

EIR

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Will Carter destroy the Democratic Party?
Schmidt in Moscow: shift in world leadership
Fusion energy ready for takeoff

**Genocide on the Chinese model:
How it's happening in Iran**



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EIR

From the Editor

This week, West German Chancellor Schmidt and Soviet President Brezhnev issued a joint communiqué in which both nations agreed on the importance of finding solutions to the economic problems of the developing sector. This low-keyed statement could form the basis for an effective war-avoidance policy which will represent a forceful alternative to the NATO/Club of Rome Malthusian policy of genocide in the Third World.

Such cooperation of East and West in the development of the increasingly impoverished nations of the South means political war against the Dark Ages faction that is waging slaughter in Iran.

Our Special Report this week surveys the collapse of the Iranian economy and the master-plan to send the population "back to the land." This China model is in every respect echoing the brutal genocide of half the population of Cambodia, carried out by Chinese puppet Pol Pot.

But the horror of Iran is perhaps more striking for the size of its population and the level of modernization which had already taken place by the time that feudalist Khomeini took over. Never has a nation so committed to growth and high-technology development been reduced to chaos in so short a time.

Our team of investigators led by Middle East editor Robert Dreyfuss with Mark Burdman and Judith Wyer analyze the Dark Ages policy and uncover the planners of the Iranian revolution.

Behind Iran's fall into "Islamic fundamentalist" barbarism lies a design to provide a model for the Third World.

I would also call your attention to our special feature on the state of the rebellion against the Carter nomination within the Democratic Party. We document the plumbers-style thug tactics being used by the DNC to keep the party in line, and the discontent brewing at all levels.



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Correction

The chart "Energy policy-making in the U.S.S.R.," on page 33 of *EIR*'s July 8 issue, contained several errors. National economic planning directives are issued to industry ministers by Gosplan, the Soviet State Planning Commission, which is responsible to the Council of Ministers and the Politburo, the executive body of the Central Committee of the Communist Party. Gosplan's directives on energy are informed by recommendations from three principal agencies, the Siberian Division of the Academy of Sciences, the State Committee on Science and Technology, and the State Committee on Atomic Energy.

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A special DOE committee closely studied the matter, declared fusion power feasible by the end of the century, and recommended at least doubling the budget for research and development. Realizing that goal would not only mean abundant energy; it would transform the industrial economy.
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Special Report



Shi'ite followers of the Ayatollah Khomeini mob the streets of Teheran. Photo: Sygma

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The Club of Rome and the Aspen Institute seek to eliminate one billion persons in the Third World, and can't succeed without reorganizing societies along feudal Chinese lines, a process tested in Cambodia. So, they produced the "Iranian revolution"—now jeopardizing the country's physical survival.

Iran's slow economy death

What Khomeini has destroyed

How the Club of Rome planned Iran's devastation

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Last week at the Venice summit talks, France's Giscard and West Germany's Schmidt took the policy reins of the Atlantic Alliance away from the unstable Carter administration. This week in Moscow, Schmidt put together a war-avoidance package with Leonid Brezhnev in the spirit of Charles de Gaulle's "grand design."

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Jimmy Carter's renomination holds an unprecedented electoral disaster in store for the Democrats, and more and more of them, from delegates to senators, are falling away from the President's campaign. Carter-Mondale "plumbers" are fanning out around the country—to make sure Carter triumphs at the convention, and to take over state party machines.

Documentation: Interviews and comments from Congressional sources, Democratic party officials, and the Carter plumbers themselves.

The regional picture

Carter's prospects not very bright

White House strategy

Carter's plumbers hit the 'key states'

State chairmen

Protests against Carter's DNC

The rules fight

The truth about delegates' options

In Congress

A revolt against the President

Business Briefs

Commodities

Confirmed: Engelhard rigged silver collapse

A recent *London Times* feature has confirmed the hypothesis, advanced this spring by *EIR* columnist Alice Roth, that the March silver market collapse was rigged by Engelhard Minerals so as to put the squeeze on the Hunt brothers and grab their oil assets.

Engelhard, whose late founder, Charles Engelhard is thought to have been the model for British spook Ian Fleming's Goldfinger, contracted in January to sell 19 million ounces of silver to the Hunts for April delivery at \$35 an ounce. When silver fell to under \$11 in late March, Engelhard forced the Hunts to hand over 20 percent of their holdings in the Beaufort Sea oilfields.

According to the *Times*, "Engelhard's price was . . . extracted with a ruthlessness which would have satisfied Goldfinger. . . . One of Engelhard's employees exulted later: 'We had those anti-Semitic bastards by the goulies, and we squeezed them dry.'"

International credit

Eurolending to LDCs plummets

Euromarket lending to the non-oil-producing LDCs (less-developed countries) plunged by more than 40 percent in the first half of this year, according to Morgan Guaranty's *World Financial Markets's* newsletter. The first half of 1980 was a particularly sluggish period for the Euromarkets because of record-high interest rates in the dollar sector. Overall Eurocurrency lending was down by nearly 14 percent. The LDCs have taken the brunt of the market decline because of the reluctance of international banks, particularly the major U.S. ones, to increase their exposure in these countries.

According to Morgan's analysis, many LDCs will be hard pressed to locate the funds they need to cover debt service

and increased oil import costs during the second half of this year. The top twelve LDC borrowers have so far raised only \$5.4 billion of an expected 1980 requirement of over \$20 billion. Brazil will need to tap the markets for another \$6 billion in the next six months, Chile \$1.1 billion, the Philippines \$1.6 billion, Korea \$1.6 billion, and Taiwan \$1.9 billion.

Meanwhile, the OECD, in its quarterly report on international lending trends, predicts a resurgence of Euro-market activity in the second half of 1980.

Conferences

EIR Texas seminars present survival chances

Sixty among *EIR's* 300 subscribers in Texas attended seminars in Houston and Dallas during the week of July 30 on the topic, "Can the American Economy Recover?" The seminars were addressed by *EIR* contributing editor Criton Zoakos and Economics Editor David Goldman.

Texas businessmen perceive the dangers to the American economy possibly in a stronger way than their East Coast and Midwest counterparts, precisely because that state has had a much higher growth rate than the national average during the past two decades. Despite the fact that the current depression has hit the Southwest much less severely than other parts of the country, Texans insist that a reduction of the growth rate below the level required would produce a disaster which the American economy might not recover from.

Both larger corporations in the electronics and resource fields and small businessmen who grew up with the Houston NASA Space Center in their backyards are looking across the Gulf to Mexico and other technology-hungry developing countries as the new growth area for the application of Texas-style methods. Of principal interest to seminar participants was the field of technology-transfer possibilities open to Americans provided America joins the Europeans in bringing a new international credit system into operation.

Through the port of Houston, a great deal of technology transfer, especially in the energy field, is presently underway, somewhat at variance with the miserable export performance of the U.S. economy as a whole. The Mexican oil giant Pemex, for example, places an average of \$1 million in capital-goods orders *per day* through its Houston purchasing office. *EIR's* role in locating viable developing-sector markets and identifying international business trends for the expansion of international trade has made the publication a unique presence in the Texas business scene.

Petrodollar flows

Triangular strategy for recycling

According to public announcements by West German Finance Undersecretary Manfred Lahnstein and Economics Undersecretary Otto Schlecht, West Germany will create an industrial investment fund for Arab petrodollars to be recycled into industrial shares in the Federal Republic.

Frankfurt banking sources commented to *EIR* July 4 that the resulting capital formation and productivity expansion in West Germany will enable Europe to expand direct loans to the developing sector in order to finance capital-goods exports there.

Banking sources also stated that the strategy includes a European commitment to refinance the problem debtor countries of the Third World. The investment fund plan itself will enable Arab oil producers to make secure investments in a wide range of West German companies, while laving administration of the fund in German hands to avoid the political problem of large-scale Arab takeovers of German firms. Oil revenues have been flowing heavily into Western European investments already, but the new arrangements will permit far more extensive placement.

According to a West German think-tank economist, the documents resulting from the two Venice summits in June—

Briefly

the European Community and OECD leaders—indicate that the key topic was combined North-South and East-West trade expansion.

Gold

Supply not sole factor in price jump

The world gold price has risen by \$75 since the July 22 Venice summit, reaching a new four-month high of \$475 an ounce in early London trading on July 2. Heavy European and Middle Eastern buying in the cash markets has been the major power in gold's latest rise. American investors were much slower in returning to the gold markets, but the week ending July 4 saw a sudden flurry of activity in New York gold futures. On June 30, the number of contracts outstanding on New York's Commodity Exchange jumped by 16,661 contracts—the largest daily increase on record.

The underlying reason for gold's revival is the emergence of Western Europe as a new superpower, whose Franco-German leadership is committed to a gradual restoration of gold's central role in the monetary system. This reality was alluded to almost matter-of-factly by the chairman of the Union Bank of Switzerland, Dr. Robert Holzach, in a June 30 commentary in the *Journal of Commerce*: "It is quite possible that the ECU [European Currency Unit] created within the Common Market will assume more importance as a reserve currency in the next few years, especially since it is partly covered by gold. Despite its removal from the reserve system of the IMF, gold, in my opinion, will remain an important component of the world's monetary reserves and will probably be of some significance as a reserve medium for the OPEC countries."

A secondary reason for the runup in gold is the world supply shortage. Last week, the British mining company, Consolidated Goldfields, issued its annual gold report predicting that total supplies available from mining production and official sources may fall 40 percent below

last year's level. This is due to the termination of public auctions by the U.S. Treasury and the International Monetary Fund as well as to reduced sales by the Soviet Union, which is earning the same amount of foreign exchange on lower volumes. Consolidated Goldfields estimates that Soviet bloc sales of gold to the West fell to only 229 tons in 1979 compared to 410 in 1978, and expects that Soviet sales will continue on this reduced level.

Legislation

Congress sounds out "industrial policy" moves

The Joint Economic Committee of the U.S. Congress recently concluded a series of hearings and a "Special Study on Economic Change," which look toward a set of tax proposals and fiscal measures to speed up capital formation. One bill considered at the JEC hearings is the "Accelerated Depreciation Recovery Act," sponsored by Rep. Constable (R-N.Y.) and Sen. Bengsten (D-Tex.). The bill contains the "10-5-3" formula which would lower the depreciation schedule for a plant structure from 10 to 20 years, and cut the lifetime of equipment depreciation from 10 to five years. It is rumored that \$12 to \$15 billion of the Reagan-proposed tax cut, totaling \$30 billion, would come in the form of a 10-5-3 business tax cut.

Other bills now in Congress concerned with industrial innovation include legislation to allow tax credits for R&D contracts awarded universities by industry; sponsors are Sen. Tsongas (D-Mass.) and Rep. Vanick (D-Ohio). Sen. Danforth (R-Mo.) is sponsoring a bill to increase industrial research funding devoted to improving basic productivity.

Playing a coordinating role with these proposals is a special House task force on innovation, with members from every relevant House committee including the Science and Technology Committee. The task force is working jointly on these limited but positive bills with high-technology lobbyists and advisers.

● **COMMERCE** Department officials are telling inquirers that the Carter administration has no interest in participating in several important international business conferences scheduled for the near future, according to one irate manufacturer. According to our reader, the Commerce Department told him that he is "on his own" if he wants to participate at either the International Welding Conference to be held in Essen, West Germany, or the International Off-shore Technology Conference to be held in England this fall. The administration "has no interest" in either of these conferences. Once again, he noted, foreign governments will back their producers in competition for exports.

● **JAPAN** expects to spend over \$13 billion to develop new energy sources in the coming decade. The energy study group formed by the Ministry of International Trade and Industry announced this week that Japan will concentrate on nuclear power, coal, and liquefied natural gas. *Le Monde* reports that by 1985, Japan will have brought on line 14 new nuclear power plants, putting the total at 23, which doubles total output to 30,000 megawatts. By 1990, nuclear is to provide 11 percent of energy needs, coal 17.6 percent, and natural gas 9 percent.

● **FORD MOTORS** has announced that all but one of its auto plants will be closed the week of July 7. All major U.S. car manufacturers plan longer than usual summer shutdowns in hope of working off large 1980-model inventories. The top five U.S. companies plan to produce only about 1.37 million cars in July, August and September, the lowest third-quarter output since 1970. Meanwhile, Ford, for lack of funds, will terminate supplemental unemployment benefits for 54,000 of its 64,000 indefinitely idled workers.

Nuclear fusion power: ready for a take-off

by Richard Freeman and Charles B. Stevens

If the United States is to have an energy future into and beyond the decade of the 1980s, it must develop nuclear fission and fusion energy at a very rapid pace. This view, frequently expressed in the pages of the *EIR*, is now gaining broader support at a very crucial time. For the issue of nuclear power and fusion research will have a tremendous impact on the current debate on whether the U.S. is capable of reindustrializing, and if so, by what means and at what rate.

On June 23, an impressive policy document appeared when the Department of Energy's Fusion Review Panel released its study on the prospects of fusion power—the process of joining two hydrogen isotopes at fantastically high temperatures, generating even greater amounts of heat and usable energy. The deuterium and tritium fuel employed in fusion reactions is obtainable from common seawater; thus fusion would represent the cheapest, most energy efficient and most abundant—almost limitless—of all existing or future fuel-energy systems. After studying U.S. fusion efforts, currently funded at a paltry \$400 million per year level, the panel determined that the United States “is now ready to embark on the next step toward the goal of achieving fusion power.”

Composed of ten members and chaired by Solomon Buchsbaum, vice-president of Bell Laboratories, the panel made specific recommendations. In its 35-page report, the panel calls for gearing up the DOE's magnetic fusion effort to \$1 billion over the next three to four years to ensure that prototype fusion electric power plants, i.e., demonstration models, will be a reality before the year 2000. From there, fusion becomes a commercial proposition.

In its analysis, the panel reveals that an unprecedented

scientific consensus for a U.S. fusion commitment exists from the university laboratory to the highest levels of responsible government agencies, including the Office of Management and Budget. The Buchsbaum report is bound to add momentum to the legislation for vastly increasing the U.S. fusion commitment vigorously sponsored by Rep. Mike McCormack, a Washington Democrat.

In light of this most recent positive review of the U.S. fusion program, it is possible that Congress may move to take the initiative, if the Carter administration continues to ignore its own scientific experts and leading agencies on the fusion development question.

The timing of the Buchsbaum report is propitious for another reason. Currently, the most important U.S. policy and economic debate in the last twenty years is taking place, around the so-called “Re-Industrialization Debate.” The core of the debate is simple: Can the U.S. achieve a high-technology base adequate to its civilian and military needs? This question assumes an approach that extends beyond recovering from depressions, including the current worsening one, but actually involves looking 20 to 30 years down the road.

Indeed, only an approach that thinks 30 years into the future and then plans shorter 10- and five-year stretches of economic growth by working backward can competently define investment and capital formation strategy. What industries and new technologies, for example, should become dominant and receive major public and private funding to contribute toward a revitalized, revolutionized, and thus highly productive U.S. economy in the future? To compete with Japan, Germany, France or the Soviet Union, the United States cannot



Solomon Buchsbaum, vice president of Ball Laboratories, and chairman of the DOE special review panel for fusion research.

think in terms of copying their best technologies, but of leapfrogging far ahead.

From this perspective, any competent reindustrialization program must minimally include the following crucial high-technology-vectored elements: 1) generating the type of high-technology energy program that features the use and development of controlled high temperature plasma processes; 2) a relaunching, on a vastly expanded basis, of the 1960s National Aeronautics and Space Administration program, to pursue space exploration, and also develop the types of new materials, electronics, and so forth that are the prerequisites for such a space program; and 3) the use of the most advanced telecommunications processes, including such advanced work as fiber-optics.

If, for example, a competent space program is to be launched, and its leading edge of technology captured and generalized throughout U.S. industry, industrialists today must look to the use of advanced ceramics that could enclose future space ships and would be able to withstand the highest temperatures and stresses from hurtling through outer space. This entails certain ceramic materials centimeters thick, but as strong as several-foot-thick blocks of concrete. Such ceramics can soon start to replace basic steel, including structural steel, having not only greater strength but far greater flexibility. This means a major consideration of investment.

In the area of energy development, the United States has to think in terms of replacing oil as an energy source—in 20 years it would be used almost exclusively as a lubricant, feedstock and base for chemical products. Obviously, we must junk the synthetic fuels program that passed Congress this week. This program, which plans

oil share and conventional coal gasification, will consume more energy than it generates. As such, these programs are scientifically inefficient and economically suicidal.

Buchsbaum's recommendations

In its general overview, the Buchsbaum panel reports that, "The Panel is pleased to record its view that the taxpayers are receiving their monies' worth. The [current fusion] program is being well managed, and is conducted by a cadre of dedicated, capable, and hard-working scientists and engineers . . . recent progress in plasma confinement is impressive."

Within the body of the report, the panel observes: "There is confidence, based on the recent progress, that a facility containing a burning plasma, perhaps even an ignited plasma, can be built and operated reliably to serve as an engineering focus and test bed. . ."

In its first specific recommendation, the panel calls for taking this step. "The magnetic fusion program can, and should, embark on the next logical phase toward its goal of achieving economic feasibility of magnetic fusion." Together with a broad-based engineering program, a "Tokamak-based Fusion Engineering Device should be in operation within ten years."

The panel's second recommendation is a "broad-based program in plasma confinement . . . to ascertain the highest potential of magnetic fusion." This, according to the panel, would consist of at least: (a) "the construction of the large tandem-mirror facility (MFTF-B)"; (b) "The DOE should plan and implement a coherent, comprehensive, advanced Tokamak program."

In that context, the report states that "inexpensive high-field Tokamaks (like the MIT Alcator) should be pursued." Strengthening current joint work with Japan was also proposed, and the panel strongly praised the INTOR (International Tokamak Reactor) project initiated by the Soviet Union, which aims to construct a Tokamak-based reactor prototype by the end of the 1980s through international cooperation. Increasing the U.S. Elmo Bumpy Torus hybrid, "which combines many of the attractive features of mirrors and Tokamaks," was also recommended, as was maintaining work on alternate concepts and advanced fusion fuel cycles.

This study, which was commissioned by the current DOE Director of Energy Research, Edward A. Frieman, is actually the second major review of the U.S. fusion effort in the past two years. The first study was completed in 1978 by the Ad Hoc Panel of Experts under the chairmanship of Dr. John Foster of TRW Corporation and also arrived at a favorable conclusion

with respect to the status of fusion, which the Department of Energy ignored.

The spirit and promise of future fusion development has been kept alive especially by Congressman Mike McCormack (D-Wash.), who introduced a bill into Congress Jan. 22 for an Apollo-style program to develop a commercial fusion reactor before the end of the century. The bill, H.R.6308, now has over 150 House sponsors, including most members of the Science and Technology Committee, Majority Leader Jim Wright, and Minority Leader John Rhodes. The bill calls for a \$20 billion investment into the U.S. fusion effort. A companion bill, without funding specifications, was introduced into the U.S. Senate this week by Sen. Tsongas (D-Mass).

It now remains to be seen whether U.S. industry and labor have enough sense to secure the basis for genuine reindustrialization by moving an adequate fusion energy bill through Congress in the next session.

What the bill says

The following is excerpted from HR 6308, The Fusion Energy Research, Development and Demonstration Act of 1980, sponsored by Rep. Mike McCormack (D-Wash.).

Findings and Policy

- (2) the current imbalance between supply and demand for fuels and energy in the United States is likely to grow each year for many years, aggravating an energy crisis and threatening the economic strength and national security of the nation;
- (4) it is the proper and appropriate role of the federal government to undertake research, development, and demonstration programs in fusion energy technologies;
- (6) the early demonstration of the feasibility of using magnetic fusion energy systems for the generation of electricity and the production of heat, hydrogen, and other synthetic fuels will initiate a new era of energy abundance for all mankind forever;
- (9) the early development and export of fusion energy systems, consistent with the established preeminence of the United States in the field of high technology products, will improve the economic posture of the United States, and ultimately reduce the pressures for international strife by providing access to energy abundance for all nations. . . .

The DES hoax

Susan Cohen updates what cattlemen know and consumers ought to learn

On April 1 of this year a disgruntled Texas feedlot employee quit and wrote a letter to the company's Chicago headquarters outlining in detail the feedlot's continued use of diethylstilbestrol (DES) implants. Panicked, the company ran to the Food and Drug Administration (FDA) to confess. DES, a synthetic hormone which acts to increase the rate of weight gain in fed livestock by 17 percent and which improves feed efficiency by 12 percent, was outlawed by the FDA as of July 1979, with all use to cease as of November 1979.

There was no good reason for outlawing the hormone in the first place. It is perfectly safe and very useful. There was no good reason, therefore, unless one approaches the livestock industry from the standpoint of a saboteur, determined to keep meat off the American dinner table. That is apparently the standpoint of certain "environmentalists," the FDA, HEW Secretary Harris, and the Department of Agriculture. They used the disgruntled Texan's report to launch a major disruption of the cattle industry.

An army of FDA agents poured into the field, and within weeks more than 400,000 head of cattle had been quarantined; no one knew how high the numbers would go. Hundreds and thousands of producers have been interrogated, along with their veterinarians, consultants and feed supply dealers, and the witchhunt is not over. By the end of June the FDA's "Violators List" numbered 301 cattlemen from 23 different states. FDA lawyers are operating under the "vigorous prosecution" orders barked out by Health, Education and Welfare Secretary Patricia Harris and U.S. Department of Agriculture Assistant Secretary Carole Tucker Foreman—that means each violator can get up to \$10,000 in fines and three years in prison for each count against them.

Bureau of Veterinary Medicine Director Lester Crawford announced that the cattle industry and the FDA had both failed to protect the American public from cancer. The FDA, said Crawford, had been "flip-pant about carcinogenesis." Crawford promised that between the FDA and the USDA a "better police effort"

would be mounted. The first cases may get to court by late July or August.

Thus for the umpteenth time since the 1974 financial fallout that sent the livestock industry into a nosedive from which it has yet to recover, the beef cattle market was deliberately thrown into disarray. Implanted cattle had to be "explanted," and then held off the market for 41 days (in cases where the liver and kidney would not be used for human consumption) or for 61 days (if the entire carcass was to be used). At the producer's expense, of course. The livestock industry operates on razor-thin margins to begin with, and they've shown negative for many months.

But, as the DES scandal points up, the industry is up against more than just the Carter-Volcker economic steamroller and has been for some time. The environmentalists who first assailed the livestock industry several years ago with their "Unfinished Agenda," charging that it was wrong to feed grain to animals instead of people, are behind the DES hoax today. It is ironic to note, in this regard, that the effect of DES and other chemical feed additives is to sharply increase feed efficiency—estimates are that the use of DES alone saves at least 7.7 billion pounds of feed annually!

According to the Council for Agricultural Science and Technology, since 1954 approximately 90 percent of the feedlot cattle in the U.S. have received either a one-time treatment with the hormone, normally in the form of a 24-36 milligram implant in the ear of the animal that is slowly absorbed, or have been orally fed 10 milligrams of DES per day. Under procedures approved by the FDA prior to July 1979, the DES implant or ration was to be withdrawn from the animal within a certain period before slaughter, in which case no trace of the hormone is subsequently found in either the muscle or the liver of the animal.

DES was first targeted when a rare type of cancer developed in the daughters of a few of the women who, when pregnant years earlier, had been given DES by their physicians in doses up to 300 milligrams per day in an attempt to prevent miscarriage. Then, in 1976, a USDA-FDA analysis of 1,815 beef livers showed nine violations of DES residue standards—in these nine cases the liver contained 0.5 to 2.0 parts of DES per billion. The panicmongers were off and running.

But look at the facts. At 2 parts per billion, one pound of liver would contain only .001 milligram of DES—1/300,000th of the daily dose of 300 milligrams once used to prevent miscarriage. If DES occurred at a concentration of 2 parts per billion in all beef liver, a woman would have to eat 26,666 pounds of liver to obtain the amount of DES (24 milligrams) contained in a single "morning-after" birth-control pill—an eating job which would take 17,000 years at the annual average rate of beef liver

consumption in the U.S.! The daily estrogen dose in oral contraceptive agents now used by 35 percent of U.S. women of reproductive age is several million times the dosage that those women would receive from eating liver from animals fed DES.

Medical studies have shown that the cancer risk from beef production using implanted DES is less than one case per 133 years in the U.S. population, and other scientific studies have concluded that the risk is effectively zero.

Facts notwithstanding, the FDA banned the use of DES in cattle and sheep in 1979 on the grounds that its safety had not been proved. This was accomplished by first disqualifying the analytical method that had been in use since 1963 to monitor for DES residues. Without an approved method of analysis, DES fell under the provisions of the Delaney Clause, a much-disputed law under which "potentially carcinogenic" substances such as feed and food additives can be outlawed. (Beyond the scientific fraud and regulatory sleight of hand, there is some evidence that the FDA actually set up producers for the recent hoax, by accepting without comment their petitions to use the rest of their DES supplies.)

Actually, an operation to ban all feed additives—not just the hormonal supplements, like DES, but subtherapeutic use of antibiotics such as penicillin as well—appears to have gone into gear at the very beginnings of the livestock industry's takeoff.

An early 1960s investigation by the Swann Committee in Great Britain pointed to the dangers of promoting antibiotic-resistant strains of disease with subtherapeutic use of antibiotics in animal feeding, and as a consequence use of antibiotics in feed additives was put on a prescription basis in Britain. Several years later, in Britain several human deaths were attributed to transfer of an antibiotic-resistant strain of disease to humans from calves. In thirty years of concentrated use of antibiotics in animal feeding in the U.S., there has not been one such alleged case.

Yet, the British Swann Committee and related findings seem to be a principal pillar of precedent and scientific authority for the FDA's current vigorous efforts to outlaw all subtherapeutic use of antibiotics in the animal industry. Congressmen Dingell (D-Mich.) and Waxman (D-Cal.), with the apparent support and encouragement of the Bureau of Veterinary Medicine's Crawford, are pushing a bill now that would streamline FDA powers to do away with all subtherapeutic use of antibiotics in feed. Among other things the legislation would do away with the need for evidentiary hearings in such cases, and would automatically supersede all existing law and or approvals in these matters. According to *Feedstuffs* reporter John McClung, Crawford seems mainly concerned with making the law stand up in court.

Savings banks fight back

Leif Johnson reports on their lawsuit against Volcker and the Dereg Committee to rescue the housing sector.

The U.S. League of Savings Associations brought suit June 15 against Federal Reserve Chairman Paul A. Volcker and the Depository Institutions Deregulation Committee (DIDC), charging that the rules the Committee had adopted May 28 are illegal and will finish off the nation's homebuilding industry.

The League, which represents 5,000 savings and loan associations with nearly \$600 billion in deposits, held what one banker described as a "war council" meeting of 600 S&L bankers in Washington June 24-25. Leaders of the Savings League also met with Fed Chairman Paul Volcker, who told them he intends to "reindustrialize America in the 80s and leave housing to the 90s.

Volcker informed the bankers that he would not budge from his position, and implied that his measures had "military implications." "After meeting with Volcker, now I know what you mean by that article, 'Is the Fed's Volcker actually insane?'" one savings banker told *EIR*.

Looking for allies

The Savings League suit is seen as part of a nationwide campaign to open a public debate on why Volcker and the deregulation committee are deliberately and unilaterally eliminating America's housing industry. The suit has been joined by the National Association of Home Builders, and may be supported by the National Association of Real Estate Brokers, construction suppliers and construction trades unions.

"We are going to fight this to the end. We have to, or the housing industry will go down and the entire savings and mortgage industry will go with it," said one Western savings bank president. "This isn't like Chrysler going under, it's like five Chryslers going under. This is the nation's largest industry."

On May 28 the Depository Institutions Deregulatory Committee (DIDC)—without the normal period for comment required for regulatory agency rulemaking—issued a set of rules which eliminated most deposit interest-rate-differentials between savings and commercial banks. The rules will enforce "downside disintermediation," or continued drain from the deposits at the savings banks.

Rule 0008 of the DIDC allows commercial banks to roll over their existing Money Market Certificates (MMC) at the same interest rate as the savings banks through November 30. Simultaneously, there is a 9-1/2 percent "minimum ceiling" on 30-month Special Savings Certificates (SSC) issued by the savings banks. It is estimated that the combined effect will be a drain of at least \$17 billion from the savings banks in the coming months. This will, however, enhance the commercial banks' ability to roll over their estimated \$46 billion in MMCs falling due in the next six months. It will also ensure that new mortgages must be issued at 10 percent or higher.

The housing picture

Fed Chairman Volcker's interest rate binge this spring has meanwhile reduced housing construction to the lowest levels since the Great Depression. In May 1980 housing starts were precisely half the level of the year before, and they continue to fall. David Stahl, head of the National Homebuilders, estimates that by the end of this year, 1.6 million workers in housing-related industries will be unemployed.

The "Volcker spring" also exacerbated the inflationary pushes in the housing industry that had been accumulating since 1977. In the period between 1977 and 1979, before the Volcker inflation, the average

monthly payment for purchasers of new or used housing rose 38 percent—nearly 20 percent a year.

By March 1980 the annual income needed to buy an “average” home was \$34,300. In California, the required income was estimated to be over \$50,000. Yet the average household income nationally—including second and third incomes—is only \$20,000 a year.

As a result, there has been a huge drop in mortgages issued. Robert O’Brien, President of the Carteret Savings and Loan in New Jersey, reports that the normal rate for his state is 36,000 a year but the present rate is 9,000. One medium sized S&L in New York City issued no home mortgages at all for nine months, concentrating instead on home improvement and “energy saving” loans.

S&Ls trapped

The desperate inflationary squeeze on the housing industry had prompted many savings and loan bankers to support the Reuss Omnibus Banking Bill passed March 30, which created the DIDC, in the hope that they would survive by gaining access to functions previously only allowed the commercial banks—trust accounts, Negotiable Orders of Withdrawal, and regular checking accounts.

The DIDC then pulled the rug from under the S&Ls by equalizing interest rates before they could diversify. A disastrous liquidity squeeze has followed.

Senator William Proxmire (D-Wisc.), a strong advocate of eliminating savings banks, has pending in committee his “failing bank” legislation which would abrogate the McFadden Act ban on major interstate bank takeovers.

According to David Cohen of Schroder Bank in New York, the “one-banking system” is not far away. “The only S&Ls left will be the rural ones; the urban S&Ls will either become “family center banks” or go into a broader mortgage market that includes commercial and industrial real estate.”

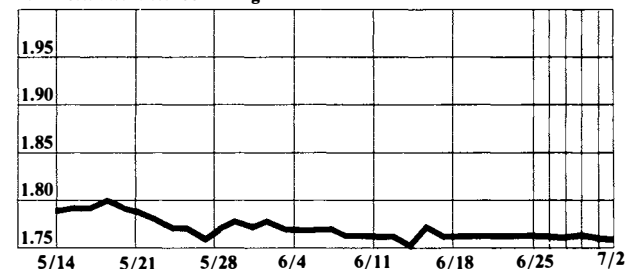
Such “family center banks,” however, with many fewer branches and less expertise, will fall easy prey to the money-center giants like Citibank or Bank of America, while mortgage institutions enter competition with mortgage trusts and insurance companies. Cohen estimates that 10 percent of the S&Ls will be merged, acquired, or will fail by the end of 1981.

A special report by the *Executive Intelligence Review* documents Citibank’s leading role in shifting the economy to a low-growth “service” orientation over the past two decades, and the bank’s close coordination with the regulatory agencies in pursuit of the “one-banking” strategy. Now available for \$250, the report is titled “Citibank Strategy for the 80s: Restructuring the U.S. Banking System.” For information, call *EIR* at (212) 247-8820.

Foreign Exchange

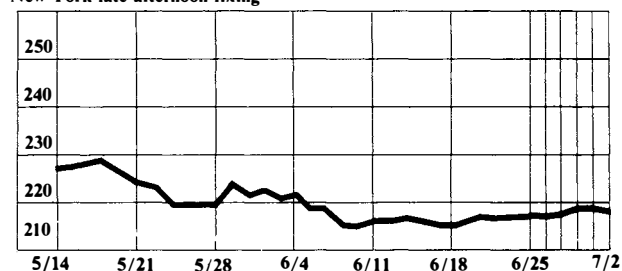
The dollar in deutschemarks

New York late afternoon fixing



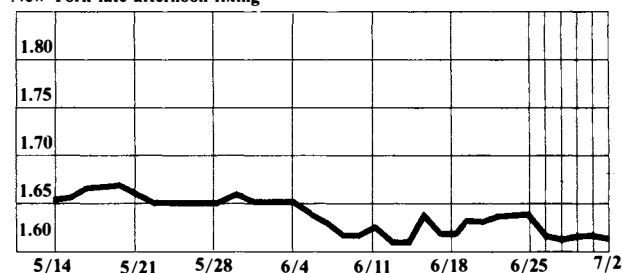
The dollar in yen

New York late afternoon fixing



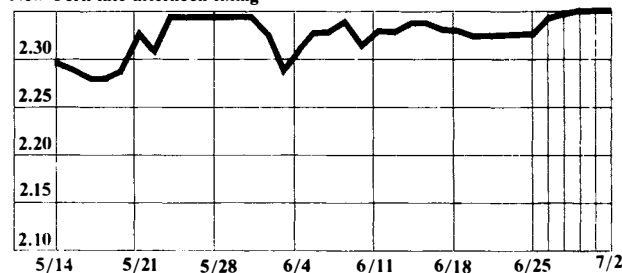
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Europe brings down interest rates

The EMS is informally promoting trade and investment through corporate finance

The French-government owned Electricité de France issued a Eurocredit of \$75 million this week with an interest rate of .35 percent over Libor. The Euroloan managed by France's Crédit Lyonnais, the third most active bank in Euromarket syndications, is being offered at the lowest interest margin to hit the Euromarkets this year.

The EdF loan is the latest example of a low-interest strategy which leading banking interests in France and West Germany have designed for top European corporate customers. Petrodollar inflows to the continent have facilitated this.

The move toward lower interest rates is being primed on a daily basis by the workings of the European Monetary System, the currency stabilization program implemented by the French and West German governments in 1979 to create the basis for a new international monetary system. From the outset, Chancellor Schmidt and President Giscard made it clear that their goal was to channel "surplus" international liquidity into modernizing and expanding continental Europe's industrial base and opening up new long-term trade.

The benefits the EMS offers European industry are indicated by the following.

In recent months, the Swiss Central Bank has worked towards setting up informal associate status in the EMS. About six weeks ago,

the Swiss and West German central banks agreed to link their currencies through a de facto fixed parity agreement. As a result, West Germany's largest firms are borrowing substantial seven-to-twelve-year funds from Swiss banks at prevailing Swiss domestic rates, which are in the 7-8 percent range.

These loans have helped West German firms such as the Mannesmann pipeline manufacturing company to consolidate major deals. This week Mannesmann was awarded a \$340 million water pipeline contract by Saudi Arabia.

When Chancellor Schmidt announces the results of his just-concluded trip to Moscow, Mannesmann and related European firms are expected to win multibillion dollar contracts for Siberian development financed by German-led banking consortia.

Lower European corporate financing costs have also facilitated a series of dramatic acquisitions and mergers, particularly in the auto and steel sectors. Michelin Tire, for example, has sold off its 50 percent holding in Kleber-Colombes to a subsidiary of Germany's Bayer Chemicals. Michelin will use the funds to finance expansion plans in North and South America.

Peugeot and Fiat are negotiating a major engineering joint venture which will integrate their operations worldwide. Otto Wolff steel, which also represents the Luxembourg steel giant Arbed, has just

purchased a growth-oriented agricultural equipment supply company in Houston, to enable it to expand American sales overall. Demonstrating Arab confidence in European basic industry, Kuwait announced this week that it had just purchased \$1.4 billion in equity in Volkswagen Brazil.

A recent *Neue Zürcher Zeitung* report on first-quarter 1980 current accounts settlements by EMS members emphasized the expanded net liquidity available to European central banks. The reason is the upvaluation in their gold reserves, which under the EMS takes place through European Currency Account clearing every three months. The potential for further long-term, low-interest lending is correspondingly expanded.

In contrast to Europe's efforts to use low-interest loans to bolster and protect industry in the face of the worsening U.S. depression, Anglo-American banks are sticking firm to the old game of trying to attract international capital flows with exorbitant interest rates.

With returns of 15-16 percent on British gilts, the Bank of England injected £700 million this week into the U.K. banking system to finance the latest round of government paper issuance. Manufacturers Hanover has just opened a full operating branch in the Channel Islands to market short-term certificates of deposit. Chemical Bank announced the first-ever issue of a high-interest certificate of deposit denominated in Special Drawing Rights (the International Monetary Fund basket-numeraire) this week, while Morgan Guaranty and Citibank are on a big push to market CDs in Curacao and the Cayman Islands.

Trade Review

NEW DEALS				
Cost	Principals	Project/Nature of Deal	Financing	Comment
365 mn	Mexico from U.S.	Ford is building a Mexican plant to produce 4-cylinder engines, some of which will be exported to U.S. in exchange for increased Ford parts imports from the U.S.		Ready in 1984
250 mn	Mexico from U.S.	Chrysler Corp. is building a \$200 mn engine plant in Saltillo; \$35 mn for 1982 models; and a remaining amount for expanding its truck production		
190 mn	Spain from U.S.	Iberia Airlines has ordered three 747-200 B aircraft from Boeing		
64.4 mn	Jordan from U.S.	U.S. delivery of ammunition for self-propelled 155 mm and eight-inch artillery pieces		Pentagon letter of notification to Congress
50 mn	Mexico from United Kingdom	Pemex purchase of British oil industry equipment and services	\$50 mn credit by British and Mexican bank syndicate led by Baring Bros.	
23.5 mn	Thailand from U.S.	Thailand will receive 35 M48 tanks		Pentagon letter of notification to Congress
	Iraq from Italy	Snamprogetti will build a refinery at Baiji which will produce 250,000 metric tons of lubricants per year		Agreement reached with SCOP (state-owned)
	U.S. from Japan	K. Hattori & Co., Ltd., the Tokyo-based parent of Seiko, will establish a quartz clock assembly plant in the U.S. by the end of the year		
	Canada from U.S.	Pacific Western Airlines (Calgary, Alberta) has ordered two 737s from Boeing		
50 mn	U.S. from China	Three Chinese industrial firms will manufacture basketballs, soccer balls, and volley balls for AMF, Inc.		10-year contract signed
20.4 mn	Hungary from U.S.	Ingersoll-Rand will supply (1) nine heavy-duty gas turbine compressor units for the Hungary Oil and Gas Trust's natural gas pipeline system, and (2) will supply compressor and other equipment parts to the Ganz Mavag works of Budapest, which will build and export natural gas engines		Both contracts signed
CANCELLED DEALS				
	U.S. from West Germany	Volkswagen has cancelled its plan to build an engine plant in the U.S. and will instead rely on production from its Puebla, Mexico engine production facilities		

Chinese-model genocide: how it's happening in Iran

by Robert Dreyfuss

Almost as soon as the Iranian revolution had secured its bloody grip on Teheran in 1979, speculation began on which country would become “the next Iran.” Throughout the Muslim world, country after country found itself being compared to Iran. Turkey, Egypt, Iraq, Saudi Arabia, Pakistan, the Philippines, Algeria: self-proclaimed specialists in Islam issued forecasts with alleged insights into the qualification of each of these countries to become an importer of the perverse gospel of the Ayatollah Khomeini. Outside the Muslim world, states such as Mexico were often mentioned as places in which “the Iran treatment” would topple governments.

Such reports are not idle speculation. The gentlemen behind Khomeini and the Islamic Republic of Iran do indeed intend to export the Iranian revolution. During the entire decade of the 1970s, the Club of Rome, the Aspen Institute, the human rights organizations, Amnesty International, and the Brandt Commission developed a strategy for dealing with what they euphemistically called “overpopulation.” Committed to prevent the industrialization of the developing sector, the Club of Rome and its associates sought a method to bring about the elimination of one billion people in the so-called Third World. That could only be accomplished by effecting a reorganization of society in the developing sector away from the city-building, urban industrial outlook which had captured the aspirations of the broad mass of the population; in its place must be put a society organized along the lines of the feudal Chinese civilization. This development model came to be called the “China model,” applied with grim efficiency by the Pol Pot regime in Cambodia.

Thus, Iran—in order to better test the viability of this strategy—was turned into a life-size laboratory for experimentation in the application of the “China model.” As incredible as it may seem, everything that has occurred inside Iran was the result of a carefully controlled process of dein-



Fanatical followers of the Ayatollah Khomeini in Teheran.

dustrialization, ruralization, and systematic elimination of the productive capacity of what, until 1978, had been one of the most prosperous nations in the developing sector. Sociologists, social psychologists, specialists in psychological warfare, and cultural anthropologists in the employ of the Club of Rome and the Aspen Institute have minutely studied the daily disintegration of Iran's economy—and the concomitant expression of insanity by its population—to determine whether or not the experiment was a success.

A life-size laboratory

The final results are not yet in. But, as exemplified by University of Chicago Professor Marvin Zonis—a well-known Iran expert for Anglo-American intelligence with a special expertise in psychology—the very people who participated in the creation of the Khomeini regime are now monitoring reports of its progress.

The following report by the *Executive Intelligence Review's* Middle East specialists documents first, the devastation wreaked on Iran by the eighteen months of rule by Khomeini and the mullahs; in that short time, the development course of an entire nation has been reversed. Second, we document the political mechanism that stands behind the economic czars of the present regime, as typified by President Abolhassan Bani-Sadr. There is little doubt that Iran under the "China model" has been brought to the very brink of collapse, mass

In this section

This Special Report was researched and written by Robert Dreyfuss, Judith Wyer and Mark Burdman, under the direction of Mr. Dreyfuss, *EIR's* Middle East Editor. Mr. Dreyfuss and his staff have gained international prominence for their prescient analyses of the Iranian destabilization, beginning before the February 1979 revolution that brought "Islamic fundamentalism" to power, and featuring *EIR's* November 1979 publication, "The Secret Behind the Ayatollah Khomeini," which created a stir among influential government and other circles around the world.

This Special Report continues *EIR's* exclusive coverage. It includes:

The slow death of Iran's economy
by Judith Wyer

What Khomeini has destroyed
by Robert Dreyfuss

How the Club of Rome planned Iran's devastation
by Mark Burdman

starvation and executions—genocide. Nor is there any doubt that such a result is the deliberate policy behind the Anglo-American oligarchy as represented by the Club of Rome and its appendages.

Ideological reorientation

If the Iranian experiment proves successful, the lessons learned there will be applied throughout the developing sector to implement the “New Dark Ages” strategy of the Anglo-American elite.

So far, there is no doubt that Iran has proved at least part of the case: namely, that a modernizing nation committed to growth and high-technology development, from steel plants and nuclear power to modern agribusiness and computerized communications systems, can be reduced to chaos almost overnight. What is not yet entirely proven is that the population of that country can be easily broken from their commitment to that outlook. For that, the conspirators in Iran require the imposition of an *ideological* reorientation in the psychology of a population.

As examined in a previous *EIR* report, (“The Aquarian Conspiracy’s Road to Orwell’s 1984,” May 13, 1980), the key to the Anglo-American oligarchy’s ability to bring about the needed shift is the “attitudes” and belief structures of a target population. These must be changed by careful manipulation of the ideological weaknesses in the psychological profile of the citizens of a nation-state, in a way that opens up their susceptibilities to an anti-industrial revolution. In Iran, the cult aspects of the radical Shi’ite beliefs—studied by British intelligence specialists for a century or more—were used to mobilize ignorant and backward peasants as shock troops of an army whose watchword was anti-Westernization.

For Iran, the command center of the Islamic revolution was the network of the Muslim Brotherhood (*Ikhwan al-Muslimun*). Established in 1929 by the British Secret Intelligence Service in Ismailia, Egypt, the Ikhwan grew rapidly and extended itself into branches in many other Muslim countries, including Iran. Everywhere, its ideology resurrected the ancient cult practices of pre-Islamic Arabia and, from the Islamic period, the Ikhwan drew upon the works of the reactionary anti-science current of Al-Ashari and Al-Ghazali. Since its beginning, the Ikhwan has been used by the British to countervail against the advocates of industrialization in the Islamic world, equating “technology” with “the West” and then suggesting that some sort of “Islamic technology” appropriate to that part of the world is all that Muslims can aspire to. In the United States, the front group of the Ikhwan is the Muslim Student Association, out of which virtually the entire present leadership of Iran is drawn, including Sadegh Ghotbzadeh, Defense Minister Mustafe Chamran (who is also

the chief of SAVAMA, the secret police), Ibrahim Yazdi, and others.

In other countries, it is the same. In Mexico, for instance, Jesuit priests and the feudalist Monterrey group have developed a “Liberation Theology” assault against the “materialistic” nature of Mexican society, using ancient cult practices of Aztec culture as the organizing principle for rallying support for the “China model” there.

The Aspen role

The Iran Project of the Aspen Institute, which convened the 1975 international conference in Persepolis, Iran, was probably the single most important among the ongoing efforts to prepare the nation of Iran for the Islamic revolution. Given its commitment to bringing about a shift in attitudes from the “material” to the “spiritual,” the Aspen Institute was involved in nearly every aspect of sponsoring the revolution. But what is not widely known is that at the very pinnacle of government and the Pahlavi court in Iran were leading officials who collaborated directly with the conspiracy to topple the Shah.

Since his fall, the Shah has expressed his shock and surprise that one of his closest associates and former schoolmates, General Hossein Fardoust, who was given responsibility for preparing the Shah’s daily intelligence brief, was secretly a supporter of the Khomeini revolution and now occupies an important post in the SAVAMA, Khomeini’s secret police.

But by the same token, leading Iranians such as Sayyed Hossein Nasr and Hushang Nahavandi—and even the Shah’s wife, Empress Farah herself!—were intimately associated with the conspiracy, whether wittingly or unwittingly, and it was they who opened the doors for the Bani-Sadr regime. In fact, Empress Farah, the Shahbanou, provided millions of dollars in research grants to Roger Garaudy, a French leftist with links to the Club of Rome and his chief associate: Abolhassan Bani-Sadr!

The results to date

In a series of exposés since 1979, the *Executive Intelligence Review* has provided exclusive information on the international apparatus that toppled the Shah. While Henry Kissinger—whom the naive Shah still befriends—asserts that Iran’s revolution was the result of “too-rapid industrialization,” in fact, what happened in Iran was the result of direct Carter administration support for a British-directed operation to destroy Iran for reasons having to do with “geopolitical” policy. As early as February 1979, *EIR* warned what would be the result of the successful consolidation of power by the Ayatollah Khomeini and his associates. In the following, we present the sum of that result so far.



“Teheran is a monstrous, parasitical city, which by itself absorbs half of national consumption and outrageously burdens the state budget. We intend to depopulate it by creating manufacturing and agricultural units in the provinces.”

Abolhassan Bani-Sadr

Iran's slow economic death

by Judith Wyer

Iran's once developing economy is currently undergoing willful destruction by the Islamic theocracy of Ayatollah Khomeini, whose aim is to transform Iran into an economic wasteland based on the Maoist Chinese model of “back to the land” agricultural self-sufficiency.

Both U.S. government and private business sources as well as Iranians familiar with the complexities of Iranian society concur that the so-called Chinese model, attempted in Cambodia by the dictator Pol Pot, can only succeed through a drastic reduction in Iran's population. The Pol Pot regime, which emerged from the same ideological currents as Iran's President Abolhassan Bani-Sadr, brutally reduced Cambodia's population from 7 to 3 million people. With a population approaching 35 million, imposition of the Chinese model policy on Iran implies an even more devastating atrocity than that perpetrated by Pol Pot.

Bani-Sadr told the French magazine *Le Nouvel Observateur* shortly after the February 1979 revolution that he hoped to impose a Cambodia style of economic planning for Iran. Bani-Sadr was careful to stress the fact that, unlike Pol Pot, he did not favor force as a means of depopulating the cities and building a mass agricultural labor force; he emphasized that Iranians must be “persuaded” to leave the cities. The persuasion to which Bani-Sadr is referring involves such severe crisis conditions in the cities that the population will accept as its

A river of urine runs down a Teheran street. As slums proliferate and peasants have flooded into the city, all housing construction has stopped.

“only alternative” labor-intensive rural employment.

The economic chaos which has left Iran's economy at a virtual standstill is not simply the result of infighting and confusion in the leadership of the Islamic regime. The collapse of Iran's economy has been calculated by the Western ideological planners of the Iranian revolution, principally the Club of Rome and the Aspen Institute, as a *phase* in the process of the Cambodianization of Iran.

As one former cabinet minister put it: “The U.S. and Britain any day could easily clean up the mess in Iran if the will were there . . . but it isn't, so every day that passes under this regime Iran dies a little more.” The same source estimated that even if a secular republican government were to take over tomorrow, it could require up to two decades to recoup the setback in development the Iranian economy has undergone over the last 18 months.

Since the revolution, Iran has become the new model for the developing sector as the paradigm of an anti-Western nation bent on economic self-sufficiency. If this policy is realized, Iran will revert to the economic cesspool it remained under British domination in the 19th century, when opium exports were the largest source of foreign capital. The Chinese-model economic program which Bani-Sadr professes is nothing but the policy for the developing sector as a whole formulated by the Club of Rome, the International Monetary Fund, and associated financial institutions. In this respect, Bani-Sadr's “economic radicalism” is essentially warmed-over British colonialism.

A Carter Administration source this week commented that while Bani-Sadr and Khomeini are "still committed to a rural based economy, they have met with unexpected resistance within the population." In the first six months following the revolution, he noted, "Khomeini tried to enact this ruralization plan but he backed off when he saw that he was not politically strong enough at that time to overcome his opposition." The problem facing the revolutionary government is that as it endeavored to "eliminate opposition" it continued to delay on its agricultural plan. As a result there has been a massive influx of rural peasants into the cities.

Now, observed a Middle East analyst, the hostage crisis has further complicated the situation, since the revolutionary government is looking for revenues from oil production and assistance from certain Western interests to aid in its ruralization plan. Neither are at present available. It is estimated that this year Iran's oil export earnings plus remaining foreign exchange will just cover the growing import bill for vital commodities. After that? A State Department source conjectured, maybe "the people will just have to be starved out of the cities."

Destroying the labor force

Like the Pol Pot regime, Khomeini has made his first political target the elimination of the most advanced layers of Iran's intelligentsia and labor force through political persecution and outright execution. These are the individuals who were educated and cultivated to become what one Iranian source termed the "mind of Iran." A manifestation of Khomeini's political terror campaign has been a massive exodus of Iran's urban elite. According to a U.S. Department of Commerce source, as many as 6 million may have fled Iran since the revolution. The source characterized the exodus as a "disaster for Iran in which the guts of the country are being ripped out." Exiled Iranian sources dispute the Commerce Department estimate, putting the number of emigrants at somewhere between 2 to 3 million. The remaining educated strata are in any case increasingly excluded from what is left of business and government functioning and decision-making.

A Georgetown University professor with close ties to the Khomeini regime detailed this month a plan favored by Bani-Sadr to completely purge the Iranian government bureaucracy, which still contains remnants of staffing from the former regime as well as middle-class opponents of the Khomeini dictatorship, and install young radicalized college students. The source stated that Khomeini intends to force the "early retirement" of anyone employed by the government over 40 years old.

In line with this scheme, it was recently announced that beginning in September all of Iran's universities

will be closed, ostensibly to undercut growing restiveness against Khomeini. But the real story behind the closing has to do with utilizing the students as the shock troops of the "back to the land" deurbanization plan Bani-Sadr envisions. The Georgetown professor added that students will soon be conscripted into a new National Volunteer Service. The prime functioning of the NVS will be "to lead the march out of the cities," he stated, adding that "the regime is insisting that urban-born Iranians comprise the leadership of this movement."

Since his bid for the presidency earlier this year, Bani-Sadr has been the only political personality with a "program" for Iran's economy. This contingent of students pegged for the NVS has been subjected to years of brainwashing on Iranian and foreign campuses

The shutdown of Iran's oilfields

It could take up to five years to repair the damage done to Iran's oilwells since the February 1979 revolution. This is the conclusion of both Western oil industry sources with knowledge of Iran's high-technology oil extracting system and of Iranians who worked for the National Iranian Oil Company (NIOC) before the revolution. At present Iran is selling daily a meager 200,000 barrels of oil compared with the 5 to 6 million barrels per day marketed internationally before the revolution.

The reasons for the precipitous decline in Iran's oil sales are both technical and economic. Lack of skilled management and labor to maintain and operate the fields means that at present Iran can sustain barely over 1.5 million barrels per day. Prior to the revolution, the NIOC had begun to install complex gas injection systems in the older wells to keep the pressure high enough to permit continued pumping. This procedure requires some of the most advanced technology in the oil industry, not to mention qualified technicians. Following the revolution, wells with this technology were abandoned. The pressure in those wells has decreased to the point where they may now be worthless.

Iranian sources indicate that many of the wells are silting up for lack of maintenance and new wells may have to be dug in order to resume production. Furthermore, Iran's entire oil industry was regulated by one of the most advanced computer systems in the world. This system has fallen into disrepair.

around a zero-growth anti-Western ideology coherent with Bani-Sadr's stated purpose of "creating a classless 20th century Islamic society."

Fifty percent of Iran's population is under the age of 19. It is the youth of Iran plus millions of illiterate Iranian slum-dwellers and peasants that make up the return-to-the-land movement. A recent article in *Ette-laat Javanan* noted one means by which the urban Iranian population could be "induced" to leave the cities. It recalls that during the medieval Abbasid caliphate, Iranian farmers who came into the cities for seed had their hands tattooed, and could then "be forcibly expelled by the authorities." According to Iranian sources, the Iranian press has now increased its propaganda campaign around deurbanization.

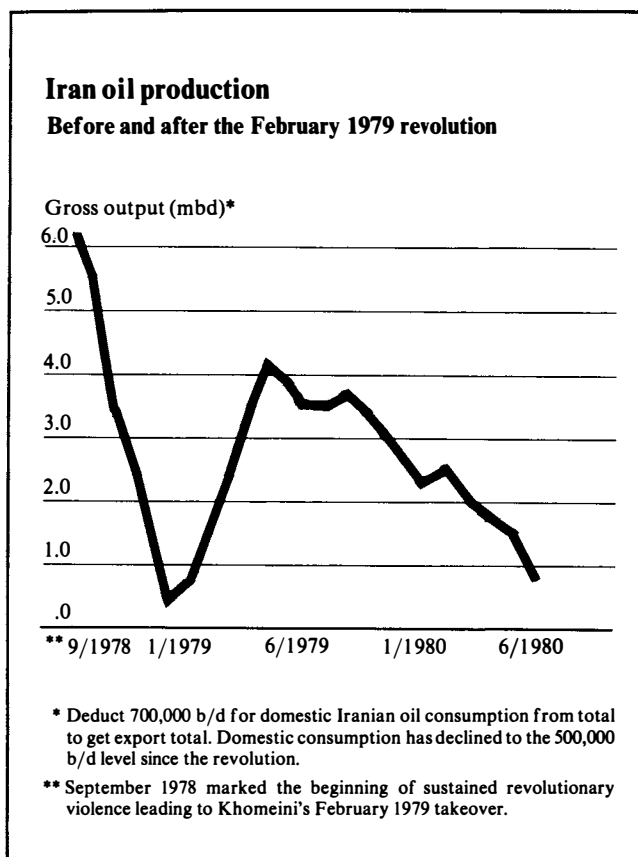
Conservative estimates put unemployment at well over 4 million. Educated city-dwellers and skilled laborers have turned to an increasing consumption of opium. This has occurred in part because the Islamic regime has banned alcohol, and because farmers are turning to cultivation of the poppy, which brings a high profit on both foreign and domestic markets. The *Washington Post* reported recently that there are at least 2 million opium addicts in Iran, with a major increase in addiction since the revolution. Law enforcement sources indicate that heroin addiction has grown as well in Iran. According to an Iranian recently returned from Iran, "the remaining literate and sensible Iranians feel trapped. Their own expectations are dimming and they are left with no alternatives but drug themselves. There was

The current low level of Iranian sales is also the result of exorbitant prices the Revolutionary Government has asked of its few remaining customers. Following a bid of \$35 a barrel this spring, Japan, one of Iran's top customers, walked out on contract negotiations. Royal Dutch Shell and British Petroleum followed suit. Another last-ditch customer, Rumania, stunned the NIOC earlier this month by cancelling a 66,000 barrel-a-day contract because Iran's price was considered too high.

Industry sources say that as a result of the sales falloff, Iran is quietly lowering its prices. This was confirmed last week when a number of OPEC oil producers began to raise their price commensurate with agreements reached at the last price-setting meeting. But Iran made no gesture toward a further price hike. Iran has increasingly become dependent upon oil sales to Third World and East bloc countries, transacted through bartering for needed vital commodities and foodstuffs.

According to a Washington source, Iran's controversial Oil Minister Ali Moinfar is "only a figurehead" for the real power that runs the remainder of the NIOC, Ayatollah Eshraghi, Khomeini's son-in-law. Eshraghi engineered the purge of former Oil Minister Nazih, who was responsible for the initial upturn in Iran's oil output beginning in March 1979. Nazih's ouster in October 1979 marked the high point in post-revolutionary oil output. Since then repeated purges of the NIOC staff have occurred. This week the Revolutionary Council purged another 500 workers and managers from the company.

The situation in Iran's oilfields has been further complicated by the increased violence in the oil-produc-



ing Khuzestan district. There have been countless instances of sabotage of pipelines. Moreover, spare parts urgently needed for the Abadan refinery are now in short supply, making questionable the future availability of needed petroleum products for Iran's own domestic consumption.

hardly any opium in the country before the revolution; now it is everywhere . . . it reminds me of what the British did in China in the last century. You look at that population, they just sit there and watch the country being destroyed, they become politically passive. This is what is happening in Iran."

Bani-Sadr reportedly favors the "China model" for dealing with the expanding opium plague in Iran. The government would administer small daily doses of opium to the addicts as methadone is distributed in the U.S., legalizing and taking over the lucrative black market of drug traffic both inside and outside Iran.

The first strikes by civil service workers erupted in Iran this week in protest against cuts in pay and benefits. Seven thousand employees of Teheran's water board staged a sit-in of the city water board's central offices after the workers were told that their housing allowances and other benefits were being withdrawn from their wages. Reuters reports that civil service workers in Iran are no longer receiving overtime benefits and in some cases are taking up to 50 percent pay cuts. According to American banking sources, Iran has adequate reserves to maintain the pay-scale of the state employed workforce. The sudden and drastic cut in pay, according to analysts familiar with Khomeini's deurbanization campaign, is aimed at "breaking" the public

sector. If the water workers remain on strike for long, it could create a crisis in Teheran, since many of the reservoirs are now depleted. Mid-July is one of the hottest months of the year in Iran.

Industrial shutdown

Iranian industrial output is estimated to be at 15 percent of pre-revolutionary levels, with major productive sectors, notably mining, small appliances manufacturing, and steel production, at a near standstill. The London *Financial Times* reported June 25 that at the Alborz Industrial Park outside Qazvin, west of Teheran, only 14 of 125 factories are currently operating. Alborz was one of the former regime's most ambitious non-oil industrial development projects; the Shah is thought to have invested upward of \$20 billion in manufacturing in more than 200 ventures, the majority of which are now considered worthless.

Within six months after the Khomeini takeover, the collapse of major industrial development projects, including two large-scale nuclear power generating contracts with France and West Germany, was estimated to have cost advanced-sector investors in Iran upward of \$50 billion dollars. By the end of 1979, the Revolutionary Council had proposed converting the cooling towers for the two West German-built Bushire nuclear plants

'Move them out of Teheran'



The following are excerpts from an essay by Bani-Sadr entitled "A Solution for Unemployment," published on October 21, 1979. Bani-Sadr calls for the "shrinkage" or "retrenchment" (rétrécissement in French) of Iran and other cities. "Shrinkage" of cities is part of the Club of Rome's "post-industrial" policy.

The regime of the ex-Shah tried to remedy the aggravation of unemployment by . . . ways that led to a growing aggravation of the economic crisis. The solution of the problem led to the appearance of other problems such as the cancerous enlargement of cities, the growth of consumption, the abandonment of the

countryside, and the decrease of agriculture and industrial production . . .

We have many times drawn attention to the danger of the growth of Teheran and of two or three other cities. Today, everywhere in the world, such cities have become threatening, like a dangerous and malignant cancer. In the industrialized countries, the large cities, centers of activity and production, have become dangerous. In cities like Los Angeles and Tokyo, it is even difficult to breathe and one of the urban services involves battling asphyxiation caused by the increasing pollution of the air. In our country, the large cities that consume without producing, outside of the dangers of the large producing cities, risk provoking the disappearance of natural resources and a rapid economic death. Instead of extending to these cities and promising them construction, etc., what is required is to elaborate the plan for their shrinkage, to realize this by creating the awareness of their dangers and an opinion unifying the executors of this plan, to make the people themselves know, in such a way that this shrinkage can be synchronized with the creation of rural industrial complexes. . . . Decentralization will become the best guarantee of political liberties. . . .

into wheat silos. The question currently facing the regime is whether in one year's time there will even be adequate wheat, given the chaotic state of Iranian agriculture.

As a result of the industrial collapse, Iran's tax base has completely dried up. Another important source of government revenues, tariffs from exports and imports, has also suffered a severe decline, drying up revenue for government functions.

According to a U.S. Department of Agriculture source, the departure of Iran's most gifted managerial and scientific cadre has posed marked problems for the Islamic regime. Last month a delegation of Iranian government officials visited New Delhi to drum up trade and inquire into the possibility of India providing badly needed knowhow to maintain baseline functioning of such vital economic centers as Iran's decaying oilfields. India made no commitment to aid Iran on this front.

At present the government bureaucracy amounts to what one Washington Mideast watcher termed a "giant welfare office." The government is handing out various forms of welfare subsidies to the swelling ranks of the unemployed.

But increasingly, even the government-subsidized incomes of particularly Iran's poorer families is inadequate to meet the soaring cost of vital necessities. Ironically, the plan to make Iran less dependent upon imports in the short term has been undercut by an increasing dependency on imports due to the collapse of local production. As a result, Iran's black market has become the major vehicle for imported goods, primarily through the Arab emirate of Dubai across the Persian Gulf, and to a lesser extent Pakistan.

The immense flow of trade into Iran through these entrepôts indicates that the embargo Carter called against Iran earlier this year has little effect on the availability of goods. However, this development has sparked an explosion of inflation. The value of the Iranian currency has gone from its pre-revolutionary value of 70 to the dollar to over 150 to the dollar with an even lower dollar value relative to the dollar on the foreign exchange market. The Iranian riyal today is considered "funny money" internationally.

The *Teheran Times* reported June 2 that the spiraling costs of imported goods plus domestic inflation has "created enormous difficulties" for slum-dwellers and peasants. Reports from Teheran indicate that recently low-income housewives have formed gangs and raided markets of vital foodstuffs. Periodic shortages of foods and commodities have also emerged. According to a Treasury Department official, there is no reason for Iran to experience any severe shortages since the central bank is estimated to have \$8 to 10 billion in reserves. The source reports that the regime is deliberately creat-

The 'Islamic' purge in Iranian education

In June, an adviser to Iranian President Bani-Sadr spoke at the annual convention of the Muslim Student Association, held this year in Oxford, Ohio. The adviser, Mozaffar Partowmah, pledged to eliminate from Iran's universities "all the infidels." "After that," he said, "we will move to clean out the high schools and elementary schools."

The systematic, school-by-school purge being carried out by the Khomeini regime is a key feature of Khomeini's larger policy commitment to destroy the education system, and with it the mind of Iran.

All universities have been shut down for an indefinite period until they can be purged of Western tendencies and made "more Islamic." Iran's Deputy Education Minister Mohammed Jawad Rajalayn says the universities may remain shut for as long as two years. Other sources say that five years is a more realistic figure. "Purge committees" have been formed in each university to boot out those students and professors who are not "Islamic" enough. Hundreds of professors in Teheran have already been axed.

A new Islamic curriculum is being imposed on all the universities and schools to "safeguard Iran's young against deviation and decadence." The curriculum is expressly designed to brainwash Iran's younger generation into an antiscience, antitechnology, fundamentalist world view. History textbooks are being rewritten to eliminate all references to the accomplishments of the Pahlavi dynasty and the Shah. Instead of studying literature and ancient history, grade-school children are taught to mindlessly repeat such chants as, "Khomeini, Khomeini, you are light from God."

In June, Khomeini appointed a seven-man committee to cleanse the country's education system of all "imperialist influences" left by the old government. "The continuation of this same tendency, which is an unfortunate catastrophe, is the objective of foreign-inspired elements," said Khomeini. "The is a deadly blow against the Islamic republic, and any negligence in the proper carrying out of our education reforms would be outright treason against Islam and our Islamic republic."

ing certain shortages in what are considered luxury items in order to accustom the Iranian population "to living with less."

The myth of agricultural self-sufficiency

A Khomeini sympathizer in the United States predicts that the regime over the next three months will phase out all meat imports, on the premise that the "majority of the Iranian people are not used to eating meat so why shouldn't the entire country get used to" a meatless diet? Financial sources report that the Revolutionary Council is considering a possible cut in government food subsidies as part of an overall austerity drive, given the rapid decline of oil sales and drop in income.

Such a move would leave millions of Iranians to fend for themselves in obtaining food, and could spark total chaos in the country.

The big test for the current regime comes this month when the winter wheat crop is harvested. Until now Iran has had sufficient wheat to meet consumption needs. The harvest brought in at this time last year was planted prior to the revolution, and in late 1979 Teheran contracted for 1 million tons of Australian wheat to meet the deficit left by the 5 million ton total. All evidence this time, however, indicates that the harvest will probably yield under the 5 million tons needed for the year ahead. According to the *Middle East Economic Digest* of Jan. 18, both petty disputes over land titles and high prices for government-supplied seed have hampered cultivation, particularly in the northern regions. The province of Gilan, along the Caspian Sea, is the primary wheat-growing area of Iran, but there, as in neighboring Azerbaijan, restiveness has increased against the central Khomeini government.

Another problem affecting agricultural output in the short term is a mass exodus of farmers into the cities. Reasonable estimates are that Tehran's population has swelled by as much as 2 million since the revolution. These new city-dwellers have migrated from the countryside with high expectations that the new revolutionary regime will attend to their needs and provide the upward mobility for their children which only the city offers. It is these new urban migrants that are targeted for redeployment back into abandoned villages to spearhead a "new wave" of labor-intensive farming.

The mullah mafia expropriates the economy

The ruling Islamic regime has moved quickly to not only take over most of Iran's remaining industry but also to forcibly expropriate vast amounts of Iranian land. An Iranian journalist reports that "if you are not a mullah [a Shi'ite Islamic priest] or related to mullah, you stand a very good chance of losing your land to one of them . . . they just walk in and take it." British press sources report that the massive amount of take-

overs by the Shi'ite clergy has contributed seriously to the lack of work for the labor force in Iran. The *Financial Times* reports that the Mustasafin Foundation (the Foundation for the Deprived) acts as an executive wing of the government in many nationalizations and then utilizes the funds made available to the government from profits from various businesses to recycle to Iran's poor.

The theocratic leadership has also formed a new foundation into which the Shah's expropriated wealth has gone called the Alavi Foundation. (Whether the name Alavi is meant to be a play on the former government's controversial Pahlavi Foundation is not known.) According to the June 15 *Washington Post*, the foundation controls hundreds of millions in revenues. The *Post* also reports that the Foundation for the Deprived at present owns or has interests in "70 major industrial plants, 25 large construction firms and 30 trading companies, in addition to an unspecified number of farms, houses, hotels, theaters, nightclubs and personal property." The foundation now controls the three most influential secular Iranian newspapers, *Kayhan*, *Ettelaat* and *Ayadegan*.

European sources report that the leading religious figures in Iran—including the son and grandsons of Ayatollah Khomeini—have sent tens of millions of dollars out of the country. It is similarly Iranian money laundered through the Iranian Foreign Ministry which was reported by the Voice of Free Iran to be paid to former Attorney General Ramsey Clark for the purpose of funding pro-Iranian demonstrations and black nationalist insurgents.

Opponents of the Khomeini dictatorship continue to be terrorized through the deployment of fanatical Jacobin mobs. A number of such deployments has occurred on Iran university campuses, where anti-Khomeini groupings have been brutally attacked by Hizballah (the "followers of Allah"), a movement funded directly by Ayatollahs Beheshti and Rafsanjani. Similarly, Iranian sources report that most of the demonstrations which occur in Iran are pulled off by distributing funds to slum-dwellers; this is how the mobs were called out into the streets during and after the revolution.

With a serious drop in national income resulting from the precipitous decline in oil sales, the question now is how much longer Iran can go on operating in this economic mode. If it does, one Iranian with long-term experience in agrarian science stated with great certainty that rampant starvation will prevail in Iran. "You just cannot turn the clock back in Iran. The people have tasted development, education and the fruits of progress. They will never go back onto the land, no matter how bad things get. They know that Iran cannot be self-sufficient without drastically lessening their numbers. They will fight, and I hate to think just how bloody it might get."

What Khomeini has destroyed

Until the feudalist-clerical revolution that toppled the Shah, Iran was on its way to becoming perhaps the premier example of the process of industrialization.

Often, in interviews during the 1970s, the Shah repeated his hope that Iran would by the year 2000 enter the ranks of the top ten industrial countries of the world. Though he was ridiculed for that statement by the noisy anti-Shah lobby, and though Iran's own development planning was infested with secret collaborators of Ayatollah Khomeini, what Iran had accomplished before the revolution was an important achievement.

The driving force behind Iranian industrialization was oil production, under the direction of the NIOC (National Iranian Oil Company), in 1978 probably the biggest petroleum corporation in the world. During the 1970s, the Shah battled the British-dominated oil cartel that for decades had controlled Iranian oil. His refusal to submit to London's terms for renewal of the 25-year accord that expired in 1978 was a crucial factor in the decision of the British to bring down the Shah. In the last year before the Shah fell, NIOC produced well over 6 million barrels of oil per day. Construction was underway to expand output to 7.2 million. Current Iranian production is around 200,000 barrels a day!

Iran's industrial development was at the takeoff point—with plant and equipment that now lie in ruins.

Nuclear: In the field of nuclear energy, Iran was far and away the leader of the Third World. A staggering total of 32 nuclear power plants were either under construction or on the drawing boards in 1978, with most of them due to come on line before 1990. France and West Germany held contracts to construct \$30 billion worth of nuclear installations. In 1978 Iran was also talking with the United States about a \$25 billion nuclear package, never consummated. Iran had begun to exploit what is thought to be enormous reserves of uranium ore. Iranian scientists and engineers had already begun work on nuclear fusion energy research.

Steel: The enormous Soviet-built Aryamehr steel works in Isfahan was the centerpiece of Iran's exciting new steel

industry. Already producing 1.9 million tons of steel annually in 1978, by 1985 the Aryamehr works were slated to have an output of 8 million tons per year, making it one of the largest steel plants in the world. The parent National Iranian Steel Company (NISC) had also begun to build several other facilities, including plants using the most advanced, high-technology gas-reduction equipment. By 1983—had the revolution not destroyed everything—new plants at Ahwaz, Bandar Abbas, Isfahan, and other sites would have given Iran a steel capacity of over 15 million tons a year. By comparison, U.S. steel production in 1978 was 136 million tons.

The steel sector was the university of industry in Iran. The Isfahan plant served as a center for training skilled and semi-skilled workers, and engineers and managers for the entire nation. Said a chief of NISC, "Our income is not only from steel sales but also from intangible assets of training. We have a big turnover in labor, and that is exactly the aim of the government—workers learn skills here and take them to where they are needed. In fact we run a formal school, a training center for 7000 students." That was in 1978. Under Khomeini, the most precious asset of Iran—its labor force—is being exterminated.

Copper: In 1979, the Sar Cheshmeh Copper Mining Company was beginning production of 142,000 tons of copper per year, placing Iran in the top six copper-producing countries in the world. With over 400 million tons of copper reserves under the ground, an entire new city had been under construction in Sar Cheshmeh. It already had a 25,000 population, complete with mine, smelting and refining plants, and plants for fabrication. A new rail line was on the drawing board.

Machine Tools: The huge Tabriz Machine Tool Plant, a multibillion dollar complex, annually produced 10,000 tons of drills, pumps, lathes, milling machines, compressors, and presses. Built in 1966, it had created in Tabriz a complex machine-tool industry, including a tractor factory, engine plants, truck and bus assembly plants, and other heavy industry. Thousands of Iranian peasants flocked to Tabriz to join the growing industrial labor force there. Like Isfahan steel, the Tabriz machine-tool plant—with its own vocational school—produced thousands of trained workers and managers for smaller plants.

Auto: Ten percent of Iran's labor force was employed in the automobile industry, under the control of the Iran National Vehicle Manufacturing Company. The plant produced 130,000 vehicles per year. More and more of the finished product was comprised of Iranian parts. General Motors, British Leyland, Daimler-Benz, Volvo, Renault, Mercedes, and Mack Truck built plants in Iran along the same industrial corridor. France's Renault alone produced 60,000 vehicles annually.

How the Club of Rome planned Iran's devastation

by Mark Burdman

Cambodianization of Iran was the planned outcome of interventions into the country in the years immediately preceding the overthrow of the Shah. The planners were the Club of Rome International, the Tavistock Institute in Sussex, England, the Aspen Institute for Humanistic Studies, the Society of Jesus, and the sociology-anthropology complex at the Sorbonne University in Paris.

Working with individuals at the Shah's court who ranged from the Empress Farah to education, culture and planning officials and "court philosophers" like Syed Hosein Nasr, the Club of Rome and its associates, implanted in Iran a network committed to the deindustrialization of the nation. Outside Iran, the Club of Rome groomed anti-Shah emigré "dissidents," typified by current Iranian President Abolhassan Bani-Sadr, to create a post-Shah ruling stratum committed to the Cambodia perspective.

Iran was not the victim of some "communist conspiracy." Bani-Sadr, Sadegh Ghotbzadeh and so on are not "communist agents"—except in the sense that they perpetrate the Maoist ruralization policies so admired by the Club of Rome. Especially because a "communist conspiracy" interpretation of the Iranian disaster—an interpretation peddled by British intelligence circles—still holds sway among important supporters of the former regime, it is necessary to present an overview of the Club of Rome, its operational policy for Iran, and its resources for creating Jacobin revolutions.

The Club of Rome's goals

The Club of Rome is a special operation of the ancient and powerful families in Great Britain and continental Europe who cumulatively control the overall policy direction of NATO and of many multinational banks and corporations. This oligarchic group's perspective for Iran in the 1968-1975 period was to build up the country as an armed entity capable of carrying out the geopolitical "crisis management" policies described, for example, in the bestselling scenario *The Crash of '79*. To this end, Iran received modern weapon-

ry and technology, but never the republican institutions that would transform it into an integral, modern nation-state.

Should the Shah depart from this geopolitical perspective as dictated through Henry Kissinger—as he began to do in 1975 by concluding both detente arrangements with Iraq and major trade and development deals with both Western and Eastern Europe—the Club of Rome group was prepared to unleash against him a tribal-clerical fundamentalist upsurge. That upsurge succeeded in 1979, with U.S. government backing.

When NATO launched the Club of Rome in 1968-1969, the aim was to usher the advanced sector into a "post-industrial era" with the argument that industrialization threatens to deplete the world's "scarce resources." A series of operations starting with the 1973-74 oil hoax enforced the argument. Limits-to-growth propaganda, in the words of Club of Rome founder Aurelio Peccei, was part of the "shock treatment" designed to prepare populations for supranational resource allocation by the Club of Rome's affiliates in NATO and the United Nations. Students and street *enragés* were funneled into the sudden late-1960s ecology movement and other countercultural cults.

Essential to this effort was discrediting nuclear-based industrial development, and its leading Third World proponent, the Shah of Iran.

Operation Persepolis: infiltrating the court

The Iranian side of this global strategy took shape through the Aspen Institute's Persepolis symposia, conducted in 1975-1976 in Iran and the United States. Citing the participation of leading members of U.S. and European thinktanks, corporations, universities and media spokesmen, anti-Shah insurgents have often portrayed the symposia as "pro-Pahlavi" strategy sessions.

Nothing could be further from the truth.

In September 1975, the Aspen Institute held a pivotal symposium in Persepolis, Iran. Cheek to jowl at the

event were close friends and associates of current President Bani-Sadr, such as Ehsan Naraghi, along with Aurelio Peccei, Sol Linowitz, Robert O. Anderson, Arrigo Levi, Catherine Bateson, Daniel Yankelovich, Walter J. Levy, Harlan Cleveland, Maria Countess Dönhoff and Iran experts Marvin Zonis, James Bill, Leonard Binder, Charles Issawi and others.

Keynoting the entire conference was a member of the Institute board—who was also a member of the royal family: the Shah's wife, Empress Farah, Shahbanou of Iran.

In outright opposition to the Shah's plans to make Iran a world industrial power, the Aspen conference stressed a single theme: modernization and industrial growth undermine the "spiritual, nonmaterial" values of Iran's ancient society, and these values must be preserved above all else. Naraghi spoke in praise of "the nonrational" and the "mystical-poetical experience" of Iranian culture. Hormoz Farhat, a Teheran professor, spoke solemnly of a "spiritual bankruptcy" in Iran requiring a "moral uprising."

The conference was entitled "Iran: Past, Present and Future." One of its immediate achievements in shaping the future "moral uprising" was to establish control over Iranian educational policy, by consolidating links between the Aspen group and complicit top-level officials in Iran's Education Ministry. Catherine Bateson of Damavand College in Teheran, daughter of Margaret Mead and Gregory Bateson, was a Persepolis participant essential to this subversion.

At the same time, Peccei, Geneva's Jacques Freymond, and other Club of Rome members mobilized Muslim Brotherhood networks in Europe to (1) bring an "educational perspective" into Islam, then (2) utilize a new, synthetic, zero-growth version of the Islamic religion as a weapon against Europe and the United States. This two-stage project, named "Islam and the West," held its first planning session at Cambridge University, England, in 1976. Under the guidance of Peccei, Britain's Lord Caradon, Muslim Brotherhood leader Ma'arouf Dawalibi, and others, "Islam and the West" assembled a policy outline on science and technology. The program, later published in 1979, was assembled by the International Federation of Institutes of Advanced Study, headed by Club of Rome member and NATO science adviser Alexander King. The core of the document is the assertion that "we have to return to a more spiritual conception of life. . . . The first lesson of Islamic science is its insistence on the notion of a balanced equilibrium for the use of the world's resources, an equilibrium which would not destroy the ecological order of the environment, on which collective survival finally depends." This argument is used to attack Western science and technological progress in

Europe and North America since the advent of the European Renaissance.

Peccei next moved toward the Shah's court. In November, 1977, a conference took place in Lisbon, Portugal, under the sponsorship of the Inter-Religious Peace Colloquium—an organization set up by Cyrus Vance (at the time project director of the New York Council on Foreign Relations' 1980s Project), Club of Rome member Sol Linowitz, and others.

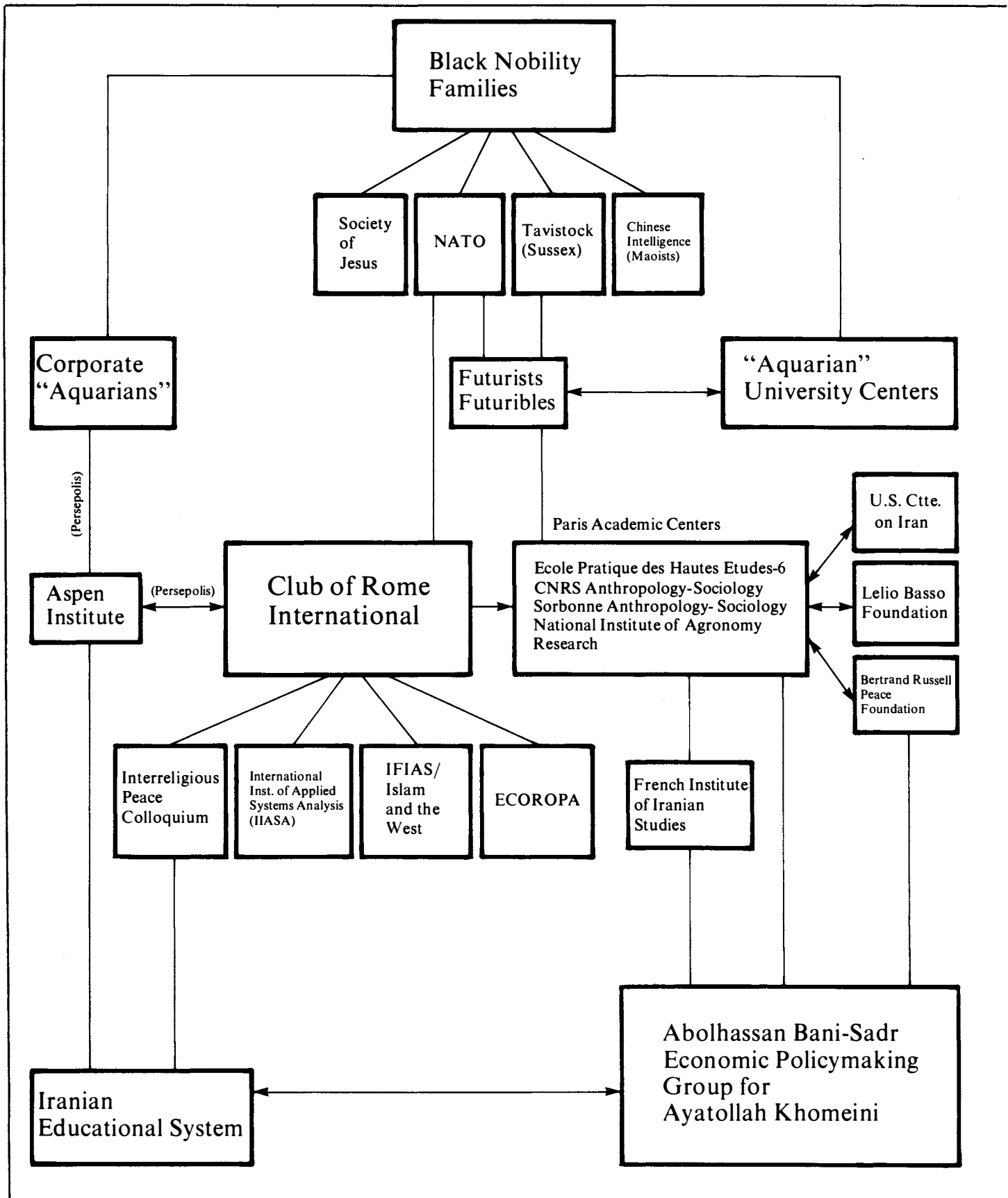
The 1977 Lisbon event was orchestrated by two leading Jesuits, William Ryan and Philip Land, who work for the Club of Rome-affiliated Center of Concern in Washington. As an aide to Land put it, the Lisbon event was called to "establish linkage between world religions and the Club of Rome's RIO [Reshaping the International Order] conference." The RIO event, held in Algiers in 1976, had been the first-ever Club of Rome event in a developing-sector country.

Under the title "The Changing World Order: Challenge to World Faiths," the Lisbon event congregated such personalities as Richard Falk of Princeton (a Club of Rome member) and several Muslim Brotherhood figures, such as the Jesuit-trained Ismail Faruqi of Temple University and Khurshid Ahmad, former head of the Leicester, England Islamic Foundation and presently Minister of Planning for Pakistan. All of them were instrumental in building the 1978 international support apparatus for Khomeini.

In attendance at the Lisbon event was also Seyyed Hosein Nasr, head of the philosophy department at Teheran University and "court philosopher" to the Shah.

The Shahbanou, the Club of Rome, and Bani-Sadr

Around the time of the Lisbon event, Nasr was instrumental in obtaining money directly from the Shahbanou for a Club of Rome economic modeling project for Iran. According to Iranian sources, Nasr prevailed upon Teheran University Chancellor Hushang Nahavandi, an adviser to the Shahbanou, to funnel \$10-20 million to top French Jesuit-linked theorist Roger Garaudy, for his Institute for the Dialogue of Civilizations. The money was targeted in part to use the Club of Rome Mesarovich-Pestel regional planning model for Iran, under the partial supervision of the Club of Rome's coordinator in France, Maurice Guernier. Guernier and Garaudy became de facto advisers on economic planning and "development strategies" to the Shah! One of the outlets they reportedly funded and drew upon was the Institute for Mediterranean Research, set up in early 1977 by Paul Veille, a radical Paris sociologist, in collaboration with Abolhassan Bani-Sadr.



The 'dark age' network

Black Nobility Families

Pallavicinis, Cecils

Corporate "Aquarians"

IBM, ITT, BBC, Atlantic Richfield, Xerox, Warner Brothers

Futurists, Futuribles

Bertrand de Jouvenel, H.G. Wells

"Aquarian" University Centers

Harvard-MIT, Oxford-Cambridge, Stanford-Berkeley

Aspen Institute

Robert O. Anderson, Joseph Slater, Douglass Cater

Club of Rome International

Aurelio Peccei, Maurice Guernier, Jacques Freymond, Sol Linowitz

Paris Academic Centers

Ecole Pratique des Hautes Etudes

Jacques Soustelle, Michel Crozier, Michel Foucault, Claude Levi-Strauss

CNRS

Paul Veille

Sorbonne

Georges Balandier

National Institute of Agronomic Research

René Dumont

U.S. Committee on Iran

Ramsey Clark, Richard Falk

Interreligious Peace Colloquium

Sol Linowitz, Cyrus Vance, Seyed Hosein Nasr

IIASA

Roger Garaudy

IFIAS/Islam and the West

Jacques Freymond, Aurelio Peccei, Alexander King

ECOROPA

Aurelio Peccei, René Dumont

French Institute of Iranian Studies

Henri Corbin

Iranian Education System

Hushang Nahavandi, Teheran University
Ministry of Education

Catherine Bateson, Damavand University
Institute of Social Research, Teheran

And so, whether he knew it or not, the Shah himself was funding Bani-Sadr.

The case of Garaudy

It remains to take a closer look at Bani-Sadr himself and another prime figure in this process, Roger Garaudy. Ongoing investigations by *EIR* have confirmed that Roger Garaudy is an important controller of anti-Western Jacobins in Iran, the ultra-left in Algeria, such Club of Rome African bastions as Senegal, and the Libyan government. He is also a leading figure in the European antinuclear movement.

Garaudy is a former Communist Party theoretician converted to Roman Catholicism through the influence of Père Le Bret, a Jesuit authority on maintaining African social structures based on tribal witchcraft. In 1977, Garaudy formed two institutions, the Club of Rome-linked International Institute for the Dialogue of Civilizations and the Université des Mutants in Senegal. Garaudy also belongs to the International Institute of Applied Systems Analysis, a Vienna-based East-West thinktank established by Aurelio Peccei and others to disseminate neo-Malthusian theories in the Soviet bloc in the form of systems theory.

In recent months Garaudy has published a burst of articles in the French press, describing nuclear energy as "a threat to the very existence of the planet" and blasting "capitalist growth" for "breaking the unity between man and nature. Garaudy also contributes to the journal *Mediterranean Peoples*, set up by Paul Veille and Bani-Sadr in 1977 as a control channel among "Third World radical" networks.

Early this June, Garaudy attended the "U.S.-Iran" conference in Teheran arranged by Bani-Sadr, featuring former U.S. Attorney General Ramsey Clark. Immediately before leaving for Teheran with a European delegation of Bertrand Russell followers, Garaudy published an impassioned review in praise of Bani-Sadr's latest book, *Which Revolution for Iran?* The review states that Bani-Sadr's analysis is "valuable in its main lines not only for the entire developing sector, but even for our country, if we do not want to be late for the coming mutation." According to Garaudy, Bani-Sadr correctly locates the Iranian revolution as a "revolt of the people" against the "Western model of growth," against the belief that "the primary task of governments in our modern world is the one of economic development, of growth and consumption, of progress, of education."

"We must thank President Bani-Sadr," Garaudy concludes, "for having, through his beautiful book, cast a new light on the future we can anticipate if, through nuclear power, we take a route similar to the one Iran took through its oil: the route of technocratic despotism

Aspen's 'new set of values' for Iran

The following statements are excerpted from speeches given at the September 1975 Persepolis conference in Iran. From the address by Her Imperial Majesty, the Shahbanou of Iran:

... I would like to extend my warmest appreciation to the Institute for its efforts in making this a creative gathering. Fortunately for all of us who inhabit what Buckminster Fuller called "Spaceship Earth," there exist organizations that concern themselves with the value content of research, of ideas, of those activities that ultimately aim to promote the quality of life.

During my brief visit to Aspen in early July [1975], I was very much impressed with both the content of the seminars and the setting in which they were conducted.

In Iran we are proudly committed to our rich heritage and traditions, we shall not hesitate to create an environment conducive to achieving the human aspects of our desired goals. This may well entail a new set of values under which a greater balance will be achieved between the material and the spiritual needs of man. . . .

From "The Essential Elements of Iranian Culture," by Ehsan Naraghi:

Universities and research centers in the West . . . have all based their studies on development upon a linear, Westernizing conception of progress. . . Human sciences, founded on rational objectivity, are today suffering setbacks and defeats. Is it not important that, having exalted rationality to ensure human happiness, we should now be induced to invent a special discipline—psychoanalysis—to cure the ills arising from an overrationally organized life that is deprived of *its basic relationship with the nonrational?* . . . Why should cultures like ours, in which man is considered in all his aspects, be deprived of their substance by following a so-called rational course at the end of which lies the vast expanse of the nonrational?

The people have needs and aspirations that are not merely material. . . . The intrusion of machines into the traditional system may well jeopardize this creative life.

"From Old and New Values in Changing Cultural Patterns," by Hormoz Farhat:

America has become more and more aware of her exaggerated reliance on material values. Conscious movements have been made, during the past 15 years, to refocus the aims of life to the spiritual. This consciousness has most prominently manifested itself in the attitude of young people toward life. . . .

Let us now focus our attention on what has been happening in Iran in terms of the point just raised. The country is going through an enormous social upheaval . . . Raised standards of living have led to the emergence and constant growth of a middle class that is, in the main, the byproduct of this transitional period. The middle class is displaying a gradual moral breakdown that is quite alarming.

... I believe that the current revolutionary state of the nation, when important and far-reaching measures are effectively enacted, provides the right circumstances for a national resurgence in the direction of a moral uprising based upon truth and justice.



Sol Linowitz



Aurelio Peccei

The Persepolis group

Among the non-Iranian participants in the 1975-1976 Persepolis symposia sponsored by the Aspen Institute:

Aurelio Peccei, Club of Rome head; vice-chairman of Olivetti Company

Sol Linowitz, Club of Rome member and partner in Coudert Brothers law firm

Jacques Freymond, Club of Rome member; director of the Graduate Institute of International Studies in Geneva

Adriano Buzzati-Traverso, Club of Rome member; Italian scientist

Bohdan Hawrylyshyn, Club of Rome member; director, Geneva's Center for Industrial Studies

Robert O. Anderson, U.S. Association for the Club of Rome member; chairman of Aspen Institute

Harlan Cleveland, U.S. Association for the Club of Rome member; director, Aspen Institute Program in International Affairs, Princeton

Alvin C. Eurich, president of Aspen Institute, 1963-1967

Douglass Cater, director, Aspen Institute Program on Communications and Society

Libby A. Cater, special consultant, Aspen Institute

Thomas W. Wilson, Jr., director, Aspen Institute Program on Environment and the Quality of Life

Waldemar A. Nielsen, director, Aspen Institute Program on Pluralism and the Commonweal

Charles Yost, Aspen Institute, Washington

Joseph E. Slater, U.S. Association for the Club of Rome member; president, Aspen Institute

Shepard Stone, director, Aspen Institute, Berlin, West Germany

Theo Sommer, Editor-in-Chief, *Die Zeit* (leading "liberal" oligarchist journal in Europe)

Marion Countess Dönhoff, publisher, *Die Zeit*

William Dietel, president, Rockefeller Brothers Fund

Alfred Winslow Jones, financier; top U.S. contact man for Britain's Lord Caradon, controller of tribalist networks throughout the Middle East

Asa Briggs, vice-chancellor, University of Sussex, England, homebase of Tavistock Institute

François Duchene, director, Center for Contemporary European Studies, University of Sussex

Richard Gardner, current U.S. ambassador to Italy; Club of Rome collaborator

John W. Gardner, Common Cause

Daniel Yankelovich, pollster for Club of Rome and *New York Times*

John Oakes, *New York Times*, editorial page editor

Catherine Bateson, Dean of Graduate Studies at Daramavand College in Teheran; daughter of Margaret Mead and Gregory Bateson, two controllers of the "Aquarian" movement and of the "MK-Ultra" LSD experiment projects

Dr. Norman Zinberg, leading controller of "MK-Ultra", based in Cambridge, Massachusetts

James Bill, University of Texas, Austin, anti-Shah Iran expert

Marvin Zonis, University of Chicago anti-Shah Iran expert

Representatives of IBM, Warner Brothers and Stanford University also participated.

within, of dependence on foreign powers, and of the loss of our material wealth as well as our soul."

The case of Bani-Sadr

Garaudy's influence over Bani-Sadr was one of many influences upon Iran's current president during the latter's exile in France. Bani-Sadr was a pet project of the same individuals and institutions who created the environmentalist movements and the terrorist shock troops typified by Italy's Red Brigades and West Germany's Baader-Meinhof.

Bani-Sadr's experience is not unique in this respect. Most of his colleagues presently in Teheran, and much of the advisory group to Khomeini to this date, were trained, either like Bani-Sadr in France's Tavistock-affiliated sociology-anthropology nests, in sanctuaries within Iran for radical-anthropology cult controllers, or in U.S.-based institutions promoting an "Aquarian" rebellion against industrial society, such as the Stanford-Berkeley complex in California and the Harvard-MIT complex in Massachusetts.

In all these cases, the post-Shah elite-to-be were indoctrinated in hatred of "Western" ways to the extent that the simple equation, the Shah equals the West, became their motivating belief structure. It was easy to program the next step: a Maoist "cultural revolution" mentality dictating the forced eradication of science, cities, and genuine religion.

The laboratory for mass-scale application of this mentality was Cambodia, after the Cambodian population had been prepared through saturation bombings ordered by Henry Kissinger in the early 1970s. The architects of Cambodia's genocidal "cultural revolution," Khieu Samphan and Pol Pot, were both trained in the same Sorbonne center that produced Bani-Sadr.

Bani-Sadr's closest French mentors and associates came from four overlapping institutions: the sociology-anthropology division of the Centre Nationale des Recherches Scientifique (CNRS), "Division Six" of the Ecole Pratique des Hautes Etudes (EPHE-6), and the National Institute for Agronomical Research. Of these, the most important is EPHE-6, which trained Bani-Sadr's thesis adviser, Georges Balandier, a promoter of African tribal customs. EPHE-6 is also a base for the ecology/antinuclear movement in France.

While studying "agrarian reform" Maoism under Balandier, Bani-Sadr was influenced directly or indirectly by the following individuals:

- Paul Veille, "Marxist sociologist," CNRS, Institute for Mediterranean Research.
- René Dumont, a "radical agronomist" at the CNRS and the National Institute for Agronomical Research. Dumont, honorary president of the Friends of the Earth, is a founder of ECOROPA, the European

environmentalist umbrella organization. So Maoist are his ideas that he has been ejected from both Cuba and Algeria on suspicion of being a CIA agent. In 1976, Dumont led an expedition to Iran to investigate the country's agricultural system, and wrote a report advocating "radical agrarian reform." Described as a "mentor" by Bani-Sadr, Dumont has become an official adviser on agricultural policy to Ayatollah Khomeini.

- Haroun Tazieff, a radical scientist who accompanied Dumont on his 1978 visit, and a founder of ECOROPA.

- Michel Crozier, an EPHE-6 theorist from Sussex's Tavistock, who helped coordinate the 1968 destabilization of the de Gaulle government.

- Jean-Pierre Vigier, a radical scientist at CNRS who ran the 1968 secretive "Command Center of the Revolution" against de Gaulle, and became an official adviser to Khomeini in late 1978.

- Michel Foucault, a CNRS/EPHE-6 associate of the now-deceased Jean-Paul Sartre who popularized the theory that "There is no such thing as madness," since "it is societies, not individuals, who are mad." Foucault traveled to Iran in 1978 with a CNRS team to investigate the country's energy program. The team called for the denuclearization of Iran and the use of wind as its prime energy source. The pro-madness Foucault was, not surprisingly, one of Khomeini's earliest and most

vocal backers.

- Jacques Soustelle, EPHE-6 anthropologist who specializes in ancient Aztec cults. A controller of "right-wing" terrorist groups committed to a feudal world order, he was responsible for coordinating numerous assassination attempts against de Gaulle in the 1959-1962 period, for which he was exiled from France from 1962-1968.

- Charles Bettelheim, EPHE-6 director and a strong supporter of Maoist ruralist economic policies.

- Claude Levi-Strauss, the prominent anthropologist, who has used the notions of "cultural relativism" and "structuralism" to popularize the importance of black magic and of a "return to nature."

- Henri Corbin, a French religious cultist who heads the Teheran-based French Institute for Iranian Studies. A promoter of a new synthetic brand of Shi'ite Islam; it has been said of Corbin that "he knows so much about Iranian Shi'ism, that he gives the impression he has created it."

From these controllers, and through contact with such radical deindustrializers as Princeton's Falk, Ramsey Clark, the Bertrand Russell Foundation and Italy's Lelio Basso Foundation, Bani-Sadr learned his lessons. His policies of "Cambodianization by persuasion," and a return to Iran's colonial "pre-Shah identity" are well underway.

Ramsey Clark



Carter's envoy backs Bani-Sadr

New York lawyer Ramsey Clark has been a Carter administration special envoy to the Khomeini group in Iran. When Khomeini was in exile in Neauphle-Chateau, France, Clark, as a Carter emissary, visited the Ayatollah's "dissident" base. Soon after, with State Department clearance, Clark marched through the streets of Teheran to herald Khomeini's new regime and to denounce U.S. policy toward Iran. In his visit to Teheran last month, Clark was involved in "indirect diplomacy" for the State Department, ac-

cording to a national television broadcast by Secretary of State Muskie.

An excerpt from a February 1980 interview with Clark by a Mexican correspondent follows.

"I think Mexico is in a very dangerous conjuncture. What has to be questioned is the desirability of industrial expansion, especially in a country with the cultural tradition of Mexico. Mexico has to evaluate very carefully the risks of industrial development, because if you build a significant industrial plant, you create an enormous need for energy, and Mexico's oil could only supply that for 40 years, and after that, what could you do?"

"Think about the Shah fantasizing about nuclear energy. It was only a fantasy because there was no national reality for nuclear energy in Iran, because it was economic planning based on a foreign model, and that was denounced by Bani-Sadr for over 20 years as an economist. I know Bani-Sadr very well. His book *Oil and Violence* lays these dilemmas out very competently."

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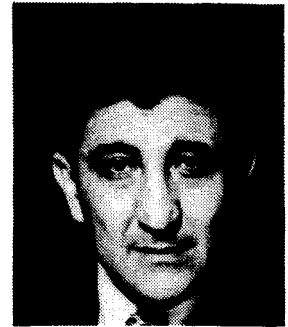
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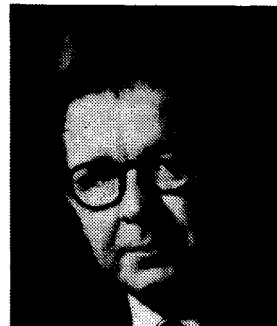
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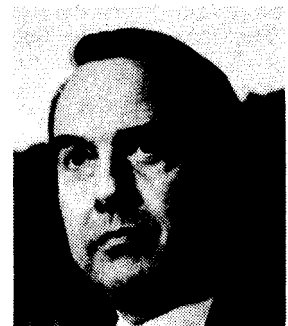
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International Intelligence

Warburg fights nuclear fuel for India

A major showdown between Congress and the administration is shaping up over the issue of shipping nuclear fuel to India. At this time, the House is expected to vote against the Carter administration's decision to ship the fuel, made last month. To block the Carter decision however, both Houses of Congress must vote against the administration. Attention is now focusing on the Senate, where the fight is expected to be intense.

The fight against the Carter policy in the Senate is being led by two Democrats, Sen. John Glenn of Ohio and Sen. Alan Cranston of California. Glenn is an original sponsor of the so-called Percy-Glenn bill, which placed severe restrictions on the shipment of nuclear technology and fuel by the United States overseas. Cranston is well-known for his views against nuclear energy.

Sources in Washington familiar with the issue of nuclear fuel shipment to India have pointed out that the real day-to-day organizer on the Hill against the fuel shipment is a leading Cranston aide, Jerry Warburg. This raises the eyebrows of many an informed person. Warburg is a scion of the infamous Warburg family, which came to prominence in this country via investment banking on Wall Street. He is known to be a rabid environmentalist firmly opposed to the use of nuclear energy, a fact which casts doubts on the Glenn-Cranston argument that their opposition to the shipment of the nuclear fuel stems purely from the danger that the fuel might lead to "proliferation" of nuclear weapons. Warburg is also known to be closely coordinating the antifuel shipment campaign with the army of environmentalists deployed on Capitol Hill. The army includes troops from the National Resources Defense Council, Friends of the Earth, the Audubon Society and others. These organizations all have close ties to the Institute for Policy Studies, a Washington-based terrorist-sympathizing organization

which was founded, in part, by Warburg's relative, ultraliberal James Warburg.

Congress has until the end of September to block the administration's decision to ship the fuel.

Khomeini followers destroy treasures

According to reports from Iran published in official U.S. government information bulletins, roving bands of the Ayatollah Khomeini's supporters are scouring the countryside destroying ancient monuments, tombs, temples and historic artifacts dating from as far back as 550 B.C. Under the banner of "Islamicizing" Iran, the cultists have sought out museums and repositories of ancient works while sledgehammering priceless stone buildings and archeological ruins throughout the country. The scourge is described by observers as part of a broader incitement of hardcore fundamentalists through the revival of the 1979 "revolutionary committees."

The Muslim Brotherhood, responsible for creating the Khomeini cult, is under pressure in Syria, however, where President Hafez al-Assad recently escaped assassination by the group. Assad's brother, who heads the Syrian special intelligence forces, warned this week that "We know where they (the Brotherhood) are in the Arab world and internationally. We shall hunt them down internally and externally."

France's role: independent foreign policy

French Foreign Minister Jean François-Poncet addressed the French Senate on foreign policy June 27, placing great emphasis on the emergence of Europe as a superpower.

"Europe," said François-Poncet, "asserts herself a bit more every day as an independent force acting on the international scene . . . this emergence provokes the impatience and criticism of those who get annoyed by it, but it is welcomed with hope by the immense majority of the countries who perceive the voice of Europe as a voice of peace, of progress, and generosity."

François-Poncet developed the necessary independent role of France in world affairs at great length, emphasizing such things as the Venice EEC resolution on the Middle East "which was inspired by France," or the Giscard-Brezhnev Warsaw summit which everyone recognized was very important. "The policy of France is an independent policy," said François-Poncet. "This implies that it intends to remain the master of its own language, initiatives and partners. To give that up would ruin the merits other states have recognized in France, it would mean to abandon the efficient, useful role which is hers. It would mean having no policy at all, or just a stop-and-go policy. Let no one expect that of France. Whatever the pressures or the solicitations might be, and wherever they might come from, she will not do so."

Ohira last hurrah turns into Chinese festival

The July 9 funeral for the late Premier of Japan, Masayoshi Ohira, is turning into a major gathering of adherents to the China card military alliance in Asia against the Soviet Union.

This week, both President Carter and Chinese Premier Hua Guofeng announced they will attend the funeral, and Peking later added that the two will hold important talks in Tokyo. The Premier of Thailand, Gen. Prem, will also attend the funeral, leading many to speculate that the recent tensions in Indochina between Vietnam and Thailand will be a topic of discussions.

As these arrangements were being announced, the White House also made public its decision to airlift \$1 million of military equipment to Thailand, to bolster that country in the face of the "danger" posed by Vietnam. The weapons being sent and the amount are not very significant, and come mainly from stockpiles of U.S. weapons judged obsolete by the military in Washington. Nevertheless, the gesture is very important politically, as it signals the commitment of the United States to a military relationship with China, around the issue of Thai-Vietnamese tensions.

The final arrangements for the Hua-Carter meeting in Tokyo are now being worked out by Assistant Secretary of State for Asia Richard Holbrooke, who arrived in Peking this week. Interestingly, most other countries have announced that lower-down officials will represent their countries at the funeral. Cabinet ministers from Britain and West Germany will attend, while France has yet to specify a representative.

Soviets plan nuplexes

The Soviet Union has a pilot project for building nuplexes, industrial complexes centered on a nuclear power source, according to the French weekly magazine *L'Express*. The Soviet plan is to install high-temperature gas-cooled reactors (HTGRs) in the heart of a complex of steel and chemicals plants, to power them. They propose to have a 1 gigawatt reactor powering either two chemicals plants (producing 1 million tons of ammonia a year) or one 2 million ton capacity steel complex. "There is a demonstration unit under construction, but Moscow refuses to say where," reports *L'Express*.

The nuplex concept has been advanced by scientists as ideal for city-building development projects, especially in the Third World, where the emphasis must be on crash, high-technology development that simultaneously pro-

motes the broader education of the population as quality labor power. In the nuplex, the installation of one or more nuclear reactors would establish the core around which entire urban centers would be developed.

The fact that HTGR technology is being employed in the Soviet project is also significant. High temperature gas-cooled reactors burn more efficiently, produce process-heat applicable to hydrogen production, and are more easily "mated" with other nuclear technologies than light water reactors. The U.S. has discontinued HTGR development

Guyana: the IMF road to "stability"?

In exchange for promises of standby credit from the International Monetary Fund (IMF), the government of Guyana has agreed to submit its economy to still another ratchet of austerity, including slashing food subsidies and the public service budget. Given the heavy predominance of service industries in the Guyanese economy, the IMF conditions can be expected to boost unemployment levels.

Prime Minister Forbes Burnham reportedly has also agreed to "deescalate his socialist rhetoric" and permit foreign companies to enter Guyana "on their own terms" in return for the IMF promises.

A *Washington Post* editorial of July 2 hails the agreement as a "triumph" for the "good guys" in the Caribbean and a loss for the Soviets and Cubans. The editorial suggests that Guyana's "substantial sacrifices" under IMF surveillance will pave the road for economic and political stability now that there has been a "clear turn to the Western way." More likely is that the escalated austerity levels will exacerbate already explosive social conditions. The recent assassination of prominent opposition leader Walter Rodney has spurred tensions in the country and has led to predictions of possible armed opposition to the unpopular Burnham regime.

Briefly

● **FRENCH PRESIDENT** Giscard stated in a nationally televised press conference June 27 that a Mideast peace settlement is urgent because of the possible introduction of "new weapons which could be far more powerful and longer-range" than anything now deployed in the region. Following this apparent reference to new developments in Syrian-Soviet relations, Giscard made an overture to Israeli opposition forces by commenting that he would be eager to go to Israel, but only if "a new regime" was in power there.

● **THE ANGOLAN** government has charged that "vast areas" of the country are now under occupation by South Africa, which this week sent 5,000 troops a hundred miles into the country, backed by "major air support." South Africa reportedly aims to establish a permanent buffer zone in which the U.S.-sponsored UNITA guerrilla group, defeated in 1976, would be installed.

● **ISRAELI FOREIGN** Minister Yitzak Shamir told the Knesset this week that the flow of American and Soviet weapons to Arab states could "ignite a local war or even World War III." Shamir implied that Israel is preparing a preemptive strike into the Gulf oil-fields region, stressing that if the U.S. supplies advanced fighter aircraft to Saudi Arabia, the Saudis would be regarded as grave threat to Israel.

● **NARASIMHA RAO**, Indian Foreign Minister, cancelled out on his scheduled appearance at the ASEAN Foreign Ministers meeting, pleading his mother's severe illness. Delhi sources report that the Prime Minister did not want Rao to spend his time meeting Muskie and other visitors there rather than their Southeast Asian friends, particularly in light of Muskie's anti-Vietnam crusading.

Schmidt in Moscow: a shift in world leadership

by Susan Welsh

Commenting on the visit of West German Chancellor Helmut Schmidt to Moscow June 30-July 1, most of the international press hastened to report that nothing much occurred. The Soviets are still in Afghanistan. *Pravda* abridged Schmidt's banquet speech, in which he strongly urged an immediate troop withdrawal. Schmidt came away optimistic about the possibility of beginning negotiations on medium-range nuclear missiles in Europe, but indications of this were vague. "If progress has indeed been made, it would be the only major diplomatic achievement in Mr. Schmidt's closely watched Moscow summit," was the niggardly remark of Anthony Barbieri, Jr. in the *Baltimore Sun* July 2.

These gentlemen of the press have once again missed the forest for the trees. West Germany and France, taking over the leadership of the Atlantic Alliance from the weak and unstable Carter administration, have put together a war-avoidance package in the spirit of General Charles de Gaulle's "grand design" for a "Europe from the Atlantic to the Urals." Apart from reversing their refusal to negotiate on the "Euromissiles," for the first time, the Soviet leadership has endorsed the principle of joint East-West cooperation to "find a solution to the economic problems of the developing countries."

In addition, West Germany and the U.S.S.R. have signed a 25-year agreement for high-technology economic and scientific cooperation, in defiance of Jimmy Carter's ban on trade with the Soviet Union.

The symbols of entente

The West German government issued a commemorative coin, timed to coincide with the visit. On one side, bearing the inscription *Die Reise nach Moskau* ("The

Trip to Moscow"), are the portraits of Schmidt and Brezhnev. On the other side are Chancellor Konrad Adenauer and Soviet leaders Bulganin and Khrushchev at the 1955 ceremonies formalizing diplomatic ties.

In his banquet speech, Schmidt spoke of "the horrors of war, death, persecution, devastation . . ." "We Germans, living in the center of Europe can lose everything and gain nothing in a new war," he stressed. "The people in my country know this. Therefore, they unanimously share the main line of our policy, and it is precisely this which gives our political course consistency and clarity. Our course is a course of peace." In a press conference later, Schmidt noted "with a certain satisfaction, that the Soviet leadership is giving the government of the Federal Republic a special status beyond the importance of our bilateral relations"—in other words, Moscow has recognized Bonn's role as a spokesman for the Western alliance, in view of Washington's abdication of any rational leadership. Commented Radio Moscow July 2: "The summit of the West German and Soviet leaders has set a good example once again. . . . The talks will have a considerable, positive influence on the future of peace and international relations."

Missile negotiations possible

The question of the "Euromissiles" was the subject of particularly intense discussions during the two-day visit in Moscow, and at his concluding press conference Schmidt announced: "I have reason to believe that negotiations will take place." When NATO decided last December to begin production of missiles that for the

first time will be able to reach Soviet targets from Europe, Moscow concluded that the United States was seeking a "first-strike" capability vis-à-vis the Soviet Union. The new NATO missiles will be within four to five minutes flight time of Soviet targets, and therefore can only be compared with the installation of Soviet medium-range missiles in Cuba or Canada, Moscow believes. The invasion of Afghanistan was launched a few days after the NATO decision, as a dramatic demonstration that the U.S.S.R. won't tolerate the shift.

Schmidt has advocated a freeze on the deployment of both Soviet and NATO Euromissiles, pending the result of negotiations. This idea was rejected by the United States (since it wants to install the missiles at all cost) and by the Soviet Union (since such a "freeze" would only affect Warsaw Pact weapons—the NATO ones will not be built for another three years). While Moscow had previously announced itself ready to negotiate, NATO's decision destroyed the basis for negotiations, Soviet officials said.

Schmidt's visit did not dispense with all these knotty problems, but "things have gotten moving again," he told the West German parliament July 3. The Soviets made a new proposal for talks—which could begin even before the ratification of the SALT II treaty by the U.S. Senate—on all nuclear weapons systems not covered by existing disarmament agreements. This would include, for the first time, both the Euromissiles and American "forward-based" systems capable of reaching Soviet territory.

U.S. officials are skeptical of this idea, although Secretary of State Edmund Muskie told reporters that he promised West German Foreign Minister Genscher, who flew to Washington to brief the U.S. government, that "we will study this reaction in a constructive spirit. . . it is worthy of that kind of consideration." But U.S. officials hastened to express the hope that the new Soviet position on negotiations could make it easier politically to go ahead with the deployment of the American Euromissiles anyway!

The West German government spokesman warned: "We feel that things may be brought into motion. But don't forget; it is the United States and not we who will conduct the negotiations, although the missile issue is of urgent interest to us and to all Europeans."

Economic development: task of the century

Chancellor Schmidt in his June 30 speech at the Kremlin banquet in his honor, stressed that global economic development, and particularly solution of the world's energy problems, is the key to preventing war. "We are called upon to work on this task of the century for moral reasons and by force of our joint responsibility

for peace in the world—Western industrial states alongside Eastern states," he said. He praised the proposal made by Brezhnev for a pan-European conference on energy problems.

Foreign Minister Genscher, reporting to the West German parliament July 3, discussed the theme of Third World development at greater length. A peace strategy for the 1980s is required, he said, that will go beyond the limits of East-West relations and include the "South." By the year 2000, there will be six or seven billion more people around, needing food, housing, work and energy. We will have to develop new energy sources, he said, and if we fail to meet this challenge, there will be no positive place for us in history.

The Soviet Union has long been wary of appeals for East-West cooperation in the Third World, arguing that it is not responsible for repairing the damage done by capitalist colonialist policies. Appeals for East-West/North-South cooperation have frequently come from the Brandt Commission, which seeks Soviet acquiescence in imposing a strategy of "appropriate technology" labor-intensive development on the poor countries of the "South." Moscow has stayed clear of this approach. The fact that Soviet leaders have now endorsed the idea of East-West cooperation in the Third World demonstrates their belief that the Franco-German alliance will not impose "zero-growth" austerity, but will seek industrial development.

This high-technology approach is the basis of the 25-year agreement signed during Schmidt's trip. It includes joint development of nuclear power plants in the Soviet Union, exploitation of raw materials, precision instruments, drilling equipment, calculators and electronic components, semi-conductor materials, coal gasification equipment and X-ray technology. In addition a huge gas pipeline deal is under negotiation.

Fury from Washington

The totality of these moves has put the Carter administration into a cold fury. Defense Secretary Harold Brown declared in a visit to Paris July 2 that "The policy of 1935 to 1938 is being repeated in Western Europe and will have the same result"—a reference to the appeasement of Hitler. Although some in Europe think the U.S. is weak, he said, this is an "illusion." "I am here to correct the danger of appeasement. The United States will act strongly against the dangers in Europe and outside Europe. . . . I do not believe, given the enormous Soviet military force, that Europe can, by itself, sustain political independence." He said that the "mistaken belief" that the U.S. is slipping "could lead to neutralization which would really be just another term for a surrender to Soviet domination because Europe really has not much choice in this matter."

France: new bomb, same doctrine

by Susan Welsh

The announcement by French President Valéry Giscard d'Estaing at a press conference June 26 that France has successfully tested a "neutron bomb" does not at all herald a shift in French strategic policy toward closer integration with NATO, as some American analysts have hopefully claimed. Neither does it represent a move toward the NATO doctrines of "flexible response" and "limited nuclear war," as some of the President's Gaullist and Communist critics have charged.

Instead, the French President's declaration portends a far-reaching realignment of continental European defense in order to bolster the political alliance between France and West Germany. That axis is based on a policy of detente with the Soviet Union and Eastern Europe and cooperation for the industrialization of the Third World—policies opposed by the United States. Now the European "superpower" is looking to its own defense—the extension of France's "nuclear umbrella" to West Germany, a nation forbidden access to nuclear weapons by law.

Giscard underlined in his press conference that the neutron bomb, if the decision is made 2-3 years from now to go ahead with its production, will not mean that France has accepted the possibility of "limited" or "tactical" nuclear war in Europe—the doctrine most U.S. backers of the neutron bomb advocate.

"There is a point which must be understood as central in our system," he said. "It is that any nuclear attack on French soil will automatically give rise to a strategic nuclear response." According to French nuclear doctrine under Giscard, tactical nuclear strikes would be delivered by French forces in Germany as a one-time-only warning, and if that did not suffice to deter advancing enemy forces, the French president would launch a strategic strike against the cities of the attacking power.

What, then, is the purpose of the neutron bomb? "In our reflections on the use of this weapon," said Giscard, "we shall take account of the following: France is directly concerned with the security of neighboring West European states." Asked for a more detailed explanation of this statement, the President refused, promising a fuller exposition at a more appropriate time.

But the West European press was quick to draw the implications. The *Süddeutsche Zeitung* commented June 28 that when former French President Charles de Gaulle built his independent deterrent, the *force de frappe*, no one took it seriously. But today things have changed. The *force de frappe* suffices to make any superpower attack on France unprofitable. Many a European who has lived under the American nuclear umbrella for the last 25 years will find it reassuring today, given doubts in Washington's defense loyalties, that there exists a deterrent force that is being deployed according to the standards of his own continent."

By ensuring West Germany's defense, at least in part, through the neutron weapon, the French government is undercutting arguments for the deployment of American Pershing II and cruise missiles in the Federal Republic. NATO's December 12 decision to begin production of these weapons—which for the first time would be capable of striking Soviet targets from Western Europe, with a mere 4-5 minute warning time—was only accepted by West German Chancellor Helmut Schmidt because he perceived Soviet medium-range missiles targeted on Western Europe as a dangerous strategic imbalance. The NATO decision was one of the major factors which induced the Soviet Union to invade Afghanistan, as a warning to the West. But deployment of the neutron weapons by France would help to calm West German fears about the "Eurostrategic" balance, while not threatening the Soviet Union with the possibility of a NATO surprise first strike.

French officials are at pains to stress that the development of the neutron bomb will not imply a departure from the Gaullist policy of nuclear defense "at all points of the compass" (*tous azimuts*). Defense Minister Yvon Bourges, who recently concluded a four-day trip to Poland, was asked by his Polish counterpart whether some kind of anti-Soviet shift was not underway. Bourges reportedly replied with a smile that such a reading of Giscard's statement was a misunderstanding, and that "France continues to organize its defense in every direction and, considering the increase in its military capability over the past few years, one could say that we are doing so even more than before." The Soviet press has reported on Giscard's announcement without criticism.

The Gaullist tradition

Giscard's press conference caps a lengthy controversy over military policy in France, which has focused not so much on the neutron bomb itself as on the question of what strategic doctrine it should be deployed to support. The neutron bomb or "enhanced radiation weapon," is a form of thermonuclear weapon whose blast and heat effects have been reduced and whose kill power is basically confined to the release of neutrons. Its proponents in NATO therefore see it as an ideal

battlefield weapon which, used against advancing Soviet tanks, would stop the tanks by killing the soldiers inside, limiting the damage to NATO's home territory. This would serve the NATO doctrine of "flexible response," and is based on the assumption that the Soviets would not be using nuclear weapons, or could be induced to limit their strikes to tactical nuclear warfare.

Gaullist military strategists have correctly pointed out that such a scenario would never take place in Europe. Gen. Pierre Gallois, the father of French nuclear doctrine under de Gaulle, pointed out in a June 7 interview to the *Washington Post* that Soviet military doctrine foresees a tank attack on Europe only after the terrain has already been saturated by strategic nuclear bombings. "The neutron bomb is a form of Maginot line," he said, referring to the defense line that gave France a false sense of security before the German invasion in 1940. "It is a typical idea of generals who want to fight the 1940 war over again in 1980. . . . If we build the neutron bomb, it would be just another case of copying what the Americans do—or, in this case, don't do."

The Gaullist party issued an official policy position a few weeks later, rejecting the n-bomb. It noted that while "the allied members of NATO have accepted by political choice the American strategy of flexible response . . . France cannot accept this choice," which implies turning Europe into an expendable battlefield in a tactical nuclear exchange between the two superpowers.

This rejection of "flexible response" is at the foundation of Gaullist policy, and was a major factor in leading to de Gaulle's withdrawal from NATO's military command in 1966. The General based his own deterrence policy on the premise that any attack against French national territory, whether by conventional or other weapons, will trigger massive and instantaneous reprisals with the French strategic nuclear force. In this context tactical nuclear weapons are used as an ultimate warning to the aggressor, not for either nuclear "chicken" games or defensive battles.

De Gaulle's army chief of staff, Gen. Charles Ailleret, first explained the reason for the *tous azimuts* policy in 1967.

"An *a priori* alliance could not give us a general guarantee of safety, since it is almost impossible to foresee what might one day be the cause of a serious conflict, and what would be the distribution of powers among the various sides. . . . To be as strong as possible, autonomously and individually, and to possess our own very-long-range armament with great power, capable of deterring any aggressor, whatever its starting point, is clearly a different formula from forming, at the same cost, a supplementary force to that of the main member of an *a priori* alliance. . . . Our independent force, intrinsically as powerful as possible, should also—since

we cannot anticipate from which part of the world the threat to future generations will come—be oriented not in only one direction, that of the *a priori* enemy, but should be capable of intervening everywhere, or as we say in our military jargon, at every point of the compass."

At the same time that he was outlining this revolutionary doctrine, Gen. Ailleret was placed in command of a mopping-up operation to clean out of the military establishment those elements that had supported anti-government terrorist operations launched during the Algerian war. In March 1968, Gen. Ailleret was killed in a helicopter crash, which recent investigations have attributed to sabotage.

The remnants of those pro-terrorist networks are now clamoring for the neutron bomb as a vehicle for France's closer integration with NATO and the "flexible response" doctrine. The Union for French Democracy (UDF), the coalition of parties that Giscard relies upon for his support, issued a document recently endorsing these policies. The UDF is an amalgam of factions close to Giscard's own thinking and those that had no other place to go after the resolution of the Algerian war; they could not join the Gaullist party after having been complicit in attempts to overthrow de Gaulle or have him assassinated. The UDF military commission is headed by Jean-Marie Daillet, an Anglophile "Europeanist." Not surprisingly, the UDF report overlooks Giscard's alliance with West Germany and calls for close cooperation between France and Great Britain "in all possible areas: operational, technical and industrial," including nuclear weaponry.

Giscard's position

Giscard in his press conference dissociated himself from the pro-NATO features of the UDF document, simultaneously denying Gallois' charge that the neutron weapon would necessarily mean a resort to the Maginot Line mentality. ". . . The defense effort of a country cannot be delegated to these weapons," he said, "to new weapons or to 'smart' weapons, any more than it was possible to delegate it to the Maginot Line. The defense effort is inscribed in the soul of the people. . . ."

The debate over the new weapon has overshadowed what appears to be an important scientific breakthrough achieved by French scientists working with neutron devices in the Pacific. According to the newspaper *Le Quotidien de Paris*, scientists have developed the basis for a "strategic" neutron bomb—one with much greater range and power than presently tested versions. This line of research will also enhance the country's ambitious nuclear energy program, which foresees 50 percent of electricity consumption from nuclear reactors by 1985. Powerful neutron devices can also be used to generate fissile fuel from ordinary uranium ore very cheaply and in virtually unlimited quantities.

Giscard hints at 'nuclear umbrella'

French President Valery Giscard d'Estaing's June 25 press conference clearly marked the newly won leadership role which France is assuming for the West. In the press conference, Giscard announced France's decision to proceed with development of an experimental neutron bomb, and reasserted that "France is directly concerned by the security of neighboring European states." Some of the highlights of his statement follow:

French independent policy

The policy of France is independent but it is neither neutral nor neutralist. [Our independence] stems at once from the historical situation and tradition of our country. She is not neutral, because we belong to an alliance. . . . The second characteristic of our foreign policy is to seek to correct an anomaly—the self-effacement of Europe in the world. Finally, our foreign policy starts from the idea that there exist at the present time possible solutions to the problems at hand.

On Afghanistan

Our position has been that the Soviet armed forces intervention was unacceptable and . . . that we must act for their total withdrawal. I presented that analysis to Brezhnev during our useful conversation in Warsaw. I told him there were two ways to resolve this situation: to establish a calendar of troop withdrawal, and then to begin that withdrawal . . . I further indicated that the solution could only be a political one.

This political solution must entail the complete withdrawal of foreign armed forces from Afghanistan. It must allow the Afghan people to choose its own destiny and its policy expression. . . . Afghanistan must be reestablished in its traditional historical situation as a nonaligned country, a country which cannot constitute a threat to neighboring states, nor be utilized as a base, or as a support to create such threats to neighboring states.

We have learned of the decision to withdraw certain

armed elements from Afghanistan. How should we judge that decision? However limited its bearing might be in terms of numbers, it is a step in the right direction, answering demands made upon the U.S.S.R. This gesture has two consequences: the first one is that the U.S.S.R. recognizes that it is from Afghanistan that the deterioration in international relations can be stopped. The gesture itself, the publicity surrounding it, shows that the Soviet Union intended to insist on its resolve to end this deterioration, from Afghanistan.

Should a country like France help militarily the Afghan rebellion? The answer is no. France advocates a political solution. Is there a calendar for withdrawal of Soviet armed forces? Not to our knowledge. But in the request we presented to the Soviet authorities, we indicated that what was essential for us was a calendar of withdrawal, starting with a first gesture, but leading to such a calendar. What do we think of the approach to a political solution? I could say that one should not at the present time seek a transitory political solution [e.g. Carter's—ed.], one must seek on the contrary a definitive solution.

On the Middle East

The solution to the problems of the Middle East lies in conciliating two fundamental rights. . . . The right of the State of Israel to security. . . . The right of the Palestinian people to exist, which is also a universal right. Is the conciliation of those two rights possible? I am convinced that it is desirable. I am convinced that the present solution represents in reality a course into an abyss. . . . In reality the best approach to the problem is the evacuation of the Arab territories occupied in 1967, territories which are truly Arab. . . . I must remind you that we have always said that this self-determination [of the Palestinian people] must be realized in the framework of a global peace settlement. . . .

On defense

I now come to our conception of deterrence. . . . There is one point which must be understood as central in our disposition: it is that any nuclear attack on French soil would automatically call for a nuclear strategic retaliation. . . .

As far as the enhanced radiation warhead is concerned, I have followed the recommendation of the feasibility studies of that weapon by the Defense Council in December 1976. Those studies have led to the preparation of the weapon. The first experiments have been carried out. . . . And the decision to be made then will have to take into account the expected status of the nuclear armaments in Europe at that time. France is directly concerned by the security of the neighboring states.

Soviets deal with Europe... and call Carter a liar

by Rachel Douglas

The Soviet Union is treating Western Europe as the premier power of the Western world and the only hope for preventing world war. This is apparent in Soviet official press evaluations of President Jimmy Carter, especially since the Venice summit of Western powers, and in a major foreign policy document issued by the U.S.S.R. on June 24.

Immediately after the Venice summit, and with Chancellor Helmut Schmidt of West Germany due in Moscow a week later, the Central Committee of the Soviet Communist Party held a plenary session June 23. A chief item of business was Foreign Minister Andrei Gromyko's report. In a policy resolution the Central Committee alluded to the Europeans by contrasting to the Carter administration certain "leaders of state" and "social-political forces" who could act to save detente.

Corresponding to this evaluation, Moscow is going out of its way to give diplomatic priority to the Europeans. The first East-West summitry since the Afghanistan crisis began the first of the year was Leonid Brezhnev's startling trip to Warsaw in May to meet with French President Valéry Giscard d'Estaing. Now, the Soviets have rolled out the red carpet for Schmidt, according him the protocol of a full-dress state visit as he arrived for talks on trade, Afghanistan and the controversial NATO "Euromissiles."

Carter: mistaken or a liar

The Central Committee resolution blamed "the NATO bloc, above all the United States" for endangering international security. It affirmed the weight Washington's "China card" carries in shifting Moscow's strategic evaluations: "The partnership of imperialism and Peking hegemonism is a *new dangerous phenomenon* in world politics, which is dangerous for all humanity, including the American and Chinese peoples." [emphasis added].

The daily *Pravda* and the Soviet news agency *TASS* spelled out the charges Moscow is lodging against

Carter. *Pravda* accused the United States of working together with China and Pakistan to continue the flow of arms into Afghanistan. "All this is part of its plan for strengthening the American presence in the Persian Gulf and the Indian Ocean," concluded the commentary.

The Soviets brusquely rejected the much-heralded American "peace-feeler," Carter's speech on a transitional government arrangement for Afghanistan—which was delivered *after* the Soviets, through France, announced a partial troop withdrawal from Afghanistan.

Carter, in belittling the Soviet pullback gesture, had committed "either a profound and dangerous mistake, or a deliberate lie," commented *TASS*.

Soviet President Leonid Brezhnev's speech to the Central Committee plenum, as well as the subsequent press commentaries, dealt with the Afghan crisis explicitly in terms of Soviet security. The point of Moscow's military move there, said Brezhnev, was "to wreck plans for putting Afghanistan in the imperialist orbit and creating a threat to our country from the south."

Alongside the attacks on Carter, the Soviet press published a series of exposés last week charging that American-aided support bases for the Afghan rebels were still functioning not only in Pakistan, but from Iranian territory.

TASS left no doubt that the destabilization of the South Asian region still presents a live war danger. "If Washington and the accomplices of American imperialism persist in implementing their plans of making Afghanistan a springboard for aggression on [our] southern frontiers," said *TASS*, "they would do well to bear in mind that the Soviet Union, its friends and allies have the means to deliver a fitting rebuff."

Also this past week, the Soviets sounded the alarm over the crisis in Southeast Asia, charging in Radio Moscow broadcasts that the United States and China, in stepping up military supplies to Thailand, were "waging an anti-Vietnam campaign."

At the plenum, Brezhnev mentioned the import of equipment as one priority area for discussion by Soviet economic planners who are working on the 1981-1985 Five-Year Plan draft. While Soviet-American trade has declined by nearly 40 percent so far this year, reflecting the Carter administration's sanctions, the Soviets are anticipating that the green light on East-West European trade routes will stay on. The 20 billion deutschemark natural gas and pipeline deal Moscow will be finalizing with Schmidt is "only the beginning," according to one Soviet energy specialist.

In this international context, the faction of Soviet economists who favor restoration of an international gold-based monetary system has resurfaced.

In May, the journal *Economic Sciences* carried an article virtually endorsing the European Monetary System, created by Schmidt and Giscard, as a workable policy to secure gold-backed stability for currencies and credit facilities that, in opposition to those of the International Monetary Fund, could promote real industrial growth.

The *Economic Sciences* article is especially significant because the Soviets and Schmidt will be discussing

the separate and joint roles of East and West in solving the problems of Third World countries.

At the annual summit of the Council on Mutual Economic Assistance (CMEA), the Soviet bloc economic organization which met in Prague June 17, Soviet Prime Minister Aleksei Kosygin said that economic sanctions against the U.S.S.R. might cause "temporary difficulties in specific projects," but they could not stop industrial growth plans, "even if the United States administration put every single American product on the forbidden list."

Kosygin, also addressing the problem of raw materials and fuel supplies, outlined a program for the next five years whose pivot is achieving higher productivity through introduction of new technologies. Soviet oil deliveries to Eastern Europe, for example, will remain at the 1980 level of two million barrels/day over the next five years, but at the same time, the first results of the 37 gigawatt nuclear power construction schedule for Eastern Europe will begin to come on line. The CMEA has also decided to launch a project to produce nuclear fast breeder reactors with an eventual per-unit capacity of 3 gigawatts.

The resolution on foreign policy

On June 23, the Central Committee of the Soviet Communist Party adopted a resolution following a report to its plenary session by U.S.S.R. Foreign Minister Andrei Gromyko. The resolution said, in part:

In the recent period, aggressive imperialist forces have counterposed to the positive results [of detente] a policy dictated by their refusal to take into account the realities of the modern world. . . . Imperialism would like to put the brakes on the objective problem of world renovation. The leaders of the NATO military bloc, above all the United States, have adopted a policy of tipping the existing military balance in the world in their favor and against the Soviet Union, the socialist countries, and international detente and the security of the peoples.

From this follows imperialism's line of stepping up the arms race, unleashing provocations against socialist and other independent states, activating NATO militarily and expanding its functions as a tool of imperialist *diktat*. Trying to impose their will on other states, the ruling circles of the United States

embarked on the road of economic 'sanctions' and scaling down of scientific, technical, cultural and sports ties. . . .

There is rapprochement of the aggressive circles of the West, above all of the United States, with the Chinese leaders taking place, on an anti-Soviet basis that is hostile to the cause of peace. The partnership of imperialism and Peking hegemonism is a new, dangerous phenomenon in world politics. It is dangerous to all mankind, including the American and Chinese peoples. . . .

The . . . Central Committee expresses confidence that there exist objective possibilities and social-political forces capable of preventing a slide into a new 'cold war,' ensuring normal, peaceful coexistence among states with differing social systems and preventing the threat of world thermonuclear conflict. The road to the solution to this task is the road of negotiations, based on strict observance of the principle of equality and equal security. This fully applies to Soviet-American relations as well.

This point of view is winning advocates among leaders of state, both in Western countries and among the members of the nonaligned movement. The relaxation of tensions has put down deep roots in international life today and real conditions exist for preserving it as the dominant tendency in world politics.

Carter heats the 'hot spots'

by Daniel Snider and Mark Burdman

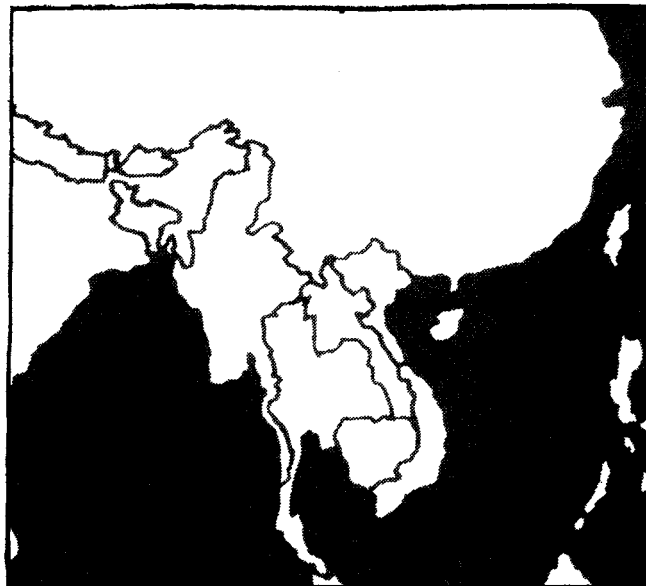
In a recent column in the *New York Times*, William Safire made some interesting speculations on the ways and means by which President Carter might try to revive his sagging popularity before the election and the convention. One of his 'scenarios' called for a crisis around which the nation would 'rally to the President.' Safire posed a situation where: "The President gets a small, clean, quick popular war with no draft needed."

The events of the past week suggest that the columnist was close to the truth but wrong in one essential element. There are in fact now several 'hot spots' which have been severely heated up to the point of crisis and war. But it is doubtful whether any of them will remain, if heated further, a "small, clean, quick" war. All of them have the immediate potential of propelling Carter's little crisis into a major superpower confrontation of global dimensions.

The irony of Mr. Safire's—and Mr. Carter's—miscalculation on this point is that the outcome of the President's effort to use available "hot spots" to restore his popularity would undoubtedly be the opposite—the destruction of Mr. Carter politically. The most likely outcome of any confrontation over available "hot spots" would be, at best, a massive strategic humiliation as the United States backed down from the awesome military superiority of the Soviet Union. Of course, if Mr. Carter chose, he could make himself, if not the next President, then the last President, by ordering nuclear war.

The key points of crisis are five principal hot spots: the Caribbean; southern Africa; the Persian Gulf; the Middle East; and Southeast Asia. In southern Africa major contingents of South African troops have invaded Angola and remain within Angolan territory at this moment. In the Persian Gulf speculation continues of a renewed raid into Iran. In the Middle East the Begin government, narrowly surviving a vote of confidence, is actively threatening to draw Syria into a war triggered off the Lebanese situation. And in Southeast Asia the phony war on the Thai-Cambodian border has set into motion a U.S.-Chinese alliance poised against the Vietnamese who have firm Soviet backing.

The two most active and dangerous hot spots are clearly in the Middle East and Southeast Asia where all the major powers are deeply involved and the jump from a 'local war' to thermonuclear confrontation is very short. It is these two situations then that we examine in more detail here.



Southeast Asia

The events on the Thai border last week were variously described in the world's press as a "Vietnamese Invasion of Thailand," a "war," or an "incursion." Whatever the actual extent of the engagement between Vietnamese and Thai troops along that ill-defined border, it died down quickly. Was it a phony war? Or a skirmish before a larger battle?

The evidence suggests that both are true. The charges of large-scale Vietnamese invasion and aggression do not stand up to the faces—at this point neither the extent

of Vietnamese forces nor of their penetration into Thai territory is verified by any objective reports. The timing of the phony war, coming just two days before the annual Foreign Ministers conference of the Association of Southeast Asian Nations (ASEAN) in Kuala Lumpur, raises suspicions that the Thais were quick to make the most of the situation to force into line members of ASEAN, particularly Malaysia and Indonesia, who are increasingly inclined to seek a negotiated solution to the Kampuchea problem and ASEAN-Indochina detente. The eagerness of Washington and Peking in similarly calling for a united front against Vietnam (and the Soviets) was also all too convenient.

However the stage is now set for a much larger conflict in Southeast Asia that would indeed make the events appear as a skirmish before the real war. What emerged out of the border battles, aside from the diplomatic rebuff given Hanoi at the ASEAN meeting, was an open alliance of the U.S. and China. In effect there was an activation of the de facto military-strategic alignment of the two that had taken an important step forward earlier in the year with the visit of Chinese defense chief Geng Biao to the U.S.

Both the Chinese and the Carter administration have used precisely the same formulations in their policy toward Vietnam and Indochina. Carter, in his Rome speech, and recent high level commentaries in the Chinese Communist Party press have linked the Afghanistan situation with Vietnam and Kampuchea. The formulation used by Carter and again by Secretary of State Muskie before the ASEAN meeting was that the U.S. was ready to resist "direct" Soviet "aggression" in Afghanistan and "indirect" Soviet aggression by Vietnam in Kampuchea.

The pinpointing of these two situations and their linkage has been accompanied by declarations by both Peking and Washington of their readiness to come to the defense of Thailand (or any other Southeast Asian nation) "attacked" by Vietnam. The Chinese have made clear that this means direct Chinese attack on Vietnam, a statement accompanied by threats still made to "teach Vietnam a second lesson" and concretized by the continued presence of large-scale Chinese forces on Vietnam's northern border. According to diplomatic sources in New Delhi there were about 100 separate violations of Vietnamese territory, including airspace and naval waters, by Chinese forces carrying out probing actions during the week or so before the incidents on the Thai-Kampuchean border.

For Washington's part, the administration quickly announced their intention to speed deliveries of arms shipments—light weapons, artillery and tanks—to Thailand including an airlift into Bangkok announced by the White House. More ominous though were the reported remarks of U.S. Ambassador to Thailand Morton Abro-

mowitz in a meeting with Vietnamese Foreign Minister Thach in Bangkok; he "reminded" Thach that the Manila Treaty, the U.S. mutual assistance treaty which was the basis for SEATO (the defunct Southeast Asia Treaty Organization), is still in force.

A summit in Peking, and a meeting in Moscow

The clearest indication that something much bigger than mere border skirmishes is in the works is the news that Carter will make a sudden trip to Japan on July 9. The ostensible reason is to attend the official state funeral for the recently deceased Premier Ohira, with accompanying explanation that the State Department felt it important "at this time" to emphasize the importance of our ties with Japan. But as was the case with the Tito funeral, the occasion is a convenient pretext for something else.

The important event will be a meeting in Tokyo with top Chinese officials, particularly Prime Minister and Party Chairman Hua Guo-feng. That this is the case is demonstrated by the arrival in Peking on July 6 of Assistant Secretary of State for East Asia, Richard Holbrooke, for talks with the Chinese leaders previous to the Tokyo meeting—no casual encounter there! Interestingly enough, also present in Tokyo will be the Thai Premier General Prem and probably the Australian Prime Minister Malcom Fraser as well.

The Tokyo get-together is probably matched in importance by an interesting gathering now going on in the Soviet Union. With almost no previous announcement, the three top Vietnamese leaders—Prime Minister Pham Van Dong, Party leader Le Duan, and Deputy Prime Minister and Vietnamese military leader General Giap—are all now in Moscow. Also there at the same time is Kampuchean Foreign Minister Hun Sen. There is no announcement so far from either Moscow or Hanoi that a strategy session is going on but clearly these men are not there for a summer vacation.

The view of the Vietnamese, according to high level diplomatic sources in both New York and New Delhi, is that the Thai events were a prelude to possible large-scale Chinese invasion of Vietnam. At the least Vietnamese planning is premised on that possibility. The border fighting, according to these sources, was aimed at breaking up staging areas along the border where large-scale reinforcement for the Chinese controlled Pol Pot Khmer Rouge and the other, Khmer Serai and Son Sann groups, were being funneled across the border.

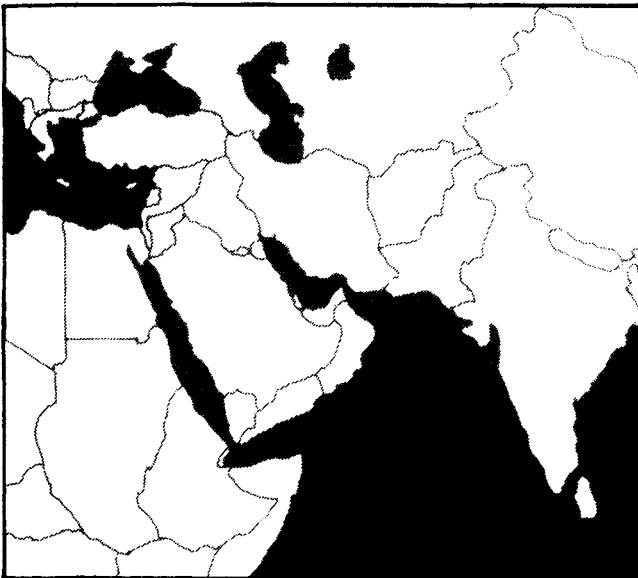
The Thais are actively aiding this reinforcement effort, including the much publicized "repatriation" of some 8,000 Khmer refugees who came from the Sa Keao camp, a camp controlled by the Khmer Rouge and a recruiting ground for fresh levies for their forces.

The rainy season is now coming on in Kampuchea,

traditionally a breathing space for the anti-Vietnamese forces after the dry season, and a time that makes it easier to intensify their activity inside Kampuchea. Thailand has become not only a rear base area for them, with ready supplies of food, medical assistance, and arms from China, but also a place to impress manpower.

The Vietnamese moves were intended not only as a warning to the Thais against this kind of increasingly open assistance to Chinese military attacks on Vietnam and Kampuchea, but also to actively break up the staging operation. In this they seem to have partially succeeded although at some diplomatic cost.

What comes next may well be determined in Tokyo by Peking and Washington—while Hanoi and Moscow prepare their own response. The stage is set, and dangerously so.



The Golan front

Washington analysts warned this week that Israel is on the brink of launching an escalation in Lebanon with the intention of drawing the Syrian armed forces into combat. Seeking to undermine Syria's military capability, Israel may trigger a wider regional war and U.S.-Soviet confrontation in the process, these sources warn.

According to one well-informed diplomatic source, what is unfolding is the following: "Israel will launch a preemptive attack, with or without White House support, directed at Syria and Jordan, beginning with provocations in Lebanon. As a result of the conflict, the Persian Gulf will be closed and oil exports shut down. Then, the U.S. military will intervene in the Gulf, using the Rapid Deployment Force, and world war will likely ensue."

A Washington strategist with close ties to the Israel Defense Forces and leading Israeli thinktanks reported that "there is an increasingly vocal faction in Israel arguing that now is the time to draw Syria into conflict to knock the Syrian capability out for a few years, since Israel's budget cuts and economic crisis will enable the Arabs to achieve qualitative superiority in the next few years."

The key thinktank peddling this line, the strategist noted, is the Tel Aviv Center for Strategic Studies, headed by former Israeli Military Intelligence chief Aharon Yariv.

"Yariv's boys, acting as a tight-knit military-intelligence special-interest group, have released a report urging that Israel must intervene more vigorously in Lebanon," he revealed. "The hope is that the regime in Damascus will be undermined, and that the Syrian army, in the words of the report, 'will be dealt a telling blow.'"

A July 1 article in France's *Le Figaro* indicates that the Washington analysts' forecasts have begun to come true.

Citing both Palestinian and Western diplomatic sources, *Le Figaro's* Beirut correspondent, Jorge Stocklin, reports a massively stepped-up Israeli intervention into Lebanon, including raids against Palestinian camps north of the city of Tyre; infiltration of the Shi'ite population of southern Lebanon to expedite the logistics of anti-Palestinian operations; the setting of booby traps in cars at Palestinian refugee camps; and at least 10 assassination attempts against Palestinian political leaders in Beirut.

Stocklin links this pattern to simultaneous destabilizations inside Syria, capped by recent reports of an assassination attempt against Syrian President Hafez Assad. He notes Syrian charges that the destabilizations are being coordinated by Israel, the Muslim Brotherhood, and "certain Arab regimes."

In response to this situation, Stocklin reports, the Syrian press is revealing that the Assad regime is "seeking a new equilibrium in the region and a strengthening of its military, political, and economic capacities."

Specifically, this is likely to mean the establishment of a Syrian-Soviet "treaty of friendship and cooperation modeled on the military-security pacts the Soviets have signed with South Yemen and Ethiopia" and the development of "closer and closer" Syrian-Soviet relations.

Stocklin's account is corroborated by signs of the great mutual concern being shown by Syria and the U.S.S.R. over the deteriorating situation.

A Syrian press editorial last weekend called for a "qualitative upgrading" of Syrian-Soviet relations. On June 27, the Soviet military newspaper *Krasnaya Zvezda* reported that the chief of staff of the Soviet navy, Georgi Yegorov, will soon visit Syria "at the invitation of the Syrian armed forces."

Sadat the cultist

The Islamic revival threatening the Middle East has its roots not in Islam but in barbaric pre-Islamic cults of yore, French author Larteguy proves.

What do Anwar Sadat and Ayatollah Khomeini have in common?

The answer is not to be found in Islamic religion, but in their perversion thereof. That is, they are both cultists—worshippers of the ancient, irrational cults of human sacrifice and antiscience superstition that dominated the pre-Islamic world, and whose revival today in the guise of revolutionary Islam threatens the livelihood and very survival of the people of the Middle East.

Bizarre? Hardly. Sadat has admitted as much himself.

Take, for example, Walter Cronkite's interview with Sadat, televised by CBS on June 28. Entitled "Sadat's Eternal Egypt," the interview was a revealing hour-long portrait of Sadat that proved the Egyptian president to be a worshipper of the ancient cult of Isis. During the interview, as Sadat and Cronkite slowly made their way up the steps of the Temple of Isis in Philae, Egypt, the headquarters of the Isis cult during the period of Ptolemaic Egypt and the Roman Empire, Sadat proclaimed his intention to force Egyptians "back to the land" and launched a diatribe against Lenin for proclaiming the virtue of "steel and electricity."

Sadat then declared that history operates in thousand-year-long "cycles" in which empires rise and fall, to be replaced by successor empires destined to live out the

same fate. But, said Sadat, Egypt is eternal, and its mission in the world is not to contribute technology or new knowledge but a "moral awakening" and a cultural lesson to the world drawn from Egypt's cult-ridden, Pharaonic heritage.

Pointing to a pair of Egyptian laborers performing irrigation work with technology identical to that used well before the birth of Christ, Sadat commented that such ritual labor has taken place in Egypt for thousands of years and would continue in the future for thousands of years to come.

At the end of the interview, Cronkite asked Sadat in all seriousness if he intends to build a pyramid for his tomb in order to "continue the succession of the pharaohs."

Sadats. The reestablishment of the barbaric Isis cult in Egypt as well as of related cults throughout the Middle East is at the core of a centuries-old project to destroy once and for all the notions of progress and development in the Islamic world, along with the concept of the viability of independent, sovereign nation states.

In a recently published book entitled *God, Gold and Blood*, French author Jean Larteguy documents in great detail the reemergence of the ancient cults in modern guise. In particular, he rips the curtain off the so-called Islamic revival sweeping the Middle East and exposes it

for what it is: a revival of the corrupt priesthoods of the pre-Islamic cults.

Country by country, Larteguy describes how the mysticism and irrationalism of the ancient cults are being reconstituted to conquer a region that once was the world's center of scientific discovery. He describes the emergence of a modern-day Islamic version of the Isis cult in modern Egypt and documents Sadat's faith in the ancient gods. The Falangists are discussed as modern-day cultists committed to reviving the glories of Phoenicia, in alliance with the Zionist cultists of Israel whose antecedents are to be found in the pre-Solomon god Yahweh and the age-old drive to establish a greater-Hebrew kingdom reaching to the Sinai and the Euphrates.

In particular, Larteguy focuses on Iran, where Islamic fundamentalists such as Khomeini are using the name of Allah to plunge the country and the entire region into a pre-Islamic Dark Age in which a corrupt and powerful priesthood, as in ancient times, controls backward peasant populations.

The continuity between the ancient gods of pre-Islamic Iran and today's Khomeini-ism lies in the fact that Islam never fully succeeded in wiping out the corrupt priesthood—the mobeds—of the ancient days. The mobeds never really disappeared, but evolved into today's reactionary mullahs, with the pre-Islamic god Zarathustra becoming amalgamated into Islam's Allah.

Khomeini, concludes Larteguy, is applying the identical program of the ancient priests to restore Iran "as in ancient times to an agricultural life that stops practicing the sciences and the arts."

Clements' border bash

The no-shows hurt the border governors' meeting in Ciudad Juarez, but its Texas and Nuevo Leon sponsors beefed up their lobby.

Readers of this column will remember that in a tense meeting in Monterrey at the beginning of March, the governor of the state of Nuevo Leon, Alfonso Martinez Dominguez, and his Texas counterpart, Bill Clements, prevailed on President López Portillo to attend what was to be a gala first-ever parley of all ten U.S.-Mexico border governors—four on the U.S. side and six on the Mexican.

Well, the border conference came and went June 26-27, but there was no López Portillo. Three days before the event his office informed Clements that the President could not fit it into his schedule.

No love lost, apparently; Clements told the press that López Portillo's presence "would have somewhat dampened the proceedings." He hurried to say that this was because the security and protocol requirements would have been heavy, and anyway López Portillo "had no counterpart there"—just "us governors."

López Portillo was not the only no-show. Jerry Brown sent his regrets with a terse remark that "these kinds of meetings don't lead anywhere." Brown has tried in the past, through repeated pilgrimages to Mexico, to establish himself as the great peacemaker in U.S.-Mexico relations following President Carter's unrivaled record of disaster. He clearly resented Clements' bid to steal the mantle.

There was also no-show Robert Kreuger, Ambassador-at-Large and Special Negotiator for U.S.-Mexico Affairs. His absence was particularly noted since his counterpart from the Mexican Foreign Ministry, Andres Rozenthal, was there. But again, it didn't take a lot of political savvy to figure out the reason: bad feelings going back to Kreuger's unsuccessful senatorial race in 1978.

Add to this some astonishing statements on energy policy from both sides.

Cristobal Aldrete, the Oxford-accented Hispanic who heads the Southwest Regional Border Commission and was the highest Carter administration official present, garnered the 1980 "James R. Schlesinger Gas Negotiation Memorial Award" for his statement that "We cannot permit the Arabs to blackmail us. The U.S. and Mexico have as much or more oil than they do. Therefore it seems to me that we must put into effect a production policy between our two nations so that we are mutually self-sufficient."

Hardly less provocative was the proposal reported from Martinez Dominguez and Baja governor Roberto de la Madrid, to permit U.S. capital to invest in Mexican crude refining operations—strictly verboten under Mexico's nationalist laws on oil development.

But the day was far from lost

for the meetings' organizers.

First, sources close to Clements report the governor's satisfaction at being able to establish his "illegal alien" proposals at center stage in the quickening debate on the issue on both sides of the border. The central element in Clements' package is a "guest worker program" modeled on European experiences.

Secondly, the meeting gave further shape to an emerging "border lobby," of which Martinez Dominguez, Clements and de la Madrid are primary spokesman. The defining interest of the lobby is building up assembly plants and raw materials processing in border "free zone" environments. They don't usually mention it, but legalized gambling and such offshoots as gun- and dope-running are part of the same "Hong Kong East" package.

A faction in Mexico's Industries Ministry (SEPAFIN) last year tried to cut back on the assembly plant program, but a big "maquiladora" promotion fair hosted by the Mexican government in Nuevo Laredo last week makes it clear the green light stays on here.

It's in the raw material processing area that the big fight is brewing. The free zone advocates want to take Mexican energy at Mexico's cheap domestic prices and plug it into plants on the U.S. side, like a desalination plant in Brownsville, Texas that would ship water back to Monterrey.

López Portillo is known to view such arrangements as an erosion of sovereignty and potentially a national security threat. And this could have been part of his refusal to show up at Juarez last week.

National News

Kennedy and Carter shake hands on dereg

Senator Ted Kennedy and President Jimmy Carter found much to agree on last Tuesday as they joined together for the ceremony of the signing into law of the trucking deregulation bill. The bill, which eliminates the principle of parity and ordered markets in the nation's transport system, is projected to collapse large sections of the trucking industry through cutthroat competition. It was solidly backed by both Kennedy and Carter, as were bills deregulating the banking and airline industries, and the upcoming bill for deregulating the railroads.

The Carter-Kennedy duo, whose legislation was opposed by the trucking industry and the Teamsters Union, smugly congratulated each other. "There was one senator who worked on this legislation for at least two years . . . sometimes alone, sometimes facing discouragement, but never giving up the concept," said Carter, introducing Kennedy. "Well, there's no debate here about trucking deregulation," replied the Senator.

Crisis is the talk of the town

A party thrown last week at a Washington, D.C. Chinese restaurant to honor Al Barron of the Washington Barron's report was attended by a cross-section of the city's political currents, ranging from Richard Viguier and Americans for Democratic Action spokesman Joe Rauh to labor leaders from the AFL-CIO building trades, the United Autoworkers and the Teamsters.

Talk centered on politics, and the consensus was that Jimmy Carter is a beaten candidate. Few people even among his nominal supporters thought the President has a chance against Ronald Reagan in November.

An attendee at the party reported however, that it was uncanny that nearly every person expected Jimmy Carter to launch some kind of military adventure or other confrontation to save his Presidency. One person was taking bets on where the blowout would come. The consensus was that Carter would make some move in the Persian Gulf, most likely before the Democratic convention in August. Remarked another attendee: "This town is getting the stench of London in 1939 right before the war started."

LaRouche to LULAC: stop Carter's unnecessary depression

Democratic presidential candidate Lyndon LaRouche, addressing the 51st annual convention of the League of United Latin American Citizens (LULAC) in Washington, D.C. June 28, called on the nation's Hispanics to work with him in reversing "Carter's unnecessary depression." In addition to LaRouche, political candidates John Anderson, Barry Commoner and Vice President Walter Mondale were among the invited speakers. LULAC is the nation's oldest and largest Hispanic organization.

LaRouche compared the U.S. economic situation to that of a man "who has jumped out of the 40th story window of a skyscraper, and has passed the 36th story. Labor Secretary Ray Marshall comes out and says, 'Well, we have just dropped, we are about to go up.' It doesn't work that way. It is no good to talk about improving the condition of people who are less advantaged when everybody is going into a depression. We have to first change the policies which are causing an unnecessary depression."

He gave particular emphasis to the need to provide productive jobs, improved education, and a drug-free learning environment to the nation's youth. "It's not just giving jobs. . . . I propose to you that the moral purpose for the existence of our nation over the coming two generations is that our nation must rally itself as a leader among its allies in

the global task of forever ending poverty and misery on the fact of the earth. Let every child say, 'My life is important to the entire world.'"

Death cult sponsors Antinuclear study

An antinuclear study sponsored by Laurence Rockefeller's Lindesfarne project is receiving prominent coverage in several publications, including the Council on Foreign Relations journal *Foreign Affairs*. Study authors Amory Lovins, L. Hunter Lovins, and Leonard Ross argue that the desired goal of ending all nuclear energy production has been largely achieved because "the free market" now finds nuclear "too expensive."

Lindesfarne is associated with the growing death cult movement, which its director William Irwin Thompson connects explicitly to the collapse of high-technology energy forms and industrial growth. In an article entitled "Meditation on the Dark Ages Past and Present," Thompson wrote, "Science is dead . . . our entire civilization is dying. But what is death? Consider the Yogi: When he stops his heart consciously, he is dead by technical definition but actually he is reborn, for in taking the energy out of cardiovascular into the central nervous system, he experiences ecstasy and enlightenment. He does not die, he dances his death. So now we need to dance out the death of industrial civilization and experience, not its painful apocalyptic destruction, but its joyous millennial destructuring."

Senate puts leash on Rapid Deployment Force

The U.S. Senate July 1 voted up an amendment to the fiscal 1981 Defense Department authorization for military procurement which would link the War Powers Act to any deployment by President Carter of the Pentagon's new Rapid Deployment Force (RDF). The move, if

adopted by the House, would become law two weeks thereafter.

The sponsor of the bill was Senator Exon of Nebraska. A spokesman in Exon's office told *EIR* that "The Senator felt very strongly the need to reaffirm the War Powers Act. Seven ships will arrive in Diego Garcia immediately. The Marine Corps is being brought in by stages. Congress must reassert itself."

A well-informed source on Capitol Hill said, "We want to make sure Carter doesn't pop off with the RDF. There's a great deal of concern that he will take an irrational act for political purposes."

Only seven Democrats voted against the amendment. Among the leading Senate Democrats in favor were Senate Majority Leader Robert Byrd, Armed Services Committee Chairman John Stennis, and leading Senate Armed Service committeemen Jackson and Nunn. The House is expected to bring the measure to a vote shortly after it reconvenes July 21.

NSF plans coverup of Wirzup Report

The national science Foundation (NSF), a sub-branch of the federal government, was scheduled this week to produce a set of recommendations for the White House on how the United States should respond to the challenge of the Soviet Union's successful education mobilization, a challenge revealed in the extensive report by Professor Isaac Wirzup of the University of Chicago.

President Carter, however, has made no statement on the issue, and in fact the NSF report is being kept top secret. Reached for comment, William Blamiede of the NSF, who acted as project director for the report, refused to provide any details of the report's recommendations. "This is a confidential report," he said. "We are not authorized to let any of it be known until given explicit permission by the White House."

The content of the NSF report was indicated by a second report on the subject, written by the Stanford Research Institute (SRI) for the NSF. The SRI

report amounts to an "objectively" cast coverup of the education gap between the U.S. and U.S.S.R. Committing such elementary statistical frauds as the conclusion that "the percentage of Soviet secondary-school graduates admitted to higher educational establishments has been consistently declining since 1965," the report omits the fact—admitted by author Catherine Ailes to *EIR*—that the decline reflects a trebling of secondary-school graduates!

'Draft Mondale' committee formed

The announcement came this week that a committee has been officially formed to draft Vice-President Walter Mondale as the presidential nominee of the Democratic Party. "We want to open the convention," declared Dr. Raymond Emery, an Arizona professor who heads the committee. Emery stated that the group includes several governors and state representatives, and some "big money" from California, Arizona, and New Mexico. "It started in the Southwest, the effort to open the convention," he added.

The group has concentrated on electing Kennedy delegates to the Democratic convention; Emery himself is one. These delegates, he said, will fight for an open convention and then swing over to Mondale. The overriding purpose is to stop Carter at all costs: "I hope he doesn't get us into a war," Emery exclaimed. "I hope he just steps down."

Meanwhile, a coalition of leading Democrats and fundraisers for Scoop Jackson, Ed Muskie, and Mondale have met and formed an umbrella "Committee to Free the Democratic Delegates for an Open Convention." The group will register with the Federal Election Commission to raise money for the effort.

The *New York Post* this week characterized the group as "launching a new push to ditch both President Carter and Senator Ted Kennedy for a fresh face. ... the new group claims its only goal is to allow Democratic delegates to vote their consciences at the convention, not to favor or oppose a particular candidate."

Briefly

● **FORMER PRESIDENT** Gerald Ford comments that "It will be a tight race for either Carter or Reagan to get those 270 electoral votes and if Anderson won four or five states, as he well may, I think the next president will not be selected by the people on Nov. 4, but will be picked by the politicians in deals in smoke-filled rooms when the election is pushed into the House of Representatives."

Ford made his remarks in a June 29 speech to the Pacific Coast Builders' Association convention in San Francisco.

● **CAPITOL HILL** sources say that the Federal Election Commission will make a major move against incumbent Congressmen this fall, putting their reelection campaign through extensive audits. The FEC will target Democratic Congressmen who they expect will try to spend their way out from under Jimmy Carter, a weak votegetter, at the top of the ticket.

● **RONALD REAGAN's** senior advisor on national security, Richard V. Allen, reiterated the presidential candidate's opposition to military conscription, in a meeting with reporters in Washington, D.C. June 26. Reagan opposes the peacetime registration bill that President Carter is about to sign into law, but does not intend to make a campaign issue of it, Allen said.

● **THE DEMOCRATIC** platform apparently has a convincing resemblance to a piece of garbage. Last week, when the Democrats finished writing it, after long hours debating the fine points of the deindustrialization policies it contains, the committee wound up and members went off to have a few drinks. A janitor, seeing the messy papers that were the only draft of the just-completed platform, assumed it was merely trash and tossed it into the garbage pail.

Will Jimmy Carter destroy the Democratic Party?

by L. Wolfe

If the 1980 Presidential election were held today with Jimmy Carter heading the Democratic ticket and with Ronald Reagan as the GOP standardbearer, the Democratic Party would receive its worst trouncing in more than two generations.

A special team of *EIR* correspondents conducted interviews with top political leaders in both parties, from the national offices to the ward level, including delegates to the upcoming Democratic National Convention. In addition, the results of this year's primaries were reexamined.

What emerges is the shape of a political disaster for the Democratic Party. Its cause, according to party officials, is Jimmy Carter, who is variously described as the weakest Democratic candidate to come down the pike since John W. Davis in 1924.

Carter campaign strategists have made no bones about their campaign strategy for the general election should Carter be nominated in August. They plan to attempt a repeat of their 1976 success. The electoral votes of the farm heartland west of the Mississippi, with a few exceptions, are to be conceded to the "westerner" Ronald Reagan. Carter, the "South's favorite son," plans to capture nearly all the electoral votes below the Mason-Dixon line and in the "border states." With the help of organized labor, the Carter camp says that they will capture the Northeast, or a major part of it, and the key states of the Midwest. This gave Carter a bare majority in 1976.

But 1980 is a totally different ballgame. The *EIR* found that after three-and-one-half years of Jimmy Car-

ter, the Democratic "blueprint for victory" was a sure ticket to disaster. Reagan would indeed take the farm belt and the Far West. But Jimmy Carter will not carry the South; in fact he stands to be thrashed, losing some states for the Democrats for the first time in history. And in the Northwest and Midwest, Carter is in real trouble. Top labor officials, who turned out the vote for the Democratic Party in 1976, providing the crucial margins in such states as Ohio and New York, say they won't be able to do so this time around. The Carter administration has become so unpopular with the rank and file of organized labor, that AFL-CIO officials say that while labor will still vote Democratic, it will do so by such exceedingly narrow margins that Reagan will carry much of America's industrial heartland.

The *EIR* also found that a Carter ticket will spell disaster for Democratic congressional candidates. A leading Democratic Party Capitol Hill source conceded that with Carter heading the ticket, the Democrats expect to lose more than 50 House seats. This and other sources say that the GOP will, minimally, come close to overturning the Democratic majority in the Senate. If Carter is the nominee in 1980, the Democratic leadership says that a GOP majority in both houses of Congress is possible by the 1982 elections, for the first time since the 1950s.

It is this realization of an impending disaster that is fueling a rebellion of the party rank-and-file and sections of the leadership against the Carter re-election committee and its wholly owned entity, the Democratic National Committee. The revolt is occurring on several levels in different arenas of combat.



Photo: UPI

Key sections of the Democratic congressional leadership are in trench warfare with the White House. Over the course of the last two weeks, the Democratic majority in the Senate and House have killed the Energy Mobilization Board—one of the centerpieces of the Carter energy package—and approved controversial funding measures opposed by the administration. The Senate leadership went behind the back of the White House to propose its own timetable for tax cut legislation.

If the Democrats lose control of the Senate, all committee chairmanships go over to the Republicans. Senators with seniority and power such as Senators Jackson (D-Wash.), who heads the energy committee, Russell Long (D-La.), who heads the finance committee, and Lloyd Bentsen, who heads the joint economic committee, would lose their posts. Senator Robert Byrd (D-W.Va.), the Senate Majority Leader who has been an outspoken opponent of many of Carter's policies, said bluntly that he had no desire to become the minority leader. Attacking the White House and the Republicans for their political ineptness, Byrd stated that as a senator, he was forced to "live in the real world" and deal with "reality." All but a handful of the Democratic Senate and House leadership have been quietly putting distance between themselves and the sinking Carter ship. A notable exception is House Speaker Tip O'Neill (D-Mass.) who has shown remarkable fidelity to Carter. Reports persist that O'Neill's strange behavior may have something to do with a particular blackmail item that the White House is holding over the speaker's head.

These same Congressmen are furious with the Carter

controlled DNC. They report that the DNC is refusing to adequately fund Congressional campaigns and is planning to tie funding to Carter loyalty oaths. With Carter heading the ticket, many candidates, whether incumbent or not, say that they will have to run more than 15 points ahead of the party standard bearer to keep their head above water. Without major funding this will be impossible.

'Our worst enemy'

The Democratic state party apparatuses are in total disarray. State party chairmen meeting in New York last week expressed open hostility toward the Carter DNC which is making moves to seize control of their organizations. Again, the reality principle is operative here. No one would mind if the DNC was competent and if the Democrats were fielding a strong national ticket. But the DNC is widely regarded as the party's worst enemy and Jimmy Carter is the worst possible candidate, regardless of incumbency and the power of the White House.

As several local party officials report, Carter's incumbency and his control of the Democratic National Committee is mostly being put to use for political thug operations to keep recalcitrant Democratic leaders in line. Our reports show that resentment against Carter by party officials is running higher than against any Democrat President in memory, including Lyndon Johnson before he stepped aside in 1968. It is an open secret that most state chairmen and party officials would prefer somebody—anybody—but Jimmy Carter heading the national ticket.

Since the White House still can toss some weight around, such remarks are generally confined to private meetings.

It is at the nomination level that the brawl is most apparent and most misleading. The fight over the nomination is absolutely not between Jimmy Carter and Senator Edward Kennedy. It is between Jimmy Carter and the Democratic Party. The Carter camp may very well be correct in asserting that Ted Kennedy will not get the Democratic Party nomination. But our reports indicate that Carter people—despite their threats against delegates—are unable to put a “lock” on the convention.

With the clear recognition that nominating Jimmy Carter is a losing proposition, a scramble is underway to avert the disaster. The fight centers around keeping the convention “open.” Contrary to some press reports and to lying assertions by the Carter campaign organization and the DNC, the convention delegates are not currently bound to any candidate. Carter campaign officials, however, will attempt to ram through the floor of the convention a proposed rule—the so-called rule 11-H—that will bind delegates on the first ballot to vote for the candidate whom they were chosen to represent. A combination of forces inside the party, including some elements of the Kennedy camp, some conservative Democrats associated with such Senate leaders as Scoop Jackson and Robert Byrd, and various urban machines, farm-based delegates, and dark horse candidate Lyndon LaRouche are now moving to make sure that the convention stays open. Much of this activity has been taking place behind the scenes and has in general been kept out of the eye of the press. At this moment there is no consensus choice for a replacement candidate for the lame Jimmy Carter, though several names including Jackson and Walter Mondale have been prominently mentioned. Should the convention open up, no choice—except Carter—can be ruled out.

As one source put it, many of the people who “fixed” the Democratic Party nomination for Carter in 1976 are putting in a counter “fix” to deny him the nomination this time around.

Whether the press reports these facts or not, they are nonetheless known by the Carter camp. It is for that reason that many knowledgeable political sources, including most interviewed for this report, fear that the desperate Carter will launch some kind of international crisis to give him the nomination. Carter, they say, will stop at nothing to keep the White House—even risking the nuclear incineration of the nation. There is “dispute” as to whether the crisis will be launched before or after the GOP convention July 14.

It is impossible to say what the outcome of this struggle between the Democratic Party and the Democratic President will be. But as the report that follows shows, there is a great deal at stake.

The regional picture

Carter's prospects not very bright

by Kathy Burdman

Interviews with Democratic Party state chairmen and other Democratic officials this week showed tremendous concern across the country about a Republican sweep in the fall, should Carter take the Democratic Party nomination. The following are EIR's regional estimates, together with comments by Democratic leaders. We have concentrated on the contested areas of the South, Midwest, and Northeast, since sentiment in the Great Plains and Pacific Far West is so overwhelmingly pro-Reagan, or at least anti-Carter.

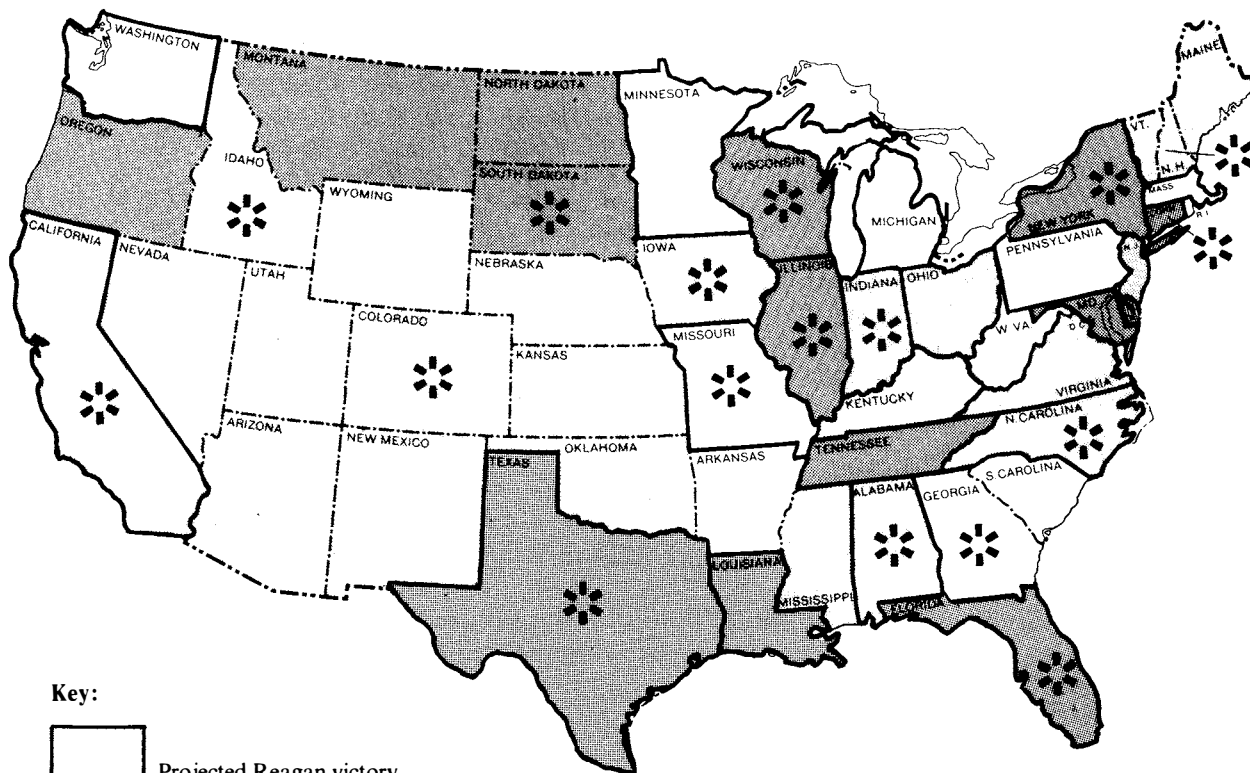
The South

The consensus is that “Jimmy Carter will be fighting for his life in the South,” as a top Democratic source on Capitol Hill summarized it this week. Carter is certain to lose Alabama and Virginia, two of his priority “key states,” as well as Mississippi, North Carolina, and Kentucky. In the South, Carter's supposed home base, local Democratic machines are furious with the President because their constituencies of conservative labor and blacks are leaving local Democrats in what one Democrat called “the Carter dust.” “We have senators and congressmen who are going to lose their jobs,” Alabama Democratic chairman George Bailes, Jr. complained to the DNC recently. “We have Democrats running campaigns up and down our state who intend to dissociate themselves fully from the Carter-Mondale campaign.”






In Senate races, for example, Alabama's Democratic freshman Senator Donald Stewart is a national-priority target for the Fund for a Conservative Majority candidate, Armisted Selden. In Carter's home state, veteran Democratic Senator Herman Talmadge is in trouble with Democratic challenges and a heavily favored opponent, former GOP State chairman Mack Mattingly.

On the Democratic House side, Texas veteran Jim Wright is a target for Republican conservatives, who are also making Democrats feel threatened in North and South Carolina and Louisiana.

The Reagan sweep of November 1980



Key:

-  Projected Reagan victory (includes Alaska)
-  Projected Carter victory
-  Contested
-  Local Democratic candidates threatened
-  Heavily outlined states signify the Carter campaign's "Key States"

The map shows a projected sweep by Gov. Ronald Reagan of major regions of the nation, including the Far West, the industrial Midwest and the South. Included are many states which President Carter is counting on to win—identified as "Key States" by the Carter campaign. The more liberal Northeast is largely "contested" at this time, but could very well swing to Reagan, in part due to the Anderson factor. Notable are those states that are starred, where local Democrats—governors and senators on down—also face a serious threat of defeat if the Democrats go with a Carter ticket.

William W. Farris, Tennessee Democratic Party chairman, comments as follows:

Q: If President Carter is the nominee, can he take your state?

A: It will be a hard-fought battle. If Reagan chooses Howard Baker as Vice-President, that's it, it's over. . . .

Q: How do you feel about opening up the convention?

A: I'm pledged to Carter, I think the delegates should be bound, I'll go Carter on the first ballot. Carter took 75 percent in our primary.

Q: Would you rather see the election thrown to the House than Reagan?

A: Sure, it's a Democratic House. . . . I have no doubt that the Democrats would choose the best man—and not necessarily Carter.

Q: Not Carter? Do you mean Kennedy?

A: Hell no . . . Mondale, perhaps, or Jackson. I was Jackson's West Tennessee campaign manager in 1972.

A ranking Texas Democratic official told a reporter the following:

Q: What is your expectation for November, if Carter is the nominee?

A: If the race is Reagan versus Carter, it will be a tough race. Texas is always close. It will be a tough race because of two factors—the right-conservative elements are a strong factor here. Also the Republicans are spending like crazy. I predict that Carter will carry the state.

Q: What about the large uncommitted vote you had there?

A: There is a traditional group of people who vote Democratic for sheriffs, etc., but in the presidential race they go Republican. There is also some problem with the farms—traditional Dems went uncommitted. . . .

Jessie Bankston, Louisiana Democratic chairman, made these comments:

Q: If President Carter is the nominee, can he take your state?

A: Four years ago at this time Carter was down 20 points in the polls below Ford and on election day he was still behind 47 percent to 53 percent, but he took the state by 53 percent.

Q: Why was that?

A: Well, it's hard to poll the blacks and labor in this state; they're very decentralized, and they don't show up in the polls and then they always go Democrat. . . .

Other Democratic officials' comments included those of Mississippi Governor William Winter: "Carter is in trouble—it will be close"; North Carolina State executive director David Price: "The Carter ticket is in great difficulty"; and Kentucky State Democratic chairman Robert Cobb: "It's the lesser of two evils . . . it's disheartening, the alternative of Carter versus Reagan."

The Midwest

Because Carter is in deep trouble in the electoral-vote megastates of the industrial Midwest, he is certain to lose Indiana and Ohio and could easily lose Illinois and Wisconsin. Rocketing unemployment, heaviest in this area of the nation, has labor, minority, and even industrialist Democratic constituencies furious with

their local Democratic leaders. Only some serious Reagan mistake on labor issues, such as strong advocacy of his right-to-work position, could help Carter here.

In Democratic senatorial races, Indiana's fourth-term veteran Birch Bayh is rated as a top, "very vulnerable" target by the National Republican Senatorial Committee. Illinois veteran Adlai Stevenson's seat is up for grabs on his retirement, and Democrats are worried. Missouri Senator Thomas Eagleton has already distanced himself from Carter.

An official of the Illinois Democratic State Central Committee told a reporter:

Q: Will Democrats in your state suffer from a Carter ticket?

A: Look! I'm the lawyer for the UAW in this state, you don't think I'm not aware of this, do you? I'm trying to run the Dixon for Senate campaign down here and we're in real jeopardy with Carter at the top of the ticket. I'm very upset about this. We discussed a total Republican sweep of senatorial and other local races in Illinois at one of our meetings recently.

Q: Is this what Senator Byrd meant by saying he has to deal with reality and the President does not?

A: Byrd was right. This is reality. We're going to have to pick up the pieces of a destroyed Democratic Party in November. Jimmy Carter is a mean man, he doesn't care what he has to do to win this election, and he doesn't care what the end result is on the party.

Q: Would you like to see an open Democratic National Convention?

A: Certainly, but the delegates are already bound to Carter.

Q: Aren't you aware that Rule 11-H will not be binding until it is ratified by the convention itself?

A: No, I didn't realize . . . you have to understand that anyone who isn't staunchly for Carter is totally out of the information picture out here at this point. The entire regular Illinois Democratic Party either lost or decided this year not to run as delegates although they traditionally run. The party is being broken up.

Olivia Maynard, Michigan State Democratic chairman, made the following comments:

Q: If President Carter is the nominee, can Reagan take your state?

A: Now, yes. We hope not in the fall. This is not a Reagan state, and luckily not a state in which even Republicans like Reagan. . . . Reagan is very simplistic. He has no way to deal with the economy or with foreign

policy.

Of course, frankly, the question is not so much that people would be supportive of President Carter or pleased by his foreign policy, either, but the prospect of a person *even less capable* would terrify many voters in this state. . . .

An Ohio Democratic leader said: "If the economy doesn't turn around, if the auto industry is still sagging and barring any dramatic good news in foreign affairs, Carter is not going to carry Ohio." An Indiana Democratic leader stated bluntly: "Anderson will have little effect here, but Reagan will carry the state."

The Northeast

Carter would probably take organized-labor-dominated Pennsylvania and West Virginia, and also liberal Rhode Island and Massachusetts—unless the Anderson or LaRouche campaigns break through in this traditionally Democratic area.

But the rest of the region's megastates are a battleground or worse for the Democrats. Reagan could well take New Jersey, with labor swinging conservatives on the Midwest pattern, and also take the traditionally Republican Maine, New Hampshire, and Vermont, all small in electoral votes. New York and Connecticut are shaping up as two of the biggest national battles with a possible Liberal Party swing to Anderson in New York that would easily put Reagan over the top. Maryland is a battleground.

Dominic Baranello, New York Democratic Party chairman, commented as follows:

Q: If President Carter is the nominee, can he take your state?

A: Things are very close in New York if the election were held today. Of course, there is every prospect the President will put some things in order by November, with tax cuts, other economic resolutions. And when the electorate realizes that Reagan is simplistic, has no

'Congressmen worried—the DNC won't help'

The following interview with a leading Democratic Party official on Capitol Hill was conducted July 2.

Q: What is your perspective for the Congressional races? How many seats do you anticipate that the Democrats will lose and the Republicans will gain or vice versa?

A: There are 36 open seats where people are retiring, which we are fearful about. Probably there are 10-20 Republicans who have strong Democratic challengers, which could mean Democratic gains. There are over 40 Democrats who have tough Republican challengers. The Republicans who stand to win are in Florida, Illinois, Kansas, Minnesota, Wisconsin, Texas, two in Pennsylvania, New Jersey, Michigan, Ohio, and four in California.

The Democrats we are worried about include the following states and districts: Arizona, district 2; California districts 5, 21, 35; Colorado district 3; Florida, 12; Indiana, 2, 6, 10, 11; Iowa, 4, 5; Louisiana, 4; Maryland district 8; Massachusetts, 6; Michigan, 3, 10, 12; Missouri, 10; Nevada, the at-large seat; New Jersey, 3, 4, 7; New York, 2, 3, 24, 27; North Carolina, 5, 6, 11; Oregon, 2, 4; Pennsylvania, 1, 3, 7, 8, 12; Rhode Island, 2; South Carolina, 6; South Dakota, 1; Texas, 5, 8, 12, 24; Utah, 1; Virginia, 10; Washington, 5, 7; Wisconsin, 2.

Jim Wright is in a tough race. His challenger has raised over \$100,000; they are pouring in money. The national conservative PAC [political action committees] are helping. I think they don't think they can defeat Wright, but they want to keep him home and not campaigning for other Democrats.

Q: What about Carter heading the ticket? Aren't a lot of Congressmen worried about that?

A: Most Congressmen will keep their distance from him. They will hope that their constituents remember their Congressmen and take out their frustrations on the top of the ticket, that is, with Carter. Carter will hurt a lot of Senators.

In states like Indiana there are a couple of Congressmen who have a tough race, especially if Reagan wins big. Bayh is up for reelection and he will have a tough time. For people on the fence, Republican tide won't help. If the vote is for Reagan, they they will vote the Republican ticket. If Anderson is on the ballot it will help us—he will bring out Democratic voters.

Jimmy Carter will be fighting for his life in the South. The Moral Majority organization has registered two and a half million people to vote, largely in the South.

The Jewish vote is no longer Democratic. The Republicans have spent a quarter of a million dollars for trips to Israel and ads in Jewish papers. The DNC is not doing anything to help us.

answers, and is not a viable President, whereas the President is trying hard—

Q: Do you see the possibility for an open convention?

A: Well, I do anticipate a rules fight. I certainly anticipate the people who don't want Carter getting at least a minority report out of the Rules Committee this week onto the floor of the convention. But I'm a Carter delegate and I'm committed to Carter, and I think if you run for a candidate, you've made a commitment to your electorate.

Q: But I've heard a lot of local Democratic candidates fear being swept away by a Reagan landslide.

A: Is that what people are saying nationally? Well, you're absolutely right. We're biting our nails here in New York. Our entire U.S. congressional delegation, as well as our State Senate and Assembly, are up for reelection. Losses could be very significant. . . .

Q: What effect will Anderson have on your state?

A: If he runs on the Liberal Party—devastating. If I were [Liberal Party leader] Ray Harding, and my party was at the lowest ever and I saw an opportunity to revive it, I'd look very hard at Anderson.

Q: What have the Liberals gotten from Carter, anyway?

A: That's what everyone would like to know. For that matter, I don't know what my party has gotten from him in New York, either.

Q: Are you saying the DNC isn't running the campaign well in New York?

A: Are you kidding? I'm terribly concerned. Right now the DNC has maybe three people in New York who constitute the Democratic effort. The Carter people have nothing going. I told them the time has come to get off their butts and start pulling it together. . . .

Q: What about some dramatic diplomatic crisis to rescue Carter?

A: Yes, yes. I'm hoping for that, that's the tremendous power of the incumbency.

Notable also are the comments of Democratic State chairman James Fitzgerald about Connecticut: "About as close a state as there is in the nation." He predicted a Democratic victory "by an edge," assuming the Anderson factor is "minimized by November." One Maryland Democratic leader said that "Economic issues are starting to take root much more strongly in the state. . . . The Democratic Party has to sell a very difficult case and a very difficult set of policies." New Jersey State Senate president Joseph Merlino said simply: "Reagan would win."

White House strategy

Carter's plumbers hit the 'key states'

The Democratic National Committee, nominally the executive body of the Democratic Party, has been recently transformed into a sub-branch of the Carter/Mondale election campaign. The DNC doesn't care about, and won't be supporting, Democratic senators, congressmen, any major part of the party's apparatus, or even the party's survival. The DNC will only be supporting Jimmy Carter.

That is the successful result of the Carter/Mondale campaign's creation of a "plumbers unit" within the DNC to ensure that, even before Carter really has the nomination, all party resources will be at the Carter campaign's disposal—thus ensuring that he does get the nomination.

The unit, known as Campaign Support Services, is headed by DNC Executive Director Les Francis, until recently the Deputy Chief of Staff of the Carter/Mondale Campaign.

Francis has used his control to designate 25 "Key States" or "battleground states" upon which the DNC will concentrate resources. The Key States are in the South, the industrial Midwest, and Northeast—where Reagan is expected to reverse Carter's 1976 vote. Accordingly, these states are where Democratic machines are rapidly falling away from Carter, enough of them that by August 11, the President could lose the nomination, or if he gets it, face masses of local candidates disassociating themselves from his national ticket.

To ensure against both developments, Les Francis has sent CSS "Coordinators" into each of these states. The coordinators, all former Carter campaign organizers, are now on the DNC payroll, and have orders to take over the state party machine to control local Democrats. States not designated "Key" will get no financial or other support from the Democratic National Committee.

For local congressional and other Democratic candidates, already very nervous about running under a Carter ticket, no Democratic National Committee support exists. "The DNC isn't giving the Senate Campaign Committee a red cent," said a Washington source famil-

iar with the embattled position of various Senate Democrats up for reelection in November.

"When you're about to lose control over the Senate, this is inexcusable. There is tremendous anger in the Senate, especially when they see the Republican National Committee's huge cash infusions into the Republican Senate races, targeting our seats."

With the clearly implied threat that Democratic candidates at state and local levels will disassociate from Carter if he gets the nomination, the CSS unit now controlling the DNC is taking over all aspects of state parties' preparation for the November elections.

CSS "Coordinators" in the 25 key states will "coordinate fundraising . . . general election strategy . . . schedule campaign speakers . . . and link the Presidential, Congressional and local races," says Les Francis. Obviously, distancing oneself from Carter could become impossible for a local candidate under these conditions.

Locking up the nomination

The other problem is Carter's nomination itself. DNC Campaign Support Services is working directly with the Carter/Mondale campaign's Delegate Tracking section under Tom Donilon. It is the purpose of Donilon's unit to prevent an open Democratic National Convention or any other development threatening Carter's renomination. Pressure, blackmail and any other available means are being used to pressure delegates to vote Carter on the first ballot.

Francis has made his entire Democratic National Committee field staff available to Donilon for delegate pressuring.

Says CSS head Francis, "We are of course basing our plans on the belief that the President will be renominated. . . ." Just in case, they're making sure.

Francis is a protege of California Carter/Mondale chairman Richard O'Neill. In 1977, Carter made him Deputy Assistant to the President for Congressional Liaison. In the spring of 1979, he became Deputy White House Chief of Staff under Hamilton Jordan. In October, he became Deputy Chief of Staff of the Carter/Mondale Campaign in charge of Field Operations. On May 5 he was confirmed as DNC Executive Director.

"The contest for the Democratic presidential nomination is all but over, and the President has an insurmountable lead," White told the press. For this, Senator Edward Kennedy's campaign director Paul Kirk and press chief James Flug demanded White's resignation and even "civil and criminal prosecution" for misuse of his position in the party.

The rest of the CSS staff members are also "Carter's men."

Chris Brown, Deputy Director, was 1980 coordinator of the New England primaries for the Carter campaign; Tracy Gallagher, Director of Voter Registration, was New Hampshire primary coordinator; Carl Strubel, Director of Voter Targetting, is from the Carter/Mondale Field Staff.

The state plumbers

Carter strategists under Democratic National Committee Executive Director Les Francis have designated "Key States" in which Carter must win to take the overall election. Accordingly, the Carter campaign has deployed "plumbers units" into those states under what are called "DNC Coordinators." Those named so far include:

Midwest

Curt Wiley, Michigan. Former coordinator, Michigan, Wisconsin and Maryland primaries.

Jerry Austin, Ohio. Former coordinator, Ohio primary.

Scott Burnett, Missouri. Former chief, White House Speakers Bureau.

South

Robert Beckel, Texas. Former coordinator, Texas primary.

Walter Moore, Louisiana. Former head, Labor for Carter.

Jay Beck, Alabama. Former coordinator, Alabama primary; former member, White House staff.

William Romjue, Virginia. former coordinator, Iowa, Utah, Montana and Nevada primaries.

Northeast

Joel McCleary, New York. Former coordinator, New York primary; former aide, Lloyd Cutler, White House General Counsel.

The Carter campaign will soon name chiefs for plumbers units in Illinois, Wisconsin, Florida, North Carolina, Tennessee, Kentucky, Pennsylvania, Connecticut, Massachusetts, New Jersey, Minnesota, California, and Washington State.

State chairmen

Protests against Carter's DNC

"Our unit running the general election is called Campaign Support Services, and those of you who are from states where there are targeted Senate races already know exactly what CSS is about," said Les Francis, Executive Director of the Democratic National Committee. He was addressing the assembled chairmen of state Democratic parties at a New York meeting June 26.

Most members of the Association of State Democratic Chairs indeed knew exactly what CSS is about—it's a Carter "plumbers unit." The state chairman accused Francis and party national chairman John White of turning the DNC into a "Committee to Re-elect the President," representative of no other Democrat. In the course of the meeting, calls were raised for an open national convention—to *not* renominate Carter—although the state chairmen never used the phrase "open."

Against such sentiment, White, Francis and their supporters tried threats. Any dissent threatens to "wreck the two-party system and the Democratic Party," said White. He threatened to take control of all fundraising, and warned of a financing cutoff in November for any state party not cooperating.

"I'm shocked by what I've seen here," said one Kennedy delegate. "This is supposed to be an open party. They're trying to stampede us through the convention. . . . I think there is a sentiment of revolt brewing."

'Nondebatable instructions'

Morley Winograd was moderator of the pre-convention meeting. He had authored DNC-proposed delegate-selection rules that would bind the delegates. "This discord must cease," he stated bluntly.

A succession of state chairmen rose. "We have got to have a rules change on these delegate selection plans," said Maryland's Rosalie Abrams. "They're making the party less accessible to the voters." Nevada vice-chairman Virginia Cain declared "The media has taken over the election process and the party has been restricted to one candidate!"

Winograd deferred to Les Francis—"who'll brief you on how the general election will be run." Francis declared, "our staff works under specific, nondebatable instructions to do nothing involving pre-convention

activities, but to devote their time and effort solely to the general election. We are of course basing our plans on the belief that the President will be renominated. . . ."

He continued: "We intend to place in each of 25 'Key States' one full-time, paid DNC staff person, to help your state parties run the general election. They will have extremely broad duties, helping coordinate your fundraising, assisting you to raise money for voter registration. . . . assisting you in making your state general election plans. . . . Most important, they will serve as the link between the Presidential, Congressional, and local races in your state."

He spoke of 200 phone banks nationally, profiling 3,000 voters a day, and a massive voter registration drive.

Again, the state chairmen rose to protest. "How in hell do you define 'Key States' and how will the DNC cooperate with the plans the state parties already have in motion?" demanded David Price of North Carolina. Alabama chairman Bayles added the central thought:

I'd like to say that we have received no cooperation whatsoever from the national party . . . We have senators and congressmen who are going to lose their jobs. We have Democrats running campaigns up and down our state who intend to dissociate themselves fully from the DNC and from the Carter/Mondale campaign and intend to win in November in spite of Carter/Mondale, not with their help.

The Carter campaign's answer is to send in the CSS plumbers. "Why didn't you even notify us that these people were coming down?" complained Kentucky chairman Bob Cobb. "We tried to get you on the phone," said Francis. "That's really kind of you," retorted the southerner. "Your staff has been making calls into my state . . . telling people how the campaign will be run, and no one calls me."

"We have a general election to run," said Francis. "It is our hope that when we designate a coordinator, that person can work cooperatively with the state party. However . . . there is no provision for signoff—for you to approve or disapprove whom we send in." "Besides," added Winograd. "The DNC can only budget money for you if you file an election plan with Les."

"I don't understand this whole procedure," said David Price. "We already have our own election programs; we have our own staff. We don't need staff, just money. Are you equipped to help? How do you even know what plans we have? No inquiries have been made."

Replied Francis: "Please remember, our staff is being sent out not to just do one thing or another, but to coordinate everything." Indeed.

The rules fight

The truth about delegates' options

With a little more than five weeks to go before the Democratic National Convention, a full-scale brawl has broken out in party ranks over the efforts of the Carter/Mondale campaign committee to force delegates to vote for their "pledged" candidates on the first ballot.

Despite some confusion in the news media, the terms of the fight are fairly simple. Over the course of the last three years, the Carter-controlled Democratic National Committee (DNC) cooked up a set of proposed or interim rules for adoption by the 1980 convention. The rules were part of the implementation of the party's reform of the delegate selection process. Buried among the new "standard operating procedure" was a totally new rule—rule 11-H—which for the first time in history bound a delegate on the first ballot to vote for the candidate whom he was elected to represent by a primary election, state convention or caucus.

In all past conventions, delegates voted as their consciences dictated, sometimes ignoring the results of primaries. And that tradition, despite contrary protestations from radical "Democrats," is entirely consistent with the notion of delegates as *republican* representatives of the American people, empowered to use their informed judgment to make the best selection of nominee possible from the standpoint of the national interest.

11-H not yet law

The Carter/Mondale people, recognizing that they are in trouble with their own delegates, want the rule passed. They are even misbriefing people that the rule is already in effect. The facts are that 11-H must first be adopted by the rules committee. It then must be approved by the floor of the 1980 convention. Until such events occur, it is not party law, and the convention is in fact open.

Carter people say that they will try to apply rule 11-H to delegates who might want to vote against the proposed rules on the grounds that it indicates that they will not vote for whom they are pledged. The provisions of 11-H provide for wavering delegates to be removed *prior* to a vote by their campaign organization, and replaced by alternates. Party sources, especially those associated with efforts to open up the convention, say that this is totally

illegal.

Some media have wrongly stated that the fight to break 11-H is purely in the interest of Senator Kennedy. It is true that if all delegates are bound, Kennedy has no chance at the nomination. It is also true that *some* of his people are involved in fighting to prevent the adoption of the "binding rule."

But *EIR* found in conversations with Democratic officials and delegates—both Carter and Kennedy delegates—that Kennedy's chances for the nomination are rated between "slim and zero," according to one party insider. Nonetheless, the fight against the rules has the support of broad layers of the party. If rule 11-H or its equivalent is rejected by the convention, many people say that the convention will break open. It would be free to turn to somebody other than Carter or Kennedy. In fact, the overwhelming sentiment among those fighting for an open convention—from California unionists to Texas farmers—is that they want a chance at a "third choice."

Effort widens

For that reason, the movement for an open convention—now in battle against the Carter/Mondale efforts to ram through 11-H—is much broader than the "Kennedy campaign." Among its backers are people who might support Scoop Jackson, Walter Mondale, Edmund Muskie and dark horse Lyndon LaRouche. It is not the backers of Edward Kennedy who are the strongest organizers for the open convention, but key backers of Scoop Jackson, who has yet to announce his intentions for August, and LaRouche, who is the only candidate to publicly and repeatedly call for the open convention.

Associated Press last week released the results of a poll of Democratic delegates which purportedly showed that the Carter-proposed rules—including 11-H—would be voted up. But delegates say that AP deliberately misphrased its question, and therefore manufactured its results. Party officials who deal with facts, not manufactured news, know that the convention is now "leaning" the other way. Carter campaign officials are privately very worried that they will be defeated in the rules fight and might lose control of the convention.

The rules committee meets July 8, but nothing will really be resolved there. Both the Carter-proposed rules, including 11-H, and a version of the 1976 rules will be reported to the floor of the convention.

The real battle will take place on August 12, when the rules come up for a vote, the convention itself will then decide whether it wants to have the option to choose somebody other than Jimmy Carter or Ted Kennedy.

Carter has committed his campaign organization to do everything possible to assure that the rules are passed, including threatening delegates. He is backed by the DNC. As our report has shown, his opposition is the Democratic Party.

'The delegates can vote their conscience'

The following are excerpts from an article appearing in the June 27 Washington Post by former Michigan Congressman James O'Hara. A Kennedy delegate, O'Hara was chairman of the rules committee in 1976 and was the party parliamentarian in 1972. O'Hara has launched an organizing effort for the open convention, with the backing of several factions in the Democratic Party.

Few seem to have noticed the little paragraph tucked into the temporary convention rules that have been proposed by the Democratic National Committee. It probably looked like another technical provision, more legal language with a yawn of a name: Proposed Rule F(3)(c).

But the little paragraph tells a great deal about the struggle for the 1980 Democratic presidential nomination, which is by no means over. Indeed, it tells you why it is not over, regardless of what is popularly believed about "binding" state primary laws or state party rules.

The simple fact is this: Those state laws and state party rules have never dictated the votes of any delegates to any National Democratic Party Convention since the first one was held in Baltimore in 1832. While those provisions surely carry important weight, they have never prevented any delegates from voting for whichever presidential candidate they deemed best for the party and the country, whether on the first ballot or later.

That is doubtless why the Carter-controlled Democratic National Committee has been inching toward a dramatic attempt to change the convention rules. Some might be tempted to call this a Carter effort to "threaten" or "stack" the convention, while others might simply see it as "smart politics" by the President's men. But there is no question that the temporary proposal is a stunning departure from the past: It would empower a presidential candidate to remove any delegate who once expressed a preference for him but whose vote the candidate might no longer feel confident of getting.

In other words, if President Carter—or, for that matter, Sen. Kennedy—even thought that some delegates in their column might change their minds during the balloting in New York, they could simply boot them out and replace them. That would be the effect if the little-noticed paragraph known as Proposed Rule F(3)(c) becomes a permanent rule at the August convention, and

its fate might well decide who will be this year's Democratic nominee for President.

* * *

The Carter people obviously have a fondness for F(3)(c), even though it could reduce the Democratic Party's convention to a deliberative body with little more to deliberate than delegates do at the Supreme Soviet. In fact, the same paragraph was proposed in 1977 by Carter operative Rick Hutchison to the party's Commission on Presidential Nomination and Party Structure, known as the Winograd Commission, and it was adopted, though merely as one of the party's delegate selection rules. . . .

They were well aware that the supreme authority governing the national convention is the convention itself—the permanent rules it adopts shortly after it meets. This is recognized in the Democratic Party's charter, which states that "The National Convention shall be the highest authority of the Democratic Party," and it has been given added weight by the U.S. Supreme Court. In its *Cousings v. Wigoda* decision in 1975, the High Court ruled that actions by national party conventions supersede state statutes.

That, of course, is why the Carter forces are struggling to overturn the convention rules: They know full well that national Democratic Party conventions have always recognized that delegates sometimes must make painful choices between conflicting obligations, that what was true in the snows of a winter primary may no longer be true in the heat of a summer convention, that circumstances, people, and opinions change.

The proposed rule is difficult to believe. It would not only be deeply offensive to those of us who support Sen. Kennedy and his effort to stop the Carter camp from changing the rules this late in the game. It would be an affront to every delegate.

These are the people, after all, who have long paid their dues to the party, not merely with money but with time, often many years spent attending party meetings, walking door-to-door to promote the party's candidates and platforms, manning its phones to help raise funds and doing any other chores necessary. They are the backbone of the party.

They know what politics is about. They know the people in their own neighborhoods and towns and counties and parties. If they are bound by state provisions, they are not going to change their votes merely because of some passing whim. But they do have minds. They are not children. If President Carter is determined to treat them like children, ready to yank delegates suspected of misbehaving, why have them there to participate in the presidential nomination process at all?

Whether the delegates in New York are willing to swallow all this may well be the decisive factor in who becomes the Democratic candidate for President this year.

In Congress

A revolt against the President

One-and-a-half months before the opening of the Democratic Party National Convention in New York City, an anti-Carter revolt is sweeping the Democrat-controlled Congress. The revolt stepped up after the trouncing accorded Carter at the recent Venice summit. As one leading Capitol Hill source declared "Let's face it, Venice was the turning point. Carter was humiliated, he was smashed at Venice. People are no longer resigned to accepting certain defeat in November by renominating Carter."

On Thursday, while Carter was en route back to the United States, Senate Majority Leader Robert Byrd (D-W.Va.) joined by 21 Democratic senators, convened a press conference to announce that Senate Democrats have begun working on a tax cut package, scheduled to be ready by September. The move came as a complete surprise to the White House.

Senator Byrd announced that he had commissioned Texas Democrat Lloyd Bentsen to head up a newly formed Senate Task Force on Economic Policy, which includes the 21 senators, to draft a new economic program. Finance chairman Russell Long of Louisiana then declared that he would convene hearings after the July 4 recess on the tax cut measure, which would be between \$20-30 billion. In a calculated rebuff to the White House, Long declared that he would "seek advice from the best experts in the country" in fashioning the tax package.

On July 1 the House Ways and Means Committee announced that they too would be holding hearings on proposals for a tax cut shortly after the holiday recess. The House had previously refused to discuss the issue out of loyalty to the White House. "I have to deal with a world of reality," declared Senator Byrd in explaining the tax cut plan.

The White House has been scurrying about in a desperate effort to control the revolt. While White House economic policy advisors meeting on Friday June 27 decided the administration should propose a tax cut plan this year, another high level spokesman said on national television two days later that such a plan was not in the

cards. Treasury Secretary Miller on "Issues and Answers" June 29 said, "our preference would be that it be studied next year outside of the heat of an election year."

On July 1 Jody Powell told reporters that the White House had "no plans to submit a tax cut plan." Yet on the same day President Carter met with Congressional leaders saying that he had not ruled out support for a Congressional tax cut in 1981 and agreed to set up a joint committee of the administration and Congress to consider the cut.

However Congressional sources would only say that Carter had "not ruled out" a tax cut this year, and they are in no mood to compromise with him on this. "We'll work with them, but we're not going to wait for them" declared Bentsen. The Senate plans hearings after the recess and to go ahead with their own bill by Labor Day.

Congress moves against Democratic National Committee

The revolt has surfaced on other issues. Ten Democratic senators led by Robert Byrd and Scoop Jackson on June 27 also blasted the leadership of the Democratic National Committee for the DNC's moves to launch court cases to prevent John Anderson from gaining ballot status in a number of states. It is a well-known secret in Democratic leadership layers that the DNC's campaign, camouflaged as "anti-Anderson," was consciously designed to aid Anderson by giving him enormous publicity and national media attention. Jackson called the DNC's moves "foolish and counterproductive," and Missouri Senator Eagleton warned that "the operation will backfire."

As these developments demonstrate, the anti-Carter campaign is being led by Senate leaders Byrd and Jackson who represent the party's largest national current—the moderate-conservative mainstream of the party with a powerful labor-ethnic and entrepreneurial businessman base. Byrd, as majority leader, and Jackson as chairman of the Senate Energy Committee and second-ranking Democrat on the Senate Armed Services Committee, are two of the most prestigious Democrats in Congress. Additional jolts recently included the bipartisan drive to repeal Carter's grain embargo, launched a week ago by GOP Senator Dole of Kansas, that recruited 20 cosponsors, with the Democratic farm-belt representatives and senators in open revolt against Carter.

The House, by the whopping margin 232-131, defeated Carter's Energy Mobilization Board (EMB), which would be able to waive federal and state laws to push the construction of coal gasification and related regressive energy 'technologies' associated with Carter's energy program. A majority of the House Democratic delegation voted against Carter or abstained in the floor vote.

Synfuels, reserves and Bradley

The synthetic fuels boondoggle, the Strategic Petroleum Reserve, and the Senator from the New York Knicks have one thing in common—they're all wet.

This past week, Congress and our esteemed President made into law the \$88 billion nightmare known as the Synthetic Fuels Act of 1980, a little-noticed amendment requiring the U.S. government to resume feeding the so-called Strategic Petroleum Reserve (SPR) has compounded the nightmare.

The medium and long-range economic implications of this legislation are staggering. The act allocates \$20 billion over the next fiscal year to establish a U.S. Synthetic Fuels Corporation, a \$3.1 billion bank to fund energy conservation and solar power, a \$1.4 billion biomass program (such "frontier" technology as burning wood chips and feces), and the SPR revival.

Jimmy Carter refers proudly to this bill as the "key" to his national energy program. The target is 500,000 barrels of "synfuels" by 1987, and 2 million barrels by 1992. The new corporation can spend up to \$88 billion over the next five years in a combination of purchase guarantees, direct loans and loan guarantees for private development of a black muck called shale oil, from the mining, crushing and heating of a shale rock called marlstone.

The world's largest known concentration of this shale lies in a 17,000 square mile section of Colorado, Utah and Wyoming estimated to contain a potential 600 billion barrels, maybe 200 billion recoverable. The U.S. now consumes 7 bil-

lion barrels of oil per annum.

Sound good? On the contrary. Massive federal tax monies will go into Western rocks, when we are swimming in far cheaper and more efficient oil and gas resources, and nuclear technology.

What is the logic of our Congressmen? They just passed the largest single tax in history, \$227 billion over ten years to be taken from wellhead production of crude oil. Shrewdly misnamed the Windfall Profits Tax, this will ensure *loss* of an estimated 840,000 barrels per day because independent oil producers, who do the bulk of exploration, can't pass on the cost. But instead of exempting the independents, the same gang of Congressmen adopt synfuels to add back maybe 500,000 barrels some years from now at an astronomical cost relative to the gas and oil the independents could provide cheaply, and immediately, in greater quantity.

The synfuels strategy was designed by the multinational oil companies and Aspen Institute strategist John Sawhill, now number two man at the DOE, who want to restructure the American economy for zero-growth, and intend to use high-cost energy as the choke point. That's why Congress refused to guarantee any plowback of this tax "windfall" for domestic oil production, to say nothing of the few billions that ought to be spent on nuclear energy development.

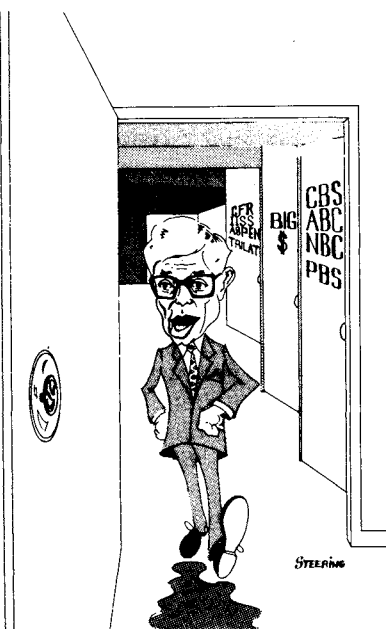
Perhaps to emphasize the no-energy character of the synfuels bill, New Jersey's ball-bouncing liberal Senator, Bill Bradley has teamed up with Louisiana's Bennett Johnston to add an amendment. The amendment revives the stupid geopolitical strategy of Henry Kissinger—the so-called Strategic Petroleum Reserve—which Carter energy secretary Schlesinger inflated in 1977 to a goal of pumping one billion barrels of federally purchased oil into salt domes.

Bradley's amendment requires the government to purchase 100,000 barrels of oil per day from the Elk Hills field in California, now part of the Naval Reserve. It will take four years to reach 250 million barrels, at a cost to taxpayers probably in excess of \$2 billion per year.

Bradley's move makes no sense except as a provocation designed to get the Saudi Arabians to reduce production. Last summer, Saudi oil minister Sheikh Zaki Yamani warned that if the U.S. resumed its strategic reserve policy, the Saudis would cut back production by a million barrels per day. If Bradley's little provocation does trigger a Saudi production cut, it could intersect what my sources in the oil industry predict will be a near-term collapse of the Qadaffi regime in Libya. The ensuing chaos in that nation would probably knock out Libya's 1.2-2.0 million barrels per day in oil production. The combined impact would trigger Jimmy Carter's Standby Emergency Gasoline Rationing, and given the condition of the U.S. economy, it could trigger irreversible depression.

Who will then produce the capital goods Exxon will need for the trillion dollar synfuels strategy?

Campaign 1980 by Kathleen Murphy



Off to Europe, Anderson brings in the big bucks

Independent presidential candidate John Anderson heads off to Europe July 6 for a 12-day trip to Israel, Egypt, Germany, France and Britain. Intended to sell him as a "statesman who knows foreign policy better than Carter or Reagan," as one aide put it, Anderson's tour is timed to overlap with the Republican nominating convention July 14-18. Anderson will meet with the leaders of all five countries he's visiting, except French President Giscard, who has not yet agreed to a meeting. Anderson, a member of the Trilateral Commission, is also expected to meet with some of the Commission's European members and with Franz Josef Strauss, who's challenging West German Chancellor Helmut Schmidt in upcoming elections.

At a July 1 news conference, Anderson said he wants to meet with allied leaders to get "their appraisal, their perceptions of the present state of U.S. relations with those countries. I don't propose to

sit down and lecture them on what their role with the United States should be. It will be an attempt to get to know these people on a personal basis."

Anderson also announced, as expected, that he now has enough money to formally launch his independent candidacy. And how. According to the current issue of *Business Week*, Anderson is attracting big bucks from fat cats and king-makers in both parties.

Among the luminaries now openly backing Anderson are Mrs. Laurence Rockefeller and J. Richardson Dilworth, financial manager of the Rockefeller fortune; Andrew Heiskell, chairman of Time, Inc.; Benjamin Bottenweiser and George Ball of Lehman Brothers, Kuhn Loeb; Mrs. Donald Kendall, wife of the Pepsico Inc. chairman; Mrs. John Hay Whitney; Oppenheimer Fund President Leon Levy; Salomon Brothers partners Daniel Sargent and Robert Berhard; Lazard Frères partner Felix Rohatyn; and Robert O. Anderson, chairman of Atlantic Richfield, director of the Aspen Institute, and publisher of the *London Observer*.

Coming soon: Democrats for Reagan

Political rumor circuits are buzzing with reports that certain elements of the Democratic Party are striking a deal with the Reagan campaign in the expectation that the former California Governor will be sitting in the White House come Jan. 20.

One of Reagan's defense advisers tells us that individuals associated with the Coalition for a Democratic Majority (CDM)—a Washington-based organization which speaks for the Jackson-Moynihan wing of the Democratic Party and is known for its hawkish military policy and close ties to the AFL-CIO—will soon announce the for-

mation of "Democrats and Independents for a New President." The new group will probably include *Commentary* magazine publisher Norman Podhoretz and his wife, Midge Dechter, both CDM founders. It is expected to organize other Democrats to support Reagan—in return for "favors" once Reagan gets in.

The kind of "favors" this crew has in mind was suggested by William Safire in his June 30 *New York Times* column. Noting that "the sense of the inevitability of Reagan" now permeates the federal bureaucracy, Safire tosses off this tidbit: "The only Democrat exhibiting any sense of serenity is Senator Henry Jackson, who once turned down a Nixon offer to be Secretary of Defense, and who is likely to be offered the opportunity to be Reagan's Secretary of State."

What Jackson thinks about this is unknown. What is known is that among Democrats who might otherwise switch to Reagan if Carter wins renomination, there is still strong sentiment for forcing an open Democratic Party convention in the hope of making Jackson the party's nominee.

Reagan, meanwhile, has started to make public overtures to Democrats. In a speech to the Utah Republican state convention June 29, Reagan called on Republicans to form coalitions with disenfranchised Democrats and independents behind his presidential bid. "Good grassroots Democrats have been coming to GOP rallies and gathering in overwhelming numbers," he said. "They are willing to follow the banner of a party that will offer them something different—a change of direction. And this is our opportunity to put together a consensus of independents and Democrats and Republicans, because the country out there is demanding what you and I stand for."

Fusion without funding introduced

Legislation to mandate the building of a demonstration-model magnetic confinement fusion reactor was introduced in the Senate on July 2. But the legislation contains no additional funds for the fiscal year 1981 Department of Energy budget. The chief sponsor, Sen. Paul Tsongas (D-Mass.) and his co-sponsors, who include Frank Church (D-Id.), is apparently introducing the legislation this session to achieve a political mandate to push ahead with increased funding for the FY 1982 budget.

The legislation basically incorporates the findings of the Buxbaum Commission, an advisory panel established by the Department of Energy, which recommended during the last half of June that the fusion budget be massively increased. The panel stated that the only thing holding fusion back was the level of money in the program and that a working reactor could be developed by 1990 and a demonstration model would be in place by the year 2005.

The legislation and the panel findings are less ambitious than the program outlined by Rep. Mike McCormack (D-Wa.), who earlier this year introduced legislation which provided the funding to achieve a working demonstration model no later than 2000. McCormack and a group of private experts assembled by him feel that with an Apollo-style approach to fusion development. A target date of 1995 for a demonstration model is eminently feasible.

Other Senate co-sponsors of the Tsongas legislation include Republicans Peter Dominici (N.M.) and Minority Leader Howard Baker

(Tn.), and Democrats Harrison Williams and Bill Bradley, both of New Jersey where the Princeton tokamak reactor is located.

Senator attacks banking dereg committee

Sen. Robert Morgan (D-N.C.), one of the few Senators who opposed the sweeping Federal Depository Institutions Deregulation Act, came out with a sharp attack on the Deregulation Advisory Committee established by the act to implement its provisions. In a statement delivered on the floor of the Senate June 28, he attacked recent decisions by the committee which have further hurt the already-staggering savings and loan, and home-building industries and called for Congressional oversight over the actions of the committee.

At issue are actions which have decreased the funds flowing into savings banks while increasing the home mortgage rates. Morgan stated, "In short, the deregulation committee's actions do not seem to conform with the intention of Congress. They have not acted in an orderly or gradual fashion and the committee has ignored the fact that savings and loans have not caught up with commercial banks in developing the new powers afforded them. S&L's are still suffering from high interest money costs and this year alone will see a \$40 billion decline in mortgage lending. . . . Not only do I question the actions by the committee, I also am concerned about its determination in light of the composition of the deregulation committee. Only one member of the committee, Jay Janis of the Home Loan Bank Board,

represents a clear voice for savings and loans and homebuilding."

Morgan points out that the League of Savings and Loan Banks has sued Federal Reserve Board Chairman Volcker and the deregulation committee for violations of the deregulation act, which gave a six-year period for equalization of bank interest rates—which the committee accomplished in six weeks, thereby dooming the housing industry.

Morgan concluded by stating, "in previous postwar recessions, homebuilding has been the force leading us out of the economic slowdown. This time, however, following the actions of the deregulation committee, there is no guarantee that we can count on the housing sector for its strong upward drawing power."

Senate restores revenue sharing funds

The Senate voted 55 to 36 June 27 to restore \$572.1 million to the revenue sharing funds for the fiscal 1980 budget. The money for the supplemental appropriations bill had been taken out of the budget by the Senate Appropriations Committee. The action was taken by some of the staunchest budget cutters, especially many Republicans. The challenge on the Appropriations Committee cuts was raised by Sen. Lowell Weicker (D-Conn.).

Other supplemental appropriations voted up at the same time included \$9.7 million for the Garrison Diversion Project, an irrigation system of lakes and canals in North Dakota. Also \$50 million was restored for the Tennessee-Tombig-

bee Waterway, a project critical for transporting goods destined for export down the Tennessee River.

The Carter administration had hoped to phase out the entire revenue sharing program by next year. The appropriations will now have to be reconciled with the version passed by the House.

Senate demands quality army

The Senate voted late on July 1 to demand that the Army ensure high quality personnel. By a vote of 89 to 0 the Senate adopted an amendment that calls for 68 percent of Army inductees to be high school graduates. At the same time it requires the armed forces to ensure that no more than 25 percent of inductees are of the lowest aptitude category possible for being inducted. This figure will be 20 percent for each service after the first year.

"There is a heavy burden now on the Department of Defense to do this," declared a staff member closely involved in ensuring the passage of this amendment. "It says that the Senate doesn't want anything but a quality army."

The amendment became part of the fiscal 1981 procurement bill, which provides \$51.9 billion to develop and manufacture weapons. The original proposal by the Senate Armed Services Committee, which had been authored by Senator Nunn (D-Ga.) had called for a cut of 25,000 men from the Army, and a provision that the cut could only be restored based on the number of high school graduates inducted each year by the Army. Nunn proposed that the Army should have a base line of 52 percent high school

graduates inducted yearly and for every one percent above that recruited, the Army would be allowed to increase its strength by 1,250 people.

Armed Services Committee chairman John Stennis (D-Miss.) portrayed the cut of 25,000 soldiers as the last chance to rescue the All-Volunteer Army. Senator Nunn argued that reducing the size of the army would enable it to put more stress on quality in its recruiting and less on meeting monthly quotas for volunteers. Senator Hollings (D-S.C.) said that Nunn, who had earlier accused Army leaders of covering up the true state of the armed forces, had overreacted to the coverup. "Once you get the suspicion of coverup . . . you probably overreact. I'm convinced it was as much an overreaction as an insidious plot to hurry up the draft."

A move to table a motion to overturn the committee's recommendations was voted down by a vote of 69 to 22. At that point Senator Nunn sat down with Senators Levin (D-Mich), Hollings (D-S.C.), Dole (R-Kan.) and others who opposed the troop cut, and forged the compromise agreement. The measure now goes to conference committee as the House version of the bill did not have amendments on the quality of the armed forces.

House cuts Exim funds

The U.S. Export-Import Bank could be without meaningful funding unless Congressional leaders can fulfill their pledge to restore funds cut from a foreign aid bill on July 3 to hasten its passage. Late at night July 3, just before the holiday recess, \$355 million for the Eximbank was deleted in the rush to

approve the \$16.9 billion foreign aid appropriation.

The Eximbank funds were part of a \$528 million package that was drastically reduced by the House, where Republican leaders argued that the appropriation should have been part of a separate appropriations bill. That bill had cleared a House-Senate conference committee last February, but was kept off the floor of the House by Democratic leaders, who feared it would be defeated.

Up penalties for pot traffickers?

Sen. Lawton Chiles (D-Fl.) has introduced legislation into the Senate which would vastly increase the penalties on convicted major marijuana traffickers. Currently the penalty for trafficking in over 1,000 pounds of marijuana is a maximum of five years in prison and a fine of no more than \$50,000. Conviction on a second offense could double the sentence and fine.

Chiles' legislation would increase the penalty on a first-term conviction to a maximum of 15 years in jail and a maximum of \$125,000 fine. A second conviction could bring up to 30 years in prison and a \$250,000 fine.

Identical legislation was passed by the House during mid-June as a rider sponsored by Billy Lee Evans (D-Ga.) to a noncontroversial infant formula safety bill. Chiles plans to use the same strategy, attaching his proposals to the same bill in the Senate, S. 2490, which is expected to be marked up and out of committee by the time the Senate returns from the July 4 recess. Passage is likely.

The stench of stupidity

We were on the scene at a gathering of the largest Hispanic-American association in the United States, which represents the most overwhelmingly Democratic voting bloc in the country. Here's the way the President chose to deal with this constituency.

By all appearances, the White House had grabbed an important chunk of the Hispanic leadership from the Kennedy camp over the past few months, through abundant use of its patronage powers. This effort was recently capped by Ruben Bonilla's defection from Kennedy to Carter. Bonilla is the president of the League of United Latin American Citizens, known as LULAC.

The 100,000-member organization held its annual convention this week, selecting Washington, D.C. as the site instead of the usual Southwestern choice, in order to make the greatest possible effect on the race for the Democratic nomination. Five hundred delegates and 600 other members gathered to represent the League, which is largely composed of professionals, businessmen, and civic boosters.

Each presidential candidate was invited to address the group. Carter, however, declined—he would be too busy vacationing at Camp David, a few minutes away from the convention. Instead he dispatched his Attorney General, Benjamin Civiletti, to the event.

Presumably Civiletti conveyed Carter's deep regrets at his inability to attend, and a message on the administration's commitment to the civil rights enforcement and economic expansion demanded by minorities? Don't bet your thumbscrew. The eminent liberal from the Justice Department arrived at the second day's session of the convention and announced that the Carter administration proposes to issue special work cards to the entire U.S. labor force in order to crack down on what it

referred to as "illegal aliens."

This went over like Ham Jordan informing a Right to Life meeting that the government was about to introduce mandatory abortions for unwed mothers. Outrage and alarm were combined with a vivid sense of insult.

Alongside this masterly programmatic outreach to Hispanics, the Carter plumbers had been busy finetuning some subtle White House diplomacy vis-à-vis the other candidates. Democratic contender Lyndon LaRouche and independent candidate John Anderson, both attending the convention, drew enthusiastic responses. (Kennedy declined because of Bonilla's support for Carter.) LaRouche had widely circulated invitations to his own 9:30 speech June 28 and a 4:30 reception the same afternoon. The night before the speech, most delegates found under their hotel doors a White House telegram inviting them to . . . a 9:00 tour of the White House and a 4:30 reception there.

The next morning, Carter's aide for Hispanic Affairs, Esteban Torres, greeted on the White House doorstep exactly two LULAC members, the Florida state chairman and his wife. Esteban informed them that everyone else had said "no thanks," but would they like to tour the White House anyway? The visitors also said no thanks, explaining that they had already had the pleasure during Lyndon Johnson's term, and rushed back to the convention to join the boycott.

The White House canceled its 4:30 reception.

LaRouche proceeded to meet with 75 LULAC leaders, including four regional vice-presidents, the executive director, the Puerto Rican caucus, and two former national presidents, during seven hours of private meetings and reception.

We don't know what conclusions the White House has drawn from all this. Our own conclusion is that a thug is a thug, but a stupid thug is a loser.