

this quixotic statement. In addition, AT&T can count in its calculations IBM's cash reserves, which are about two-thirds of AT&T's, because IBM is being de facto merged with AT&T.

The cash situation of AT&T is further bolstered by its federal tax subsidy under the 1969 "Bell Bill," and will get \$3.0 billion as a direct subsidy if HR 1524 passes Congress this year.

In 1975, AT&T paid \$129 million in taxes on \$3.1 billion in income—a 4 percent tax rate for that year. If AT&T takes depreciation tax credits by writing down equipment at \$10 billion in book value to \$4 billion they may not pay taxes for years.

In addition, AT&T has \$35 billion in its pension fund account and an extraordinary capability to raise cash on the stock, bond, and commercial paper markets.

What are AT&T's resources for pursuing its Orwellian goals? Possibly as much as \$50 billion deployable over the next two or three years, with an annual deployable cash flow of roughly \$5 billion. There is probably as much as one hundred billion dollars available to capitalize the "Information Age."

The government cases against AT&T and IBM, pursued for 7 years and 13 years respectively, were intended all along to have been dismissed as they were on Jan. 12.

The "free competition" cover for the Jan. 12 decrees was devised by one of the most interesting commissions ever put together: the 1975 American Bar Association's Commission on Law and the Economy. That body was assembled by Lawrence E. Walsh of the Morgan Bank-connected law firm, Davis, Polk, and Wardell, and chaired by Dulles family intimate and former High Commissioner in occupied Germany, John J. McCloy; its members include Billygate coverup man Lloyd Cutler, F. Mark Garlinghouse, AT&T's general counsel and a director of United Brands. The Commission declared:

In lieu of governmental intervention in the economy, reliance should be placed when feasible upon the competitive market. . . . Where government intervention is required, consideration should be given to disclosure or to incentive-based classical command and control modes.

On the government side, William Francis Baxter, the Assistant Secretary of Justice who engineered the AT&T-IBM "merger," is a fellow at the Stanford University Center for Advanced Study and Behavior Sciences, the think tank where the Aquarian Age was spawned. Baxter served to implement Aquarianism as a member of the 1968-69 White House Task Force on Communications Policy and the 1969 White House Task Force on Anti-Trust Policy. Baxter later served on the Federal Reserve Board.

West Germans' exports flank in Mideast trade

by Thierry Lalevee, Wiesbaden Bureau Chief

Recent reports published in the international press, according to which "German business" was going big again in Iran, have proven utterly false after a few investigations. Indeed, West German trade with Iran in the last 11 months of 1981 increased by 40 percent compared to 1980. But those who use this figure to stress a definitive sign of political support from Bonn to the fanatical mullahs, conveniently forget to point out that trade in 1980 was at a standstill, close to nihil, due to the international sanctions applied against Iran following the taking of the American hostages. Hence, a 48 percent trade increase represents only a minor adjustment of still ongoing contracts, bringing German-Iranian trade relations nowhere near its peak from the mid-1970s until the overthrow of the regime of the Shah in 1979.

What these reports of a German-Iranian connection, however, do indicate, is an ongoing factional fight inside Germany on what should be Germany's Middle East policy. As reported earlier in *EIR*, the heads of the Foreign Ministry and of the Interior Ministry, the FDP's Hans-Dietrich Genscher and Gerhard Baum, respectively, have been doing their best over the last months to redevelop a Bonn-Teheran connection, implying political support for the Mullahs. Iran's new secret service, the Savama, signed last autumn an agreement of cooperation with Baum's ministry which is endangering the lives of many inside the huge anti-Khomeini Iranian community based in West Germany—the second largest after the United States, according to Iranian sources. But Baum and Genscher's Iran connection stems from a political commitment which is coherent with the fact that the FDP adopted last June as party policy the genocidal "Global 2000" program.

The Iraqi connection

German business and economic circles see it otherwise, and economic realities have it that Iraq emerged in 1981 as Germany's number-one export partner in the Middle East, even ahead of the huge Saudi market. This includes numerous deals, worth billions of dollars, and Iraq is expected to continue to top Saudi Arabia in the

to Iraq: key expansion drive

years to come.

German trade with Iran at this point mostly concerns foodstuffs, some equipment, and primarily trucks that the Iranians hurry to the front in violation of the contracts signed with their German partners.

German exports to Iraq, though including trucks exported from the Mercedes-Benz/Saudi joint venture based in the Kingdom (also including an ongoing deal with an Iraqi-based German truck factory), includes all the necessities which could make Iraq the most advanced country in the Middle East in a few years.

Contrary to the proponents of Global 2000, who see in Iran the genocidal "model" for the Third World, German business circles consider Iraq as the market of the future, and are ready to invest all they can to develop the country. Good business, this also reflects a commitment to the development of the Third World which, if controversial in Germany, has the backing of West German Chancellor Schmidt. Consequently, Graf Lambsdorff of the Economics Ministry, another FDP leader, had to bow to pressure. His ministry is presently fully engaged in mapping out Iraq's investment program and a recent campaign by the German Zionist lobby, led by the Axel Springer press in favor of withdrawing the Hermes export guarantee in trade with Iraq, has found no significant echo.

Regional investment policy

This commitment to Iraq is the result of a broader development and investment approach which considers Iraq, Egypt, and Saudi Arabia as the pillars of any regional policy. In rejection of the "Iran model," it sees investments and economic development as the key to the stability of the region to pave the way for a broader peace settlement.

In that scheme Iraq is the favored country because, according to sources in Bonn, it is seen as a politically stable country, whose leadership is firmly established with popular support and a decisive commitment to development. "Not only does Iraq have the money coming from its oil revenues, but it has an important

population which is growing and is receiving more and more education, producing a lot of skilled labor, engineers, etc. It also has good agriculture and abundant supplies of sweet water," one Bonn source said, a political assessment which runs contrary to the various wishful scenarios spread in London and other capitals on "Saddam Hussein's coming fall" and "Iraq's ongoing disintegration."

In comparison, it is said, though Saudi Arabia has the money, and water is being produced there through desalinization, it has neither people nor agriculture. Egypt, which has people and the skilled labor that Saudi Arabia desperately lacks, hasn't enough money, and still has a problem with its agriculture. Nonetheless, though Egypt still plays a secondary role in Germany's Middle East export policy, it is hoped its share will soon grow, while Saudi Arabia will develop further.

For these reasons, high-technology agreements are being considered. During coming weeks, West Germany will conclude the first part of a nuclear-cooperation treaty signed last autumn with Egypt. A German delegation will go to Cairo, while further discussions will be held during President Mubarak's visit to Bonn at the beginning of February. Similar agreements with Iraq and Saudi Arabia are not immediately on the agenda. Iraq has still a running contract with France. Saudi Arabia so far, because of its lack of skilled manpower, is primarily concentrating on solar energy and appropriate technologies.

Should France renege on its commitment with Iraq, German firms will certainly be ready to fill the vacuum, though as in most of its contracts, German business circles have shown willingness to work in joint ventures with other OECD countries. In Iraq especially, German and Japanese firms are more often than not closely cooperating to develop the country, a cooperation which is appreciated both in Bonn and in Tokyo.

The Gulf war

Despite the Gulf war between Iran and Iraq, Iraq is still a blossoming market. Despite the war, Baghdad has done its best not to curtail the development perspectives outlined in previous years. Far from being seen as a "bonanza" by unscrupulous businessmen who might be interested in selling to both sides, Bonn views the war with "deep sorrow," according to officials who point out that the end of the war will open possibilities unthought of before in terms of developing the region. It is similarly understood that the overthrow of the Shah in 1979, as well as the outbreak of war, were unleashed precisely for the sake of preventing such possibilities from being concretized, and that hence a commitment to the stability and the economic development of Iraq—and not the playing of the "Iran card"—is the only way the end of that needless war can be hastened.