

# EIR

Executive Intelligence Review

June 10, 1980

\$10.00

Who's destabilizing South Korea?  
The 13 states under FEMA dictatorship  
After Camp David: options in the Middle East

**Avoiding world war:  
Do Giscard and Brezhnev know how?**



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Executive Intelligence Review is published by  
*New Solidarity International Press Service*  
304 W. 58th Street, New York, N. Y. 10019.  
In Europe: *Campaigner Publications,*  
*Deutschl. GmbH. + Co. Vertriebs KG*  
Postfach 1966, D. 6200 Wiesbaden

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Subscription by mail for the U.S.  
3 months—\$125, 6 months—\$225,  
1 year—\$396, Single issue—\$10  
ISSN 0 146- 9614

# EIR

## From the Editor

“Any attempt to keep the Soviet Union out of indispensable dialogue on the means to eliminate the cause of international tensions is to also take the risk of driving international relations into a cycle of incomprehension and misunderstandings and of abandoning oneself to the blind movement of events which could prove to be fatal.”

This was the report given to the French National Assembly by Foreign Minister Francois-Poncet on the emergency summit in Warsaw between French President Valery Giscard d'Estaing and Soviet President Brezhnev.

What was called “otherwise inevitable war,” was temporarily calmed by the French after Secretary of State Muskie had announced the death of detente.

But will these first steps toward the formulation of a war avoidance policy work? In a world in which the Carter administration is bent on setting off “arc of crisis” conflicts throughout the world, in which the Israeli government is bent on war and Peking is being armed by the U.S. against the Soviets, dialogue is not enough.

Our Special Report this week, “Avoiding World War: Do Giscard and Brezhnev Know How?” documents the post summit mood in Europe and the Soviet Union. That thermonuclear annihilation hangs in the balance is a well-accepted fact.

We document Mexican President José López Portillo's call for real Third World development to avoid a new “Dark Age” and war.

A war avoidance policy and a strategy for peace is presented in excerpts from a soon-to-be published book by Lyndon LaRouche, “Why Revival of Salt is Inherently Unworkable.” LaRouche details the “neo-Malthusian” policies of the International Monetary Fund and the World Bank and shows the underlying cause of the war danger. Termination of such policies and the formation of a new gold based monetary system capable of extending credits for transfer of technology to the Third World are the essential first steps.

Finally we document the dangers of the “Brandt Commission report” approach to both East-West and North-South relations. Too many world leaders, bent on war avoidance, are falling into the Brandt commission trap.



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## Special Report



Giscard d'Estaing meets Leonid Brezhnev in Warsaw May 19. Photo: Sygma

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Giscard's sudden, emergency trip to Warsaw for consultations with Brezhnev opened up a range of opportunities for effective war-avoidance policy by both East and West. But if there is any compromise with the Brandt Commission's Malthusian backers, or simple inaction on the underlying political-economic causes of the war danger, those opportunities could go up in smoke.

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# Executive Intelligence Review



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# First Vance...then Weizman

It was not long ago that a horrified Secretary of State Cyrus Vance bailed out of the Carter administration on the eve of the U.S. intervention in Iran, telling close friends that the Carter White House was charting a course leading directly to World War III. Vance's disagreements with the Carter-Brzezinski team went far beyond mere tactics vis-a-vis Iran. At the time, it appeared for a few fleeting moments that Vance's resignation might provide enough of a shock to bring the world back from the brink of war. However, in the weeks after Vance's public break the Anglo-American elite did not coalesce around a competent war-avoidance policy, and Secretary Vance himself disappeared from public view.

The resignation of Defense Minister Ezer Weizman from Menachem Begin's cabinet this week, therefore, has a sense of *déjà vu*. At this writing, there are few indications that Weizman's move will have any effect at all on the Israeli political balance, except to consolidate in power the extremists who are careening toward another Middle East war. Weizman's resignation, which did not come as a surprise, is the result of the sponsorship of certain Anglo-American factions who seek to topple Begin and replace him with a more liberal—and malleable—social-democratic regime. In fact, the faction that urged Weizman to pull out are generally the same people who advised Vance to leave.

But whether it be the White House, London's Thatcher administration, Begin's Israel, or the Peking clique, the "kooks" are still in full control.

One case in point: Israel. The resignation of Foreign Minister Dayan, Weizman, and Finance Minister Erlich has left Israel in the grip of the most fanatical and extreme branch of the Zionist movement. Begin, General Ariel Sharon, and the ultra-nationalist Gush Emunim have now become almost the paradigm of what an Israeli analyst called "the crazy state."

Israel's current Foreign Minister Yitzhak Shamir, whom Begin has proposed for the next minister of defense, is a former chief assassin and convicted murderer who served with the terrorist Irgun in the 1940s. Following Israel's independence, he joined the Mossad, Israel's foreign intelligence service, where he was the chief of its European division. From that post, Shamir was the coordinator of Israeli intelligence interface with the European Hapsburg-Pallavicini oligarchy and its terrorist arm, the Italian Red Brigades and the Baader-Meinhof gang.

Israel is now in danger of becoming a runaway state, whose actions cannot be controlled. Another ominous sign is the visit to Washington by Chinese Deputy Prime Minister Geng Biao, the warlord of Peking's defense establishment. Precisely at the time when the U.S.S.R. is letting it be known that they consider a *de facto* alliance between Washington, NATO, and Peking to be a *casus belli*, the Carter administration feasted the Peking visitor amid well-publicized promises of high-technology goods with military applications.

Thus it seems that the Washington-London-Jerusalem-Peking crew has set its sights on war. The burning issue is: Will the rest of the world, especially the continental European leadership and the American people, implement the necessary war-avoidance measures in time to halt the conflagration? The war crisis is fed by the unravelling U.S. economy and the crisis in Third World debt and underdevelopment—and its solution can only be found in a fashion that permanently eases the pressure resulting from that source. France, West Germany, Mexico, India, and the potential for a European-Arab alliance together represent a coalition for preventing war, if they act forcefully and in time. But as the clock ticks, it appears less and less likely that anyone from the camp of the Anglo-American elite is prepared to join them.

## Europe decouples from the United States economy

by David Goldman

This month *EIR* will publish the results of an in-depth computer econometric study of the West German economy, which, we believe, will produce some shocks at senior policy levels in the United States. Although tests on the application of the *EIR*'s LaRouche-Riemann model to a West German data base prepared by *EIR*'s Western European economics editors are still incomplete, the work so far points conclusively to a devastating result: the Western European and American economies decoupled during 1979.

At a moment when the central debate in American foreign policy involves the means by which the sinking Carter administration can continue to hold Europe to American policy objectives, the strategic importance of this result is obvious. As *EIR* has documented in a groundbreaking survey of the American economy's survival prospects, the United States is headed into a recession unlike any previous one, threatening a "phase change" into a nonindustrial economy. In fact, in terms of productive potential, the American economy never recovered from the 1975 recession, in that the quotient of tangible reinvestible surplus in our economy never rose above the zero margin. It has fallen sharply below zero as of the final quarter of 1979 and continued downward, toward a rapidly approaching "point of no return."

By contrast, the West European economies, centered around the West German economy, are in the middle of a boom that has confounded the OECD economists and various others, who expected these economies to move in phase with the American. West German industrial output is currently growing at a 6 percent annual rate, and the industrial output growth is founded on capital for-

mation, rather than consumer spending. The annual rate of West German productivity growth is a solid 3 percent per year; America's manufacturing productivity fell 2.3 percent during the single first quarter of 1979. Some of that fall is undoubtedly recession-induced, but nonetheless more drastic than during any previous recession, reflecting the underlying collapse of American productive potential.

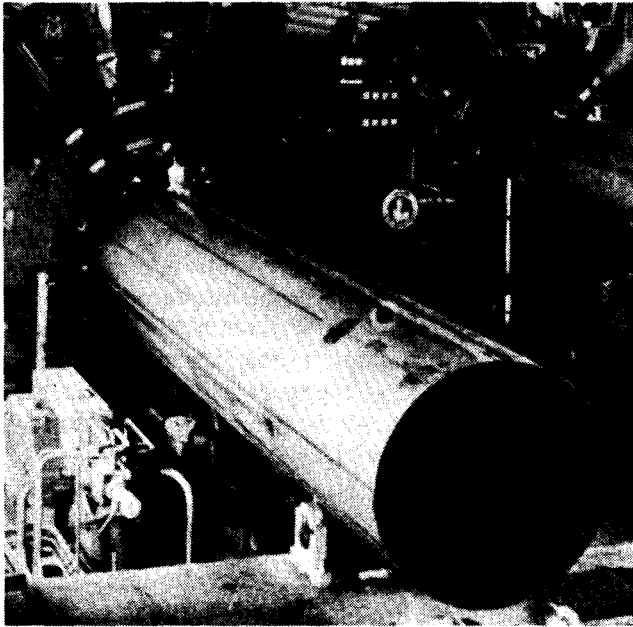
Other European economies are "in phase" with the West German; French industrial output growth is 3 percent p.a., Italian 12 percent p.a. Only Britain (along with Canada) is falling in tandem with the American collapse.

### No recession for Germany

The question, of course, is whether this is a temporary, lagging growth phenomenon, or a basic "structural" development. The above data have been available for some time, but *EIR* avoided passing judgement until at least the preliminary results of Riemannian computer analysis were available. We can say with confidence at this point in the investigation that while the American economy never went through a recovery after 1975, the German economy really never went through a recession, except for a one-year spike downwards in the basic parameters.

Consistently, our study will prove, German industry maintained a high rate of capital formation in both the most-efficient methods of energy production, and in energy-intensive, high-productivity manufacturing methods, while the American economy reoriented toward energy-conserving, labor-intensive investments





An advanced West German pipe-welding machine at Demag GmbH.

which penalized goods-producing industries in favor of services, and capital-intensive methods in favor of labor-intensive methods within the goods-producing sector.

As *EIR* has previously shown, this sordid picture explains the apparent “success” of the American economy in achieving energy conservation in manufacturing. No such “success” was tolerated by West German industry, which maintained an energy-intensive profile throughout the 1970s. Although the quadrupling of oil prices in 1974 interrupted the long-term growth trend of the German economy, growth restarted from a somewhat lower level, and the process of capital investment was never interrupted in an important way.

In fact, contrary to our expectations, the West German economy appears relatively unaffected—excepting monetary criteria on the internal inflation and foreign payments side—by the oil price increase in tangible terms. That is, German industry managed to increase its productivity sufficiently to make up for the interest-cost of borrowing back from the Arabs the additional funds they paid out for oil.

This divergence is particularly disheartening for the United States when we consider that German exports to the Soviet Union rose by 23.8 percent during the first quarter of 1980. Albeit from a low base-line, this result is spectacular, and indicates that whatever the Germans can't ship westwards due to American recession conditions, they will ship east instead.

### On to Venice

French President Giscard and Chancellor Helmut Schmidt are playing the cards they hold in advance of the

Venice Summit of leading industrial nations close to the waistcoat. Most press reports concerning Venice reflect to a great extent Washington's wishful thinking on the subject. Giscard has promised a new monetary initiative at Venice, a promise echoed in a statement last week by the dean of West German commercial bankers, Hermann Abs. The Deutsche Bank's emeritus chairman warned that either a chaotic “multi-currency reserve system” or a replacement of the dollar by Special Drawing Rights of the International Monetary Fund were unacceptable proposals; but the introduction of the gold-backed European Currency Unit (ECU), the projected reserve currency of the European Monetary System, was not.

Federal Reserve Chairman Paul Volcker's decision to rescind part of the credit controls package he imposed in installments last October and March has persuaded any European who had doubts that the Fed has no control over the steering wheel. Indeed, the drop in American interest rates, which brought the critical short-term rates (Fed funds and Eurodollar rates) down by almost 10 percent from their April peak to the trough last week, bespeaks Washington's fear of Europe. Earlier this year, American bankers boasted fairly incautiously—in the pages of *Business Week* magazine and in frequent discussions with this publication—that European banks would take the brunt of any major Third World debt defaults. Certainly the Fed's push on short-term interest rates, which might have cost the Third World an additional \$20 billion in interest charges this year alone, implied a degree of recklessness with respect to the international debt situation.

### The dollar and Europe

Whether or not Europe would suffer the worst financial consequences in the event of major disruptions of the Eurodollar market is not a technical but a political question. Europe still depends on the dollar as the leading medium of trade. Ultimately the dollar is backed by the strength of the American economy. As the American economy dissolves—and particularly if it dissolves in an inflationary direction—Europe will no longer be able to employ the dollar as a reserve instrument. However, as banker Abs points out, the ECU is acceptable.

Considering the direction of American policy, the prospects of orderly negotiations on any new monetary formula President Giscard might propose are negligible. In a perverse way, this suits Giscard's ally, Chancellor Helmut Schmidt, just fine. Schmidt will under no circumstances adopt measures which openly flout American authority, but will defend the same measures if presented as a response to force of circumstance.

We cannot say, as yet, what the Europeans will do at Venice. But it is a fair estimate that they will adopt whatever monetary measures are necessary to the prosperity they have built on their side of the Atlantic.

# EIR seminars build national 'club' for progress

The *Executive Intelligence Review* held a seminar May 28 at the Sheraton City Squire Hotel in Manhattan on the U.S. economy and the newest capabilities of the *Review's* LaRouche-Riemann model to project its possible paths. Speakers were *EIR* economics editor David Goldman and Dr. Steven Bardwell, plasma physics director of the Fusion Energy Foundation and head of the team of mathematical physicists who have worked with *EIR* economists to develop the model.

A reception for *EIR* subscribers and FEF members followed the seminar, at which *EIR* executive Fernando Quijano hailed the American System of progress and technological expansion—"it's good business, too," he said. "We are the world's experts on anything that has to do with progress. This select group, the *EIR* subscribers, form a kind of 'club' of businessmen, scientists and labor, dedicated to the revival of the world tradition of republicanism. And *EIR*, with all its consulting capabilities, is at your service," Quijano said.

The seminar participants included corporate executives, labor officials, computer specialists, venture capitalists, and diplomatic representatives. They were attracted to the seminar for the same reasons audiences in Washington and New York were attracted to previous seminars: the LaRouche-Riemann model has demonstrated its superiority, both numerically and qualitatively, over all other "econometric" or input-output models now in use by government or large private institutions. It accurately predicted the hyperinflationary consequences Paul Volcker's credit policy has actually had, and has uniquely profiled the behavior of the U.S. economy under conditions ranging from trucking deregulation to energy "conservation." Moreover, because of the model's unique capacity to encompass the metastable effects of technological progress on all economic relations, the LaRouche-Riemann model is an invaluable programmatic tool, specially designed to project trends in respect to high-technology capital-formation policies in both the advanced industrial nations and developing sector nations.

Goldman opened by examining the significance of this spring's reversal of the capital goods order buildup, then reviewed in detail the evidence that the U.S. econo-

my has reached a point of negative productivity overall and terminally low productivity for the tangible output sectors. No parallels can be projected with the 1974-75 recession, he added; we are now living in an economy whose actual physical constraints on the ability to replace capital stock are unprecedented in American history. "If we built synthetic fuel plants," he said, "we wouldn't have enough steel and so forth left for our fossil-fuel utilities. But in fact we won't get to the point of building substantial numbers of synfuel plants, because the economy will be incapable of it." Goldman referred to the 1960s record as a standard for the difficulty of achieving the 3 percent annual average growth in real productivity which the model shows is required to put the U.S. economy into a recovery phase.

## Causal relations

Dr. Bardwell began his presentation by noting the amazement a scientist feels at the proposition that economic growth can be "decoupled" from an economy's rate of energy use per manhour—an argument currently used to justify replacement of capital and energy with labor inputs.

The causal relationships determining the potential of an economy, Bardwell elaborated, are, first, the link between the educational and material standards of living of a labor force and its ability to assimilate higher technologies; second, the historically and thermodynamically close link between capital investment and productivity; and third, the link between the energy intensity of an economy and its access to more and better "natural resources." "All resources are man-made," he commented, citing petroleum's status until the 19th century and Americans' confidence in the 1950s that by the time they ran out of uranium for nuclear fission fuel resources, higher technologies would have been brought on line.

Bardwell reviewed in detail the reasoning—and debates—that produced the model's translation through Riemannian mathematical functions of thermodynamic relationships into economic ones. More briefly, he laid out the fallacies of steady-state economic models—"they produce mere tautologies," he said in conclusion, "and ones that diverge from reality, because an economy has to either grow or die."

Bardwell was asked about the differences between the Riemann-LaRouche model and other modeling efforts to use nonlinear equations, which led to a further discussion of singular properties and evolutionary discontinuities as expressed mathematically. Other questions addressed the reasons for the variations in 1979-80 sectoral output and profit declines in the U.S. economy.

*EIR* will expand its "club" by holding seminars in Hartford, Connecticut June 4, in Philadelphia on June 11, and in Houston on June 16.

## Capital spending axed

*Business cycle notions to the contrary, corporations are gutting their capital spending programs in continued expectation of restricted credit.*

**B**usiness cycle theoreticians tell us that it is usually six months into a recession before businesses start cutting back their capital spending plans. So much for business cycle theory. Sensing that the U.S. economy has entered a "whole new ball game"—one defined by the Federal Reserve's intention to maintain a restrictive stance on *credit availability*—U.S. corporations are already retrenching capital spending programs "ahead of schedule."

In the most publicized of these cutbacks, Ford Motor has announced that it is cutting \$2.5 billion or 19 percent out of its North American outlays through 1984. It is no secret to industry insiders that this move is the first phase of a broader decision by Ford to de-emphasize its losing North American operations in favor of its more profitable foreign operations. Chrysler has already chopped \$136 million out of its 1980 capital budget. It has just come to light, moreover, that the automaker must convince the five-member Chrysler Loan Guaranty Board four times a year that its financial condition is progressing at an agreed-upon rate. Otherwise the government board has the right to order Chrysler to slash its spending on new products, drop existing car and truck models, close down plants, and further reduce its share of the U.S. car market.

Until recently, the market for transportation equipment besides autos and trucks had been holding up. However two weeks ago, following a rush of cancelled orders and an erosion of its order backlog, Pullman, the nation's major railroad car producer, began review of capital spending with an eye to cutting back outlays.

Responding to the collapse of orders from the auto and Midwest construction market, National Steel was the first steel company to scale back its capital spending plans; the steel maker will cut \$68 million or 20 percent from this year's capital budget.

Up until now, the shutdowns throughout the steel industry have been triggered by the cancellation of orders from the auto industry and not capital goods producers. However, Bethlehem Steel, whose product mix is heavily tilted toward structural steel used in heavy construction and capital goods, reports that it is monitoring its order books on an hour-to-hour basis. "So far our Bethlehem plant, which produces structural shapes for heavy construction, has been running full out," a spokesman for the company reported. "But no one knows what the economy is going to do next week. We could have major layoffs at this plant in no time at all."

Bethlehem has already laid

off 3,000 out of 18,500 workers at its massive Sparrows Point complex outside of Baltimore, which produces flat, rolled and other steel products for the auto industry. Union leaders are predicting that a total of 7,000 layoffs will be in effect before long. Bethlehem installed a new blast furnace at Sparrows Point as part of its post-1977 modernization and "rationalization" strategy implemented by the current chairman and former Price Waterhouse accountant Donald Trautlein. The other side of that strategy, now being implemented, is the phasing out of the older blast furnaces—two open hearth furnaces have been shut—and a large chunk of the workforce.

Another sign that capital spending plans are giving way was the 22 percent month-to-month drop in orders reported by the nation's machine tool builders for April. Orders were 10 percent below April 1979 levels. However, the National Association of Machine Tool Builders also reported that machine tool prices have climbed more than 15 percent since last year, indicating that demand for machine tool capacity actually dropped more than 25 percent from year ago levels.

One is hard pressed to find a bright side to the capital goods outlook. However, in an interview with *EIR*, Michael Levy, director of economic policy research for the Conference Board, said that the recession could have some beneficial effects on defense spending. "A while ago, there was a lot of talk about allocating capacity and material resources in the economy to allow defense priorities to get ahead of the queue. Now there may not be any competition."

## Selling World Bank plans to Europe

*The special twist is a promise to maintain Third World importing ability*

**T**he Brandt Commission report on Third World development has moved to the center of discussions on petrodollar recycling to the Third World. The plan mandates centralized funding of investment in raw materials extraction, of biomass and other low-density energy sources, and "appropriate technologies" for labor-intensive agriculture.

An interview with Claude Cheysson in the May-June issue of *Europe* casts additional light on how the plan is being urged on Western European leaders. Cheysson is the commissioner in charge of European Community relations with the underdeveloped sector; he has always maintained a pro-growth, pro-"South" profile.

Cheysson is currently playing on the French and German desire to maintain trade with the Third World, dangling the promise that World Bank control of credit to the southern hemisphere will underwrite the LDC's purchasing power for imports, while commodity agreements will improve their balance of payments. The fact is that whatever infrastructural development the World Bank promotes is part of an overall push for de-urbanization and primitivization that will wipe out these regions as markets and as political allies.

Returning from talks with the Carter administration and World Bank officials in Washington, Cheysson was asked about "the

new World Bank structural loan facility." He commented that the crux of the problem is the rising oil bills and deep indebtedness of the "middle-income developing countries."

"We industrialized countries are going to suffer, in particular, we in Europe. Exports to the developing world now represent almost 40 percent of the total exports of the Community, as compared to 13 percent of our exports to the United States," and 22 percent of total EC exports go to non-oil producing LDCs.

"Should they run short of resources to meet their equipment needs," Cheysson commented, "this will result in very, very serious additional crises in Europe that will affect those industrial sectors which until now have been safeguarded in the economic crisis—electrical equipment, railroad equipment, and so on. Just now, in the Sudan, they can't even use their tractors, because they haven't got the money to pay for the hydrocarbons . . . It's very important, therefore, that the World Bank and the regional banks should be given every facility to borrow on the market," to absorb the surplus of "the main oil producers." Cheysson further called for a "contractual approach between regions" through global commodity agreements, which "can build up security for investors."

Cheysson is rehashing the old Brookings Institution-Council on

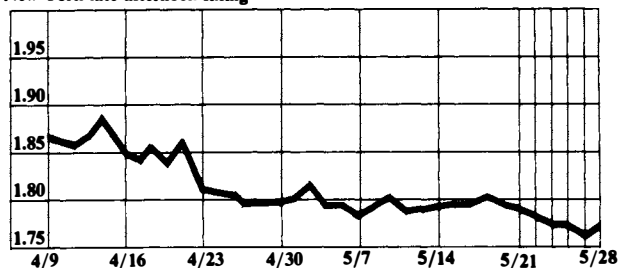
Foreign Relations blueprints that inspired the 1947 Marshall Plan as a purported alternative to war and depression.

Under the banner of "self-reliance"—at that time, touted for Europe—capital inflows were to finance the fuel and raw materials and food needed to restart European production and launch a non-dollar trading bloc. Europe was supposed to regain enough industrial strength to supply equipment to develop Third World commodity resources and make NATO a credible military-industrial entity. This was a completely neo-colonial concept, as Brookings frankly stated, adding that under no circumstances should Third World populations be allowed high living standards or population expansion. Nuclear energy production was ruled out for either Europe or the Third World.

Dwight Eisenhower, Konrad Adenauer, Charles de Gaulle and European industrialists aborted this plan. Now it is being retreaded to Europe and, as we report in our International section, to OPEC leaders. The *London Times* reported May 27 that at the June 22-23 Western economic summit, "It is likely that some firm initiatives will be approved to improve food production in the least developed countries and to further encourage energy development in the Third World. Support will be given to the World Bank's schemes, which at present envisage the spending of some \$33,000 billion in the next five years on energy development." It is not at all clear that any such thing will happen. It is clear that if it does, it will be a disaster for both Europe and the LDCs.

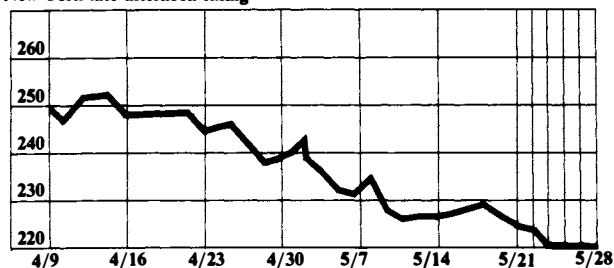
### The dollar in deutschmarks

New York late afternoon fixing



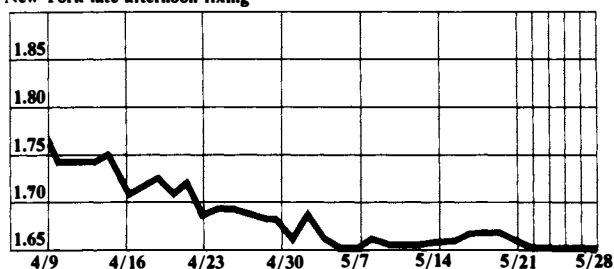
### The dollar in yen

New York late afternoon fixing



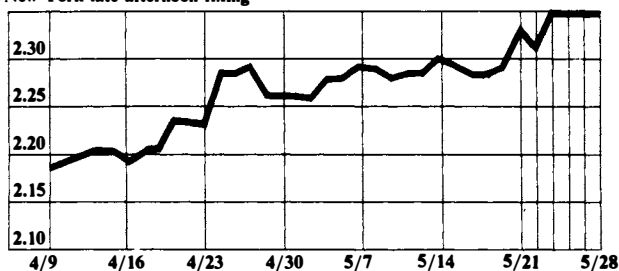
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# Can the American economy recover?

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## Europe's strategic outlook

*The Jesuits have a new study out on trade competitiveness. Out front is Europe, with the United States trailing far behind.*

The U.S. Export Competitiveness Project headquartered at the Jesuits' Georgetown University has just published one of their more sophisticated contemporary handbooks for "Western European handling" available in print. "The United States, Western Europe, and the Third World: Allies and Adversaries" was written by Simon Serfaty, director of the Washington Center of Foreign Policy Research and a faculty member at Johns Hopkins School of Advanced International Studies, and was put out by Georgetown's Center for Strategic and International Studies. It is a polemic in favor of a nonhysterical approach to Western Europe's increasing policy differences with the United States.

Serfaty's thesis is that U.S. economic and military decline is inevitable and irreversible and that given this reality, a certain divergence of Western European economic and military policy from the U.S. is not only inevitable but—as in the case of France's military interventions into Zaire and Tunisia—desirable for the Atlantic Alliance. As long as Western Europe confines its policy differences and rivalry with the United States to isolated items on an issue-by-issue basis, such as export competition for Third World markets within agreed upon bounds—the interests of the Atlantic Alliance will be

safeguarded by its new pluralist leadership.

Serfaty's paper is reminiscent of the profiles of Giscard d'Estaing's "vulnerabilities" by the *New York Times's* European director, Flora Lewis. Indeed, Serfaty, like Lewis herself, is close to European social democratic circles which are typified by *Le Monde's* Washington correspondent Michel Tatu.

The limitation of Serfaty's thesis, however, is obvious: the more the U.S. and Western European economies continue to diverge, the less leverage the United States has to dissuade Europe from adopting the "triangular" approach to Third World development envisioned by the French and West Germans, including Soviet nuclear export capability.

Here are selections from the pamphlet.

"... To the states of Western Europe, Iran may have shown once more—and in the most vivid fashion—that the American connection is not so desirable in the Third World where European interests are threatened by the consequences of misguided, misdirected, and misapplied U.S. policies ... [T]he allies may come to see the events in Iran and Afghanistan as the latest expression of the decline, or even irrelevance, of the U.S. deterrent....

"[A] trend in the military balance that seemed to favor the Soviet Union has ... progressively enhanced Europe's sensitivity to the consequences of any provocation of the Kremlin, be it through a strategy of human rights, the playing of an ever elusive Chinese card, or the challenging of well-established or new Soviet presences in Third World countries.... To Europe, SALT II might buy enough time either for a U.S. effort to redress its compromised strategic posture, or for European initiatives to confront the consequences of growing Soviet capabilities and diminished U.S. leadership....

"[T]he United States is now seen on the continent as part of the threat to Europe's economic security at the very time it has lost some of its relevance to the physical security of Europe. Accordingly, special relationships have been sought more and more pressingly with the former colonies and new influentials in the Third World, thereby returning to former historical patterns....

"In this expanding competition among industrialized countries for the benefits of trade with the Third World, the United States, Canada, and the United Kingdom have until recently been losing to the more aggressive and successful strategies of Japan and West Germany, as well as to those of Italy and France in a lesser degree.... Future competition among industrial states for Third World markets is likely to be concentrated in the advanced technology sectors of new products and processes, where the United States had once had many advantages, but today finds formidable rivals in the Japanese and some European states...."

# Trade Review

NEW DEALS				
Cost	Principals	Project/Nature of Deal	Financing	Comment
300 mn.	Mexico from West Germany	Mexico will apply the credits for developing agriculture and livestock and for its capital goods industry.	\$300 mn. in German bank credits	
285.6 mn.	Saudi Arabia from Austria	Voest, the State-owned Austrian steel and engineering firm, will build a steel plant in Saudi Arabia.		Contract signed in Riyadh, reportedly an offshoot of Bruno Kreisky's trip to Saudi Arabia during February.
102 mn.	Kuwait from Italy	Ansaldo Meccanica Nucleare (state-owned), Tonnoli, and Nuove Reggiane will build four desalination plants in Kuwait.		Contracts signed last week
83 mn.	Yugoslavia from U.S.	Yugoslavia will build a hydroelectric project on the Neretva River in central Yugoslavia	8 year, \$10 mn. loan headed by Riggs National Bank, (Washington, D.C.); \$73 mn. from World Bank	Credits announced
57.12 mn.	Nigeria from United Kingdom	Wimpey will build a metallurgical training center at the giant Ajaokuta steel complex in Kwara State. The complex itself is being built by the Soviet Union's company, Tiajpromexport.		Wimpey bid announced
21.42 mn.	West Germany from United Kingdom	British Aerospace will supply three 748 twin-engined airliners to the West German Commuter airline DLT (Frankfurt am Main)		
	Denmark from Saudi Arabia	Saudi Arabia's Petromin will supply Denmark 1 mn. tons of crude oil a year for the next three years. Under stipulation in contract, Saudis may cancel contract if Danish government in any way brings Saudi government into disrepute.		Contract signed
<b>Update</b>				
at least 430 mn.	Mexico/Canada	Mexico will sell Canada 50,000 bpd of oil in exchange for technology transfer	\$430 mn. in	Agreement Canadian credits

## Creating something from nothing

*Some of our readers, hard money enthusiasts, believe you "can't create credit out of nothing." If that was the case, industry would not exist today.*

In my May 6 column, I responded to a letter from a subscriber, Count Sixtus von Plettenberg, in which he proposed that the government regulate the value of money in accordance with a fixed standard. The government should guarantee that the basic monetary unit is always "equivalent to the cost of that fraction of products and services used to compute the monthly 'cost of living index' which one human being needs for one day," he wrote.

I argued that such a monetary standard was unworkable because it assumed the existence of a no-growth, or "equilibrium-state" economy, in which daily living standards never changed. "The only valid measure of a healthy economy is ... an increase in the society's reducing power, its ability to produce higher rates of surplus at relatively lower cost. The purpose of money is to facilitate the circulation and reinvestment of that surplus output. The amount of credit extended will not be excessive as long as it results in the generation of additional tangible output equal to or greater than the debt incurred. The real issue is not: 'How much credit is too much?' but 'how is credit being used?'"

Von Plettenberg responded in a May 13 letter: "I am sorry that here again we have not reached the necessary understanding: the real issue is that those who create credit

out of nothing, i.e. the fractional-reserve bankers instead of intermediating idle money, i.e. savings out of money-in-being—imitate the act of God in that they 'create' something from nothing and on top of it, charge it with self-feeding 'interest;' while God's or Nature's gift of life is 'free'. It is this geometrical growth of parasitical interest which is now destroying the world body's cells like cancer in its terminal stage ... Those of your readers who find *EIR* unique for its singular combination of the philosophical bordering on the religious, with the economic, understand what I mean."

Perhaps without realizing it, von Plettenberg has in those few short lines placed himself squarely in the same camp as the Physiocrats, the 18th century "French" economic school upon which all subsequent British political economy from Adam Smith to Parson Malthus to John Maynard Keynes has been based. The Physiocrats, it will be recalled, argued that only agriculture creates value, because its product is a pure "gift of Nature"; manufacturing is sterile because it entails only human manipulations of what has already been created by Nature. If our ancestors had followed the Physiocrats' prescriptions, the great industrial republics of the U.S. and in Western Europe would never have come into existence.

The fundamental point is this: precisely because humans are not animals, but thinking beings "created in the image of God," we are capable of "creating something out of nothing," altering Nature in accordance with human needs. In fact, because "natural" resources are necessarily finite relative to a given technology, we are forced to "recreate Nature" at increasingly more rapid rates—developing new technologies and resources, such as fusion energy—to avert the extinction of our species.

Credit, when viewed from this standpoint, has nothing to do with *past* values created in the economy, either in their tangible form or in their monetary form as savings. Rather, credit is a claim against future production and future profits, and its proper purpose is to ensure that existing levels of surplus are distributed and reinvested in such a way that greater surpluses are realized in the future. Credit growth may become "cancerous," as the present-day Eurodollar mess attests, but this merely proves that the hegemonic Anglo-American financial institutions have misused credit—not that fractional-reserve banking is inherently evil

From the standpoint of the isolated individual, it may easily appear that he is somehow being "cheated" by a banking system which creates new credit over and above his deposited savings. After all, in the present financial crisis, it is precisely those savings whose value the hard-pressed individual is struggling so valiantly to protect. Those past savings, however—whether they be in the form of paper or gold—are essentially worthless if the economy in which we all live dies.

# MHD conversion and nuclear systems

by Marsha Freeman

Magnetohydrodynamics is the technology of direct energy conversion that applies the physical principle that if an ionized fluid is passed across the lines of force of a magnetic field, an electric current is produced. Most international attention has been given to MHD conversion in fossil-fuel-based systems and these designs today have the most immediate large-scale potential for producing power for a power grid.

But MHD conversion can also be achieved in nuclear systems. There are two main approaches aimed at getting around the problem that conventional nuclear fission plants and advanced breeder and high temperature plant designs and processes do not produce a "combustion" product made up of charged particles and, therefore, the neutron heat from the reaction must be transferred to a working field that can be easily ionized.

One approach is to use a noble gas (argon or helium, for example) ionized by the high temperature neutron heat as the working fluid in a closed-cycle arrangement. Until the mid-1970s, this approach was still considered most appropriate for linkage with a high-temperature heat supply, with a projected working fluid of helium or argon seeded with cesium. Efficiencies of 50 to 54 percent were calculated with a 2,000 degree Kelvin inlet temperature.

Although the commercial development of the high-temperature gas-cooled reactor has been written off by the Carter administration, studies are continuing, particularly in the Netherlands and in Japan for noble gas plasma systems with nuclear power. The Japanese design utilizes a disk-shaped geometry and argon plasma which has a single load rather than dozens of separately connected electrode pairs.

Another approach is the use of a mix of a gas working fluid and liquid metals. The major U.S. work on liquid metal MHD, known as LMMHD, has been at Argonne

National Laboratory in Illinois, concentrating on the development of the intricate MHD generator. Experiments at Argonne began in 1972 and small experimental devices are in operation.

The main difficulty in using a liquid metal for MHD is that it is basically noncompressible and therefore cannot be accelerated appreciably through the MHD channel by itself. To solve that problem researchers have devised various two-staged systems.

The major advantage in LMMHD is that the liquid metal is a highly conductive fluid and therefore very large electrical currents are expected. Also, the use of liquid metals in fast breeder reactors and in fusion reactors avoids the liquid metal-to-water-interface of a steam turbine power generating system.

Power conversion from a liquid metal system can be attained at considerably lower temperatures than those needed with the noble gas plasma designs. Experiments at Argonne on devices approximating the design parameters of a commercial system have been in the range of 400 to 1,000 degrees Fahrenheit. Commercial systems using the heat from breeders would go as high as 1,360 degrees Kelvin.

In a basic LMMHD design, the inert gas is the primary working fluid, which expands through the nozzle into the MHD channel, driving the liquid metal mixed with it across the superconducting magnetic field. The liquid metal, the electromagnetic fluid, has a high heat content and the expansion occurs at near-constant temperatures so that the liquid metal acts as an "infinite reheat" for the gas.

Much of the heat remaining in the gas after the MHD conversion can be recaptured after it is separated from the liquid, recouped in a regenerative (direct) heat exchanger, and fed back into the gas and liquid mixer. The heat could also be used in a steam or gas turbine bottoming cycle.

For the next generations of nuclear MHD systems, there are several designs being proposed. One design put forward utilizes the advantages of inductive compared to conductive MHD conversion.

An induced current is produced when the interaction of the gas or conductor and the external magnetic field are nonstationary: either the flow is subjected to an oscillating magnetic field or the steady magnetic flux is "pushed" by an oscillating or pulsating gas flow. A potential difference is created at either end of the conductor by the oscillations from the changes in motion of the field of flow. If the flow is pulsed, the induced current can be drawn off from the magnet and directly put into the alternating current grid system without first going through an inverter system.

Nuclear MHD systems hold great promise for direct energy conversion—if the United States restores its commitment to nuclear power developments.

# Business Briefs

## U.S. Economy

### New signs of productivity collapse

Productivity in the U.S. manufacturing sector dropped 2.3 percent during the first quarter of 1980, the Labor Department reported May 28. For all nonfarm businesses, the decline was 1.4 percent; for the American workforce as a whole, it was .7 percent, or nearly 9 percent on an annual basis.

Productivity declines are usually sharpest at the beginning of a downturn, as workers are laid off more slowly than orders decline. But perceptive economists are beginning to recognize the fundamental problems of obsolescence and low energy-intensity in U.S. industry as something far beyond such "cyclical" phenomena.

The Labor Department also announced that in the week ending May 17, new claims filed for state unemployment benefits jumped to a record 675,000, seasonally adjusted, presaging a giant leap in the May unemployment figures from April's 7 percent level. As *EIR* has pointed out, the post-1973 trend toward labor-intensive employment means growth of, in particular, less skilled younger and female workers who must be laid off when economic activity contracts.

The simultaneous news that energy conservation had largely accounted for the \$1.3 billion drop in the U.S. trade deficit in April was widely taken as a plus factor, but is thus intimately related to the ominous productivity and unemployment results.

## Foreign Exchange

### Interest rate decline pummels dollar

With short-term U.S. interest rates leaping downward, the dollar hit its

lowest level in a year and a half on May 27. Central bank intervention braked the decline at 1.76 deutschemarks and 219 yen. During the following two days the dollar was bolstered by end-of-the-month commercial demand, continued intervention, short covering, and reports of a Japanese decision to loosen credit. Improvement in the U.S. trade figures also helped the dollar come back.

European traders see the dollar moving down to 1.75 marks in the short term. Where it goes from there is up to the central banks and "the news." There are scant grounds for anticipating a dollar upswing. West German interest rates show no signs of easing yet, and an uptick in U.S. rates would not restore the inflows of earlier this year.

The pound sterling has strengthened to the \$2.34 level, because of the Thatcher government's stiff props for the government debt market and the latest round of oil price increases. For the time being this speculative strength seems impervious to the stream of awful figures on the UK economy.

## Corporate strategy

### Tamco offer for City Investing Company still friendly

City Investing Company's board of directors has initially rejected Tamco's \$30-per-share offer to acquire it in an effort to squelch the scandal, also sensed by City Investing Company's lesser stockholders, that a cozy relationship exists between the top officers and financiers of the two companies.

Last week's *EIR* revealed the background of the all-too-friendly takeover bid—the overlap between ITT's intelligence apparatus with Citibank's own narcotics-traffic-linked operations. Tamco's chairman is ITT's "Just retired" president Lyman C. Hamilton.

The billion-dollar-plus City Investing Company for its part is a holding company spun off by Citibank and now headed by George Scharffenberger, himself a former long-term officer at ITT. The *New York Times* and *Wall Street Journal* have omitted to note City Investing Company chairman Scharffenberger's ITT background. Citibank's principal representative on the City Investing Company board is a publicly exposed narcotics controller, Eben Pyne.

## Industry

### Chrysler's European creditors under pressure

The Chrysler Corporation has promptly applied for the first \$500 million "tranch" of the \$1.5 billion in federal loan guarantees released to it in mid-May by the government Chrysler Loan Guaranty Board. A new snag in the negotiations between the auto company, its creditors, and the government has put the request in limbo, however. This time Chrysler's European creditors are balking at the terms of the overall renegotiation of Chrysler's \$4.4 billion debt. The state-owned Credit Lyonnais and other French and West German institutions, which have extended Chrysler and its financing subsidiary some \$90 million, are being asked to defer interest payments on the debt and convert a portion of the interest deferrals into preferred stock after 1983, if Chrysler has lived up to its restructuring plan.

On May 26, the *New York Times* cited a source as threatening that if the foreign bankers "pull the plug" on Chrysler, foreign banking activity in the U.S. would be adversely affected. "Foreign banks cannot demand the right to do business here and compete equally with domestic institutions if they are unwilling to share equal responsibility for a restructuring of this importance to



the nation's economy," the source stated.

Chrysler's Japanese creditors have already been arm-twisted into accepting deferred payment on \$30 billion of bonds and a stretch out of \$156 million in short-term trade credits into nine-year loans.

### **World Finance**

## **Bonn officials debate recycling**

Economic and monetary officials in West Germany have floated conflicting signals in the past week on the question of how to finance Third World deficits and whether to let the World Bank-Brandt Commission exert "project loan" control of petrodollars.

Development Minister Rainer Offergeld, in a Zürich speech, has advocated a Brandt-proposed three-way agreement among advanced-sector nations, OPEC, and less-developed countries to guarantee the volume of oil deliveries, with prearranged price increase schedules, while the IMF and World Bank would control lending of OPEC revenue to the LDCs. A complementary proposal has been published by Gutowski: Through the World Bank, IMF, and related institutions, securities would be offered to OPEC investors with a rate of return indexed slightly above price inflation on the Western goods OPEC purchases. The World Bank and associates would reinvest petrodollars both in the international capital markets, and in the LDCs as "soft" project loans or grants.

Otto Schlecht, senior undersecretary in the Economics Ministry, opposes Gutowski's plan, accurately stating that an indexation scheme "would perpetuate and further fuel inflation. A prosperous world economy is much more valuable to OPEC than this [interest rate increment]." Meanwhile, according to unconfirmed European press reports, Finance Minister Hans Matthöfer dis-

cussed an expanded IMF role with his Saudi Arabian counterpart Al Khail during a just-concluded trip to Riyadh.

Bonn insiders characterize these questions as very far from resolved. One of them told *EIR* May 28 that Chancellor Schmidt does not favor any substantial part of the Brandt approach.

### **Transportation**

## **Trucking industry folds opposition to deregulation**

The Carter administration was handed a large victory May 28 when the American Trucking Association executive board decided not to oppose passage of the House version of the trucking deregulation bill. The ATA has also agreed not to seek amendments to the House version because it sees the Senate version, passed last month, as much worse, and fears that the Interstate Commerce Commission would deregulate the industry by administrative fiat in the event that no bill was passed.

The House version is expected to pass rapidly. In a deal worked out by the White House and congressional leaders, Senator Howard Cannon (D-Nev.) will reintroduce the same version in the Senate for quick passage there, by-passing any conference committee action. The bill is expected to be signed by Carter not later than mid-June.

The House deregulation bill gives "about 80 percent of Cannon's bill," according to a trucking expert. Ann McBride, legislative director of Common Cause which led the legislative fight to wreck trucking and the Teamsters, said, "We think it is a pretty good bill."

The Teamsters, whose members drive most of the trucks belonging to the 17,000 regulated common carriers, have maintained a strong position against deregulation, but also, failed to organize a opposition to the bill.

## **Briefly**

● **THE FINANCIAL TIMES** in its June 2 "World Business Weekly" demonstrated the problem of recycling old material from a daily into a weekly format, especially when the material is incompetent. WBL ran a cover story, "The Squeeze on the D-mark," predicting weakness for the German currency. The peace was prepared from material published by the *Financial Times* daily in early May. But in the interim, the DM gained more than 12 percent against the dollar.

● **THE GERMAN** Chamber of Commerce and Industry recently polled its 40 chambers abroad on export openings for West German goods. "The German economy's competitive position continues to be relatively favorable and sturdy," stated Franz Schoser, executive director of the Chamber. The result of the poll: "Only German goods with a high degree of sophistication have prospects for maintaining and expanding market share." Numerically controlled machine tools, fully integrated assembly processes, and specialty steel were among the products cited.

● **RIO TINTO-ZINC** stockholders should pay no attention to the latest recommendation of the London brokers Panmuere Gordon, that because of slackening metal demand "more active funds should consider reducing holdings" in RTZ "on short-term strength." The brokers are wrong, says the much-read May 28 Lombard column of the *Financial Times* of London, which argues that it would be folly to liquidate shares since "paper money" is worthless nowadays. Hanging onto cash is obviously not the only option for shareholders, but the *Financial Times* is a Rothschild holding, like RTZ.

## Avoiding world war: Do Giscard and Brezhnev know how?

by Rachel Douglas

The most dramatic summit diplomacy of 1980 unfolded the weekend of May 17-18 when, heralded only by hints from Polish press officials, President Valéry Giscard d'Estaing of France arrived in Warsaw for five hours of meetings with Leonid Brezhnev, the Soviet president and party leader. Brezhnev, just days before, had presided over a meeting of Warsaw Pact leaders in the Polish capital that warned of the danger of world war. The two men issued no communiqué from their informal conversation, but they agreed on the advisability of a summit of major powers to ease international tension.

For once, the independent initiative of a continental European power was on the front page of every news daily in America. But this coverage reached rare heights of distortion. Basing judgement on the public statements of the Carter administration and accounts in the American press, one would have to conclude that the developments worthy of attention were:

- the onset of a Kremlin "peace offensive," plotted at the moment of sending troops into Afghanistan, designed to lure the European NATO members away from the United States;
- the irresponsibility of a French president who failed to consult with the White House before undertaking to talk with Moscow;
- an attempt by Giscard to upstage his friend, Chancellor Helmut Schmidt of West Germany, whose own talks with Brezhnev will take place in Moscow at the end of June after lengthy preparations;
- the fact that the talks in Warsaw had, in the words of many commentators, "no results."

This mosaic of purported factors in the Giscard-Brezhnev summit hides Giscard's actual undertaking. What is afoot in Europe is a serious effort



Photo: Sygma

at a *war avoidance policy*, begun not on a French whim, but to avoid a world war that Paris sources describe as “otherwise inevitable.”

This Special Report presents the principles, which Washington does not grasp, of war-avoidance. We look at the problem through two sets of eyes. First, the thinking of France. Included are excerpts from the statements of Giscard and French Foreign Minister Jean François-Poncet, followed by Soviet commentaries printed since the summit and reflecting its impact on Moscow. Secondly, the analysis “How to stop the threat of general nuclear war,” by contributing editor Lyndon LaRouche, provides policy-references by which to locate the European initiatives. We are witnessing the first steps of what LaRouche calls “short term war-avoidance,” with only an inkling, yet of a program for more lasting strategic stabilization.

### **The goal: open communication channels**

The mark of a successful world leader is the ability not only to know and uphold the self-interests of his own country, but to know what makes other powers tick, especially potential adversary powers. France had a clearer perception than the other allies of how seriously Moscow took the December 12, 1979 NATO decision to deploy “theater limited nuclear warfare” medium-range missiles in Western Europe, a step that, in combination with Persian Gulf destabilization and the rising promi-

nence of the “China card” in United States and NATO strategy, prompted the Soviet invasion of Afghanistan to avert what Moscow deemed a very threatening strategic configuration. Giscard grew increasingly concerned, especially after sparks flew between Soviet Foreign Minister Andrei Gromyko and the new American Secretary of State Edmund Muskie in Vienna May 15, that a wall of misunderstanding had dropped between the superpowers.

The purpose of the summit was to talk through that wall. “In a situation of tension,” explained the French president to the Paris daily *Le Figaro* May 24, “it is necessary for the major leaders of the world to know exactly the point of view of the others.” François-Poncet asserted in parliament that France aimed to prevent a dangerous diplomatic isolation of the Soviet Union.

The French leaders reviewed with Brezhnev and the summit’s host, Edward Gierek of Poland, their differing views on the Afghanistan crisis and their shared hopes for an international summit. Additionally, according to Paris sources, they learned with renewed emphasis of the Soviet preoccupation with Chinese foreign policy. It is now believed in French political circles that Moscow is excluding—in anticipation of the world summit—almost any response by force to provocations, barring the Soviets’ possible invasion of the Peoples Republic of China. The circumstances for such a Soviet move would be the “nuclearization” of China under visible NATO sponsorship, in combination with a renewed thrust to the

brink of war by the United States via one or several ventures of the Iran "rescue raid" variety.

## Momentum

Following the Warsaw summit, a rash of diplomacy broke out all over Europe. The date of Schmidt's trip to Moscow was finally set, for June 30-July 1. It will be preceded by a round of Soviet-West German contacts at the ministerial and ambassadorial level, dealing with protocol preparations, but also including a meeting of their bilateral economic commission to review prospects for West German investment in Siberia and other ways to expand trade. That session will be held in the Federal Republic of Germany, but a group of prominent industry figures, including the industrialists' association head Otto Wolff von Amerongen, has already gone to the U.S.S.R. to discuss business as well as "the general character of East-West relations," in the words of an associate spokesman.

Franco-Soviet diplomacy also has proceeded, with a Russian Central Committee delegation in Paris for discussions at the French Foreign Ministry.

The past month's steps by Europe, however, do not yet meet the minimum criteria for successful *short-term* prevention of war. They are merely stop-gap measures to pull the world back a few feet, no farther, from the very brink of war.

"Short-term war avoidance means, categorically, but *negatively*, the immediate termination of the International Monetary Fund 'conditionalities' and 'neo-Malthusian' policies," writes LaRouche.

Europe does hold the key to terminating the economic policies of austerity, and, in the Third World, genocide, that underly the danger of war. The key is in the European Monetary System, specifically its potential, known as "Phase II of the European Monetary System," to finance huge export programs for technology transfer to the developing sector that would not only lift that area of the world out of economic and political disintegration, but turn on the motor of a high-technology industry-centered recovery in the advanced sector.

Whether that key will be turned in the lock is another question.

The same week that saw Giscard fly to Warsaw witnessed a series of danger signs in the area of European economic policy.

Entertaining Mexican President José López Portillo in Bonn May 20, Helmut Schmidt stated that his government "fully supports" the position of the Brandt Commission on balancing the interests of "North" and "South." The Brandt Commission, named for former Chancellor Willy Brandt, stands for the opposite of the EMS's potential reversal of economic holocaust in the Third World. Its redistributionist program of "appropriate technologies" for the underdeveloped sector is an

IMF and World Bank blueprint, which would rechannel monetary resources to the Third World exclusively for debt servicing purposes, not for industrialization.

The same flaw was embedded in the "Triologue" document issued by the French government on European-Arab-African economic development cooperation. The Malthusian Club of Rome's catchword, "soft technology," espoused in the French proposal, undercuts the promise of France to make Europe the wellspring of industrial advance for Africa.

## Miscalculation in Washington

The interpretations put on the Giscard-Brezhnev summit by the U.S. State Department as well as the major American press testifies to profound, willful ignorance of European motives and policy on the part of the Carter administration. Compare the four alleged factors cited at the beginning of this article to the picture we have drawn of Giscard's attempt at war-avoidance.

**No results.** Secretary of State Muskie's words to this effect, in describing the Warsaw summit, must have been a projection from his own talks with Gromyko in Vienna three days earlier. From that encounter, reported *Le Monde*, Muskie emerged "slightly pale. The few phrases that he dropped in passing leave no doubt: after three hours of meeting—checkmate."

**Giscard upstages Schmidt.** West German government spokesman Klaus Boelling called the Warsaw summit "a valuable contribution" to reviving the East-West dialogue, which Schmidt will continue during his talks in Moscow. During the flood of Soviet-Federal Republic diplomacy occurring between the Giscard-Brezhnev meeting and Schmidt's journey to Moscow, a significant turn on Moscow's part took place. *Pravda* hailed West Germany for supporting the French initiative, and referred to Foreign Minister Genscher, scourged in the Soviet press for months now because of the NATO "Euromissile" decision and Genscher's close ties to Washington, as "a realistic politician."

**Giscard's failure to consult Washington.** François-Poncet scornfully rebutted Muskie's outburst, which had given the impression that Washington was oblivious to the allies' reaction to the abortive American military operation in Iran at the end of April, *about which they were not informed*. More fundamentally, the Carter administration persists on treating as a quirk that characteristic of French foreign policy which has been central to it since the rule of General de Gaulle: France is a *nation-state* with an idea of national self-interest that precludes bowing to superpower prerogatives assumed by the United States.

**Moscow's peace offensive.** There is no doubt that the Soviet leadership is concentrating on peace overtures to Western Europe, but to interpret them as a calculated wedge to break up NATO requires the assumption that there is nothing untoward about American foreign policy. It is the sense of the continental Europeans, who have called Jimmy Carter "incalculable," that Washington is inhabited by a group of dangerous geopoliticians. Moscow agrees. If Europe did *not* see, and respond to, some openings from the U.S.S.R., then there would be no powerful government pursuing any war-avoidance policy at all.

## The Soviet View

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### *Commentaries by Pravda and the Tass news agency*

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*Commenting on the Warsaw summit meeting of Valéry Giscard d'Estaing and Leonid Brezhnev, the Moscow daily Pravda on May 20 recalled the initiative of General de Gaulle in 1966 to visit the U.S.S.R. and begin detente.*

Soviet-French summit meetings have always attracted close attention ... for their influence on international life. ... The Soviet Union and France were the pioneers of detente in Europe. For many years, the relaxation of tension has served as a sort of axis around which the foreign policy activities of both powers has largely revolved. Against this background, it is understandable that the Warsaw talks were a natural step by the two countries.

Suffice it to recall that Soviet-French relations are backed by important documents and accords elaborated over a long period. Economic, scientific, technical and cultural cooperation is developing progressively. ... The views of the U.S.S.R. and France do not always coincide on certain questions in the foreign policy sphere. However, it is significant that there are many aspects in which their evaluations and views are similar and close, and there is a basis for expanding cooperation in the interest of peace and detente.

A program for the further development of cooperation between the Soviet Union and France ... was signed ... last year. This important document points out that the task of preventing war is a cardinal task for all states and that the policy of detente is the only way of ensuring peace.

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*Vladimir Goncharov, political news analyst for the Soviet news agency Tass, wrote the following commentary on May 21. As in Pravda's commentary and others, Gonchar-*

*ov returns to the figure of de Gaulle as the creator of detente, and France, therefore, as the natural arbiter in efforts to restore detente.*

The Soviet Union and France, as it is known, have been the first countries to pave the way for detente in international affairs in Europe. For many years the two states' foreign policy was aimed at consolidating and developing the process of detente, beneficial both to Europe and the whole world. And the recent Soviet-French summit is regarded around the world as a major positive event since, together with issues of bilateral relations between the U.S.S.R. and France, it examined the major problems of the international situation and initiatives aimed at reducing the present tension ...

As to a point of substance—the U.S. criticism of France for its desire to have its own position with regard to the Soviet Union. Here, one must stress the following: if the French President, General Charles de Gaulle had, back in his own time, heeded shouts from Washington then, probably, there would not have been any detente in Europe at all.

## The French View

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### *Statements by Giscard d'Estaing and Jean Francois-Poncet*

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*French President Giscard d'Estaing made his first public comments on his May 19th meeting with Brezhnev in a television interview May 23. The following are excerpts.*

**Q:** Mr. President, much has been said and written on your trip to Warsaw. So, quite simply, why this meeting with President Brezhnev?

**A:** For the following reasons: Everyone knows that there is serious international tension. You say so, French and world opinion are convinced of it as well. In a situation of tension, the great leaders of the world must know exactly the point of view of the others. Many of the catastrophes in world history over the past 50 or 100 years have been due to an absence of communication or explanation between the great leaders of the world. The purpose of this encounter was to have an extensive conversation with one of the main leaders, Mr. Leonid Brezhnev, so that he would be informed of our analysis of the international situation and for me to also know the manner in which he conceives it and analyzes it. ...

Look at the incoherent manner of the criticisms that have been made. The very same who find fault in me for not having gone to the funeral of Marshall Tito in Belgrade—forgetting that he did not come to the funerals of the French Presidents of the Republic, General de Gaulle



and President Pompidou—said: You should have gone to this funeral in order to have a conversation with Mr. Brezhnev. So they would have found a conversation of a few minutes between two wreaths and two funeral orations appropriate, whereas the choice was made to organize an in-depth conversation which, lasting five hours, permitted us, calmly and thoughtfully, to get to the bottom of things.

**Q:** Mr. President, there have been other remarks, other criticisms, on the results, or for some, the absence of results of this Warsaw meeting. What do you bring back to France from this meeting?

**A:** Those who have made these criticisms understood nothing, continue to understand nothing, about the purpose of this encounter. There are two different types of encounters in international life: negotiations, whose goal is to achieve results, and conversations, whose goal is to exchange points of view and thoughts.

... The essential result is that we now both have better knowledge of our reactions to the present situation and to possible developments. ...

**Q:** Certain newspapers, notably American newspapers, have talked about France going it alone, or of a breach in Atlantic solidarity. What is the situation exactly?

**A:** There are two things: those that can be explained and those that are unacceptable.

What can be explained: the big countries have a tendency to consider that they have a monopoly over international relations. A few days before my meeting with Mr. Brezhnev, the new American Secretary of State had a meeting with Mr. Gromyko. Everyone felt this meeting was perfectly natural, and it was said: finally, a meeting for the first time (since Afghanistan—ed.). But the idea that a leader of an independent state also meets with Mr. Brezhnev gives rise to irritation. Why?

Now we get to what is not acceptable: anything which tends to make believe that France does not have the right or the means to have an independent policy without immediately being accused of breaking western solidarity. How, on what subjects, on what measures was western solidarity broken by this trip? Was a decision made, was any action carried out that would modify or break western solidarity? None, unless it is the very principle of France having conversations and being able to have conversations with whom it wants. The fact of having an independent policy means that we have conversations with whom we wish. ... We have periodic talks with the Russians. I meet Mr. Brezhnev in general once a year.

**Q:** What do you think of the reactions then of political parties and circles following this meeting?

I have not run across one Frenchman who did not

understand the purpose of my trip. Those I have seen since understand that, in a situation of tension, the head of an important state—and what is important is France—has not only the right but the duty of having frank explanations with other leaders on this international situation....

We often hear soap box speeches about the independence of French policy. But each time there is a need for action or to show signs of life, we suddenly have the impression that this independence of ours has become too heavy a burden for some people's shoulders. Ah, well, this independence does not frighten me. The day there is no independent French policy, there will be no more French history. And the book will have to be closed. I am not the one who will close it.

\* \* \*

*French Foreign Affairs Minister Jean François-Poncet addressed the National Assembly May 21 on Giscard's meeting with Brezhnev, and responded to Secretary of State Muskie's charges against France. Muskie, accused France of harming the alliance by taking its action unilaterally, and refusing to consult with the United States government. Francois Poncet responded in an appropriately fiery nationalist tone.*

The dialogue has practically never ceased between France and the Soviet Union since the beginning of the crisis. Let there be no mistake: We are in the presence of events whose consequences put into question the very foundations of peace. It would be grossly to underestimate the gravity of the situation to believe that the methods and routines of current diplomacy are adequate. ... The President of the Republic wanted to throw the full weight of France into the balance for peace. ...

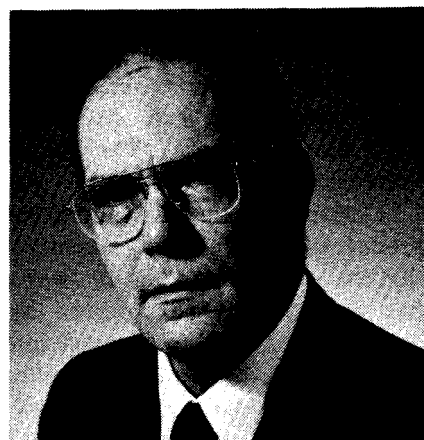
Afghanistan must not become a bridgehead directed against the Soviet Union. Nor a bridgehead that would inevitably become a threat to others....

The criticisms that have been made demonstrate a deep misappreciation of the principles of French diplomatic action, the objectives it pursues, the realities of the international scene. France conducts an independent foreign policy. France has conversations with whom it wants, when it wants, and doesn't need anyone's authorization. I would also like to note that the necessity of maintaining a dialogue with the Soviet Union is unanimously recognized....

To attempt to shut the Soviet Union out of the indispensable dialogue on the means to eliminate the causes of international tension is to also take the risk of throwing international relations into a cycle of incomprehension and misunderstanding, and to abandon oneself to the blind movement of series of events that could prove to be fatal.

# How to stop the threat of general nuclear war

by Lyndon H. LaRouche, Jr., Contributing Editor



*Lyndon LaRouche, Jr., a Democratic Party candidate for President in 1980, has issued a Special Memorandum outlining those steps that must be taken to reverse the current war crisis leading to thermonuclear warfare between the two superpowers. Entitled "Why the Revival of SALT is Intrinsicly Unworkable—a special memorandum to explore whether a basis exists in potential common perspectives of Atlantic Alliance and Comecon powers for pursuing effective war avoidance measures," LaRouche delineates three basic causes for the current drive toward nuclear war:*

*1. The current geopolitical strategy of the British oligarchy that is now in total control of the Carter administration to destroy industrialized Russia as the precondition to destroying the nation-states of Western Europe. This is the same geopolitical posture that directly caused World War I and World War II;*

*2. The policy of International Monetary Fund conditionalities, which is perpetrating a policy of genocide and deliberate depopulation of the Third World;*

*3. The current neo-Malthusian policy of the Carter administration upon the economy of the United States to turn the United States into a fascist state.*

*Unless those policies are quickly reversed, states LaRouche, thermonuclear confrontation and war are unavoidable in the short term.*

*In the final section of the memorandum, LaRouche delineates those measures that must be taken by policymakers and statesmen not only to avoid war in the near-term but to lay the basis for world peace. EIR presents here excerpts from the first and last sections:*

There are three, and only three intersecting direct causes for the presently accelerating approach to the point of strategic miscalculations at which general war might erupt.

The first, and most general direct cause for such a potentiality is the continuation of the same general, "geopolitical" policy-doctrine that has already produced two "World Wars" during the present century.

The second, subsumed general direct cause for such a potentiality is the combined economic-depressive general effects, plus the specific destabilization of developing nations caused by the emergence of policies coinciding with International Monetary Fund "conditionalities" in the course of the continuing breakdown of the institutions of the Bretton Woods system.

The third, exacerbating direct general cause for the growing danger of general war is the United States' adoption of the genocidal, "neo-Malthusian" doctrine of the Club of Rome.

*These three, interconnected policies are the only direct causes for the danger of general war.*

Other past and current developments may contribute to the danger of war, but not as direct causes of the war danger. These other, contributing developments are to be classed as either lack of suitable proposals, or toleration of or inadequate opposition to the three war-causing policies.

Among the second sort of contributing causes for war, we must include leading features of the "SALT"-centered institutions of "detente." The false and dangerous assumption, that disarmament agreements are either the principal or initial opening to peaceful coexistence, has had the effect of directing energies to support of a delusion. This wishful thinking has drawn attention and energies away from effective courses of action.

Admittedly, there were other considerations that justified Soviet participation in a process of negotiations centered around the *pretext* of disarmament discussions. Those "other considerations" can be reduced to the usefulness of establishing and maintaining channels of diplomacy aiding (a) more narrowly, the enhanced possibility for managing episodic, potentially dangerous developments, and (b) more fundamentally, the maintenance of channels through which negotiations might proceed to focus upon the actual war-causing issues in the dimensions of political-economic policies.

Against those positive aspects of the "SALT" process, "SALT" contributed to the development of the war

danger by (a) creating a climate favoring substitution of illusory emphasis on disarmament for address to the actual political-economic causes of war, and (b) strengthening directly and indirectly the delusions associated with "flexible response" within the command of the Atlantic Alliance power.

Chancellor Helmut Schmidt committed a counterproductive error in stating recently the exaggerated view that the Soviet Union has no "war-avoidance" perspective. Recent events have proven that the Soviet actions beginning with the deployment into Afghanistan have been decisive, if ironically, in effecting a situation in which war-avoidance might become possible. That continuing "hard" posture by Moscow has had the specific, most useful effect of discrediting the strategic assumptions associated with "flexible response." By thus discrediting a most important part of the broader strategic miscalculation embedded in current NATO policy, Soviet "hard" postures have brought about the present moment of tentative reassessment of U.S. policy.

Schmidt's observation was implicitly correct in one part. Although current Soviet "hard" postures are an indispensable element of what would be an overall war-avoidance posture, this course of forcing reassessment upon NATO influentials will fail unless the reassessment leads to elimination of the three general, direct causes for the war danger. Lack of highly visible, public Soviet proposals respecting those three causes of war does represent a lack of overall war-avoidance posture from Moscow.

The alternative path, toward a merely postponed future general war, from the side of the Atlantic powers, is defined by the scrapping of both the IMF "conditionalities" and "neo-Malthusian" doctrines, but retaining the geopolitical posture.

It is feasible for the United States and its allies to create immediately a new, gold-based monetary system which unleashes the potential of the Atlantic Alliance nations and sections of the developing nations for broad-based economic growth. If this is accompanied by dirigist emphasis upon scientific progress, modeled upon the NASA (National Aeronautics and Space Administration) experience, the military potentials of the Western Alliance could develop at an accelerating rate over the coming decade, under conditions of a sharply reduced emphasis on a "China option."

This could be instituted through energies mobilized into channels defined by the embedded anti-Soviet mythos of the institutions and general populations of the industrialized Atlantic Alliance nations.

There is a precedent for such a "middle course" in the deliberations of Lord Alfred Milner's Coefficients at the beginning of this century. The kernel of the Anglo-American elites has periodically recognized the qualitative superiority of "Hamiltonian" political economy over

the *monetarist* doctrines flowing from British ideology. They are capable, under special circumstances, of using those "Hamiltonian" policies to develop the broad civilian economy basis for massive rearmament.

The innermost circles of this elite also have demonstrated themselves repeatedly to be capable of adopting policy perspectives for a span of a generation or two. They are implicitly capable of *temporarily* shelving neo-Malthusian policies—in approximately the same way the establishment of the British Association for the Advancement of Science (BAAS) shifted Britain temporarily from a Malthusian policy during the middle of the nineteenth century, and as Milner's group undertook to rebuild the British navy and army in preparation for World War I.

We now restate the point just made.

The stated, and related considerations show that the ruling strata of the Atlantic Alliance powers have but three categories of strategic options from which to choose at this juncture.

(1) They may choose to reaffirm support of the present policies, or might merely let the policies continue by default. That means an assured decisive strategic confrontation during the short term.

(2) They may muster the resolution to scrap for a period of a generation the neo-Malthusian institutions established during the post-1966 period, for the sake of a "quasi-Hamiltonian" decade of mobilization under conditions of "managed hostility" with the Soviet Union.

(3) Under special conditions, they might choose to seek establishment of the kinds of treaty institutions of durable peaceful coexistence identified in this memorandum.

The principal concerns of this memorandum are both to show why the third choice is indispensable, and what contributing efforts from the Soviet leadership are indispensable for prompting ruling Atlantic Alliance circles to perceive the cited third option as a serious, desirable choice.

## From war-avoidance to peace

We can have peace only on condition that some political leaders discover the courage to do what most career-politicians would violently oppose as "unthinkable," "impracticable."

First, we must take adequate and credible actions which institutionalize short-term war-avoidance.

Second, we must use the forward political motion in popular consciousness established by the credible performance in the first instance, to proceed immediately to the next phase, war-avoidance over the remaining decades of this century.

Third, we must use the accelerated motion derived from partial success on the second count to proceed then to the third and concluding phase ...



*"A new world monetary system to replace the International Monetary Fund must be established immediately."*

## A. Short-term war-avoidance

Short-term war-avoidance means, categorically, but *negatively*, the immediate termination of the IMF "conditionalities" and "neo-Malthusian" policies.

Rejecting these war-causing policies does not yet eliminate the third, underlying cause for the overall, more general war danger, the geopolitical assumptions. By itself, it merely postpones the general war danger to a future time, in the order of a decade or so hence.

Nonetheless, *the first step must be taken. If it is not taken, general war during the near future is unavoidable.*

However, taken by itself, repudiation of the two policies of International Monetary Fund "conditionalities" and "neo-Malthusian" doctrines, creates a vacuum in the dimensions previously occupied by those policies. *A positive replacement for those policies is an integral part of the first measures to be taken.*

A new world monetary system to replace the International Monetary Fund must be established immediately. *Whoever opposes that has chosen general war during the immediate future.* No other action, or inaction, will forestall war.

The establishment of the new monetary system is to occur through the equivalent of the following exemplary steps.

(1) The representatives of the European Monetary System (EMS) and the President of the United States must agree on a new price for monetary gold. This price must be based on the quantities produced required to sustain the new, gold-based world monetary system. That determines average cost of production for monetary gold replacement-stocks. The price of gold must be an average rate of profit added to that cost.

(2) The United State's President must agree to make the gold reserves of the United States available to support the imbalances on current account against the dollar through the rediscount facility of a new, gold-based monetary system, that system should be based on the cornerstone of the EMS cooperation with concurring petrodollar-holder nations.

(3) The first measure of establishment of the new gold-based monetary system is the issuance and sale of large-denomination, medium- and long-term, rediscountable bonds of a new central rediscount facility. These bonds should be denominated in ECUs at the agreed price of monetary gold, and should bear an interest rate of between 2 and 3 percent. Those bonds should be sold to central banks, commercial banks engaged in financing world trade, and other suitable institutions. The principal marketing objective of the initial issue of such rediscountable bonds is the absorption of several hundred billions of dollar holdings into the central rediscount facility.

(4) The credit of the central facility is available at prime rates of between 4 and 6 percent for approved categories of lending.

The end-result of lending must be high-technology increase in the productive powers of labor of what are called currently "developing nations." This is measured in terms of tangible product usefully consumed as productive capital or as household-consumption goods, with administration and services not included as output, but as overhead cost of output.

These credit-issuances should take the form of credit for agreed projects of development of agriculture, manufacturing, construction, mining, transportation, and energy-production, projects adopted by treaty partners capital-goods-exporting and developing nations. Long-term credit for these projects is extended to the designated financial institutions of importing nations, as the equivalent of "construction loans" and "permanent mortgages." Credit also is issued "upstream" to firms within capital-goods-exporting nations for operating capital, for necessary investment in production capacities, and export-credit with respect to contracts subsumed by the development projects.

Bonds issued to authorized institutions by the central discount facility may be pledged as security for credit to be issued for these designated purposes.

(5) The indebtedness of developing nations must be reorganized under the new system. Such nations joining the new system shall have their held-over indebtedness to public institutions such as the IMF and World Bank "frozen" pending reorganization of those institutions.

Debts to public institutions of sovereign nations are to be settled through direct relations among sovereign nations. The immediate focus of reorganization measures is upon indebtedness to private commercial banks.

Appropriate financial institutions of developing nations, which may be termed "development banks," shall issue gold-ECU-denominated medium- and long-term deferred-payment bonds at nominal interest rates. These bonds shall be discountable in the same manner as regular bonds of the central facility; these bonds shall be used either to purchase held-over debts to private commercial banks, or as new commercial debts. This reestablishes the "credit-worthiness" of the developing nations participating in such agreements, and also revitalizes the credit-issuing powers of the relevant commercial banking institutions.

(6) The participating nations must adopt a code of standards for recommended reforms in internal taxation and credit policies of both industrialized and capital-importing nations. The object is to lessen the relative burden of taxation on productive varieties of capital improvements, and to provide preferential terms and conditions of credit for productive capital-formation and, for those related scientific, educational, and medical programs contributing to the development and maintenance of the productive powers of the populations.

(7) The new monetary system shall also be defined as a sponsor for multinational partnerships among public and private institutions of nations participating in fulfilling a development project for a customer-nation—temporary, multinational "trading companies."

This shift from the devolutionary combined policies of austerity and "appropriate technologies" respecting the developing-nations sector will remove the principal cause for instabilities and repressive regimes among developing nations.

This effect should be reinforced by an adopted policy of hostility toward stagnation and devolutionary policies among developing nations, a policy which might be aptly identified as an "anti-Pol Pot" supplement of clarification to the Nuremberg code.

This amplification of the code of international law should be cosponsored by the United States of America, the member-nations of the European Monetary System, the Soviet Union, Japan, Mexico, and India, plus such other nations as indicate their wish to immediately cosponsor such a resolution. *This should not be conditional upon proceedings of the United Nations Organization.* This agreement must be viewed as establishing a "community of principle" among a sufficient portion of the nations of the world as to constitute a treaty-alliance backed by an

overwhelming political force. Those nations whose governments choose to exert their sovereign prerogatives of being adversaries to such a doctrine need but go to "stand on the other side of the room," so to speak....

Agreement among the cited principal nations of the Atlantic Alliance and Warsaw Pact to this principle, combined with the establishment of the new monetary order, eliminates the obstacles to war-avoidance otherwise erupting from conditions within the developing sector.

The special case to be resolved is the Arab-Israel conflict. Subject to secondary adjustments, the state of Israel must be assured peace guaranteed by the principal alliances within the so-called 1967 borders, on condition of its disengagement from Lebanon and its sponsorship of a prompt plebescite among the present and former inhabitants of the so-called West Bank and Gaza Strip respecting the establishment of a sovereign Palestinian state for those territories....



*"Ultimately, the Gaullist conception of 'Europe from the Atlantic to the Urals' can be realized through combined forms of East-West, North-South economic cooperation..."*

## **B. Medium-term war-avoidance**

Medium-term war-avoidance is established through Comecon cooperation with the new monetary system.

Ultimately, the Gaullist conception of "Europe from the Atlantic to the Urals" can be realized through those combined forms of East-West, North-South economic cooperation which develop combined efforts in development of the developing sector—in other words, through a modern application of the principle of "Grand Design" of Henri IV and Leibniz....

Those portions of the Comecon leadership which object to "revitalizing the capitalist system" might see themselves as the mythology-ridden fools the consequences of their foolish doctrines imminently declare them to be. Presume that the Soviet Union could win general war under the conditions defined by present trend-lines. At what price? At what risk to the very



survival of even all but lower forms of life on this planet? Is a mere mythological conceit worth that?

As for the demand that "disarmament" must be the first step, the fact that "SALT" was abruptly junked the moment the ongoing crisis reached a certain maturity ought to have taught the more sensible fellows a lesson.

First, there must be durable peace—and only then can there be disarmament. You of the Warsaw Pact who might successfully refuse to accept and act upon that lesson will thereby create within the Western Alliance the conditions under which a spectacular economic recovery is accomplished, all for the purpose of effecting a crushing advantage in military power. Do not imagine that such a mobilization is not feasible. It is not feasible under conditions of IMF "conditionalities" or continued toleration of "environmentalism" and the rock-drug youth counterculture—that is true. But if those two disabling doctrines are crushed, the medium-term military potentials of the Western Alliance are greater than those of the Warsaw Pact. If you think not, you console yourselves with your own ignorance of the ABCs of actual political economic science.

Disarmament comes after peace, and only then.

Whoever makes "socialism versus capitalism" the underlying issue of present relations between the Atlantic Alliance and Warsaw Pact is ensuring general war during some time within this century.

If that adversary relationship is made fundamental, then the side which makes the industrial, high-technology development of the developing-nations sector its cause will be the side which commands the balance of strategic power for general war.

That is the issue posed immediately by the accomplishment of the first phase of monetary and related reorganization outlined above. Once the first phase is completed, the conditions for immediate general war between the Warsaw Pact and Atlantic Alliance are eliminated—assuming the containment of the Peking regime. However, unless this first phase proceeds to the second phase, the first phase defines the range of geopolitical options for deferred general war during this century.

If the Western Alliance mobilizes itself, as the United States mobilized during World War II, for the rapid industrial development of the developing-nations sector, within the second half of the first decade of such development, the growth of combined economic power represented by the new monetary system will be beyond the imagination of previous generations. The subsumption of military development by such economic expansion of the base will be of a corresponding potential magnitude and quality.

If this were to occur under persistence of hard relations between the two military alliances, a new quality of

adversary condition would emerge toward the end of the present decade.

The only point at which the adversary course of development could be forestalled, is during the present period of perceived grave crisis. If the present resources of the Soviet Union are focused appropriately to aid in bringing the world out of the present economic crisis, that cooperation will shape the institutional relations of the coming decade. If the Soviet Union places itself, or is kept in a hostile position respecting the recovery from that economic crisis, then the new geometry of deferred general war will be the institutionalized characteristic of the coming decade. . . .



*"Mankind must get its head out of the mud of this planet Earth and begin to dedicate itself to take over the management of the physical processes of our solar system..."*

### C. The distinction between "war-avoidance and "peace"

It ought to be clear enough that the two initial phases of negotiations we have outlined thus far do not establish peace, but merely institutionalize effective *war-avoidance*. They are, for reasons we have indicated, *the minimal actions without which there is no war-avoidance*.

These two steps of war-avoidance are to be viewed as generating the sort of momentum which can lead to a further development, the establishment of durable peace on a positive basis. . . .

The concluding phase of the process leading toward peace (as distinct from war-avoidance) is the institutionalization of a fifty-year global policy embracing three interconnected elements of economic development.

The foundation of the three-aspect global policy is the setting of a goal of two generations of development—approximately the year 2030—as the fulfillment of a process of high-technology transformation of the developing-nations sector which brings those nations into a state of approximate parity in conditions of material standard of living and productive powers with the conditions to be reached in the presently industrialized sector

by that time. About two generations of development of the productive powers of labor in the developing nations will be required, with concentrated efforts, to achieve that.

Second, during that period we must bring to an end all foreseeable shortages of "natural resources." This can be accomplished in only one way: the development of controlled thermonuclear fusion processes to sufficiently high energy flux densities. We must bring "first generation" fusion-energy production "commercially" on line by the early 1990s, and must reach energy flux densities adequate to overcoming all foreseeable "natural resources" problems economically by the interval between 2020 and 2030.

Third, mankind must get its head out of the mud of this planet Earth, and begin to dedicate itself to take over the management of the physical processes of our solar system.

To almost any scientist, the reason for that commitment is more or less clear. Such scientists might differ in choice of specific arguments for such an orientation, but the general direction of thought would be shared in common. For others, some clarification is warranted.

The initial objective of intrasolar operations is not to move "surplus populations" into artificial earth-like environments produced on Mars. The initial objectives are scientific. The discoveries made possible through exploration of nearby regions of our galaxy will be an integral part of qualitative advances in mastering the lawful ordering of our universe. Laboratories, explorations, and large-scale observational capabilities in nearby solar space, including the Moon and Mars, are the obvious means for fostering this progress....

We note that the "fall of Skylab" was entirely a consequence of Carter administration pinch-penny lunacy in related matters of research and development allocations. Moreover, had NASA not been gutted increasingly over the post-1966 period, leaving just about enough to complete the initially scheduled moon shots and a few other tentative operations, we should probably already have manned a station on the Moon, and might also have manned a station on Mars, which we might have named "Little America," in echo of Admiral Richard Byrd's appealing heroism in Antarctica. What we learned from the limited amount of exploration actually accomplished leaves no doubt of the actuality of the massive discoveries probably not to be achieved in any other way.

Beyond the scientific phase of such explorations, mankind is going into solar space—and further—within a generation or two, provided he does not exterminate himself earlier. By fifty years from now, people should be moving into space in substantial numbers, and we will be creating suitable "artificial environments" on the Moon

(or, beneath its surface), on Mars, and in "space stations." No doubt, beyond that, there will be Earth "settlements" beyond Earth. This will occur not to escape overcrowded conditions on Earth, but because the work to be done there requires their presence.

Apart from the fact that conquest of space is indispensable to progress of life on Earth, as a matter of fostering scientific progress, we shall go there because we are human. We need not speculate on "other intelligent beings" analogous to ourselves in this universe—except for the creative intelligence embodied in the universe as a whole, of whose existence we may be already scientifically certain. We shall go into space for the same reason we have accepted our duty to exert dominion over the Earth. It is our business to master each next challenge placed within our reach. It is the development of our creative potentials, our divine qualities, which we further by grasping each new, more challenging task set before us. Just as the forebears of my faction created the nation-state during the fifteenth century in service of that purpose, we must now go out to master solar space, and later what is available to us beyond.

With that perspective, we at last pull our heads out of the mud....

The three-aspect, 50-year perspective we have identified here is the comprehensible expression of that purpose for the present generation. The interconnection among the transformation of the developing sector, the end to raw materials predicaments for our species, and the scientific mastery of nearby space are all feasible and essentially comprehensible tasks. They are tasks that express purpose, not only for each nation, but for each individual within those nations....

I write this, substantially aware that what I am writing here was considered with alarm by elements of the British Psychological Warfare Executive during the second half of the 1960s. I am aware that they were alarmed by the manifest moral effects on the American population of the NASA effort to outpace the Soviet Union in space (and implicitly, weapons technology of the sort correlated with space technologies). I am aware that they proposed not only to slash NASA efforts for that reason, but promoted the "SALT" process chiefly in the effort to induce the Soviets to relieve the United States from the proscience pressure of Soviet high-technology progress in such dimensions....

The proponents of the neo-Malthusian antiscience view have had the same epistemological differences over decades. I propose the space orientation for the same reason of fact they oppose it. Those who proposed the cutting down of NASA were wrong, were part of the effort leading to the present war danger. For related reasons, reversing their policy, as I have indicated here, is part of the pathway toward peace.

# López Portillo's trip: against a 'dark age'

by Tim Rush

Mexican President José López Portillo concluded the European portion of his international tour with his third emphatic warning of near-term world war in as many capitals.

At a state banquet in Stockholm, Sweden, May 22 he warned that nuclear catastrophe is "imminent" and that the world faces a "new Dark Age" if a successful peace strategy is not immediately initiated. In Paris and Bonn, he had given Giscard and Schmidt Mexico's fullest backing in those leaders' quest to preserve detente and resist Cold War pressures from London and Washington.

A day later, in a press conference summarizing the visits to France, West Germany and Sweden, and on the eve of his final stop, Canada, the Mexican President warned that beyond all the problems of the Third World itself the "prospect of a developed country entering the path of underdevelopment" was of acute concern. The comment was widely taken as a reference to the United States under Carter economic policy.

The content of the Mexican peace strategy was outlined in two successive events during López Portillo's stay in Sweden. At the Swedish House of Industry, May 22, the Mexican President extended short scheduled remarks into a full speech devoted to Mexico's commitment to industrialization. Beyond full-scale industrialization, he said, Mexico "wants to make itself an independent industrial export nation." Previously foreign investment has tended to establish plants in "simple-minded" fashion—where the labor is most abundant and cheap. Instead, Mexico wants to build entire new cities along the coast, with large port facilities, he said. This means not just scattered factories here and there, but "big projects."

The next day he toured the ASEA-Atom facilities, one of Sweden's premier high-technology firms and its largest producer of nuclear energy technology. Mexican Industries Minister de Oteyza delivered unscheduled remarks stressing that nuclear energy was a key component



of Mexico's development strategy and that Mexico was pleased with the feasibility study for large-scale nuclear development in Mexico recently completed by ASEA-Atom. It was simultaneously announced that Mexico has arranged 51 percent national control of ASEA-Atom's Mexican affiliate, and in conjunction with the parent firm, will start preparations for producing nuclear reactor components in Mexico.

In his wind-up press conference later that day, López Portillo linked this economic program to the war avoidance issue. It is urgent to deal with the immediate crises in such places as Iran, Afghanistan and the Caribbean, he stated, but equally urgent to address "the underlying causes," which are "economic disorder" and lack of real development.

The Swedish response to Mexico's "oil-for-technology" focus was praised by López Portillo and his ministers, and it was announced that Mexico is sufficiently satisfied with the progress of transfer of technology agreements to proceed with oil exports slated to rise to 70,000 bpd for early 1981.

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## *'There is little time left to stop war'*

*EIR* has confirmed that López Portillo seriously considered cancelling or postponing his European trip due to the danger of war in the Caribbean.

According to these reliable sources, Mexican intelligence estimates were that a U.S.-Soviet confrontation triggered somewhere in the Middle East or Cuba was imminent. The Mexican government's evaluation was that, in such an eventuality, the U.S. could take advantage of López Portillo's absence from his country to launch an invasion in the Caribbean, specifically against

Cuba. It was believed by the government that Mexican diplomacy could help to avert such an action.

The fact that López Portillo proceeded with the trip indicates that he felt his European summits were indispensable to defuse the danger.

Statements by both Giscard and Schmidt testified to the depth of attention paid to the Caribbean.

Giscard, in remarks at a state dinner for López Portillo May 16, stated that "we must exchange views on the situations where we have particular interest. I refer to the situation in Central America or in the region of the Caribbean where France is present with its American (overseas) departments."

Schmidt declared in remarks following the Bonn luncheon for López Portillo May 20: "You have showed me this morning, in a very expressive way, how Central America also threatens to become a dangerous focus of crisis. The problems of the neighboring countries, the problems of Central America and the Caribbean are very delicate. On account of the weight of its democratic tradition and the richness of its human and natural resources, Mexico has a key role. ..."

*At a state dinner May 22 hosted by Sweden's royal family, President López Portillo addressed these words on the danger of imminent war to the international community:*

The most important of the interests and goals (shared by Mexico and Sweden) is the preservation of international peace and security, gravely threatened by forces which even escape the control of the protagonists.

The world is passing through one of the most dangerous moments in the postwar period, due, principally, to the multiple hotspots which represent potential scenarios for the outbreak of a global conflict. There were, it is true, other moments in which war appeared imminent, but in those limited situations, which all of us recall, the problem was localized territorially and strategically.

Today, on the contrary, there are numerous regional conflicts which are linked among themselves, and linked with the strategic systems of the great powers. Each of these problems can, of its own, unleash an international conflagration, and the combination of several of these problems increases the possibilities that such a thing occur...

This is, in bold strokes, our position on problems relating to world peace and security, which constitute the preconditions for any initiative on political collaboration and cooperation...

In this manner we march toward the threshold of a new century which does not appear to correspond to the utopias of some optimistic futurologists but rather to the somber visions of those who foresee the return to a new Dark Age wrapped in the shadows of death.

Very little time remains to us to stop the generalization of famine, violence and war...

Exclusive  
Interview  
with  
Philippe  
Esper



## 'All French industry backs Mexican growth'

by Sophie Tanapura, Paris correspondent

*Philippe Esper, Delegate for Foreign Action at the French Industry Ministry, granted the following exclusive interview to Sophie Tanapura, EIR's Paris correspondent, on the eve of Mexican President José López Portillo's trip to France.*

**Q:** Would you give us your estimation of the results of industrial cooperation between France and Mexico since French President Valéry Giscard d'Estaing's trip to Mexico one year ago?

**A:** What I would first like to point out is that economic and in particular industrial relations between France and Mexico have developed very much over the last few months and years. They have not achieved the level we would like yet, but nonetheless, our exchanges with Mexico reached more than 2.5 billion francs during 1979. French exports to Mexico went beyond 2 billion francs and Mexican exports to France were in the order of 500 million francs, not including oil transactions.

During the first months of 1980 growth has continued, since Mexican exports to France increased at a rate of 100 percent, while French exports to Mexico increased by nearly 50 percent. Therefore the level for us is still insufficient, but its growth is strong and therefore encouraging.

Another point that must be stressed is the development of French investments in Mexico. The entirety of French industry has shown a great interest in developing industrial cooperation with Mexico; in other words, has

responded in a favorable manner to Mexico's desire that there be not only French exports but also a progressive introduction of the manufacture of French goods which are of interest to the Mexican market, with industrial installations on the spot. This has then been translated into the constitution of a rather large number of Franco-Mexican companies, in particular during the course of 1979, and in some particularly interesting sectors like auto, machinery, steel, chemicals, the pharmaceutical industry and certain agro-food production.

These investments are also a sign that French industry is ready to give its Mexican partners knowledge in the field of technology which will permit them to have a certain autonomous development in certain sectors of interest. This is the general framework.

The President of the Republic's visit last February was the occasion for a reinforcement and stimulation of the efforts of French industry. On the occasion of this visit a number of important industrial accords were signed, in particular in the field of transportation, the field of nuclear energy and in the training of technical workers in the equipment industry. These accords, which have since been implemented and will continue to be implemented, are complemented by more precise and detailed accords, on the level of either public and private technical establishments, or the level of industrial sectors.

In sum, I think it can be said that Franco-Mexican relations are in a period of strong development with a will to work more in Mexico not only on the part of the authorities but also of French industry. I think I can say that this has been favorably welcomed by the Mexican authorities, in government as well as in the economic and financial circles that are the partners of French industry.

**Q:** What new developments can we expect in the field of industrial cooperation out of President López Portillo's visit to France?

**A:** The areas that will be taken up are those which I have indicated. Of course, I am limiting myself to the industrial area which will be a secondary part of the talks that will also include the political and economic aspects of the international situation, which are the most important.

But to stick to the bilateral and industrial side of things, the talks will cover the work already achieved or to be achieved by the industrialists of the two countries. I am thinking of the field of urban and interurban transportation by rail, the automobile industry, which includes the equipment and components that are a part of that industry, the telecommunications industry, and in particular, questions linked to the telephone, the space sector, chemicals, especially questions linked to fertilizers, the steel industry—sectors which should be developing in an important way in relation to the accords that have been signed—and then, of course, all the sectors linked to oil, in other words, all the petroleum industries, and in particular, the off-shore industries.

**Q:** Can you elaborate a little on your cooperation in the space sector?

**A:** During the two week French technical exhibit which took place in Mexico last November, French capabilities in the space sector were presented to the Mexican authorities, from telecommunications, to direct television by satellite or the observation of the earth. These are three areas in which France has good references in its own effective, operational programs. This is an area in which France has a satellite launching capacity, with the Ariane, and the subjects were presented to the Mexican and technical authorities, who showed a certain interest. Now we must set the stage for technical and later industrial cooperation in the precise areas that interest Mexico.

**Q:** There is also talk of an extension of nuclear cooperation between France and Mexico. . . .

**A:** During the President of the Republic's trip to Mexico, an accord was signed between the Minister of Industrial Development, Mr. Oteyza and the French Minister of Industry, Mr. André Giraud, concerning the nuclear field. This accord covers different aspects, but each of them begins with training of the personnel which will permit Mexico to assume, when the time comes, responsibility for the production of civilian nuclear energy on the basis of the very important uranium resources Mexico has at its disposal. So this accord was a framework, with a part on "training," and a part on "technical studies" for a nuclear plan which is being completed; this is a phase which will be defined when Mexican leaders have made a decision concerning their national program, for the development of nuclear plants.

**Q:** Is there anything else you would like to add?

**A:** For the Mexican President's visit to France we wanted to show all the concern that French industry in general has for industrial development in Mexico. It is for this reason that on the eve of the Mexican President's arrival we asked the CNPF [Conseil National du Patronat Français, the national industrialist association—ed.] to organize an event in which a large number of French industries could exhibit in sector by sector working groups, and then in plenary sessions, the reasons and the themes of interest of their companies for Mexico.

On the Mexican side, the authorities of the Ministry of Industry and financial authorities will lay out the conditions necessary for the realization of investments in Mexico and a synthesis of these working sessions will be presented to the Mexican President during a meeting he will have with a selection of 40 French industrialists.

In closing, I would like to say that the effort which has been made to develop Franco-Mexican relations is an effort shared, wanted and supported by all of French industry, and this is what makes us confident in the pursuit of the development of industrial relations between the two countries.

# A NATO trick called the Brandt Commission

by Mark Burdman



Willy Brandt

In recent weeks West Germany's Chancellor Helmut Schmidt and Mexico's President José López Portillo reportedly expressed tentative support for the recently released "North-South—A Program for Survival," the Report of the Independent Commission on International Development Issues, widely known as the "Brandt Commission." Press accounts of their statements have suggested that both men are considering the Brandt Report's advice on global cooperation as a component of their strategy to avoid a new world war.

Should Schmidt or López Portillo give active support to the Brandt Report, their own war-avoidance strategy will go up in smoke. The Brandt Report's recommendations are a short path to World War III.

The 21-member Brandt Commission, headed by former West German Chancellor Willy Brandt, is the offspring of the Club of Rome and the Club of Rome's parent organization, NATO—all protestations about its "independence" and "support for Third World development" notwithstanding. The Brandt Commission is the front end of the Club of Rome's decade-long effort to create NATO-linked military blocs in the Third World and to enlist Europe, East and West, in a new Malthusian "global order" premised on the end of scientific progress, technological growth, and their institutional vehicle, the sovereign nation-state.

Like the Club of Rome policy, the Brandt Report is a program for the *recolonization* of the Third World. It condemns the developing sector to increasing impoverishment and chaos, and therefore, to militarization—by NATO or NATO-surrogate "treaty organizations." It therefore ensures that the developing sector will be a battleground of strategic confrontation between the forces of the Warsaw Pact and NATO.

But of course, Brandt commissioners do not portray themselves in this light publicly. The Brandt Commission program is incorporated into the matrix of an elaborate

NATO psychological warfare deception game: the Brandt Commission members portray themselves as the "reasonable" alternative to the overtly confrontationist lunatics inside NATO, like Zbigniew Brzezinski. They are the "soft cops," who share Brzezinski's goal of establishing NATO-modeled regional military blocs.

Thus we see Brandt Commission member Peter Peterson working furiously behind-the-scenes to engineer the collapse of the Menachem Begin government in Israel, as he revealed in a recent interview. Simultaneously, Commission member Katherine Graham deploys to Saudi Arabia to offer the Saudis a deal for regional peace premised on the dumping of Begin! Out of this "deal" is supposed to emerge a Middle East Treaty Organization extension of NATO.

Thus we also see Brandt personally advising Jamaican Prime Minister Manley to "resist" the International Monetary Fund's most recent austerity demands. As Manley does so, his country is hit with an international credit cutoff and his arch-reactionary pro-marijuana opposition prepares to assume power out of the chaos.

The deception game is not only aimed at the developing sector, but also at the Soviet leadership. The message is: the only alternative to NATO initiation of war with the nations of the Warsaw Pact is to have the U.S. and Soviets "converge" around a consensus on a Malthusian world order. This creates an international "controlled environment" or "limited options" game in which *real* development options (a community of principle between the Warsaw Pact and NATO-area nations) are eliminated, a concept of "detente" that heightens the risk of war. Not accidentally, this is the concept of "detente" developed by Brandt himself, when he was West German Foreign Minister and then Chancellor in the 1966-74 period. He called it *Ostpolitik*, a mutual effort with then-U.S. Secretary of State Henry Kissinger to undermine the notion of real detente grounded in

global industrial development, initiated by French President Charles de Gaulle in the mid-1960s.

### Tavistock's Brandt Project

The emergence of Brandt into international policy-making prominence and the creation of the Club of Rome in the late 1960s were two, crucial, interrelated aspects of a NATO policy reorientation taking place at that time. It is hardly surprising from this standpoint that it is Brandt's government which, through the agency of the government-owned Volkswagen Foundation, provided the original seed money for the Club of Rome's early 1970s "Limits to Growth" report.

Brandt had been cultivated for decades by British intelligence as an "asset" after he had taken exile from the Hitler regime in Germany. Aside from his malleability, Brandt's importance lay in his support for the policy ends of the German fascists—deindustrialization of Europe and the imposition of a continent-wide feudal order—even if he disagreed with the means. A "third camp" socialist, Brandt was the archetypal "fascist with a democratic face" who would be critical to the ordering of Europe in the post-World War II period.

After serving as Mayor of Berlin from 1957-66, Brandt was brought in as West German Foreign Minister, as part of one of the most important—and delicate—social-political experiments conducted by NATO's Tavistock psychological warfare planning unit in the post-war period.

Starting in the early 1960s, with the development of the psychological warfare game of "futurism" and the spreading of the ideology of the "post-industrial society" by the highest levels of the NATO command, the Anglo-Dutch-centered oligarchy which ran NATO was beginning to move into open and visible sponsorship of neo-feudalist policies. This oligarchy was aghast at the positive "triggering" effects of the post-Sputnik era of space exploration on the populations of the U.S.S.R., the U.S., and Europe. To preempt a possible new era of scientific revolution, the NATO psychological warfare elite decided to implement the "New Dark Age" prescriptions outlined by H.G. Wells and Aldous Huxley earlier in this century: "de-couple" scientific knowledge from the masses of the population by imposing a drug-infested "brave new world" ("information economy") in which a self-selected elite would "choose the future" of the human race.

This general policy line resulted in the seminal "Mankind in the Year 2000" project initiated in the year 1967, which mapped out how drugs, dismantling of cities, no-growth economics, etc., would be used to transform the direction of mankind in the coming decades.

Out of the "Mankind in the Year 2000" project was created Tavistock's Science Policy Research Unit at the University of Sussex, to serve as the spawning center for

## Who's on the Brandt Commission?

Because of its nature as a psychological warfare project, the Brandt Commission's posture in public is focused on only five of its 21 members. Typified by Brandt himself, this core group is composed of "socialists," that is, Second International figures who are advocates of a "corporate state" (i.e., fascism).

In addition to Brandt, this group includes Sweden's Olof Palme, an early sponsor of the Club of Rome's "limits to growth" propaganda in Europe; Jan Pronk of The Netherlands, a protégé and research assistant to Jan Tinbergen, the medieval Cecil family (e.g., Lord Harlech) agent who authored the 1976 study, *Reshaping the International Order (RIO)*; Eduard Pisani of France, a leader of the Club of Rome International; and Canadian Joe Morris, the former head of the Canadian Labour Council and the New Democratic Party, who has publicly recommended "tripartite boards"—government-labor-management—of the type Mussolini employed.

Behind this group of "organizers" is a grouping of straightforward Anglo-American imperialists, and a tag-along assortment of the Third World's own spokesmen for neocolonialism. Included among the former are Lehman Brothers Kuhn Loeb investment banker Peter Peterson, *Washington Post* publisher Katherine Graham, and former British Prime Minister Edward Heath. Among the latter are Abdulatif al-Hamad of Kuwait, member of the Governing Body of the Institute of Development Studies at Sussex University, the source of the Club of Rome/Brandt Commission doctrine of "appropriate technologies"; Amir H. Jamal, former Minister of Economic Planning in Tanzania, where he supervised the "back to the land" relocation of populations into self-sufficient camps based on technology like sticks, windmills, and cow dung; Shridath Ramphal of Guyana, Secretary General of the British Commonwealth, whose speech to the recent Trilateral Commission meeting in London recommended the transformation of the world into a "global village"—in the name of the Brandt Commission; finally, there is Eduardo Frei Montalva, former President of Chile, and a supporter of the Pinochet dictatorship.



anti-industrial cults and kooky futurist planning.

Among the projects of the SPRU during this period was the establishment of a "global resources modeling project" under the direction of one Hasan Ozbekhan (currently at the Wharton School in Pennsylvania). Ozbekhan's work formed the prototype model for the Forrester-Meadows "Limits to Growth" project of the Club of Rome—a project which Club of Rome leader Aurelio Peccei has described as "shock treatment" and as a "commando operation" to force popular acceptance of NATO's Malthusian world order.

As Tavistock and NATO created the Club of Rome project, they resolved on a subversion project of the Comecon sector without which, they correctly perceived, the industrial commitment of the Soviet Union would eventually result in Warsaw Pact supremacy over large sectors of the globe. The goals were twofold: first, the creation of a general policy environment of blackmail and confrontation, maintaining a high level of fear of war in a Soviet command traumatized by London's Hitler experiment 25 years earlier; second, "tension" of this confrontationist mode would be "eased" by the sense of "release" offered by "global cooperation" and "detente."

Enter Willy Brandt and his policy of "Ostpolitik"—the famous "opening to the East."

The Brandt "Ostpolitik" project was carried out with great caution. It was not activated until one prior obstacle was removed from the scene: Charles de Gaulle. As long as de Gaulle remained in power in France, "Ostpolitik" Tavistock-style was impossible, since it could easily backfire and bring Germany into the orbit of de Gaulle's "Europe from the Atlantic to the Urals" industrial grand design.

So de Gaulle's regime was destroyed by the May 1968 destabilizations carried out under the orchestration of Tavistock-Sussex policy planner Michel Crozier. De Gaulle left power in 1969. In the same year, Willy Brandt became the first Social Democratic Prime Minister in West German postwar history. The phony detente of "Ostpolitik" was launched—by the same regime that put up the seed money for the Forrester-Meadows "Limits to Growth" report.

### **"After Ostpolitik now sudpolitik"**

With the brainwashing policy of "Ostpolitik" launched and the Club of Rome project fully in swing, the NATO-Tavistock command turned its attention to the Third World, to transform the emerging vehicle of "North-South" dialogue into an instrument for the Malthusian one-world order. This new policy thrust was summed up by Brandt in a short catch-phrase during one of his many periods of inebriation: "After Ostpolitik, Now Sudpolitik"—the "opening to the South."

To understand exactly what Brandt means by these terms, it is useful to look at one of his close collaborators, Henry Kissinger.

Kissinger is fully committed to the Malthusian world order of the Club of Rome. He is a Special Adviser to and member of the Board of Trustees of the Aspen Institute for Humanistic Studies, whose leadership and stated profederal goals directly overlap those of the Club of Rome. Kissinger understands that to achieve this world order, a psychological "controlled environment" must be created in which *real* global development options are foreclosed. He is, thus, the author of the "madness doctrine" within NATO strategy, which holds that an adversary must be made to believe that one is insane enough to blow up the world. If the adversary believes this, he is open game for a "reasonable," "soft cop" to appear who offers the adversary an "alternative" to confrontation. Hence, the emergence of the Brandt Commission, and Kissinger's role in bringing it into being.

From 1974-77, important world leaders, such as Giscard d'Estaing of France and the ruling family in Riyadh, Saudi Arabia, were seeking to find a framework for discussions on global cooperation under the rubric of a "North-South" dialogue. These forces' efforts were abetted by the widespread circulation during the same general timeframe of the conceptually more advanced global cooperation program outlined by Lyndon LaRouche in his International Development Bank proposal.

Whenever a North-South forum would meet, Kissinger and his State Department lackeys would march into the meetings like bulls in a china shop and wreck the proceedings by putting extortionist demands to the developing sector, such as Kissinger's International Resources Bank proposal to use the resources of Third World countries as collateral for debt repayment.

By 1977, the tactics of Kissinger and his successor Brzezinski in the lunatic Carter administration had left the North-South talks in a shambles. As preplanned, Kissinger's "madness doctrine" applied to "the South" had drawn such key Third World leaders as Algeria's Houari Boumediene into a radical Jacobin counterpose, increasingly thinking of "confrontation" with the North.

Out of Kissinger's wrecking actions, two responses evolved in the advanced sector. One was that of Helmut Schmidt. With the onset of the Carter administration, Schmidt strategically reoriented his nation into closer alignment with France's Giscard d'Estaing. Together, in 1977, they laid the strategic groundwork for Schmidt's historic May 1978, 25-year industrial cooperation deal with the Soviet Union, which was followed immediately after by the launching of the European Monetary System. The basis for a Gaullist strategy of East-West cooperation for development of the South had been created.

The other response was from Brandt, Kissinger, etc. They moved preemptively. Following urgent consultations with World Bank head Robert McNamara in late 1977, Brandt unveiled his new Commission, and began to recruit members, using the networks of influence built up by Peccei's Club of Rome and Ervin Laszlo's UNITAR. The Commission posed itself as a world-government in the wings, guided by the precepts of the original Forrester-Meadows "limits to growth" report. The Brandt Commission's report is the result, a continuation of "Ostpolitik" and "Sudpolitik," to engineer a global policy environment in which the EMS will *not* be transformed into an eventual European Monetary *Fund* that could replace the International Monetary Fund and World Bank.

One tactic the Brandt commissioners have of securing the success of this strategy is to box Chancellor Schmidt in behind the Brandt report and away from his partnership with Giscard. Anglo-Dutch networks are being mobilized across Europe to hail the Brandt Commission report, particularly inside Germany. Notably the Dutch government is the only one in the world that mandates that "limits to growth" notions be inserted in the national educational curriculum.

## The Club of Rome and the Commission

The foundation of the Brandt Commission program is the "zero growth" program of the Club of Rome, which is, in turn, best known through two "studies," one called Reshaping the International Order (RIO), by Jan Tinbergen, a private agent of the British Cecil family, and the second, "Goals for Mankind," authored by Ervin Laszlo, a Club of Rome member who directs the Project on Futures at the United Nations Institute for Training and Research (UNITAR).

In early May, Laszlo and Aurelio Peccei, the NATO official who founded the Club of Rome, jointly sponsored a conference on the feasibility of carving the world up into "interrelated regional blocs" supervised by a one-world government. Peccei praised the work of "independent bodies such as the Brandt Commission" for making a "significant contribution" to these goals.

The Tinbergen and Laszlo reports were an outgrowth of harsh reactions from many nations to the Club of Rome's original "Limits to Growth" study, which used the term "zero growth" to describe the conclusions computer programmers Jay Forrester and Dennis Mead-

ows had ordered their soft-ware at MIT to produce. The Tinbergen and Laszlo reports changed nothing, but substituted the term "organic growth" as the economic policy envisaged for "regional blocs."

In Peccei's words, the RIO report, the working document at a club conference in Algeria in 1975, was written to "envisage how to engineer an outflow of activity from congested areas of high industrialization, also called the 'centres,' to the outlying 'periphery'."

One year later, Laszlo echoed the theme in his "Goals for Mankind." "The problem is one of better distribution and not of greater material growth. Further material growth would simply create greater gaps between the rich and the poor. ... Our goals should be to foster development of the rural zones and to create agroindustrial complexes that are self-sufficient and far from the main urban centers."

Club of Rome members candidly acknowledged the outcome of the "development" policy they propose—a reduction of the world's population by half through the death of 2 billion persons in the next 20 years.

That is also Brandt Commission policy. The Commission's report, issued this past February, echoes the Club of Rome's "regionalization" perspective for One-World Government, including a proposal for supranational control of advanced technology and taxation of international trade.

Thus, states the Brandt Commission: "Nuclear energy is problematic and cannot be expected to make more than a partial contribution to overall energy use in this century." The report also states: "We must create jobs through low-cost, labor-intensive industry." And: "The focus has to be not on machines or institutions but on people ... Appropriate technologies can include cheaper sources of energy." Especially evil in the Brandt Commission view are "sophisticated technologies that ignore human values..."

To make the point, Olof Palme, former Swedish premier, told a May 19 audience in Stockholm on the Brandt Commission's behalf that nuclear energy was left out of the program because even though Third World nations want it, they can't have it. "We Swedish have a special responsibility" on this issue, said Palme. The minds of Third World countries must be changed to understand that nuclear power "is not for them, just as we are phasing out nuclear power in Sweden."

Exactly as the Club of Rome outlines, the Brandt Commission's objective is the deindustrialization of the advanced sector, and the crushing of all fledgling development in the Third World in pursuit of depopulation on an unimaginably massive scale. Brandt's program would bring a blush to the face of a German whose "methods" Brandt did not support, but whose "goals" Brandt did—Adolf Hitler

## After Camp David: options in the Middle East

by Robert Dreyfuss

Ezer Weizman's resignation as Israel's minister of Defense, coming one day before the May 26 deadline for completing the Camp David Palestinian autonomy talks, marked the formal failure of the Carter administration's prize foreign policy achievement, the Egyptian-Israeli pact. Although the agreement has been virtually dead since the resignation last October of Foreign Minister Moshe Dayan, Weizman's brother-in-law, the passing of the May 26 target date without even the hint of an accord is the end of the Camp David era.

As a result, the entire Middle East—and the billions of petrodollars that go with it—is up for grabs. At least three separate diplomatic initiatives are being prepared for the next phase.

Immediately, Weizman's departure from the government of Prime Minister Menachem Begin leaves Israel fully under the control of the extremist clique of the ruling Herut Party and Likud, made up primarily of Begin's old 1940s terrorist cronies from the Irgun and the Stern gang. Since late 1979, Begin has replaced both Dayan and his finance minister with ultra-Zionist fanatics. Now the leading candidates for defense minister are Gen. Ariel Sharon, a radical expansionist linked to the Gush Emunim paramilitary gangs and the Jewish Defense League, and Moshe Arens, a Herut veteran who voted against the peace treaty with Egypt.

The Begin government, which also includes Foreign Minister Yitzhak Shamir, a convicted assassin who also voted against the Camp David treaty, is already on a war course. According to sources in the intelligence community, the Begin regime is now set on provoking a military

showdown with Syria, intensifying the pattern of illegal settlements and repression on the occupied West Bank, and stirring up sectarian sedition and Muslim Brotherhood rebellion inside Egypt.

### What next?

The three policy tracks for the Middle East can be described roughly as follows, although there is some overlap in each area.

First, after long preparations, the French and West German governments are preparing a comprehensive initiative aimed at securing an overall Middle East peace. That agreement, to be ratified (over British objections) at a June 12-13 meeting of the heads of state of the European Economic Community, calls for the establishment of a Palestinian state in the occupied West Bank and Gaza in exchange for mutual Israeli-Palestinian recognition.

The cornerstone of the European action is a French-sponsored deal to provide political and military security in the Persian Gulf, including an effective umbrella over Saudi Arabia, in exchange for far-reaching oil-for-technology deals between Europe and the Arab world.

That would place the bulk of Saudi and other Arab surplus petrodollars, along with billions in development contracts, in the hands of Paris and Bonn, to the detriment of British-controlled banks in London and New York.

From March 1-12, French President Giscard d'Estaing toured Saudi Arabia, Jordan, and the Persian Gulf countries where he made initial soundings for the

initiative. Since then France has concluded huge military deals with Saudi Arabia and Iraq.

Yesterday, Genscher also met with Egypt's Vice President Husni Mubarak. Egypt, though a party to the Camp David axis, is also now carefully watching the European initiative to see what will occur next month. Two weeks before the expiration of the Camp David deadline, Sadat unilaterally broke off the negotiations.

### **Enter the Brandt commission**

Second, the Foreign Secretary of Great Britain, Lord Carrington, the British aristocracy, and the Socialist International have geared up a counter-initiative to the French-led EEC which is designed to block any consolidation of continental European influence in the Arab world and prevent a European-Soviet entente over the Middle East.

In brief, their strategy involves the quick removal of the hated Begin government and its replacement with a more sophisticated, British-allied government led by the opposition Labour Party's ex-Prime Minister Shimon Peres, Yitzhak Rabin, Abba Eban, and Weizman. Leading the effort to put into power such a government are the European forces associated with the London Second International and the Brandt Commission, headed by former West German Chancellor Willy Brandt.

Their policy involves installing a Peres-Weizman regime that would appear more conciliatory on the question of Palestinian self-determination. By this means, London hopes to win some support in Saudi Arabia, Jordan, and the PLO, and then rally much of the Islamic world into an informal "Islamic Defense Pact" ranged against the Soviet Union.

In a lead editorial May 25, the New York Times officially proclaimed the end of Camp David and called for Begin's overthrow. "Egypt, Israel, and the United States have plainly failed," wrote the Times. "Israel needs a new government that is willing to yield claimed rights in the West Bank in exchange for Palestinians yielding their claims to Israel proper." The Times then attacked "irrelevant European 'initiatives' and UN maneuvers" and warned that no real progress could occur until after the U.S. elections! "Until then, the Camp David accord has to kept afloat as the only available forum for progress."

Various London spokesmen echoed the same theme: no European initiative until after November 1980.

Backing the London strategy were a series of important deployments, two of which deserve mention. The first was a "fact-finding" mission led by Brandt associate Bruno Kreisky, Austria's chancellor, and two other Second International leaders, Olaf Palme of Sweden, and Felipe Gonzales of Spain, who visited Iran. Their mission was to explore whether Iran could be drawn into the anti-Soviet pact sought by London sometime later this year.

The second deployment was a tour to Saudi Arabia and Egypt by Katherine Graham, one of the leading members of the Brandt Commission and publisher of the Washington Post. Graham met with Saudi Prince Fahd, Prince Abdullah, Egypt's Sadat, and the deposed Shah of Iran, who is now in Cairo, for lengthy interviews. With a dozen political intelligence agents in tow, Graham was exploring whether or not the Saudis would be prepared to drop their French connection in exchange for a British-sponsored Palestinian initiative.

The Saudis were not obliging. In fact, Saudi-British ties are at their lowest point ever following the showing of the film "Death of a Princess" in London last month, after which the Saudis expelled the British ambassador and severed some trade with London. Lord Carrington last week, desperate to win Saudi favor, cried crocodile tears over the film and apologized to the Saudis, claiming to be "deeply offended" by the British-made film.

### **The war party**

Third, there is a party of war around Begin, Sharon, Shamir, and the present Israeli government. Since mid-February, the Israeli regime has deliberately undertaken policy moves that were calculated to disrupt the Egyptian-Israeli talks precisely because the ideologue Begin is not prepared to give up an inch of "Greater Israel."

Internationally, Begin is being propped up by a war party that includes the Jesuits, the Hapsburg-Pallavicini oligarchy in Europe, and the Brzezinski National Security Council. The strategy of this faction is to provoke an immediate confrontation in the Middle East by disrupting Egypt and spreading destabilization into the entire area. They are prepared, even, to sacrifice Sadat and Egypt in that effort.

In his interview with the Washington Post, Sadat told Graham that he is prepared to see enormous concentrations of U.S. military equipment, including squadrons of F-15 fighter-bombers, stationed in Egypt in case of a need for U.S. intervention into the Gulf. He also offered Egypt as the cornerstone of a regional military proxy for NATO, saying, "I can raise a million-soldier army. Yes, I have the potentialities. Give me the ability to reach Somalia, and to reach Oman."

But privately the Egyptians are very disturbed about the area situation. Although Sadat is still loyal to the London strategy, he is beset by serious internal problems that will not wait until 1981 or longer. By now, Egyptian intelligence is aware that the Israeli regime is preparing to destabilize Sadat, and they are deeply worried over the implications of Weizman's resignation precisely because they cannot be sure that Weizman and Co. can topple Begin. Despite his bravado, Sadat needs a Palestinian agreement and he needs financial help, and both quickly. For that reason, Egypt is at least casting sidelong glances at the European option.

# Egypt

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## Israelis running sects against Sadat

In January and February 1980, when the Israeli government of Prime Minister Menachem Begin began its sharp turn with the start of the Hebron settlements program and the appointment of hardline Foreign Minister Yitzhak Shamir, suddenly, serious sectarian troubles started in Egypt between the Christians and the Muslims of that country. These troubles were fed by extremists in both camps, especially the leadership of the Coptic Orthodox Church and the Muslim Brotherhood secret society. At the time, many observers saw the hand of Israeli intelligence in the disorders.

For years, Israel has maintained close connections with the religious leaders of Egypt through the Mossad, Israel's intelligence agency.

Now, in his speech May 14 in Egypt, during which Egyptian President Sadat explained his decision to unilaterally suspend the talks with Israel on the issue of Palestinian autonomy, Sadat spent at least one full hour in a diatribe against the Copts, accusing them of subverting the Egyptian state and planning to declare an independent "Coptic state." He delivered similar warnings to the Muslim extremists and declared:

"My orders to the interior minister, effective tomorrow, are: the activity of all societies and organizations which spread sectarianism, religious fanaticism, and radical preaching will be suspended. Societies will be limited to those registered with the Social Affairs Ministry. This shall be applied particularly to the educational institutions and schools." In a speech the next day, Sadat said that the Muslim Brotherhood and certain Coptic societies were "gangsters" who would be crushed by the Egyptian authorities.

For Sadat, this was a complete reversal. For many years, Sadat has attempted to build his political power by forging a political alliance with the Muslim Brotherhood, which had been ruthlessly suppressed during the Nasser era in Egypt, and Sadat gradually let the Brotherhood undertake political activities. "Now it has become Frankenstein's monster," said an Arab analyst.

Given the powerful police-state apparatus that Sadat

has set up, there is no reason to think that Egypt is about to disintegrate into political chaos. But, on the other hand, many of Sadat's top officials are corrupt and willing to sell themselves to intelligence services of foreign states, and may seek to fuel the internal unrest. And, more and more, the Israeli regime appears to believe that giving Egypt "the Iran treatment," as one source put it, might take the heat off Israel for its refusal to negotiate.

The following are excerpts from the May 14 Sadat speech, as reported by the Foreign Broadcast Information Service:

In the 1960s the Western states wanted to use religion in the course of their struggle with Abdel Nasser. ... A plan was worked out. A foreign body participated in this plan and in its financing. This plan called for the sowing of religious sedition whereby the Copts would rise against their country. The purpose was to establish a Coptic state in Egypt with Asyut as its capital.

[At present] the expatriate Copts have escalated their activity staging protest marches in the cities of foreign nations, particularly in front of the United Nations and the White House in Washington; sending strongly worded telegrams to the White House on amendments to the Egyptian constitution ... launching a personal campaign against President Sadat to the effect that he heads the Islamic groups in Egypt and is working to crush the Copts. ...

In 1972 a leader of the Palestinian resistance in Beirut was here. As you know, the PLO first clashed with the Falangists who are the Maronite Christians in Lebanon. The Falangists were equipping an army and enlisted volunteers to fight, supplying them with arms from Israel. This PLO leader came to me in 1972 and told me: We captured five Falangists ... and three of them were Egyptian Christians working with the Falangists against the Palestinian resistance.

... The plan also called for the convening of a world conference of Coptic expatriates—which would be backed by a coordinated propaganda campaign in various church and world information media—to discuss the condition of the Copts in Egypt. ... Why all this uproar? Are the World Council of Churches, the Vatican, Carter, the American Council of Churches or the UN closer to the Egyptian Copts than their brothers, the Muslims of Egypt? ... It is part of a big plan. Since the Voice of America and the BBC have reported it, this is what is required. I know who told these things to those radios. They wanted to intimidate us, so that I would run to Carter. ... [They] try to exert pressure through the BBC, the Voice of America, Carter, leaflets, and all these things.

# Syria

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## Soviets to tip the balance of power?

According to high-level European intelligence sources, Israel is planning to provoke a confrontation with neighboring Syria sometime in the immediate future, using Israeli assets in Lebanon as the trigger. Perhaps for that reason, the Syrian government has begun to put out signals that it is engaged in a major program to upgrade its relations with the Soviet Union in strategic military terms.

Among the possibilities reportedly being discussed are a Syrian-Soviet defense treaty or the placing of a Soviet nuclear defense umbrella over Syria. Many analysts believe that Moscow has already committed itself to send ground forces to Syria in the event of an Israeli attack.

The Beirut newspaper *An-Nahar* reported last week that Syrian Defense Minister Mustafa Tlas left on a secret visit to Moscow to finalize these discussions.

In this context, a revealing interview with Syrian Foreign Minister Abdel-Halim Khaddam, published in the Damascus daily *Tishrin*, was reported as follows by *FBIS*:

**Q:** Syria is facing voluminous challenges on various levels. How do you view the future strategy that could be proposed and what are the conditions necessary to deepen Arab struggle?

**A:** The situation in the Arab region is complicated due to the imbalance between us and Israel, as a result of the Camp David accords and also as a result of the U.S. change from support of Israel to actual participation in the plots of aggression. This dictates the reestablishment of the balance of power through the introduction of new factors capable of accomplishing this. . . .

We in Syria are discussing the new qualitative factor that must be achieved. We will achieve this factor. Our aim in this is to establish a strategic balance between Syria and Israel. We will exert any effort and will carry out any action that will assist us in achieving this balance. We are looking for a

qualitative factor whose image is clear before us. We are proceeding on the right path, a path we believe will introduce radical changes in the existing balance in the area. . . .

Actually . . . we are thinking of means that will develop our relations with the Soviet Union on a qualitative level, according to which the Soviet Union will give to us as much as the United States is giving to Israel. . . .

Elaborating on the issue raised by Khaddam, Syria's Prime Minister Abdel-Rauf al-Kasm told a Kuwaiti newspaper that Syria has evidence to prove that the United States intervened directly in the 1973 war to tilt the balance against the Arabs:

The Soviet Union can supply us with arms, but we cannot fight the entire United States. In 1973 we did not fight Israel. Had it not been for the airlift Israel would have been eliminated. While 80 percent of the Israeli air force was in the air bombing Damascus and destroying our cities and factories and hitting our army, the Egyptian forces were standing at the Suez Canal. They had the military capacity to go further, but they carried out the orders given to them. . . .

U.S. planes flew direct, without stopping in Israel, to rocket our tanks and armor. We were fighting the United States and not Israel.

This week, according to European reports, Khaddam will meet West German Foreign Minister H.D. Genscher to discuss the upcoming European Middle East policy initiative. Although so far Syria has been skeptical of the Europeans, recently they have shown willingness to explore the possibility of an EEC initiative. A deputy to Khaddam, interviewed in the Syrian press, reported that he was "confident that very soon a European-Soviet initiative on the Middle East will be presented."

Until recently, also, the Syrians had been relatively isolated in the Arab world, at odds with Iraq, Jordan, and Saudi Arabia. But a recent visit to Damascus and then Baghdad by a top Kuwaiti official was aimed at smoothing over Syrian-Iraqi differences and at least ending the feud between the two countries. Last week the Syrian and Jordanian information ministers held a series of talks in Damascus in an effort to get Jordanian-Syrian relations back on track.

Reportedly, Syria is leery of the Jordanian plan to negotiate for the West Bank on behalf of the Palestine Liberation Organization. Last week, King Hussein traveled to Baghdad to win pan-Arab support for that position, having earlier visited Saudi Arabia and the Gulf states. Already, the majority of the PLO is prepared to support Hussein's right to negotiate for the Israeli withdrawal from East Jerusalem and the occupied West Bank of the Jordan River.

# The Brandt Commission grabs for OPEC's petrodollars

by Judith Wyer

On June 9, the Oil Ministers of the Organization of Petroleum Exporting Countries (OPEC) will meet in Algiers in what may prove to be a disastrous turning point in the history of the cartel. At that meeting, proposals will be placed before the cartel which, if approved, will revolutionize OPEC's pricing policies and establish unprecedented petrodollar recycling channels that would make the oil-producers little more than in instrumentality of the hated World Bank.

In that case, instead of becoming the investment instrument for developing the impoverished nations of the Third World, the petrodollar wealth embodied in OPEC will become an instrument of genocide and disintegration throughout the developing sector.

This threat reflects the fact that the debate on all critical issues faced by the 13 cartel members is being heavily influenced by the so-called Brandt Commission and its appendages in the Second International. In particular, the Brandt Commission would like to see the cartel endorse a plan to revise its current erratic pricing procedure to a quarterly pricing adjustment system which would be pegged to the value of "a basket of currencies"—presently OPEC pegs to the U.S. dollar. As such a system permits OPEC to raise prices in accordance with "world inflation trends," the Commission proposes expansion of a recently established OPEC lending agency from its current \$4 billion capitalization to \$20 billion, a proposal that Algeria and Venezuela will present at the June 9 meeting. That proposal is already being considered by a meeting of OPEC finance ministers in Vienna.

The fund, according to European sources, would operate as an adjunct of the World Bank, making "project loans" to Third World nations.

## Winning over the Saudis

The key to whether these policies will succeed rests with Saudi Arabia. Up until now, Riyadh has not been receptive to the Brandt Commission's bid to "restructure" relations between the industrial nations and the developing world. Brandt wants a mega-fund called the World Development Fund, which will recycle capital

into the debt-ridden Third World—not for development, but for debt rollover and "self-sufficient" economic projects based on "appropriate technology." The Brandt Commission sees the establishment of a \$20 billion OPEC fund as a primary component of its mega-fund perspective.

According to the Brandt Commission Report, and related documents such as the Council on Foreign Relations *Project 1980s* volume, "Oil Politics in the 1980s," the Saudi resistance to the mega-fund perspective can be broken by offering Riyadh a deal to resolve the Palestinian problem. This is the significance of the deployment of Brandt Commission member and *Washington Post* publisher Katherine Graham last week to Saudi Arabia. The timing of the Graham visit was meant to coincide with the deadline of the Camp David autonomy talks on the Palestinian issue. The same day Israeli Defense Minister Ezer Weizman, a close collaborator of Israeli Labor Party chief Shimon Peres, himself a member of the Second International, resigned.

The Second International leader Willy Brandt and his cohort, Austrian Premier Bruno Kreisky have been vocal opponents of Begin and advocates of a Mideast dialogue on the Palestinian issue. But when one reads between the lines of Kreisky and company's peace proposals it becomes clear that they are proposing an unending dialogue with no resolution to the pivotal Palestinian problem. It is this "soft" Mideast policy which Graham and company are attempting to use to buy off Saudi resistance to backing up Brandt's mega-fund proposal with petrodollars.

Crown Prince Fahd threw cold water on the deal this week when he publicly castigated Katherine Graham for having misquoted him during an interview in Riyadh last week which appeared in the *Washington Post*. According to the text of Graham's interview, Fahd stated that he would be willing to accept a statement of intent from the Israelis to withdraw from the occupied territories as a basis for negotiations. Fahd's heated denial of having made that statement reflects the attention both Riyadh and other Arab capitals are giving to continental Europe



and the U.S.S.R. to mediate a real peace in the Mideast which will facilitate a Palestinian state.

According to New York financial sources the Saudis and other surplus oil-producing states of the Persian Gulf are "not inclined towards putting all of their petrodollars in one basket ... they like to control their own money flows, they are content with the various development funds they have set up as the best way to recycle their funds."

The Saudis have quietly engaged in a stepped up pattern of lending to both industrial nations, notably West Germany and Japan, and several developing nations. British sources indicate that these include the city of São Paulo, the government of Sudan, and most recently Turkey. The West German government has been in close consultations with Riyadh over putting together a massive bail-out package for debt-ridden Turkey.

Brandt Commission member Peter Peterson of Lehman Brothers Kuhn Loeb, in an interview made available to *EIR* by a journalist, noted that if peaceful means do not succeed in getting petrodollars behind the Brandt scheme, then crises may occur "that will produce the courage of will. A courage of will is what is needed." Peterson referred to the potential for further eruptions of instability such as occurred in Iran last year to hit other oil-producing nations. Over the last six weeks, a barrage of incendiary articles have appeared in the British and American press attacking the Saudi regime for corruption and violations of human rights in the manner of press coverage of the Shah before the outbreak of the Islamic Revolution.

### The oil price spiral

The same press which has been propagandizing the potential demise of the Saudi royal family have been lauding the Saudis' inability to control the renegade OPEC producers who have been anarchistically driving up prices. For the third time since the OPEC price-setting meeting in Caracas in December, the Saudis whose oil is the least expensive in the cartel, have hesitantly raised their prices with the hope that such action could persuade the pricing militants to adopt a formula for reunifying the OPEC crude price. Last week the Saudis again found that their efforts had been thwarted. Riyadh announced a jump from \$26 to \$28 a barrel. Within 48 hours, Algeria, Indonesia, and Libya increased their prices by \$2 a barrel which led to an across-the-board \$2 a barrel price increase by the remaining cartel members, taking the OPEC pricing ceiling from about \$36 to over \$38 a barrel for contracted crude.

British sources indicate that, at the June 9 Algiers meeting, the Saudis will most probably raise their price to \$30 a barrel. At that point, according to these sources, the pricing differential within the cartel will span a range of from \$30 to \$40 a barrel. This is the range at which, according to London's scenarios, a plan could be intro-

duced into the cartel which would scrap the current semi-annual price rises, a policy largely defunct given the anarchic individual pricing of members, for a series of small quarterly price hikes based on the rate of world inflation.

The basis for this plan was drawn up by OPEC Long Range Planning Committee, a special planning group set up in July of 1978 in London by Saudi Oil Minister Ahmed Zaki Yamani in close cooperation with then British Energy Minister Anthony Wedgewood Benn. Benn, a prominent member of the European Second International, has continued to play a behind the scenes advisory role to the committee.

Earlier this month, the Committee met in Taif, Saudi Arabia, where it was announced for the first time, that the cartel would in principle accept the proposals laid down by the committee. According to Kuwaiti sources, the Saudis managed to get an agreement from the long-standing opponents of the Committee, Algeria, Libya and Iran by agreeing to allow those countries to set the ceiling for OPEC oil. There is also evidence which points to Saudi Arabia having raised its prices as part of such an agreement with the pricing hardliners.

The idea of small oil price hikes based on a quarterly schedule has been endorsed by the governments of France and Germany *in principle*. But what is most controversial within the Long Range Planning Committee perspective is where the mounting petrodollars go and what western interests mediate their recycling.

The Brandt Commission wants to institute the small price increase policy in order to introduce a certain amount of stability into the world oil markets, and financial petrodollar flows, which the Commission, in turn, wants channeled to the megafund. The Commission calculates that at the current pricing levels OPEC will bring in about \$150 billion in surplus this year. The price hikes of just last week are estimated to add another \$20 billion to OPEC surplus. Without risking a financial blowout in one of the heavily debt ridden LDCs such as Brazil, it is calculated that OPEC earnings are at a sufficient level to merit creating the mega-fund Brandt himself is proposing. This fund in alliance with the World Bank would then recycle petrodollars not only for debt roll-over but to fund projects of "appropriate technology" in the underdeveloped sector.

The close alliance with the Saudi government and its newfound ally Iraq have with both France and West Germany, however, is a powerful contributing influence to Saudi Arabia's resistance to the Brandt fund. France and West Germany have embraced Riyadh as a close ally on the basis of increased petrodollar flows into the European Monetary System, which was founded by Bonn and Paris, and which may soon provide a means of funding transfer of advanced technology into the developing sector. The Brandt proposal is calculated to be an obstacle, at least, to the ripening of this relationship.

# Who's destabilizing South Korea's government?

by Peter Ennis

More than three years ago, in a Spring 1977 commentary on U.S.-Korea relations, the *Executive Intelligence Review* stated that the Carter administration viewed the then-South Korean government of President Park Chung-hee as a major obstacle to the Kissinger-authored plan for a military alliance linking China, Japan and the United States. For this reason, the commentary said, the Carter administration was willing to sacrifice the South Korean government to achieve the broader strategic goal—"even to the point of overthrowing Park and the institutions associated with his rule."

Last week, the results of the policy burst on to the front pages of the international press, as the most serious violence since the end of the Korean War erupted throughout South Korea, directly threatening the central government in Seoul. And, as previously forecast in *EIR*, the instigators of these violent uprisings comprised a close-knit network of "Christian" community organizers, "social justice" activists, and dissident politicians, all under the tight control of the U.S. State Department and the international "human rights" mafia.

Many observers of the recent week's events in Korea have commented on the supposed "parallels" and "analogies" between the uprisings against the Korean government, and the overthrow of the Shah of Iran last year. However, *EIR* investigations have made very clear that there are more than superficial similarities between the two. Incredibly, as will be shown, the same institutions—in many cases the same individuals—that coordinated and controlled the international deployments to topple the Shah are now hard at work in Korea. These include the powerful legal apparatus of the international "human rights" mafia associated with former U.S. Attorney Gen-

eral Ramsey Clark, as well as the "religious" networks of the Jesuit infested World Council of Churches.

However, it is the strategic policy being channeled through the Carter administration which is determining their actions toward Korea.

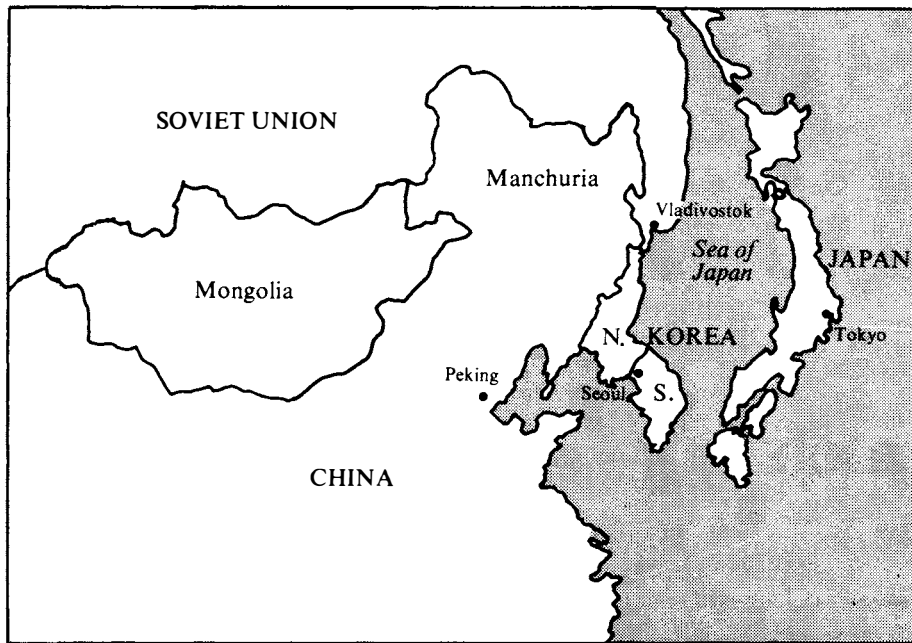
## Offering to Peking

From the beginning of Kissinger's diplomacy with China, the controversy surrounding the Korean peninsula has been a roadblock to the consolidation of a U.S.-Chinese military alliance in the region. The reason is quite simple: China is allied with the bizarre government in North Korea, and the United States is allied with the South. So long as the two Koreas remain enemies, the highly volatile Korean issue remains a constant source of potential tension between Washington and Peking.

Washington's solution to this dilemma? Install a government in Seoul willing to sacrifice the national interest to the broader strategic goal of forming a military alliance in Asia against the Soviet Union.

Such a government would provoke a shift in the entire strategic framework of Asia. Talks with North Korea would likely begin, opening the door to possible recognition of North Korea by the United States and South Korea by China. Meanwhile, in the Kissinger-Brzezinski plan, the Soviet Union would be frozen out, leading of course to increased tensions.

Moreover, such a government would put tremendous pressure on Japan as well. Due to close geographical proximity and important historical interaction, Korean security is viewed in Tokyo as a major factor in Japan's overall security. A government in Seoul pushing the China card would force Japan in that direction, in coor-



*"Due to close geographical proximity and important historical interaction, Korean security is viewed in Tokyo as a major factor in Japan's overall security. A government in Seoul pushing the 'China card' would force Japan in that direction, in coordination with already massive U.S. pressures for Japanese 'rearmament.'"*

dination with already massive U.S. pressures for Japanese "rearmament."

### Softening the lamb

Since assuming office in 1977, the Carter administration has pursued a not-so-sophisticated "Mutt and Jeff" routine toward Korea, designed to both create the conditions for an overturn in the government, and also prepare Japan for integration in the military alliance with China.

Throughout 1977 and beyond, Carter has continually bombarded the Korean government, combining threats to withdraw the 40,000 American troops stationed in Korea with heated criticism of "human rights" violations. All of this began in the midst of the much-publicized "Koreagate" scandal in Washington.

Throughout this period, the administration has also insisted that it will abide by treaty and other arrangements with South Korea. The message to military officers and others in Korea was thus quite clear: President Park and his successors' "oppressive system" was the only obstacle disrupting those ties with the United States that are so vital to South Korea's security.

There is no doubt that this "Mutt and Jeff" routine, which to this day includes "quiet diplomacy" by the American embassy in Seoul, created the environment for the assassination last year of President Park at the hands of then-Korean Central Intelligence director Kim Jae-gyu—a man with close ties to the "human rights mafia" organization, Amnesty International.

Since the murder of Park, a fierce battle has been taking place in Korea, between those forces pushing for "liberalization" and other "reforms" under pressure

from Washington, and those nationalist forces trying to preserve the basic tenants of economic progress and national security established during Park's 18-year rule. The central figures in this battle are acting KCIA director Gen. Chon Doo-hwan, who is the key figure in government in Seoul at this time, and "Christian" opposition leader Kim Dae-jung. Kim was arrested last week and charged with sedition in regards to the uprisings throughout Korea. Chon is the immediate target of the State Department controlled opposition forces.

There is little doubt that the Carter administration at least solicited last year's assassination of Park, expected it to begin to solve their problems in Korea. With Park out of the way, it seemed fairly certain that Washington's influence and power in Korea would dramatically rise. But Gen. Chon rudely interrupted this scheme.

Chon, a protégé of Park, has attempted to consolidate his grip on the military in Korea and use this power to preserve Park's basic policies. Park was known to oppose the "China card" policy, and considered future diplomatic contact with the Soviet Union as vital to eventual peace in Korea.

Oppositionist Kim, on the other hand, has been quoted in the *Baltimore Sun* stating a favorable attitude toward the so-called China card policy, and it is known that the State Department has discussed this issue with him.

So, the ongoing uprisings throughout Korea are being instigated and supported by the U.S. State Department and the "human rights" mafia, to "once and for all" destroy the political power of the Korean armed forces, and place "Christian" opposition forces—ultimately, the Chinese—in power.

# The 'Christian' human-rights mob in South Korea

For both historical and practical reasons, the current uprisings in Korea, and the opposition in general, is dominated by organizations and individuals controlled by "Christian" church organizations.

In the late 19th and early 20th centuries, missionaries were very active in Korea, and assumed a very prominent role in the country's educational system. Several of the top universities in Korea, including Yonsei University, Ehwa Women's University and Sogang University are dominated by the Presbyterian and Catholic Churches. Many of Korea's intellectuals are also "Christians," though the overwhelming majority of the country is of non-Christian faith.

Moreover, due to the severe martial law and other legal restrictions regarding political activities in Korea, most student and other dissident political activities have been conducted through the years through Bible study groups and related organizations. This has given "Christian" students top leadership positions, even among non-Christians.

The church activities in Korea are similar to the labor organizing done by Cesar Chavez of the Farm Workers, where technology is frowned on and industrial backwardness is made sacred. It is also similar to the environmentalist and community control organizing done in ghettos of the United States, which are largely responsible for anti-police riots and other "anti-oppression" actions.

The similarities are no accident. The World Council of Churches controls much of this work in both the United States and Korea.

## The 'command structure'

Last December, a conference on "human rights" in Korea was held in New York City, which gave unusual insights into the workings of the Korean opposition.

Sponsored by the Ford Foundation and the East Asia Legal Studies program of Harvard University Law School, the conference was entirely financed by Ford and brought together organizations from both the "command headquarters" and the "rank and file" of the operation. The conference, called "Prospects for Democracy in Korea: The Role of the United States," served to show how close the coordination is between the opposition in Korea and some of the top policy-making circles in the United States.

The following organizational grid will provide information on the Korea-focused activities of the major organizations that attended the Ford conference, as well as other organizations important to the current operation against the Korean government:

## The legal apparatus

**International Law Association.** The oldest and most prestigious of the "human rights" organizations, the ILA was established in London in the 19th century. The current head of the American branch is C. Clyde Ferguson, a professor of law at Harvard. Ferguson is also a leader of the Institute for Policy Studies and the Institute for World Order, both of which are heavily involved against Korea, as they were in Iran.

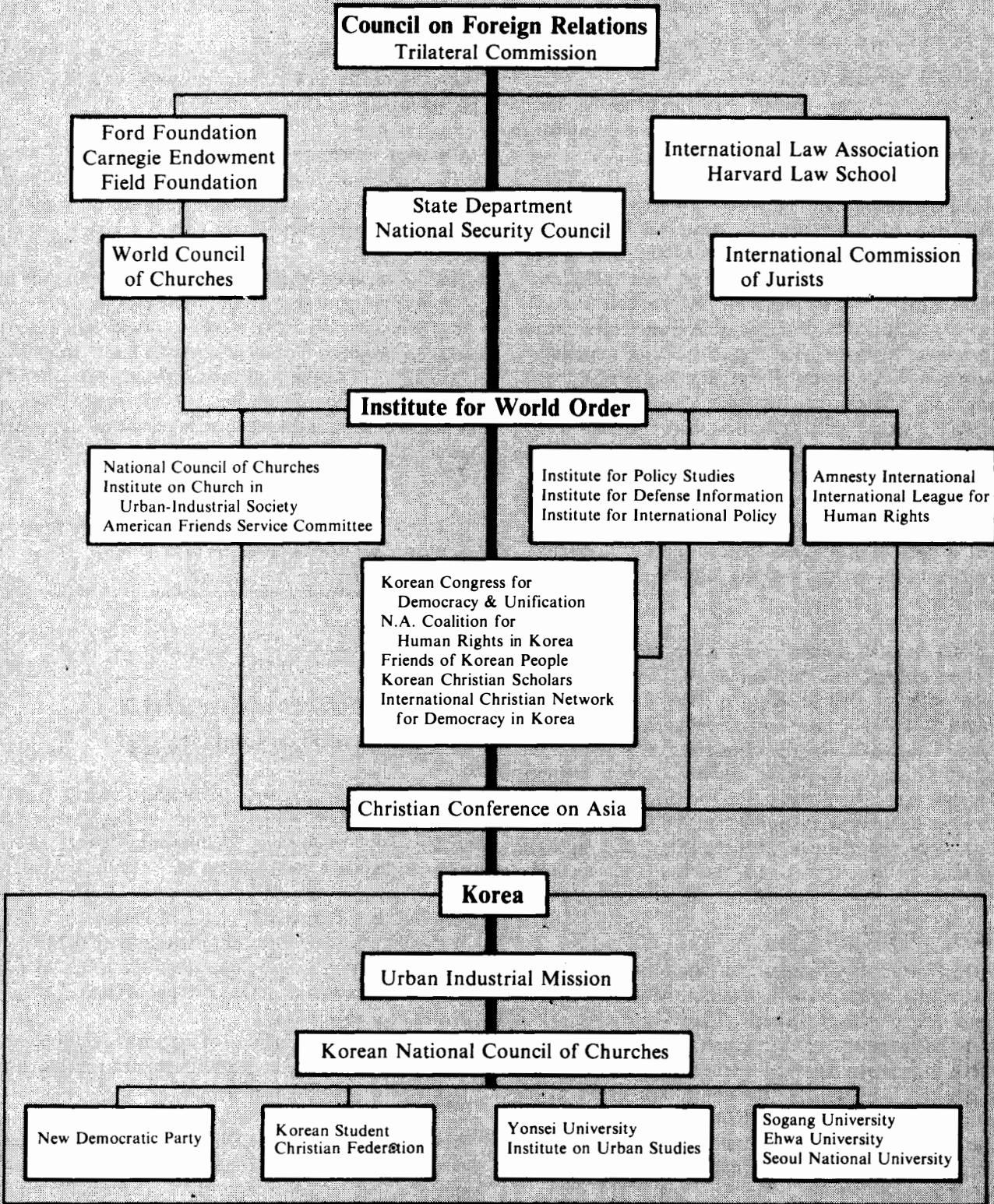
**Harvard Law School.** Basically controlled by the ILA, Harvard has a special role in the Korean operation via the East Asia Legal studies program. The leader of that program, Prof. Jerome Cohen, has used the institute for years as a base of operations against Korea, and has brought in at least three "bright" scholars to assist him in these efforts. Included are Edward Baker, who also serves as Amnesty International's Korea coordinator and who organized the Ford conference, Kim Suk-jo, and William Shaw, both research associates.

In addition, Harvard is also the base of former State Department official Gregory Henderson, who attended the Ford meeting, and former Ambassador to Japan Edwin O. Reischauer. Reischauer, a scion of missionary parents, is thought to be the controller of the entire Harvard anti-Korea operation.

**International Commission of Jurists.** The ICJ played a key role in the toppling of the Shah, and has done important work in Korea. William Butler, head of the American branch, attended the Ford meeting and is said to be one of the top controllers of the operation in Korea. The ICJ sent an "investigative" team to Korea last year, headed by former New York Bar Association President Adrian DeWind, who attended the Ford meeting.

**Paul, Weiss, Rifkind.** One of Wall Street's most prestigious law firms, Paul, Weiss is the home of Ramsey

**The chain of command in the Korean destabilization**



Clark, who was key in operations against the Shah, and Morris Abrams, who doubles as President of the Field Foundation. Field, which sent a top representative to the Ford conference, funds many anti-Korea organizations. Paul, Weiss, Rifkind also has Adrian DeWind as a partner.

### **The U.S. government**

A few of the more blatant examples of the American government involvement in the anti-Korea operation are as follows.

**State Department.** State sent two representatives to the Ford conference in New York. One was David Blake-more, Deputy Director of Korean Affairs. The Korean desk is known to be making contact with anti-Korean organizations in Washington. It is probable that this desk was responsible for leaking to Amnesty International a secret "human rights" report on Korea conducted by the State Department. The other person who attended was John Salzberg of the State Department Human Rights Division. Salzberg used to work for the so-called Fraser Committee in Congress that conducted the "Koreagate" investigation.

State is also the home of one Robert Dorr, formerly Chief of Intelligence and Research for North Korea. Dorr is rabidly pro-North Korean; he has "privately" advocated the overthrow of the Korean government on numerous occasions.

**National Security Council.** The NSC, of course, is the architect of the China card policy, and is known to be in touch with pro-North Korean organizations in the United States as a means of communication to Pyongyang. The NSC recently gained the addition of one Donald Gregg as its Korea director. Gregg, formerly CIA station chief in Seoul, gained notoriety several years ago when he told several audiences "off the record" that he thought the Korean government would be overthrown.

### **Church Organizations**

**World Council of Churches.** As mentioned previously, most of the operations run against the government in Korea use a church "cover." The World Council of Churches functions as the umbrella group for various church activities in Korea and other areas.

The WCC is basically the controlling organ of the Institute on the Church in Urban-Industrial Society, the Church Committee on Human Rights in Korea, the American Friends Service Committee, and others active against Korea.

The WCC's most important organization is the Ur-

ban-Industrial Mission. The UIM is the chief "social action" arm of the WCC in urban areas, spreading the ideology that economic growth and technology are "oppressive." The UIM, and other WCC arms, directly fund and promote terrorist activities to "halt" this "oppression."

Through these and other activities, the WCC is a chief controller of the "human rights" activist organizations concerned directly with Korea.

**Christian Conference on Asia.** This is the WCC arm in Asia, and coordinates church operations in the region. Most of the information flow from Korea to the U.S., for example goes through the CIA.

**Urban-Industrial Mission.** The UIM is perhaps the most important organization responsible for the current uprisings in Korea. The UIM, working closely with the Urban Studies center at Yonsei University, has done extensive "training" of students and others in semi-terrorist tactics of "community organizing," "labor organizing," etc. The UIM theme is that economic growth is "oppressive," which they spout to lower income brackets throughout Korea.

The many people trained by UIM and Yonsei are known to be playing key roles in the uprisings of both students and labor in recent weeks.

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## *'The same way that it happened in Iran'*

*The following are excerpts from remarks made last week by leaders of the Center for Defense Information, a Washington, D.C. think-tank. The individuals were asked to comment on the situation in Korea:*

**Admiral Gene Laroque, Director:** We are stuck in Korea. We've got 40,000 troops over there, and we're in whether we like it or not. I would hope that out of this we would have sense enough to get the hell out of there. Let's leave Korea to the Koreans.

Now we are in a position of supporting the incumbent power—supporting the people who are really going to be oppressing the Korean people.

**Gen. B. Gorwitz, Deputy Director:** You have two major forces in Korea, the people and the military. In the long run, the people are stronger than the force the military can exert against the people. This is because most of the



military—these are young draftees, not regulars—most of them are just kids from the farms. It's their people.

Many of these kids served under me. Young, bright kids, most of whom spoke English and have had two or more years of college. They have already had inculcated in them the basic tenants of democracy.

I think the more the rioting goes on, the more the Korean people are killed, the more the possibility turns to probability that the military will be overturned. Each time they kill some civilian it angers the people more, and others join the cause for human rights and liberties. This means the military has got to be harsh, and brutal in the beginning to stamp it out. If they are unsuccessful, then they loose control. And this could happen in a relatively short time. I would say the next few weeks will determine whether or not the Korean military will enforce their dictatorship on the people. And if they don't do it, they are out, because this thing just snowballs. It's the same way it happened in Iran.

There is plenty of leadership for the people of Korea, it's all over, much of it hidden. It will come to the surface as soon as the civilians become dominant in the politics of the country. I was stationed there three times, and I visited there a fourth. The last time was in 1975, invited by the Minister of Defense, visited with President Park in the Blue House. I talk regularly with the opposition people in the United States, those who visit here—and there is a large contingent here. I talk with members of the National War College since they visit here every year. I go to dinner with them, they come over to the Center.

So, I think the longing for democracy, for the removal of harsh dictatorship is a real one, and the forces to throw over the present government exist. I think it has already started. And the best place for it to have begun was down there in Kwangju, away from Seoul where there is a heavy concentration of forces. The concentration of the military forces is north of the Han River, to meet the North Koreans. Further south they have only the provincial forces, which are like National Guard. These forces are not structured for mob control, for suppressing the South Koreans themselves who are in revolt or rebellion against the central authorities. It would take paratroopers, marines, and others, who come from the northern areas, to suppress this thing. The minute they do that, however, they weaken their defense capability against an attack from the North. So the military is torn as to how to deploy forces to contain the rebellion.

Everything depends on the kind of action the military takes, the risks they are willing to take. If I were to put money on this thing, I would say there is going to be an overturn in the government. I think the pattern will be established within the next three weeks and I think the civilians will gain the upper hand.

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## 'I was on my way when Park got killed'

*The following are excerpts from remarks by Pharis Harvey, Executive Director of the North American Coalition for Human Rights in Korea.*

My reading is that a full-scale revolution in the sense of a Marxist operation is not likely. People want a return to formal democracy.

Whatever revolution comes will be marked by lots of ideological plurality, a Greek variety of ideas and confusion. It may coalesce around certain leaders like Kim Dae-jung. But what they really want is civil law and a return to the constitution.

All through the spring, there has been vast labor unrest. The church has had a program of working with the laborers, but have had access to just a few unions. Those which the church is in contact with are among those out on strike, but represent not more than 2-3 percent of those out on strike. However, the church has had a signal role in keeping labor issues alive, and those who have been through that experience are key in coordination of labor around the country. Basically, this is just springing out of a massive upswelling of feelings among the people. The Urban-Industrial Mission (UIM) is important to this.

The Church has also been very important to students, and not simply on Christian campuses.

In Tokyo, I was with the UIM as a research consultant on economic justice issues. I was working under the Christian Conference on Asia. The Korean authorities never knew I was with the UIM. We worked very carefully. I was not listed on any letterhead, I never signed anything and I always gave the New York address.

The KCIA had known me earlier, but we were fortunate that there is so much competition between the divisions of the agency that they don't share information very well. Actually, I was on my way to Korea the day Park got killed. This was a coincidence.

Our communication lines to Korea are quite informal but very well developed. They stood the pressures of the recent weeks quite well. We have more information than we can handle.

We get all sorts of reports that KCIA director Chon Doo Hwan lives in fear. His family cannot go outside at all, and he sleeps in a different house every night. He has many enemies within the country, especially within the military. Even at this moment, it is not certain they have been demobilized.





*Franz Josef Strauss*

# The Club of Rome and the opposition party

by Susan Welsh

West Germany's major opposition party, the Christian Democratic Union (CDU) is undergoing the gravest political crisis in its history. The crisis goes far beyond the simple fact that the party's candidate in October's elections for federal chancellor, Franz Josef Strauss of the Christian Social Union (CSU), is universally expected to lose to Social Democrat Helmut Schmidt: the CDU, power base of German industry since it was founded by Konrad Adenauer after World War II, is being taken over by the "limits to growth" fanatics of the Club of Rome.

Adenauer forged his party in a bitter postwar struggle for German national identity, against the factions in the Anglo-American occupation forces who wanted to dismantle German industry lock, stock and barrel. The British and their proposal even called for the mass sterilization of German males to prevent the rebirth of the German nation in any form.

Adenauer patiently but tenaciously combatted these brutal policies for twenty years, and founded the CDU on the principles of Christian humanism and industrial progress, as a vehicle for that struggle.

Today, the British are taking their revenge.

## Demoralization of the party

When the CDU suffered a major defeat in the May state legislative elections in the largest industrial state, North Rhine-Westphalia, analysts began to speak of a deep demoralization in the party. The election was taken as a bell-wether for the federal elections in October. It was apparent to all that Strauss's demagoguery was no real challenge to Schmidt's widespread popularity through-

out the Federal Republic. In fact, demoralization in both the CDU and its Bavarian ally, the CSU, has been growing ever since Strauss was named the standard-bearer for the coalition last year. Strauss is known as a right-wing extremist, opposed to detente with Eastern Europe and the Soviet Union. He secured the parties' nomination through a combination of blackmail and the failure of the CDU to put forward any candidate of stature. Since Strauss's nomination, the CDU has become increasingly fragmented, and no longer has any kind of centralized national machine. Oldline leaders with a national base have left politics or been squeezed out, making way in the federal parliament for unknowns with little national constituency and a concern only with local issues.

Two political operations are being run on this demoralized party, both under the control of the Club of Rome and allied institutions. First is a move to turn the CDU/CSU into an openly neo-fascist party; second is a more "liberal" operation aimed to coopt industrialists to support the Club of Rome policies. These two political tendencies are being run by the same people, and will probably be used simultaneously in the coming months in a "Mutt and Jeff" routine to finish off the party's traditional base.

At the CDU party congress in West Berlin May 19-20, the "jackboot" operation was predominant. As Great Britain fostered the Nazi movement during the 1930s as a battering ram against the German working class and industrialists, to have Germany strike East against the Soviet Union, so now the Anglo-Americans are creating a neofascist strike-force based on the policies of radical

environmentalism. While Strauss and his supporters hint darkly that Chancellor Schmidt has "Nazi connections," it is they and their overseas backers who are pushing the policies of a feudalist new "Dark Age" for Europe.

Strauss proclaimed the congress to be the *Götterdämmerung* ("twilight of the gods") which would see the downfall of Chancellor Schmidt—an image taken from the operas of Richard Wagner which dominated the *volkisch* mass meetings of the Nazi era. Like Hitler, whose base was among petty shopkeepers and the middle class, Strauss demagogically attacked "big industry" and its support for Helmut Schmidt. Schmidt "sits with the rich, the nobles, and the industry managers," whereas "I speak the language of the little man. . . . My father was a butcher," Strauss intoned. CSU General Secretary Stoiber charged Schmidt with fraternizing with Warburg and Münchmeyer, the backers of Hitler. And Richard von Weizsäcker, a member of the London International Institute of Strategic Studies (IISS)—a leading center of Anglo-American control—called on the party to orient itself more to the younger generation, which he said is adopting non-material values akin to Islamic fundamentalism, and is increasingly "fascinated" by the idea of a new "Dark Age."

Strauss has openly discussed the possibility of an alliance with the environmentalist Green Party to defeat Schmidt in the elections. This assault on industry and the very idea of industrial development has so disgusted leading German industrialists that the industrial federations did not even send representatives to the CDU congress, as they have in the past.

Strauss's campaign is not nationalist, but seeks to destroy republican nationalism in the German population. He also seeks openly to destroy West Germany's alliance with France for the leadership of Europe, and its ties to Eastern Europe and the Soviet Union. Strauss's concept is the "Europe of the Regions" feudalism preached by Otto von Hapsburg's Pan-European Union—a concept which is inimical to the idea of the humanist nation-state. In a speech earlier in May, Strauss demanded that Europe abandon the "egoism of the nation-states" in the interests of "culture and freedom." At the West Berlin congress, he accused Schmidt of "bringing about the super-power designs of the Soviet Union" through his "wrong, dangerous and fatal" detente policy. Schmidt's alliance with President Giscard of France is also a disaster, Strauss charged, since the duplicitous French President "tricked" Schmidt by going to Warsaw to meet Soviet President Brezhnev.

In addition to the Strauss stormtrooper operation, the CDU's "liberals" in three-piece suits are pushing a program of fascism with a slightly more democratic face. They have proposed that Strauss "improve his election

chances" by appointing an advisory team of "moderates" to soften his image as a war-monger. These CDU "liberals" include:

*Kurt Biedenkopf*, who oversaw the CDU defeat in North Rhine-Westphalia. Trained at Jesuit-founded Georgetown University, Biedenkopf is a collaborator of the Club of Rome. The Bonn Institute for Social Research which he helped to found cosponsored a joint CDU/Club of Rome conference last spring on the topic "For a Viable Future Environment."

*Walter Leisler-Kiep*, a member of the Trilateral Commission who set up Strauss's visit to the United States earlier this year. Strauss met with several members of the Carter cabinet and with thinktankers at Georgetown University to plan strategy to topple Chancellor Schmidt and destroy the European Monetary System.

*Ernst Albrecht*, a protégé of Leisler-Kiep, is described by many as the probable next leader of the CDU. Albrecht, as minister president of the state of Lower Saxony, oversaw the defeat of a Bonn program for building a nuclear reprocessing facility in his state. This has led to the stalling of virtually every nuclear power plant construction project in the country. Albrecht's economics minister in Lower Saxony is Eduard Pestel, a leading light of the Club of Rome.

The Club of Rome scenarios for the CDU can easily backfire, however, sending the industrial base of the party over to Helmut Schmidt. This has already happened to a considerable degree, as the *Münchener Merkur* newspaper pointed out May 22. Strauss's demagogic approach has created a near-rebellion in the CDU/CSU, and Schmidt's growing popularity is reaching "deep into the CDU constituency," the paper said. Even the small and medium-sized entrepreneurs from Bavaria who Strauss claims as his base are shifting over to Schmidt, since many of them are high-technology companies that rely heavily on East-West trade for their livelihoods.

But the Club of Rome and its allies have a flanking operation going in Schmidt's own Social Democratic Party, which is intended to push the Chancellor toward the "appropriate technologies" policies of the Brandt Commission. According to one scenario, if the Social Democrats win an absolute majority in the fall elections and decide to govern without their present tiny coalition partner, the Free Democratic Party, then Schmidt will become "hostage" to the party left wing of Willy Brandt, "Ayatollah" Gerhard Eppler, et al. They will force him to abandon his support for nuclear energy and high-technology Third World development, thereby breaking off his support from industry. Only if Schmidt moves decisively against these "left" policies can he rally the support of his real constituency, the workers and industrialists of West Germany.



*Soviet troops raise the flag in Berlin, 1945. Were Gabriel right about the Red Army, it wouldn't have happened.*

# 'Team B' thinks the Soviet Union lost World War II

by Susan Welsh

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Richard A. Gabriel, *The New Red Legions: An attitudinal Portrait of the Soviet Soldier* (Vol. I, \$22.50) and *A Survey Data Source Book* (Vol. II, \$40.00). Westport, Conn.: Greenwood Press. Publication date: August 1980.

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"In this century the Russian Army has collapsed seriously on two occasions," writes Robert E. Bartos, Intelligence Division Chief of the U.S. Army in his *Foreword* to Richard Gabriel's forthcoming two-volume study. "In the context of the World War I debacle, historians have generally pointed to the ineptitude of Tsarist leadership. In the second instance, the collapse of the Soviet Army against German forces in World War II, the collapse has been broadly attributed to Stalin's leadership failures. ... Dr. Gabriel has reminded us that the Soviet soldier is by no means a 'man of steel.' Thanks to this pioneering effort, Western analysts can now legitimately speculate whether the man of steel has entrails of straw and whether there are unseen fissures in the Soviet Army that would compel it to collapse under pressure—for the third time in this century."

Wait a minute! the reader wonders. The Soviet Union won in World War II ... didn't it?

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When Prof. Gabriel informed me that he would soon be coming out with the first-ever western sociological study of the Soviet Army based on interviews with Soviet soldiers, I was indeed amazed. Is the Soviet government allowing an American intelligence reserve officer to profile its troops? Imagine my surprise when the books arrived, and it turned out that the 156-item questionnaire was administered to Soviet Jewish emigres living in the United States, Canada and Italy, individuals who had served at one time in the Soviet armed forces!

Gabriel claims that his sample of 134 former soldiers who returned their questionnaires (out of 1059 mailed out) is broadly representative of the Soviet population as a whole, since Soviet Jews are quite well assimilated, and the emigres did not leave the Soviet Union because of religious discrimination or "vitriolic hatred" of the regime, but rather to find "better opportunities" abroad. Gabriel asserts that "the desire to emigrate has been largely a result of the availability of the opportunity to do so," and the only group that has been allowed to emigrate recently have been Jews: nobody stays in the Soviet Union because they want to.

Based on this sample, Gabriel depicts the Soviet Army as corrupt and bureaucratic, plagued by alcoholism and desertion, harsh living conditions, ethnic antagonisms, and with relations among soldiers and officers remote and uncaring.

The reason it is even worth considering a study whose methodological basis is as shaky as this one, is that Gabriel's books sharply reflect the dangerous misestimation of the Soviet armed forces that is now prevalent in U.S. military and intelligence circles. This misestimation is upheld in various forms by both the hawkish "Team B" crew that Gabriel represents, and by the fruitier types of the self-proclaimed "Aquarian Conspiracy," who are spending taxpayers' money presenting the Joint Chiefs of Staff with daily readings on Marshal Ustinov's horoscope. The failure to understand what makes the Red Army tick will lead this country blunderingly into a third world war, which it will assuredly lose.

Richard Gabriel has no idea what motivates a Soviet soldier to fight. Instead, he has shamelessly rewritten history (particularly the history of 1942-45) to convince the rest of us that the Soviet soldier *will not* fight.

"Usually what the Soviet soldier has historically seemed to lack is not military technique, but what might be called the 'will to fight,'" he writes. Omitting to

mention that famous World War II Battle of Stalingrad which broke the back of the Nazi Wehrmacht, *Gabriel uses the analogy of Stalingrad to show how the U.S.S.R. can be defeated in a future war:*

Victorious armies do not come apart, they do not lose coherence, and they do not desert. If Soviet plans are successful in the initial stages of confrontation, or even carried out in rough approximation to their expected schedules, Soviet units can be expected to fight well. All victorious armies do. But, as in Central Europe, if their plans, schedules, and timetables can be derailed, expectations frustrated, and, most importantly, the level and tenor of battle stress increased as a situation of *rattenkrieg* [rats' war—ed.] develops with all the fury of the Stalingrad variety of house-to-house urban fighting in which high casualties are taken and the full horrors of conventional war are brought home to the troops, then the stress on the few supports that contribute to the cohesion of Soviet troops will so increase that they will no longer stand. Under these conditions, it is reasonable to expect that Soviet units will crack far more easily than heretofore expected. Consequently, the key to defeating the Soviets might be to delay them, increase battle stress, and let the major systemic failures of the sociology of the Soviet small unit work their inevitable way. Under these conditions, Soviet units cannot be expected to remain highly cohesive or fight effectively.

Gabriel believes that small-group interactions are the key to an army's fighting spirit. This is the conclusion of thirty years of profiling conducted by Britain's Tavistock Institute and its American affiliates; it is emphatically rejected by the Soviets, however, as detracting from what they call the "ideological" basis of morale. Gabriel asserts that Soviet soldiers do not consider ideology an important motivating factor, and that therefore Soviet efforts to maintain unit cohesion on this basis are a failure.

But "ideological training" does not mean that the Soviet conscript is expected to charge into battle reciting Karl Marx's Law of the Falling Rate of Profit! It means a combination of patriotism and cultural and political maturity, or, as a Soviet publication cited by Gabriel puts it: "Courage, bravery, and heroism can be displayed by soldiers on a mass scale and can become a standard for behavior only if they are linked with noble ideals, with the conviction that the purpose of the army and its war aims correspond to the interest of the people and the genuine interest of the country." (It is interesting to note that Gabriel's study provides no information on the specific content of Soviet military "ideological training" sessions.)

The chief factor that modern armies have used to bribe. In one question, he asked the former soldiers which of five motivations is most important in getting a soldier to fight well (ties to one's comrades, belief in ideology, etc.)—yet no choice reflecting patriotic motives was provided. A sample of individuals who have emigrated from their homeland would naturally be expected to be less patriotic than their compatriots who remained behind. Nevertheless, several of his emigre respondents who had served during World War II chose to "write in" a 6th response: that with the country at war there was no alternative: one either killed or was killed. "Clearly," Gabriel comments, "these respondents misunderstood Russian history and the history of other Western armies. In combat, there are clear alternatives, one of which is flight!" That the Red Army did not take this option in World War II does not seem to cross Gabriel's mind.

The Soviet "will to fight" is by its very nature not particularly evident during peacetime. The problems which Gabriel's study reveals—harsh living conditions, alcoholism, bureaucratism, lack of initiative—do certainly exist in the Soviet army, as in the country at large. They have existed in Russia for 200 years, and continue in the difficult and constricted environment of the U.S.S.R. today.

But the Soviet Union with all its problems remains committed to principles of industrial scientific and technological progress for the benefit of the population. This national purpose has won the allegiance of the majority of that population, despite grumbling at the continuing hardships.

Gabriel admits, with greater honesty than displayed elsewhere throughout his work, that the Soviet Union has rejected the western concept of a "postindustrial society," with its attendant emphases on "quality of life," "small-group interactions," systems analysis, zero growth, and "new organizational forms" in the armed forces. No "consciousness-raising," sessions or computer-simulated "limited nuclear war" scenarios in the Red Army! The traditionalist Soviet army—which Gabriel calls "an anachronism"—reflects the continuing industrial development of Soviet society at large. "Stressing as it does control and ideology, it must inevitably resist any movement toward postindustrialism ... [It is] highly unlikely that the Soviets will move toward a postindustrial era in the next decade, or even by the turn of the century."

Gabriel asserts that the failure of the Soviet Army to adopt "postindustrial" norms and particularly cohesive "small-group relations" will lead to its disintegration on the battlefield. Until, that is, he looks at the Red Army's most likely opponent: the United States Army. Then he panics! As he admitted to a colleague recently, "the quality of the soldier, man for man, has no comparison between us and the Soviets. Put 16 of their soldiers in a room with 16 of ours, and they'll beat the shit out of us."

## The devolution of Algeria

*Since the passing of Boumedienne, this north African nation has become a playground for the 'Stone Ages' crowd.*

**F**ormer President Ben Bella of Algeria, who was overthrown by coup d'etat in 1965 and has since been under house arrest, is being revived by London as a symbol of political disaffection in Algeria.

Ben Bella, who emerged as president in the years after Algeria's independence in 1962, is known as an advocate of small-scale industry and Yugoslavia-style "self-reliance" in economics, a strategy that was reversed in favor of heavy industrialization and oil technology when Houari Boumedienne took power in 1965.

Now, under President Chadli Benjedid, that strategy is again being reversed in favor of World Bank-authored programs for making Algeria into a model of deindustrialization.

Recently, Ben Bella—who is still confined to his house and supposedly unable to meet with visitors—held a meeting with Ken Coates of the Bertrand Russell Peace Foundation. Coates and the Russell organization were instrumental in the British operation that toppled the Shah of Iran and put into power the Khomeini regime.

Coates was immediately taken into custody by Algerian security officials who, however, did not explain how Coates could have gotten to see the heavily guarded Ben Bella. His visit was an indication that forces behind Ben Bella were willing to violate strict security laws to bring about the meeting.

At the same time, the Amnesty International organization has made the Ben Bella case a cause célèbre, rallying the Geneva-based human-rights mafia to support his case. It was Amnesty International, working with the Russell group, that started the movement against the Shah in 1977.

The same Amnesty International is now heavily involved in the destabilization of Korea, in the service of the British and American governments' 'China card' policy.

According to Arab sources, the Ben Bella case is being used as a symbol to rally Algerian dissidents against the remnants of the old regime. Leaders of Algeria's early-1970s industrialization drive have been purged by the new regime, including Belaid Abdessalam, the former minister for heavy industry, and Said Ahmed Ghozali, the head of Algeria's petroleum and gas company, Sonatrach. Now, Sonatrach has been dismantled and broken down into four separate small entities.

Further, it is expected that the next Algerian Five Year Plan, to be released soon, will make the final, formal break with the program developed by Abdessalam under Boumedienne. Algeria, now a leader of the price-hawks in OPEC, is thus a tool of the Brandt Commission's effort to capture Arab petrodollars for "appropriate technology" projects that will enforce backwardness throughout the Third World in the

way the new regime is doing to Algeria itself.

The battering ram to ensure that Algeria maintains its course of anti-industrial policies is the threat of riots and separatist movements by the Muslim Brotherhood, which runs Iran, and by the Berber tribal minority. Recently, riots against the government broke out in the Berber-populated Kabylie region. For years, the Kabylies have been a source of trouble in Algeria and have kept their ties with especially British intelligence.

The Kabylie troubles follow recent riots by the Muslim Brotherhood, which—since the Iranian revolution—has gained influence in the Algerian student population. Libya is suspected of sponsoring some of the movements in Algeria, in the south and east of the country in particular.

Earlier this year, widespread riots reportedly led by the Muslim Brotherhood broke out in several towns in central and southeast Algeria, including along the border with Tunisia and Libya, where Libya's Col. Qaddafi is said to have built up an important influence. The Libyans, together with fundamentalist Muslim groups in Cairo, have established a network of mystical cultists of the Sufi variety in that part of Algeria, many of whom listen to pirated cassette tapes of Egyptian fanatic Sheikh Kishk.

The leaderships of these movements are said to collaborate with student groups at several of Algeria's universities. They were bolstered during the ill-advised campaign to restore Arabic—as opposed to French—as chief language in Algeria, a move that strengthened all radical and fundamentalist sects in the country.

## A Second International trap

*Willy Brandt and Co. did their best to rope López Portillo into Brandt Commission versions of a "new international order" with the help of Mexico's foreign minister.*

**D**uring President López Portillo's trip to Europe last month a faction in the Mexican government led by Foreign Minister Jorge Castañeda made substantial progress in their efforts to link Mexico with the policies of Willy Brandt's Second International. In between López Portillo's meetings with French, German and Swedish government leaders on the crucial question of war-avoidance and economic development, Castañeda maneuvered to set up "unscheduled" meetings between the President and Second International leaders Willy Brandt, Austrian Chancellor Bruno Kreisky and Sweden's former Prime Minister Olof Palme.

High level diplomatic sources in Mexico have told this correspondent that in fact the Mexican Foreign Minister's sympathies toward the Second International go far beyond a mere ideological flirtation. In his efforts to highlight the world significance of "social democracies" such as Germany and Sweden, Castañeda downplayed Mexico's ties with "conservative, Gaullist" France to the point of deliberately withholding the approval of two major Franco-Mexican agricultural deals. It was only after other government ministries demanded the approval so President Giscard and López Portillo could sign them in Paris, that the Foreign Ministry finally gave the green light. Other ministries

involved in the preparation of López Portillo's trip are known to have added this onto their list of "mistakes" which merit Castañeda's ouster.

From all indications, Castañeda's faction organized a group of Mexican journalists to give the Mexican public the impression that the President's successful trip was a result not of his discussions with France's Giscard and Germany's Schmidt, but his encounters with the "more liberal," "pro-Third World" Social Democracy. For instance *Excelsior's* Manuel Buendía, a journalist known to be associated with the radical Jesuit "Theology of Liberation," reported from Europe that after the "heavy Gaullist" politics of Paris, the meeting with Willy Brandt in Bonn was like a "fresh breeze from the Rhine" for the Mexican President.

The Social Democracy's intense courting of López Portillo aims to convince him to throw Mexico's international prestige behind the report of Brandt's so-called Independent Commission on International Development Issues.

The "Brandt Commission" report proposes a strategy of "appropriate technologies" for the Third World, as well as a replacement of the principle of national sovereignty for a zero-growth "one world" government.

In a meeting May 21 in Bonn,

both Brandt and Austria's Kreisky tenaciously tried to convince the Mexican leader to agree to have Mexico host a heads of state summit to discuss the Brandt Commission report. Brandt promised to promote López Portillo's global energy plan in return.

Although López Portillo indeed gave credibility to Brandt's "North vs. South" strategy—both by meeting with him and Kreisky and by tolerating Castañeda's antics, the Mexican leader's statements on the Brandt Commission report clearly show he is by no means ready to endorse it fully. While Brandt emerged from the meeting with López Portillo telling the press that the Mexican President had agreed to have the summit meeting in Mexico sometime in January or February next year, López Portillo said "we must handle this matter cautiously." A few days later in Sweden, he stressed that the Brandt report has "some of the things" that need to be discussed, but not all. International discussion cannot just take place in its framework, he stated. He made no mention of the proposed summit.

The strong protechnology tendencies López Portillo has shown during his term totally contradict the Malthusian approach of the Brandt Commission. López Portillo has definitively identified nuclear as the energy source of the future. The Brandt Commission, however, favors "soft" technologies. In fact, Brandt intimate and former Swedish Prime Minister Olof Palme, proudly told the press this week that it was thanks to his efforts that the Brandt Commission had eliminated any support for nuclear energy in their report.

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# International Intelligence

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## Latin America

### *Lopez Portillo blasts "Common Market" idea*

Mexico's President José López Portillo has officially rejected the idea of a "North American Common Market" between the U.S., Canada and Mexico. During his just-concluded state visit to Canada two days ago, López Portillo told the Canadian Parliament that "the creation of such an entity would inevitably hinder our industrial development and condemn us to perpetually extracting and exporting raw materials for their consumption by more advanced societies."

López Portillo included his rejection of the "common market" in the joint communiqué with Canadian Prime Minister Pierre Trudeau at the end of his visit yesterday. Such a common market, the document states, would "endanger Mexico's sovereign right to decide its own economic policy." Mr. Trudeau stated in the same communiqué that Mexico-Canada relations would be best served through direct, bilateral negotiations.

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### *Nicaraguan shake-up strengthens IMF hand*

The appointment of two members of Nicaragua's private sector to that country's governing junta on May 18th, temporarily resolved the most serious crisis in the shaky government coalition since its formation almost a year ago. The crisis had been provoked by businessman Alfonso Robelo who resigned from the junta in early May calling on the country's private sector to pull out support for the new government because of

growing "Soviet influence" in the government. Robelo took this step immediately upon return from a "private" visit to Washington.

The new appointments however, strengthen the hand of the Jesuit faction within the government and relations with the austerity advocates of the International Monetary Fund. Arturo Cruz is the key man appointed. Cruz, head of the Central Bank and in charge of debt renegotiations with international financial institutions until his promotion last week, is a monetarist, with many years experience in the InterAmerican Development Bank, Latin America's mini-"IMF." Cruz's other "qualifications" include two degrees from Georgetown University, the Jesuit institution most familiar for the name "Henry Kissinger." Cruz supports an autarchial, labor intensive agriculture-based economy for the country, along with more "radical" Jesuits within the government.

Washington immediately responded to the news of the appointments with the passage of a \$75 million credit for Nicaragua by Congress, following several months of stalling.

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## Europe

### *Offroy says U.S. threatens world war*

French Ambassador Raymond Offroy was interviewed yesterday by the *Journal du Parlement* on the thesis he had earlier presented in an article he authored for *Le Monde*. His hostile interviewer, citing the *Le Monde* piece, asked how he could accuse the U.S. of provoking war.

Offroy responded that his insights had come "from a recent trip to the United States," which was then followed

by the failed rescue attempt of the hostages. Reiterating the thesis he had put forward in *Le Monde*, Offroy stated that the rescue plan had never been meant to succeed; that the U.S. attitude to Europe is one of dictatorship, and that the policy of the "peanut brigade" in the White House is in fact one which inherently threatens the world with the danger of another global war.

This may not be the explicit policy of the White House policy makers, he said, but war will nonetheless be the inevitable result of their program. Citing the rapidly deteriorating international situation, Offroy warned that a Sarajevo may be just around the corner. U.S. policy, he said, has lost its basis and stability.

On U.S. relations with China, he warned that a Chinese-U.S. alliance would surely lead to World War III because the Soviets could never accept such an alliance. Zbigniew Brzezinski, he said, who is now responsible for policy, is even more dangerous and deranged than was Henry Kissinger.

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### *Warheads for Britain's Trident missile in jeopardy*

Skilled manpower shortages at Great Britain's top-secret Aldermaston Atomic Weapons Research Establishment mean that key weapons programs may be jeopardized, according to a confidential report prepared by the British Defence Department. The laboratory is working on warheads that would be installed on the new Trident submarine-launched missiles which Britain is expected to purchase from the United States, to replace the aging Polaris-Submarine Squadron.

The House of Commons Select Committee on Defence will start its in-



investigation into the Polaris replacement in the next few weeks. But according to a report in the May 20 London *Times*, the Aldermaston lab may be able to provide the warheads on time. Aldermaston is 59 percent short of the health physicists required to ensure the safety of its processes and plant. The shortage of safety experts is due to low pay and dangerous conditions: the government offers salaries which are £3,000 to £4,000 less than the private sector. In addition, reports of high concentrations of plutonium in the Aldermaston lab has led to a decline in staffing overall.

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## Middle East

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### *Khomeini tells parliament to spread revolution*

Iran's new Islamic parliament—dominated by the right-wing fundamentalist clergy—convened May 28 with a reading from the Koran and a message from Ayatollah Khomeini. Read by Khomeini's son Ahmad, the message exhorted the members of parliament to remain loyal to the Islamic revolution in Iran and to "promote it to other countries in the world."

It is the new parliament that is to decide whether or not to free the U.S. hostages. The terrorists holding the Americans at the U.S. embassy in Tehran have said that a parliamentary decision in favor of freeing the hostages must be accompanied by an "acceptable reason." The Islamic Republican Party—the dominant force in the parliament—is restating earlier threats to put the captives on trial.

Meanwhile, Iran's internal situations have been resumed, with more than 50 persons killed by court order over a recent six-day period. All of those killed were involved to

varying degrees in efforts to topple the Khomeini regime. Kurdistan is especially tense. President Bani-Sadr has dispatched the new commander of the Revolutionary Guards to Kurdistan to lead the battle against the Kurdish rebels.

A purge is also being planned for Iranian universities. The education minister has proposed the closing of all universities for the next two years, during which time they will be completely purged of all anti-Khomeini dissidents.

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## Asia

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### *India in huge arms deal with Soviet Union*

India announced yesterday the signing of a \$1.6 billion arms purchase from the Soviet Union, in what amounts to the largest single arms deal ever concluded by New Delhi. The package specifies interest payments of 2.5 percent per year payable over a 17-year period.

The deal is a dramatic political statement by both India and the Soviet Union regarding the increasingly tense atmosphere in South Asia. China continues to back separatist rebels in Assam in the Northeast of India. The United States continues to conduct a "show of force" in the Indian Ocean and Persian Gulf. And Pakistan, together with Iran, continues to fully back rebels against the government in Soviet-occupied Afghanistan. These situations, in both Indian and Soviet eyes, are linked strategically by the China card and the "arc of crisis" policies of the United States. By signing such a large arms deal, India and the Soviet Union have stated they will remain friendly in war or peace.

The Soviet Union is also providing heavy water to India for use in nuclear power plants.

## Briefly

● **ENRICO BERLINGUER**, Italian communist leader, speaking in Venice May 27, launched a first stinging attack against the international environmentalist movement and its elite global leadership. Singling out individuals such as Prince Bernhard of Holland, Berlinguer said the environmentalists were "liars" whose sole aim was to "return the world to the Stone Age."

● **29 IRANIANS** were executed last week by Ayatollah Khomeini, known as the "Blood Judge," for their alleged involvement in drug dealing, but it had nothing to do with drugs. According to informed Iranian sources, the 29, a good portion of whom were military men, comprised a relatively moderate faction centered around Admiral Madani and opposed to Khomeini's excesses. Madani was President Bani-Sadr's choice as Prime Minister, and was blocked from assuming this position several weeks ago by the extremist clergy.

● **LA NOTTE**, the Italian newspaper, headlined its May 29 edition "Is the Cossiga Government on the Verge of Collapse?," following reports that Prime Minister Francesco Cossiga has been formally accused by the Italian magistracy of having cooperated in the escape of a wanted terrorist leader. The accusation was raised by Turin Judge Caselli, who alleged that Cossiga, together with his Interior Minister, had warned Senator Donat Cattin that his terrorist son was being sought by the police.

● **THE CONFEDERATION** of British Industry's latest report warns that "it will be increasingly rare for companies to enjoy satisfactory and adequately profitable levels of activity."

## The long arm of FEMA: a 13-state dictatorship

by Kathy Burdman

The Federal Emergency Management Agency (FEMA) has set up a financial dictatorship over the dozens of disaster zones now proliferating across the United States. The FEMA operation is modeled on the austerity policies of the International Monetary Fund, which has reduced the populations of Asia and Africa to starvation through its stringent control over international credit.

Documents uncovered from recent congressional testimony on FEMA operations in the flood-and-hurricane-stricken U.S. Virgin Islands and Puerto Rico reveal that FEMA, like the IMF, exercises strict "conditionality" over all economic programs in disaster and potential disaster areas. Cities and states must carry out whatever economic austerity measures FEMA dictates "as a condition for any federal loan or grant" by FEMA. If FEMA's conditions are not met, relief funds are withheld and the population is left to fend for itself.

### Where FEMA operates

FEMA is applying this economic straitjacket in each of the dozen states into which it has moved during the past few weeks. With President Carter's declaration May 23 making the entire state of Washington a Federal Emergency Area in the wake of the Mount St. Helena volcano eruption, FEMA has taken effective control over an entire state government for the first time since it was established in April 1979.

Speaking of Robert Stevens, the FEMA official who

has been appointed Federal Coordinating Officer for Washington State, a FEMA source said yesterday, "He has sole and total federal authority in the area. Under federal law PL-93-288, the President has appointed him with total control over all federal activities. He can ask anyone to do anything, go anywhere, requisition anything, military-style. If he wants a C-140 transport plane, he gets it. If he tells some general to get the hell out of there, the general gets the hell out. He has very centralized control."

During the past few weeks, FEMA has extended its long arm nationwide. FEMA's complete control over the U.S. Air Force, Marine, and National Guard processing of the more than 80,000 Cuban refugees flooding into Key West, Florida has been extended to the military sites to which FEMA is relocating the refugees—areas as farflung as Ft. Indiantown Gap, Pennsylvania; Ft. Chaffee, Arkansas; and Ft. McCoy, Wisconsin. During this same period, FEMA has taken control over Niagara County in upstate New York's Buffalo region, site of the Love Canal chemical spill controversy; Cameron County, Louisiana, site of the Lake Charles floods; as well as tornado areas in Michigan and Missouri. The Carter administration has declared all of these "Federal Disaster Areas."

FEMA Director John Macy, Jr., in an interview with the *Washington Star* May 26, used what he called this "convergence of a number of major disasters" to call for

an increase in FEMA's annual budget from its current congressional allocation of \$120 million in fiscal 1980, to over \$725 million. FEMA "has called for two supplemental appropriations to handle the calamities," the *Star* reports.

### 'Contingent upon receipt'

FEMA's close coordination with the National Guard in all disaster areas, which has included joint FEMA/Guard operations also in the Cuban refugee case, makes especially plain the military character of FEMA's economic demands.

FEMA's conditionality policy is spelled out in a series of letters and documents written by Brigadier General Joseph E. Burke, Territorial Coordinating Officer of the Virgin Islands National Guard, as part of the 1979 "Disaster Mitigation Plan" for the Virgin Islands, submitted to early May House Appropriations Committee hearings. As the appended letters make clear, a "Hazard Mitigation Task Force" was set up under FEMA and the National Guard which wrote an entire economic program for the Virgin Islands. FEMA had to be satisfied that the Islands' economy was made safe for disasters before they occurred.

This meant that a whole program for "safe land use," "construction practices," and the general economy of the islands such as the location of industry, had to be submitted for FEMA's approval. As the documents state, "The full disbursement of disaster funds by FEMA is contingent upon receipt" of these plans to FEMA's specifications.

Other documents submitted to the House Appropriations Committee at the time by U.S. Resident Commissioner of Puerto Rico Baltasar Corrada make clear that in return for a mere \$38 million in federal disaster assistance aid due Puerto Rico, wracked by Hurricanes David and Frederick during past months, Puerto Rico has enacted a similar program, "complying with all the administrative requirements to obtain the necessary funds."

FEMA Director Macy, in his *Washington Star* interview, also explained that FEMA reserves the right to withhold disaster aid from areas whose economy it does not wish rebuilt, much as the IMF has withheld all international financing of food and vital necessities, as well as industrial reconstruction aid, from countries such as Cambodia, Zaire, and scores of others whose populations have been left to die. The center city ghetto of Miami, razed in the recent race riots, will not be rebuilt, FEMA has decided; just as the inner cities of Detroit, Watts, Los Angeles, and Harlem, New York have been deliberately left to die after the riots of the 1960s. The Miami inner city "will not qualify for designation as a disaster area," Macy stated.

## Thousands relocated by FEMA's latest eruptions

**Cuban refugee relocation:** Over 80,000 Cuban refugees, at the rate of 2,000-3,000 per day during the month of May, have been arriving at Fort Walton Beach and other U.S. military bases near Key West Florida, from which they have been flown as far west as Ft. McCoy near LaCrosse, Wisconsin.

Tom Casey has been appointed Federal Coordinator and is in Miami with a huge team of FEMA workers. This team includes a large number of "FEMA Reservists," a source said, "volunteers who have been recruited by FEMA before to work on emergencies and like it. We recruit these people through CETA programs, through state employment offices—anywhere, as long as they're bilingual."

The "FEMA Reservists" are the likely agitators who have caused a mass outbreak of riots in every camp, foreshadowing the need to eventually bring FEMA control into entire areas of Florida, Arkansas, Pennsylvania and Wisconsin to "maintain order."

**Volcano in Washington:** In Washington FEMA head Robert Stevens has total control. Stevens was hurriedly moved up to Washington from his post in San Francisco, where his California FEMA team not so coincidentally had just completed during April a full-scale simulation of a massive 8.3 Richter-scale earthquake in San Francisco and Los Angeles and entire populations relocated to the surrounding areas. Stevens may soon get control over areas of Idaho and Montana where ash is spreading.

In Washington, FEMA has complete control over all the operations of the U.S. Geological Survey, the Department of Transportation, the Department of Agriculture, and the Department of Housing and Urban Development.

**New York's Love Canal:** In Niagara County, New York, FEMA Region II, New York State Director Rita Meyninger, who ran the New York City transit strike this spring, has been appointed federal coordinator for the Love Canal disaster.

Love Canal, where the residents assert that the Hooker Chemical Company dumped carcinogenic chemical wastes, was one of the earliest sites of FEMA's relocation efforts. FEMA relocated the 239 families closest to Love Canal early last year. Up to 2,000 families may eventually be relocated.

# FEC scrambles to deny LaRouche new matching funds

The Federal Election Commission is now preparing to join the months-long campaign of Carter, Kennedy, the national television networks and major newspapers, *to disenfranchise all Democratic voters in the state of Michigan.*

The liberal Commission, a pet project of Common Cause, was ostensibly established to root out corruption in federal election campaigns and to prevent big money from determining the outcome of elections by providing federal matching funds. Now, however, the Commission is on the brink of claiming that the 65,000 Democrats who voted in the Michigan Democratic presidential primary, and whose votes are sufficient to make Lyndon H. LaRouche the first presidential candidate in history to requalify for matching funds by winning 20 percent of the votes cast for all candidates, do not exist.

LaRouche won 26.2 percent of all votes cast for candidates. The Michigan Board of Canvassers has already determined not to certify any votes for Jerry Brown since he had already withdrawn from the presidential race. In that case, LaRouche will have won more than 80 percent of the votes cast for all candidates.

## Looking for an out

Although sources within the Federal Election Commission report that, with regulation books open, general opinion runs 3 to 2 that there is no way the FEC can avoid requalifying LaRouche for matching funds, the Commissioners themselves, along with their lawyers, are looking for a way out. That way—according to the same sources—is simply to claim that the Michigan primary did not exist, that it “was not a real primary.”

The Commissioners, while apparently not particularly knowledgeable of the law, are in “good” company—right along with the national news media and, in good nonpartisan fashion, the Democratic State Committee. As the accompanying grid of commentary by the press makes clear, an Orwellian “truth is lies” campaign has been launched to disenfranchise the 65,000 voters and to give the Federal Election Commission the

environment they would need to get away with such an outrageous scheme.

LaRouche did more than simply requalify for federal matching funds. He also won more votes in the primary election than were cast for either Carter or Kennedy in the tightly controlled charade of Democratic county caucuses held in the month of April. It is the entire set of circumstances—including the fact that LaRouche’s victory entitles him to a significant chunk of the Michigan delegates to the Democratic National Convention—that has driven LaRouche’s enemies one step beyond their usual disclaimer (also voiced by Henry Kissinger on occasion): “LaRouche doesn’t exist.” Now these same election manipulators are claiming: “65,000 Michigan Democrats don’t exist.”

## ‘Don’t vote ...’

The Michigan Democratic State Chairman, Olivia Maynard, also claimed the primary didn’t exist. She issued a press release urging “Don’t vote on May 20th ...” This statement was characterized by the Michigan State GOP Chairman as “unheard of ... a statement like that just blows my mind.”

Maynard claims that the April county caucuses, where 16,000 Democrats (one half of one percent of all Democratic voters in Michigan) were dragged through the inquisitorial terror of an “election” that forced each voter to put his name and address on the ballot—along with the name of “the candidate of his choice”—were the real elections. Any other election, she avers, is unconstitutional!

Apparently, a CFL spokesman opined, Maynard, Detroit Mayor Coleman Young, and the United Auto Workers political hacks from Solidarity House were unable to line up sufficient paid, cowed voters to permit control of a primary election in a state where almost half a million people have lost their jobs due to Carter economic policies within the last six months. Or, he said, it might be more charitable to assume that Chairman Maynard, heiress to a family fortune gained in a business

that prides itself on its "open shop," felt more confident that her carefully selected 16,000 voters were truly able to "vote their choice" when she was able to check over the ballots later to see who had voted for whom!

Nonetheless, most Michigan Democrats did not let themselves in for that kind of treatment. They stayed at home, planning to register their choice in the May 20 primary election. State Democratic party officials then organized a legal attack on the primary, attempting to cancel it. Repelled in the courts, they turned to the press.

Local press obliged, alternatively advising that the primary was meaningless, voters should stay home; and urging, as the *Detroit Free Press* did, that voters *must* ensure LaRouche did not get 20 percent by voting for Brown or writing in Carter.

Democrats arriving at the polls were greeted by election officials urging them to write in Carter or Kennedy. Some did—3 percent. The rest, voting either LaRouche or uncommitted, made it clear they wanted a candidate capable of being president.

The results did not sit well with the press, which finds its well laid scheme for running an election to destroy American democracy gone awry. That accounts for the national networks' refusal to recognize the existence of a primary they wish never happened. It is less clear the Federal Election Commission will survive taking the same course.

## News . . . or Newspeak?

### Before the primary

*Press statement of Olivia P. Maynard, Michigan State Democratic Party Chairman:*

"Don't vote on May 20 ... Instead write a letter to Governor Milliken saying you want a fair and responsible primary."

*Detroit Free Press, May 16:*

"Alert: Lyndon LaRouche could win your money: Democrats should write in Carter: ATTENTION: Democrats and independents. This is a full alert. It is not a drill. Please take seriously what you are about to hear. Repeat: This is not a drill. ... Gov. Brown is no longer campaigning for the presidency. Mr. LaRouche is, and he hopes to gain hundreds of thousands of dollars in federal matching funds by winning 20 percent of the vote Tuesday. ... We suggest ... that those who take Democratic ballots Tuesday vote for Gov. Brown or write in their preferred candidate, in order to block the unworthy pretensions of

Mr. LaRouche and save our tax dollars. Writing in a name is not difficult. Officials at the polls can tell you how."

### Early news reports

*ABC Television News:*

"There was no Democratic Party primary in Michigan today."

*NBC Television News Special. David Brinkley:*

"There was only one Democratic Party primary today, in Oregon ... There was no Democratic primary in Michigan today."

*CBS Evening News:*

Omitted any mention of the Michigan primary.

*NBC Evening News:*

Omitted any mention of the Michigan primary.

*Associated Press (15 wires were issued):*

"There was no Democratic party primary in Michigan."

*CBS National News (late edition):*

"There was no Democratic primary in Michigan."

*Reporter at CBS local affiliate, New York (refused to identify himself):*

"Are you sure you heard the anchorman say there was no Democratic primary?" After confirming the anchorman had said it by listening to a tape, the reporter rationalized: "Technically there was a primary, but it does not count, it's a beauty contest. The delegates were already chosen for Kennedy and Carter. ... If you're giving me a lecture on politics in the U.S., don't. We [deal subjectively] with the news every day and we do it rather successfully I think."

### Late news reports

*CBS-TV News Election Wrap-up:*

"In the Democratic primary in Michigan, uncommitted was the clear winner with Jerry Brown getting his share of the votes and Lyndon LaRouche getting some votes."

*CBS Network Radio:*

"There was a Democratic primary in Michigan, but it was not for delegate selection. The delegates for Kennedy and Carter have already been chosen in caucuses. Neither of them were on the primary ballot. Only Lyndon LaRouche and Jerry Brown were on the ballot. The primary was a beauty contest..."

"And guess who won in Michigan—uncommitted. LaRouche didn't even get enough votes to requalify for matching funds."

## **P**roxmire proposes federal reserve oversight on commodity trading

Sen. William Proxmire (D-Wisc.) introduced legislation into the Senate Committee on Banking, Housing, and Urban Affairs May 14 to regulate the trading of the futures market. The legislation, S.2704, would give the Federal Reserve Board authority over futures trading. The Federal Reserve Board would be empowered to establish margin requirements against loans to be used for financing purchase of a financial instrument, including futures contracts. Under the Proxmire bill, the Federal Reserve Board could also prescribe the amount of the deposit to be furnished and maintained by investors in futures contracts involving financial instruments.

The latest legislation proposed by the chairman of the Senate Banking committee adds to the Fed's already expanded powers of control over the economy. It was Sen. Proxmire, along with his House counterpart Rep. Henry Reuss (D-Wisc.), who worked hard for the passage this year of the Omnibus Banking Bill. That bill gave the Federal Reserve Board control over nearly all U.S. banking.

Sen. Proxmire is hoping that the fears generated by the silver market crisis of several weeks ago involving Herbert and Bunker Hunt will create a climate that will allow for speedy passage of the bill. The Senate Banking Committee, which has been holding hearings on the silver market transactions, will hold hear-

ings on Proxmire's regulatory proposals on May 29 and 30. Among those testifying May 29 will be Federal Reserve Board chairman Paul Volcker, Comptroller of the Currency John Heimann, and the head of the Securities and Exchange Commission. On May 30 a number of banking executives will testify, as well as the executives of the Chicago and Kansas City Boards of Trade.

## **B**udget tilted to defense passes conference

Congressional budget conferees agreed on May 21 to a \$613 billion balanced budget tilted heavily to the Senate's demands for a major boost in defense spending. On May 27 President Carter announced that he would oppose the compromise. "We cannot afford to slash those (domestic programs) too deeply and add money to a budget for defense, which is more than we actually need," the President said.

Carter's announcement will only serve to deepen the problems the compromise faces in the House of Representatives. Five liberal and moderate Democrats from the House Budget Committee had voted against the compromise in the budget conference, although conference votes are usually unanimous. Rough going was expected in the House on the basis of the conference vote, even before Carter made his announcement.

The major point of controversy is the conference committee's decision to allot \$154 billion for defense

spending, an increase of \$3.2 billion over Carter's March request. All other nondefense spending was cut by \$4.8 billion.

A House vote is expected during the last week of May. If the House defeats the defense-oriented compromise, problems are ahead for the conference committee. It would then be called to try to reach another agreement. The Senate is not expected to budge from its position.

## **T**ruck dereg passes house committee

"This bill passed the conference committee and was signed by the President before it even got out of the subcommittee," one congressional aide declared about the trucking deregulation legislation that sped through the transportation subcommittee and the public works committee just before Memorial Day. The bill's mark-up in subcommittee and full committee was proforma, since the American Trucking Association, which had made efforts to oppose deregulation, the House and Senate Committee staffs, and the White House had worked out a "compromise" agreeable to all in the days and weeks before the mark-up took place.

The "compromise" was reached, however, under blackmail by the White House and the Interstate Commerce Commission. The White House had threatened to veto any bill that did not deregulate extensively and thereby leave the

industry to the mercy of the Interstate Commerce Commission, which is for deregulation.

The fundamental issues, whether entry into trucking would continue to be open or regulated, was never in doubt, and the House committee rubber-stamped the Senate decision to open up entry. The ATA bargained for a few concessions, and is now trying to sell the results as a "victory" to its shocked membership.

The International Brotherhood of Teamsters has settled for even less. They received a pledge from the Secretary of Labor to study the effects of deregulation on employment of unionized workers. As this magazine has detailed in a special report on deregulation, union jobs would decline severely.

The legislation is expected to go to the House floor the first week in June. Easy passage on the floor and in conference is almost a certainty.

## **H**ouse armed services committee to review all-volunteer army

Sometime during the week of June 9 the House Armed Services Committee intends to kick off a probe into the all-volunteer army. The hearings were prompted by congressional concerns that U.S. Army recruitment is in severe trouble, concerns raised last week at House Armed Services Committee hearings on whether or not to channel more money into Army recruiting programs. During those hearings Congressman Beard (R-Tenn.)

declared that "one of the most critical problems we still have is a Secretary of the Army running around saying we have the best quality Army ever, totally misrepresenting the facts to the American people. Yet all the statistics indicate a critical situation at this time."

Army recruiting figures now show that only 37.3 percent of those admitted from Oct. 1, 1979 through May 19, 1980 were high school graduates. This is down from 52 percent last year.

Secretary of the Army Clifford Alexander has been asked to testify at the hearings. "I want to find out what it's all about," declared Alexander in reference to the congressional inquiry. Then in a fit of anger, he said, "The genesis of all this came from some strange ramblings of Robin Beard. When he opens his mouth you never know what is going to come out." Congressman Beard has been charging for several months that both Alexander and Defense Secretary Harold Brown are trying to cover up the disastrous state of the U.S. military.

## **A**dministration's food bank likely to pass

On June 4 the House Agriculture Committee will try to complete markup of the Food Security Act of 1980, creating a 4 million ton wheat reserve in the government's hands to "back-stop" the PL-480 "Food for Peace" aid programs. A similar bill was reported out of the Senate Agriculture Committee on May 1, and awaits the resolution of various

budget issues to be acted upon.

Establishment of the food reserve will likely become law by this fall. In the first place, it's the Administration's baby. The budget austerity club used to knock down proposals to aid the hard-hit farm sector has been quietly laid aside—room has already been made in the budget for the food bank. Second, the government is already in control of the grain as a result of the embargo. Agriculture Secretary Bergland was so sure of the legislation's passage that he signed the International Food Aid Agreement in late April committing the U.S. to 4 million tons of food aid.

The legislation, written by the Administration for Committee Chairman Foley (D-Wash.) to sponsor, has been stuck in the House Agriculture Committee where it is under attack from free market advocates and from representatives of farm states demanding a serious response to the economic crisis there. But House observers say that the legislation will be stripped of any obstructive trimmings and passed smoothly on the House floor at the hands of the "urban consumer" majority.

Aside from miserly increases in the target rate and crop loan rates for 1980-81, it appears that no serious measures to aid the farm sector will be implemented. A bill sponsored by the American Agriculture Movement calling for support loan rates to be set at 65 percent of parity—simply to restore pre-embargo grain price levels—has been slapped with a \$4 billion price tag and branded extravagant.

# National News

## Labor leaders endorse LaRouche for president

In the last two weeks Democratic Presidential candidate Lyndon H. LaRouche, Jr. has garnered a wave of endorsements from labor leaders, including that of Mike Trbovich, former Vice President of the United Mineworkers. Thomas Soules, former director of the Port of San Francisco, also endorsed the candidate.

Mr. Trbovich praised "LaRouche's policies to turn this depression around. His programs to revitalize steel, for new technologies in coal, to expand exports and provide millions of productive jobs set him apart from all the other candidates."

Mr. Soules asserted that "Mr. LaRouche is the only candidate whose program can reverse the collapse of our economy."

Two "Labor Committees for LaRouche" have been formed in Ohio and California. The Ohio Committee has 18 initiating members, while California has twelve, led by Thomas Hunter, President of the San Mateo County Building Trades Council. Said Hunter, "Whatever you consider his chances to be, he is the only candidate and he is the only program that a labor leader can feel comfortable supporting. ... We can rally behind LaRouche, who believes that we can once again grow industrially as a nation. ..."

## Americans vote uncommitted

The most important aspect of the binding primaries May 28 in Kentucky, Arkansas and Nevada appears to be not, as the White House claimed, that Carter won all three, but the extraordinarily large vote for uncommitted delegates. Only in Michigan, where neither Carter nor Kennedy was on the ballot and the

uncommitted won the primary, was there a comparable uncommitted vote. For the first time in a primary where both men were listed on the ballot, the uncommitted vote came in second. In Nevada where Carter received 38 percent of the vote, the uncommitted vote was second. In Arkansas the uncommitted vote of 18 percent also was greater than Ted Kennedy's 17 percent. In Kentucky the uncommitted vote was 8 percent and in Idaho, a non-binding primary, the uncommitted vote was 9 percent. The uncommitted vote in the May 28 primaries may reflect a growing dissatisfaction with the campaigns of either Carter or Kennedy.

## Police departments targeted for attacks

In an interview three days after last week's Miami riots, Rep. John Conyers said that his Subcommittee on Crime is declaring war on the police departments across the country. "What has to be put in perspective," he said, "is that it is not unemployment or any of those things that cause riots like Miami. It is the illegal activity of the police. And this is what we are going to have to focus on and correct."

Conyers wants to set up Civilian Review Boards to "oversee" local police activity—an issue that has been placed as a referendum on ballots in Columbus, Ohio and Los Angeles.

Over the last six months, Conyer's Subcommittee on Crime has conducted well-publicized hearings in Los Angeles, Houston, and Miami, in which scores of witnesses were brought forth to complain of "police brutality." In each of the cities, the hearings have drastically increased racial tensions. In Miami, last week's riot was ostensibly sparked by an incident involving allegations that Miami police killed a black man.

The Conyers hearings use the theme that ghetto populations, faced with brutal levels of austerity, unemployment, and collapsed municipal services, are

actually victimized chiefly by "police oppression."

Attorney General Benjamin Civiletti is personally directing the campaign against U.S. law enforcement. Soon after his appointment as attorney general, Civiletti announced his complete support for the Carter administration's abandonment of the war on drugs and other violent and destructive crimes in favor of an emphasis on white collar crime and "labor racketeering." Like Bobby Kennedy's Justice Department, Civiletti's targets are not criminals—but trade union leaders, local politicians, and city and state police.

In August 1979, Civiletti launched his first assault against police with the filing of a suit against one-time police chief and Philadelphia mayor Frank Rizzo and the Philadelphia police. This attack culminated in a manipulated confrontation with the brainwashed black MOVE cult.

## Seabrook attack fizzles again

The antinuclear "direct action" assault on the Seabrook, N.H. nuclear power plant construction site failed for the sixth consecutive time to do any serious damage to the plant site. Despite months of physical and psychological training for the May 24 assault, the 1000 Coalition for Direct Action at Seabrook activists were unable to cross the fence which surrounds the site and were easily repulsed by police.

Groups of European antinuclear activists, including avowed terrorists who were scheduled to come to provide expert help, were refused entry to the U.S. by alert Customs officials. The Europeans who had planned to join in the Seabrook attack included members of the French *Action Directe* terrorist grouping. Moreover, while the activists had trained in tearing down fences, they were not trained in breaking through the lines of police who immediately moved into the area. Third, the



massive use of drugs by the demonstrators, noted by observers, impaired their ability to sustain even the level of activists seen at previous demonstrations against the Seabrook site.

By the final day of the action, the Coalition had dwindled to about 40 of the hard core activists. In their demoralization, these demonstrators discussed turning toward terrorist sabotage tactics in the future. Victor Manfredi, a Harvard linguistics student, told the *Boston Globe*: "We hope it doesn't happen because if we begin to rely on sabotage, we will have to go underground. That's the way they are pushing us."

## Brandt Commission to open U.S. branch

The Brandt Commission is now planning "the establishment of a private U.S. Commission to win national support for the Brandt Commission's findings," a Washington source reported this week. According to the source, these plans were mapped out at a May 28 conference of the Society for International Development. The conference was addressed by Tom Ehrlich, head of the recently-formed International Cooperation and Development Agency, who spoke on "The Brandt Commission and American Development Strategies for the 1980s," and by Peter Peterson, chairman of Lehman Brothers Kuhn Loeb investment bank and a member of the select commission.

The "private commission" idea was floated, the source emphasized, so that "more and more U.S. policymakers can go through the long and tortuous conversion process that Peterson and Katherine Graham (publisher of the *Washington Post* and commission member) have gone through. Peterson and Graham did not originally support the radical demands of the Third World, but now they do, after many long sessions with the Third World members of the Commission."

The words "conversion process" are

often used in the context of "sensitivity training" sessions held to win participants over to a new ideology or mindset. The aim in this case is to remove resistance in the U.S. to the no-growth international "restructuring" plans of the Brandt Commission, complementary to those of the Club of Rome.

## Anderson and Reagan: "born again"

What do Jimmy Carter, John Anderson and Ronald Reagan all have in common besides running for President of the United States? The *Boston Globe* reported last week that they are all self-professed, "born-again" fundamentalists.

The case of Jimmy Carter, who also believes in flying saucers, is the most clinically obvious and has been widely publicized, dating back to a 1976 interview in *Playboy* magazine.

Few people are aware of John Anderson's conversion to born-again fanaticism. According to the *Globe*, which cites a 1970 Anderson autobiography titled 'Between Two Worlds', the candidate was brought up as an evangelical Christian. His "rebirth" reportedly occurred while he was participating in a Sunday night revival meeting at the first Evangelical Church in Rockford, Ill. According to Anderson, he experienced a "cataclysmic change that is eternal in its consequences. ... (there) is only one real answer to the paradox in our times and that can only be found in the person of Christ."

Reagan, the *Globe* reports, had his own born again experience fifty years ago in Illinois when he was baptized in the fundamentalist Church of Christ. Asked on a Boston television station whether he thought of himself as a born-again Christian, the soon-to-be nominee of the Republican Party replied that he did. The *Globe*, citing reports on file with the Federal Election Commission, says that Reagan is receiving financial support from a well-known fundamentalist funding conduit, the "Christian Voice of Moral Government Fund."

## Briefly

● **CHINESE** Vice Premier Geng Biao was regaled with a special White House screening of the new movie, "The Empire Strikes Back," on the first night of his 10-day tour of the U.S. The showing of the movie, which is the sequel to "Star Wars," was at the suggestion of Jimmy Carter. What geopolitical lessons Jimmy and Geng learned from the movie have not yet been revealed. Political commentators recall, however, that part of Henry Kissinger's initial agreements with the Chinese during the Nixon administration involved ceding to Peking a new "sphere of influence" or Empire stretching from Japan through Southeast Asia to India.

● **U.S. SENATOR** Jacot Javits (R-NY) announced May 27 that he will attempt to have the Senate transform a current \$5 million appropriation for the Federal Emergency Management Agency (FEMA) to "temporarily relocate" residents of Love Canal near Buffalo into a \$10 million-funded "permanent relocation." Javits proposal violates federal law, which holds that FEMA can only use funds for *temporary* relocation arising from natural disasters. Perhaps in an "emergency," however, FEMA itself can say what is and is not the law.

● **THE CLUB OF ROME's** U.S. Association held a May 28-29 Executive Board meeting, but it was not to be business-as-usual. The Association directors were greeted by a picket line distributing a "Citizens Alert" bulletin to the students and community around the campus of Marymount College in Arlington, Virginia, where the meeting was held. The bulletin distributed by Citizens for LaRouche, said that the Association was committed to brainwashing the American population into a "cult-like acceptance of genocide."

## The Bumpers bill and the grizzly bears

*A senator, Interior Secretary Andrus and Atlantic-Richfield have teamed up to save some grizzlies in the oil-rich Overthrust Belt—ARCO will benefit more than the bears.*

The Senate Energy and Natural Resources Committee has just voted up by 9-8 an amended version of a bill, S.1637, the Federal Oil and Gas Leasing Act of 1979, which gives the Secretary of Interior the power for the first time to "lease onshore Federal lands for oil and gas development *by competitive bidding only.*" This piece of legislation is cosponsored by Sens. Henry Jackson, Howard Metzenbaum and Dale Bumpers.

A column I wrote two months back reported a leasing "fraud" scandal trumped up by Interior Secretary Cecil Andrus, a scandal that was aimed at creating a political climate favorable to this legislation. I also said that elimination of the so-called non-competitive leasing system would drastically affect the ability of the independent oil and gas producers to obtain lands for exploration, leaving the vast Overthrust Belt to the control of Interior and a handful of multinational oil companies.

Dale Bumpers, one of the most notorious environmentalists in the Senate, has teamed up with the man most responsible for stopping economic development in the Western states, Henry "Scoop" Jackson, to remove an embarrassment to their claim that the nation is running out of oil. The Overthrust Belt, extending across Wyoming and Montana into New Mexico has been confirmed by geologists to be "the most significant oil discovery in the continental

U.S. in the last 50 years," as one put it.

Bumpers told the Senate that "the unfolding investigation of the oil and gas leasing policies of the Bureau of Land Management has been defrauded out of billions of dollars. This is a direct result of the existing leasing system."

I am reading with great interest a series that began May 27 in the *Washington Post*. The *Post* series backs the Bumpers legislation, saying that big bad oil is encroaching on the preserve of the 50 grizzly bears, 25,000 elk, 27,000 mule deer, 1,090 black bears and 3 mountain lions in the Grand Teton. "The greatest unhappiness is with oil," says the *Washington Post*. "The companies that have turned the deserts of southwest Wyoming into a series of wealthy, wide-open boom towns are edging north to the forest, following the curve of the Overthrust Belt."

But, if environmental preservation of these federal lands is the concern of Dale Bumpers, why is he the apparent champion of "free enterprise competition" for these lands? Because competitive leasing will ensure that the capital-heavy majors such as ARCO, Exxon, Mobil will be only able to bid up the price of this oil-rich land. Their strategy will be to sit on these lands.

ARCO president Thornton Bradshaw, who got a juicy "windfall" in the form of an exemption for his company's Alaskan North

Slope oil in the recent Windfall Profits Tax, is also the funder of the nation's most influential environmentalist operation, the Aspen Institute.

The Overthrust Belt promises vast new oil reserves that could undercut Big Oil, which ran a 100 percent price increase in the last months by convincing the world that we were running out of oil. We are in the process of confirming a report that ARCO authored the entire Windfall Tax strategy to force the independents out of drilling and exploration. Why?

Unlike ARCO and the majors, which are marketing monopolies and financial holding companies, the independents are directly tied to production of energy. They are responsible for more than 80 percent of the new wells drilled in the U.S. each year. Elimination of this small, but highly significant grouping will go a long way to ensure a top-down control of energy resources.

C. John Miller, president of the Independent Petroleum Association of America called the Bumpers bill a "fraud." The IPAA Public Lands Committee angrily noted recently that "withdrawals of public lands formally by legislation and informally by executive action for limited-purpose use during the past four years have reached unprecedented levels. ..." The turn under the Bumpers bill to an all-competitive leasing system "poses a substantial threat to future availability of Federal oil and gas leases ... and will decrease domestic exploration and production."

This, and not a handful of petty abuses of the old bidding system for federal leasing, is the real scandal Congress should address.