

# EIR

Executive Intelligence Review

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Democrats revolt against the President  
Time to change the weather modifiers  
Emergency in Africa: famine hits ten million

**The real story behind Billygate:  
the Khomeini connection**



CORRECTION

To our readers:

We caught an error after we went to press. The photo on page 39 is not a picture of the Washington, D.C. carpet store run by Muslim Brotherhood agent Bahram Nahidian. The Nazarian Brothers store shown in the photo has no connection whatsoever with Nahidian or with the Muslim Brotherhood terrorist operation exposed in our Special Report. Our apologies to Nazarian's.

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# EIR

## From the Editor

Will the Billygate scandal force an open Democratic Convention and give the Democratic Party a chance to select a candidate who has a chance of winning the November election?

There is no doubt that Billygate has stirred party powerbrokers to look elsewhere. But how fast will they move? And how much of the policymaking establishment that brought the unknown Jimmy to the White House will survive him?

The answers to such questions depend in large part on how widely the material in our Special Report is circulated, and how seriously Americans attempt to recapture their nation. This investigation demonstrates that Billy Carter's Libyan hookup is one thread in a mass of criminal dealings that constitute treason in the White House and the Justice Department.

Here is the evidence, presented July 26 for congressional investigation, that Carter, Zbigniew Brzezinski, and Benjamin Civiletti are unleashing Islamic terrorists in the United States as part of a deal with Khomeini.

We unwind the strategic significance of the Libyan connection: the National Security Council's "Muslim fundamentalism card," a crucial weapon in the design to reimpose feudalism on much of the world. We take you behind the Billygate scandal and show you the links to the Sicilian Mafia and Roman aristocracy, the Vesco connection, and the international patrons of drugs and terrorism that have shaped Carter policy since the Trilateral Commission installed him.

This report was prepared by a team of *EIR* investigators including Robert Dreyfuss, Nancy Coker, Scott Thompson, Judith Wyer, Vivian Zoakos, Barbara Dreyfuss, and Kathy Burdman, and our Paris, Rome, Milan, and Washington bureaus.



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Jimmy and Billy Carter during the 1976 campaign. Photo: Wide World.

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Legislators, bankrollers and powerbrokers have formed committees and issued calls for an open convention at Madison Square Garden. With important exceptions, they haven't addressed policy questions, however.

### Correction:

In the Aug. 5, 1980 issue of *EIR*, the article headlined "The real story of Mexico's inflation" was Part I of a series titled "The Mexican challenge: managing the boom." The series headline was inadvertently omitted.

On page 49 of that feature, the "Growth with inflation" graph erroneously suggests that Mexican inflation is currently over 30 percent. The final portion of the line should have been labeled "1980 estimate." Inflation ran 15 percent for the first half and is expected to top 30 percent only by the end of the year. The 1980 projected figure for GNP increase should show 8 percent.

# Business Briefs

## *Eurodollar markets*

### **Japanese bankers look toward Europe**

Senior Japanese bank officials are coolly preparing to switch their primary consortium relationships to European rather than American banks during the next several months. According to bankers interviewed in New York and Tokyo, the principal weight in the Eurodollar market has shifted over to the European side, on the basis of the flow of petrodollars into Europe and Japan.

Previously, the main Japanese activity in the syndicated Euroloan market, the primary market for international lending, was in consortia with large American banks. However, the Japanese expect the Americans to play a secondary role in consortium lending in the immediate future, giving way to "aggressive European competition.

European banks have not made dramatic moves in the market, but Japanese observers expect a jump in activity through some channels or other by the end of summer.

## *OPEC surplus*

### **The case of the purloined petrodollars**

Puzzled because the expected flood of Arab petrodollars from the estimated \$10 billion per month OPEC surplus hasn't arrived at their tellers' windows, American commercial bankers are furiously searching for "missing petrodollars." Locations suggested by some bank economists include secret Swiss bank accounts or esoteric private placements.

However, like Edgar Allan Poe's purloined letter, the petrodollars have been hidden—about \$50 billion of them are "missing" from the normal commercial bank reporting channels—in the most obvious possible place. Rather than invest them through the Saudi Arabian Monetary Agency or the Kuwait Invest-

ment Company, Arab countries are depositing their surplus revenues into their own banking consortia, which have burgeoned steadily during the past two years. These institutions, instead of placing the funds on the Eurodollar interbank market, supply them to the European and Japanese monetary authorities or cooperating commercial banks. This explains, among other things, where Japan got the \$10 billion it borrowed from unspecified foreign sources during the first four months of 1980.

## *Econometrics*

### **PEMEX discusses the EIR model**

Dr. Steven Bardwell, director of plasma physics at the U.S.-based Fusion Energy Foundation, conducted a six-hour seminar on econometrics July 24 at the Mexican Petroleum Institute, the R&D entity of Mexico's state-owned oil company, PEMEX.

Using slides and graphics, Dr. Bardwell demonstrated the hydrothermodynamic notion of an economy employed in *EIR's* LaRouche-Riemann economic model, which the foundation helped to develop. Bardwell showed the 25 Mexican engineers, physicists and mathematicians how the U.S. economy has entered a thermodynamic "phase change" in which an irreversible productivity decline will occur if the trend is not quickly reversed.

The audience—familiar with Mexico's "promote tourism" advocates—was struck by Bardwell's example of investment in gambling casinos. A casino uses roughly the same amounts and kinds of raw materials as a steel plant, he said, but the expenditure is categorized as non-productive in the LaRouche-Riemann model because it produces no surplus that can be reinvested to increase productivity.

Following discussion among seminar participants, Bardwell described how the Indian government invested heavily in nuclear energy as a basis for upgrading

the entire economy to provide sufficient energy for an industrial infrastructure buildup. Mexico, he said, can use its vast oil reserves as the basis for expanding its industrial capacity, though Mexico must develop nuclear energy as well.

## *Basic industry*

### **British Steel reports large losses**

The British Steel Corporation (BSC), one of the United Kingdom's largest government-owned industries, announced July 29 a loss of \$1.3 for the fiscal year ending March 29—the largest yearly loss ever recorded by a U.K. business enterprise.

Ian McGregor, the company's new chairman, in a written statement accompanying BSC's annual report, called for "further retrenchment" and production cutbacks "to bring supply closer to the depressed level of demand." McGregor is rumored to be considering the complete shutdown of steelmaking in South Wales, formerly one of Britain's major steel-producing areas.

The day before the British announcement, all the steel-producing countries in the European Community with the exception of Italy voted to slash steel production by 10 percent across the board in the second half of this year, to maintain prices in the face of shrinking demand.

British Steel is scheduled to lay off 53,000 workers—one-third of its remaining workforce—by the end of the year.

## *Energy*

### **Mexican oil output now number five**

With an production at 2.76 million barrels of oil per day, last week Mexico became the fifth largest oil producer in the world and the biggest in Latin America, displacing long-time leader Venezuela. The announcement was made by a

spokesman for PEMEX, Mexico's state-owned oil company, who explained that the new level of production was originally the goal set for 1982.

This new production level will allow Mexico to undertake larger development projects. Two days after the announcement was made, PEMEX head Jorge Díaz Serrano made public an ambitious agro-industrial development plan for the north of the state of Veracruz.

The "Chicontepec Plan," the first Pemex-sponsored agricultural project, calls for investment in 16,000 more oil wells, increasing food production to the level needed to feed 3 million more people, constructing hydroelectric dams and a highly advanced irrigation system, expanding capital goods and medium-sized industries, and building a new railroad system on the Gulf coast of Mexico.

Díaz Serrano asserted that the plan will show how it is possible to make agriculture and industry "coexist" in a development effort.

### *International trade*

## **Canada drops out of U.S. grain embargo**

Canadian Wheat Board official Hazen Argue announced July 28 that "from a practical standpoint" Canada is no longer part of the U.S.-led embargo on grain sales to the Soviet Union. Canada will not, however, endeavor to sell the Soviets more than normal in any given year, Argue said.

The Canadian government made a "blunder" in January in complying with U.S. demands to limit sales to the Soviets to 3.8 million tons of grain, Argue stated. The U.S. itself, he pointed out, according to the London *Financial Times*, kept intact its own agreement to export 8 million tons and the Australians made record sales to the U.S.S.R. while participating in the embargo. "Canada was the only country that sold less to the Soviets," Argue told the press.

The Carter administration has stated that it is making 8 million tons of grain

available to the Soviet Union again this year in compliance with the last year of the five-year pact signed in 1975, while maintaining the embargo on any additional quantities. But so far, with the exception of 200,000 tons of wheat and feed grains purchased last week, the Soviets have declined to take up the offer. Meanwhile, Australia has allocated 4 million tons of grain for sale to the Soviet Union in 1980-81. And Argentina has signed a five-year pact with the Soviet Union covering the sale of 23 million tons of grain.

### *Development strategy*

## **Iraq, France reaffirm nuclear energy aims**

The Iraqi government stated this week that it will maintain its commitment to a nuclear energy program, which it considers vital to national and regional interests. Iraq said that it intends to use nuclear power to "fertilize the desert" and achieve permanent "climatic and agricultural changes" in the region, allowing Arab nations as a whole to "increase and diversify agricultural production." A primary goal is "the desalination of seawater for irrigation."

At the same time, the French foreign ministry publicly reaffirmed France's commitment to supply nuclear power technology to Iraq. The Carter administration this week had sent an emissary to Paris to "persuade" the French to cancel the deal.

Meanwhile, top Israeli military officials have said officially that unless France halts the sale under diplomatic pressure, "other means" will become necessary. Israeli intelligence is thought to be responsible for the assassination of a top Arab scientist in Paris working on the program, and has admitted blowing up two reactors destined for shipment to Baghdad. In the present context it appears that Israel's objective is not to prevent Iraq from building "an Islamic bomb," as claimed but to prevent the economic development of the Arab world.

## *Briefly*

● **SEN. HENRY JACKSON** may have the best wishes of Boeing Co. management in his reluctant bid for the Democratic presidential nomination, but Boeing privately "wishes that [Republican] George Schultze were the nominee," according to a company source.

● **BRITAIN'S ROYAL** Institute of International Affairs predicts America's relations with Europe, the Mideast, and the Third World would collapse if Reagan is elected President. "But that's all right," a top official told *EIR*. "The Soviets will be more cautious if they think there's a lunatic in the White House."

● **EUROPEAN** businessmen, on the other hand, are scouting for a viable Democratic alternative to Carter and Reagan, the chief of one of West Germany's big economic research institutes said this week.

● **LES ECHOS**, the French financial daily, carried a commentary July 28 on the death of the Shah of Iran: "Viewed from abroad, he will remain the man who, like Alexander, dreamed of reuniting Persian civilization and culture with that of Europe. Thanks to him, an agrarian reform; thanks to him, the liberation of women; thanks to him, the birth of a bourgeoisie, *grande* and *petite*—a crucial factor of all economic growth."

● **WILHELM HANKEL**, a West German banker and financial adviser to Saudi Arabia, said in a July 30 interview on West German TV that the Eurodollar market is an engine of inflation; current world monetary problems are not due to OPEC, and industrialized countries must work out an agreement with OPEC on how to develop the Third World. The European Monetary System, he stated, is too restricted, and should expand to include non-European currencies in its gold-backed arrangements.

## Drought menaces farm sector and Sunbelt growth

by Susan B. Cohen

Over the past week the weather pattern—identical to that of the 1930s Dust Bowl and the 1950s Great Texas Drought—that enforced killing heat and drought across the Plains and South of the country for more than a month has begun to break up. There are several sobering notes to this good news, however.

Extensive damage has been done to crops and livestock. The cattle industry has been dealt a devastating new blow. Moreover, the stubbornness of the drought in the Southwest puts the entire question of Western development, including the so-called Sunbelt boom, right on the line.

The Carter White House has preferred to ignore these developments throughout, routinely rejecting requests for a presidential declaration of disaster from states like Montana and North Dakota that had already suffered more than \$1 billion in losses.

Instead of granting disaster aid, Mr. Carter went ahead with his long-rumored move to “hold” the farm vote. He announced that he would raise support loan levels, effective for the coming harvest, to channel about \$1 billion into the farm sector. He was acting, he said, to remedy the “serious cost-price squeeze” that has cut farm income this year. Opportunity, it would seem, was the mother of the President’s generosity—within days Congress would have placed a piece of legislation to similar effect on his desk.

Carter raised the loan price for wheat from \$2.50 to \$3.00 per bushel; for corn from \$2.10 to \$2.25; and for soybeans from \$4.50 to \$5.02. The Senate also called for a “second tier” of prices—\$3.30 for wheat and \$2.40 for corn—to be set for commodities committed to the three-

year reverse program, but President Carter declined to include this feature in his program.

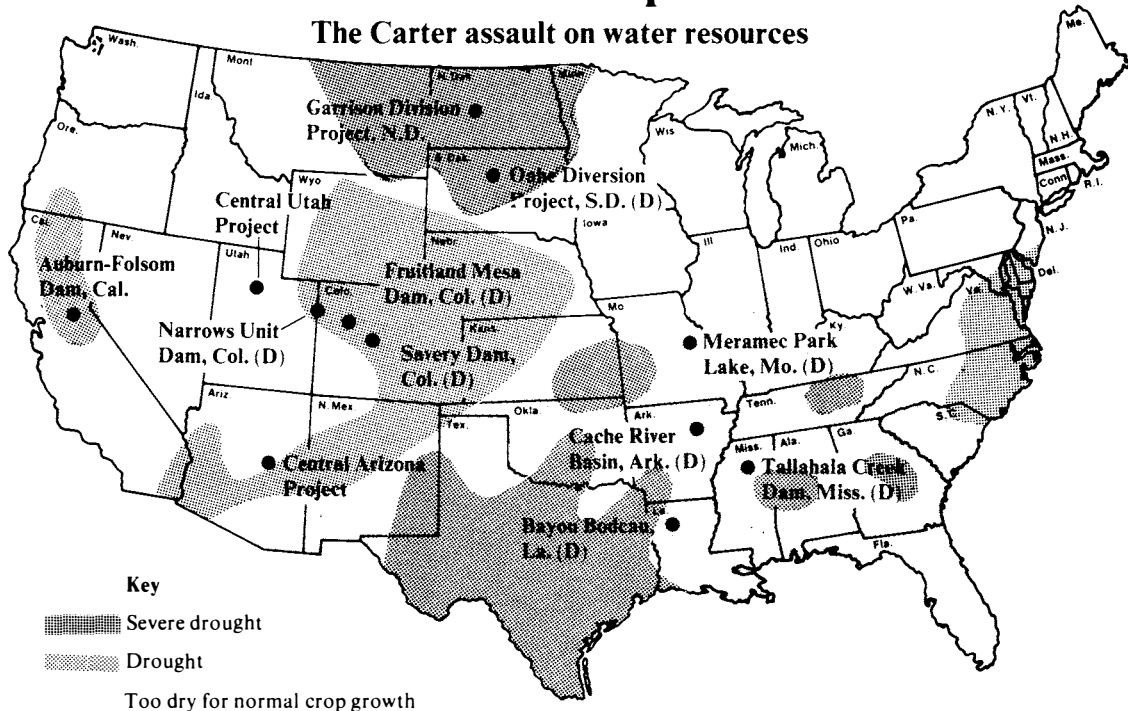
This move, and subsequent maneuvering by Kansas Senator Bob Dole and South Dakota Senator George McGovern (prime movers of the congressional price support legislation) to claim credit may titillate the pollsters. But the decision is unlikely to go over well in the farm belt. At this point, giving a farmer another loan is like offering a drowning man a drink of water. Producers have been piling up second and third mortgages and more loans for the past two decades, papering over the fact that they were continuing to operate at below cost of production. This practice was brought to a screeching halt this year when the Carter-Volcker economic policy billowed inflation and sent production costs up by more than 50 percent for the key inputs of credit, energy and fertilizer. With virtually no equity left, producers have no cash reserves and no leeway to “credit manage” their way through this season. The point is also demonstrated in the surprisingly flush condition of regional banks.

The new loan prices are at a little more than half the cost of production—and a far cry from even 90 percent of parity, seen by many producers as a baseline for being able to stay in business. Thus, the pressure on producers is in no way lessened. They are still forced to sell, as soon as possible, whatever they have at whatever price they can get to prevent their cash-flow from collapsing. They cannot “play the market,” holding produce for a better price. And Carter’s \$1 billion is, after all, a loan—to be paid back in full, with interest, at term.



# Drought threatens food supply, western development

## The Carter assault on water resources



In April 1977 President Carter announced that he was discontinuing funding for no less than 18 federal water projects, many of them already underway, and that he would substantially “modify” at least five more. The fight has not ended yet, although 12 of the projects have been killed. A number of the more important of these projects are indicated—those killed already have a (D) for “dead”—on the above map which shows the disastrous implications of such a water policy.

The multiproject diversion unit at Garrison, North Dakota, was nearly 20 percent completed in 1977 when the project was put under wraps, subject to Carter’s “modification.” Originally intended to supply about a million acre-feet of irrigation water to 250,000 acres of farmland now drought-stricken in central and eastern North Dakota, the project has been scaled down to supplying irrigation water to about 100,000 acres, in addition to providing enhanced municipal water supplies; facilitating fish and wildlife man-

agement; and assisting in flood control, land drainage and stream-flow regulation. Today the project is virtually dead.

The Central Arizona Project, “modified” to eliminate three dams, was then made contingent upon state passage of stringent water conservation laws. For three years, Interior Secretary Andrus blackmailed public and private water users in Arizona, until they passed strict water conservation measures in precedent-setting legislation in June.

Last December, President Carter’s Water Resources Council, run by Cecil Andrus, presented a new set of regulations governing water project evaluation. The new regulations—premised on fierce regional and local competition for scarce water supplies—make it virtually impossible to identify a water development project as in the *national* interest and therefore worthy of federal support. Further, the Carter administration has sought to encourage water “conservation” by taking every opportunity to raise water users’ fees.

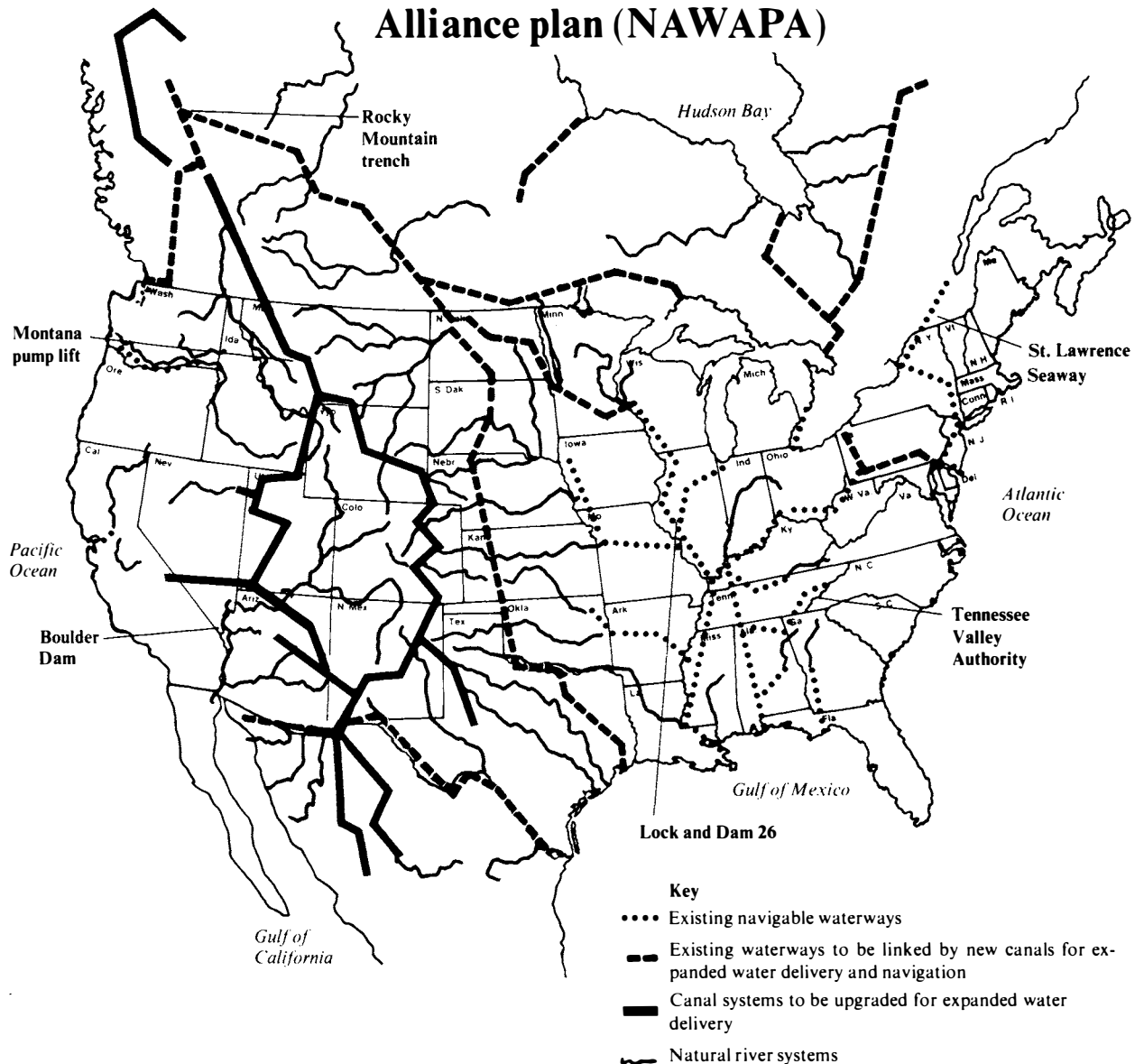
### More than drought

This is the problem that agriculture spokesmen cite in connection with the drought. “It’s more than just drought you’re dealing with,” David Samuelson, a Texas rancher and spokesman for the American Agriculture Movement explained this week. “The real kicker on this thing is the weak financial position of the producers. They’re being hit with a drought at a time when they have no financial reserves to deal with it. They’re all loaned up, and the bankers are calling in the

loans.”

What Samuelson and others fear is a flood of bankruptcies and the irrevocable damage to the nation’s food-producing capacity if action is not taken to declare a moratorium on federal farm loan repayments and enforcement of 90 percent of parity—powers the President has at hand now. Even the optimistic USDA forecasts predict a 25-35 percent reduction in 1980 net farm income from 1979—as of the second quarter it was plunging at an annual rate of 40 percent.

# The North American Water and Power Alliance plan (NAWAPA)



NAWAPA, a water development project that would transform the North American continent, was proposed in 1964 by the Ralph M. Parsons Engineering Company. It was attacked by environmentalists and austerity-minded special interests, and has been shelved ever since.

The essence of the plan is to exploit the natural river systems of the continent, in conjunction with a large-scale engineering effort to capture the millions of acre feet of water lost through runoff each year and redirect it for multi-purpose use in water-short regions.

The major engineering projects would be undertaken to collect surplus runoff water from the Rocky Mountains, starting in southern Alaska and into western Montana, to be delivered for use in southern California, Arizona, Texas and Mexico. Another portion would be diverted east into channels leading to the Great Lakes and into the Mississippi River.

With a mobilization of the skilled labor and engineering

resources of the United States, Mexico and Canada, the project would take ten to fifteen years to complete. Its total cost, with the appropriate use of nuclear explosive construction methods, would be about \$130 billion at 1979 prices. The return on this investment would include:

- a near-doubling of hydroelectric production in the U.S. alone;
- a near-doubling of irrigated fertile acreage in the states west of the Mississippi;
- a vast expansion of the continental inland waterway system;
- a significant augmentation of water flow into the existing river system, alleviating transportation bottlenecks in what are now periods of low natural flow.

In addition, the project would result in a significant net increase in ground water reserves in many overdrafted areas of the country, such as the Southwest and Texas High Plains, areas hit hard by the drought.

Before the rain and cooler temperatures took the pressure off from northern and eastern Oklahoma last week, the nation's corn and soybean crops were directly threatened. The heat and drought had moved into the Corn Belt just at the critical pollination stage. In irrigated areas the crops stanchied the weather—though at a terrific expense to producers—but in many areas dryland crops were wiped out, and overall yields will be down significantly, anywhere from 10 to 25 percent. In Indiana, one of the top corn-producing states, Purdue University estimates that 6 percent of the crop has suffered irrevocable damage. Russ Arndt, president of the National Corn Growers Association, projected a week ago that yields could drop from 140 to 100 bushels per acre this season.

Comprehensive estimates of the damage in terms of livestock and crop losses and inevitable yield reductions are not yet available, but preliminary verdicts in various states give a sense of the magnitude. In North Dakota damage was estimated at more than \$1.2 billion; in Missouri, Governor Teasdale called the state's \$1.5 billion crop loss figures "a conservative estimate"; Georgia has put crop losses at \$450 million, with 45 percent of its corn crop, 26 percent of its vegetables, and 14 percent of its tobacco gone. In Arkansas crop losses have been put at \$500 million, in addition to the loss of about 8 million broilers and breeder hens in the country's number one poultry-producing state; in Texas losses are topping \$2 billion.

Texas is one of the top cattle-producing states in the country, and persistence of the drought there is devastating. Pastures have burned up, stock ponds are dry and cracked, cattle are subject to respiratory diseases and infection and do not gain weight properly in the heat, and producers are increasingly forced to send them to market several weeks early and a hundred pounds lighter. State officials have estimated that by Aug. 1, rangeland feeding would give out entirely—and a mass sell-off of livestock may begin.

Producers are unable to avail themselves of irrigation management to maintain their herds, and the costs of supplementary feeding—with the hay and other forage crops largely destroyed—are prohibitive in most cases. Nor can most producers afford to ship their herds out of the area or the state to "greener pastures." They are forced to cull—even to the point of cutting into breeding herds.

### **Livestock in jeopardy**

Texas is the most concentrated example, but the cattle industry was hit all the way up the Plains through Missouri and Kansas to Montana, Wyoming and the Dakotas, where cow-calf pairs have been streaming to market for a month or more, as pastures dried up and forage burned.

This is a situation which even the recent rain cannot

remedy—there has been no regrowth on most of these pastures, and there is not enough time to get a new hay crop before winter. The six states where pasture and water supplies were hardest hit—North and South Dakota, Montana, New Mexico, Texas and Missouri—have fully a third of the nation's beef cows and replacement heifers. Including areas of slightly less severe drought, one half of the cattle herd is at stake.

America's cattle herds represent a national food reserve of grain, stored in the form of high-quality protein on the hoof. The dairy and beef industry is the key to maintaining supplies of low-cost protein for U.S. diets, and stepping up exports of badly needed protein products to the developing sector.

But the so-called cattle cycle has been repeatedly thrown off track by the kind of economic policy incompetence brought to a high point in the Carter-Volcker tight money measures. Producers have been losing money for seven years, and every move toward herd rebuilding has been undermined. Already, at 111 million, cattle numbers are heading to levels *below* the previous cycle's trough, as producers are forced back into liquidation of their herds once again. In the past two years, 6 percent of the country's meatpacking plants have been closed. And since 1976, American beef consumption has been driven down from 95 pounds per person per year to 76.

### **The Texas challenge**

The situation in Texas highlights the challenge to western development overall posed by the drought in terms of effective water development policy. Texas is not only the country's third-ranking agricultural state, but, with Arizona and New Mexico, it is the site of the western Sunbelt industrial and economic boom.

Today estimates are that crop production in Texas—feedgrains like milo, cotton and corn—will be down at least 50 percent, as of this point.

All subsurface moisture is rapidly disappearing, at the same time that fuel costs have put a terrific premium on irrigation. Dryland farming has been almost thoroughly devastated, but overall, as crops are removed and autumn approaches, the west wind will start to blow the loose, dry soil. In southern Texas, where drought conditions have existed for four years, producers have relied heavily on irrigation. In addition to soaring costs, now the groundwater supply is dropping at a rate of a foot per day. Within 30 days, residents estimate, much of the area south of San Antonio could be out of water. Some producers have already sold out in this intensely agricultural area that supplies the East Coast with vegetables all winter. It is similar as you travel west, through New Mexico to Arizona, where the boom town of Phoenix, for example, has been held hostage to the Carter-Andrus water policy for three years.

# Emergency in Africa: famine hits ten million

by Alice Roth

Ten million persons are threatened with starvation in northeastern Africa, in a region beset with drought and severe refugee problems caused by a series of wars. The impending holocaust could rival that of Cambodia if adequate relief does not arrive soon, according to the London *Economist*.

Relief efforts directed by the United Nations' High Commission for Refugees, the World Food Program, the U.S. government's Agency for International Development, and other international agencies have thus far been skimpy, and the crisis has gone virtually unnoticed by the U.S. media.

But what passes as mere neglect may actually represent something more sinister: a deliberate policy of "population control" through mass starvation. Last week, the State Department and Council on Environmental Quality released with great fanfare a three-year study on global resources prepared for President Carter. The "Global 2000 Report," as it is called, represents a frankly Malthusian view of the world in the year 2000: "Environmental, resource, and population stresses are intensifying and will increasingly determine the quality of human life on our planet. . . . If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically, and more vulnerable to disruption than the world we live in now."

The study's findings were enthusiastically endorsed by Secretary of State Edmund Muskie, who called for a doubling in U.S. spending on "family planning" in the developing sector, so that "there might be 3 billion fewer people on earth when population finally stabilizes."

The immediate causes of the current African famine are twofold. Large sections of Africa have been afflicted by drought this summer, in an area extending from Senegal on the west coast to Ethiopia and Somalia on the east and extending southward along the east coast through Kenya, Tanzania, Mozambique, and Zambia. AID officials report that this summer's harvest could range 30 to 50 percent lower than normal throughout much of eastern Africa.

Preliminary estimates indicate that in Mozambique, where the growing season is almost completed, food crops are 50 percent below normal, and in Tanzania, 60

percent below recent averages. In Zambia, the corn crop is placed at 350,000 to 400,000 tons, compared to 750,000 tons in 1976.

## Millions of refugees

Aggravating the famine is the fact that several million persons in northeastern Africa have been forced to become refugees. This is due to a series of disastrous wars, cynically manipulated by Anglo-American intelligence agencies. They include the Somalian-Ethiopian conflict, the secessionist movement in the Eritrean region of Ethiopia, and the political disintegration of Uganda following a Tanzanian invasion and the overthrow of Idi Amin.

The Ethiopian government estimates that 5 million Ethiopians are desperately in need of food. Of these, 700,000 are refugees who fled from the drought-ridden Ogaden region—also the site of the war with Somalia—into Ethiopia's interior. Meanwhile, it is estimated that 2.5 million other refugees from Ogaden are in Somalia, a country whose indigenous population totals only 4 million. About 750,000 of these Somalian refugees are barely surviving in camps organized by the United Nations' High Commission for Refugees, and the *Economist* has predicted that even these people will die if 80,000 tons of food does not arrive before September. Sudan's economy is straining under the weight of 1 million refugees, who came from Eritrea, other Ethiopian provinces, and Uganda.

The area of greatest immediate concern is the Karamoja district of northern Uganda. It has been impossible to get accurate estimates of the numbers of displaced persons in this area, according to AID, because of "physical security" considerations. Trucks carrying food into Karamoja are hijacked, their loads stolen, and the drivers and aid workers killed. About 400,000 persons are believed to be close to starvation.

## U.S. farms can supply grain

Yet Africa's immediate food needs could be met by drawing upon a relatively small portion of U.S. grain reserves. According to an official estimate prepared by the U.S. Department of Agriculture, 1.6 million metric

tons in grain imports over the next 12 months will be required to meet normal diet requirements in eight countries in eastern Africa. This figure compares with 25 million metric tons in U.S. grain reserves left over from last year's bumper harvest, currently wasting away in storage because of the Soviet grain embargo and a general slump in exports.

The eight countries targeted by the USDA include Djibouti, Ethiopia, Kenya, Uganda, Mozambique, Somalia, Tanzania, and Zambia. The total population of these countries is roughly 94.8 million, with nearly 10 percent, or 9.2 million, classified as "refugees and drought-affected nomads" who are most vulnerable to famine. The "normal" diet requirements used by the USDA in arriving at the 1.6 million ton import figure is based on historical data showing an average caloric intake of about 2,000 calories in these countries, compared with the 3,000 consumed by most American males.

The USDA estimates that half of the required 1.6 million tons can be purchased by the countries themselves despite the fact that most have little or no foreign exchange reserves. The other half is to be provided through various food aid programs, with 70 percent or more coming from the U.S.

Meanwhile, Lyndon LaRouche, a contender for the Democratic presidential nomination, has made the African famine a major theme in recent campaign addresses. LaRouche's agricultural advisers have termed the USDA plan "paltry." They propose, first, that the import requirement be upgraded to at least 3 million tons, to bring caloric intake closer to American standards and to help cover the needs of other African countries also experiencing food shortages this year (see map). Second, they suggest that the entire amount be purchased by USDA directly from U.S. farmers at *parity prices*, thereby helping to alleviate somewhat American farmers' own financial plight.

Third, grain should be immediately shipped to the targeted countries along with personnel and vehicles necessary to transport and distribute it to the intended recipients. The USDA should run the food distribution programs independently of the U.N. and other agencies who have proved incompetent in the past. This food aid, supplied through low-interest credits or outright grants, should be followed by a major U.S. commitment to develop capital-intensive agricultural production in these countries and to reverse the desertification process in northern Africa.

### "Small is beautiful"

Quite a different sort of aid program is envisioned by the London *Economist*. In its June 21 "Science and Technology" section, the *Economist* reports that one Derek Winstanley has completed a study purporting to

## Africa famine area



The highlighted area shows the countries identified by the U.S. Department of Agriculture as experiencing food shortages due to drought and/or refugee problems. Eight countries—Djibouti, Ethiopia, Somalia, Kenya, Uganda, Tanzania, Zambia, and Mozambique—are experiencing severe famine.

prove that the chronic dryness of the Sahel region is not caused by deforestation but by a long-term "climatic shift" which has nothing to do with "changes in vegetation." This climatic shift has simply sprung up as if by magic, with no apparent cause. The *Economist* draws the conclusion that it is useless to attempt to apply intensive agricultural methods to the Sahel. Similar arguments are currently being advanced to write off the American Southwest as an "inevitable Dust Bowl."

Some British agencies, such as the London-based International Disaster Institute, are currently profiling tribal herdsmen in eastern Africa to determine how they can be induced to reduce their cattle herds. The *Economist* reports that Kenya planners are "trying to teach tribes that small is beautiful by ensuring water and supplementary food stocks only for livestock herds kept constantly moved and down to reasonable numbers." Such programs are likely to reduce food supplies still further. Is this the sort of "family planning" Ed Muskie has in mind?

# It's time to change the weather modifiers

by Lyndon H. LaRouche, Jr., Contributing Editor

The current joke in West Germany asserts that the news broadcasters here are terrible liars: "Each day they announce news, but they report nothing new: just the same old forecasts, day after day: Rain, rain, rain."

While the prolonged, week after week summer's rain has destroyed a substantial portion of this year's planting in Europe, the same shift in world weather patterns is responsible for a killer heat wave in northern Mexico and large parts of the United States.

Recently the government of Mexico ordered the United States to cease weather modification operations in the western Caribbean. The charge that the United States government's weather modification programs are responsible for the present killer heat wave in North America is extremely credible scientifically. The United States has been engaged in major weather modification efforts in the Caribbean. That activity correlates with the kind of shift in rainfall movements which such Caribbean-centered weather modification would produce.

It is possible that the Mexican government's strongly founded suspicions exaggerate the present technological capabilities of the U.S. weather modification program. This matter must be the subject of immediate emergency investigation by congressional committees on agriculture and government operations.

Whatever is discovered by such much-needed congressional inquiries, we already know the chief cause for the overall pattern of catastrophic global weather changes during the 1970s. Brazil's substitution of "renewable biomass" idiocies for fossil fuels has directly caused a shift of the most potent weather system of the Western Hemisphere, the "Amazon High," away from the continent, out into the Atlantic. All of the major weather systems of the world have been shifted, like billiard balls, in chain-reaction response to that shift of the "Amazon High."

Unless Brazil's lunatic biomass substitution program is stopped quickly, and unless similar policies in other regions are halted immediately, we are entering a long period of devolution of weather systems.

I am not putting the blame chiefly on Brazil, or on

the D.K. Ludwig Enterprises' operations in the Amazon region. It was the International Monetary Fund and the Manhattan, Canadian and British West Indies bankers who forced the government of Brazil into substituting "biomass" for fossil fuel consumption. It is those bankers, together with their support for the sort of neo-Malthusian doctrines typified by the Carter administration's "energy policy," which are the direct cause of the catastrophic shift in global weather patterns.

## How weather systems work

The citizen should be informed of the following basic facts about the 1970s shift of the Amazon High.

The government of Brazil, together with firms such as D.K. Ludwig, moving into the Amazon region, adopted two programs whose lawful consequences were the chief direct causes for the global weather shift.

One of those programs was directed to creating labor-intensive agriculture in cleared areas of the Amazon rain forest. This quickly transformed the leached-out soil into infertile hard-pan—echoing the way in which similar follies caused the collapse of the ancient Khmer civilization of Angkor Wat. In the latter case, labor-intensive looting of the rain forest area transformed the leached-out soil into mineral laterite. The destroyed area, instead of radiating a column of moisture from forest into the atmosphere, radiated the reflected baking heat of the sun.

The other program was the cutting-down of large areas of the same Amazon rain forest as a source of fuel, including the production of charcoal—in place of coal—for Brazil's iron and steel industry.

The areas of Amazon rain forest so destroyed have totaled to a growing region substantially in excess of 100,000 square miles of rain forest.

How does this affect the weather? A few basic facts must be known.

In addition to coriolis forces and other factors normally contemplated by meteorologists, the creation and maintenance of a stable high-pressure system is determined by the respiration of moisture from plant

life. This column of moisture, although relatively a small portion of the total energy involved in a weather system, affects what are called "long wave" patterns in the atmosphere. The result: in a manner consistent with the geometrics of least action, the columns of moisture rising from plant life pin major weather systems into place. By the same least-action principle, a substantial shift in the pattern of such vapor ascension results in a shift of the weather system.

So, as a direct result of the Brazilian substitution of biomass for fossil fuels, the Amazon High shifted out into the Atlantic, causing catastrophic shifts in the rainfall patterns in Brazil, and throughout the Caribbean region. The shift also caused—billiard-ball fashion—a general shift of weather systems globally.

Two other cases should be cited as illustrations. These are the ongoing desertification of the Sahel region of Africa and recent years' rise in the average temperature of large parts of India.

Under the pressure from the same sort of bankers who dictated the biomass-substitution policy to Brazil, debt-ridden African nations sought to increase their tax-receipts from the most primitive forms of labor-intensive agriculture and pastoral tribes. This meant accelerated depletion of the soil—under labor-intensive modes lacking in the compensatory benefits of irrigation and fertilization. It meant extensive overgrazing of the band of brush along the Sahara side of the Sahel.

The reduction in biomass in these regions meant a reduction in plant-produced vapor production. The weather patterns in much of the Sahel shifted, resulting in a pattern of self-aggravating desertification.

In India, the direct cause of an oppressive rise in mean temperature is the large-scale deforestation caused chiefly by the substitution of biomass for combined hydroelectric, fossil-fuel and nuclear requirements.

It is the conversion of solar energy into the organized vapor and biomass of forests and agriculture (principally) which regulates not only rainfall patterns, but the climate generally.

### **Morally acceptable weather control**

The management of global and regional climates in a manner consistent with climate and food requirements must be focused on improving the energy-intensity of a large tracts of crop production plus a combination of extensive forestation and energy-intensive biomass production along coasts as an adjunct of a general shift from ocean fishing to fish-farming.

For example, we can bring back the Sahel, and can make the Sahara itself fruitfully habitable eventually, by a combination of irrigation, energy-dense fertilization, and related heavy-engineering modifications of both

fresh-water flows and land modifications. Once "artificial" means of this sort have established significant increases in biomass production of vapor, this vapor columning will have a pump-priming effect on the development and positioning of weather systems.

Generally speaking, the efficiency of this process is constrained by the energy flux density of plants individually, and the energy flux density of biomass per hectare. The more energy we add to the soil, as in the form of fertilizers, and the more efficiently we manage the addition of trace-element additives to enhance biomass per plant, the greater the two desired beneficial effects. These desired effects are increased rates of conversion of solar radiation into biomass, plus strengthening of the vapor production which maintains a major and subsidiary weather systems.

The answer to these needs is not to continue the lunatic doctrine of "wilderness areas." The United States, in particular, needs a major increase in multiple-use forests. These forests must be developed on the basis of modern biological technology—for their efficiency in converting solar energy into useful biomass. They supply wood, recreational facilities, maintain watersheds, and perform a key part in stabilizing our weather. More trees and parks in urban areas should be a significantly promoted national policy.

Globally, as well as nationally, weather control must be situated in a context of qualitative advances in management of fresh-water systems. The leading edge of this effort must be the commitment to develop arid and desertified regions. This must be complemented by a coordinate biomass-development program, with emphasis on high-energy-flux-density modes of high-technology food production.

This must be supplemented by biological research and development programs on a much-enlarged scale. We must break out of the reductionists' confines of mere genetics, and focus on the function of ribosomes and of whole biological processes in regulating the activity of the DNA "chemical plants."

### **U.S. governmental policies**

Several measures, listed in order of priority for immediate action, must be undertaken by the U.S. government.

First, there must be an emergency debt moratorium for all farmers in areas devastated by the heat wave.

Second, there must be large-scale special credits for the disaster areas, in the range of 4-6 percent interest on medium- to long-term loans funnelled through agricultural credit agencies and local banks.

Third, there must be immediate commitment to rapid development of projected fresh-water systems,

bringing fresh water from Alaska and Canada down between and to the east of our western mountain ranges. This must be complemented by immediate restoration and augmentation of both the research and development functions of the Department, and reinvigoration of the Agricultural Extension Service.

These four measures must be implemented in the context of a general, radical revision of current U.S. government parity and agricultural-credit policies.

The Carter administration must implement immediately its standby authority to maintain 90 percent parity for all U.S. agriculture, as demanded by the directive adopted by the Texas State Democratic Party Convention.

Congressional action must provide authorization for a policy of 100 percent of parity paid to producing farmers, less the standard, competitive discount earned by agricultural products handlers.

A combined facility for rescheduling indebtedness of independent, owner-operated family and intra-family corporate farms must be established, to stop the collapse of the independent owner-operated farm system.

A new line of credit, at 4-6 percent interest on medium- to long-term agricultural loans for productive improvements, and short- to medium-term credit for orderly marketing of produced product, must be established.

Tax incentives for high-quality maintenance of farm land not currently in production, and for development of high-quality forested reserves, must be legislated.

### **An appeal to the electorate**

This indispensable package of programs is an immediately practical possibility, on condition that the majority of the electorate is adequately informed of the growing jeopardy to the nation's dinner table if such actions are not taken.

For a long time, most of the food-consuming population has been led down the proverbial garden path by the false but appealing argument that parity to farmers means higher food prices. It is falsely believed, for this reason, that farmers producing at less cost means financial benefit to the non-farmer food consumer.

Over the period since the 1790 U.S. census, the rural population of the United States has shrunk from 90 percent to the present farmer population of less than 4 percent of the total labor force. This was accomplished through capital improvements in agriculture: increased benefits of industrial technology purchases, combined with farmers' investments of savings—profits—in improvements in land, livestock, equipment, and increased energy consumption per acre.

The source or reduced social cost of production of food is the investment of farmers' profits into technologies which reduce the farmers' unit costs of production.

If the farmer lacks profits to invest, then agricultural

technology will stagnate. Stagnation means higher prices of food—through margination-effects of stagnation, and a tendency for food shortages. If the farmer produces at less than zero profit, the productivity of farm output, and food production is also shrunken by bankruptcy of farmers.

Although agricultural parity is calculated differently by various of its advocates, the essential fact about parity is that it represents the equilibrium-price level at which competitive independent owner-operator farmers will continue to achieve technologically-determined reductions in social cost of food production, as well as continuing improvements in quantity and quality of product.

Over the post-1940s period, the economic lawfulness of these equations has been somewhat concealed by the correlated rise in per-acre farm debt and in farm-land prices. The capital which the farmer has lost through less-than-parity prices, the farmer has borrowed back in the form of a pyramiding mass of agricultural indebtedness. In other words, the effective ownership of the farm has been shifted away from the farmer to the holder of agricultural debt.

In the United States presently, we are at the end of the long period of such uses of borrowed capital.

The Carter administration's credit-crunch actions of October 1979 and March 1980 have created a structural collapse in major sectors of the credit market. Therefore, recent reductions in interest-rates from spring prime-rate levels in the order of 20 percent have not had the effect of returning the economy to pre-March levels of borrowing or productive output. This Carter-induced crisis in credit markets, coupled with the accelerating collapse of industrial production which that triggered, has, so to speak, "pulled the plug" on the agricultural debt situation.

Under conditions of removal of the credit buffer between farm production and less-than-parity prices, the economic logic of less-than-parity prices comes to the surface in the form of direct and immediate cause-and-effect connections. Without the continuation of the credit buffer, as a way of capitalizing income-losses in the form of borrowed loan-capital, the margin of the farmers' losses at the market-place today becomes either the immediate cause for bankruptcy of the debt-ridden farmer, or, at best, forces that farmer to reduce his crop and livestock programs by an amount proportional to the shrinking of his reinvestible operating capital.

This development means not only a shrinking of the nation's food supplies. It also means the logic of the dustbowl.

The ability of the soil to produce depends decisively on the equivalents of added fertilizer and essential trace-elements stored in the soil. If the farmer cuts his combined irrigation, fertilization and trace-element-adding programs, under cost pressures, his land will



continue to produce at an ever-reduced productivity per acre—up to a point. Beyond that point, the depletion of the soil's fertilizer-equivalents and of essential trace-elements leads toward dustbowl and related expressions of the sterility of looted land.

Over the known history of mankind, it has been such labor-intensive looting of the soil which has set into motion the spiral leading into desertification.

Lower energy-flux density of biomass production over a large area means lowering levels of stable vapor transpiration. Continued vapor-flows in the atmosphere became more erratic—often a pattern of periods of leaching rains and flooding alternating with destruction periods of aridity. So, today, less fertilizer and less essential trace-element additives for soil mean an accelerating shift in weather patterns over the affected areas. The stabilizing effect of control of vapor transpiration through high energy flux dense biomass production causes changes in weather patterns, and an ensuing tendency for degradation of weather systems.

In terms of basic thermodynamics, that process of devolution of climate caused by decline of agricultural productivity can be restated usefully as follows.

In thermodynamics generally, we are properly focused on three interconnected expressions for energy. The first expression is the total number of calories-equivalent involved in the process. The second, higher-order consideration, is the energy flux density of the energy throughput—the rate of calories-equivalent through a square centimeter cross-section of the energy-producing and energy-consuming processes, respectively. The still higher-order, and most important aspect of the energy-process is what is sometimes termed the “free energy ratio.” This is the ratio of the portion of energy doing useful work to the total energy throughput.

The throughput of solar energy (plus supplements through energy embodied in fertilizers) is normally of very low energy flux density. Consequently, solar energy and, still worse, the burning of biomass as an inorganic energy source, are merely the worst, most uneconomical, most wasteful means available to us. However, when this solar energy is absorbed and reorganized by plant-life, the energy is converted into an extraordinarily-potent equivalent of very high energy flux density, through the high free-energy ratios of biological processes.

These high free-energy-ratio plant-life systems produce our planet's oxygen, and also meter the flow of vapor back into the atmosphere in a highly-organized way. It is that organized flow of energy in the form of vapor emanations from plant-life which organizes the weather systems.

It is not the weather which determines the conditions for life. It is life which has created and maintains the weather-systems. In other words, weather is not an

inorganic physics matter: it is a byproduct of a highly-organized living process.

To stabilize our weather, as well as to ensure stable food supplies, our nation must reverse the trend of agricultural policy in Washington from what it has been since the 1940s. We must begin to pour productive investment into our water-management systems, our forest development, and our agriculture.

If food prices do not drop as rapidly as one might wish, do not blame the farmer already largely bankrupted by too much of less-than-parity prices. We must maintain our American System of independent, owner-operated farms—and not have agriculture monopolized by giants such as Safeway's and MacDonald's growing purchasing operations.

If independent owner-operator farmers are replaced by large absentee agri-financial interests, food prices will soar skyhigh through manipulation of food shortages and related means. We must protect the price and stability of our food supplies for ourselves and our children.

### **World parity prices an urgent objective**

As I have stated repeatedly, echoing the detailed argument I presented to a Chicago meeting of agricultural representatives, U.S. food exports must hereafter be sold at true world-market prices.

The dumping of U.S. agricultural products on the world market has had the effect of destroying developing nations' investment in their own internal food production.

As I also proved, the true cost of food production in underdeveloped nations is as high as that in the United States—in fact, higher. This is proven easily: by adding to the apparent cost of food production in underdeveloped nations the margin of profit needed to effect the investments which bring that production technologically up to U.S. levels of productivity; on that basis, the true price of production of food is substantially higher in cheap-labor nations than in the United States.

If we are to feed a growing world population, and create the essential conditions for sound weather management, we must foster appropriate rates of investment in food production. To accomplish this, we must establish, through treaty agreements, a world parity price for food products which provides both economic means and incentives for a global high-technology agricultural revolution.

This will provide not only the food needed, but also foster the kind of development of biomass required for weather management.

Meanwhile, we must reschedule the Brazilian debt, and encourage Brazil to import coal from such places as Colombia. We must stop at once the catastrophe being aggravated by Brazil's enforced resort to biomass in place of nuclear energy and fossil fuels.

# French industry's grand maneuvers

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*Laurent Murawiec charts the battle at the top between monetarists and Colbertistes for control of investment policy.*

French liberals of the Sir Keith Joseph variety are in mourning; a major offensive has been launched by the *dirigiste* element in President Giscard's administration, referred to by the New York Council on Foreign Relations as "neo-mercantilists," against certain bastions of "free trade" power inside the topmost leadership of French industry.

On June 9, Prime Minister Raymond Barre sent a stiff letter to the chairman of the 70 percent state-owned ELF-ERAP oil giant, Albin Chalandon, enjoining him to conduct a review of the company's policy and organization and to drop a planned takeover bid for the U.S.-based \$3.5 billion raw materials combine, Kerr-McGhee. It is known that Barre's move was inspired by the staunchly dirigist and increasingly influential Minister of Industry, André Giraud, former head of France's Atomic Energy Commission.

This unprecedented public dressing-down of the head of the country's largest corporation has had its effect. From the London *Economist* bitterly complaining about the "nationalization" of French industry to the left-liberal *Le Matin* and David Rockefeller's personal agent at *Le Figaro*, Chalandon has found many defenders. *Le Monde* ascribed the event to an ever more powerful dirigist vendetta against liberals.

Indeed, the French government and the Colbertiste civil service have pulled a series of major operations, strengthening and concentrating industry in preparation for participation in Giscard's policies of "a European superpower" forging productive links with OPEC and the developing world.

But if the aim is political, the content is industrial growth, and this is the reason monetarist forces entrenched in high-level power positions in the civil service and major publicly owned corporations are now being mopped up.

## **ELF: showing the door to the chairman**

The fact that Chalandon still chairs the Société Nationale ELF-Aquitaine (ELF-ERAP) is a reflection of the domestic compromises passed a few years back by Giscard, who handed control of this industrial giant

to a faction of monetarist liberals whose support he needed.

Control over the enormous cash flow and investment muscle of the largest French corporation was coupled, for the liberals, with the creation of an independent directorate general for energy in the Industry Ministry, which was entrusted to a leading exponent of soft technologies and soft energy.

Chalandon himself was Housing and Construction Minister from the late 1960s to the early 1970s, and oversaw the rise of an unprecedented speculative real-estate boom. His political loyalties lie with the Zionist, Permindex-linked aircraft manufacturer Marcel Dassault, whose banking interests he ran for years.

Giscard's pursuit of the strongly nuclear-oriented French energy program, and his Third World development orientation, made continued monetarist control of the ELF asset incompatible with further progress for that strategy.

Advocating an investment policy heavily concentrating on "politically safe" areas which happen to coincide with the borders of the British Commonwealth plus the United States, Chalandon would have become an independent power with the purchase of Kerr-McGhee—the czar of an empire whose resources and decisions would have stretched beyond the reach of the original number-one stockholder, the state.

Insiders indicate that Chalandon's chances to be reappointed chairman of ELF-ERAP when his term expires next month are so slim that he may be cornered into resignation even before that.

## **Chemicals restructuring and the energy sector**

ELF-ERAP has just bought a 40 percent participation in the basic chemicals firm Naptha-Chimie, which the large Rhone-Poulenc conglomerate is shedding to concentrate solely on fine and specialized chemicals. Another 7 percent of the stock goes to the local British Petroleum affiliate, while Rhone keeps a 20 percent share. For the latter, the operation allows a long overdue liquidation of its heavy debt backlog, and fresh money for chemical investments.

As ELF-ERAP announced its intention to consolidate its acquisition with its 50 percent-owned subsidiary O-Chimie, the other half-owner, the Compagnie Française des Pétroles (CFP), also known under its trading name Total, took the rare step of breaking the secrecy of negotiations to demand that ELF hand it half of its new purchase! Since the state is the lead shareholder in CFP (with a 40 percent stake), it is clear that CFP received the government's green light to hit Chalandon from this side as well.

Apparently, the straw that broke the camel's back was Chalandon's astonishing initiative of calling for a price parity between crude oil and natural gas—right in the middle of extremely delicate negotiations between Gaz de France and Algeria. Chalandon's only bedfellow in this affair is the chairman of Deutsche BP, Hellmuth Buddenberg, whose statements and actions to this effect have had him ostracized by the West German energy industrial community.

Sources in Paris report that a merger between ELF-ERAP and the CFP is under consideration, on the heels of an internal reorganization of the former. A merger would create a "king-sized" French oil multinational, and allow the French government to cut its share in ELF, as the intention was stated; one may venture that Arab friends of France might be interested. Chalandon's ouster, and his mooted replacement by M. Besse, head of Cogema, the nuclear materials arm of Giraud's old Atomic Energy Commission, would certainly help along such a reorganization.

### **A national electronics and computer capability?**

Less than a year ago, the Industry Ministry gently compelled the giant conglomerate Compagnie Générale d'Électricité to yield its majority shareholding in CII-Honeywell-Bull, the electronics and computer manufacturers, to the other giant conglomerate Saint Gobain-Pont-à-Mousson (SGPM). This was the endpoint of a very long story: CII-Honeywell-Bull was the ailing legacy of 20 years of abortive Gaullist efforts to create an independent national computer and electronics capability.

From a national security standpoint, the market share of IBM, ITT, et al. is and was unbearable—as the French realized when they started developing their own nuclear deterrent. But for rather murky financial reasons, the attempt to turn the computer firm Bull into a full-sized operation failed, and Bull had to be sold off to General Electric, only to be resold later to Honeywell.

Meanwhile, Michel Debré, acting on behalf of General de Gaulle, tried to build up the Computer Master Plan and set up an industrial arm, the Compagnie Industrielle pour l'Informatique (CII) and an administrative one, the directorate general for computer science. While CII developed remarkable technological capabilities,

financial troubles hit again, a not unfamiliar event in this politically important sector—and CCI finally had to be merged into Honeywell-Bull and passed on to CGE and its chief executive, Ambroise Roux, one of the leading corporate advocates of soft technology orientations.

The renewed effort put into the leadership of SGPM now has assumed vast proportions. Two months ago, SGPM took a 15 percent share in Italy's largest computer and electronics manufacturer, Olivetti. And in July, it shed its fireproof materials interests and sold them to Ciments Lafarge, the fast-moving construction and equipment materials concern, which will now be vying for second spot in Europe behind Germany's Didierwerke. Headed by a man whose career started with a Ph.D. in German, SGPM is now poised to develop the CII-Honeywell-Bull operation, together with Olivetti, into a major business.

### **European implications**

This Italian foray by a French heavyweight should draw attention to a process that started half a year ago, a rapprochement between French industrial interests and Italy's Agnelli interests. The proper context should be Agnelli's recent article in the U.S. quarterly *Foreign Affairs*, where the owner of Fiat demands that the West help the U.S.S.R. expand its petroleum production by removing all constraints on sale of advanced drilling and other technologies. The still pending Togliattigrad II project for tractor, auto and truck production is also relevant.

Fiat, which also owns an interest in Olivetti, is negotiating with the Spanish government and French automakers to sell the latter a good chunk of its Spanish affiliate, SEAT. Renault or Peugeot would be the buyer. Two weeks ago, Agnelli went out of his way to announce that advanced negotiations were being conducted between Fiat and Peugeot on a project to jointly manufacture high-value car components.

Not coincidentally, Agnelli has recently enlarged his direct collaboration with French Rothschild interests, in the industrial finance field as well as for third-country investment, in Mexico in particular—and the French Rothschilds have effected a spectacular rapprochement with Giscard over the same period.

Finally, Aeritalia and Aerospatiale of France have just decided to launch a feasibility study for joint production of a commuter airplane.

Keeping in mind Giscard's recent words in Kassel, West Germany, about designing a "Franco-German industrial strategy," as well as his effort to bolster Euro-Arab Third World relations, the *grandes manoeuvres* of French industry acquire a new meaning. And it should now be clear that the debate is not some state-versus-free enterprise affair, but industrial development versus the liberals' soft technology, zero-growth policies.

# U.S. steel can leapfrog ahead

by Marsha Freeman

*The following report is based on a policy outline to be presented Aug. 1 by Citizens for LaRouche, the campaign organization of Democratic presidential contender Lyndon H. LaRouche, Jr., to the national convention of the United Steelworkers in Los Angeles, California.*

Continued contraction of the U.S. steel industry will mean that nearly 40 percent of domestic steel needs would have to be met by imports in this decade, according to a recent report by the Congressional Office of Technology Assessment.

This projection assumed only modest growth rates of less than 2 percent per year in steel demand. Such a policy would put American industry into the same dependence on steel imports we now have on oil.

Is current underinvestment in the steel industry justified? Can U.S. economic viability and national security be maintained if steel is phased out as a "sunset" sector? The actual question is a broader one: whether the United States will gear up for the next generation of advanced energy and industrial technology, and for the exports the rest of the world needs.

Currently, U.S. deployment of *already available* improvements in basic steelmaking is the lowest worldwide. Energy-saving continuous casting accounts for 50 percent of Japanese production, 29 percent of European production, and 15 percent of U.S. production. Almost a fifth of America's basic steel production uses 19th-century open hearth furnaces, which have been totally eliminated in Japan. Of 190 U.S. blast furnaces, only five are classified as "large," while in Japan the total is 37 out of 72. U.S. steelmakers are not even taking advantage of economies of scale; the largest integrated steelmaking facility has a capacity of 8 million tons, compared with 18 million ton mills operating in Japan.

Reversing the technological stagnation of the 1970s requires preparations for 21st-century technologies. Reconstruction of American transport, energy and industrial infrastructure over the next decade will require a renaissance in the nation's ability to produce the most

important and versatile construction material—steel.

Each conventional nuclear power plant requires 30,000 tons of basic carbon steel. Electrical power to rebuild and gear up U.S. industry requires 1,000 gigawatts of nuclear capacity on line by the year 2000. An equal number of new coal-burning plants will be needed. And if the United States decides to help modernize and reindustrialize the developing nations, the task will involve exporting nuclear power plants in the range of 1,500 units during the same time period. The nuclear component of this energy program will alone need over 158 million tons of steel in the next 20 years and more than 25 additional tons of alloy steels for domestic and foreign nuclear plant production.

One of America's chief international responsibilities is meanwhile to feed a good part of the world. A water development project on the scale of the North American Water and Power Alliance (see Economic Survey) will require 40 million additional tons of structural steel over its 10 to 15 year construction period.

Expanded ports and a modern railroad and inland waterway systems are crucial. The need for more than 300,000 new locomotives and freight cars will already bring railroad requirements for steel to over 10 million tons.

Therefore, it seems obvious that a crash program of greenfield construction using continuous casting, direct reduction, economies of scale, and other off-the-shelf technology must be initiated immediately. But at the same time, the United States can prepare to *leapfrog* the technologies now applied in Japan and West Germany.

Hundred-year-old plants should simply be phased out, not retrofitted. If more productive and energy-efficient technologies are brought on line, there will be no problem in meeting reasonable environmental standards. In an integrated steelmaking facility, for example, the top gas can be enriched and used as a chemical feedstock, rather than vented as a pollutant.

### Energy transformation

The most important revolution in steelmaking to be developed for commercial application in the 1990s is in the field of energy. The nearest-term potential is in the application of nuclear-produced process heat and electricity for both carbon and alloy steels. Separating steelmaking from its current dependence on metallurgical coal will provide much greater geographical freedom in the siting of new steel mills, in addition to reducing total energy requirements for processing. This freedom in turn slashes transport and other overhead costs, while creating new employment opportunities.

One application currently under development in Japan and West Germany is the use of high temperatures (1400-2000°F) from advanced high-temperature gas-cooled nuclear reactors as a replacement for the

combustion of fossil fuels to heat iron ore for direct reduction processes. Beyond this, the United States can take the lead, through an immediate cooperative program among the nuclear, chemical and steel industries, to bring the thermochemical and electrolytic production of hydrogen from water with nuclear energy into commercialization. The substitution of hydrogen, which is inexhaustible, for natural gas and coal as reducing agents in direct reduction will cut energy needs; and using nuclear power for 100 percent of energy input in steelmaking will free future steel production from its historic hydrocarbon base, freeing reserves for chemical feedstocks. At the same time, engineering R&D can be placed on a crash mobilization to bring plasma-based steelmaking technology on line by the turn of the century. Small-scale demonstration of high-temperature fusion plasma-based processes should be tested on a pilot scale as modules with fusion test reactors in the next 10 years.

Fusion's real promise is the direct use of the plasma itself in materials processing; low-temperature plasma steel melting is currently in commercial use in East Germany and the U.S.S.R. for high-alloy specialty steel. With fusion energy, however, a plasma will not have to be produced from an inert gas with tremendous energy input, but will be available from the fusion process itself.

Plasma reduction with fusion will not require the intermediate step of producing the hydrogen reductant. The charged particles of the fusion plasma are drawn off into a container and reacted directly with iron oxide particles. At the same time, other alloying materials can be added to this "fusion torch" to allow one-step steelmaking for the first time in history.

One important way to gain immediate experience with high-temperature plasma processes for the steel industry is to incorporate such technological development into the ongoing magnetohydrodynamics research program in the United States. Producing a 4500°F plasma from coal, MHD can be used both as a source of electrical power and a source of carbon-based plasma for steelmaking.

### **The current state of steel**

U.S. steel production has been in a state of decline since the late 1960s. Peak production of 136.8 million tons in 1973 ran the industry at near full capacity, while total capacity in the late 1960s had hovered near 160 million tons. At the end of June, the American Iron and Steel Institute reported that the industry was running at 59.2 percent of capacity! Yearly production for 1980 will probably fail to reach 100 million tons.

For the first time in a century, U.S. Steel's giant Southworks plant has been shut down due to lack of orders. At the present time there are fewer steelworkers

employed than in 1933—not because of technological improvements, but because of the Federal Reserve's cutoff of industrial credit, and because of the industry's own contractive policies.

The United States now produces 17 percent of the world's steel. In 1950 the industry had 47 percent of the world market. The volume of U.S. exports has remained constant at less than 10 million tons per year, while world trade rose to over 115 million tons in 1977. America cannot compete internationally.

It is now widely acknowledged that the wages of Japanese and West German steelworkers have become comparable to U.S. wages in terms of buying power. Even in absolute dollars, West German steelworkers now earn more than American ones, and the rate of increase in Japanese wages will soon bring them to a dollar-equivalent level.

Dramatic increases in labor productivity due to rapid investment in more efficient technology have primed Japan's competitiveness. From 1969 to 1979 Japan reduced the number of manhours required per ton of steel shipped from 14.69 to 9.2, compared with a U.S. reduction from 10.53 to 8.56. And the U.S. producers have by and large achieved that drop by enforcing speedup at all levels. It is projected that this year the Japanese will surpass the United States by this measure or productivity. A more telling gauge than the output per employed hour is the industry's energy utilization. In the United States, it takes one-third more expensive energy to produce a ton of steel than it does in Japan.

U.S. basic investment in steel has been negligible compared with the international competition. Since 1967 the U.S. has added about 10 million tons of steelmaking capacity; Japan has added over 100 million tons. Virtually no operating Japanese steel mills were built before 1955. In the U.S., 12 percent of capacity is over 30 years old and over one third is over 20 years old.

Both government and industry have abandoned R&D in steel. The OTA estimates that less than \$5 million is devoted by Washington to steel R&D, and corporate outlays are not much higher. Of the nation's top 30 industrial sectors, steel ranks 28th in percent of sales revenue applied to R&D.

It is well known that American steel companies have "diversified" investment out of steel. And steel-related expenditures, declining in absolute terms, have been increasingly diverted to meet federal pollution standards; since 1976, the industry has spent over \$2 billion in this effort, and if the costs of meeting Occupational Health and Safety Administration standards are added, these expenditures account for about 17 percent of annual U.S. capital investment in steel. Current projections are that the total will rise to over 30 percent in the next five years.

## The dollar's sudden strength

*It can't act like the British pound for long. Short-term inflows apart, it's declining as an investment medium.*

At the close of trading July 30, the dollar stood at DM 1.77 and at \$2.35 to the British pound, substantially higher than the levels of past weeks, when the dollar was nosing DM 1.73. Without intervention on the part of European central banks, the dollar would have risen even further against the leading European currencies.

Most of the dollar's strength is attributed to speculation that the rise in America's "leading economic indicators" implies some economic revival, higher credit demand, and consequently higher interest rates. The validity of this economic scenario is not taken seriously by European traders, who point out that the bulk of buying came from American commercial banks. However, there has in fact been some rise in dollar interest rates, including a rise in Eurocurrency short-term deposit rates from 9  $\frac{3}{4}$  to 10 percent on July 30, coincident with the 2 pfennig rise in the dollar-deutschmark rate.

A great deal of drum-banging has heralded the dollar's "recovery," including feature pieces in *Institutional Investor* and other financial trade publications. The essential argument seems to be that European interest rates are likely to fall while American rates will rise, putting the interest-rate differential in the dollar's favor.

In its July newsletter, Morgan Guaranty Trust used this explana-

tion to make a virtue out of a long recession, applauding the new reduction of the American trade deficit (through a projected \$15 billion reduction in oil imports this year compared to 1979) through the collapse of demand in the depressed American economy. The \$2.28 billion June trade deficit, 40 percent lower than the \$3.96 billion May deficit, appears to corroborate this view.

However, a great deal else will affect the dollar's rate besides the interest-rate differential and the trade imbalance. The "positive" factors cited on the dollar's behalf in fact amount to negative factors for the American economy.

The dollar is now behaving in the fashion of the British pound, i.e., attracting short-term money on the basis of interest rate differentials despite the abysmal state of the underlying economy. The British pound has indeed managed to maintain a parity about 30 percent above its value in productivity terms. But the American dollar, the world's principal financial instrument, cannot operate as a "hedge currency" for portfolio diversification the way sterling does.

Much more important for the dollar's medium-term strength than the interest rate and related considerations are two factors: the relative weight of European and Japanese banking in the Eurodollar markets, and the relative position

of the European and Japanese economies with respect to the United States.

Although the petrodollar surplus has not diversified out of dollar currency, it has nonetheless massively diversified out of the traditional investment channels. This has left the American banks who traditionally have absorbed the bulk of petrodollar-country Eurodollar market deposits in a state of great perplexity. The perplexity is largely due to the fact that the dollars have not come their way. There is actually little mystery involved; the dollars are deposited in Western European and, to a lesser extent, Japanese institutions in ways that avoid the Eurodollar interbank market. That does not prejudice the dollar rate by itself, but bodes ill for the dollar's future health.

As one European investment banker put it, "People see that the West Germany economy is fundamentally a sound economy, and that the U.S. economy is fundamentally a rotten economy. Whatever the interest rate differential is, they are not going to invest in the dollar on this basis." The U.S. economy faces some unpleasant disturbances in the financial and corporate sector when Chrysler and other laggards go down later in the year, which will doubtless unsettle the securities and financial markets the way Penn Central did in 1970, and also faces a devastating inflationary blowoff at any point that the administration chooses to make a stab at economic recovery.

The future value of the dollar must be prediscouted for real problems a few months down the road, and it is likely that the rise of the last few weeks will disappear before the end of August.

## Some questions about Charter Oil

*The company's trail leads beyond Billy Carter to Armand Hammer, St. Joe's, and Coca-Cola.*

**T**he Charter Oil Company of Jacksonville, Florida, which enticed Billy Carter with visions of dollar signs if Billy could land Charter 100,000 barrels per day of Libyan crude, enjoys highly placed connections. How else can one explain a company that a few years back was little more than a land jobber, but now counts former British Ambassador Peter Jay as its Washington consultant?

In May 1979, Charter Oil made headlines when it took possession of the Carey Energy Corporation, the world's largest privately held energy company, for a song. Now that it's in the news again, there is an opportunity to examine Charter and a few of the strange goings-on at certain corporate giants.

Not only did Charter Oil engage Billy Carter in 1979 to peddle influence with the Libyan government, but the July 27 joint edition of the *Atlanta Journal-Constitution* reveals that in 1973-75 one former southern regional director of the Federal Energy Administration named Kenneth Dupuy was involved in graft with both Billy and Charter Oil.

In the 1960s, or perhaps earlier, Raymond Knight Mason, the president and guiding spirit of Charter Oil got picked up by Edward Ball, brother-in-law of the late Alfred I. duPont and executor of the \$2 billion duPont estate. Mason and his family now live at Epping Forest, the mansion built for Alfred—a gift

from Ball to Raymond Mason.

But there is much more to the story. The Alfred I. duPont estate holds 73 percent of St. Joe's Paper Company and 24 percent of Florida's fourth largest bank, the Florida National Bank of Florida. It also owns a million acres of timberland in Florida and Georgia. The duPont estate's St. Joe's Paper, in turn, is the controlling force behind the Charter Company, which owns Charter Oil. Edward Ball himself is chairman of St. Joe's Paper; four officers or directors of St. Joe's are also officers or directors of Charter Co. In addition, St. Joe's owns about 20 percent of Charter Co., which in turn holds 8 percent of St. Joe's.

Another shareholder in St. Joe's is American Financial Security, with 13 percent. American Financial Security's chairman and president is also on the board of Max Fisher's United Brands, which is alleged to run drugs, guns and assassinations in the Caribbean.

Charter Co.'s alter ego, the Florida National Bank of Florida, has two fascinating directors. If subpoenaed by Congress, they could shed even more light on Billygate. One is Armand Hammer, the head of Occidental Petroleum. Why should Hammer, who holds few outside directorships, choose to sit on the Jacksonville branch of the board of directors of the Florida National Bank of Florida? Why was Hammer in deep negotiations

this year to sell his company's rich Permian basin Texas oil holdings to Charter? What are Hammer's links to the coup that brought Qaddafi to power in Libya, and his role in having Libya foreclose on the defaulted Carey Energy Corporation in 1978 so that Ed Carey was forced to sell his holdings to Charter Oil?

The other person of note on Florida National Bank's Board is James Robinson Jr. of the old-line Atlanta banking family, and son of the president of American Express, James Robinson Sr. What is Robinson's role in the shakeup of that other Atlanta-based giant, Coca-Cola, following the revelation that Coke had retained I.I. Davidson, a reputed dirty money dealer and associate of the Permindex assassination team, to help it solve delicate passport problems the company was having? What role, if any, did Robinson have in Coke founder Woodruff's decision to rip up the organizational structure established by chairman J. Paul Austin, an early supporter of James Earl Carter?

Finally, what are the Republican Party tie-ins to this whole nexus? For example, William J. Casey, Ronald Reagan's presidential campaign manager, was fast friends with Alfred I. duPont, stemming from Casey's days in the Office of Strategic Services. Casey, like Charter, has been linked to Vesco, as *EIR* reported last week. Casey sold a one-third share of his Multiponics Company to Investors Overseas Services in 1968, and was prohibited by the Securities and Exchange Commission from hearing charges against Vesco, who took over the offshore IOS operation, when Casey headed the SEC.

## LDCs face second half borrowing crunch

*Non-oil producing countries are finding credit markets closed—unless OPEC decides to finance 'equity' investments.*

Although higher oil costs and the world trade slowdown have raised the current account deficits of non-oil producing developing countries to \$70 billion this year, most bankers are outwardly optimistic about the ability of the international financial system to handle the increased financing load. Morgan Guaranty's economics department is not quite so sanguine.

According to the June issue of the bank's newsletter, "World Financial Markets," the non-oil producing LDCs (less developed countries) raised only \$9.0 billion in publicly-announced Eurocurrency bank credits during the first half of 1980, compared to \$15.4 billion during the same period last year. By contrast, industrialized countries raised \$14.9 billion during the first six months of the year, compared to \$10.6 billion a year ago.

The sharp drop-off in lending to non-oil LDCs, at a time when industrialized countries like Denmark, Italy and Sweden stepped up their borrowing, tends to belie bankers' arguments that the LDCs simply delayed their borrowing in hopes of more favorable credit market conditions. "This raises some questions about the widely-held view that major problems in the so-called 'recycling' process will not emerge until next year," Morgan states. "The evidence of the sharply reduced amounts of gross borrowing by a number of the ma-

ior non-oil LDCs, in the face of potentially higher financing requirements, suggests that some countries may already be encountering difficulties in obtaining adequate financing."

Or to put the matter more bluntly, despite ample Euromarket liquidity due to the new influx of petrodollars, many U.S. banks are simply refusing to increase their exposure in the Third World. The pullback is, in part, due to pressure from the Federal Reserve and the Comptroller of the Currency, both of whose power to supervise American banks' international activities has grown enormously over the last year. U.S. banks are now required to file semiannual "Country Exposure Reports," which the regulators then use to compute exposure to individual countries by specific banks. The regulators notify the banks if exposures are "excessive."

Morgan's analysis is useful in gauging the magnitude of the recycling problem. The bank provides estimates of the 1980 commercial borrowing requirements of twelve major non-oil LDCs, which together accounted for more than three-quarters of all non-oil LDC borrowing in the international credit markets last year. The twelve countries are Argentina, Bolivia, Brazil, Chile, Colombia, India, Ivory Coast, Korea, Philippines, Taiwan, Thailand and Turkey. Morgan estimates that these countries

will need to borrow \$20.5 billion in Eurocurrency bank credits and international bond issues this year to cover their current account deficits and debt amortization. Yet these twelve countries borrowed only \$5.4 billion during the first six months of 1980, leaving \$15.1 billion to be financed during the remainder of the year!

Morgan then outlines several ways by which the LDCs might alleviate the second-half crunch. First, they can induce banks to lend by accepting higher interest spreads on loans (a course already adopted by Brazil, which has recently raised funds at spreads of  $1\frac{3}{8}$  percent to  $1\frac{1}{2}$  percent over the London Interbank Overnight Rate, compared to  $\frac{7}{8}$  percent on comparable loans a year ago).

Second, the countries can reduce their borrowing requirements "through stronger adjustments efforts, implying less economic growth." Third, the countries can resort to credits from the International Monetary Fund, where they will be forced to undergo the same sort of "adjustments."

A fourth alternative, however, is not mentioned by Morgan: namely, the LDCs may obtain loans from wealthy OPEC nations, either directly or mediated through Western European banks, which reportedly are receiving the bulk of the new petrodollar deposits. OPEC governments and Western European banks are understandably reluctant to finance the LDCs when it means simply rolling over American banks' bad paper. Where there exists an opportunity to channel in new credit in the form of "equity" investments in developing Third World productive capabilities, it is a different story.



# Trade Review

## NEW DEALS

Cost	Principals	Project/Nature of Deal	Financing	Comment
	U.S.S.R. from Italy	Italian and Soviet officials are discussing Italy's Finsider and Nuovo Pignone (ENI group) supplying high pressure pipes and compression stations for 3300 mile natural gas pipeline to be built by 1984 from Siberia to Western Europe.		Italy, France, W. Germany and Austria will each get 10 bn. cubic meters per year.
1.6 bn.	Indonesia from various companies	Indonesia negotiating with Exxon chemical, France's CDF Chimie and Philips for Olefins complex.	No Indonesian guarantees	in study stage
215 mn.	Singapore/Japan	Polyolefin Co., a joint venture of Singapore govt., Sumitomo Chemicals and 4 other Japanese cos. will build polypropylene and LDP plants in Singapore's \$2 bn. petrochemical complex. Construction by Hitachi, Sumitomo Chemical Engineering and Kobe Steel.		
144 mn.	Iraq from France	Fives-Cail Babcock will construct a 3,200 ton/day dry process cement plant for the Iraqi government on a turnkey basis.		contract signed
130 mn.	Jordan from Japan	Kobe Steel will build a 1 mn. ton/year cement plant for the Jordanian government.		contract signed
	Mexico/Brazil	Mexico will raise its exports of high-sulfur crude oil to Brazil from present 20,000 bpd to 50,000 bpd. The main impediment to higher volumes is the incapacity of Mexican ports to handle supertankers. Brazil is offering dredging services to help speed Mexican port improvements.		Oil agreement signed during López Portillo visit to Brazil
	Mexico/Brazil	Brazilian Vale do Rio Doce is seeking joint venture with any Mexican company for iron-ore pelletizing plant using natural gas. Brazil is seeking massive exchange of iron ore and soybeans to Mexico, using supertankers bringing oil from Mexico.		Proposal
	Mexico/Brazil	Petromisa subsidiary of Brazilian Petrobras seeks to replace present Brazilian imports of sulfur from Mexico with domestic production using "frash" process which Mexico acquired from the U.S.		Proposal

## The real story behind Billygate: the Khomeini connection

In the pages that follow, the *Executive Intelligence Review* presents a fuller, more detailed version of the dossier which it prepared for the Senate Judiciary Committee special subcommittee under Birch Bayh. That dossier, assembled by a special *EIR* task force after exhaustive research and documentation, shows that the scandal around Billy Carter's "Libya connection" goes far beyond a mere indiscretion by the President's brother. In fact, the issue raised by the Billy Carter affair is the issue of the Carter administration's deliberate alliance with the Muslim fundamentalist movement and the secret society called the Muslim Brotherhood.

The Billy Carter scandal potentially contains enough strands of evidence which, if pursued by the right combination of official investigators and investigative reporters, will unravel the whole sordid mess of U.S. relations with Libya, Iran, and Muslim extremists in the Middle East and the United States itself. That scandal might bring down the entire administration.

What is documented as fact is that since coming to office, the Carter regime has consistently pursued the alliance with the Muslim Brotherhood in such a way that American foreign policy itself is now held hostage to the whims of Libyan and Iranian dictators, top figures in organized crime, and terrorist organizations.

In 1977, President Carter lent U.S. power to the movement launched one year earlier by British intelligence to topple the Shah of Iran and to install Ayatollah Khomeini in Teheran.

Since then, Carter has armed and trained the Iranian military, supported Iran's efforts to spread the fanatic Shiite message into neighboring countries; helped to foment rebellions by other religious sects and minorities in Syria, Lebanon, Turkey, and Iraq; supported Muslim Brotherhood rebels in Afghanistan until the Soviet invasion, and then continued to back them from bases in Pakistan and Iran; encouraged the establishment and growth of the Muslim Student Association in the United States as an official, documented branch of the Muslim Brotherhood; given free rein to terrorists in the employ



*Billy Carter with Libyan emissary Ahmed al-Shahati in January 1979.*

Photo: Wide World.

of the Khomeini regime to wage war-by-assassination on the soil of the United States; and much more.

The authority of the *Executive Intelligence Review* on this issue is unquestioned. Case in point: the assassination of Ali Akbar Tabatabai in Washington. Over three months ago, the *EIR* exposed in print the activities of Bahram Nahidian, the leading Washington representative of the Iranian secret police Savama, and David Belfield, a Nahidian protégé from the American Black Muslim circles. Their official connections to the Khomeini regime and to the Muslim Student Association (MSA) in Indiana, and their frequent threats and violent activities were documented.

Because this information was not used by the authorities, Tabatabai is now dead and Belfield is being hunted as his assassin. Belfield's last known place of residence is listed as the Washington "Islamic House" operated by Nahidian. And, according to police sources, the U.S. Department of Justice and the CIA are protecting Nahidian from being arrested on grounds of "national security."

In the following report, *EIR* will guide you through a maze of connections to the Sicilian Mafia, shadowy Libyan terrorists and money men, Iranian ayatollahs with Swiss bank accounts and friends in high circles in the Italian government and Washington, and many others.

These are Billy Carter's "business partners." For Zbigniew Brzezinski, the architect of the "Islamic card," they are more than that. They are allies.

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# Carter's secret deal with Ayatollah Khomeini

by Robert Dreyfuss

President Jimmy Carter has reportedly reached a secret deal with Ayatollah Khomeini to release the American hostages held in Teheran on the eve of the Aug. 11 Democratic Party National Convention. According to U.S. intelligence sources and high-level diplomatic informants, the White House is negotiating the deal with the Muslim Brotherhood mullahs that run Iran in order to boost Carter's bid for renomination.

In exchange, Carter and Zbigniew Brzezinski have agreed that the Carter administration will look the other way as Khomeini dispatches teams of the Savama, the Iranian secret police, to the United States to physically eliminate opponents of the Khomeini regime.

The July 22 assassination of Ali Akbar Tabatabai, the head of the anti-Khomeini Iran Freedom Foundation, in Washington, D.C., was the probable first fruit of the Carter-Khomeini deal. Now, the Carter administration and Benjamin Civiletti's Justice Department are using their muscle to protect Tabatabai's killers.

According to police sources, Iranians, and U.S. intelligence sources, the leader of the gang that assassinated Tabatabai is Bahram Nahidian, an Iranian rug merchant who is the Washington, D.C. representative of Savama. Although overwhelming evidence points to Nahidian as responsible for training, paying, and ordering the men who killed Tabatabai, and although Nahidian has welcomed the murder of Tabatabai as "bringing me much closer to my goal," he has not been arrested or even picked up for questioning by the agencies investigating the murder.

Local police, who have been watching Nahidian for months, report that they are prepared to arrest Nahidian, but Civiletti and the Justice Department are preventing them from carrying out the arrest. According to NBC-TV news, the DOJ has specifically ordered the police to leave Nahidian alone!

Part of the reason, according to diplomatic sources at the United Nations involved in the Iran negotiations, is that Bahram Nahidian is playing an important role in the exchanges between Carter and Khomeini.

On Wednesday, July 23, the day after the Tabatabai murder, top Carter administration officials met in Civiletti's office with representatives of the CIA and the National Security Council to discuss involving the CIA in the Tabatabai case. The decision was taken to clamp down hard on the case and place it under "national security wraps" to prevent law enforcement agencies from pursuing their own independent investigations. As in Watergate, the Carter administration is now trying to invoke national security in order to cover its own illicit political wheeling and dealing.

## Tabatabai's assassins

On the basis of information provided to all appropriate U.S. law enforcement agencies and the FBI beginning in 1979, the murder of Tabatabai could have been prevented. The existence of a collection of information dossiers on Nahidian and his organization of hired killers, including one relating to Nahidian's role as an agent of the Muslim Brotherhood and Khomeini's secret police, was known to the offices of Benjamin Civiletti as of at least nine months ago.

Both Nahidian and the man who pulled the trigger in the assassination, David Belfield, a.k.a. Daoud Salahuddin, were named early this year by *EIR*.

The facts concerning the case of the Tabatabai assassination show that the murder was "planned and political," as the Washington Star called it July 23. Despite absurd State Department assertions that they "do not know the motive of the assassination," there is no doubt among informed observers that the act was ordered by the Iranian regime and carried out by Savama.

General Hossein Fardoust, the former Savak deputy under the Shah who now controls Savama, was reportedly on a secret visit to the United States this week, during which he could have coordinated the decision-making with the Savama personnel here. Several weeks ago, just before the attempted assassination of exiled Prime Minister Shahpour Bakhtiar in Paris, Fardoust

was reportedly seen in the southern French city of Nice.

The man charged with the murder of Tabatabai is David Belfield, an American Black Muslim extremist who, for many months, was the protégé of Bahram Nahidian. Belfield was recruited to the Nahidian circle by the liberal distribution of money and favors. His last known place of residence before the assassination was the "Islamic House" run by Nahidian in Washington. In the past year, Belfield has served as a security guard at the Iranian embassy; he is also a personal bodyguard for Nahidian.

Belfield is also reportedly a member of the secret Islamic Guerrilla Army (IGA), a terrorist organization sponsored by the Nahidian machine. The IGA recruits naive or desperate American blacks, often out of prison, and indoctrinates them to do anything for "the Islamic cause."

Nahidian, among his other activities, teaches Islamic courses at a local prison in Washington, an arrangement which was set up by the Muslim Student Association (MSA) and the Department of Justice.

It was the IGA that led the seizure of the Statue of Liberty several months ago, and an IGA member named Marshall Fields was arrested after he crashed his car through the gates of the White House.

According to police sources, Belfield is now hiding in the Iranian Interests Section office of the Algerian embassy. Police are not allowed to enter the building, as it is technically foreign territory outside U.S. jurisdiction.

The White House's hands-off policy toward Tabatabai's murderers and the revelations of the Carter administration's connections to the Muslim Brotherhood in Libya through Billy Carter can both be traced back to the strategic doctrine that has guided the Carter administration since it came into office in 1977.

Under the direction of Zbigniew Brzezinski, the Carter regime established a formal alliance with the Muslim Brotherhood secret society, a paramilitary organization of fanatics with branches in Iran and nearly every other Muslim country, often with sympathizers at the highest levels of government. After Camp David in 1978, the U.S., Egyptian, and Israeli secret services entered into a secret accord to forge a working alliance with the Muslim Brotherhood.

Immediately afterward, under the direction of NSC special agent George Ball, the Carter administration supported and encouraged the Islamic revolution that toppled the Shah. Brzezinski had visions of a broad Muslim "upsurge" that would eventually extend into the Soviet Union itself, which has a large Muslim population.

*EIR* had documented the scope of the secret coordination between elements of U.S. military intelligence and the Khomeini regime. Further documentation is presented below.

# What the public has heard so far

by Kathy Burdman

The U.S. Senate, led by Democratic Majority Leader Robert Byrd of West Virginia and Republican Minority Leader Howard Baker of Tennessee, formed a Special Subcommittee on Investigations of the Senate Judiciary Committee for the "Billygate" scandal July 25. Baker said the committee "is modeled on the Watergate Committee." Special Subcommittee Chairman Birch Bayh, a Democrat up for re-election in Indiana has said that he has called President Carter, his wife Rosalynn, National Security Director Zbigniew Brzezinski, and Attorney General Benjamin Civiletti to testify personally, because in each case, he wants to "look the guy in the eye," while they testify. Conservative Republican Strom Thurmond of South Carolina, Special Subcommittee co-chairman who is committed to pushing the investigation "all the way," also demanded that President Carter appear.

President Carter has already been caught telling something short of the truth. The White House press office last week released a formal statement claiming he had never had the information leaked on his brother's business dealings with Libya by the Justice Department, which was investigating Billy. But Attorney General Civiletti held a press conference July 25 to say that he'd had a "fairly casual exchange" with the President as early as June 17, in which he informed Jimmy that if Billy would only register as a Libyan agent, he "would not be prosecutable."

The reaction in Washington and the nation has been outrage. Republican Senate leader Baker went so far July 29 as to accuse the President of "plea bargaining in the Oval Office," making a deal with Justice for his brother.

"The sense of the Senate is that this man just cannot be the nominee," said a high Democratic Party leader July 29. "The Senate Judiciary Committee will have to go all the way with this thing" or pay the consequences itself, he stated.

The big question as we go to press is whether the Senate Special Committee will call Jimmy Carter and his family and cabinet in to testify before the Democratic National Convention gets underway August 11 in New York.

The entire question of the administration's foreign policy, which could lead to a full discussion of Jimmy

Carter's actual dealings with the Khomeini regime in Iran, is also on the Senate agenda. Republican co-chairman Strom Thurmond announced July 30 that the committee will hear on Aug. 4 from top State Department and CIA experts on U.S. Libya policy, for which purpose extensive files on policy have been requested.

### **Billy's tangled web**

President Carter and his brother Billy were dragged through a damning investigation by the national press this week. Although it does not touch upon the serious issues of Jimmy Carter's support for Libyan and Iranian terrorist assassination, the sheer volume and raucous tenor of the press coverage should be enough to doom President Carter's renomination hopes.

The general facts behind the "Billygate case" were released to the public as follows:

- September 1978: Billy makes his first visit to Libya and is given gifts by government officials including Ahmed Shahati, Libyan Foreign Liaison Office chief.
- January 3-19, 1979: Billy escorts Libyan government good-will tour of U.S. including Shahati and Ambassador Mansur Kikhia.

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*"The sense of the Senate is that this man just cannot be the nominee," said a high Democratic Party leader July 29. "The Senate Judiciary Committee will have to go all the way with this thing." The entire question of the administration's foreign policy is also on the Senate agenda.*

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- January 12, 1979: Justice Department sends Billy the first of two letters informing him that federal law requires him to register as a Libyan agent if he is receiving money for these activities. Billy does not reply.

- April 1979: The *New York Times* reports that Sicilian mafia figure Michele Papa first introduced Billy to the Libyans through Sicilian-American Mario Lianza, an Atlanta real estate man, in order to use Billy's influence on U.S. policy toward Libya. In return, Billy and several Atlanta associates are promised control over an Arab-Georgia friendship association that would invest millions of Libyan petrodollars in the Sunbelt.

- April 1980: The *New York Times* reports that Billy has not only been receiving large amounts of money from Libya without registering, but that White House

appointments secretary Phillip Wise set up briefings for Billy by the National Security Council staff on Libya.

- June 11, 1980: Billy visits Justice Department to announce he has received \$220,000 of a \$500,000 "loan" from the Libyan government. Billy then visits National Security Council chief Zbigniew Brzezinski, who arranges for Billy to see White House Counsel Lloyd Cutler. Cutler introduces Billy to White House Chief of Staff Hamilton Jordan's attorneys, Stephen J. Pollak and Henry Ruth.

- July 14, 1980: Billy registers with Justice as a Foreign Agent; Justice announces it won't prosecute previous failure to register.

- July 15, 1980: The *Washington Star* breaks the story in front page headlines, asserting President Carter's administration tipped Billy off to the Justice Department investigation.

- July 23, 1980: After days of press headlines, White House press secretary Jody Powell issues a statement purporting to constitute full disclosure of why Brzezinski met with Billy in June. Brzezinski, the White House said, had called Billy to his office on Nov. 27, 1979 to request Billy use his influence with the Libyans to pressure the Iranian Khomeini regime to free the U.S. hostages. Billy had to ask Brzezinski whether the meeting was "classified" or could be revealed to Justice investigators.

- July 24, 1980: "President Also Met With Libyan Envoy Here," the *Washington Post* front page headline states. Jimmy Carter met Libyan chargé d'affaires Ali Houderi sometime in early December, after Billy conferred with Brzezinski.

- July 25, 1980: U.S. Attorney General Benjamin Civiletti reveals at a press conference that on June 17, one full month before the President claimed to have known of Billy's investigation by the Justice Department, Civiletti "met with President Carter . . . and had a fairly casual exchange about Billy's dealings with the Libyans." President Carter is accused of "mistruths" by all the press. Within hours, the Department of Justice Public Integrity Office under Michael Shaheen announces it will investigate Civiletti for his role in leaking the Billy investigation to President Carter. Civiletti was also charged with offering the President "a deal" not to prosecute Billy if he registered.

- July 27, 1980: The *New York Times* reveals that it was Rosalynn Carter, not Brzezinski, who initiated the November 1979 summit between Billy and the NSC chief on Libya and Iran.

- July 30, 1980: House Judiciary Committee member Rep. Harold Sawyer (R-Mich.) discloses that Billy Carter told the FBI Jan. 16 that he had read and kept classified State Department diplomatic cables on Libya, saying, "Jimmy gave them to me." The FBI reports were given to the committee by the Justice Department.

# Billy's contact: Michele Papa

by Vivian Zoakos

The Senate Select Committee charged with the investigation of Billy Carter should pay close attention to the identity of the man who organized Carter into becoming a Libyan agent. That man is Michele Papa, one of the most notorious drug dealers and terrorist controllers throughout the Mediterranean.

Billy Carter became the paid agent of Libya in the following way:

Early in 1978 Papa received instructions from the Qaddafi government to recruit Billy Carter for Libya at whatever cost. Papa then summoned to Sicily his associate Mario Lianza, a real estate broker operating out of Atlanta, Georgia, and told him that if he could deliver the brother of the President, "all the wealth of Libya will be at your feet."

Lianza returned to Atlanta, and through a number of intermediaries contacted Billy Carter. Carter agreed, and in September 1979 Papa was able to organize the Libyan visit, including a stopover in Rome.

By April of 1980 Lianza admitted in an interview that he had acted in Papa's behalf in contacting Carter. The facts of his interview were published in the April 8, 1980 issue of the *New York Times*. A year earlier an identical account had been issued by the Italian press agency ANIPE.

## Who is Michele Papa?

The Sicilian Michele Papa is a Mediterranean drug runner and a prominent member of the Italian Socialist Party (PSI). As *EIR* has repeatedly documented, the PSI is the Italian party of terrorism. It was the PSI which created the notorious Red Brigades gang that in 1978 assassinated ex-Premier Aldo Moro, and in the process almost brought down the postwar Italian republic's form of government.

As the leading Sicilian PSI boss, and the personal agent of the Sicilian black nobility, Papa is at the top of a crime pyramid composed of the following, completely interrelated set of operations on the island: left-wing terrorism, right-wing terrorism, the Mafia, drug-run-

ning, gun-running, smuggling guerrillas into the Middle East, and Sicilian separatism.

Papa's operations, and those of the Socialist Party, are financed heavily by Libya. They are in turn directed at the very top by the leading names in the Italian black nobility. One of the names prominently involved is that of the Venetian noble family of Luzzato. Richard Gardner, the American ambassador to Rome, is married to a Luzzato, and has been highly active throughout his term of appointment on behalf of Luzzato interests, among other things directing critical U.S. support to the PSI.

The Luzzatos cooperate intimately with the Sicilian nobility, particularly Count Spadafora, whose family ties to Venice date back at least to the 17th century. In the 1950s Spadafora was revealed to be the founder of the Sicilian separatist movement headed today by Michele Papa in his capacity as president of the Sicilian-Arab Friendship Association. Spadafora himself is better known as one of the founding members of Permin-dex, the assassination bureau that handled the murder of President Kennedy.

## The Palestinian transcript

The man who turned the President's brother into a Libyan agent held a top secret meeting with three Palestinian terrorist leaders in Tripoli, Libya in September of 1978. The full transcript of this meeting exists today in the public domain. It was published in the Catania, Sicily newspaper *Espresso Sera*. The transcript of the meeting had apparently been secured by associates of the noted Italian magistrate, Judge Alessandrini, one of the most successful prosecutors of Italian terrorists, who was assassinated last year.

The transcript proves Papa's role as a controller and supplier of Libyan and Palestinian terrorism. Present at the meeting were Papa, the head of the Sicilian branch of the Italian Republican Party Mario Labisi, and three representatives of the Palestinian Liberation Organization's Libyan-dominated terrorist wing.

In a recorded conversation Papa and Labisi offer the Palestinians all necessary support, including a supply of trained terrorist guerrillas "to fight against Zionism." The following are some quotes from the transcript:

**Labisi:** "I am married to the Palestinian cause. With the help of noble people like Qaddafi, you will succeed in gaining victory, and it will be the victory of Qaddafi."

**Papa:** "If necessary our people will go fight together with the Palestinians. . . . If you want a corps of volunteers of one hundred . . . one hundred fifty. . . . two hundred persons, we can send them. We could send them to Libya and from there to Palestine. . . . Do you want fighters? Do you want doctors and nurses? I don't know what you prefer. . . ."

**Labisi:** "Other medicine will arrive in a short time,

because my party opened up fund collection centers. . . . in the whole island of Sicily. Not only I myself, but my party, the Republican Party, together with the Socialist Party. . . . are participating in the collection.”

### The “Alpha Group” paradigm

The case of the so-called Alpha Group is an excellent case study of how the various cited criminal activities of Michele Papa and his circle are combined in one operation.

In 1973 Michele Papa joined forces with one of the top bosses of the Calabrian Mafia, Nino Badalamenti, and the networks of Prince Feltrinelli in order to relaunch Sicilian separatism and at the same time generate the capability for the recruitment of terrorist guerrillas for importation to all parts of the Mediterranean, including the Middle East. The Sicilian separatist movement, dormant since about 1950, was now to be revived with Libyan money under Michele Papa’s tutelage, according to his own public admission.

The networks of Prince Feltrinelli, who until his death was known to police agencies throughout the world as one of the top names in international terrorism, supplied a protégé for deployment into Sicily. This was Bernardino Andreola, who left for the island with a group of Italian left radicals to found “the Alpha Group.” Andreola years later would confess to the police that he and his radicals formed 42 propaganda cells and 18 armed terrorist cells. The propaganda cells organized the population around the slogan of freeing Sicily from Italian domination with the help of “Arab friends” who “are a great power and can aid the poor islanders to free themselves.”

This mass organizing was actually a screening process through which the more radical elements within the impoverished Sicilian population were passed on to the clandestine terrorist cells. Here they were trained in terrorist guerrilla tactics, such as the planting of bombs. All necessary weapons were supplied lavishly by Colonel Qaddafi through the island of Malta lying just south of Sicily. It is estimated that a full 75 percent of the Maltese budget is provided by the Libyan government.

The head of the Alpha Group, Andreola, also testified that he met with the top boss of the Calabrian mafia and Michele Papa in the course of the operation. The meetings occurred at the famous villa once owned by British Admiral Nelson in the 19th century and now often used by Papa as the scene of conferences with his Italian Socialist Party colleagues.

As the head of the Sicilian separatist movement, Papa played an intimate role in this Alpha operation, one of the earlier experiments to relaunch the movement. In 1978 he was under criminal investigation for these activities. Specifically, the police were investigating his illegal traffic in “immigrants” to Libya, which

was the cover used to transport the recruited guerrillas into Libya and from there to various points in the Mediterranean.

The Jan. 30, 1979 issue of the Italian magazine *Osservatore Politico* published the transcripts of one of Papa’s conversations with representatives from the Libyan-controlled wing of Palestinian-terrorism—the networks into which he was later to introduce Billy Carter. In that conversation Papa offered to supply guerrillas or anything else required. *Osservatore Politico* noted at the time that “many Sicilians are preparing to fight in the ranks of the Palestinian Liberation Organization in Lebanon without knowing it. The man who will send them there is Michele Papa.”

This was one of the final issues of the magazine published, because its publisher and editor was shortly thereafter murdered, as have been many magistrates and investigators who have tried to expose the black nobility’s Sicilian operations in the Mediterranean.

## *‘We kept the President informed. . . of course’*

*From an interview with Michele Papa in the Rome newspaper La Repubblica on July 30, 1980:*

**Q:** Avvocato [the form of address to a lawyer], was it Qaddafi who suggested inviting Billy?

**A:** No. I have no need of suggestions; I’m not a Libyan agent. I was the one who took the initiative, even though I had to later submit it to the highest Libyan authorities.

**Q:** How did you contact the President’s brother?

**A:** One day an Atlanta entrepreneur came to Catania. He was Mario Lianza, the son of a contractor I had known for some time. He wanted to propose to me some business dealings with Libya, and I was supposed to accredit him. So, when I heard he was from Atlanta, I got an idea. I asked him if he knew the Carter family. He said yes. So I said to him: I have no problem in accrediting you with Libya. But you must bring Billy Carter to Tripoli for me. Lianza then returned to the U.S. and the contacts continued by phone. We had lengthy telephone conversations every night during which he tried to dissuade me. He even had an American senator, a Democrat, telephone me. But I repeated my position: either the President’s brother or no commercial deals with Libya.

**Q:** And how did you justify your demand?

**A:** I told Lianza that at that point in time—it was June of



1978—that optimal relations did not exist between Tripoli and Washington, at least at the political level, and that we had to try to improve relations. Finally one night Lianza said to me, “Our friend is ready to visit Libya, but he doesn’t know what he’s supposed to accomplish there.” I said to him, it could just be a friendship visit, and also to take advantage of his farming experience.

**Q:** How was the visit organized?

**A:** First I went to the U.S., and later, from Rome, came Gabril Shallouf, an important Libyan diplomat. A month was taken up in agreeing on the itinerary of the visit and the composition of the delegation. Finally Billy, together with experts and his escort, arrived in Rome. We met at the Hilton, and immediately afterward left together for Tripoli. The Americans stayed in Libya for ten days. They visited all the agricultural works and drew up a long report. There were meetings at the American embassy and other manifestations of cordiality. The Libyan people were enthusiastic over the friendship of Billy Carter.

**Q:** Was there a meeting with Qaddafi?

**A:** I don’t know if there was an official one, but I think there was a discussion.

**Q:** And President Carter?

**A:** Naturally he was informed of everything.

**Q:** Everything ended there?

**A:** No. A Libyan delegation led by Foreign Minister Hamed Shahati stayed two months in the U.S. in an exchange visit. Billy always accompanied the delegation. Another relationship developed, and he urged the Libyans to purchase machinery and cement.

**Q:** And at the end did he receive compensation?

**A:** A very modest compensation, which he absolutely did not want to accept. I had to recite to him verses from the Koran to convince him and he, the poor guy, finally accepted, partly because for three months he had neglected his own affairs.

**Q:** Who leaked the whole thing?

**A:** It was Mario Lianza in an interview to an American newspaper. Then the Zionists mounted a scandal. They had already protested during the U.S. visit of the Libyan delegation. Libya, as is known, is favorable to the Palestinians, and this issue too had been the subject of a discussion with Billy Carter, just as many other issues had been discussed. But this is old news dredged up to create difficulties for the American President. I am sure, however, that [Jimmy] Carter will deal with it very well. At bottom, what harm was there?

# Savama agents in Washington

by Robert Dreyfuss

Evidence pieced together since the murder of Ali Akbar Tabatabai, the anti-Khomeini Iranian who chaired the Iran Freedom Foundation, has uncovered the existence of a semi-official network of Iran secret police agents in the United States. The assassination of Tabatabai, according to numerous Iranian sources, was ordered by the regime of Ayatollah Khomeini in Iran, and it was carried out by Savama, the highly secret intelligence organization of Khomeini’s regime.

The ringleader of Savama in the United States, according to Iranian sources, is Dr. Cyrus Hashemi of 9 West 57th Street in New York City. Along with his brother Reza Hashemi, Cyrus Hashemi—who is president of the First Gulf Bank and Trust, Ltd.—controls a network of businesses that include International Inter-trade, the Arabian Trading Co., ITC Ltd., the First Arabian Bank and Trust, and others.

Hashemi, who has told NSIPS that he is an associate and close adviser to Iran’s President Abolhassan Bani-Sadr, is also a friend of Dr. Ibrahim Yazdi, the U.S. citizen who served as Iran’s foreign minister in 1979, and who is presently an intelligence adviser to Ayatollah Khomeini. In 1979, Yazdi reportedly asked Hashemi to become Iran’s commerce minister, although he did not take the post.

According to Iranian sources, Hashemi is the chief organizer of Savama in the United States. Among his responsibilities is the provision of funds to Savama fronts in the United States via branches of his corporate entities in the Bahamas, Western Europe, and the Persian Gulf. In addition, Hashemi is also responsible for providing the Khomeini regime with counterintelligence on the activities of anti-Khomeini groups in the United States, and as such Hashemi would have had direct responsibility for monitoring the work of Tabatabai and the Iran Freedom Foundation.

For this purpose, Hashemi has reportedly hired Captain Siamak Dayhimi, a former fleet commander with the Iranian navy, who is not on leave from Khomeini’s armed forces, and who is still being paid a salary by Iran. Captain Dayhimi is the specialist assigned to gather information and monitor the activities

of anti-Khomeini émigrés, in particular those in the military area. Dayhimi shuttles back and forth from New York to Rome, where he is involved in talks with "certain Italian agencies" on supplying Iran with spare parts for its army, according to Iranians here.

Hashemi also reportedly funds directly the work of a prime suspect in the assassination of Tabatabai, Bahram Nahidian, whose Washington-based Islamic House was the last known residence of the suspected assassin, David Belfield. Hashemi and Dayhimi maintain close links with Admiral Kamal Habibollahi, the former commander of the Iranian navy.

### **The Huyser link**

It was, Iranian sources say, Admiral Habibollahi who was a top collaborator of NATO General Robert Huyser of the U.S. Air Force, whose mission to Iran in January 1979 prevented the Iranian armed forces from staging a coup against Ayatollah Khomeini. Habibollahi was also reportedly the source of information that tipped off the Khomeini regime to an attempted coup d'état last week by military supporters of exiled Prime Minister Shahpour Bakhtiar.

Working with Hashemi are two brothers who act as official but second-level Savama operatives, the Sadjadi brothers, one of whom is a diplomat in the Iranian Interests Section of the Algerian embassy in Washington, D.C., and the other of whom is located in Los Angeles. Hashemi is also close to the leadership of the Indiana-based Muslim Student Association (MSA), which is the U.S. branch of the Muslim Brotherhood secret society. In Iran the head of the Muslim Brotherhood is Ayatollah Khalkhali, the executioner who heads the Fedayeen-e Islam.

Bahram Nahidian, alias Abolfazel Nahidian, a Washington, D.C.-based Iranian "rug merchant" whom *EIR* has previously identified as the Washington, D.C. station chief for the Savama, is directly implicated in the July 22 assassination of Iranian Freedom Foundation director Ali Akbar Tabatabai. The connection is directly through one of the assassins—Daoud Salahuddin, alias David Belfield—who at the time of the assassination resided at a terrorist safehouse operated by Nahidian, and who has been positively identified as Nahidian's personal bodyguard.

### **Nahidian's terrorist cells**

Nahidian's Savama role, as well as his recruiting, training, and arming of Iranian student and terrorist networks in the United States, have been known to federal agencies and to the public since at least January 1980. One incident which became public involved \$700,000 which Nahidian brought from Iran (laundered through his rug business) to finance the purchase of

armaments. Nahidian also ran a safehouse located at 5714 16th Street NW, Washington, D.C., calling it an Islamic teaching center.

The connection between Nahidian and assassin Salahuddin/Belfield was publicly known no later than November 4, 1979, when Salahuddin and Nahidian's son were arrested together at a protest takeover of the Statue of Liberty in New York. Nahidian's son, Abdullah Nahidian, is the head of the Muslim Student Association in Washington, D.C. At the time, sources identified Bahram Nahidian as the controller of the takeover, as well as of a simultaneous takeover of the Washington Monument.

The group involved in both these actions was renamed the Islamic Guerrilla Army in early January 1980; it then issued a series of communiqués threatening to "kill enemies of the Iranian Revolution" in America. At least one member of this Islamic Guerrilla Army, Fred Hanks, was identified as a member of the Maoist Revolutionary Communist Party. He had traveled to Iran for training on at least one occasion.

By May 1980 it was publicly revealed that Nahidian had launched a recruiting drive into black organizations and among black prisoners in the United States. Sources also reported weapons training camps in the state of Virginia run by Nahidian in connection with Black Muslim sects.

### **U.S. Naval Intelligence and the Setoudeh operation**

It has been established that Nahidian was in close and regular contact with Captain Siavash Setoudeh, the military attaché of the Iranian embassy who, until late December 1979, actually conducted his daily business at the Washington offices of the U.S. Office of Naval Research (ONR), under the supervision of U.S. military personnel and assisted by a 16-man team of Iranian terrorist controllers and gun-runners. New Solidarity International Press Service, which exposed this scandalous collusion between the Iranian embassy and the Pentagon last December, learned during its investigation that Setoudeh—by his own admission—coordinated student activities at over 40 American universities where Iranian students are enrolled. At each such university, said Setoudeh, "there is a military liaison officer." (The full story on Capt. Setoudeh and the U.S. Office of Naval Research is in *Executive Intelligence Review*, Vol. 7, No. 1, Jan. 8, 1980.)

Additional information has begun to document Nahidian's extensive contacts in the Khomeini regime, and the depth of his involvement with the Iranian "student" terrorist movement simultaneously inside Iran and in the United States, as well as his connections to international dirty money.

It has now been documented that Nahidian had official relations with the Iranian ambassador to the United States, in court documents obtained from Fairfax County, Virginia, relating to the March 1979 incorporation of "Research and Publications Inc." (which publishes a rabid pro-Khomeini journal entitled *Islamic Revolution*), as a nonprofit publishing company based in Falls Church, Va.

The documents list the director of this corporation as Ali Agha—who at the time served as Iran's ambassador to the United States, and retained that position until the United States expelled Iran's diplomats in the spring of 1980. On the board of directors of Research and Publications Inc. was Kawkab Siddique, a founding member of the Muslim Student Association. And a second Fairfax County court document, dated June 5, 1979, recorded that the "registered office" of Research and Publications Inc. was located at premises at 2046 Kirby Rd., McLean, Va. owned by Bahram Nahidian.

Back in Iran, to which Nahidian made frequent "rug-buying" excursions, he was particularly close to former Foreign Minister Ibrahim Yazdi, an American citizen who is presently an intelligence adviser to Khomeini; to Shahriar Rouhani, Yazdi's son-in-law; and to Nasser Minachi, the Minister of National Guidance, with whom Nahidian frequently speaks by phone.

After the takeover of the U.S. embassy in Teheran and seizure of the American hostages, Nahidian was in daily telephone contact with the students holding the embassy, according to the *Washington Post*.

## Congressmen demand answers

*The following appeared in the Congressional Record on July 24:*

Yesterday 19 of my colleagues joined with me [Rep. Larry MacDonald (R-Ga.)] in asking the Attorney General to immediately initiate an investigation into Iranian terrorism in Washington, D.C.

"Dear Mr. Attorney General:

With the murder of former Iranian diplomat Ali Akbar Tabatabai on July 22 by a group evidencing terrorist training and support by their modus operandi we must urge Department of Justice and the FBI to provide us with reports on the activities of pro-Khomeini

terrorists and terrorist support groups presently active in the United States. . . . It also creates a threat to the national security of the U.S. Responsibility for preventing terrorist attacks rests with you as Attorney General and with your department.

Specifically we wish to be informed on:

1. The activities on behalf of the government of Iran and/or Khomeini or any other Iranian principals of Bahrain Nahidian of 2046 Kirby Rd., McLean, Va., and whether any action has been taken against him under the foreign agents registration act or any other federal law.

2. The activities of Bahrain Nahidian in relation to the Islamic Center in Washington, D.C.: his attempts to coerce the leadership of that center by force and his use of that religious institution to cloak political activities of a nature inimical to the interests of the United States.

3. The activities of Nahidian and his associates to recruit support among Muslims and other prisoners in Lorton Reformatory and in other local and state prisons in other parts of the United States.

4. Information related to contacts and meetings between Nahidian and members and former members of revolutionary groups' activities in Washington, D.C., together with known reports of weapons owned or stored by Nahidian.

5. The activities of the Iranian Student Association and its fronts and splinter groups including the organization known as the Islamic Guerrilla Organization possibly based in Moscow, Idaho.

6. The activities of revolutionary groups in the United States supporting the activities of the Islamic Student Association including but not confined to the support provided by the Workers World Party, the Socialist Workers Party, the Communist Party USA, the Communist Party Marxist-Leninist, and the Revolutionary Communist Party.

7. The activities of persons serving as diplomats for the governments of Afghanistan and Libya in support of groups in 4 and 5.

8. The activities of diplomats accredited to the United Nations representing the governments of Libya, Iraq, Afghanistan, and representatives of the Organization of Arab States and the Palestine Liberation Organization in supporting financially and logistically the activities of the groups listed in 4 and 5."

They demand response by July 31.

Letter done by Larry MacDonald [and Senators and Representatives] Rousselot, Mendel Davis, Benjamin Gilman, Ashbrook, Kindness, Elden, Rodd Sonny Montgomery, Guyer, Don Crane, Collins, Hubbard, Don Young, Danmeier, Ron Paul, Lester Wolff, Phil Crane, Devine, R. Shelby, Robinson.

# Civiletti and the terrorists

by Scott Thompson



High-level U.S. intelligence sources, exiled Iranian political leaders, and officers of a Washington, D.C. police intelligence unit have each independently charged Attorney General Benjamin Civiletti with covering up for the assassins of Ali Akbar Tabatabai, the head of the anti-Khomeini Islamic Freedom Foundation, who was murdered July 22.

This obstruction of justice by a U.S. Attorney General was allegedly committed to protect a political "deal," whereby Iran would release the 51 American hostages. In exchange, the Carter administration would give Iranian intelligence (Savama) a license to kill any opponents of the tottering Khomeini regime on U.S. territory or elsewhere. The hostage release would be made at a timely moment for Carter's political fortunes.

Underscoring this "deal" has been repeated Justice Department intervention to stop local police from arresting Washington, D.C.-based Savama station chief Bahram Nahidian, who has been repeatedly named as the field operative in charge of the Tabatabai assassination. Nahidian, whose personal bodyguard David Belfield (a. . . a. Daoud Sallahuddin) allegedly murdered Tabatabai by shooting him three times in the chest at point-blank range, has been identified by U.S. intelligence sources as the courier between the Carter administration and Ayatollah Beheshti in arranging this deal. If Nahidian is arrested, these sources report, the deal is off.

## A brief exchange

Word of this Justice Department coverup leaked out when the Attorney General was making headlines for offering President Carter another political deal. In a meeting on June 17, a full month before Carter stated he knew his brother was under investigation for failure to register as an agent of Libya, Civiletti advised the President that his brother Billy "ought to register" and that if he did, "his previous failure to register would not be prosecutable."

Civiletti publicly denied that any such discussion had occurred until White House general counsel Lloyd Cutler informed him that Carter had written a memo

on the subject. Caught in a potential Watergate trap, Civiletti sought to explain his earlier denial in a press conference on July 25 with the statement: "I . . . have been interpreting 'discussions' of the investigation as distinct from this exchange of two or three sentences in a conversation."

Such semantic tricks led the Americans for Democratic Action to issue a statement calling for Civiletti's immediate resignation. Members of Sen. Birch Bayh's staff, who will chair the subcommittee investigating Billygate, have announced that Civiletti will be the first Carter administration official subpoenaed, while the Justice Department's own Office of Professional Responsibility has named Michael Shaheen to investigate the Attorney General.

## A man of record

Civiletti's first act as Attorney General was to launch an investigation of "police brutality" in Philadelphia, where a member of the terrorist MOVE cult had been roughed up after opening fire on police with automatic weapons. Since then, he has set a record by releasing over 20 terrorists, including members of the Weather-underground, the Republic of New Africa, and four Puerto Rican terrorists. Through the Community Relations Service of the Justice Department's Civil Rights Division, Civiletti has had Department of Justice personnel work directly with leading race riot provocateurs such as Imamu Baraka and Stokely Carmichael. Persons controlled by the Department of Justice's Community Relations Service have also been implicated in triggering the recent race riots in Miami, Florida and elsewhere in the United States.

When dealing with terrorists and rioters, Civiletti has rigorously upheld the "Levi Guidelines," which make it illegal for law enforcement to take preventive measures or gather intelligence until after a crime has been committed. Yet in his dealings with respectable labor leaders and politicians who pose a threat to Jimmy Carter's renomination, Civiletti's Abscam and Brilab operations employed the worst tactics of Cointelpro, the FBI counterintelligence program condemned as grossly illegal by Congress in the mid-1970s.

Entrapment, witness coercion, sweeping wiretaps, trial-by-press leaks, and political blackmail are among the tactics revealed as the basis for the Justice Department's Abscam and Brilab, now that these "sting" cases have entered public trial. Defense attorneys for political leaders indicted in Abscam in Philadelphia charged at a press conference last month that victims were selected as targets from a "hit list" drafted by Civiletti and Carter campaign staff members. They note many cases where Justice Department officials stopped the FBI from pursuing opportunities to similarly entrap supporters of President Carter.

# Vesco's link to the Carters

by Scott Thompson

Over the next few weeks at least two congressional committees will once again probe corrupt connections between fugitive financier Robert Vesco and an incumbent President. Revelations from Senate and other investigators have already substantiated illegal contributions from Vesco to White House staff members, and it is reportedly Vesco, with indicted arms smuggler Frank Terpil, who was instrumental in establishing White House connections to Libyan officials—the focus of Billygate.

Robert Vesco, a strategic pawn in the growing “Dump Carter” movement, is representative of one of the world’s dirtiest operations, involving drug running, arms smuggling, and dirty money-laundering. Each new revelation of Carter family ties to Vesco has the potential to hammer another nail into Jimmy Carter’s political coffin if it is directed toward the central crime: the political alliance of the Carter administration with the Khomeini regime and the international terrorist body, the Muslim Brotherhood.

The financial shenanigans of Billy Carter et al. are the useful, clumsy footprints of the systematic decisions made by the bipartisan U.S. foreign policy establishment to foster “New Dark Ages” regimes. This establishment, from Henry Kissinger through Zbigniew Brzezinski and William Casey, now runs all three so-called major candidates—Carter, Reagan, and Anderson.

## Damaging revelations

Over the past year, four scandals have emerged which link Robert Vesco and his associates to the Carter administration. Each is of sufficient gravity, if proven, to merit impeachment proceedings against the President.

The first was revealed by investigative reporter Jack Anderson, who charged President Carter’s confidant, Charles Kirbo, and his chief of staff, Hamilton Jordan, as conspirators in a \$10 million political fix to quash extradition proceedings against Vesco in exchange for this sum in stock being transferred to administration officials. Among the evidence revealed by Anderson



was a note from Jimmy Carter to then Attorney Griffin Bell which read: “Please see Spencer Lee from Albany [Georgia] when he requests an appointment.”

In a grand jury probe of this affair, Spencer Lee IV, a long-time crony of Hamilton Jordan who was appointed by Carter to the judicial nominating committee, admitted that he received a \$10,000 retainer from Vesco. According to Anderson, the Securities and Exchange Commission also established that Lee and his confederates had actually received the \$10 million in stolen stock certificates intended to buy off the White House. Despite the revelations, there were no indictments by the grand jury, whose foreman, Ralph E. Ulmer, repeatedly requested that he be relieved in a letter charging “duplicity,” “manipulation” and “coverup.”

In a July 27 column, Evans and Novak reported new evidence in this scandal, charging that Edward Bennett Williams, a former member of the Democratic National Committee and of the elite President’s Foreign Intelligence Board, actually arranged for a telephone conversation between Vesco and Ham Jordan to negotiate the terms of a fix. Williams, who in his career as an attorney has represented everyone from Sen. Joseph McCarthy to Teamster boss Jimmy Hoffa—and, most recently, the White House in a threatened suit against Jack Anderson—was just named chairman of the committee to draft a new Democratic Party presidential candidate.

As the grand jury probe of this alleged political payoff scheme was drawing to a close, Bob Collins, an investigative reporter with the Camden, New Jersey *Courier Post*, revealed a second major scandal in a May 1980 series. According to Collins, the Justice Department under Attorney General Benjamin Civiletti had developed a plan codenamed “Operation Kingfish” to kidnap and possibly kill Robert Vesco. Elements of this top-secret plot to silence Vesco were subsequently confirmed by Arthur Nehrbass, special agent in charge of the FBI’s Miami, Fla. office, and by David Valente, an FBI undercover operative who allegedly threatened reporter Collins’ life if he wrote the story.

## The Billy Carter connection

Perhaps the most damaging revelation thus far came out in a seven-page memorandum from Vesco to Senate Judiciary Committee investigators working for Sens. Orrin Hatch (R-Utah) and Dennis DeConcini (D-Ariz.) which stated that Vesco was responsible for establishing Billy Carter’s first ties to Libyan officials. According to polygraph-verified statements Vesco made in the presence of the two Senators, Hamilton Jordan and Democratic National Chairman John White were also involved in Vesco’s efforts to arrange delivery of eight embargoed C-130 cargo planes to Libya.

According to FBI informants whose statements have been partially corroborated by tape transcripts and

photographic surveillance, Vesco established contact with Chairman White through Texas political power-broker James Day. In several meetings, payoffs to White were discussed by Day and Vesco. While no evidence exists that money was actually paid to White, the FBI photographed him keeping a rendezvous with Mansur Rashid Kikhia, the Libyan representative to the U.N. Later, according to Day, Hamilton Jordan traveled to Texas to meet with him on the question of the embargoed aircraft.

According to Senator DeConcini, "Vesco says his motive in getting the Libyans to pay Billy Carter is vengeance toward this administration. . . . [Mr. Vesco] takes credit for orchestrating the entire matter—for authorizing, suggesting or recommending that the Libyans pay him."

Vesco also told the senators that he was responsible for arranging the \$220,000 "loan" the Libyans paid to Billy Carter and that he had also made arrangements for Billy Carter to act as broker for Libyan oil. As part of the outcome of this collaboration, Vesco states that he obtained the release of two embargoed 727s which were later used to fly military equipment by the Qaddafi regime to Idi Amin.

Perhaps the most interesting part in the Vesco-Billygate connection was played by indicted gun-smuggler Frank Terpil, a crony of Vesco's who was photographed sitting next to Billy Carter at a pilot meeting of the Libya-Arab-Georgia Friendship Association, a meeting also attended by Ahmed al-Shahati, head of the Libyan Liaison Office. A few months later Terpil was arrested in New York for selling 10,000 Sten machine guns to New York police posing as Latin American "revolutionaries." At the trial, Terpil's attorney told news media that he would prove that Billy Carter worked with Terpil in Libya, specifically referring to attempts to secure release of the C-130s for which the Libyans offered an \$8 million commission.

Terpil, who has maintained relations with British, Israeli, and U.S. intelligence, has reportedly sold \$2.5 million in arms to Libya; and he had also been a major supplier of torture instruments, sophisticated assassination devices and other terrorist weaponry to Uganda's Idi Amin. Frank Terpil has trained terrorists inside Libya, including, according to his own boasts, the infamous "Carlos."

### **Who is Robert Vesco?**

Robert Vesco, the son of an Italian immigrant auto worker from Detroit, rose within seven years, beginning in 1965, to control International Overseas Service (IOS) with assets estimated at over \$1 billion.

IOS had been founded by Bernie Cornfeld under the sponsorship of Paris-based Zionist lobby leader Ed-

mond de Rothschild; under Cornfeld IOS became a vast international dirty money laundry which interfaced with Israeli mafia leader Meyer Lansky, drug-running and casino gambling operations in the "Silver Triangle" of the Caribbean, and the Banque de Crédit Internationale run by the chief of logistics and finance for the Israeli Mossad, Tibor Rosenbaum.

Vesco himself had gotten his start in "international high finance" with backing from Edmond de Rothschild, who provided him with several millions in loans to purchase International Controls Corporation, Vesco's first base of operations. In 1969 Vesco attempted to further expand his conglomerate through the takeover of Geneva's Exchange and Investment Bank, which New York City investigations at the time showed had received over \$2 million in deposits a week in narcotics and gambling receipts from Lansky operatives in Nassau and Miami.

In the early 1970s Bernie Cornfeld's financial legerdemain had drawn the attention of U.S. Securities and Exchange Commission officials and of the Brazilian government, which discovered after one raid on an IOS office that the firm had conduited tens of millions of dollars in hot money from investors seeking to avoid taxes.

At this point the Rothschilds and such IOS board members as Sir Kenneth Keith of Hill Samuel determined that a cosmetic change of leadership was in order. As a result, Vesco was virtually handed control of IOS, which he bought with a \$5 million loan from IOS itself!

After securing control of IOS through a series of contrived financial crises, Vesco began asset-stripping on such a grand scale that he touched off an international financial panic, which was precisely what his Anglo-Zionist sponsors wanted. In 1969 the Geneva syndicate had been credited with pumping nearly \$800 million of foreign investment into the United States. Under threat of an IOS collapse, President Richard Nixon capitulated to demands from Friedmanite monetarists to adopt "Phase I-IV" austerity measures.

One of the people who made possible Vesco's plundering of IOS was William Casey, currently chief of staff of the Reagan campaign, who at the time chaired the SEC. In 1968 IOS had bought a third of Casey's firm, Multiponics, Inc., which subsequently went bankrupt, leading to multimillion-dollar lawsuits against Casey. In aides-memoire, Vesco informed Casey that his "fraudulent misrepresentations" of the firm had violated the 1933 Securities Act—a blackmail tactic that secured Casey's rubberstamp of Vesco's own manipulations and ultimately led to Casey's dismissal as SEC chairman.

It is estimated that Vesco siphoned some \$200

million in assets out of IOS before Edmond de Rothschild ordered him jailed in 1972. Some of this money was invested in the Resorts International casino on Paradise Island in the Caribbean, where Vesco fled after his release. Several law enforcement sources have confirmed that the extensive trade in cocaine and marijuana in the Caribbean "Silver Triangle" has been controlled by Vesco since he took up residence in Costa Rica and the Bahamas.

Another venture that Vesco pursued with his IOS plunder was an attempted takeover of Intra-Bank, which controlled the Casino du Liban, Middle East Airlines, and 45 subsidiaries concentrated in Lebanon, Egypt and Libya. More importantly, the Drug Enforcement Agency and other law enforcement investigators pinpointed Intra-Bank as a major factor in illegal narcotics and contraband weapons trafficking to the Middle East, working in collaboration with the terrorist networks of the Muslim Brotherhood. Brotherhood-controlled factions of the Palestine Liberation Organization reportedly were funded by skimming from the Casino du Liban, while extensive arms shipments were arranged by such figures as Frank Terpil of Billygate notoriety.

## Carter's man in the Democratic Party on the take?

by Barbara Dreyfuss

John White, Chairman of the Democratic National Committee, accepted massive amounts of money from fugitive financier Robert Vesco in return for using his influence in the White House, an FBI informer charged in an interview this week with the Swedish newspaper *Expressen*. James Feeney, a New York businessman who said he was working with the FBI, declared that Vesco was bribing White with money from the Libyans, in exchange for his help in persuading President Carter to release eight Hercules C-130s and a number of Boeing 747s that had been sold to Libya but not delivered.

Feeney declared that he had presented evidence, including tapes and photos, to the Justice Department, but that Assistant Attorney General Phillip Heymann was sitting on the case. Now, in the context of revelations that even Attorney General Benjamin Civiletti has been covering up for White House activities, Justice Department officials may be forced to pursue the White investigation.

According to FBI-man Feeney, he acted as the go-between for Vesco and former Texas State Representative James Day, White's close associate. Day made the contact for Vesco with John White. In an interview with the *New York Times* on September 30, 1979, Day admitted meeting with Vesco, and negotiating with the Libyan government, though he denied the two were related. White, in turn, admitted meeting with Day, whom he says asked for White's help in getting a meeting with President Carter for the Libyan Ambassador to the United Nations, Mansur Kikhia. White did not set up a meeting with Carter; instead, according to Justice Department sources, he himself met with Kikhia. The Justice Department is reported to have photographed the meeting.

*Expressen* quotes Feeney in part as follows.

"I and Robert Vesco are the only people besides the FBI and the Justice Department's own investigators that know the whole story.

"I've known Vesco for years. We had the same bank and the same lawyer in Geneva before he left the country. . . .

"At the end of 1978, I was contacted in New York by a broker I know . . . Jim Brewer. . . . He told me that a former Texas senator [sic], Jim Day, needed \$50,000 in order to get John White to influence President Carter so that Libya could get eight Hercules C-130s and a number of Boeing 747s.

"He said that there was big money to be made. Vesco, a good friend of the Libyans, guaranteed that they would pay \$15 million to get the plane deal through. . . .

"I was supposed to get 20 percent if I could get John White to take a bribe.

Jimmy Day and Mark Wollenhaus were in charge of the Washington office and I was in charge of the New York office. . . . I reported to the Libyan embassy.

"Our budget was \$1.5 million. According to the contract we signed, \$500,000 was to be delivered to Nassau, i.e., Vesco's company, Mexical . . . \$100,000 was to go to a certain group in the White House, etc.

"Jim Day explained that John White needed the money since he was going to resign as party chairman after the 1980 elections and run for mayor of Austin, Texas.

"The public relations firm would give him around \$100,000 a year for the coming 15 to 20 years.

"I gave the FBI a copy of the contract . . . At the end of last summer I noticed that the investigation was being wound up. The prosecutor, McNamara, suddenly disappeared to a job in Texas and in comes a man [to replace him—ed.] with good contacts to the Democratic Party, Raymond Levettes.

"I complained to the FBI. . . . Everything came to a halt at the desk of Assistant Attorney General Philip B. Heymann, who had decided that the crimes we were investigating were of a civil nature, not criminal.

"When I was called before a jury in Denver together with two co-defendants, I demanded to be able to use the tapes I had recorded, the photos that FBI agents had taken of me, White and Libyans whom we met, as evidence. . . . Judge Silver declared that none of that material had anything to do with my case. . . . All the evidence I have to prove that I was working for the FBI was confiscated by the court."

*Expressen* reports that the FBI in New York confirmed by telephone that Feeney was working for the FBI and that he gave them material. The FBI declined to make any further comment. It is now reported that Birch Bayh's office in Washington has informed Feeney's lawyers that Feeney will be called in as a witness before the "Billygate committee."

### **White's record as Party chairman**

If it should turn out that John White is guilty as Feeney charges, few people who know him in the Democratic Party would be surprised, because of the way White has abused his position on behalf of the Carters and flaunted party rules.

White has been a leading force in the Carter campaign's effort to overturn the rules that have governed the Democratic Party for generations. In 1978 White led a drive to change those Democratic Party procedures. Now White is attempting to force the party convention to endorse rules such as 11-H (the rule binding convention delegates to the candidate they were originally pledged to) which are entirely at odds with previous party policy.

Although White, as party chairman, is supposed to be a neutral official, helping all Democrats win elective office, White has turned the Democratic National Committee headquarters into an extension of the Carter/Mondale campaign. Much of the staff personnel travel between both organizations.

White established a plumbers unit, headed up by Les Francis. This unit has redeployed former officials in the Carter/Mondale apparatus into state Democratic parties in order to coordinate state party activity on behalf of Carter's electoral objectives. State party chairmen, at a meeting last month in New York, denounced White's and Francis's activities.

In 1977, White was handpicked to head the DNC by his mentor, Robert Strauss, now chairman of the Carter/Mondale campaign. Recently he told Democratic leaders that no one who opposes the Carter administration will be allowed to address the Democratic Party convention.

# The MSA: a front for terrorism

by Nancy Coker

The Muslim Brotherhood, whose members have been responsible for at least four assassinations and attempted assassinations of Arab and Iranian leaders in the last two weeks, has been given free rein to operate in the United States by the Carter administration.

The Muslim Brotherhood, a semisecret organization of Islamic fundamentalist fanatics who orchestrated the Khomeini coup in Iran, has been allowed to operate in the United States through the little-known Muslim Students Association (MSA). Under the cover of the MSA, the Muslim Brotherhood has set up a vast network involved in gun-running, dirty money laundering, and guerrilla training within the United States.

This support apparatus for international terrorism has not only been tolerated by the Carter administration, which is fully briefed on its activities, but the State Department, the National Security Council, and the Justice Department have also repeatedly intervened to protect Muslim Brotherhood members from prosecution for their crimes.

Elements of this terrorist support apparatus include:

- the North American Islamic Trust, ostensibly the business arm of the MSA, which launders tens of millions of dollars annually for Muslim Brotherhood use through channels known to be linked to drug trafficking;
- several business fronts, such as the Islamic Book Service, Salam Agricultural Company, and Sun Systems;
- centers such as the Islamic Teaching Center in Indianapolis, Indiana, for the indoctrination of Arab youth and black American prisoners in Islamic fanaticism.

Over a month after the ban on American visas to Iranian nationals went into effect, two top-level Iranian government officials—Jamshid Hakju, the governor of West Azerbaijan, and Mozaffar Partowmah, an adviser to President Abolhassan Bani-Sadr—entered the United States to attend a May 23-27 conference of the Muslim





*Inset: David Belfield.  
Nazarian's business front.  
Photo: NSIPS.*

Students Association in Oxford, Ohio. Observers at this conference report that it was here that the first plans were laid for the wave of assassinations now taking place in the United States and abroad.

When the Immigration and Naturalization Service was notified about the illegal entry of these two Iranians into the United States, the INS attempted to conduct an investigation. However, the Justice Department under Attorney General Benjamin Civiletti intervened to stop the investigation the INS had initiated.

### **What is the MSA?**

The MSA, which has its headquarters in Plainfield, Indiana, was founded in the United States in 1963. Within three years, the MSA was taken over by a clique of hard-core members of the Muslim Brotherhood who were in exile from Arab countries where their terrorism and subversion had made them outlaws.

Indoctrinated by the Muslim Brotherhood fanatics, members of the MSA's Persian Speaking Group have supplied the secular leadership of the Khomeini regime in Iran. The founding MSA members are Ibrahim Yazdi and Mustafa Chamran, the former foreign minister and current head of Iranian intelligence (Savama), respectively. Yet another member of the MSA Persian Speaking Group is Sadegh Ghotbzadeh, the current foreign minister of Iran.

Ghotbzadeh was conveniently in transit through Paris two weeks ago when Iranian Muslim Brotherhood networks made their recent unsuccessful assassination attempt against former Prime Minister Bakhtiar.

The present head of the Washington, D.C., branch of the MSA is Abdullah Nahidian, the son of Bahram Nahidian, who is the Washington station chief of the Savama. According to U.S. intelligence sources, Bahram Nahidian also serves as the go-between for the Carter administration to Ayatollah Beheshti, head of

the Islamic Republican Party, to consolidate a "deal" the gives the Muslim Brotherhood license to assassinate anti-Khomeini leaders in exchange for releasing the American hostages on the eve of the Democratic Party Convention.

It is via the MSA, over which Bahram and Abdullah Nahidian exert operational control, that many of the terrorists who will carry out the Carter-sanctioned assassinations have been recruited and trained. The first installment on this "deal" occurred July 22 when Bahram Nahidian arranged the murder of Ali Tabatabai, head of the anti-Khomeini Iranian Freedom Foundation; bodyguard David Belfield (aka Daoud Salahuddin), is accused of carrying out the murder.

### **Cyrus Hashemi: the moneyman**

According to well-placed Iranian sources, funds for the recent terrorist acts of Nahidian were laundered through drug-connected dirty money channels passing from Iran, to the Caribbean, to Paris, and finally, to the United States. Overseeing this was Dr. Cyrus Hashemi, an unofficial economic adviser to Bani-Sadr and one of Nahidian's controllers. With his brother Reza, Cyrus Hashemi runs the U.S. subsidiary of the First Gulf Bank and Trust, Ltd. at 9 West 57th Street in New York.

The headquarters of First Gulf Bank is on the island of Anguilla in the West Indies. Seized by Great Britain shortly after its independence, Anguilla is today a center for offshore banking, dirty money laundering, and casino gambling.

Cyrus Hashemi has admitted to *Executive Intelligence Review* that he conduited money from Iran and that he is closely associated with members of the Muslim Students Association. The First Gulf Bank and Trust is currently permitted to operate in the United States without being registered with any state or federal agency, even after all Iranian assets have been blocked.

## Winning over the Black Muslims

Through Abdullah Nahidian in particular, the MSA has acted to win over sections of the Black Muslim community in the United States. The MSA has been most successful with the Hanafi Muslim sect that invaded the Washington, D.C. headquarters of B'nai B'rith in 1977.

The MSA has also attempted to infiltrate and subvert Wallace Deen Muhammad's World Community of Al-Islam in the West, using networks involved in the assassination of Malcolm X.

One of the primary vehicles for recruiting American Black Muslims into MSA ranks is the MSA's Islamic Teaching Center in Indianapolis, Indiana. According to the director of the ITC's Department of Correctional Facilities, John Sullivan, the MSA is running its prison recruitment drive with cooperation from the Justice Department's Federal Bureau of Prisons.

"If the Bureau of Prisons has any problems, any questions about anything to do with Muslims or Islam, the first thing they do is call us at the MSA," Sullivan has stated. Through its computer, the ITC maintains dossiers on hundreds of ex-prisoners "for job placement purposes."

## Training an army

In 1976, the MSA purchased an abandoned farm near Plainview, Indiana for \$375,000. One source familiar with this remote campsite told investigators: "You could train an army there."

That is precisely what the MSA and its Muslim Brotherhood controllers are doing. For several years a group calling itself the Concerned Citizens of Hendricks County has sought unsuccessfully to have the MSA expelled by federal and local authorities for that reason.

"At first we didn't care," said a spokesman for the Concerned Citizens group. "But then a reporter for the *Indianapolis News* told us that they were trying to establish a shooting range there! We made some phone calls to investigate, and we found that some of the people who set up the center had been involved in violence in Missouri."

Despite a court action brought against the MSA, reports to federal authorities, and other measures, Concerned Citizens has been unable to halt the paramilitary training of foreign nationals in Plainfield. "We tried a federal suit to stop them," said a member of the Concerned Citizens group, "but everything we do tends to get squelched. Somebody, somewhere, at high levels of our government, doesn't want this exposed. They are stopping us."

It was to 3,000 MSA members at the 18th annual

MSA convention in Oxford, Ohio, in May 1980 that Iranian officials Jamshid Hakju and Mozaffar Partowmah were allowed to make a rabidly pro-Khomeini pitch after they had entered the United States illegally. Hakju stressed to MSA members that "the revolution in Iran is only the beginning . . . the goal of the revolution is to establish Muslim rule on this earth."

## The inner core

Extensive documentary evidence on the secret inner workings of the MSA now in the possession of *Executive Intelligence Review* refers throughout to the MSA as an arm of the Muslim Brotherhood. In these documents, MSA leaders draw no distinction whatsoever between the two organizations. The MSA is but a thinly veiled disguise for the Brotherhood, which is known internationally as an outlaw terrorist organization.

Members of the Muslim Brotherhood who had seized control of the MSA by 1966 include:

*Mahmoud Rashdan*, MSA secretary general;

*Mahmoud Abu Saud*, known to MSA and Muslim Brotherhood insiders as the "financial genius" behind their elaborate money-laundering schemes;

*Ahmed Elkadi*, Abu Saud's son-in-law and partner in his dirty money operations;

*Ismail Faruqi* of Temple University;

*Mohammed Shamma*;

*Altijani Abu Jederi*;

*Anis Ahmed*;

*Jamal Barzinji*; and

*Hisham al-Taleb*.

"Their takeover of the MSA was very subtle, very deliberate," said one well-placed source. "They insinuated themselves into the ranks of the leadership. Their mafia made several trips to the Middle East for money. First, they floated a company in Cincinnati, and Mohammed Shamma went to Saudi Arabia to get cash. He would discuss their intended political and 'cultural' activities, and then he would say something like, 'And, you know, we also have a private company.'"

The private companies would then launder the funds.

Documents show that since the Carter administration took office, this Muslim Brotherhood mafia has been especially successful in building a multimillion dollar network of businesses, research centers, and training camps to support its international assassinations and terrorism. Evidence in the documents shows further that the National Security Council is aware of these fronts and of their function.

## The international trade center

One of the most blatant links between the MSA and the Carter Administration are plans now in the *Execu-*

*tive Intelligence Review's* possession for an International Trade Center drafted by Abu Saud for the North American Islamic Trust, the financial arm of the MSA. Abu Saud, a member of the Muslim Brotherhood, is a former financial adviser to Libya once imprisoned in Egypt for his treasonous activities.

In his plan for NAIT, Saud proposes building an International Trade Center at 125th Street in Harlem, New York. Although NAIT and Abu Saud's role are now hidden, the U.S. government recently made a grant of \$40 million—\$20 million more than the budget estimated by Abu Saud—for its construction.

Attached to the plan is a letter from Harlem Congressman Charles Rangel to President Carter which states: "As we discussed during our meeting on March 8th [1978], the concept of an International Trade Center in Harlem can form the catalyst for a new development in American international affairs. . . . I am convinced that the Center should be established in Harlem as a public facility, such as the one in New Orleans. . . ."

"The International Trade Center will involve a broad range of participants from American international business firms. It is imperative these firms share your understanding of the implications of the program for American international business firms. It is imperative these firms share your understanding of the implications of the program for American minorities and Third World nations. The project will also need the continued advice and counsel from the administration, and the direct participation of Ambassador Young and Secretaries Krepps and Vance. With support and assistance from you and your administration, I am sure the project can become a reality."

Apart from Carter's munificent backing of a plan drafted by the MSA's "financial genius," it is most interesting that the model chosen for the International Trade Center in Harlem is that in New Orleans. Clay Shaw, the former head of the New Orleans ITC, was indicted by District Attorney James Garrison for his alleged involvement in the assassination of President John F. Kennedy.

The New Orleans ITC was identified by French intelligence as a subsidiary of Permindex, which they charged with responsibility for over 30 assassination attempts made against French President Charles de Gaulle. Associates of Clay Shaw reportedly conduited \$150,000 to the Secret Army Organization (OAS), which has been closely linked to Muslim Brotherhood networks via Jacques Soustelle, for this purpose.

Prince Gutierrez Spadafora, the agriculture minister of the Mussolini government and the sponsor of Billy Carter's Italian contact points to the Libyan government, is a member of the board of directors of Permindex.

In addition to its substantial role in major international assassinations, the New Orleans Trade Center founded by Clay Shaw has provided a model for over 50 such projects around the world. These Trade Centers not only provide the basis for massive real estate boondoggles, but their computerized monitoring of global transportation is believed by some experts to form the nerve center for controlling the flow of the \$200 billion annual flow of narcotics. The individuals and financial institutions connected to Clay Shaw and his prototype Trade Center have repeatedly been shown to be involved in drug trafficking and dirty money laundering.

Other MSA business entities include:

- Salam Agricultural Co., which was incorporated in May 1975 in Humansville, Missouri, and is today located in Marshfield. The president of this firm is Ahmed Elkadi, a close friend of former Iranian Foreign Minister Ibrahim Yazdi, and the treasurer is his father-in-law, Abu Saud, who once described his job with the MSA as "manipulating currency."

Abu Saud's manipulations are quite revealing, not to mention illegal. Extensive evidence exists confirming Abu Saud's money-laundering and accounts juggling activities, including his illegal drafting of letters in the names of others "authorizing" the transfer of funds out of company coffers and into personal accounts for use in Muslim Brotherhood "special operations" worldwide. Millions of untraceable—and usually untaxable—dollars are transferred periodically through the various MSA-Brotherhood accounts, both here and abroad, and through secret foundations and Swiss banks.

- Sun Systems, located in Eureka, Illinois, deals in solar heating systems and components. Abu Saud made a bid to take over this firm for the MSA/Muslim Brotherhood by manipulating the company's credit. At the time of the takeover bid, Sun Systems was in the process of negotiating a \$250,000 loan from the government.

- Islamic Book Service in Plainfield, which is fully controlled by the MSA.

- American Trust Publications in Indianapolis.
- Square Deal Laundry in Springfield, Missouri.
- International Graphics Printing Service in Brentwood, Maryland.

- Solemar Company in Springfield, Missouri.

- The Cultural Society in Indianapolis.

- MSA Islamic Services in Toronto, Canada.

These are only a few of the companies in which the MSA is known to have a controlling interest through its North American Islamic Trust.

One key money-laundering conduit is through Megal Watch, SA, located at 5 Place de La Gare in Bienne, Switzerland, where Abu Saud has again been

located as a former principal. Documents from one brief period show M. Mekki, the president of the company, transferred more than \$50,000 to Abu Saud, who turned the money over to his son-in-law Elkadi and the MSA. Letters show that these funds originated among underground members of the Muslim Brotherhood in Saudi Arabia and Egypt.

The Muslim Brotherhood has managed to dupe many Arab governments that would otherwise jail its members into making large contributions by using the Muslim Students Association as its cover. In 1979, for example, a source close to MSA leaders reports that the Association received an \$8 million contribution from the state of Qatar in the Persian Gulf.

### **The documentation center**

The Muslim Brotherhood is by no means located solely in the United States, although the Carter administration has provided it with its most sheltered base in this country. The Brotherhood is a transnational, secret society with an assassination capability that functions very much like the Sicilian Mafia and Chinese Triad gangs.

Proof of this is provided by the Islamic Documentation Center, a top-secret project of the Brotherhood run under cover of the MSA. In 1976-1977 an estimated \$3 million of MSA-laundered funds were sunk into this project with the bulk of the money conduited through Youssef Nada, an operative of the Muslim Brotherhood based in Switzerland.

Nada was also present at a secret meeting that European intelligence sources report was held in Toledo, Ohio, on September 1, 1975. The meeting was attended by Jamal Barzinji, Mohammed Shamma, and Abu Saud from the MSA. Minutes obtained of this planning session for creation of the Islamic Documentation Center state: "Project to be completely secret. Middle-Eastern governments would put Muslim Brothers in prison."

The Documentation Center's heart is a \$2 million computer into which everything that was ever written on the Muslim Brotherhood is to be entered. One planning document states:

It was agreed upon that the Center will start its work by collecting all available data concerning the Muslim Brotherhood Movement (M.B.) of Egypt. The M.B. is the leading movement in the Islamic world and the one which deserves immediate attention in view of the biased and mutilated information that has been published since 1952.

... It is of extreme importance to underline the fact that all the expenses—from the outset of the Center—must be met by a relatively fixed income emanating from some secured investment

of available funds. . . . It is feared that [failure to do this] . . . would lead to dangerous consequences as the information may be squandered and may land in the hands of antagonistic groups, who would misuse it and/or violently fall back on the source of the information.

It is believed that the Documentation Center is located somewhere in the Indianapolis area. However, its agents have gone underground since its initial planning.

European sources report that the MSA/Muslim Brotherhood's Documentation Center is closely interlocked with the International Documentation Center in Madrid, Spain, which is run by Archduke Otto von Hapsburg, head of the Pan-European Union.

U.S. intelligence sources have discovered the Hapsburg operation to have been the staging ground for a series of top-secret meetings between the leaders of international fascist groups before a mass outbreak of terrorism and assassinations in 1977 about the time that the MSA's Documentation Center is believed to have begun limited operations. Among the incidents linked to this international terrorist wave was the bombing of an Air Cubana flight and an attempted overthrow of the Karamanlis government in Greece.

### **Patrons and protectors**

That the MSA exists, and thrives, in this country is no accident. The MSA has made some very powerful friends.

One of them is Sen. Thomas Eagleton, Democrat from Missouri, who has periodically stepped in to "pull some strings" with the Department of Immigration and Naturalization in order to prevent MSA leaders from being deported. According to sources close to Eagleton, the senator has solved immigration problems for several MSA leaders, including Abu Saud.

Another "friend of the MSA" is Professor Richard Mitchell of the University of Michigan in Ann Arbor. Author of the book *The Society of Muslim Brothers*, Mitchell has been working closely with the MSA for years, meeting privately with the leadership to plan his deployments into the Islamic world and propagating the lie that science and technology are anathema to Islam. The MSA arranged for and funded the translation of Mitchell's book into Arabic for dissemination of brotherhood propaganda throughout the Arab world. Mitchell, who fancies himself an "honorary member of the Muslim Brotherhood," has spoken at MSA events.

Internationally, the MSA coordinates closely with a large number of Muslim Brotherhood fronts, such as the Muslim Institute for Research and Planning in Berks, England; the Islamic Foundation, in Leicester, England; and the Institute for Islamic Studies in Geneva, Switzerland.

# How Carter and Brzezinski played the Islamic card

by Judith Wyer

Not long after the 1976 inauguration of Jimmy Carter, the White House and the State Department began to set the stage for the Islamic revolution in Iran which brought the theocratic Ayatollah Khomeini to power. The revolution in Iran was a predetermined component of the Carter administration's foreign and economic policy.

That policy is defined by a series of documents published two years ago by the prestigious New York Council on Foreign Relations entitled the Project 1980s Studies. The project's directorship included a number of Carter administration advisers and cabinet members, including Cyrus Vance and Zbigniew Brzezinski. The policy as it relates to Iran and the Mideast had two primary strategic features.

The first was to use the Islamic revolution as the global "shock" to trigger what the CFR called "controlled disintegration" of the world economy primarily through the chaos in the international oil and monetary markets caused by the Iranian revolution.

Numerous elite planning centers—which include the Colorado-based Aspen Institute; the CFR's mother organization, the London Royal Institute for International Affairs; and its sister, the Institute for International Strategic Studies.

Second, the Islamic revolution was designed to trigger the spread of "Islamic fundamentalism" throughout the Muslim world. A wave of such instability, emanating from Iran, was the basis of Zbigniew Brzezinski's so-called arc of crisis policy, by which the Soviet Union's southern flank would be engulfed in Muslim insurgencies.

## Undermining American allies

But the immediate target of the operation was *not* the Soviet Union. It was the policymakers in West Germany, France and Japan referred to with alarm in the Project 1980s documents as "neo-mercantilists," referring to their commitment to an aggressive industrial expansion policy. Oil-supply strangulation was intended to undercut the Franco-German-led European Monetary System's leverage in world trade and invest-

ment, while the "Bernard Lewis Plan" subverted their potential partners among oil-producing nations. "Limits to growth" would be imposed where none had existed.

A primary function of the Khomeini revolution as an asset of Anglo-American intelligence is the spreading of tribal, religious and sectarian strife throughout the Middle East and Muslim world, as prescribed by the 1970s "Bernard Lewis Plan" for balkanizing these areas. The aim is to eliminate national sovereignty of the Muslim nations, as a regional correlative of the controlled disintegration policy of the CFR.

As *EIR* has documented, the overthrow of the Shah of Iran was an included feature of the Camp David agreements between Egypt and Israel. On the one hand, the Khomeini regime is seen as the centerpiece for spreading Islamic fanaticism and extremism through the clandestine Muslim Brotherhood to challenge the sovereign governments of the Muslim world. On the other, the unified Egypt-Israel military capability facilitated under Camp David, in tandem with the U.S. Rapid Deployment Force and new U.S. bases in the region, are to provide a military capability to intervene into any "area of instability." As many Washington insiders know, a primary aim of the Islamic Card policy is the combined U.S., Egyptian, and Israeli military takeover of the Persian Gulf oilfields.

It is this strategic policy which has motivated the Carter administration's consistent support for the evil Muslim Brotherhood and the Khomeini regime. Below is a summary of the evidence *EIR* has assembled over recent years.

One of the first foreign initiatives taken by the new Carter administration was to unleash a full-scale human rights campaign against the Shah's regime. This move, which received wide publicity from the international media, triggered a number of British intelligence-run "human rights" organizations including the Bertrand Russell Peace Foundation, Amnesty International, the Transnational Institute, and the Institute for Policy Studies into a concerted action to organize inside and outside Iran the opposition to the Shah.

## Ramsey Clark's 'human rights' game

A central figure in this operation was former Attorney General Ramsey Clark, who to this day remains an official White House liaison to Iran. Clark's former deputy attorney general, Warren Christopher, then number-two man under Secretary of State Cyrus Vance, also coordinated the drive to oust the Shah. So did Amnesty International adviser and Princeton University Professor Richard Falk, himself a contributor to the Project 1980s Studies.

An on-the-ground capability was provided by the British Broadcasting System, whose militant Persian

language programming was central in manipulating pro-Khomeini sentiment in Iran. The BBC began to broadcast anti-Shah reportage. Under these circumstances, the Shah acceded to Washington's demand to "liberalize" his rule, and allowed internal opposition groups to come together with Khomeini's network of Shi'ite mullahs.

Controlling the masses of peasants and slumdwellers that made up the ranks of the anti-Shah demonstrators, the mullahs in turn were part of the Muslim Brotherhood, a clandestine movement founded and backed by British intelligence since the 1920s through such figures as Sir John Bagot, Glubb Pasha, Faris Glubb, Robert Swann and Lord Caradon.

September 1978 marked the turning point in the uprising against the Pahlavi dynasty with the first major violent encounter between pro-Khomeini street demonstrators and the military during a bloody showdown known as "Black Friday." The Shah responded by installing a military government. In his last interview before his death, the Shah told the *Washington Post* in June that it was Washington which restrained him from using the full force of his military against the insurgents.

During the months leading up to Khomeini's February takeover, Carter had appointed George Ball to lead a special interdepartmental team on the Iranian crisis and Persian Gulf security. Included in that team were a number of U.S. "academics," including the University of Chicago's Professor Marvin Zonis, the University of Pittsburgh's Richard Cottom, and Prof. James Bill of the University of Texas. These were the very "Iran experts" who were known supporters of the revolution against the Shah. They associated themselves with the Boston-based Iran Society, a small group of Iranians and Iranologists who were central in creating and spreading revolutionary ideology among the thousands of Iranian students studying in the United States, many of whom became Khomeini operatives.

### **The NATO connection**

In the last days of the revolution in February 1979, following the exile of the Shah, the Carter administration deployed NATO deputy commander U.S. Air Force General Robert Huyser to Iran. Huyser's assignment was to keep the military from exercising its full force under Prime Minister Shahpour Bakhtiar and quashing the revolution.

Huyser plotted with a clique of Iranian generals to bring Khomeini to power in Iran. The key figures in this conspiracy were the then chief of staff General Gharabaghi, Air Force General Rabii, Admiral Kamal Habibollahi, the Commander of the Imperial Navy, and General Hussein Fardoust, the former deputy director

of Savak. Other military figures collaborated with Huyser only to find themselves later doublecrossed by Khomeini, who ordered many of them, including General Rabii, to face execution by firing squad. But Gharabaghi remains to this day a top adviser to Khomeini, and Fardoust and Habibollahi are still leading Khomeini's secret police, Savama.

It was Gharabaghi who most closely worked with Huyser to undermine an alliance between Bakhtiar and Khomeini's newly appointed Prime Minister Mehdi Bazargan. Through General Rabii, Huyser and Gharabaghi set into motion an insurrection at the Qar-e Firuzeh Air Base south of Teheran which triggered mass violence in Teheran and led to the ouster of Bakhtiar. As pro-Khomeini mobs took over Teheran, Gharabaghi, in close collaboration with Huyser, ordered the Iranian military back to the barracks and the Khomeini takeover was complete.

During the period leading up to Bakhtiar's ouster, Ramsey Clark personally led mass demonstrations through the streets of Teheran clamoring for Khomeini. At the same time Richard Falk, Zonis, Cottam and others maintained direct communication with the Khomeini entourage near Paris.

The time between the February Khomeini takeover and the Nov. 4 seizure of the U.S. embassy in Teheran, the U.S. continued to supply arms and spare parts to the Khomeini regime as it unleashed a savage policy of repression and political executions. According to Iranian sources, these arms shipments still secretly continue to this day through Italian conduits. The U.S. as well was recently reported by Washington sources to be supplying the Khomeini regime with badly needed spare parts for its oil refinery to insure adequate fuel for the winter, as a means of averting mass action against Khomeini.

*EIR* also learned that Georgetown University Professor Thomas Ricks, a member of the Iran Society, was acting as an intelligence liaison between the Pentagon and the Islamic Republic. The State Department official who headed the Iran working group was also reported by numerous sources to have been in collusion with Iranian supporters of the Khomeini regime.

At the same time, The Voice of Free Iran reported this summer that Ramsey Clark's widely publicized "illegal" visit to Iran earlier this year was only one of many contacts Clark had with the Revolutionary Council and the Iranian Foreign Ministry through which Clark was receiving funds which were in turn supplied to dissident black groups in the U.S. It is a minority of the Black Muslim movement here which has been groomed for terrorism by the Setoudeh-Habibollahi-Nahidian nexus.

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# International Intelligence

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## ***Bangladesh to get arms from China***

The Bangladesh government is negotiating a major arms deal with China, including shipment of Chinese tanks and refurbishing of a Chinese armaments plant in Bangladesh, according to reports from Peking.

The deal is reported to be the subject of talks carried out last week between visiting President Ziaul Rahman of Bangladesh and Chinese officials.

The Bangladesh President and his Chinese hosts jointly denounced the Soviet Union and Vietnam. It is not known what the arms are for, but it has been widely reported in India that Bangladesh has served as a base for Chinese armed and backed separatist tribal elements operating in the northeastern region of India.

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## ***French commentator warns Europe on Mideast***

Under the title "Triple Impasse," French commentator Paul-Marie de la Gorce writes in the July 30 *Le Figaro* that the "general indifference to concrete results" shown at the United Nations General Assembly session is dangerously cynical. Israeli "colonization" of the West Bank and the Knesset vote to take over Jerusalem have thrown all Camp David partners into an impasse. On the part of Israel, he states, the impasse is a deliberate move to "create a situation making impossible a negotiated settlement with her Arab neighbors, even the most moderate." U.S. policy, he adds, is at a grave impasse because all U.S. policymakers continue to allow Israel to implement *faits accomplis*.

Stressing with approval the French policy of seeking to open the way for a Palestinian state, de la Gorce protests that at the U.N., France and the rest of Europe "were resigned to new and interminable delays before a lasting peace can

be established. . . . The French should calculate what in fact it costs them—and what it will cost in the future—if the conflict is indefinitely prolonged." Among the costs he notes are assassinations on French soil. "At the risk of ruining remaining illusions and breaking with the precautions of protocol, it is necessary to tell the truth here: under the conditions prevailing today, new explosions in the Middle East are absolutely inevitable. . . . There can be nothing more urgent than for responsible nations to quickly impose a solution."

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## ***Terrorists said to target Schmidt***

West German officials fear a new terrorist wave, with Chancellor Helmut Schmidt potentially a target, reported the weekly *Der Spiegel* July 28.

The police began speculating that Baader-Meinhof terrorists are planning assassinations of state leaders when the bodies of two top terrorists were found in an automobile accident in the state of Baden-Württemberg July 25.

The car was driven by Juliane Plambeck, who was wanted for complicity in the assassinations of banker Jürgen Ponto, Christian Democratic leader Peter Lorenz, state prosecutor Siegfried Buback, industrialist Hanns-Martin Schleyer, and others. In the car the police found ammunition, explosives and documents that suggested the terrorists were on their way to a hit.

The veracity of the *Der Spiegel* account has been denied by West Germany's federal criminal intelligence bureau, the Bundeskriminalamt (BKA), but security has been strengthened for Chancellor Schmidt and other top West German officials.

The two most wanted members of the Baader-Meinhof, who have been reported to be staying in an unspecified "Arab country," have just returned to West Germany. Already, in Tuscany, the two daughters and nephew of a leading West

German journalist, Dieter Kronzucker, were kidnapped, reportedly by a joint group of German terrorists and Sardinian-Sicilian Mafia, the first time tourists have been targeted in this way by terrorists.

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## ***Cossiga off the hook for now***

The Italian parliament decided to drop charges against Prime Minister Francesco Cossiga in a special joint session of the two houses July 27. Cossiga had been accused of helping a terrorist to escape, the son of Christian Democratic Senator Carlo Donat-Cattin, his factional ally.

This was the first time in Italian post-war history that a Prime Minister has faced the possibility of impeachment in constitutional court.

The London *Guardian* commented in an editorial July 29 that Cossiga's acquittal will by no means be the end of the problem, since Italy's ruling families are all implicated in terrorism. Donat-Cattin told the press that he knows of 41 sons, daughters and other relatives of senior politicians who are terrorists like his son. "The whole affair has furnished a daunting reminder," wrote the *Guardian*, "of the problems which Italian governments will continue to face with terrorist groups long after Mr. Cossiga's personal difficulties are forgotten and in particular of the extent to which Italian terrorism has become an industry widely practiced by the ruling class."

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## ***Fidel Castro picks up 'fundamentalist card'***

Speaking last Monday at the anniversary celebration of the 1953 attack on the Moncada fortress in Cuba, Fidel Castro called on Christians and Marxist-Leninists to form a "strategic alliance." Ana-



lysts assume Castro was referring to the "Christian-Marxist dialogue" promoted by such Jesuit-run radicals as Mexico's "Red Bishop" Méndez Arceo. Castro added that Christianity was originally "the religion of the poor because it was based on profoundly human precepts." If all religions were to adopt that spirit, Castro continued, "socialism, communism, and Christianity would gain a great deal."

Castro made his statements shortly after returning from a conference in Nicaragua held to celebrate the first anniversary of the fall of the Somoza regime. Referencing the Nicaraguan revolution, and the violent situations in El Salvador and Guatemala, Castro risked a potentially Iran-scale fundamentalist scenario by noting that there is only one road for Latin America to follow to achieve its liberation: "that of revolution . . . of armed revolutionary struggle." It is statements of this kind that can be expected to fuel predictions by both Zbigniew Brzezinski and Ronald Reagan of an "arc of crisis" in the Caribbean and Central America.

### ***A military side to Soviet satellite***

The U.S.S.R. may be testing a new space satellite which would have the ability to destroy a Western spacecraft—and make the destruction look like an accident—according to a recent report by the London *Daily Telegraph's* science correspondent.

On three recent occasions, the Soviets have used their powerful Proton rocket (indicating a heavy payload) to launch two spacecraft that remained in space for only one or two orbits before returning to earth. The launches were so timed that recovery of the spacecraft took place at dawn.

For the first time since the beginning of the Soviet space program more than 20 years ago, information from spacecraft is being radioed back to earth in code to prevent Western analysts from

interpreting the relayed data.

The supposition is that such a satellite could be made to explode near a Western spacecraft in the period when it was out of touch with American tracking stations. The Western craft could thus be destroyed without leaving any evidence of Soviet responsibility, according to the *Telegraph*.

### ***New attack on Vietnam in the works?***

Thailand's foreign minister, Siddhi Swet-sila, and former Cambodian prime minister Son Sann were in Peking this week. There are strong indications that they were planning a renewed military attack on Vietnam. The *Far Eastern Economic Review* reports that the Chinese are pressuring Cambodian Prince Sihanouk to take the leadership of a Khmer united front consisting of Pol Pot and Son Sann gangs. So far, Sihanouk has resisted. Meanwhile, the Thais have renewed hostilities by cutting off border transit with Laos and threatening Khmer Rouge infiltration into Cambodia under cover of relief supplies.

This week *Die Welt's* Peking correspondent, Herbert Kremp, interviewed the Chinese deputy foreign minister, Zhang Wenjin, who openly stated that Peking does not rule out the possibility that a "violation" of the Thai border by Vietnamese soldiers could lead to a second Chinese attack on Vietnam. The first came in early 1979. Zhang adds: "It primarily depends on two points. First, the intensity of the use of force by the Vietnamese; second, on the desires of the Thai government; and third, on our resources and available means." Zhang gave the example of the Korean and Sino-Indian wars, commenting that China will not "cry out loudly" or "raise a hue and cry over what we will do before we act." Using the Indian example, he says: "When our patience was exhausted, we acted, and the Indians suffered a fatal blow."

## ***Briefly***

● **DEFENSE SPENDING** in Japan will increase only 9.7 percent this year, according to an agreement reached this week between the Finance Ministry and the Defense Agency. The increase, which is even smaller when inflation is taken into account, is far below the commitment made under Carter administration pressure by Prime Minister Masayoshi Ohira before his death last June.

● **HANS-DIETRICH Genscher**, West German foreign minister, announced July 31 after discussions in Bonn between Chancellor Schmidt and Jordan's King Hussein that West Germany will support a Euro-Arab ministers' conference before the end of the year to define a strategy for Third World development.

● **AYATOLLAH BEHESHTI** is an agent of British intelligence, said the French *Journal du Dimanche* July 27, referring to the hardline fundamentalist associate of Ayatollah Khomeini. The newspaper pointed out that British intelligence has had a strong hand in Iran for years, including a capability to manipulate fundamentalist mullahs. Isn't it strange that British property interests in Iran have been left untouched? the *Journal* asked.

● **MARSHALL GOLDMAN**, leading Harvard University Sovietologist, told *EIR* this week that "we would love it" if the U.S.S.R. invaded Sinkiang and Manchuria in response to a Chinese move into Vietnam. "China would swallow up the Soviets."

● **SIMON WIESENTHAL**, director of the Vienna-based Documentation Center, which traces participants in the Nazi slaughter of Jews, has called for the release of former Nazi leader Rudolf Hess from Berlin's Spandau Prison on medical grounds. Wiesenthal made the call in an interview in the West German edition of *Playboy*.

## Dangerous gamble on Polish unrest

by Rachel Douglas

Some geopolitical strategists in London and elsewhere have decided to goad the Soviet Union at a most inopportune moment and in a most sensitive place: Warsaw Treaty Organization member Poland. They are claiming that a wave of strikes in Poland this month, which occurred after a steep rise in meat prices, means the time is ripe for profound reforms and political changes in that country—and that the U.S.S.R. is too stung by world protests against its Afghanistan intervention to react.

The plan enunciated in the current issue of the London *Economist* is extremely dangerous. If the Soviet Union was touchy about the destabilization of Afghanistan on its southern border seven months ago, it will hardly remain calm when Poland is shaken.

The editors of the *Economist* and the political and banking circles behind them know this perfectly well. They are aiming to provoke a violent Soviet response to unrest in Poland! A Russian military move to save the leadership of Edward Gierek would blow to smithereens the dialogue continental Western European leaders have opened with Moscow for the sake of saving *détente*.

It would also be a likely trigger for world war. European leaders, including West German Chancellor Helmut Schmidt, have voiced concern in the past that a destabilization in Eastern Europe could have results far more serious than anything else short of Chinese armies marching into Siberia.

The *Economist* is very specific in its prescription for Poland. The Poles, it recommends, should proceed with

“a new realism,” “burrowing away the ground” below the ruling party structure. The *Economist* forecasts, and urges, the institutionalization of the “groups of genuine workers’ representatives” born during this month’s strikes into a trade union system that could bargain with the authorities. Furthermore, the press should be uncensored—“let liberalism be regularized.”

The *Economist*’s prescription for Poland is the “Yugoslav model”—political liberalization and “workers’ self-management” within the strictures of an economic crisis, leading to membership in the International Monetary Fund or submission to IMF-style economic conditionalities imposed by Western banks directly.

The *Economist* is not presenting an abstract scenario. There is a group of dissidents in Poland, known as the Workers Defense Committee (KOR, for the Polish initials), which is trying to make the current strikes into a lasting movement. The KOR has been the main source of Western reports on the unrest. Its leaders, Jacek Kuron and Adam Michnik, are closely tied to British university and London-based émigré circles. Its members make contacts in struck plants and attempt to incorporate them into a nationwide network.

In the Polish government and press, too, British networks have gone into action. A July 5 editorial by Mieczyslaw Rakowski, head of the liberal weekly paper *Polityka*, regretted that Polish society “has still not been psychologically conditioned to make sacrifices,” in effect appealing to the Polish social science community to launch a large-scale campaign to accomplish this goal.



*Poland's agricultural backwardness created the destabilization potential.*

Photo: Sygma.

The social sciences in Poland are presided over by Academician Jan Szczepanski, an associate of London's Tavistock Institute.

### **Economic pressure**

The immediate cause of the strikes in Poland was a hike in meat prices instituted July 1, although the government had predicted months earlier that the hike would be necessary, in order to reduce the government subsidy of meat prices. In 1976, when a 50 to 70 percent increase in the artificially low prices on meat and sugar was attempted, workers tore up train tracks and sacked an official building in one city.

This year, the government could not postpone the decision. The state budget was strained to the breaking point by the combined pressures of a negative growth year for the economy in 1979, a hard currency debt payments schedule of close to \$7 billion in 1980 (70 percent of export earnings), and the latest in a long string of crop shortfalls necessitating the purchase of grain from overseas. The chronic problems of the farm sector, which is made up of small, privately owned farms with backward technology, were compounded by bad weather, as they will be again this year because of heavy rains and flooding.

Some of Poland's international creditors are putting the squeeze on just as the leadership attempts to cope with the strikes. Poland has been unable to obtain a \$500 million loan on the Euromarket from a consortium of British and American banks. The negotiations are

stymied not only over the amount and rate for the loan, but because the lenders are demanding access to more information on the Polish economy than ever before released, a foot in the door to exacting IMF-style conditionalities.

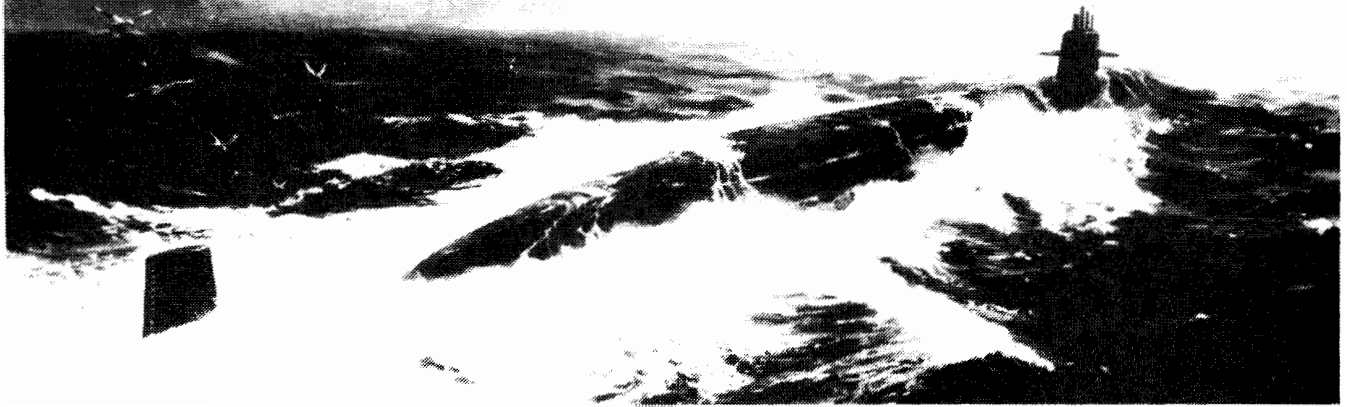
The Poles have, however, secured nearly half a billion dollars in government credit guarantees from West Germany, earmarked for new machinery imports, not refinancing. Reportedly, they also quietly refinanced a \$312 million French export credit. The continental European governments clearly know that stability in Poland is worth a price.

The most severe strike, which tied up the city of Lublin for four days, was settled with a 10 percent raise for transport workers, the group which had led the walkout and demanded compensation for the higher cost of meat. As sporadic walkouts continued in other parts of the country last week, party chief Gierek toured the Silesian coal district to rally his most reliable base of support among skilled industrial workers. Gierek appeared on television with the agriculture and retail trade ministers to discuss supply problems and policy in detail, while the party newspaper *Trybuna Ludu* called on "all patriots" to maintain "calm and order" for the sake of the nation.

The potential for destabilization is being watched very closely in Moscow. At the height of the July unrest, the Polish Politburo issued a statement that "the friends of Poland are worried," an obvious reference to the U.S.S.R. On July 28 Gierek flew to Moscow.

# Britain's rush for Trident missiles

by Susan Welsh



When British Defence Secretary Francis Pym suddenly announced in the House of Commons July 15 that his government had decided to spend £5 billion (\$11.75 billion) over the next 15 years to build up a new strategic nuclear deterrent based on the U.S. "Trident" missile, parliamentarians, journalists and defense experts jumped to their feet with indignation.

Where was the "informed public debate" the government had promised on Britain's most important military decision in 18 years, the decision of how—or whether—to replace the aging "Polaris" submarine-launched nuclear missiles?

Pym had told the French daily *Le Matin* April 1 that a decision would be made "in about six months' time. In any case, by the end of the year." Then suddenly, on the third day of French President Valéry Giscard d'Estaing's first state visit to West Germany, British Prime Minister Margaret Thatcher sent a message to President Jimmy Carter requesting favorable terms for the purchase of the Trident I missiles, for which Britain would build nuclear warheads and four submarines.

Carter agreed, to the surprise of British analysts who never believed their country would get as good a deal as it did in 1962 when President Kennedy sold Britain the "Polaris" missiles. The exact nature of U.S. pricing concessions on the Trident have not been revealed.

The decision was made without even a formal Cabinet meeting, as ministers were polled in what the London *Guardian* called "a Whitehall version of a postal ballot." Pym then announced the results in Parliament several days ahead of schedule, since the government had reason to believe that the terms of the deal were about to be leaked to the press in Washington. The Carter admini-

stration has given no account of its motives in thus seemingly betraying the confidence of a principal ally on a topic of considerable sensitivity.

The great secrecy with which London has handled this affair precludes a precise evaluation of the reasons for such haste. But the basic motivation of the Thatcher government—and of competing factions which reject the Trident decision—can be outlined.

Britain is hoping to keep its options open for exerting political leverage simultaneously with the United States, Europe, the Soviet Union and China—but in a world which in many ways is slipping out of British control. Even during the postwar period since Britain lost its empire, British "elite" families and banking houses have exercised a power in world affairs far out of proportion to their country's increasingly threadbare condition.

## Anglo-American decline

This control is now threatened by several interrelated factors. First, the consolidation of the Franco-German policy alliance that is based on the European Monetary System and is now increasingly acquiring military features.

Second, the precipitous decline of the British economy under the "fiscal conservative" policies of the Thatcher administration.

Third, the political, economic and military deterioration of the United States, the "dumb giant" through which Britannia has continued to "rule the waves" following the demise of its own imperial power.

The fact that America's decline coincides with the increasing power and self-assurance of the Soviet Union, which is pursuing a vigorous policy of indus-

trialization, scientific, technological and military development places certain British schemes in particular jeopardy at a time when the United Kingdom is weaker than ever before.

The Trident decision, therefore, was made primarily on political, not military grounds. By purchasing an American weapon system rather than opting to build one of its own, Britain seeks to continue its postwar "special relationship" with the United States. As the *Baltimore Sun* editorialized July 17, the decision "reinvigorates the Anglo-American military cooperation that grew out of World War II."

But Thatcher and Pym hastened to add that they will consult on the new "deterrent" with all the NATO allies, and Thatcher declared in Parliament that she supports the efforts of West German Chancellor Helmut Schmidt to secure arms control agreements with the Soviet Union. The *Financial Times* July 16 editorially called the Trident "a reserve for Europe" that should eventually lead to a joint nuclear force.

Finally, the government has rejected the cruise missile, the principal alternative proposal to the Trident, as the basis of its strategic "deterrent." Since many cruise missile advocates argue that Britain should adopt a strategy of "limited nuclear war," the government may use its rejection of the cruise as a bargaining chip to draw Moscow into arms control negotiations, given the fact that the Soviets view "limited nuclear war" as an insane doctrine.

Whether Thatcher herself will take this approach is not yet clear, but her Foreign Secretary, Lord Carrington, has made recent overtures in this direction. Of special concern to Britain is Soviet progress in military research and development, since a Soviet breakthrough in antiballistic missile defense would render the Trident worthless. It is precisely this area of research that Moscow is pushing most intensively.

The Trident missile has a range much greater than that of the Polaris—4,500 miles compared to 2,800. This means that British missiles would be able to reach Moscow from such locations as the Indian Ocean and the Far East—a consolidation that Britain's geopoliticians and "China-watchers" have left out of account. The U.S. naval base on British-owned Diego Garcia island in the Indian Ocean will be made available to the Trident submarines, according to the terms of the Carter-Thatcher deal.

But the most pressing concern of many British defense analysts is Europe. Columnist Peter Jenkins wrote in *The Guardian* July 16 that the only reason to keep a nuclear deterrent in the first place is that "it cannot be in our or anyone's interest for France to become the sole nuclear power in Europe while Germany is the overwhelming land power."

The Trident decision should have been delayed,

Jenkins argued, until Britain devises a foreign and military policy that will return its lost influence. "Mrs. Thatcher is absent from the top table at which Schmidt and Carter sup. They are more and more the architects of Europe's future," he said.

Many opponents of the Trident decision argue that it will inevitably lead to cutbacks in expenditures for conventional defense, including reductions in British forces in West Germany, the British Army of the Rhine (BAOR). The four British divisions in West Germany were originally deployed there on a permanent basis in 1954 to keep "German nationalism" in check, and some analysts fear that any cut in those forces will strengthen the Franco-German alliance. Col. Jonathan Alford, deputy director of the London International Institute for Strategic Studies (IISS), testified before a parliamentary committee July 9 that the expensive Trident program would make conventional force cuts inevitable. The IISS advocates either prolonging the life of the Polaris system or buying relatively inexpensive cruise missiles that would be launched from trucks or from a fleet of fast patrol boats or hovercraft. (If cruise missiles were deployed on new submarines, the total cost would be about the same as the Trident program.)

### 'Military moonshine'

Another advocate of the cruise missile, Field Marshal Lord Carver, former Chief of the Defence Staff, argued in a speech last month that it is "military moonshine" to think the Trident program could be implemented without cutting forces in Central Europe. Carver opposes the continuation of a "strategic deterrent"—forces capable of penetrating the defenses of the city of Moscow—and opts instead for deployment of the cruise missile as a theater nuclear weapon.

The Thatcher government tried to placate such critics by announcing that £1.3 billion in new equipment is being ordered for the Army, including new tanks and armored personnel carriers for the Rhine Army. A new armored regiment will be added to the BAOR, by reintroducing 60 tanks that were withdrawn from service two years ago because of power shortages. The fanfare with which this new allocation was announced—the day before the Trident decision—obscured the fact that plans to equip the Rhine Army with a new model of main battle tank, the MBT-80, had been scrapped in favor of the current Challenger model.

Such financial constraints cut even deeper than the Trident's critics admit, in view of the decimation of Britain's industrial plant and equipment and the falling skill levels of its workforce. As it is, there is some doubt as to whether British shipyards will be capable of producing the Trident submarine at all—and an "all-British" system like a submarine-launched cruise missile may well have proved completely unfeasible.

# Indian leaders on alert

by Paul Zykofsky

Speaking before the Indian parliament last week, Prime Minister Indira Gandhi called on the "great powers to act with the responsibility that their military capabilities enjoin upon them."

"They cannot afford to make errors of judgment or act rashly," the Prime Minister said.

Mrs. Gandhi was clearly referring to the Indian fear of a U.S.-Soviet confrontation sparked out of the crises in Afghanistan and in Southeast Asia. The Indian perception is based on the emergence of a U.S.-Chinese alliance as an immediate strategic threat to India: particularly the Chinese role in fueling antigovernment insurgency in northeast India and the open Chinese control over the Pakistani and Bangladesh governments. This Sino-centered threat was referred to by Mrs. Gandhi, who said that "destabilizing developments which have taken place in Southeast and Southwest Asia have also brought the menace of confrontation closer to us."

## French consultations

On the global threat Mrs. Gandhi remarked that: "There does not seem to be a single country which feels certain about its own future." When French President Valéry Giscard d'Estaing visited India this past January, shortly after Mrs. Gandhi returned to power, an agreement was made to maintain close consultations between the two governments. A special envoy of the French President arrived in the capital this past weekend. It is believed he will brief the Indian government on the recent series of meetings between European and Soviet leaders.

In her speech Mrs. Gandhi also referred to Pakistan, India's enemy in three previous wars and now closely aligned with the Peking regime. She expressed grave concern over reported efforts by Pakistan to manufacture a nuclear bomb. "We are aware of the serious implications of Pakistan acquiring this capability," she said.

Mrs. Gandhi pointed out that during the Defense Ministry budget debate a couple of members of parliament had strongly advocated that India should have an atom bomb. The prime minister reiterated India's commitment to peaceful use of nuclear energy: "at the same time we must do everything possible to enable our scien-

tists to gather knowledge and experience."

She then posed the question whether possession of one or a few atom bombs would alone deter conflict.

The significance of Pakistan's role in the region was driven home a day earlier by Foreign Minister Narasimha Rao. Speaking to the parliament, Rao warned that despite Washington's denial of a military alliance with China, during the recent meetings between Carter and Chinese premier Hua Guofeng the two countries had spoken of "a common strategic assessment." Rao added that India believes the supply of U.S. and Chinese arms to Pakistan and the new U.S. commitment to supply military hardware to China will have serious implications.

## Visit from Pakistan

Rao's statements came just one day after a three-day visit to India by Pakistani Foreign Minister Aga Shahi. Shahi's July 15-18 visit, ended on a sour note when Foreign Minister Rao objected to Shahi's proposal for mutual military force reductions as well as his open discussion of the security concerns of other countries in the region, and the Kashmir issue. Rao conveyed to him that these issues should be tackled bilaterally before being given public expression. Shahi's statements were viewed here as an attempt to signal India's other neighbors to raise similar demands. In this context, Indian Information and Broadcasting Minister Vasant Sathe told a gathering in the capital last week that the disturbances in India's northeastern region were part of "a well-planned conspiracy by major powers operating close to our borders." Pointing to both the continued U.S. military buildup in Diego Garcia and the Indian Ocean as well as the seizure by the government of Chinese-made antitank weapons in the ravaged northeastern state of Tripura, Sathe stated: "We are concerned because the net is being drawn closer around us."

The "well-planned strategy" is composed of two parts, he said. "First, to wreck the northeastern region; then, to eventually bring about a dismemberment of the entire country." While in other countries the major powers have destabilized governments to bring in "their puppets," Sathe indicated that in India the aim is more obvious. "They have been infiltrating their agents into educational institutions, into the government, and capturing the press. The game of takeover by the army may not succeed in a vast country like India. The strategy here is to blow up nonissues beyond all proportion and foment disaffection, encourage divisive tendencies to bring about India's disintegration."

"The aim has always been to divert the attention of the people from the basic issues of economic revival," Sathe concluded.

# 'Cocaine coup' in Bolivia

by Mark Sonnenblick

The military takeover that Bolivia suffered July 17 signals the transformation of Bolivia from an impoverished mining and agricultural nation into a major, reliable supplier of raw cocaine for the \$200 billion per year narcotics cartel known as Dope, Inc.

According to data supplied by the U.S. Drug Enforcement Agency and other sources, Bolivia already produces 100 tons per year of raw cocaine, most of which is refined in Colombia into the white powder that appears on American streets. The Bolivian cut is about \$1 billion.

Ex-president Hernán Siles Zuazo declared, from a clandestine retreat, that "the real objectives of the pseudo-government of [military junta chieftain General Luis] García Meza are to go on looting the country and, without any constraints, protect interests linked to the monstrous drug traffic which has made Bolivia into an international menace. . . .

The coup took no one, least of all the Carter administration, by surprise. It was widely known that the military is so corrupted by the drug mafia that it would not permit Siles Zuazo to be reelected in congressional balloting August 4 with the support of deputy Marcelo Quiroga Santa Cruz, who has been running a congressional inquest into military corruption.

Quiroga was recognized and separated from the 30 leaders at the national labor headquarters who were arrested by plainclothes soldiers on coup day, hours before the tanks rolled up to the presidential palace. He was summarily machine-gunned on the spot. An estimated 200 to 1,000 potential opponents arrested in a similar manner have "disappeared," and, as in neighboring Chile and Argentina, are reportedly being tortured. Such systematic repression and murder has not been seen in Bolivia in this century. Customarily the losing faction is allowed to slip into exile, since the victors expect they will soon need the same privilege.

## The cocaine business

Bolivia, due to inadequate investment in mining, petroleum and other industries, approached bankruptcy in 1978. As in Peru, Colombia, Guyana and Jamaica, the World Bank and the International Monetary Fund,

with the blessing of the Carter administration, played midwives so that Bolivia was "born again" as a mere drug plantation. The World Bank's International Trade and Monetary Flow Department head for Latin America, John Holdson, revealed its plans in a Sept. 8, 1978 *EIR* interview:

"I've just returned from Bolivia, and I know that the coca industry there is highly advantageous to producers. In fact, from their point of view, they simply couldn't find a better product. Its advantages are that no elaborate technology is required, no hybrid seeds; the land and the climate are perfect."

The plan worked. According to the Spanish news agency EFE, in 1979 Bolivia's cocaine exports rose by 380 percent! (Agence France Presse reports a 2,000 percent increase over the last three years.)

Bolivia's role in the centrally controlled world drug trade is limited to being the number-one producer of raw cocaine. The green leaves from 25,000 acres of coca bushes grown legally are illegally condensed in primitive "kitchens" into "base" powder, almost all of which is shipped to Colombian laboratories for final refinement into cocaine powder.

So much cocaine comes through the town of Montero that it is called "the white city." At least one transshipment point on the Bolivia-Peru border (Cachica) is kept off limits to authorities of both nations by a private army.

Bolivia sells itself cheap. Its cut of the \$25 billion its crude cocaine would fetch in Main Street U.S.A. retail markets is only \$1 billion. But that is more than the \$777 million the IMF reports the country earned from all its legal exports last year.

U.S. DEA officials and a few patriotic policemen have sought to restrain the traffic, but for every kilo they find, an estimated 300 kilos elude them. A plane belonging to former president General Hugo Banzer's top aide was found in April with 1,500 pounds of cocaine base on board. But two weeks before the coup, a Falangist mob judiciously sacked the prefecture in the drug capital, Santa Cruz, and put the records and evidence of drug trafficking to the torch.

When presented by *EIR* with evidence that the Bolivian coup was linked to drugs, the State Department angrily responded that it was "pure speculation. . . . We have no hard information on Bolivian drug traffic." The State Department has issued hypocritical wails of "extreme disapproval" of the "savage violations of human rights" and has suspended \$8 million worth of military credits and some economic credits. However, it appears that until the cocaine market is smashed in the United States, only a regime which guarantees "free enterprise" to Dope, Inc. will survive in Bolivia.

## **López Portillo travels south**

*The Mexican president is engaging in Latin American diplomacy to try to stabilize that chaotic continent. He proposes joint development projects as his central strategy.*

**P**resident José López Portillo left Mexico earlier this week on a ten-day diplomatic trip. He will make visits to five Central and Latin American countries, including Cuba.

As the Mexican President himself explained, the objective of the trip is to contribute to the stability of the volatile area south of Mexico by initiating concrete economic development projects in the region.

There are two areas that López Portillo is especially concerned about, according to high-level administration sources: the Central American tinderbox, which over the past year has reached the boiling point of virtual civil war and which now threatens to spill over into Mexico itself; and the Southern Cone, long a bastion of military dictatorships and potential military conflict.

After a brief stopover in Panama, the Mexican president arrived in Brazil on July 27. High Mexican officials are known to be seriously concerned about the recently consummated economic and political "marriage" between Brazil and Argentina. They fear that, with the blessing of the Reagan camp in the U.S., it will solidify into a hard-line alliance of reactionary dictatorships, with an eye on spreading its influence throughout the continent.

In Brazil, López Portillo sought to open other avenues for that nation by proposing extensive bilateral economic cooperation in such

areas as sulfur processing, petroleum and mining iron ore.

The final communiqué of the talks includes a provision for an increase of Mexican exports of oil to Brazil from 20,000 barrels per day to 50,000 barrels per day by 1981—indicating that the talks were at least partially successful. But the Mexican president also endorsed Brazil's economically suicidal synthetic gasohol program when he reported that "this topic will be particularly important in our conversations and accords." Brazil's gasohol program is modeled on similar synthetic resource projects pioneered in Nazi Germany.

Outside of Cuba, perhaps the most significant stop in López Portillo's itinerary will be in the Central American nation of Costa Rica. Here the Mexican president will announce a long-awaited Mexican-Venezuelan plan to jointly supply oil to all of Central America, with preferential credit terms.

López Portillo's thinking on this count is to try to stabilize Central America—where Mexico has vital strategic interests, and which is increasingly engulfed in civil wars. The approach is to relieve some of the economic pressure created by the region's growing oil import bill.

But the proposal is actually a long-standing American Trojan horse, conduited through the Brzezinski-allied government of Vene-

zuela, to try to embroil Mexico in a multilateral plan to "stabilize" Central America—in alliance with Venezuela and the United States.

López Portillo's acquiescence to this scheme was all the more surprising to knowledgeable observers in light of Mexico's privately expressed distaste for Venezuela's overall role in the international energy debate.

Some observers have reported to *EIR* that, back in 1978 when Venezuela's President Carlos Andrés Pérez proposed to the annual OPEC meeting that a fund be created to recycle petrodollars into Third World debt repayment, Mexican officials responded privately to the plan with the most extreme hostility. Sarcastic comments abounded in Mexico at the time regarding Pérez's lack of sophistication in matters of international finance.

Now the tables have been turned.

Mexico's pronounced concern over Central American stability is being successfully manipulated in order to set up a regional bandaid operation which would essentially be a foot in the door to subjecting Mexico's sovereign oil decisions to a multilateral compact.

A more frank and revealing version of this same energy plan was presented earlier this month to a Washington meeting of the Mexican-American Chamber of Commerce by New Mexico's Sen. Peter Domenici.

Domenici called for Mexico, Canada, and the U.S. to unite around "the implementation of a program of energy aid to the countries of Central America," arguing that they all have a common interest in the area.



## Mossad and Iran at work in Lebanon

*Assassinations and warfare are geared to prevent formation of a new, potentially stabilizing, government in Beirut.*

**T**he newest round of unrest in Lebanon has to a significant extent been the product of an unusual new alliance in that country.

For the past weeks, the Lebanese Shiite Al-Amal paramilitary organization, which maintains close ties to and receives funding from the Khomeini regime in Iran, has been collaborating with Israel's Mossad intelligence service to sabotage efforts to stabilize Lebanon.

The Amal-Israeli cooperation first surfaced in early June, when reports began to flow from southern Lebanon that the Shiite group had made a policy turn *against* the Palestine Liberation Organization and *toward* the Israeli-backed breakaway Falangist leader Col. Saad Haddad.

More than once during that period, Israeli reconnaissance and bombing raids into Lebanon were accompanied by Amal-led Shiite demonstrations against Palestinian population concentrations.

The fruits of that earlier collaboration have been manifest in developments in Lebanon over the past week.

On July 25, Lebanese Press Association head Riad Taha was assassinated. Prior to his assassination, rumors had spread throughout Lebanon that Taha, a Shiite himself, had drawn the ire of the Amal group by refusing to endorse their policies.

At his funeral, Amal-provoked fighting broke out between the

Shiite militias and militia groups close to the Iraqi Ba'ath Socialist Party. Fourteen people were killed in the bloody encounters, and the reverberations of the fighting made most Lebanese observers very pessimistic about the chances of putting together a new government.

Three days later, a leader of the pro-Iraq Ba'ath Party in Lebanon, Moussa Sahib, was murdered in Beirut. All signs pointed to Al-Amal responsibility for the shooting. Within moments after the incident, a shooting war broke out in Beirut between Al-Amal units and Ba'athists.

Again, the victim of this chaos was the negotiations to form a new government.

Recently, President Elias Sarkis had named Takhieddine Solh, a former prime minister, as premier-designate, and talks had been initiated with Lebanon's many rival factions to fill the vacuum left by the earlier resignation of Prime Minister Selim el-Hoss.

Solh had been considered a viable choice; aside from being a veteran politician with ties to both Muslim and Christian political camps, he is on good terms with the powerful Arab countries to Lebanon's east, Syria and Iraq.

Potentially hopeful as the selection of Solh may have been, chances that a new government will be formed now look bleak.

Israel's actions over the past days have contributed to making

these chances even bleaker.

Reports have been filtering from southern Lebanon that Israeli armed forces units have been substantially stepping up their activities in that region.

Beirut sources are apprehensive that these activities presage a new major Israeli invasion of Lebanon, and point to the growing adventurism of Israel's Begin government as a sign that something portentous is in the works.

The spreading rumor of imminent Israeli action have fed the expansionist appetites of a powerful wing of the Lebanese Falange Party. This faction wants to consolidate the hegemony over areas of Lebanon accomplished by the bloody July 7 military conquest of the rival National Liberal Party. This faction's next goal is direct military showdown with the Palestine Liberation Organization militias in Lebanon. It is known to be seeking military and logistical support from Israel.

The Israeli-Falange connection has drawn a response from PLO leader Yasser Arafat, who has ordered PLO units to be put on alert.

Fearful of unrest in Lebanon, Syria has put its peacekeeping units in Lebanon on special alert status, too. The rightist Lebanese press is reporting that Syria is in the process of concretizing a broad-ranging defense alliance.

Chaos in Lebanon could engulf Syria and Iraq into the maelstrom. Notably, these are the two countries hit by Iran-backed Muslim Brotherhood destabilizations and assassinations. Israel and Iran's Amal puppets may seem like strange bedfellows, but they are certainly working for the same end.

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# National News

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## GOP powwows with Jackson supporters

Republican presidential nominee Ronald Reagan held an extensive foreign policy meeting July 28 in Los Angeles with members of the "hard-line" Committee on the Present Danger (CPD). Those present included Eugene Rostow and Paul Nitze, who are also members of the Coalition for a Democratic Majority and top supporters of a presidential bid by Washington Democratic Senator Henry Jackson.

Rostow and other CPDeers reportedly told Reagan that the United States must have "an unquestioned second-strike capability."

Also present were Reagan's Sinophilic senior foreign policy adviser, Richard Allen, and military adviser Fred Iklé, an advocate of limited nuclear war.

Mr. Rostow, who recently joined the Committee for an Open Convention to promote Jackson's candidacy, told Reagan he is "pleased by both the tone and the substance" of the Republican Party's 1980 platform, and indicated he is keeping all his options open.

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## League of Women Voters shapes campaign debate

The League of Women Voters has appointed a special panel to decide the criteria for determining which presidential candidates will be invited to participate this fall in its nationally televised debates. Headed by former HUD Secretary Carla Hills and Newton Minow, Federal Communications Commissioner under President Kennedy, the committee is to report to the League's board of trustees Aug. 9. The League will not announce its list of candidates until after the Democratic Convention, however.

Sponsored by the nominally non-partisan League, the debates are the brainchild of the Aspen Institute and

Twentieth Century Fund, two think tanks which have been instrumental in divesting U.S. political campaigns of political substance.

The two collaborated recently on a project on the media's role in the presidential selection process and recommended elimination of the federal law providing equal time for candidates on national broadcasts.

The League's debate committee is composed primarily of individuals affiliated with Aspen and the Fund, including Aspen chairman Robert O. Anderson, Aspen executive Douglass Cater, co-chairman of the Aspen-Twentieth Century project Lee Mitchell, and James Barber of Duke University, who directs a new Center for Communications Policy aimed at training journalists how to increase their influence over politics.

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## House Dems defend grain embargo

A bipartisan effort in the House of Representatives to overturn President Carter's embargo on exports of U.S. grain to the Soviet Union was defeated July 23 at the hands of powerful House Democrats led by majority leader Jim Wright of Texas, Agriculture Committee chairman Foley of Washington, and Foreign Affairs Committee chairman Clement Zablocki.

Congressmen led by Iowa Democrat Tom Harkin and the rest of the Iowa delegation proposed an amendment to the State, Justice and Commerce Departments' funding authorization bill that would have withdrawn funds for enforcement of the embargo, which began in January. "The grain embargo has not worked," said Harkin. "It has leaked like a sieve." Meanwhile, Harkin declared, U.S. farm income has plunged and the country is on the verge of "economic suicide." The amendment was defeated 279-135.

In a second attempt, Representative Thomas Coleman (R-Mo.) proposed that enforcement funds be cut off unless

the President reestablished the embargo by Oct. 1 on the grounds of national security. It too was defeated. Less than a month ago, President Carter formally granted the giant grain trading companies' overseas branches approval to sell foreign grain to the Soviets.

In arguing against the amendments, Zablocki said that interfering with the embargo would give the impression of "a weak-kneed America" to the Russians. Agriculture Committee chairman Foley called the effort to dismantle the embargo a "fraud on farmers of this country."

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## Carter campaign makes legal error

A political tract prepared by the Democratic National Committee to discredit John B. Anderson is being distributed to federal employees by Carter administration officials in violation of federal election law, according to an Associated Press story last week.

Federal campaign law prohibits the distribution of political literature advocating the election or defeat of any candidate unless the document states who paid for it.

AP was told that middle-level federal employees were given copies and told to feel free to make photocopies and pass them along to colleagues.

Democratic spokesman Robert Newman, who acknowledged that the material was prepared by the National Committee with the aid of the Carter-Mondale reelection committee, said it was intended as an "internal document" only and characterized the lack of the legally required disclaimer as an "error."

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## Federal attorney charged with 'conspiracy'

Connecticut Citizens for LaRouche chairman George Geller has charged that state's U.S. Attorney Richard Blu-

## Briefly

menthal with taking part in a "nation-wide conspiracy against organized labor," according to a July 24 article in the *New Haven Register*.

The Connecticut daily reports that "Geller said the scope of the investigations leading to the indictment of Albert Inorio of Laborers Local 475 was 'so massive' it indicates that 'if the government wants to make a case against someone and is willing to commit money and manhours, they can get you.'"

"Also citing grand jury investigations of Operating Engineers Local 478, Geller said the Justice Department's commitment is to go after labor leaders nationwide to find convictable offenses.

"The Carter policy of credit restriction and no nuclear power has meant widespread opposition to the President's reelection from organized labor and urban political machines," Geller charged. "In response, his Justice Department is probing and indicting every labor leader it can get its hands on. . . ." Geller said, "In every case of the Abscam investigations," another part of the alleged conspiracy, "the victim was a political powerbroker traditionally allied with the labor movement."

### Justice Department role in Tennessee riots?

The U.S. Justice Department is implicated in the recent racial violence in Chattanooga, Tenn., according to *EIR's* special weekly publication *Investigative Leads*. The Justice Department has worked through its Community Relations Service division, which has sponsored a Black United Front coalition of "not nonviolent" militants there.

In April the riot potential began with a shotgun assault on a group of black women by the head of the Chattanooga Justice Knights of the Ku Klux Klan, William Church, and two of his followers. The three were immediately arrested by local police.

Tensions turned to riot potential when they were acquitted, despite having

been identified as involved in the shooting. The same method was used to spark the riots in Miami, Florida.

Twenty-four hours later, Jesse Jackson, a federally funded national black leader, and several specialists from the Justice Department's Community Relations Service arrived to begin "crisis mediation" talks with local police and community leaders. An agreement was reached to contain the rioting to a single area of the city, with a tight ring of police and local residents supervising the perimeters.

This arrangement failed to cool the rioting, but it gave the Justice Department a chance to set up local self-policing under crisis conditions. According to *Investigative Leads*, the department's goal is to use racial disturbances as a pretext for imposing federal control on local police agencies and weaken state and city political machines.

### Reagan: 'bind the Democratic Convention'

Republican presidential nominee Ronald Reagan told a Los Angeles press conference July 28 that "freeing the delegates to the Democratic National Convention to vote for the nominee of their choice would be unfair to voters who participated in the Democratic primaries."

"It's easy enough to talk about freeing the convention," Reagan said, but those who would do so "ignore one fact. These delegates were chosen in primaries. When you free the delegates, what you are in effect saying is that the people who voted that way have lost their franchise."

Washington sources suggest that Mr. Reagan's sudden pious regard for the "tradition" of Democratic binding rules—which were jerry-rigged by Jimmy Carter's Democratic National Committee in 1978 and have never been voted up by the party as law—have to do with the fact that Mr. Reagan very much wants Mr. Carter as his opponent. Bound delegates would ensure that situation.

● **HENRY JACKSON** met with Ted Kennedy this week to discuss the prospects for an open convention. Sources close to Kennedy who regard Jackson very highly hope a deal can be struck for a Jackson-Kennedy ticket. Kennedy also met secretly with Walter Mondale at the home of New Jersey Governor Brendan Byrne.

● **LYNDON LAROCHE** gave the first of four nationwide pre-convention TV broadcasts the evening of Aug. 1, with a half-hour policy statement on CBS. LaRouche stressed the need for a President who, in the Franklin Delano Roosevelt tradition, can genuinely present national problems to the citizenry and hammer out solutions with them. The broadcast also featured American Agricultural Movement president Marvin Meeks' explanation of why farmers' prosperity is in the consumer's interest.

● **PRESIDENT CARTER** told a group of 20 congressmen this week that if they do not want him to help them campaign he will stay away from their electoral activity. All he asks in return is that they give him the Democratic nomination.

● **FORMER SDS** leader Kirkpatrick Sale, author of the book *The Southern Rim*, a polemic against Sunbelt conservatives, is now backing his former nemesis Ronald Reagan. Sale told the Toronto conference of the World Futures Society last week that Sale's soulmates will be part of any Reagan administration. He lauded John McClaughry, a member of the Institute for Liberty and Community, and a Reagan adviser, as an example.

● **EDMUND MUSKIE** should replace Jimmy Carter as the Democrats' 1980 nominee, editorialized the July 29 *London Times*.

## Democrats revolt against the President

by Vin Berg and Kathy Burdman

The movement to save the Democratic Party from Jimmy Carter has not quite reached juggernaut proportions—but nearly so. That movement has been developing on two parallel levels.

For weeks, a grassroots push by farmers and labor leaders at the state and local level has been building in every region of the country toward an open convention to deny the President the nomination. This farmer-labor alliance is of the sort that used to dominate the Democratic Party, and the catalytic role has been played by Lyndon LaRouche. In the process, LaRouche, a dark-horse Democratic contender, has become an increasing factor in “alternative candidate” considerations.

Most recently, seizing the opportunity presented by “Billygate,” the powerbroker level of Democratic Party officialdom has begun to move strongly for an open convention, with the same objective: dump Carter.

Barring an abrupt reversal in the current trend, Jimmy Carter will be denied the Democratic nomination for a second term at the Democratic National Convention.

### A sure loser

The fact is that Carter would lose the November election—badly. Harris polls in the past week gave Ronald Reagan a two-to-one victory over the President, who drew Carter an “all time low” job rating from the voters: 77 percent negative on overall performance, and an 86-89 percent thumbs-down on specific issues like inflation and the economy. Yet another Harris poll projected a Republican sweep of both houses of Congress. Internal polling of AFL-CIO members indicates

that up to 50 percent would vote for Reagan on an “anyone but Carter” basis if Carter is the nominee.

Senators, congressmen, governors and others running with a Democratic label have grown desperate; they would be sure losers under a Reagan landslide.

Then came Billygate.

On July 28, 50 congressmen, led by Michael Barnes of Maryland, called a press conference to announce their formation of a committee for an open convention. New York Governor Hugh Carey, an early proponent of that course, was joined by Connecticut Governor Ella Grasso’s open convention call July 29. A few days earlier, Congressman James Scheuer of Queens, New York, told the *Buffalo Evening News* that a movement was afoot in Congress to form a delegation to visit the Oval Office under House Majority Leader Tip O’Neill: “They could tell President Carter to abandon his candidacy and that if he doesn’t quit, they will go to the public and, in effect, seal his fate.”

The congressmen have plans to persuade delegates pledged to Carter to “absent themselves from the floor” on the first ballot, if Carter doesn’t step aside first.

On July 25, Congressman Stephen Solarz of Brooklyn, New York, announced his resignation as a Carter delegate to the convention, citing the Billygate scandal.

Kansas Governor John W. Carlin, a long-standing vehement Carter supporter, announced for the open convention at a press conference. In a separate press conference, Kansas Democratic Party chairman Larry Bengsten called for an open convention. A meeting for the state’s Carter delegation scheduled for Aug. 3 was

abruptly canceled by Carter's Kansas chiefs.

On July 31, Washington Senator Warren Magnuson joined with Scoop Jackson and Gaylord Nelson in calling for the open convention. Senate Majority leader Robert Byrd met with 15 Democratic senators, and asked each of them whether Carter could carry their states in November. Only Sam Nunn of Georgia answered in the affirmative.

### Other choices for nominee

A United Autoworkers official stated in Washington that "There is a very systematic effort underway to find a third candidate. We're starting to get calls about Billy Carter from states like Ohio where people have been completely engrossed in unemployment. This is just turning them off even more." Lane Kirkland, president of the AFL-CIO, who had promised to endorse Carter earlier in the week, is now reported to be "very much in favor of a Henry Jackson candidacy." Ed Carlough, president of the Sheet Metal Workers Union, will announce Aug. 1 the formation of "Labor Unions for an Open Convention." Carlough is a prominent Jackson supporter.

In the Congressional Black Caucus, where an open convention resolution is circulating under the signature of its leader, Rep. Augustus Hawkins, Edmund Muskie is the preferred alternative.

Meanwhile, the Committee for an Open Convention, which is composed of top Democratic financiers, industrialists and powerbrokers, held its first meeting July 24-25 in Washington under the leadership of United Artists executive Arnold Picker. The committee is now described as "40 percent Jackson, 15 percent Mondale, 5 percent Muskie, with a smattering for [Senate Majority Leader] Byrd." Sonny Harrison Dogole, a top Jackson fundraiser, has formed a draft-Jackson organization, and told the *Washington Post* that Jackson's candidacy is "a long-shot deal, but Jimmy Carter is almost unelectable now, and it will be worse yet for him after Billygate. Kennedy is unelectable, too." Picker also emphasized the need for a "third choice" in a CBS interview.

Picker's committee and the 50 congressmen who called a press conference July 28 have already merged their organizations, and set the goal of defeating Rule F(3)(c), the floor version of 1978's Rule 11-H. If passed by the convention, enough delegates would be bound to President Carter to guarantee him the nomination. With \$200,000 from Picker's group, the congressmen plan to contact each of 3,331 Democratic delegates.

### What about issues?

There is one weakness in the perspective of the Committee for an Open Convention. While they ponder

alternative candidates, they have not raised policy issues in urging the delegates to dump Carter. This opened them to attack from Carter officials as merely "a front for the Kennedy campaign."

This reflects the question raised earlier by dark-horse contender LaRouche: "On what basis is the convention to be opened? Will it be to seek a candidate who will break with Carter's disastrous policies, or merely to trade in Jimmy Carter for another Carter?" That, LaRouche has indicated, is where his efforts on behalf of a farmer-labor alliance come in.

One of the leaders in that alliance is Marvin Meek, head of the American Agricultural Movement. In a press conference in Amarillo, Texas, Meek announced that "the AAM demands an open convention" and will demonstrate outside Madison Square Garden with a tractor parade to ensure it. He added that one of the most important *issues* facing the American economy today is the Carter administration's willful destruction of agriculture through high interest rates and harmful pricing policies. "The AAM's program is for 100 percent parity"—a price that not only gives farmers a profit, but enough for reinvestment in technological improvements that can expand the food supply and bring prices down. Parity isn't just for farmers, Meek said. "The food on the average American's table depends on it."

Meek promised that the AAM would have as many as 50 tractors in New York on the convention's first day. The first twelve would "symbolize the 12 broken promises of the Carter administration" to farmers.

Carter's foreign policy was slammed in similar terms in New Orleans by candidate LaRouche, who called on the U.S. government to "dump the China card, dump [National Security Adviser] Brzezinski, and Brzezinski's 'Islamic fundamentalism' card."

The real scandal behind Billygate, LaRouche said, is that the administration has strategically misaligned the nation with the Muslim Brotherhood which controls the regimes of Libya and Iran. What is needed now, he said, is a doctrine of "strategic stability" for America, to protect the nation from "a strategic humiliation, strategic confrontation, and thermonuclear war." LaRouche proposed that the United States join with its European allies, France and West Germany, who have begun a policy of isolating the Khomeini regime in Iran and the Maoist regime in Peking in order to cool international tensions.

LaRouche attacked Carter, on the issues. He told the New Orleans press conference that the Democratic National Convention must be opened up, because if Carter is nominated "that will be the end of the Democratic Party," but also, he said with emphasis, "the end of this nation."

## The catch in synfuels

*Congress has lacked the U.S. into an energy strategy that depends on rising OPEC prices.*

A lot of Congressmen who should know better, such as Bennett Johnston of Louisiana and House Majority Leader Jim Wright of Texas, are proudly patting themselves on the back for their recent passage of what Wright called a "great stride forward," namely the Synthetic Fuels amendment to the Defense Production Act of 1950.

Randall Meyer, president of the domestic subsidiary of the world's largest oil company, Exxon, held a press conference in Houston just as the synfuels bill neared passage last month. Hailing the bill as a necessary step to reduce dependency on imported oil, Meyer projected a necessary capital expenditure of some \$3 trillion by the turn of the century in order to produce 15 million barrels per day of synthetic coal and oil shale.

As one of the key legislative architects of the bill told me in a recent conversation, the "genius" of this new legislation is its novel form: The mandate to create a national synthetic fuels industry was passed as an amendment to the Defense Production Act of the Korean war era. The amendment gives extraordinary wartime powers mandating the President to produce 500,000 barrels per day of synthetic fuels and synthetic chemical feedstocks "for national defense purposes" by 1987. The U.S. Synthetic Fuels Corporation created by the

bill is authorized to spend up to \$20 billion beginning immediately, with potential authority to draw \$68 billion more.

Under the powers of the amendment creating the Synfuels Corporation, the President now has powers to "control the general distribution of any material in the civilian market if the President finds that such material is a scarce and critical material essential to the national defense. . . ." Further, he now has the latent authority to virtually nationalize the domestic energy industry by giving the President the powers to "require the allocation of . . . supplies of materials and equipment in order to maximize domestic energy supplies . . ." from such synthetic sources.

One Congressman, concerned over the Constitutional implications of this vast authority, Rep. Ron Paul of Texas, made the following dissent: "This interest in using war power during peacetime is a corollary of the blurring of the distinction between military and nonmilitary matters. . . . As a devotee of logic and a strong military, I vigorously object to the selling of synthetic fuel programs in the name of defense."

Ironically, the backers and corporate supporters of this highly questionable diversion of natural resources and capital goods into creation of a synfuels industry are

implying that somehow the creation of a trickle of synfuels at home will make us insulated from OPEC price rises. The fact is that the United States uniquely among industrial nations has committed itself to creation of a massive synfuels industry whose economic viability is tied to the assumption of OPEC oil prices remaining at present vastly inflated levels or even rising prices. Conventional wisdom has it that the recent 140 percent increase in world oil prices is a disguised blessing because it makes the economically costly technologies such as synfuels. But as a Lloyds Bank consultant recently noted, most conventional new deposits of oil, gas, and coal are economical at half the OPEC price, and are abundantly at hand.

Within days of the signing of the synfuels bill, the government approved of \$200 million of an initial \$6.5 billion for some 110 synthetic fuel projects across the country. The speed with which this grossly inefficient federal energy bureaucracy is acting should alone cause second thoughts. Could it be that Messrs. Schlesinger, Duncan, Sawhill et al. are only inefficient when it comes to expediting a viable development of energy from nuclear, oil and coal, leaving the synfuels track as the only option? It is worth noting that the only economies in history which have made any previous commitment to synfuels are the wartime economy of resource-starved Nazi Germany and the economically embargoed and resource-limited South African economy. With our vast reserves of uranium, oil, gas and coal, I can only conclude that our euphoric Congressmen have once again slipped into it.

## Campaign 1980 by Kathleen Murphy

### Anderson makes some new friends

Fresh from trying to negotiate himself a "co-presidential" spot on the Republican ticket, former President Gerald Ford has managed to further shock traditional Republicans by giving John Anderson's independent presidential campaign some important free publicity.

In an interview published in the July 28 edition of *U.S. News and World Report*, Ford confidently predicts that the presidential elections "will be thrown into the House of Representatives" as a result of Anderson's presence in the race.

"The House will choose the next President," says Ford, going on to assert that the Illinois Congressman will "win several states" including Massachusetts, Connecticut and possibly New Jersey and Rhode Island.

The fact that Ford made his comments *after* his party's convention concluded with great optimism that Ronald Reagan will win in November is being seen in some political circles as evidence that the Reagan campaign may well be sabotaged from within.

Under particular suspicion of acting as a campaign "submarine" is Henry Kissinger, who is poor, foolish Gerry's scriptwriter.

Ford is not the only well-known public figure being used to puff up Anderson's campaign. In New York, Mayor Ed Koch is saying that his state will determine the outcome of the election, and that he expects Anderson to do extremely well there.

Speculation is rife that Koch—who has recently called for an open

Democratic Convention—and New York Governor Hugh Carey, one of the earliest open convention proponents, are planning to bolt to Anderson if Carter is renominated. Negotiations between Koch-Carey and the Anderson camp are reportedly being carried out by Felix Rohatyn, chief economics adviser to Anderson.

Anderson fueled these speculations when he told the *Boston Globe* July 27 that it would be great if the Democratic Convention "just fell apart" since that would mean many Democrats would have no place to go but behind him. He also reiterated his belief that a leading Democrat would agree to be his vice-presidential running mate. The *Globe* noted that Hugh Carey has often been mentioned.

Anderson is now off on a cross-country speaking tour to "report" on his trip last month to Europe and the Middle East. He is trying to portray himself as a statesman who knows how to deal with hot foreign policy issues—but without too much success. In his kick-off speech before the San Francisco World Affairs Council July 22, Anderson maintained that it is necessary to deploy Pershing-type missiles in Western Europe—one of the major points of contention between the Carter administration and America's Western allies.

### The Fritz fix

With the drive to open the Democratic Convention reaching fever pitch, Walter Mondale is letting it be known he's available for Jimmy Carter's job. A committee to draft Mondale is gearing up for a final pre-convention push. Headed by retired university professor Robert Emery, the national Draft Mondale Committee is actually the brainchild of Mondale's brother-in-law,

a former teacher at the University of Arizona who was recently given a circuit court judgeship by Mondale's boss.

Operating out of Tempe, Arizona, the committee has "raised lots of money from Southwestern businessmen," spokesmen say, and is busily contacting delegates on Mondale's behalf.

Sources close to the committee report that "the *Des Moines [Iowa] Register* and the *Washington Post* are behind us," and that Senator DeConcini contacted us two weeks ago to ask if he could join up." DeConcini, an Arizona Democrat, has been very active in the Senate Judiciary Committee's investigation of Carter links to fugitive financier Robert Vesco.

The Draft Mondale group is in constant touch with one Mr. Berman, a member of Mondale's White House staff.

Congressman Richard Oberstar, a Democrat from Mondale's home state of Minnesota, went on Minneapolis radio on July 27 to demand that President Carter release his delegates—and that the party take a look at Mondale as an alternative nominee.

Although Mondale was forced to issue a letter disclaiming any interest in the presidency, his brother-in-law is reportedly telling people "Don't take it seriously."

The problem is, Mondale has never been elected to anything. His major political posts, Minnesota Attorney General and U.S. Senator, were achieved when he was appointed to fill someone else's unexpired term; only after as an incumbent was he able to secure votes.

In 1976, Mondale was forced to withdraw from the presidential race because he kept on walking into walls, a behavioral problem widely attributed to his dependence on tranquilizers.

## Alaska lands bill hotly contested

Senate debate on the controversial Alaska lands bill, which sets controls over the development of the natural resources of Alaska, was suspended last week after it became bogged down in extended disagreement over amendments.

Negotiations on a compromise bill began among Senator Tsongas (D-Mass.), the main proponent of environmentalist-backed legislation, and Senators Jackson (D-Wash.), Hatfield (R-Ore.) and Stevens (R-Alaska).

A compromise is reported to have been reached whose provisions include a halt to resources development on Admiralty Island, except for the Green Creek Mines, but a go-ahead on seismic exploration for oil in the Arctic National Wildlife Range, and on some mining in the White Mountains. The bill restricts resource development and is vigorously opposed by Alaska Governor Jay Hammond.

Hammond told reporters July 29 that the compromise was not satisfactory and called on Alaska's two Senators to oppose it "by any means." He charged that the compromise would close Alaska to timbering, mining, and oil exploration.

## Railroad dereg bill removed from House floor

In an effort to forestall passage of a radically altered railroad deregulation bill by the House July 23, sponsors of the legislation, including Congressman James Florio (D-N.J.), Harley Staggers (D-W. Va.), James Broyhill (D-N.C.) and Ed-

ward Madigan (R-Ill.) took the bill off the House floor after the House voted 204 to 197 for an amendment that maintained significant regulation on the railroad industry.

The amendment was sponsored by Rep. Bob Eckhardt (D-Tex.) in an attempt to stop total deregulation of the railroads.

First, it changed the procedure by which the Interstate Commerce Commission could enter the rate-making process. The original form of the bill only allowed the ICC to enter the picture when railroad rates reached 200 percent of variable costs. The Eckhardt amendment lowered this to 160 percent.

Second, the bill now allows the ICC to stay in the picture if it is determined that there is no alternative transportation source for a shipper, but defines "alternative transportation sources" so as to ensure that the ICC will not be involved in most shipping cases. The Eckhardt bill redefines this to allow for more ICC activity.

The Florio bill stated that every shipper within a fifty-mile radius of a transport line should get the same rate deal, but defined a shipper as those shipping over 20,000 tons. Rep. Eckhardt reduced the tonnage defining a shipper to 5,000 tons.

The original deregulation legislation deprived state regulatory agencies of jurisdiction over intrastate shipping. The amended bill provides for state jurisdiction and has the ICC take charge if interstate shipping is involved.

After the House returns Aug. 18 from its recess, another aspect of the bill will be reviewed. Currently, the deregulation legislation allows a carrier to unilaterally impose surcharges that would hurt small car-

riers more than larger ones. Rep. Eckhardt has proposed removing the language about surcharges and calling instead on the ICC to enforce a revision of railroad rates by next year.

The passage of the Eckhardt amendment took the chief sponsors of the legislation by surprise, since an effort to amend the bill prior to the July 4 recess was voted down 240 to 130. Caught off guard, the bill's sponsors pulled it off the House floor, to give them time to win support for the original version of the legislation. Staff assistants to Rep. Eckhardt believe that Rep. Florio may finally be willing to discuss a compromise on the bill.

## Senate Budget Committee back at work

The Senate Budget Committee held a series of hearings during the week of July 21 on U.S. economic prospects designed to help the committee in its efforts to draft a second budget resolution. Originally the committee had until Aug. 18 to draft the resolution, but has moved the timetable up to Aug. 28, ostensibly to give them more time to gather economic data. Staff members refused to comment on whether the decision to move up the deadline for the resolution was connected to the fact that the Democratic Party convention will not end until August 17, so that Senators might want to have time to weigh the results of the convention debates before they draft the resolution.

The committee held three days of hearings. On July 22, speakers were former Council of Economic Advisers head Walter Heller former



Council head Alan Greenspan. The following day OMB Director James McIntyre testified, along with White House economic adviser Charles Schultz.

On July 24 Federal Reserve Chairman Paul Volcker testified, declaring that "conditions have not been put in place for a major tax reduction in 1981."

"The Federal Reserve has been, and will continue to be, guided by the need to maintain discipline" in monetary policy, Volcker stated, and urged Congress to pursue a similar policy of fiscal austerity.

## **Tenn-Tom waterway comes under attack**

Hearings began on July 25 in the Water Resources Subcommittee of the Senate Environment and Public Works Committee, on the need to continue funding the Tennessee-Tombigbee Waterway Project. Known as Tenn-Tom, it has been the center of a battle between the administration and conservative Democrats on Capitol Hill for the past three years.

Tenn-Tom is a proposed 100-mile long canal to connect the Tennessee and Tombigbee Waterways and thereby link the coalfields of western Virginia, Tennessee and Kentucky to the newly expanded port of Mobile, Alabama.

An effort has been waged by environmentalists, liberals, the administration and major railroads to kill Tenn-Tom in the course of the fiscal 1981 appropriations process. The Water Resources subcommittee hearings, convened by Senator Daniel Moynihan (D-N.Y.), the

subcommittee chairman, are part of that campaign.

Moynihan has charged that "Tenn-Tom would just be a clone of the Mississippi River" and is therefore unnecessary. Ironically, all the Louisiana Democrats, including the Congresswoman representing the port of New Orleans, which, according to Moynihan, would be in competition with Mobile, vigorously support the Tenn-Tom project.

Moynihan's subcommittee gave a forum to the Association of American Railroads (AAR), joined in alliance with the environmentalist movement. The AAR's arguments against Tenn-Tom are pure "free enterprise" arguments. They claim that it is government subsidization of waterways which has undercut the nation's railroads.

Proponents of the bill argue that in order to make U.S. coal exports competitive on the world market, internal transportation costs must be cheapened. Railroads currently hold a near monopoly in some areas of both production and transportation of coal.

## **Senate votes up nuclear waste program**

The Senate voted 88 to 7 on July 30 to establish a government-run nuclear waste program, directing the Department of Energy to build several temporary storage facilities around the country, while a permanent disposal plan is developed. The bill allocates a \$300 million fund for the Energy Department's development of storage sites at away-from-reactor facilities.

Nuclear energy spokesmen

hope the bill will spur the house to similar action. "It provided what we think is a good format for getting on with the waste disposal program," declared George Gleason of the American Nuclear Energy Council.

Environmentalists were bitter. "It's a bailout for the industry," charged Harvey Rosenfeld of Ralph Nader's Critical Mass Energy Project.

Senator Bennett Johnston (D-La.), who managed the bill through the Senate, called it a "monumental" action by the Senate. He cited 21 commercial nuclear power plants the Department of Energy has said will be in trouble between now and 1984 because of waste disposal problems. Failure to build the interim storage sites, he said, could "stop the industry in its tracks" and lead to plant shutdowns.

## **Congress approves standby rationing plan**

Congress gave its final approval July 30 to President Carter's standby gasoline rationing plan, which would go into effect if there was a catastrophic 20 percent gasoline shortage. The Senate voted 60 to 31 and the House followed with a vote of 209 to 205 to keep the plan in committee. Under the law, the plan takes effect unless it is disapproved by both the House and Senate.

The plan has been attacked for saving relatively little oil while inflicting maximum damage.

It provides for issuing ration coupons for each registered auto, up to three per family. The average amount of gasoline allocated would be about 45 gallons a month.

# Restoring morality to politics

With the Democratic National Convention little more than a week away and a swirl of Billygate around us, it is time to face the more fundamental questions before this nation. The calls for an "open convention," the cries to "Dump Carter" and the turmoil within the Democratic Party are merely reflections of a deeper crisis, the crisis of leadership and morality in the nation.

If the Democrats must dump Carter it is not because of Billygate, although that is serious enough. It is because Carter has led the nation into a condition of the worst economic and moral decay in the entire history of this republic. The economy is sliding into a massive depression; U.S. military capabilities have become almost nonexistent; its youth are subject to a culture of drugs and immorality; and America is being brought to the brink of a thermonuclear confrontation.

The Democrats must choose in New York—not between politicians but between two fundamentally opposed philosophies to guide the nation in this time of crisis. The Carter-Mondale ticket, and the Democratic Party platform they propose for adoption, express the neo-Malthusian philosophy of destroying technological progress. Only one Democratic candidate has clearly presented the philosophical and programmatic alternative to that—Lyndon H. LaRouche, Jr.

Mr. LaRouche put his view clearly. "The opposing philosophy," he said recently, "is a commitment to turning the nation around 180 degrees, back toward former commitments to making this the world's leading industrial power in terms of scientific progress and high rates of job-creating productive investment." Mr. LaRouche concluded this statement with a warning that is clearly true:

"Either the Democratic Party adopts the approach consistent with my philosophy, or the ma-

jority of voters will turn to Reagan, not so much in hope, but in anger and distrust against a party which refuses to rid itself of the hideous stain of the hated Carter-Mondale administration."

We agree with Mr. LaRouche entirely. The issue of morality and leadership can also be illuminated on some questions of foreign policy which have rarely been brought clearly before the American people. Jimmy Carter staked a claim to a foreign policy based on "human rights." Nothing could better capture the fraud and hypocrisy of the Carter record.

At this moment, through its backing for the policies of the International Monetary Fund, the Carter administration is aiding the death of millions due to famine and disease. With little fanfare and publicity, it is estimated that 10 million people are facing death in Africa from famine and epidemics, principally in Uganda and in Zaire. In Zaire the IMF has directly forced the government to reduce consumption, already at a level of 800 calories a day, in order to be eligible for IMF loans.

This kind of Malthusianism is the open policy of the Carter administration. Consider a recently released major study done for the White House entitled "Global 2000," a massive effort of prediction and assessment of the global situation by the turn of the century. The report is totally Malthusian, focusing on dangers to the environment and the need to reduce population and growth. But the most shocking thing can be found in the effusive statement of Secretary of State Muskie on the release of the report. If the U.S. carries out the correct policies, he said, "there might be 3 billion fewer people on earth when population finally stabilizes. And stability might come 20 years sooner."

Nothing could say more about how this nation has lost its moral purpose.