 arrested one of the most respected and powerful secret service investigators in Rome, Russomano, for leaking government secrets.

As the result of these moves and countermoves, the issue of who really runs terrorism against the Italian state is now before the entire nation. No longer are byzantine maneuverings and backroom deals determining the plight of Italy. In this respect, the facts first published in *Who Killed Aldo Moro* now move center stage. Over the next weeks, the outcome of this now-raging fight will determine for all to know whether a band of Trilateral Commission and black nobility backed terrorists including Cossiga and Donat Cattin will continue to rule Italy; or whether an Andreotti-centered government committed to an alliance with Schmidt and Giscard will be restored to power.

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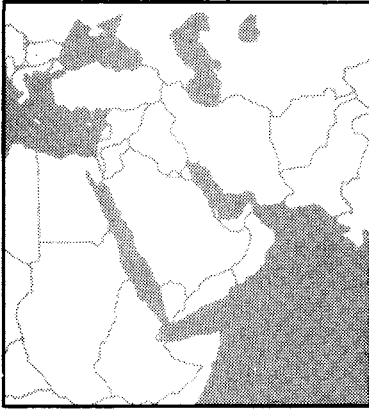
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Middle East

Iraq leads the Arabs against 'Islamic pact'

by Judith Wyer

Last week Iraqi President Saddam Hussein conducted a series of strategy planning sessions with the prime ministers of Saudi Arabia, Kuwait, Jordan's King Hussein and Palestine Liberation Organization (PLO) leader Yasser Arafat. Baghdad in recent months has become the rallying point for an alliance to challenge London and Washington's effort to create an Islamic military pact as an arm of NATO against the Soviet Union.

The meetings in Baghdad coincided with the first open British declaration of its intentions to forge the Mideast Islamic pact. Following talks with President Carter, Britain's Foreign Minister Lord Carrington told the Washington press that London and Washington were concerned with the "urgent problem" of working out a "defensive arrangement to prevent Soviet domination of the Persian Gulf oil region" with the cooperation of West Europe, and the nations of the Gulf including Iran.

The Anglo-American elite intends to forge this pact on the basis of the Camp David Alliance of Egypt and Israel, on the one hand, and the Iranian Islamic regime of Ayatollah Khomeini. Egypt and Iran are widely recognized in the Arab world as the centers of the clandestine Muslim Brotherhood movement which is the prime vehicle for spreading Muslim fanaticism throughout the region. The process of Islamicization of the region is London's key bludgeon against moderate Arab countries like Iraq and Saudi Arabia opposed to Carrington's plan.

Baghdad and its continental European allies recognize that such a radical Islamicization of the Mideast represents a strategic threat to the Soviet Union, which has publicly declared that the U.S. and Britain are behind the Muslim insurgents. They recognize that further destabilization of the area by the Muslim Brotherhood may well be the shortest fuse to World War III. It is for this reason that Iraq and its Arab allies in cooperation with France are working to forge an independent Middle East peace plan and accompanying security arrangement.

France has become the major western power aiding Iraq and Saudi Arabia. France has concluded \$3.3 billion in military agreements with Saudi Arabia and Iraq. These contracts include the construction of naval and

training facilities for the two countries. France will also supply equipment for two armoured divisions in Saudi Arabia plus Mirage 4000 fighter jets. Last week, the head of the French national police, J. Soulier, arrived in Riyadh to advise the royal family on internal security. That same week French Defense Minister Yvon Bourges not only visited Saudi Arabia but conferred with the leaders of the Persian Gulf emirates Bahrain and Qatar to discuss French military aid.

These billions of dollars of French military contracts follow French President Giscard d'Estaing's historic trip to the Gulf this spring, where far-reaching economic and political agreements were reached. A key component of French efforts to build up an independent security capability in the Gulf is the close relationship between Iraq and India. Following Indian Prime Minister Indira Gandhi's return to power this year, Giscard was the first world leader to visit New Delhi.

Paris has promoted the policy that Iraq and India should be the foundation of an alliance to safeguard the Indian Ocean from a potential superpower conflict. India and Iraq are both solid allies of the Soviet Union and France has more than any other European nation defied Washington by fighting to preserve its normal relations with Moscow. Just prior to France's announcement of the new military aid agreements with the Gulf states, Giscard held talks with Soviet Foreign Minister Andrei Gromyko.

That same week, Iran, India and France announced a far-reaching energy cooperation agreement including increased Iraqi oil supplies to both France and India plus sharing of nuclear technology. Iraq has pledged to increase its oil supplies to France from 25 million to 35 million tons this year and to increase its oil producing capacity to 4 million barrels a day this year.

Last month the Baghdad government stunned the world when it suddenly broke off relations with the Popular Front for the Liberation of Palestine (PFLP) and the Popular Democratic Front for the Liberation of Palestine (PDFLP). This move was the latest example of the Saddam Hussein government's effort to shed Iraq's longstanding radical position in the Arab world. The

moderation of Iraqi policy has enabled Baghdad to assume a leading military role for the Arab world. The PFLP and the PDFLP are two of the most extreme groupings within the Palestinian movement, which are against any peace settlement with Israel. On the other hand, Iraq, Saudi Arabia, Jordan and the moderate PLO leadership allied to Yasser Arafat have adopted a policy of working with continental Europe to forge a firm diplomatic front to break the Camp David agreements, seeking an international consensus for an overall settlement of the Mideast crisis inclusive of the recognition of Palestinian rights. The PFLP and the PDFLP represent a security threat to the Arab nations of the Gulf not only by virtue of their hardline ideology but their alliance with the Islamic regime of Iran—which has pledged to export revolution to the Arabian peninsula—and their allegiance to the regime of Libya's Muammar Qaddafi.

Following Iraq's break with the PFLP and the PDFLP, Qaddafi lambasted Iraq for divorcing itself from the confrontationist policies of the so-called "rejection front." Qaddafi also attacked the Baghdad regime for its "hostile stand towards the Islamic Revolution in Iran."

Both Iranian and British propaganda have attempted to portray Iraq's new turn as a matter of the Hussein government becoming a pawn of Washington at the expense of relations with Moscow. Iraqi Deputy Prime Minister Na'im Haddad during a visit to Kuwait last week told the press that "relations with the United States are hostile and relations with the Soviet Union are friendly, but at the same time, critical." The next day Saddam Hussein denounced the provocative U.S. military maneuvers off the coast of Cuba.

Iraq has been the most outspoken critic of the regime of Ayatollah Khomeini, condemning it as a stooge of the U.S. in its efforts to take over the oil resources of the Arab nations. Baghdad's Persian language broadcast last month again reiterated the links between Teheran and Washington, and noted that the problem of the American hostages is just a smokescreen: "The hostage problem is a smokescreen intentionally started by these two governments" to cover their covert relations. Radio Baghdad reports on a meeting between the Iranian Ambassador to Kuwait, Ardakani, and former U.S. ambassador to the United Nations, Andrew Young. The report noted that "the amassing of U.S. troops at the mouth of the Gulf poses a direct threat to the Arab countries of the region, and not to Iran."

The British dailies, the *Financial Times* and the *Guardian* in recent days have caustically attacked the developing alliance which the French are cultivating with the states of the Gulf and has condemned Iraq for making a bid to become the central power of the region. What these attacks leave unstated is that Baghdad maintains a friendship treaty with Moscow which is seen in London and Washington as a serious obstacle to their Islamic defense pact.

Iran

President Bani-Sadr versus the Mullahs

by Nancy Coker

A behind-the-scenes power struggle is raging in Iran.

At the center of this struggle, whose outcome will determine not only the fate of the hostages but the very shape of the Middle East, is Iranian President Abolhasan Bani-Sadr. Known as a moderate because of his gestures over the past several months to defuse the hostage crisis, Bani-Sadr is operating as an appendage of the Anglo-American faction associated with British Foreign Secretary Lord Carrington and former Secretary of State Cyrus Vance. This faction is at odds with the confrontationist policies of National Security Council chief Zbigniew Brzezinski, whose eagerness to resort to military intervention in Iran is viewed correctly as a plunge into head-on collision with the Soviet Union.

Over the past several weeks, numerous editorials in the *Times of London* and other British outlets have endorsed Bani-Sadr and his up-to-now futile attempts to form a government. In throwing its weight behind Bani-Sadr and the moderates, the Vance-Carrington crew is pursuing a larger strategic objective that actually runs parallel to the Brzezinski track but stops just short of going to the brink of war. That objective is the forging of a new military alliance comprised of Iran, the Arab oil states, and the nations of the Persian Gulf, working in coordination with the West, all in the name of "preventing Soviet domination of the Gulf's oil supplies."

The problem facing the Vance-Carrington faction is that Bani-Sadr has no political base inside Iran. Moreover, with the fanatic clergy of the extremist Islamic Republican Party now in ascendance as a result of that party's victory in last week's parliamentary run-off, Bani-Sadr is incapable of creating a political base, and has little if any room for maneuvering. Insiders report that should he move at this time to release the U.S. hostages, who have become the rallying point of the entire nation the country will collapse.

On May 5, the *Village Voice* leaked that according to associates of Bani-Sadr, the U.S. raid on Iran in April was aimed at bringing about a coup d'état against Bani-Sadr by "leading clergy and government officials" including such extremists as Foreign Minister Sadegh Ghotbzadeh, Ayatollah Beheshti of the Islamic Republican Party, Defense Minister Mustafa Chamran, and

former Foreign Minister Ibrahim Yazdi. According to the *Voice*, these four have backgrounds as activists in the Muslim Student Association in the United States, "a body now viewed with interest and mistrust in Teheran since it received funding from the American Friends of the Middle East, identified in the 1960s with the CIA." "The planned release of the hostages," the *Voice* notes, "was part of a process designed to overthrow Bani-Sadr."

That the U.S. raid on Iran was aimed at toppling Bani-Sadr and bringing into power the lunatic faction around Ghotbzadeh on the one hand, and around the clergy on the other, is clear. From the start it was Ghotbzadeh, not Bani-Sadr, who was in on the preparations of the U.S. raid, meeting secretly in Paris to work out the details of the operation with First Secretary Murphy of the U.S. embassy there. It is interesting to note that it was while the raid and coup preparations were in the works that Bani-Sadr first began to sound the alarm publicly of the danger of his being toppled.

Despite the failure of the raid, and with it the failure of the coup, the operation achieved a partial "success" in that on the eve of the parliamentary elections, the hard-line faction associated with extremist Ayatollahs Behesh-ti and Khalkhali was strengthened considerably, undermining Bani-Sadr's efforts to shore himself up. Earlier, Bani-Sadr had been granted by Khomeini the power to appoint a prime minister and to oversee the armed forces and Iranian radio/TV. But with the upsurge of fundamentalist fanaticism following the raid, Bani-Sadr has been blocked by the Islamic Republican Party in his efforts to appoint Admiral Ahmed Madani, a moderate, as prime minister. The post still remains unfilled.

The fight between the Bani-Sadr moderates and the Khomeinians peaked with last week's confrontation between Bani-Sadr and Ayatollah Khalkhali, known in Iran as the "Blood Judge" for his having sent thousands of people associated with the Shah's regime to their death. Khalkhali, defying an order from Bani-Sadr to the contrary, told his followers to tear down the mausoleum of the founder of modern Iran, the Shah's father. In the boldest move since his accession to the presidency, Bani-Sadr stripped Khalkhali of all his titles, a move that is certain to ignite an intensified round of internecine warfare inside the country.

The precariousness of the situation inside Iran was underscored by a well-briefed Iranian source who revealed that "the reason the hostages were taken in the first place was because the Khomeini regime was crumbling," and that the hostages will continue to be held because if they are released, the Khomeini "revolution" will unravel. Last week, Habibollah Peyman, the head of the terrorists occupying the U.S. embassy in Teheran who is known to be tied into Israeli intelligence, stated that the hostages would be held "indefinitely, in order to ensure the continuation of the revolutionary process."

Asia

Soviets warn Ohira on 'China card'

by Richard Katz

Using the sternest tones heard in years, Soviet Ambassador to Japan Dimitry Polyanski warned Japan not to proceed with its planned de facto military alliance with China and the United States and its corollary military buildup. Polyanski reminded the Tokyo Foreign Press Club of the U.S.S.R.'s new naval presence in the Pacific—including deployments of nuclear submarines armed with nuclear missiles into the South China Sea—and its new military bases on the famous "four northern islands" claimed by Japan. A few days earlier, TASS had condemned Prime Minister Masayoshi Ohira's full support for "Carter's adventurism" in Iran as well as Japan's headlong move into a triangular military alliance with China and the United States.

The reasons listed by Polyanski for the Soviet military deployments reflect how seriously the Soviet Union regards the current strategic situation in Asia. Polyanski insisted his government would not tolerate Japan joining a U.S.-China military alliance, which would have a deleterious effect on the already growing instability in the Korean peninsula and the growing tensions in Indochina. The Soviet Union perceives a cooperative effort by the United States and China not only to undermine Soviet friends in Asia, such as Vietnam and India, but even to destabilize relatively peaceful situations such as Korea—all for the sake of producing a pan-Asia military coalition against the U.S.S.R. Polyanski's speech was aimed at preventing a full consolidation of recent Japanese moves to join the U.S.-China alliance.

Chinese threat

China's menacing posture in South Asia lies at the core of the new Soviet military deployment. Only days before Polyanski's warning, Pakistani dictator Zia ul Haq visited China and received full backing for his recent series of military skirmishes with India in the disputed Kashmir region. China itself has built up its troop strength in Sinkiang Province bordering on Kashmir (and the Soviet Union), according to the London *Daily Telegraph*. A European source reports that China is also adding more troops on its own border with India.

At the same time, China is attempting to destabilize Indira Gandhi's government by funding and inciting the

Assamese nationalist terrorists who are now depriving India's shaky economy of 30 percent of its oil. Indian opposition factions favored by the Carter administration now threaten to raise a national outcry should Gandhi militarily respond to the sedition in Assam.

In addition to the pressure on India, Chairman Hua Guofeng has repeatedly stressed in recent weeks that China reserves the "right" to "repunish" Vietnam.

Backing up its troops and destabilization activities, China has informed Japan and the United States that it will soon test a 3-megaton nuclear missile with the range ability to hit Moscow. Interestingly, the brains of the China missile program, Chien Hsueh-Chien, was a classmate of Defense Secretary Harold Brown at the California Institute of Technology during the 1930s. Chien then participated in the U.S. Army Air Corps during World War II and in postwar military intelligence missions to study Nazi rockets. In 1955 at the height of the Cold War, Chien was allowed to leave the United States and return to China. The technology used in developing the new missile comes from satellite launchings, whose further development will be aided by the cooperation agreement just signed between Washington and Peking.

A Japanese military buildup

China's activities pose a danger to Asian peace primarily because they have the backing of the Carter administration. Now Carter is putting immense pressure on Japan to join in a triangular de facto military alliance with the U.S. and China. This was the subject of the Ohira-Carter discussions in early May in Washington and is the premise for any military buildup by Japan itself. With some qualifications, Ohira essentially agreed to Carter's demands on this subject.

In Japan, the Carter administration policy is being pushed by Trilateral Commission-associated unofficial advisers to the Ohira administration. They are led primarily by Nomura Research Institute head Kiichi Saeki and former Foreign Minister Kichi Miyazawa. Saeki, a very close associate of Zbigniew Brzezinski and a longtime official of the London International Institute of Strategic Studies (IISS), is working closely with Japan Defense Agency (JDA) officials on military policy for Japan. According to Japanese sources, JDA officials are proposing a series of steps, all leading ultimately to a NATO-type alliance in Asia including China as well as countries of Southeast Asia and South Korea, presumably with a new government in the latter. Saeki is sponsoring a June meeting in Tokyo—the Security Conference on Asia and the Pacific (SCAP)—in collaboration with former U.S. Ambassador to South Korea Richard Sneider.

Already, military cooperation between Japan and China has begun in the form of Japanese military dele-

gations to China and Japanese economic support for China's military modernization. Two weeks ago, former Japan Defense Agency head Yasuhiro Nakasone, who aspires to be Prime Minister, visited Peking. He was told there by Chinese defense leaders that Japan should double its defense spending to 2 percent of GNP and build up exactly those air and naval deployments also being urged on Ohira by Washington. According to Chinese press reports, Nakasone replied that Japan and China had a role to play in preserving the security of Asia and that "*in that contest* it is appropriate that Japan aid China's four modernizations." The first of the four is military.

At the April Trilateral Commission meeting in London, George Ball made it clear that the first step in Japan's joining a NATO-type structure in Asia was for Japan to build up its air and naval deployments in order to free U.S. forces to deploy in the Indian Ocean. Former foreign minister Kichi Miyazawa, a longtime associate of Ohira's, supported Ball's proposals.

Ohira and his foreign minister Saburo Okita regard it as premature to publicly discuss the steps leading to a NATO structure in Asia—and reportedly are not yet ready to go as far as Saeki and Miyazawa. Nonetheless, Ohira agreed in Washington to the preliminary military buildup demanded by Carter. Ohira agreed that Japan would accelerate its defense buildup, with emphasis on air reconnaissance and antisubmarine deployments against the Soviet Union. Two months ago, Japan first participated in multilateral naval maneuvers with the United States, Australia and New Zealand. That participation is now expected to become routine.

A State Department-linked source noted, "This new military buildup is qualitatively different from the vague talk we have heard for 20 years of Japan taking on a growing military role. This means something." The source also noted the role that Ohira's Pacific Basin economic concept would play in aiding the military developments. Saeki happens to be a key advisor to Ohira on that policy as well.

Not everyone in Japan is pleased with Ohira's acquiescence to Carter. Japan's most powerful business leader, Toshio Doko of the Keidanren business federation, made a denunciation of military buildup proposals just prior to Ohira's departure for Washington. Such pressure led Ohira to deny that he had actually made some of the military commitments to Carter that he had made.

Ohira had already invested a great deal of political capital in supporting Carter's sanctions on Iran, at the cost of 12 percent of Japan's oil supply. When Carter pulled his "rescue" stunt in Iran two days later, Japanese newsmen said he had subjected Japan to potential "annihilation without representation." Nonetheless, Ohira went to Washington with a license to go along with

Carter on oil, military policy, Mexico.

Now, the consequences are raising a storm of criticism in Japan. This focuses particularly on the loss of Mexican oil and the military buildup policy. The opposition parties intend to place a vote of no-confidence against Ohira for his actions in Washington on the military question among others. There are rumors that members of the LDP factions of former prime ministers Miki and Fukuda—may vote with them.

At this point it is not clear if the Miki and Fukuda factions and their business backers intend to try another attempt to remove Ohira

Threat to South Korea

Perhaps the most immediate threat to peace posed by the U.S.-Japan-China alliance is the current destabilization by the Carter administration of one of the major Asian opponents of the China card, the government of South Korea. It is no accident that Polyanski included the Korean instability as a cause for the Soviet military buildup and warning to Japan.

The student demonstrators in Korea are now demanding the ouster of Korean Central Intelligence Agency head Gen. Chun Doo-Hwan and Prime Minister Shin Hyon-Hwack as well as an end to martial law. These were not the original demands of the student demonstrations that began one month ago and have now reached the unprecedented level of 2,000 off-campus demonstrators. The Opposition-supported elements among the students received a boost when Carter told Japan's Ohira that KCIA chief Chun had gathered too much power and then conveniently leaked the remark.

The student demonstrators' demands are backed by leading opposition politician Kim Kae Jung, who is believed to be favored by whole sections of the U.S. State Department. Kim had made it clear to the State Department that he regards the current regime as an obstacle to the China card strategy for Asia, adding that he himself will cooperate with the policy.

The "human rights" crowd involved in aiding the students from the U.S. are headed by former U.S. Ambassador to Japan Edwin Reischauer of Harvard and his assistant Edward Baker. The latter works for Amnesty International as head of the South Korea section.

While China's role is not certain, informed analysts believe China is urging North Korean restraint in this situation so as not to give the South Korean military a credible justification for a military crackdown.

Should the South Korean regime be replaced by a pro-China card government in a U.S.-Japan-China-Korea anti-Soviet lineup, the U.S.S.R. may decide it is necessary to go much farther than Polyanski did in warning of the folly of Brzezinski's confrontation politics.

EIR's Frankfurt conference

Planning for India to realize Nehru's dream

A small core of scientific professionals from India and West Europe outlined a detailed blueprint for avoiding mass depopulation and world war at a conference held in Frankfurt, West Germany May 6 and 7. The conference, entitled "The Industrial Development of India—Its Potential, Its Necessity," was sponsored by the Fusion Energy Foundation and the *Executive Intelligence Review*.

The themes of the conference were eloquently summed up by K.D. Malaviya, former Indian Union Minister for Petroleum and Chemicals, the father of the Indian oil industry and a close collaborator of India's first Prime Minister Jawaharlal Nehru. "Without peace there is no development," Malaviya told his audience, "and without development there is no peace."

The economic program presented as the basis for conference discussion—a comprehensive, step-by-step, 40-year plan for developing India from relative backwardness to an industrial superpower—was outlined by Uwe Parpart, director of research for the Fusion Energy Foundation, and Daniel Sneider, editor-in-chief of the *EIR* which published the program. The program itself has been the subject of detailed discussion in the *Far East Economic Review* as the possible path of economic planning to be chosen by the government of India's Prime Minister Indira Gandhi.

Despite the obvious importance of the issues to be discussed by a distinguished list of conference speakers, less than two dozen persons of those who accepted to attend were actually present. Those conference sponsors associated with internationally renowned economist Lyndon LaRouche, who designed the economic model used for the development of the India program, reported that the systematic campaign waged by Club of Rome circles and others to prevent West German representatives of government and industry from speaking and attending was unique to their extensive experience in its scope and intensity.

Malaviya and other conference speakers stressed the increased political courage required from West European governments, industry and labor organizations for

effective war avoidance development plans to be realized.

Ganesh Shukla, editor of the influential Indian weekly *New Wave*, told the audience that it was imperative for West Germany to recover its political independence. Unless Western Europe breaks decisively with its Anglo-American masters, Shukla warned, it will be obliterated by nuclear war, as famine, disease and chaos create multiple flashpoints for East-West confrontation.

The essential role of nuclear power in breaking the constraints on Third World development was stressed by other conference speakers, including Prof. Dr. W. Seifritz of the Eidgenössisches Institut für Reaktorforschung in Würenlingen, Switzerland. Dr. Seifritz presented detailed evidence demonstrating that no policy except massive "brute force" development of nuclear energy can provide the world with enough resources to feed its expanded population by the year 2020.

K. D. Malviya agreed: "Our Atomic Energy Commission is aiming at the installation of 10 gigawatts of nuclear power capacity by the end of this century. My case is that India must produce 50 gigawatts of energy by the end of the century."

The speech of Raghunath Reddy

EIR presents here excerpts of the speech delivered by K. Raghunath Reddy, India's former Minister of State for Industrial Development.

The economic development achieved by India is well-recognized through the world and, to borrow the language of our prime minister, "The world now recognizes the versatility and capability of our industries."

The chief architect of industrial development of India is our great leader Pandit Jawaharlal Nehru. Nehru believed in planning. To him planning did not mean a collection of projects or schemes but a thought-out approach of how to strengthen the pace of progress so that the community advances on all fronts. In order to get over the gaps in technological development, Nehru advocated the utilization of the latest scientific processes and most advanced production technologies for India's development.

The main component of Nehru's strategy of development were (a) a large public sector; (b) cooperative sector; and (c) private sector. The central figure in all planning is no doubt man. Nehru felt that the process of planning should involve the changing of human beings, their thinking and their way of work. While the technical aspect of planning is undoubtedly important, the two would have to fit each other.

Nehru was also conscious of the fact that backwardness in science and technology is the cause of poverty, and utilization of modern technology creates not only wealth but simultaneously employment too. Contrary to

the ruralist approach advocated by some political leaders and world organizations, he was quite clear in his mind that nuclear energy used for peaceful purposes and economic development would benefit mankind, liberating them from poverty, backwardness and suffering. He had given unqualified encouragement to Dr. Bhabha, our famous nuclear scientist. Our success in the field of nuclear energy is mainly due to Pandit Jawaharlal Nehru and Dr. Bhabha.

Our public sector, which again owes its growth to Jawaharlal Nehru, is expected to occupy commanding heights. It is mainly confined to high-capital intensive industries producing capital goods and basic raw materials in certain fields. . . .

Notwithstanding huge investments made by the public sector, the private sector is in command of the lucrative heights. The public sector's share in investment is 58 percent while the private sector's share is 42 percent. In the total profits, the public sector has a share of 21 percent whereas the private sector's share is 79 percent. The concentration of public sector is in the high capital-intensive fields of long gestation period. Hence the low returns are very natural. This has a high degree of relevance in the context of economic surpluses for the purpose of plough-back for investment and development.

The future of industrial development in India depends on (a) the degree of utilization of scientific advances and production technology; (b) energy development; (c) the role of the working class; (d) the contribution that the agriculture base can make for industrial development in providing raw materials and economic surpluses; (e) the number of technical personnel trained in advanced technology; and the most vital of all is (f) the role of the government.

Any government that follows Nehruite strategy of development can utilize all the factors of development mentioned above. Any backward-looking government suffering from obscurant ideas can easily spell disaster.

Our agriculture has a great potential. If water and energy inputs are provided by proper water management and management by utilizing all the perennial rivers and energy supplied by nuclear projects in addition to thermal and hydro projects planned to be developed, the agricultural production can be phenomenal. One can easily have the benefit of rotation of crops, properly planned on the basis of the latest developments in agronomy, genetics, and planned breeding. India can not only solve her food problem but can also become a food granary for the rest of nations which are in need.

... If agriculture is to produce surpluses for development, the pattern of income-distribution has to undergo radical change. This demands not only structural changes in the economic organizations but also heavy industrial development which alone can change the pat-

tern of income-distribution by creating enormous opportunities for employment to those who are found surplus in agriculture. However, without energy, planning for industrial development would be an idle exercise.

Nuclear: the only answer

It is estimated by some experts that if economic growth rates of 4.7 percent is to reach 6 percent, and if there is no change in the present pattern of energy consumption, then our consumption even at a 6 percent economic growth rate by 2000 A.D. would be 470 million tons of coal, 92 million tons of oil and 550 billion kilowatt hours. Even for achieving this moderate growth the implications are undoubtedly staggering. If 11 percent rate of growth is contemplated with a multiplier effect, which alone can liberate people below the poverty line, then the requirements of energy would perhaps be beyond the comprehension of present day planners. Nuclear energy is the only solution and the only answer. Given political will and wisdom, the skilled workers and engineers of India would be able to meet the challenges posed by the developmental patterns of nuclear energy. India does have the natural resources for this purpose.

The finances for development would present stupendous problems. But as Nehru observed, "Finance is important, but not as important as people think. What is important is drawing up the physical needs of the people and then working to produce things which will fulfill such needs. If you are producing wealth, it does not matter very much if you have some deficit financing because you are actually putting money back through goods and services. Therefore, it does not matter how you manipulate your currency as long as your production is also keeping pace with it ..." This is not to minimize the financial support and advanced technology we need from the developed countries.

Aid without fetters

The Lima conference, the UNIDO meeting in Delhi and the Cuban Prime Minister Mr. Fidel Castro's plan have proposed various methods and institutional frames for providing aid without fetters. A country must be free to choose its own technology and not be tied down by conditions of aid. In all humility it must be stated that the present economic crisis and convulsions faced by the developed countries of market economies is mostly due to backwardness and underdevelopment of other countries and peoples struggling to develop. Prosperity and poverty cannot coexist. The laws of economics are dialectical. Poverty ultimately provides cause for economic crisis.

The developed nations have articulated their own group interests, evolved institutional forms for building protective structures for themselves in the shape of OECD, the EEC, the Group of Ten, and the Trilateral

Greetings from Indira

Indian Prime Minister Indira Gandhi sent the following greeting to the May 7 Frankfurt conference on Indian Development.

Since 1947 India has made considerable progress in science and technology. The world now recognises the versatility and capability of our industries. Our aim is to make our country self-reliant. But we wish to ensure that development helps all sections of the people and does not create imbalances in society or in the ecology. It is appropriate to assess our progress now and to look into the future.

My good wishes to the conference on India's industrial development being held by the European Fusion Foundation and the Executive Intelligence Review.

Indira Gandhi

New Delhi April 12, 1980

Commission. There is a network of intellectual, cultural, and military interdependence. It is said that the developed countries control more than three-fourths of world resources and technology.

Though the developing countries talk of self-reliance, self-reliance is not self-sufficiency. International division of labor is inescapable. If this principle is not accepted and implemented, the developed countries of market economy can never be free from economic crisis and convulsions which can sometimes assume the magnitude of nuclear explosions, threatening the very foundations on which these economies are founded. Financial and technological assistance extended by the developed countries to the developing world ...

We are fully aware that our own population by the year 2020 would be of the order of about 1.4 billions. But the scientists have estimated that the world resources can provide, if properly utilized and exploited, for 7 billions population. Our problem today of both developing and developed countries is not Malthus but monetarists and their agencies and instruments like the World Bank, the IMF, and other associated institutions. The policies resorted to by the World Bank is seductive, but welfarism is a sedative. Liberation of mankind from poverty and suffering, want and sorrow is within the reach of man. Both technology and world resources can provide abundance. What is wanting is the political will, determination to achieve the goal, by releasing the creative energies of man for development. If peace is indivisible, development is no less divisible. In fact, peace and development are indivisible.

Battle at the interparliamentary meeting

The annual meeting of American and Mexican congressmen is usually a shopping and tourism affair. This year things were different.

Just a few family members and journalists were on hand to receive the leader of the Mexican Senate, Joquin Gamboa Pascoe, upon his return to Mexico City from the May 5-6 U.S.-Mexico interparliamentary meetings in Washington, D.C. Not one government official showed up.

In Mexico, when you're "burned" (quemado), you're burned.

Gamboa Pascoe had committed one of the cardinal sins of Mexican politics—misrepresenting the country's views abroad, and worse yet, misrepresenting them in the United States. Gamboa had stated that Mexico fully supported Carter's Iran and Afghanistan policies, when in fact Mexico abstained from January's defining UN Security Council vote on imposing sanctions and voiced deep misgivings about Carter administration policy.

Mexican public opinion was particularly sensitive to Gamboa's propitiation of Washington because the entire Interparliamentary meeting was taken up with sharp American recriminations against Mexico for not joining GATT, and renewed threats of actions against Mexico's undocumented workers in the U.S.

The bitter undertones of the meeting—in the past a politically lightweight affair—actually trace back to last December. At that time the longtime chairman of the

U.S. delegation, Sen. Lloyd Bentsen (D-Tex.), exited from the ranks of "Mexico's amigos" north of the border with a spectacular tirade against Mexico for not taking the Shah back and for not paying reparations to the U.S. for the Ixtoc I oil spill.

His place as chairman was taken by freshman Arizona Sen. Dennis DeConcini, who continued in the same political vein. Mexican officials here have been bracing for more public signs of U.S. government displeasure over the thumbs down Mexico gave GATT in mid-March. It came in no uncertain terms from DeConcini, who declared that trade between the two countries "can only prosper if lack of confidence"—Mexico's negative decision—"is erased." He raised Mexican hackles even further by demanding explicitly that Mexican oil be placed at U.S. disposal in case of war—the "strategic reserve" concept.

In the second barrel of the blast, newly confirmed U.S. ambassador to Mexico and first Chicano named to the post, Julian Nava, charged that Mexico's GATT decision would "cause new problems" in relations and that there were "limits" on how many undocumented workers the United States could take in the midst of economic depression. Two days later he added more fuel to the fire by threatening, "sooner or later Mexico will have to join GATT."

These public threats drew heated replies not only from the left and from nationalist sectors of Mexico's ruling party, but also from one of the top private sector spokesmen, Carlos Antmann Obregon, president of the National Association of Importers and Exporters (ANIERM). Antmann charged that the U.S. was demanding 200,000 more bpd of Mexican oil as the price for U.S. relenting on the trade war campaign.

As interesting as what was said at the interparliamentary meeting is what was *not* discussed. Most important in this regard was the technology question.

Last year, a congressional group led by Jim Lloyd (D-Calif.), chairman of the House Science and Technology Subcommittee on Oversight and Investigations, held hearings to publicize the need to offer Mexico high-technology packages in exchange for its oil. This year, this approach was entirely absent from the Washington proceedings. As one Mexican official told *EIR*, this bodes ill for American business prospects in Mexico. He reminded us of the words of Mexican Industry Minister de Oteyza when Occidental Petroleum's Armand Hammer showed up in Mexico earlier this year with big financing projects—but without a technology kicker. Said de Oteyza: "We are not interested in financial resources as such. Through oil, our country has adequate economic resources. We are willing to listen to any investment project, so long as it also represents the highest level of technology—in production, administration, and exports ... Projects that come from abroad and don't include this aspect will be rejected."

'Death of a princess'

The provocative film was shown in America, too, but the Saudis didn't react like the film's British producers hoped they would.

The healthiest reaction so far to the showing of the Grade-B public television film "Death of a Princess" is the report that an Arab film consortium is considering the production of a movie about the gutter life and base immorality of Great Britain's Princess Margaret. In fact, the only point in the "Princess" film that showed even slight humor was the remark by an unnamed Saudi official, speaking to the nosy British journalist, that Saudi Arabia "does not turn aside from the excesses of our royal family."

Fortunately, reacting with some statesmanship to the showing of the insulting British-made film, the Saudi government has not reacted as the makers of the film had hoped that they would. What was intended—or at least desired—by the film's producers, representing a combine of the Anglo-American intelligence-controlled electronic communication media, was to provoke an outburst of Islamic anger and outrage that would, they hoped, be directed at the West as a whole.

They wanted the Saudis to declare an oil embargo against the United States.

Instead, quite selectively, Saudi Arabia has expelled the British ambassador from Riyadh and quietly severed all new trade and economic contracts with British firms.

But the battle is far from over.

"Death of a Princess" will echo and re-echo throughout the Arab world. As such, it represents a catalyst not for rebellion among the young and those disaffected with the Saudi regime; for, in Saudi Arabia, there are few real dissidents. Instead, the film—which has now gained notoriety and is thus certain to win attention as a curiosity—is calculated to provoke a backlash of Islamic fundamentalism à la Ayatollah Khomeini. Already, Saudi Prince Abdullah ibn Abdel Aziz, the Muslim Brotherhood supporter who is the commander of the British-trained Saudi National Guard bedouin elite force, has used the occasion of the film's showing to argue for the thousandth time that Saudi Arabia should avoid a modernization drive.

Suzanne Abou Taleb, the Egyptian actress who starred in the pornographic epic, has said prophetically that "there will be thousands of pirated tapes all over the Arab world." Many Saudis and other Arabs who view the film will identify with the theme of the two-hour propaganda exercise, namely, that the Saudi regime represents the "enemy of progress" and that what is necessary is a "return to the pure and democratic spirit of Islam." The struggle, says an actress in the film, "has already begun." And backward Prince Abdullah is ready to lead it.

Overall, the film carries the same message that the supporters of the Ayatollah Khomeini's Islamic revolution did back in 1977. *First*, that Islam and modernization do not mix. By presenting the death of the princess as the inevitable result of an alleged clash in values between the Saudi tradition and the life of the twentieth century, the film endeavors to create the impression that industrial development in Saudi Arabia must necessarily corrupt the purity of Saudi life. We wonder, says one of the characters in the film, "how much of your present is worth imitating?"

Second, the film contrasts the alleged excesses and vices of the present Saudi regime with an idyllic vision of the primitive, tribal life under allegedly Islamic law. During one scene in the film, as an Arab actor plaintively suggests that the Arab world is searching for its roots and wants to go "back to the tribe," in the background is playing the Beatles' lyrics: "I believe in yesterday."

The "Death of a Princess" represents something that the Saudis are ill-equipped to combat: ideological and cultural warfare. For the last 15 years, Saudi students abroad have been put through a virtual brainwashing process by the university system in the West, especially in the U.S. and Great Britain. An entire generation of the Saudi elite has been trained in the neo-Malthusian outlook of Princeton University and Stanford, Oxford and Cambridge. Now, back in the bureaucracy and in the various government offices and ministries, they are susceptible to the lure of the fantasy-world presented in the film.

International Intelligence

Europe

Africans back Giscard

Over 20 African nations along with France ended a two-day summit conference in Nice pledging their "active support" for French President Giscard d'Estaing's proposal for a "dialogue" summit of European, Arab and African heads of state.

France has pledged a 225 percent increase in the volume of low-interest loans it grants these nations. The mandate from the Nice conference means Giscard must now reach an agreement with the oil-producing countries to "recycle" petrodollars to finance African development. Giscard received agreements in principle on this issue from many of the Persian Gulf countries he visited during his tour there earlier this year.

British want an oligarchy in America

The British press is beginning to outline in candid terms the "reforms" they have in mind for the American system. American constituency politics have to be ended, substituting the more easily controlled oligarchical system for the presidential system, and in the meantime, while this takes place, Europe must rally around one voice to play a greater role in world affairs.

The most frank comments to this effect were published in the *Daily Telegraph* May 12 in an article by Peregrine Worsthorne who states that "what few are yet prepared to admit is that the world is no longer suited to American leadership; that the problem does not lie in the defect of this or that President but in the nature of American society itself."

Referring to an analysis published in

the 1940s by the former British Ambassador to Washington, he notes that the problem is that the "American political system is so much more populist than those of oligarchical Western Europe."

This is followed by an article in the London *Times* yesterday which states: "Europeans are beginning to doubt whether the American system is any longer capable of producing a really good president and a congress with which he can work."

Middle East

Iran to control OPEC pricing ceiling?

According to Kuwaiti sources an agreement has been reached in principle between Saudi Arabia and the so-called price hawks of the oil cartel, OPEC, whereby the Saudi long range plan to impose small quarterly oil price hikes pegged to inflation will be adopted in exchange for allowing Iran to set the ceiling price for OPEC crude. Oil ministers from the 13-member cartel met earlier this month at Taif, Saudi Arabia to discuss a proposal drawn up by Saudi Arabian Oil Minister Zaki Yamani for pricing and production over the next decade.

This plan was initiated jointly with former British Energy Minister Anthony Wedgewood Benn in 1978. According to the plan not only would the price of OPEC crude rise on a quarterly basis pegged to the value of an international basket of currencies, but it also includes provisions for reductions in oil output to keep OPEC prices firm.

The hardline faction in the cartel, Algeria, Libya and Iran have been opposed to the plan since it takes away their option of imposing arbitrary price rises. It is this faction which prices its oil at the highest levels, going to nearly \$40 a barrel.

Saudi Arabia this week enacted a retroactive \$2 price rise to \$28 a barrel which industry sources see as the first move towards raising its crude price to \$30 at the upcoming June 1 price-setting parley. In so doing, the Saudis hope to get an agreement from the hardliners to set a fixed ceiling on prices with the Saudi price representing the floor. In exchange the cartel would adopt the long range planning perspective.

Congressmen call for dialogue with Iran

On May 7 Congressman George Hansen (R-Id.) and John Rhodes (R-Az.) introduced a resolution calling for "efforts to establish a dialogue with the duly elected representatives," i.e., parliament delegates of Iran and the United States. "The crisis is between the governments and not the people of Iran and the United States," they stated. One main purpose of this dialogue, according to aides to the Congressmen, would be discussion of how to achieve the release of the U.S. hostages, which Ayatollah Khomeini has claimed will now depend on what the Iranian parliament decides. The just concluded election in Iran has brought into office a hard-line parliament dominated by the Islamic Republican Party which has been using the hostage issue to coalesce their power in Iran, so it is unlikely that they will make much of an effort to free the hostages. The resolution is now before the House International Relations Committee awaiting action.

Qadaffi clamps down on growing opposition

The maverick Arab leader Muamar Qadaffi of Libya this week expelled 26 Americans working in Libya as the lat-

est in a series of moves to contain the growing opposition to his regime. According to charges from Tripoli, the Americans were teachers and employees of U.S. oil companies and had been cooperating with restive elements in the country.

European sources report that several hundred arrests have been made in Libya of those challenging Qadaffi. As well there have been 6 assassinations abroad of Libyans who were allegedly involved in operations to oust Qadaffi. Last week 4 Libyans were expelled from the U.S. for harassing exiled Libyan nationals who are thought in Tripoli to be involved in anti-government activities.

According to European sources, the British are running their own anti-Qadaffi movement out of London with remnants of the Idrissi clan which ruled Libya prior to Qadaffi's takeover. Linked to this London operation is a powerful Muslim Brotherhood movement in Libya which professes mystical Sufism and charges Qadaffi with running too secular a government. These same European sources indicate that there have been hundreds of political executions by the Qadaffi regime since the anti-government upsurge began earlier this year.

Israeli 'martyr' a hitman

Eli Hazeev, one of the extremists killed in the Israeli-occupied West Bank two weeks ago, was an American-born Vietnam veteran with a record of 11 arrests including one for a shotgun slaying, the *New York Times* reported May 12.

According to the *Times'* front-page story, Hazeev who was born at Mitchell Air Force Base on Long Island as James Eli Mahon, son of an Air Force intelligence officer, was formerly employed by the Federal Bureau of Investigation which paid him to infiltrate "radical" groups. Under his FBI cover, the *Times* notes, Hazeev-Mahon piled up a record

of at least 11 arrests, including one for a shotgun slaying. He had been trained as a sharpshooter in a special Airborne Brigade unit.

During the Arab-Israeli war of 1973, Hazeev (which means "wolf" in Hebrew) emigrated to Israel to fight in the Israeli army, and joined the Golani Brigade. Soon thereafter he attached himself to Rabbi Meir Kahane's paramilitary "Kach" Party on the West Bank. According to an American rabbi who knew him, Hazeev was "trained to kill and committed to war."

Just over a year ago Hazeev-Mahon was detained at Ben-Gurion International Airport in Tel Aviv as he was on his way to the United States on what was described as a mission to murder someone.

Asia

Callaghan hails Chinese 'comrades'

Former British Prime Minister James Callaghan, currently on a 12-day visit to China, has characterized Britain's relations with the Chinese as the "cornerstone" of its foreign policy. Speaking at a dinner in his honor chaired by Chinese Deputy Foreign Minister Nan Nianlong, Callaghan said, "It is a great pleasure to come to a country and say, 'Comrades and friends!'"

Callaghan added that his Peking trip "clearly demonstrates the importance which we, in the Labor Party, attach to relations with China ... it shows that in Britain there is broad consensus that the maintenance and development of good relations with China must be one of the cornerstones of British foreign policy."

Callaghan will hold meetings with Chairman Hua Kuofeng and Deputy Premier Deng Hsiao-peng and will conduct discussions on the situation in Afghanistan and Kampuchea.

Briefly

● **MASAYOSHI OHIRA**, premier of Japan, lost a parliamentary no-confidence motion, according to late reports. Ohira has decided to call new elections. The parliamentary vote went against the premier when Liberal Democratic faction leaders Miki and Takeo Fukuda, both former premiers, absented themselves from the Diet. This gave the opposition parties a majority. Ohira, considered a firm ally if not outright puppet of the Carter administration displeased some Japanese when he returned from last week's visit to Washington and Mexico City having committed Japan to increased arms spending, and having been denied any increased Mexican oil supplies.

● **INDIAN SOURCES** report that U.S. Ambassador to India Robert Goheen has been denied permission to take an inspection tour of the Assam region that has been the scene of anti-government activity. The Ambassador, former president of Princeton University, the Indian government charged, had recently been to Assam. The official statement alluded to his possible intention to "influence" the situation.

● **MOSHE DAYAN**, the dean of Israeli statesman, has gone on record stating that the homes of West Bank residents whose children throw stones at Israelis should be blown up. In a May 7 interview on Israeli television, Dayan said: "Blowing up a house, in my opinion, is not only for someone who, let us say, had explosive material found in his house; even children who throw stones once or twice, and if it is known that it is the same child and the parents are located and the parents do nothing, they just call the child when he comes home, they pat him, they call him 'good boy.' That house should be blown up."

Carter and Brzezinski's mad drive toward war

by Konstantin George

In a speech before the Philadelphia World Affairs Council May 9, President Carter announced, with insane disregard for the consequences, that the United States is committed to provoking a thermonuclear confrontation between the superpowers over the Persian Gulf.

Carter specifically enunciated this policy as the means of breaking the framework of Euro-Soviet economic collaboration established in the course of the last few years. And it is that collaboration which has spelled the difference between world peace and the outbreak of World War III.

In total disregard for the economic and trade revival policies embedded in the European Monetary System of the major European allies of the United States, Carter has issued an ultimatum to Europe to get in line with the United States behind a policy of confrontation and Nazi-like militarized economies. The text of that ultimatum reads as follows:

"The West must defend its strategic interests wherever they are threatened. ... There can be no business as usual in the face of aggression. The Soviets will not succeed in their efforts to divide the alliance or to lull us in the false belief that somehow Europe can be an island of detente while aggression is carried out elsewhere."

Carter's ultimatum was delivered just five days before the meetings of the NATO foreign and defense ministers in Brussels. On that date, May 14, the United States, as Defense Secretary Harold Brown and his deputy Robert Komer had already announced, demanded European compliance with new U.S. moves to intervene militarily into the Persian Gulf region.

Europe didn't exactly go along, but didn't reject the demands either. They tried to stall, in the main. A host of agreements on paper were reached in Brussels, but in particular, West Germany would not agree to any implication in the final communiqué that NATO could intervene in the Third World. Their troops, they said, are not leaving the continent (see International). But the Carter administration isn't finished, and the Soviet Union knows it. As Harold Brown, the U.S. defense secretary, expressed confidence that the "full program" of U.S. demands would eventually be implemented, Warsaw Pact communiqués spoke of a war in which "whole nations will burn."

Warsaw pact warnings

May 14 was also the date of the Warsaw Pact Summit, one group of heads of state who have not and will not "play the game" according to the psychotic rules of the Carter crowd. Two weeks ago, the Soviet Union directly intervened to tell the United States to get its military forces out of Iran. This intervention swiftly aborted Carter's planned military action in Iran, which could have pushed the world over the brink of war.

Every governing elite in the Western world knows that to be the case. The Soviet Union has repeatedly *publicly* warned the Carter administration to reverse course before it's too late, as the following citations reveal:

- On May 8, Marshal Kulikov, Commander of the Warsaw Pact forces wrote in the East German newspaper *Neues Deutschland*, "American policy is reminiscent of

the pursuit of world domination by the German fascists. ... *At any moment various conflict situations could get out of control politically and lead to a major war.*" (emphasis added)

• On May 6, Radio Moscow described the Carter administration: "Insanity has become part and parcel of American policy ... the Iran raid was an action verging on madness ... so closely was the world brought to the brink of war."

The most chilling note of all is that the Warsaw Pact "brink of war" warnings cited occurred *before* Carter's Philadelphia speech.

Policy of provocation

Carter's speech—a repeat performance of National Security Adviser Zbigniew Brzezinski's speech to the Baltimore World Affairs Council May 5—defines a confrontation course in language which supersedes even the height of the Cold War:

"Soviet aggression—unless checked—confronts all the world with the most serious long-term strategic challenge since the Cold War began...."

This was followed by the "extend NATO globally" demand of the "Carter Doctrine," announced on Jan. 23 and totally rejected by Western Europe at the time.

Carter's application of a policy of provocation for any and all "conflict areas" around the globe is no mere rhetoric. Beyond moving toward a confrontation in the Persian Gulf, the Carter administration is playing the China card to propel the Pacific Theater toward war. This month, China will conduct its first test of an ICBM. The Chinese defense minister will arrive in Washington on May 27 for three days of secret talks with Defense Secretary Harold Brown. The expected increase in the level of military technology assistance from the United States to China will push the Pacific situation even closer to the brink. Simultaneous with this "China card" lunacy, the Carter administration is upping its blackmail pressure on Japan to rearm and join in a de facto "U.S.-Japan-China" axis against the Soviet Union.

Orwellian newspeak

If you depended for your news on any of the major newspapers in the United States, then you would not realize how close to war the Carter administration has pushed matters. As anyone familiar with the "standard" Orwellian controls governing the major U.S. media would expect, not only is there no mention of the Soviet warnings, but the Carter speech itself was blacked out of almost all the Saturday editions of the major metropolitan newspapers. Imagine John F. Kennedy's Cuban Missile Crisis speech going unreported and then learning days later that a nuclear showdown was already occurring.

The activities of the Carter administration and the

'The Soviets have challenged our power'

The following excerpts are from a Baltimore Sun adaptation of National Security Adviser Zbigniew Brzezinski's May 5 inaugural address to the Baltimore Council on Foreign Relations

On the one hand, the President has stressed the continuing importance of American power in a world of change. Without that power there is the genuine risk that global change would deteriorate into increasing fragmentation and anarchy to be exploited by our adversaries with the use of their power . . .

I submit to you that the last three years have seen continuity, consistency, and constancy in the effort to make America a positive force for stable change . . .

The President has felt from the very beginning that the use of American power is a means toward shaping a more secure, but also more decent world.

The second continuing goal of our foreign policy has been to improve our relations with the Third World, the world of new Asian and African and Latin American countries. . . . Today the United States has a healthier and better relationship with the new nations of these previously passive political entities.

Our third objective has been a substantive movement toward peace in the Middle East. We have done it because we feel that as a country we had a moral obligation to sustain and to insure the security of Israel. The consequence has been the first peace ever between Israel and an Arab country and the prospect eventually of a wider comprehensive treaty.

We have a strong view that in an age of change, credible American power is the source of assurance that global change will not be exploited by our adversaries to inimical ends. Today that problem, that challenge, is posed with special relief in Southwest Asia where, as the President said in his State of the Union message, the Soviet occupation of Afghanistan poses a potential threat to our long-range interests and to the interests of our friends in the Persian Gulf area.

This is why we have been gradually enhancing our capabilities there. This is why we have been engaging in consultations with our friends and allies on how best they can respond.

And finally our objective has been to sustain a stable and reciprocal detente with the Soviet Union

. . .

'Europe can't be an island of detente'

President Jimmy Carter made these comments to the World Affairs Council in Philadelphia on May 9, 1980.

Beyond the violence done to Afghanistan's independence and people, the Red Army troops consolidating their hold there are also taking positions from which Soviet imperialism could be extended more deeply and more dangerously in . . . this vital area.

This would threaten Pakistan and Iran, but not those nations alone. Soviet aggression in Afghanistan—unless checked—confronts all the world with the most serious long-term strategic challenge since the Cold War began. . . .

The Soviets must understand that they cannot recklessly threaten world peace—they cannot commit aggression—and still enjoy the benefits of cooperation . . .

We have not forgotten and will not forget the 53 Americans imprisoned in Iran.

We will continue to make every effort, using peaceful means if possible, and through collective action with our Allies, to obtain their release. . . .

Our first objectives—solidarity with our allies—is the touchstone of our foreign policy. Without such solidarity, the world economy and international politics will degenerate into disorder.

This is why we have led the North Atlantic Alliance in its program to upgrade its conventional forces. And last winter, in an historic decision, NATO agreed to strengthen its nuclear missiles in Europe

Since 1945, the United States has been committed to the defense of our hemisphere, and of Western Europe and then of the Far East. . . .

In recent years, it has become evident that the well-being of these vital regions depends on the peace, stability and independence of the Middle East and the Persian Gulf area. . . .

Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.

. . . The Soviets will not succeed in their efforts to divide the Alliance or to lull us into a false belief that somehow Europe can be an island of detente while aggression is carried on elsewhere.

total Orwellian controls placed on the news media both show that the ruling Anglo-American "Olympian Families" want to "have it both ways." These fools want to go for what they perceive to be a "managed confrontation" to break European resistance to Carter's fascist economic policy of giving free rein to looting both at home and in the Third World. But they also want to avoid the consequences of war that will sooner or later result from their "attaining their goals." This consensus shows and the events confirm that there exists now no point of even slight sanity within the Carter administration. Nothing could better illustrate this point than the fact that not one of the Anglo-American Olympians has yet publicly demanded the ouster of Carter and Brzezinski.

The full scope of the insanity gripping the administration is also carefully underplayed to lull the American population. The details of this level of insanity, once known, ought to produce a mass outrage sufficient to demand the immediate impeachment or resignation en masse of Carter and his policy-makers. To illustrate the depth of this lunacy, we quote the following news dispatch concerning the State Department and its new chief, Edmund Muskie.

State Department 'consciousness raising'

"Secretary of State Edmund Muskie and his new colleagues at the State Department have had their first *consciousness-raising session*, discussing their likes and dislikes." Muskie then describes his favorite Secretary of State as Dean Acheson. Acheson's two notable claims to infamy were his setting up of the Korean War with his January 1950 speech ("Korea lies outside our defense perimeter") and his role in the 1962 Cuban Missile Crisis. At that time Acheson was the official U.S. liaison with Britain and shuttled between Washington and London to coordinate the crisis.

The UPI dispatch continues with Muskie speaking on foreign policy: "The United States must have a constructive presence in the world made up of an aggressive promotion of our ideas and values, an aggressive promotion of our interest in human rights, an aggressive promotion of our determination to deter aggression by every means available to a free people. And the best way to do this is to make the idea of freedom and liberty—associated with strength—live in this world."

George Orwell himself could not have crafted such Newspeak.

The continued existence of the Carter presidency is intolerable. It depends on European governments, the Soviets, and other forces to deliver a series of unconcealable, humiliating shocks to the U.S. administration, to create an environment in which the Carter candidacy and presidency will collapse.

The heroin epidemic and Brzezinski's 'Islamic friends'

by Chris Curtis

In November of last year, the U.S. Drug Enforcement Agency issued a classified report warning that the United States will be hit by a flood of high grade heroin as the suddenly mammoth opium crop in Iran, Afghanistan, and Pakistan is harvested. This heroin epidemic, described by authorities to be 2,000 times worse than anything this country has ever seen, is expected to hit full force in major U.S. cities by mid-summer. Already heroin from the so-called Golden Crescent of Southwest Asia has overwhelmed Western Europe. Heroin deaths in West Germany alone have doubled in the first three months of 1980. According to law enforcement sources, the new, dangerously high-powered Mideast variety has begun to show up on the streets of several American cities.

The threat of a heroin epidemic of almost unimaginable proportions is shocking enough, and there is no doubt that the DEA report should be taken seriously. But equally striking are the questions the report does *not* answer. First among these is the relationship between National Security Adviser Zbigniew Brzezinski and the "Islamic fundamentalists" who are churning out this high-powered opium.

Prices down, deaths up

EIR investigators reviewed the agency's intelligence assessment and initiated an independent probe of the heroin danger. Here are our findings.

According to the DEA report, titled after an intelligence-gathering project known as "Operation Cerberus," the latest opium crop from the Golden Crescent totals 1,600 metric tons—more than double the record-breaking 1978 crop from this same area and almost four times the 1979 opium harvest from the Golden Triangle in Southeast Asia. The Golden Crescent haul is so enormous that it has driven heroin prices in West Germany down to \$25-30,000 per kilogram, compared to the equivalent price in the United States of close to \$200,000. The street-level purity of this new batch of "smack" has also soared to upwards of 60 percent. In cases where this heroin has shown up in the United States, such as in Boston and New York, purity has risen from the 2-6

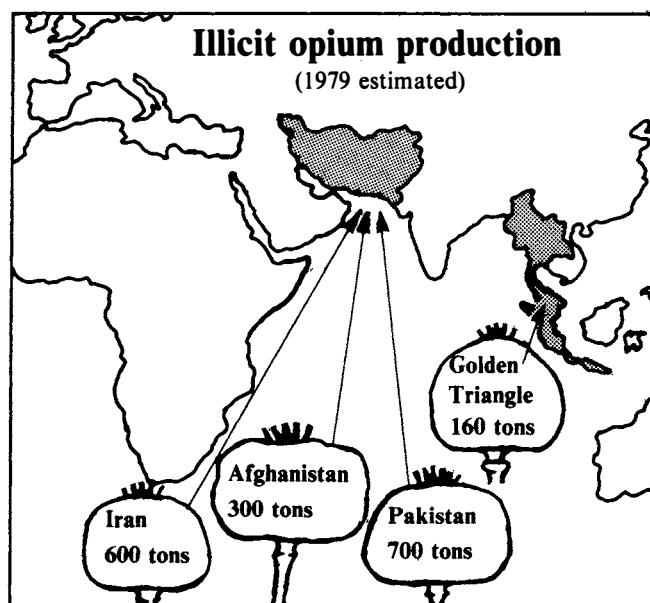
percent range up to 10 and 15 percent. There have been cases of 60 percent purity in New York street "dime bags" in recent months.

The combined effect of falling prices and climbing purity means that heroin is on its way to becoming a "popular" narcotic with a near-total rate of addiction. There are no "casual" users at 60 percent purity. Even more alarming are reports that the new Golden Crescent heroin is being refined in such a way that it can be smoked, which would allow even broader consumption by removing the stigma many potential users have of injecting the drug. Boston authorities are already predicting that by June, street marijuana will be laced with Mideast heroin.

The *EIR* investigating team concluded that the "profile" of the heroin wave, both quantitatively and qualitatively, indicates that it is *designed* to cripple as large a segment of the American population as possible.

Who is responsible?

The best-selling book *Dope, Inc.*, published two years ago by a team of investigators commissioned by *EIR*



contributing editor Lyndon LaRouche and appropriately subheaded *Britain's Opium War Against the United States*, established that the entire international network of narcotics traffic, from cultivation to street-level "marketing," is controlled by a cartel of major banking houses, mining companies, insurance firms, and other corporations centered in London and New York, with subsidiaries in Montreal, Hong Kong, and Bangkok. A partner in this traffic is the government of the People's Republic of China. Yet the Carter administration, through Attorney General Benjamin Civiletti and the "guidelines" he imposed on the DEA, has conspicuously avoided any mention of this international drug cartel, much less taken action against it.

The White House has not only covered up avenues of investigation in this direction, but there is evidence that it is directly involved in promoting this opium boom. The *EIR* has established that self-styled Afghani "rebel leader" Zia Khan Nassry is a top figure in the heroin trade. An American-born graduate of the Harvard Business School and the Massachusetts Institute of Technology, Nassry admitted to *EIR* last January that his rebels finance their activities through the cultivation of opium. He further acknowledged that he is in direct contact with the Khomeini regime in neighboring Iran, and is a relative of Pakistani dictator Zia. It is public knowledge that Brzezinski has collaborated with the Chinese Maoists in supplying arms and equipment to Nassry. Earlier this year Brzezinski even posed for photographers with some of these weapons. Is opium the payment for Brzezinski's arms deal?

Khomeini's partisans in Iran, the second largest source of opium in the world, have been characterized by Brzezinski as America's "allies" against the Soviet Union. *EIR* discovered four months ago that Brzezinski's "allies" maintained an official intelligence liaison, one Captain Setoudeh, stationed in an office adorned with Khomeini portraits at the Office of Naval Research annex of the Pentagon. Three of Setoudeh's compatriots were arrested in Los Angeles last fall for smuggling 35 pounds of uncut heroin—hidden inside the frames of portraits of Ayatollah Khomeini.

It is also no coincidence that Pakistan has become the world's largest poppy producer since Zia, another of Brzezinski's Islamic "allies," overthrew the anti-drug government of Zulfikar Ali Bhutto.

The hand of the Chinese Maoists is also clearly visible in the coming heroin plague. While the DEA study fails to draw out this connection, the sudden increase in Afghani-Pakistani opium production coincided with the completion of a new highway linking the western provinces of China to the opium region. The highway has also served as the principal arms supply route for Zia and Nassry. One retired U.S. narcotics investigator has identified the Chinese highway as the most likely transit route

for thousands of gallons of acidic anhydride, the chemical needed for processing opium gum.

Reining in the DEA

Who has reined in the DEA to prevent it from investigating this evidence? Again the trail leads to the White House. An agency spokesman told *EIR* that satellite and aerial photoreconnaissance would indeed show "poppy fields and mule trains" throughout the Golden Crescent, and would probably show drug-involved truck convoys along the Chinese highway. But, he said, "we are not allowed to do that." It is also known that Attorney General Civiletti's Justice Department has curbed domestic DEA intelligence gathering on grounds that it infringes on the "civil rights" of suspected traffickers. "We have no way of telling how much drugs are being consumed" as a result of these restrictions, another DEA source said.

What has been the Carter administration's response to evidence that the heroin flood is a carefully planned assault on the United States? Malthea Falco, the State Department's "drug expert," testified before Congress last fall that the skyrocketing of opium production in the Golden Crescent is the result of the *absence* of any governmental control and that the new Islamic movements in the region have nothing to do with it. Not surprisingly, Ms. Falco is a member of the National Organization for the Reform of Marijuana Laws, NORML, which is financed by the drug-promoting magazine *High Times*.

And then there is the revelation earlier this month that the Federal Emergency Management Agency, has "revised" the list of commodities it intends to stockpile for such contingencies as nuclear war or some other "national disaster." Included among the revisions is a 40 percent increase in opiates—from the presently stockpiled 72,000 pounds to 130,000 pounds. Purchases of such a remarkable quantity of opiates could begin as early as 1981 and conclude in 1983, according to a FEMA spokesman. This means that within a two-year period, the federal government will be buying up the equivalent of 250 to 300 metric tons of raw opium—more than twice the 1979 crop of all of Southeast Asia.

All evidence suggests that the almost overnight heroin boom, the upsurge of Brzezinski's medieval Islamic fundamentalism, the sudden prominence of FEMA and its announced dope-stockpiling plan, and the rapid slide into what the New York Council on Foreign Relations champions as "controlled disintegration," are part of what has been identified by this magazine as the Aquarian Conspiracy. There is no coincidence in the fact that the same Carter administration that is prepared to send the nation to thermonuclear death over Southwest Asia is also willfully implementing a policy of murder and menticide against the American people.

A bad day for Peccei and the Club of Rome

by Mark Burdman

On May 8 and 9, the United Nations was the scene of a conference on "Regionalism and the New International Economic Order," cosponsored by the Club of Rome, the United Nations Institute for Training and Research (UNITAR) and the Mexico City based Center for Third World Studies (CEESTEM). The sponsors had carefully rigged the environment with a wide array of speeches and position papers calling for a "restructuring" of the world system. Security was unusually tight for a "public" United Nations event.

The speakers told the audience of European and developing sector nation representatives of a new world system of "regional blocs" whose interrelations would be controlled by a small chosen elite of "wise men" handpicked by the Club of Rome. It is the Club's "limits to growth" project of global deindustrialization and return to the feudal age that would be implemented under such a world system.

This was the first Club of Rome event ever held at the United Nations, and its founder and leader Aurelio Peccei, the "maestro" of the whole affair, wanted nothing to go wrong.

Peccei was not to have his way.

As the event began on the morning of May 8, several representatives from Citizens for LaRouche, the presidential campaign organization of Democrat Lyndon LaRouche passed out to the gathering an information sheet entitled "We Warn You: The Club of Rome is a NATO Intelligence Branch." The document traced the roots of The Club of Rome to a NATO decision to create a detechnologized world order in the late 1960s and listed the many Club of Rome members who are top strategists



A May 8 Club of Rome-UNITAR press conference with Ervin Laszlo (far left), Aurelio Peccei (center) and other officials.

Photo: UN

in the NATO command. The document further reminded readers that in the mid-1970s Peccei—who cultivates a debonair aristocratic image—advocated "cannibalism" as a final solution for mankind under conditions of global Club of Rome austerity.

Neither Peccei nor Ervin Laszlo, UNITAR's research-director, appreciated the circulation of this information. A visibly unnerved Laszlo ordered UNITAR Secretary-General Davidson Nicol to have the representatives forcibly ejected from the room, on the basis, oddly enough, that the leaflet was "racist."

Laszlo's unbalanced reaction amused several onlookers, who began to suspect that there was more than a germ of truth in the leaflet's charges, and that Laszlo's "anticolonialist" posturing was not all as it was cracked up to be.

The Club of Rome's carefully controlled environment was cracked again a few moments later. Following Peccei's opening remarks, another LaRouche campaign representative rose to challenge Peccei's assertion that the current world system is "ungovernable" and to decry the "infamy" of Third World representatives cooperating with the Club of Rome, an institution whose policies must lawfully lead to the substantial reduction of the population throughout the developing sector.

This representative, too, was forcibly ejected from the room, handcuffed, and removed from the United Nations building.

The systems analysts and social engineers of the Club of Rome seemed unnerved by this turn of events.

At a press conference after the morning session, Laszlo abruptly adjourned the question-and-answer pe-

riod, refusing to answer questions from a correspondent from this journal about the Club of Rome's stated antipathy toward the nation-state and its insistence on a radically reduced living standard for the world's population.

'South-South collective self-reliance'

Underlying this clash between representatives of the Club of Rome-UNITAR group and representatives of the LaRouche campaign are some very fundamental differences in world political and economic policies. Whereas the Club of Rome posits a future world depopulated by genocidal policies of deindustrialization and deurbanization, LaRouche, an internationally renowned economist, has proposed the creation of an International Development Bank to fund the growth of the high-technology industrial export capacity of Europe and the United States to industrially and agriculturally develop the Third World. LaRouche's proposal informed the development of the European Monetary System by the leaders of France and West Germany.

As LaRouche has argued in policy statements over the years, it is to the mutual interest of proindustrial tendencies in both the developing and advanced sectors that this economic gearup be launched. If not and the policies of the Club of Rome and UNITAR gain ascendancy, then the pauperized Third World regions will become the battlegrounds for world war. It is these no-growth policies that impel the countries of these regions to form NATO-like military blocs and force an increasingly impoverished advanced sector into looting adventures abroad that bring them in direct confrontation with the nations of the Warsaw Pact.

The top advisers at the Club of Rome and UNITAR are well acquainted with Mr. LaRouche's statements and ideas. Ervin Laszlo is one such adviser.

In a special conference working document authored by Laszlo, an introductory section entitled "The Regional and Interregional Strategy for Collective Self-Reliance" sounded this note of alarm:

In recent years there has been a growing perception in some developed countries that the relaunching of international economic growth is dependent first of all on economic relations.

Mr. Laszlo is also *against* a joint commitment on the part of advanced and developing sectors for global industrialization. He continues in his policy document:

This perception [of the priority of economic recovery in the industrialized countries] encourages the belief that the most pressing need is to correct temporary flaws in the workings of the present international economic system rather than to restructure it and create a new international economic order.

Laszlo calls for a mobilization of the Third World against the advanced sector:

[The developing countries must] "acquire sufficient negotiating power to press the issues and bring about earnest and mutually productive bargaining on the North-South level. . . . The developing countries [must] achieve sufficient self-reliance on the South-South level to sustain their economies until such time as a negotiated restructuring of the international economy can lift the constraints on their development.

To accomplish this gameplan, Laszlo emphasized, the Third World would have to be organized into "blocs" capable of confronting the advanced sector head-on. The centralness of this goal explains the tight lid that Laszlo and Peccei tried to maintain over the conference proceedings.

Who are your clients?

At a private cocktail party the evening of May 8, several of the conference's leading lights expressed the fear that this tight lid had been blown.

A fidgety Alexander King confided to an investigative journalist: "I am very depressed. You can see the problems we're having in getting our restructuring proposals across in the United States. That LaRouche leaflet today exemplifies what I mean. It is symptomatic of the American population's insistence to this day on growth, on consumption. It is very hard to get people here to change, especially when our planning sessions get disrupted in this way."

Similarly, James Botkin, a Harvard School of Education professor who has co-authored a recent Club of Rome "learning project" premised on infiltrating the "limits to growth" perspective in school curricula around the world, remarked to an associate: "What is going on in this conference and what is going on in the U.S. is worlds apart. We can meet and talk all we want in organized sessions, but our message about restructuring the world system is getting nowhere in the U.S."

To various observers at the cocktail party, this mood of depression contrasted sharply—and eerily—with the unending, pompous speeches on "regionalism" and "restructuring" and other Club of Rome code words. *EIR's* correspondent decided to probe further, and conducted interviews with Peccei, King, and Laszlo. All three were near-hypnotized when our correspondent queried these three on the "Aquarian Conspiracy" to deliberately induce a moral, material, cultural and intellectual decay of the population of the United States and the Club's role in that conspiracy. These three "global planners" also had difficulty grasping the method of the LaRouche-Riemann economic-modeling approach that *EIR* economists have applied to analyze the U.S. and world econo-

my. That approach scientifically debunks the entire "limits to growth" fraud of the Club of Rome by demonstrating that their approach leads to the phenomenon of thermodynamic death in a society and that this can be averted by the introduction of new energy-dense technologies which positively transform the resource-base of the society. This presented a particular difficulty to the diminutive King, since his International Federation of Institutes of Advanced Studies has developed a computer-simulated "thermodynamic" model based on the law of entropy.

Laszlo too did not appreciate the evaluation that the LaRouche-Riemann model would soon put the Club of Rome and UNITAR out of business. "Who are your clients?" he defensively asked.

Industrial development or a new world empire?

On the second day of the conference, the kind of world system that the Club of Rome is committed to was described in a revealing way by U.S. Senator Claiborne Pell. Identifying himself "as proud to be a member of the Club of Rome as I am to be a U.S. Senator," Pell made the following point: "The Roman, Persian, Egyptian, and British empires provided an unprecedented degree of security and prosperity to the world. Although they eventually broke up because of their subjugation of populations, they provided a good model for us today to map the future."

Various "case studies" of how to create "regional blocs" were then laid out. During the discussion period, Christian Curtis, an adviser to Mr. LaRouche, was called upon. Expressing "astonishment at the ineptitude of the ideas being expressed here today," Curtis commented: "As most of you in the audience know, Mr. LaRouche has outlined a straightforward and workable world development approach: rapid development of thermonuclear fusion power, the transfer of *heavy* industry, *not* the Club of Rome's 'appropriate' technologies, to the Third World, and the establishment of an International Development Bank to finance these transfers."

Despite several attempts from the dais to interrupt Curtis, considerable interest was aroused in the audience to this presentation. Curtis was complemented by several Third World representatives for presenting an alternative to UNITAR's approach and was asked for further documentation of the Club of Rome's NATO links.

Again, the disorientation set in among the conference organizers. When Pell was asked by *EIR* correspondent what his evaluation was of the charges that the Club of Rome was a NATO branch, he said, "I'm having trouble focusing today. I can't seem to focus on what is going on around us, on what you are saying. I'm very spaced out today."

EXCLUSIVE INTERVIEWS

'We created the ecology movement'

The Club of Rome's Maurice Guernier, Aurelio Peccei's right-hand man, granted an interview to Executive Intelligence Review's United Nations correspondent Nancy Coker after the closing session of the May 8-9 Club of Rome conference at the United Nations.

Guernier himself presented a paper on "Regionalism and the New International Economic Order: Some Conclusions." "The Club of Rome," he said, "is today presenting a proposition for a New World Order based on 'An Inter-Community World System' which will gradually replace the present International World System." What he envisions is a "dialogue of civilizations based on the "true human and social values of peoples rather than based on a world merchant economy." Such a cybernetic system, as he describes it, is the only alternative the world has for solving the problems of the future: overpopulation, overurbanization, food shortages, ecological deterioration and so forth. Nationalism is not the answer. "The events in Iran should lead us to understand that the model for the universe is not an industrial society which is a super-consumer."

UNITAR, as the title of Guernier's presentation indicates, does not believe in the nation-state. Or put differently, they wish to turn the clock back to the dark ages, before emergence of nation states, when "regional communities" were dominant, for example, the Hapsburg empire.

Guernier's interview with our U.N. correspondent follows.

Q: How do you plan to go about getting people to accept your regional/global schema for lowering consumption, decreasing population growth, and so forth?

A: It is obvious that if we ask the people of the Third World to go along with the regional community idea that we have, they will have some objections, some difficulties. What we have to do is make the people change. What can we do? First of all, we have to convince the people, talk with them. We have to put our hopes on the few people, the few chiefs of state who are ready to think like us. For example, in Africa, President Senghor of Senegal. He is absolutely open to this problem. He has just set up a foundation whose name is the Foundation Senghor of Senegal, which is very close to us . . .

During the next month we will have meetings in Dakar, in Paris, in Berlin, in Rome with the foundation in order to build an audience receptive to this idea of creating what we call an Atlantic-African Community. That is to say, a community going from Angola to Mauritania, with Zaire, with Nigeria, with Cameroon, with Chad, and so on. This is very important.

I have here the April 23 issue of *Jeune Afrique*. There is a very interesting article by Kojo of Togo. He says that Africa must abandon the approach of political revindication and must instead resort to organization and method. Today, he says, small countries in every part cannot influence the business of the world. They cannot make their voices heard in the developed nations. There is only one possibility—that they get together. Khojo has approved the Club of Rome report on the necessity of promoting big economic spaces, or regions. Thus, we have here a man we can trust. As he could not come here to this conference, I will go to see him and tell him the results of the conference.

Tomorrow, at the closed meeting of the Club of Rome and UNITAR, we will propose to Mr. Waldheim to set up a commission of eight very high level people from the Third World, very high level people, in order to study over the next three years this problem of regionalization, giving reports every three months to Mr. Waldheim. This is my proposal; I submitted it to Mr. Waldheim 10 days ago. These people will then go around the world, see the people, see the chiefs of state, talk with them, and say, "Here is the problem. What do you think about this? What are you doing?"

Q: Have you had many problems in getting your ideas accepted?

A: Yes, of course. The big problem is the national leader in a country. By definition, a chief of state is highly nationalistic; he is not willing to subsume his country's national interest to a higher allegiance. Look at Giscard d'Estaing, for example. He is very nationalistic. But he is not totally closing the door on us. Last year he gave an interview to *Paris Match* that was straight Club of Rome, saying that over-consumption in France has destroyed French civilization. The head of the French electricity company is very close to the Club of Rome and has much influence on Giscard.

We have a set of chiefs of state very near to the Club of Rome. For example, we have Pierre Elliot Trudeau in Canada, Olaf Palme in Sweden, and the new one in Sweden—he has exactly the same ideas as the Club of Rome. Kreisky in Austria. We have connections into Indira Ghandi, also to Giscard d'Estaing. Also to the Prime Minister of the German Republic. Also in the U.S.S.R. For example, in the U.S.S.R. we have Gvishiani, the son-in-law of Mr. Kosygin.

But our problem is still a problem of power

Our key to power is the ecology movement, the environmentalist parties. The Club of Rome started these parties. The ecology movement, these parties, are very useful to us because they go across borders, because they encompass both the left and the right, and also the middle. People don't trust politicians, but they do trust the environmentalists. If the ecology movement is well managed, with good people—which is not exactly the case because there are a lot of young people who don't know if they are going left or right—then you will see whole populations beginning to change their minds on many things, and then the chiefs of state will have to change their minds too.

Q: Are you having much success in the United States?

A: It is very difficult to change the minds of people in this country. For example, on the consumption of oil. As you know, in the United States, you are consuming three times the energy consumed in France. When Carter says something about this, all the country goes against him.

Q: Ten years ago the Club of Rome published the book *Limits to Growth*, which laid out a schema for reducing consumption and cutting the earth's population by one to two billion by the turn of the century. What is the relationship between the proposals put forth in that book and the notions of regionalization and lowering of consumption discussed at this conference?

A: I think that regionalization puts the people inside a region much more aware of their own problems. For example, if you take a small country like Senegal, with 6 or 8 million inhabitants. They are not aware of their problems. They are not aware of their problem of population, of *over*-population. They are not aware of the problem of consumption because they have international aid. Any moment that they have some difficulties, there is somebody to give them aid. They are not responsible for their own situation, for their own future. People can be responsible for their future only if they are big. This is a fact. The Chinese are completely aware of the need to regionalize. India is beginning to be aware. They have difficulties; they have some very bad administration problems. But they are aware of what we in the Club of Rome are saying. We have in the Club of Rome a very high-level man, very intelligent, Ramesh Thapar in India, who is very well known and one of the greatest members of the intelligentsia. He has told me that his people in India are completely aware of the problems we are talking about. So India is becoming aware. Indonesia is beginning too to become aware. Mexico, Egypt are completely aware of the problems. And we work with them, and we show them their problems and the solutions.

'How we'll regionalize the world'

The following are excerpts from a paper and presentation entitled "Regionalism: The Problem of Public Support" by Thomas E. Jones, a consultant for UNITAR and the Hudson Institute and a self-described futurist. Jones has authored a book Options for the Future, to be published by Praeger next month. Do not let his terminology disorient you. He means "brainwashing."

The effective mobilization of public support must constitute a crucial ingredient in recipes for implementing and maintaining increased regional cooperation and integration oriented toward the evolution of the New International Economic Order....

At the core of public opposition to economic regionalism lies the fear that it runs counter to national and personal self-interest. Even when bound by a loose economic cooperation agreement, a nation may be called upon to act in a way that infringes upon its perceived national self-interest....

An attempt by a national government to force its citizens to participate in economic regionalism would not only abrogate freedom; it could easily provoke opposition. Even if political coercion would suppress widespread dissent, it would not evoke the kind of popular support needed to make economic regionalism a thriving enterprise.

Nevertheless, recognized societal incentives and disincentives play crucial roles in sustaining habits and promoting the adoption of new ones.

Despite the importance of such sanctions in buttressing voluntary support, they cannot effectively replace it. The mobilization of public support for the regional strategy depends on the use of informed persuasion to motivate voluntary changes in attitudes. Such persuasion is based on careful analysis and appeals to enlightened self-interest.

The specific procedures for appropriately modifying the societal information flow vary from society to society. Yet emphasis falls on dissemination of relevant information via the educational system and communications media, supplemented by group discussions....

The success or failure of informed persuasion is integrally related to the quality of leadership. Politicians need to enlist the assistance of other societal leaders to devise and implement an appropriate program of informed persuasion....

By relinquishing certain short-term goals, such as increased consumption in order to release funds for capital investment, a nation can procure long-term benefits, such as increased economic development. ...

Regional cooperation and integration can also produce situations in which each participant gains more than it loses. Hence the transfer of partial sovereignty to a regional organization could be treated as a loan of sovereignty in exchange for increased benefits. ...

To transform this apathy and opposition into support, developing nations would need to supply persuasive evidence that the developed nations—as well as the world as a whole and future generations—are likely to benefit from the recommended restructuring of the international economic system. The perceived tone of the demand for the NIEO would have to change from rhetorical confrontation toward synergistic cooperation....

This sudden shift in perception and motivation frequently springs from the occurrence of a threatening crisis and the graphic, believable depiction of two contrasting types of possible future:

- likely collective disaster (or continuation of existing disaster) if current patterns of divisive behavior persist.
- deliverance from disaster and to a desirable future, but only if the participants in the situation cooperate to make an appropriate response to the crisis.

History and the social sciences testify to the effectiveness of presenting images of conditional deliverance, as well as to the failure of such "repent-or-perish" warnings when they go unheeded or are unrealistic. ...

The most effective motivation appears to be mediated by images of disaster and deliverance operating in tandem, with emphasis placed on the latter. Crisis and the danger of disaster can arouse success-oriented people to act constructively.... Yet images of catastrophe, intended to become self-negating, can become self-fulfilling when unaccompanied by an image of an attainable attractive future. Conversely, positive expectations induce constructive, reward-oriented "achievement motivation", which is more likely to lead people to attain their goals than is "fear-of-failure" motivation. To stress the importance of presenting a desirable alternative future, the term "conditional deliverance" is here used instead of the more negative "provisional catastrophism." ...

Hence credible forecasts of conditional deliverance can be used to promote changes in perception, motivation, and action that are conducive to the mobilization of popular support for the regional strategy.

NATO role in drug enforcement mooted

In testimony before a Senate committee, Joe Biden (D-Del.)—often called the senator from NATO—reported that he has begun initiatives within the NATO alliance “to attempt to develop a multilateral narcotic strategy within the NATO countries.” Biden stated that “in November of last year, I presented a plan to NATO which has been well received and is beginning to bear fruit.”

Biden’s revelation came in the context of a “turf battle going on in the Senate over jurisdiction over narcotics abuse. Senator Dennis DeConcini (D-Az.), a former prosecutor in his home state, has introduced S.R.207 to create a select committee on narcotics abuse and control. Similar to the House committee created by Lester Wolfe some years ago, the select committee would not be able to generate or pass actual legislation, and would mainly be used as an information gathering and publicity generating entity. Senator Sam Nunn (D-Ga.), chairman of the Senate Permanent Investigations Subcommittee which has embarked on a series of hearings on organized crime, narcotics and labor racketeering, and Biden have strenuously opposed DeConcini’s resolution. Nunn, too, is heavily involved in NATO

Biden’s testimony gives evidence that there is more than ego involved in this turf battle. Biden says that he and Nunn are engaged in a well-thought out strategy to “upgrade” U.S. narcotics intelligence and enforcement capabilities by integrating them into NATO. In fact, the predominantly British oli-

garchic families who run NATO also run the international narcotics trade. Besides Nunn’s chairmanship of the investigations subcommittee, Biden serves on the Foreign Relations Committee, the Intelligence Committee, and chairs the subcommittee on criminal laws. He is using all of his sensitive committee positions to carry out a major investigation of U.S. narcotics capabilities.

Trucking dereg mark-up set in House

After several weeks of delay following Senate passage of legislation which largely deregulates the trucking industry, the House subcommittee on transportation of the public works committee is circulating a draft House version of the bill, pursuant to a May 20 mark-up. Capitol hill sources report that House subcommittee chairman James Howard (D-NH) has been under enormous pressure from both the trucking industry, which opposes deregulation, and the administration, which supports deregulation. The result has been several weeks of vacillation (House mark-up of legislation was expected in early May) and a draft version of the legislation which has succeeded in pleasing nobody.

Trucking industry sources report that the draft essentially deregulates the industry to the same extent as the Senate version. At the same time, sources close to Senator Kennedy who was an initiator of deregulating trucking, are disappointed that the legislation does not go far enough, since at one point Howard had indicated that he

would push for the total removal of regulation over trucking. The Kennedy source was confident that they would be able to push Howard to produce a second draft closer to the Kennedy decision.

The delay created by Howard’s vacillation means that the June 1 deadline which Congress was laboring under will probably pass without final passage. That deadline was the result of a pact reached between Congress and the ICC last fall. The Interstate Commerce Commission had been “deregulating trucking by fiat.” Congress demanded that the ICC stop that practice, at least until June 1, at which time it would have a bill passed which would clarify Congress’s intent on trucking regulation. Sources report that the ICC is prepared “to zing a few deregulating regulations” out after June 1, to shake Congress up.

Senate committee backs down on CIA oversight

The Senate Intelligence Committee, which had earlier jettisoned an omnibus intelligence charter for the CIA, backed down again in a battle with the administration over prior notification of congressional committees in the event of covert special operations.

The original Senate legislation called for the administration to notify the two intelligence committees prior to all significant intelligence activities, including covert operations. In the face of an intransigent administration, the committee finally agreed to codify existing Carter administration practices in hopes of at least maintaining the

status quo with future administrations. In effect, however, the bill gives the president ultimate determination in what he will tell Congress. The major provisions are:

- reduce the number of congressional committees who are notified from eight currently, to the intelligence committees.

- permit the president in "extraordinary circumstances" to limit prior notification to eight congressional leaders.

- call for prior notice of the two intelligence committees of all "significant" intelligence activities except when, under undefined circumstances, the president deems it necessary to withhold prior notification.

A similar presidential discretion exists in terms of after-the-fact information provided to the committees on mission details, intelligence failures and intelligence illegalities.

Opposition to oil import fee mounts

The Congress is mobilizing opposition to the President's oil import tax of 10 cents a gallon, which was proposed by President Carter in early April. The Senate on May 13 voted against the tax in a procedural vote, 75 to 19. The House is also moving to kill the tax, with the House Ways and Means subcommittee planning to vote May 15.

A vote scheduled for May 14 was postponed one day when Treasury Secretary Miller requested that he testify before the subcommittee on why the tax is necessary. Subcommittee chairman Charles Vanik (D-Ohio) said that he was certain a majority of the

subcommittee would vote to roll back the tax no matter what the Treasury Secretary said. "The oil import fee is dead," he told reporters.

Committee sources said that an informal nose-count showed 17 of the subcommittee's members in favor of repealing the tax. House Speaker Tip O'Neill (D-Mass) stated that a resolution opposing the fee would pass the House floor "in a walk." Miller and a team of administration lobbyists spent the time before and after his testimony trying to persuade subcommittee members to back the fee.

Congressional efforts are getting a boost from U.S. District Court Judge Aubrey Robinson who ruled on May 13 that President Carter had overstepped his authority in imposing an oil fee. The judge declared that the President does not have the authority to restrain gasoline consumption by imposition of a fee or tax. The White House plans to appeal the ruling to the U.S. Circuit Court of Appeals for the District. Senator Bob Dole (R-Kan.), the chief sponsor of the Senate's proposal to roll back the import fee, said yesterday that the Judge's decision would give Congress "more time to mobilize forces to kill this ill-advised measure for good."

Budget resolution to be finalized

On May 12 the Senate passed a resolution for the 1981 budget, establishing a balanced budget of \$613.1 billion. The final vote on the resolution was 68 to 28. The House passed their budget resolution May

7 and it is \$1.3 billion less than the Senate version.

The major differences between the two budgets are the spending for defense, income security and education. The Senate bill allocates \$8 billion more for defense than the House bill.

Draft bill on way to final passage

By a voice vote the Senate Appropriations Committee May 13 adopted legislation that appropriates funds for registering males for possible military service. The bill for draft registration now goes to the floor of the Senate where action is expected sometime next week. The bill passed the House of Representatives on April 22 by a vote of 218 to 188.

Senator Mark Hatfield (D-Ore.) who has been the chief opponent of the bill, offered several amendments to it. The primary one was an attempt to cut the \$13.3 million that the administration has requested for the registration down to \$4.7 million, which would have been only enough to prepare for registration after the president ordered a mobilization in an emergency.

This was defeated in committee. A proposal by Hatfield to include a check-off for conscientious objectors on the draft registration cards was accepted by the Committee.

Hatfield is now threatening to filibuster the bill on the floor of the Senate. He told other Senators that he will "Debate on the floor at some length" on the legislation. Whether Hatfield has much support is uncertain.

National News

Carter campaign keeps tight watch on delegates

Very nervous that the supposed groundswell of support for President Carter in the primaries is actually very thin support, the Carter campaign is making a strenuous effort to hold in line their delegates. Between now and the convention the Carter-Mondale campaign intends to wine and dine delegates to ensure they stick with the President. An elaborate delegate tracking system is in place in campaign headquarters, with the names of delegates, their social and political history and "concerns" all on file in a computer. "Our goal is to develop a close working relationship with each delegate by convention time," declared Tom Donilon, Carter's delegate coordinator, "The Carter operation will be unrelenting." Every delegate gets a phone call and is being invited to the White House at least once.

The Carter campaign's fears are well grounded. The *Washington Post* did telephone interviews with delegates from several states and found that in fact some of Carter's delegates are slipping away fast, in particular in Michigan. "I've been a little disappointed in the president's leadership," declared Nancy Waters, a Carter delegate from Muskegon. "Auto plants are closing all over Michigan. Every time I pick up the paper I read he's bungled something else."

The state Carter campaigns are also working hard to keep delegates. In Texas, where 19 percent were uncommitted in the non-binding primary, the Carter people used extensive telephone trees to get people to the caucuses and will hold several meetings with Carter delegates before the state convention in June to ensure "that we don't have slippage of our delegates," declared the coordinator for the Houston area.

The National Education Association, which organized their members around the country to run as Carter delegates, is also making sure that the several hundred delegates they have

elected for Carter, stick with him. "If someone from my delegation decides to go for let's say Kennedy at the convention, the rest of the delegates would take issue and try to unseat him," declared the NEA coordinator for Oklahoma.

California labor leaders back LaRouche

Eleven California trade union leaders announced the formation of a California Labor Committee to support the presidential candidacy of Democrat Lyndon LaRouche May 14 in San Francisco. Two spokesmen for the committee, Tom Hunter, chairman of the San Mateo Building Trades, and Charles Sutter of Lathers Local 65, San Francisco, presented the founding statement of the group to Bay Area press, including the *San Francisco Chronicle*, the *San Francisco Examiner*, NBC radio, KPFA radio and others.

The statement, drafted by Hunter, identifies LaRouche as the "only candidate a Labor Leader can feel comfortable supporting..." It has been mailed as an open letter to one thousand trade union leaders throughout California.

"We can rally behind LaRouche, who believes that we can once again grow industrially as a nation, lower interest rates, stop inflation and put all of our people back to work and once again raise the standard of living every year for all the working people in America," the statement explains.

Hunter told the press that the committee had rejected any possibility of a "lesser evil choice for labor in this presidential election, since all the other candidates, Republican as well as Democrat, are busy talking about austerity, increasing unemployment, continuing inflation..."

Labor Committee initiators had reported an enthusiastic response to the open letter from trade union leaders throughout the state and have invited them to meet Lyndon LaRouche at the AFL-CIO Legislative Conference in Sacramento on May 19.

An additional endorsement of the

LaRouche campaign was reported today from Samuel Shannon, Financial Secretary, Carpenters Local 162, San Mateo.

The *San Francisco Chronicle* known for its promotion of California's kook culture, attempted to grill Committee spokesman Tom Hunter throughout the press conference. Drawing on a slanderous article published in the drug connected *New West* magazine, the *Chronicle* reporter characterized LaRouche, an internationally respected economist, as a shady character with obscure connections. Does LaRouche actually exist he asked?

Hunter replied that he was acquainted with LaRouche's background, his role as a founder of the U.S. Labor Party, and the allegations that LaRouche is variously "a communist", and "nazi", "CIA" or "KGB".

"We in the labor movement have been called most of those things so I conclude that Mr. LaRouche is very much like us," said Hunter. "We are supporting Mr. LaRouche because of his economic program."

Massachusetts supreme judicial court upholds Spring decision

The Massachusetts Supreme Judicial Court ruled May 13 that Earle Spring should have been allowed to die peacefully instead of being kept on life support systems for nearly a year against his family's wishes. The Supreme Court said that Probate Judge Sanford Keedy had answered the key (ethical) question in his original decision when he ruled that Mr. Spring "would, if competent, choose not to receive the life-prolonging treatment."

Earle Spring, it will be remembered, became the center of a major effort by the LaRouche campaign last winter to mobilize international opposition to the Franklin County Probate Court decision to allow Mr. Spring to "die with dignity" at the request of his family. While the Carter administration refused to in-

tervene, opposition to the euthanasia decision came from all over the world as well as the nation and included such prominent figures as Dr. Emmanuel Tremblay, leader of the French Right to Life movement. This effort succeeded in stopping the court ordered euthanasia and restoring Spring to his kidney dialysis treatments. Mr. Spring, when interviewed at the time by medical professionals commissioned by the LaRouche campaign, stated quite clearly that he did not want to die.

The Supreme Court's unanimous decision stated that not all such life and death questions involving "mentally incompetent" individuals have to come before the court. Most decisions should be left up to the physician. Various circumstances should be taken into account including "extent of mental impairment, the novelty of the treatment (i.e. new medical technologies—ed.), the family's opinion, risks involved," and so forth.

Teamsters, LaRouche supporters rally against deregulation

Detroit Teamsters local 299 and Citizens for LaRouche, the campaign organization of Democratic pre-candidate for president, Lyndon LaRouche, held a joint anti-austerity rally in front of the downtown Detroit federal building May 5. Over 200 chanted and carried signs attacking Carter economic policies, in particular, trucking deregulation.

Detroit itself is now being ravaged by budget cuts and the collapse of its auto industry. Rally leaders pointedly addressed their attacks to Federal Reserve chairman Paul Volcker as well as the president. Volcker's high interest rate policies have done the most damage to the economy and living standards. Ted Kennedy was also attacked as the outstanding Senate spokesman for trucking deregulation.

IBT local 299 President Bob Lins, rally cosponsor, sent his business agent to address the rally. He said that dere-

gulation would destroy the trucking industry and the union. He issued a stern warning to Congress that the Teamsters were not going to capitulate to deregulation the way its opponents in the Senate finally did.

Kennedy family in real estate scandal

The Kennedy family has saved at least \$4.4 million in Cook County, Illinois, real estate taxes over the last three years through undervaluation of the Merchandise Mart, a building complex which is the cornerstone of the family's fortunes, according to a report in the May 14 *Chicago Tribune*.

The paper claims that former Cook County Assessor Thomas Tully undervalued the mart by millions of dollars, resulting in huge tax savings for the Kennedys. Tully first assessed the property in 1976 at \$57 million. The Prudential Insurance Co., which granted the Kennedys a loan against the Mart in 1976, put a value of \$84 million on the building. Tully's underassessment continued during his tenure as county assessor and has been followed by his predecessors, the *Tribune* claims. The paper also reports that during the time Tully was assessor, the Mart was represented by Joseph Roddy, Tully's law partner before and after he left the office.

The Mart is owned by the Merchandise Mart Owners, a partnership of trusts set up for the relatives of the late Joseph P. Kennedy, including his son, Sen. Edward Kennedy. Kennedy reportedly owns approximately a 13 percent interest in the Mart. In a 1978 financial statement, Kennedy claimed that his interest in the Mart was worth between \$2 and \$5 million, whereas associates of Kennedy told the *Tribune* that Kennedy's share actually might be as high as \$166 million.

In 1976 and 1978, Kennedy flew to Chicago to attend fund-raising dinners for Tully, who is now under investigation by the U.S. Attorney Thomas Sul-

Briefly

● **RADICAL** environmentalist Richard Falk, a proponent of various "anti-materialist" ideologies, is now engaged in a bitter legal fight with his stepfather to obtain \$1 million from the estate of his recently deceased mother. Falk's action has shocked certain leading Princetonians, several of whom were already reviewing charges by an Ad Hoc Alumni group that Falk should be dismissed from the university for his advocacy of extremist "environmentalist" activities.

● **SOURCES CLOSE** to Senator Sam Nunn (D-Ga.) are upset that Edward Muskie's appointment as Secretary of State "preempted" a full Congressional investigation into President Carter's role in the recent Iran "rescue mission" episode. These sources claim that "all hell would have broken loose in the Congress" if Warren Christopher had been named to succeed Vance. They are now hoping that a "limited strategic humiliation" for the U.S. vis-a-vis the Soviet Union will "accomplish what that investigation would have done: galvanize the country for dumping our current do-nothing military posture."

● **THE HOUSE** Science and Technology Committee this week approved \$12 million for "an energy innovation program" that has produced a solar-powered outhouse and a solar-powered doghouse. The Department of Energy-funded program was defended by New York's Rep. Richard Ottinger, who first admitted that the projects "might seem ludicrous and lend themselves to ridicule," but then insisted that "they do have merit."



“Felix the fixer” as Anderson’s Treasury Secretary?

The question of where independent presidential candidate John Anderson gets his bizarre economic program has been partially solved: It seems that the Trilateral Commission-Bilderberg Society member who’s parading around as a born-again populist has recruited Felix Rohatyn as his chief adviser on economic matters.

Rohatyn, of course, is the Lazard Freres partner who, as chairman of New York City’s dictatorial Big Mac, has almost succeeded in reducing that once-great metropolis to Third World status. Claiming that what New York needs to get back on its financial feet is ‘more pain and agony,’ Rohatyn has slashed services, axed municipal employees, consigned whole chunks of the city to the garbage heap, and proposed turning areas such as the South Bronx into ‘free-trade zones’ for legalized gambling and other so-called victimless crimes.

Now, characterizing Anderson as “a very serious man (with) ra-

tional thought processes,” Felix the Fixer is applying his economic genius to the Illinois Republican’s campaign platform. Under Rohatyn’s tutelage, Anderson has added to his already proto-fascist program—which includes a 50 cent-a-gallon tax on gasoline—the following items: a temporary wage-price freeze; an incomes policy, whereby corporations that grant wage increases above government guidelines will be punished through additional taxes; an expansion of youth employment programs; a reconstituted Reconstruction Finance Corporation that would, among other things, be empowered to take over and run shaky corporations, and—shades of Mussolini’s corporate state!—a “temporary national economic commission” with a mandate for developing “innovative solutions” to the country’s economic problems.

Two weeks ago, Anderson picked up the endorsement of another prominent New York investment banker: former Undersecretary of State George Ball. Rumor has it that Rohatyn is hungrily eyeing the Treasury Department, while Ball, now a partner in Lehman Brothers-Kuhn Loeb, will stay in the background as “senior advisor” should Anderson somehow manage to snatch the Oval Office.

Reagan backtracks on Trilateral issue

Ronald Reagan is backing off from the issue that informed observers say pushed him to the front of the GOP presidential race: the Eastern Establishment’s pernicious control over U.S. policy.

According to press reports, Mr. Reagan went out of his way while campaigning in Texas recently to assure his chief rival, George Bush,

that he never had and never would make Bush’s membership in the elite Trilateral Commission a campaign issue.

Reagan’s vow startled many of his grass-roots supporters, who believed, at least until now, that the California Governor was a staunch opponent of the East Coast foreign policy establishment. Their dismay doubled when Reagan promised last week to keep Bill Brock on as chairman of the Republican National Committee if he wins the November election. Brock is a member in good standing of both the Council on Foreign Relations and the Trilateral Commission.

Byrd warns Carter: Nomination not sewn up

In what the major media are calling a “calculated sting” to President Jimmy Carter, Senate Majority Leader Robert Byrd has put out the word that, delegate counts notwithstanding, Carter doesn’t have the Democratic presidential nomination sewn up.

In a briefing for reporters May 10, Byrd—whose influence extends into nearly every layer of the party—bluntly stated: “The mathematics (of the primary process) favor Mr. Carter now, but we have seen him rise and fall in the polls depending on events. Who knows what could happen between now and the convention. Who knows what the prevailing issue will be. ... In November, or at the time of the convention, Carter could be at his high-water mark or at his low-water mark.”

Byrd’s statements came just days after New York Governor Carey and his political ally, Senator Daniel Moynihan, also of New York, called for an “open convention” and vowed not to attend it committed to a particular candidate.