

EIR: Who do you work with in the City of London? The way I see it, it breaks down basically into a Jewish Rothschild-Lazard factional equivalent to the Lazard-Schachtian faction in New York versus a conservative

Lloyds, Barclays, Samuel Montagu group equivalent to the Sunbelt crowd...

VP: Well, I will only say that I agree with your analysis and I guess that should tell you who we work with.

Open Letter To Jimmy Carter

The 'Jewish Lobby' Does Not Own Israel

The following statement was issued Sept. 20 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman.

I offer you the following information on the Middle East situation. The circumstance of this approach to you is the attack on Bert Lance and your office led by forces associated with Lazard Freres' Felix Rohatyn, an assault which has shifted the correlation of political forces with respect to the White House. In this new situation, you have the opportunity to act in vital national interests with a freedom not available to your prior to the *Washington Post*-led vendetta against Bert Lance.

I emphasize, in particular, that the public exchange between Senator Russell Long (D-La) and former Vice-President Nelson A. Rockefeller, proposing a shift from conservation toward new energy production is a bell-weather of a new situation — in which new situation the White House now has increasing freedom to develop a fresh approach to various domestic and foreign policy problems.

Naturally, I and my associates will act vigorously to ensure that alternatives in vital national interests are clearly identified to the White House, and we will defend the Administration's work energetically wherever, as in the case of Bert Lance's anti-inflation efforts at OMB, that work coincides with the nation's vital interests.

Basic Facts In Middle East

The following basic facts concerning the new situation in the Middle East ought to be primary points in formulation of U.S. government policies.

1. The basic U.S. perception of Israel ought to be that Israel exists as a focus of high technology, and must enjoy a truly independent sovereign existence as a force of high-technology internal development and export programs in a condition of durable peace with its neighbors.

2. The basic formula for durable peace is a "drying out" of the region adjacent to a sovereign Israeli state based essentially on Israel's 1967 borders.

3. No "drying out" of this sort can be established without the establishment of an independent Palestinian Arab state based on the Jordan West Bank and Gaza Strip occupied territories. No such state can be successfully established without including the Palestine Liberation Organization as a recognized *multiparty* government-in-exile, a government recognized as such by the majority of Palestinian Arabs.

4. However, a mere "real estate" agreement does not constitute a basis for durable peace. Without economic-development credits, a new Palestinian state would be a political ulcer in the region, and not a positive factor. Without new hardcommodity credits for Israel and adjustment of Israel's massive foreign debt situation, economic problems will nourish social and political instabilities inside Israel, constantly favoring external adventures by Israeli factions.

5. The critical recent development favoring a solution is the recent installation of the government of Menachim Begin, on the included basis of strong support for Begin from among the Sephardic majority within the Jewish population of Israel. This means that Israel is moving now with some degree of independence from the longstanding foreign rule by the so-called "Jewish Lobby" in the United States (the same "Jewish Lobby" integral to the forces whipping up press hysteria against Bert Lance).

6. In the long term, Israel ought to be allied in economic cooperation with Arabs of the Ismaili tradition for general, high technology-oriented Middle East industrial development. In the short term, deeply rooted prejudices being what they are, such future direct economic cooperation will probably be in the form of parallel efforts, mediated through third parties, such as the United States, friendly to both.

7. This must be complemented by a stabilization of Lebanon, and a solution to the deadly situation in Egypt.

8. A United States policy, publicly set forth and firmly perpetuated, would readily secure principled and practical agreement among the majority of EEC and CMEA nations. Although initial reactions to such a U.S. policy would include loud ideological tantrums from among Middle East principals and others, an unwavering well-managed commitment to principles which are actually in the common fundamental interests of all involved must prevail if a firm, unshakeable posture and practice are supplied to that purpose.

The Egyptian Side

The vulnerable point in your Administration is the deepening monetary crisis, with the accompanying downward spiral in U.S. exports and in production levels and employment in basic industry.

The solution to this problem is clear, as I believe Bert Lance would tend to agree at least in significant part. The only way to stop a monetary crisis is to lower the effective debt-equity ratio, so that domestic and in-

ternational credit can flow adequately into hard-commodity trade, production and new capital formation. However, unfortunately, exotically leveraged financial interests are so far hysterically refusing to face up to their virtual bankruptcy, and are rabidly demanding solutions which are in fact monstrous aggravations of the problem.

The Egyptian element in the Middle East situation is a reflection of this.

It is most amusing, in one manner of speaking, to witness the press outlets of Lazard Freres financial interests denouncing Bert Lance's banking practices. One should compare their own involvement in creating one of the most monstrous bubbles in modern history, in the so-called "offshore" Eurodollar operations centered around the Cayman Islands.

What Egypt requires is a program of economic development through which its gross and net per capita production-output grows more rapidly than its debt service obligations. Although appropriate industrial development must absorb the unemployed and marginally employed Egyptian urban populations in productive activities, the success or failure of an Egyptian development program will depend upon an effective agricultural package.

The Egyptian farmer, although poorly educated, is one of the most resourceful farmers in the world. However, he is presently faced with a shortage of suitable arable land and other essentials. Thus, we see in Egypt the cumulative effect of excessive displacement of the Egyptian rural population from agriculture, combined with a worsening food shortage in the nation.

I propose that you turn your attention, with aid of professionals from the U.S. Department of Agriculture, and information on West German studies of this problem, to the map of Egypt, with emphasis on the old bed of the Nile running into the Qattara Depression. What is obviously wanted is a reopening of the old channel of the Nile in a carefully controlled manner, to the purpose of effecting a "quantum-leap" increase in the quantity of fertile land brought under cultivation.

This project does face certain considerable engineering difficulties. Like the Euphrates in Iraq, the old bed of the Nile is spoiled by very bad salt blisters, which are the topmost reflection of heavily concentrated salt water deposits underneath. Therefore, a package of desalination and related engineering projects is required to make the controlled use of the old bed of the Nile a success.

This problem with the old bed of the Nile is not unique. The dangerous desertification of regions of Africa, notably the Sahel region, requires an aggressive ecological recovery program, with substantial included emphasis on desalination. Such projects, by restarting plant growth over large areas, will restart needed rainfall patterns, as plant respiration develops suitable new weather patterns over the developed areas. In that way, the desalination and other water programs will have a bootstrap effect in the overall effort to increase food-producing acreage.

Lacking such programs, Egypt is a political ulcer in the region, an ulcer of deepening poverty, with large sections of the population falling below biological

minimal levels of nutrition and resistance to epidemic disease. Moreover, the 40 million Egyptians represent one-third of the total Arab population, to the point that without a reversal of the present trends in Egypt no overall effective USA policy toward the Arab world can be established.

Managing U.S. Policy

Apart from other shortcomings in recent Administration Middle East efforts, a most dangerous feature was the conflict between the White House and Secretary of State Cyrus Vance. The resulting appearance of vacillation and cross-purposes in the total picture of U.S. Middle East policy in both Arab and Israeli eyes led to the worst possible results.

It should be left to *private* channels to explore options alternative to those of the U.S. government. Since those private explorations have no official weight, they do not directly reflect on U.S. policy, and have the usefulness of providing a forum for systematic discussions from which governments may extract beneficial conceptions.

The government itself must have a clear and coherent Middle East policy, without one section of the Administration deploying at cross-purposes to White House policy. Policy should be thrashed out at the Cabinet level, and all alternative options should be restricted to the area of studies of future alternative options. Confusion in U.S. policy in the eyes of the Arabs, Israelis and others is the worst variant.

Above all, the factional struggles between the government of Menachim Begin and Israel allies of the so-called Jewish Lobby means that the Administration plays a dangerous game if it permits itself to be influenced by the so-called Jewish Lobby. To the extent that the Jewish Lobby wishes to aid Israel in coping with its present debt problems, and to the extent that Israel wishes such assistance, the pro-Israel efforts of the Jewish Lobby as private citizens is desirable, commendable. However, as the majority of Israelis attempted to make clear with the recent election, the New York-centered Jewish Lobby are neither citizens of Israel, nor do they own Israel.

Let us speak plainly. The so-called Jewish Lobby is politically a collection of dupes deployed chiefly by investment-banking interests typified by Lazard Freres. Felix Rohatyn's proposal of "corporatist" measures modelled on those of Nazi Finance Minister Hjalmar Schacht for the United States suggests that the dupes of the Jewish Lobby, thus insensible of fundamental U.S. interests at home, may not be exactly the world's most gifted geniuses in determining, behind the back of the Israeli government, what is best for Israel.

Possibilities For Policy-Change

The Bert Lance case is key to the possibility of new policy options for the Carter Administration.

At present, forces in the City of London and forces in Manhattan financial circles are committed to looting the credit of the OECD nations, including the United States, to support what is in effect a dangerous and growing financial bubble in both international and domestic debt. The increase of the mass of debt service by measures which constrict the level of hard-commodity trade, production and capital formation, mean that the current

required debt service payments are growing geometrically while the means for payment are plunged into a downward spiral.

Bert Lance, although not necessarily a proponent of solutions to this problem, did more or less competently reflect the saner perceptions of those forces who resist the hyperinflationary road to sure disaster. The predominant forces in France, plus forces in other OECD nations, plus key forces in developing nations, are committed to supporting any real solution to this problem from the side of the United States. If such a real solution is put forward, a profoundly new set of possibilities for agreements with the Soviet Union is available to the Administration.

The key to effective U.S. policy is this. The American trade-unionist and skilled farmer are the most advanced expression of the productive powers of labor on earth. If we stop the present shrinking of high-technology productive capacities in steel, aerospace and other basic industries, and enable our farmers to expand per-acre and per-capita outputs, the combination of these capacities and the productive powers of our labor enables the United States to quickly reach such an outpouring of tangible wealth that the value of the dollar can be restored to the strength it enjoyed in the pre-1968 period, and all problems of financial reorganization of

excessively leveraged debt-holdings can be solved in an orderly fashion.

We require, above all, a reorganization of Third World debt, to the effect of permitting a new series of long-term indebtedness on a secure basis in those nations. This is key to fueling a resumption of high levels of industrial, high-technology exports into the developing sector from the OECD nations. That is the only available course for stopping the present depression-spiral and solving the deepening monetary crisis.

Within that context of overall policy, Middle East solutions come rapidly within reach. It is not possible to make the world's poor rich overnight. However, steady and credible progress upward from poverty and disease is the adequate basis for durable political solutions to all the principal problems before us. Such policies are in the urgent interest of labor, industry and farmers in the United States, and the only real solution to the problem of the unemployed and disadvantaged minorities.

Once those strata are aware that at last an effective approach is being taken to resume industrial and agricultural progress, once hope of progress is seen as politically realizable once again, the majority of Americans will rally to make the sort of policies required for a Middle East solution unstoppable.

House Votes Full Funding For Clinch River Breeder

The U.S. House of Representatives yesterday voted overwhelmingly to authorize \$150 million for research and initial construction of the Clinch River, Tenn. nuclear fast breeder reactor.

The House took its stand for the breeder after rejecting, by a vote of 246 to 162, an amendment that would have killed the program by authorizing a worthless \$33 million, and, by a vote of 277 to 129, another amendment which, like the Senate version passed earlier, would have authorized \$75 million to hold some scientific research and development teams together for a year. The bill now goes back to a joint House-Senate compromise committee to work out a final version.

The U.S. fast breeder program to develop a method of energy production which, at the same time, breeds fission fuel has been lagging far behind the programs of particularly France and the Soviet Union. The two nations recently signed a cooperation agreement for more rapid development of fast breeder technology.

"A Brand New Ball Game"

"What presently appears to be very much in the making," noted U.S. Labor Party Chairman Lyndon LaRouche in a press release on Sept. 19, is "a brand new ball game around the Carter Administration. A rejection of the so-called Carter energy program," the product of an alliance with forces around Fabian Senator Humphrey and his confrere Walter Mondale, "does not, in fact, injure Carter's position, but rather gives him freedom of action to shift to fresh approaches...taking Nelson Rockefeller's revised energy proposal as a point

of departure," suggests LaRouche.

Felix Rohatyn of Lazard Freres, who received a political black eye from Budget Director Bert Lance's unanticipated counterpunches during last week's Senate hearings, "is boiling in frustration over Nelson Rockefeller's appearance before the Senate Finance Committee, chaired by Senator Russell Long (D-La.)," writes LaRouche. "Rohatyn, pushing a Nazi-modelled corporatist urban banking scheme, views Rockefeller's shift from energy conservation to energy production as a deadly threat to Lazard's schemes."

Liberal Wrath

Rockefeller reemerged onto the political scene via Long's Committee, which today rejected the so-called gas guzzlers tax recommended in the Carter energy packet. In an apparent bloc with Long, Rockefeller testified in opposition to the energy program, proposing in its stead a \$100 billion national Energy Development Authority to fund a potpourri of energy programs including competent proposals like uranium enrichment facilities and floating nuclear plants, but also including inefficient "energy independence" schemes like solar energy, coal gasification, and the like. The money would come from the revenues of the Carter-proposed Crude Oil Equalization Tax (or well-head tax), the "heart" of Carter's energy package, according to the Washington Post.

Rockefeller's testimony, the vote for the breeder, and committee votes against the energy packet have "liberal" Democrats like Senator Edward Kennedy and