

EXECUTIVE INTELLIGENCE REVIEW

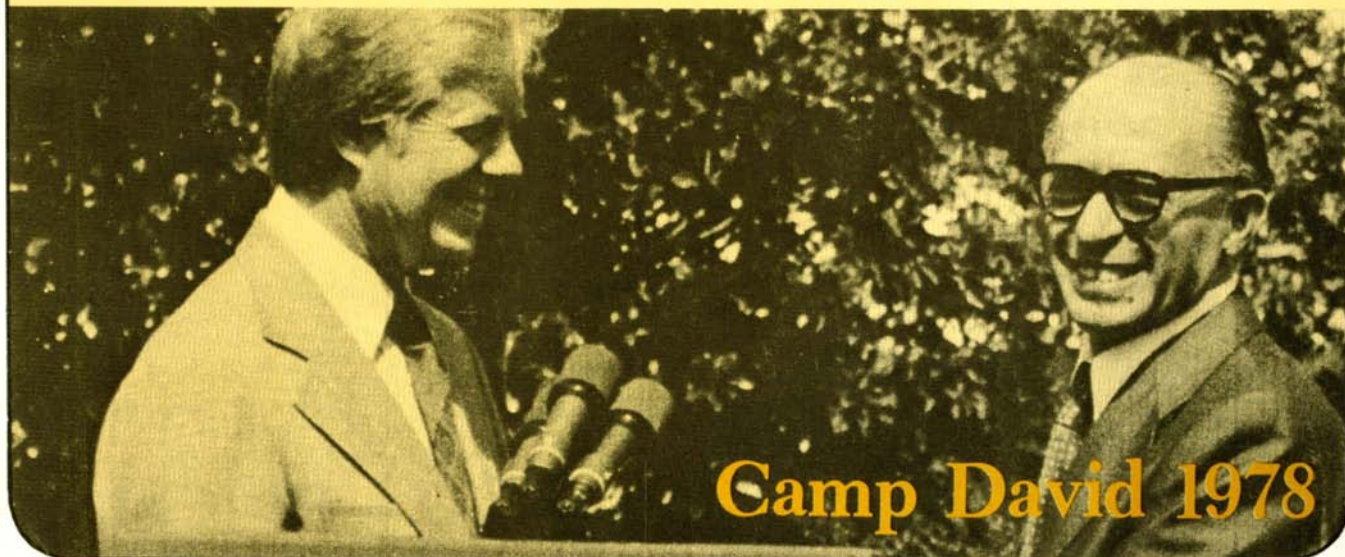
September 26-October 2, 1978

LaRouche dissects
the proterrorist 'left'

Munich 1938



Deeper into the Mess



Camp David 1978

New Solidarity International Press Service

[THIS PAGE IS INTENTIONALLY BLANK]

EXECUTIVE INTELLIGENCE REVIEW

Editor-in-chief

Fernando Quijano

Managing Editor

Tessa DeCarlo

Contributing Editors

Lyndon H. LaRouche Jr.

Nancy Spannaus

Criton Zoakos

Christopher White

International

Nora Hamerman

U.S. Report

Stephen Pepper

Konstantin George

Economics

David Goldman

Counterintelligence

Jeffrey Steinberg

Military Intelligence

Paul Goldstein

Europe

Vivian Zoakos

Science & Technology

Morris Levitt

Soviet Sector

Rachel Berthoff

Middle East

Robert Dreyfuss

Asia

Daniel Sneider

Africa

Douglas DeGroot

Latin America

Robyn Quijano

Dennis Small

Law

Felice Gelman

Press

Fay Sober

Energy

William Engdahl

Production Editor

Deborah Asch

Executive Intelligence Review

is published by New Solidarity

International Press Service

P.O. Box 1922, GPO,

New York City, N.Y. 10001

Subscriptions by mail

for the U.S.:

3 months—\$125,

6 months—\$225,

1 year—\$400.

ISSN 0 146-9614

Deeper into the Mess



Presented as a breakthrough for peace, the agreements reached at the Camp David summit are now being revealed as an ominous revival of the "peace in our time" promises at Munich 40 years ago.

Our INTERNATIONAL section follows up a lead-off commentary on Camp David's parallel to Munich by contributing editor Lyndon LaRouche with a three-part report on what really determined the outcome of the summit, why the agreements are a vehicle for East-West confrontation, and how the world reacted to news of the Camp David results. Under the direction of Middle East editor Robert Dreyfuss, a team of political analysts including Nancy Parsons, Judith Wyer, Mark Burdman, Pamela Goldman, and Barbara Dreyfuss have used international press and official sources and exclusive interviews to reveal the Chinese role at Camp David, the plans to redraw the map of the Mideast, the NATO strategy for the region, and much more.

page 7

IN THIS ISSUE

Atlantic Council asks IMF dictatorship

Our ECONOMICS section this issue is devoted to unmasking efforts to use a gutted U.S. economy as the battering ram against Europe's new proposed monetary system and the threat it poses to the World Bank-IMF. The Atlantic Council, the corporate arm of NATO, has come forward with a report advocating just that. Our coverage analyzes the Council report, interviews a Council representative, compares that view of the economy's ills with reality, and offers a comprehensive evaluation of the Council report and its implications by Lyndon H. LaRouche, Jr.

page 19

Mexico calls for the Grand Design

Last week Mexican Finance Minister David Ibarra called for a total overhaul of the International Monetary Fund and the World Bank, even down to changing their names, to meet the world's need for a real "international development bank." The same day President Lopez Portillo went public with his plans for "Grand Design" development policies. Quotes from both statements and an analysis of their significance, in THIRD WORLD.

page 27

EXECUTIVE INTELLIGENCE REVIEW

THIS WEEK

- 'Separate peace' — short fuse
to global war?** 5
- New muscle behind the EMS** 6
*Europe and Mexico counter the warhawks
with detente and development*

INTERNATIONAL

- Deeper into the Mess** 7
1. The real story behind the
Camp David accords
 2. A vehicle for East-West showdown
 3. The world responds to Camp David

ECONOMICS

- The Atlantic Council proposes
IMF dictatorship for America** 19
*Including an interview with a Council spokesman
on the IMF's role as "world central bank"*
- The Atlantic Council's economic program
is a fiasco** 22
*An analysis by Lyndon H. LaRouche, Jr.
of how the U.S. can 'turn the corner'*
- 'The U. S. economy needs a good recession'** 25
Has it really grown too fast?

THIRD WORLD

- Mexico calls for the Grand Design** 27
*With excerpts from Lopez Portillo's televised
statements on his Grand Design policies*
- Nicaraguan war threatens continent** 29
*Somoza charged with genocide and
scorched earth policy*

COUNTERINTELLIGENCE

- Why Mexico's drug program works** 31
*An exclusive interview with Les Alexander
of the U.S. State Department*

U.S. REPORT

- Senator proposes "new monetary fund"** 33
*Excerpting Adlai Stevenson III's recent calls
for a sane U.S. policy, against the IMF*

EUROPE

- Schmidt and Giscard push the EMS through** 36
*And London's press is stricken by
"the astonishing news"*
- Europe's terror hunt leads to Britain** 39

SOVIET SECTOR

- Soviet think-tanks scrutinize
international monetary system** 41
*A documentary look at the policy debate over
gold, SDRs, and the transfer ruble*
- 'The Nazi bombs fell first on London'** 43

TERRORISM

- How to profile the terrorist infrastructure** 44
*The chairman of the U.S. Labor Party, Lyndon
H. LaRouche, prescribes the antidote to terrorism*

**LaRouche dissects
the proterrorist 'left'**

A major document on "How to profile the terrorist infrastructure" by Lyndon H. LaRouche, Jr. makes up our TERRORISM report this week. Political leaders, law enforcement officials, and concerned citizens will want to read why a decisive political assault on the artificially created milieu that supports terrorism is essential to eradicate the terror plague. page 44

NEXT ISSUE

Why has Henry Kissinger been so interested in determining U.S. policy on science and technology for the Third World? Because he, together with Federal Reserve chief Miller, the Brookings Institution, and the Administration's environmentalists are planning to use "appropriate technologies" — labor by pick, hoe, and hand — to build up the World Bank and IMF's control over the developing sector. In our next issue, a documentary report showing all sides of the plans against the Third World and against non-compliant political forces in this country.

Our next issue will also feature an analysis of West German Chancellor Helmut Schmidt's tremendous increase in political stature over the last two years by the leader of the European Labor Party, Helga Zepp-LaRouche, who draws on Europe's experience in two world wars to explain to Americans their dangerous blindness to the dangers of the current situation.

EXECUTIVE INTELLIGENCE REVIEW

... GIVES YOU

the intelligence you need to be making policy whether your responsibilities are in government, the labor movement, business, education, or elsewhere.

... COVERED WHAT WAS

really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world monetary system . . . how the United States can get into this system and out of the depression . . .

... REPORTED HOW

fusion energy researchers in the United States achieved the milestone breakthroughs reported in August, 1978 from Princeton, and what other advances are coming in this clean, cheap and virtually unlimited solution to the world energy crisis . . . how and why there was a massive sabotage attempt against the U.S. fusion program, and who's backing fusion now . . . what were Japan's and the Soviet Union's offers in 1978 to the USA for joint fusion R&D.



... DOCUMENTED

what's behind the world outbreak of terrorism . . . the names of the global networks that deployed both "left" and "right" terrorism to kill Juergen Ponto, Hanns-Martin Schleyer, and Aldo Moro—and plan an even bigger terror wave for the United States . . . Executive Intelligence Review provides the first-hand documentation from the world's press, including accurate translations from non-English sources, showing how continental Europe, Japan, the East bloc, the Arabs and developing sector countries are seeing and acting on events.

PRICE CHART

Area	3 months	6 months	1 year
U.S., Canada & Mexico	\$125	\$225	\$400
Central America, West Indies, Venezuela & Colombia	\$135	\$245	\$450
West Europe, South America, Mediterranean & North Africa	\$140	\$255	\$470
All other countries plus South Africa	\$145	\$265	\$490

3 months
 6 months
 1 year

Name

Address

City State Zip

Signature.....

amount enclosed

Make checks payable to:
 New Solidarity International Press Service
 G.P.O. Box 1922, New York, N.Y. 10001

'Separate peace'— Short fuse to global war?

Camp David triggers destabilizations, genocide

Days after the announcement of a separate peace agreement between Egypt and Israel reached at the Camp David "summit," the message that Washington will follow Israel and its backers into war and genocide has been read around the world as a signal for new massacres and confrontation postures.

It is widely acknowledged that the shaky "overall peace framework" signed by Egypt's Sadat, Israel's Begin, and U.S. President Carter last week was merely the fig leaf for Carter's and Sadat's capitulation to what has been Israel's policy objective all along: the conclusion of a separate peace with Egypt leaving the way clear for Israel's aggressive plans towards her other Arab neighbors. The Zionist triumph at Camp David has set off an anti-communist, anti-Saudi Arabia warlike organizing drive inside both Egypt and Israel, hastening the impetus to a Middle East conflict that could spark World War III between the United States and the Soviet Union.

Moreover, the same Israeli butchers who collaborated with the Nazi Falange for massacres in Lebanon have sent their cluster bombs and personnel to incite similar carnage in Latin America. The slaughter of thousands of civilians by the Somoza regime in Nicaragua is being run under British direction and logistically aided by Israeli intelligence and armed forces.

Thirdly, Israel's fascist allies

within South Africa have pulled a virtual coup in that country, reversing the South Africa negotiating stance with the United Nations on Namibia, and thus threatening to carry through invasions of neighboring black states such as Angola — threats the Angolan government broadcast last week.

Arabs Nix Camp David

The Camp David "overall framework for Middle East peace" has already unraveled. The Arab countries have universally rejected the accords, while a euphoric Prime Minister Begin has torpedoed the U.S. Administration's ability to sell the package to Arab countries by publicly reneging on agreements to ban new Israeli settlements on the West Bank. U.S. Secretary of State Cyrus Vance, attempting to maneuver Jordan into the Camp David framework, was coolly received in the conservative Arab states of Jordan and Saudi Arabia, and told not to come to Syria by President Assad.

A post-Camp David meeting of Arab Rejection Front states in Damascus resulted in the unprecedented deployment of "radicals" Palestine Liberation Organization head Yassir Arafat and Libyan President Qaddafi to Jordan to meet with King Hussein, clearly in an attempt to pull together a unified Arab front against Sadat's separate peace.

In a strong speech reported by Radio Moscow, Soviet President Brezhnev denounced "behind-the-

scenes" separate deals that can only reward the aggressor (Israel) and make the Middle East still more explosive. Brezhnev's denunciation of the "thick-headed imperialist circles" involved will be read in knowledgeable quarters as a renewed warning that the already public plans to use Camp David as an opening to impose a NATO-style, anti-Soviet "Middle East Treaty Organization" on the region — or even to move NATO in directly — will not be tolerated by the Soviets.

South Africa, Latin America

Informed Washington sources report that the Sept. 20 South African cabinet decision to continue plans to hold their own "elections" in Namibia, rejecting the United Nations plans for peaceful transition to independence in that country, came after "hard-line" factions in the ruling Nationalist Party concluded that the U.S. Buckleyite right wing and such Zionist lobby leaders as Senator Jacob Javits (R-NY) would prevent the Carter Administration from pressuring South Africa to return to the UN plan. The hard-liners, who also engineered the resignation of the more moderate Prime Minister Vorster, favor an intransigent policy towards black Africa, in a dangerous parallel to the murderous raids of Rhodesia's Smith government into neighboring Mozambique.

Similarly, the Nicaragua atrocities (see *THIRD WORLD*) are

being given tacit legitimacy by the United States' maintenance of diplomatic relations with the British-nurtured, illegal Somoza dynasty. Another Israeli heavy armaments customer, Chile, is meanwhile being primed for war with its neighbor Argentina over a dispute over three islands, as well as with Bolivia and Peru to the north.

The IMF and Israel

These international repercussions of the Camp David debacle are by no means coincidental. The current Israeli government of Begin, Dayan and Weizmann and their U.S. counterparts such as Zbigniew Brzezinski are backed and controlled by a global power structure centered in the British monarchy and its European "black aristocracy," which extends its tentacles worldwide through the international Zionist lobby, City of London financial institutions and their outgrowth, the International Monetary Fund and World Bank.

For this faction, Jimmy Carter's exuberant announcement of success at Camp David signaled a U.S. commitment to the policies of economic genocide of the IMF, and to headlong confrontation with the Soviet Union. It was hardly coincidental that Javits on Sept. 21 brought out a proposal to upgrade the IMF and World Bank into an institution with powers to police international austerity as the "alternative" to the new, development-oriented European Monetary System.

The outcome, exactly paralleling the effects of the British-engineered Munich Pact of 40 years ago, will be to hasten the advent of World War III. The alternative is a pronounced shift in U.S. policy *against* the Zionists in the immediate period ahead.

—Nora Hamerman

New muscle behind the EMS

Counter warhawks with detente, development

It was hardly accidental that Senator Jacob Javits, the Zionist lobby heavyweight who has claimed credit for getting the disastrous "Camp David process" started in the first place (see INTERNATIONAL), took time off from saluting the outcome of the war summit to attack the new European Monetary System.

Speaking last week before the House International Relations Subcommittee on International Economic Policy, Javits dismissed the Bonn meeting that formalized the EMS as an "interesting" event that "didn't do anything." "There was no agreement to do something together," he said of the meeting where European and Japanese leaders — over the shrill objections of Her Majesty's British government — agreed on the monetary framework for global technology-based development. Javits had an "alternate proposal": a billion-dollar "development fund" managed by a new credit institution — "a merger of the World Bank and the International Monetary Fund."

Javits's proposal neatly sums up the broader "political economy" of the Camp David coup and the strategy behind it. The Zionist lobbyists, the Brzezinski confrontation-mongers, the World Bank-IMF austerity hawks are united on a common program. But what is impelling them forward is the daily increasing toughness and political muscle of their opponents, who are pushing ahead with the EMS and its "Grand Design" program for international economic expansion.

As our EUROPE section reports, West German Chancellor Schmidt and French President Giscard astounded their British (and other) enemies by bringing off European Community approval of the specifics of the EMS months before

Britain had thought it possible. Then last week Schmidt, speaking before West Germany's parliament, blasted Zbigniew Brzezinski for "insulting" West Germany with charges of "self-Finlandization" in reference to West Germany's efforts to increase economic and political cooperation with the Soviets. Schmidt continued with the reminder that detente has been and remains inextricably linked with the success of the EMS initiative. "If the European Community falls, ... the detente policy falls," he said, "and who is willing to live with that risk?"

Just days before Mexican Finance Minister Ibarra told a gathering of IMF governors that the Fund and the World Bank should be overhauled and renamed as a true "international development bank." Ibarra's statement, which will be widely read as a reference to U.S. Labor Party chairman Lyndon H. LaRouche's International Development Bank proposal that was crucial in shaping Europe's EMS policy, was accompanied the same day by Mexican President López Portillo's broadcast comments on his "Grand Design" for development.

Even in the United States itself, there are hopeful signs that the political wasteland is beginning to come alive. Senator Adlai Stevenson III has come out for a "new world monetary fund" to replace the IMF and its austerity policies (see U.S. REPORT), and amid the initial manic euphoria over the Camp David results soberer voices are being raised in alarm over the danger of war. The world is still waiting, however, for these hopeful signs to develop into a full-blown political reality ready to successfully challenge Javits, Brzezinski, and the rest.

Deeper into the mess

Camp David drags the U.S. into a replay of Munich 1938

Some remedies are worse than the disease. President Jimmy Carter's avowed intent to delay the looming risk of general war is commendable, but the unnecessary price paid by both Carter and President Anwar Sadat for bending to every demand of Israel's Menachem Begin was to create a new, future risk of general war, more difficult to avoid than the immediate dangers from which Carter sought to escape this past weekend.

The Middle East situation, bad at the outset of the Camp David "summit," is now a more monstrous mess than ever before. The aromas of Munich 1938 poured out of the TV screen Sunday night, mixed with a strong, and nauseous aroma of both Henry A. Kissinger and Bernard Lewis.

Essentially, there was no possible way for the U.S. government to give way before an inflexible "Zionist Lobby" and also extract a semblance of strategic sanity from the negotiations. Begin's team, confident that Carter would not dare bring real U.S. muscle to bear, held out to the last minute, forcing Carter to pressure President Sadat into impossible concessions or leave himself, Carter, with the burden of a cosmic public-relations failure. Carter put the USA deeper into the blackmail grip of a lunatic Israeli policy, and imposed upon Sadat the separate Israel-Egypt peace which is the short fuse to destabilizations, Middle East explosions, and possible general war.

The U.S. government is still faced with the issue President Carter refused to face before or during the Camp David marathon "group sensitivity sessions." Under what conditions does a reckless breakaway-ally adventure by Israel prompt the USA to publicly abandon Israel to the consequences of its folly?

If Carter had stated publicly, in advance of Camp David negotiations, that under conditions Israel's adventures in support of the Nazi Falange might lead it into a war with Soviet military ally Syria, that the USA would not intervene against any *necessary* action by those allies to defeat Israel, Menachem Begin would have had no alternative but to behave sensibly.

President Carter may not yet realize the fact of the matter, but he behaved pretty much as Chamberlain and Daladier behaved at Munich in 1938 — with Menachem Begin playing precisely the part of Adolf Hitler. Part of Sinai, the Gaza Strip, the West Bank and Lebanon were cast in the victim-role of 1938 Czechoslovakia. Pretending that since Mr. Begin

happens to be Jewish, he could not possibly be compared to Adolf Hitler, is only service to a dangerous delusion. Mr. Begin's tactics were directly comparable to Hitler's posture at Munich.

Prior to the occupation of the Sudetenland — an occupation which left Czechoslovakia defenseless, Hitler was essentially bluffing. A French intervention in 1936 or a firm threat of military support of Czechoslovakia in 1938, and the Hitler-process would have collapsed. After Munich and the Czechoslovakia occupation, Hitler was no longer bluffing.

Encouraging Messrs. Begin and Company to continue with the policies outlined by Bernard Lewis et al. means Soviet support of Syria in the event Israel continues its commitment to the Nazi Falange and forty-years' British agent Camille Chamoun. Without acknowledging the reality of the Arab Palestinian refugees, the U.S. is not honoring United Nations resolution 242, and no lip-service to that document can conceal the brutal reality of the situation. No Israeli recognition of the PLO; no Middle East peace. Unless a drastic shift in U.S. public posture occurs soon, the U.S. is faced with the prospect of either a humiliating backdown or risk of general war over Israeli adventurism.

Prior to Camp David, Begin et al. were essentially bluffing. Now, Begin et al. have come from Camp David in a recklessly manic-euphoric state.

The Soviet aspect

Another fundamental blunder in the Carter Administration's Middle East tactic is Mr. Carter's bending to the Kissinger-Brzezinski insistence on bypassing the Soviet Union. Mr. Carter has gone back on his word on this; it was not so very long ago that he was committed to the Geneva process, as his UN address and accords with Mr. Gromyko made pretty public at the time.

Mr. Carter has, of course, the right to second thoughts in such matters, but he was correct the first time. It is only joint guarantees by both major powers which provide for a Middle East settlement worth the paper on which it is written.

A number of key figures in and out of the U.S. government must come quickly to the override conclusion that both Henry A. Kissinger and Zbigniew Brzezinski are lunatics. The adoption of the British geopolitical policy of the "China option," coupled with both destabilizations along Soviet borders and

meddling in the internal affairs of Warsaw Pact nations is exemplary of the point to be made.

According to the enthusiasts of Brzezinski's adolescent pranks, the way in which to prevent the Soviet leadership from reacting decisively in event of say an Israeli strike against Syria is to make things as generally intolerable for the Soviets as possible. Brzezinski overlooks that the only conditions under which a power will go to total thermonuclear war is the circumstance in which the actions of the opposite power are becoming so unendurable that war is the only effective means for ending an increasingly intolerable pattern of developments.

Librium might aid Vice President Mondale to cultivate complacency in face of such risks. Mr. Carter may genuinely not comprehend such matters. Brzezinski is clearly not only incompetent in matters of strategy, but a certifiable lunatic — a Miniver Cheevy of a would-be Polish nobleman dreaming of romantic feudal military frolics in 16th-century Lavonia.

Whom the gods would destroy, they first make mad. Certain gentlemen around Washington may deem it a matter of their privilege to "do their own thing," but their madness reflected into U.S. government policy might kill us all. Unless a drastic shift occurs soon, the ordinary citizen had better make up his mind whether to dip himself in batter or not; the time is approaching fast when he might fry.

— Lyndon H. LaRouche, Jr.

1. The real story

From the available evidence, it is now apparent that the President of the United States and his Secretary of State were used as mere tools, set up to ratify a prearranged agreement that had been put together by General Dayan, Henry Kissinger, the British, and key leaders of the U.S. Zionist lobby weeks or months earlier. National security advisor Zbigniew Brzezinski and Vice President Walter Mondale, representing those forces on the inside of the U.S. Administration, simply guided the Camp David talks to ensure that Carter and Vance did not deviate from the Israeli scenario.

Despite the theatrical hoopla from Carter about the mythical breakthrough reached at Camp David, there is now little doubt in anyone's mind that during the 12 days at the presidential retreat, Carter — guided by Brzezinski and Mondale — simply squeezed Egyptian President Sadat until he cracked. Precisely because the Camp David accord was reached with Sadat under duress, it is unworkable and is certain to be rejected by the entire Arab world.

Stripped of the vague and undefined formulations for the creation of a permanently Israeli-controlled

'It's just what Dayan wanted...It was worked out months ago'

Exclusive to the Executive Intelligence Review

Sources close to Israeli Foreign Minister Moshe Dayan, Senator Jacob Javits, and Israel's Prime Minister Begin himself all made statements to interviewers this week claiming credit for having pulled off a tremendous diplomatic coup — having initiated, and then controlled, the Camp David summit and its immediate aftermath. Jimmy Carter simply walked into a carefully pre-arranged set-up.

The most blatant statement of this point of view was made by Israeli military strategist Shlomo

Aronson, a scenario planner for Israeli nuclear weapons strategies and a cothinker of Dayan's, who has spent the last year at the Brookings Institute and the Rand Corporation. In an interview Sept. 19 he described how Dayan "masterminded" the negotiations and chortled that the accord specified fine-sounding specific timetables for completely ambiguous conditions "that don't oblige Israel to do anything." Here, portions of that interview:

Q: What is your evaluation of the Camp David accords?

A: Of course, I think they are wonderful. They are exactly what General Dayan wanted. Dayan masterminded the whole strategy at Camp David right from the

start. He's the mastermind of the Begin government, the chief strategist.

No matter how you cut the accords, they amount to a separate deal with Egypt. And that's exactly what General Dayan has been out to get. He's been at it ever since the Likud government came to power, even before Sadat went to Jerusalem. Remember all those secret meetings Dayan had in Morocco and Europe? I know for a fact he was meeting with Tuhaimi of Egypt to lay the groundwork for a separate peace. And now, finally, it looks as though it's come to pass. Working closely with Dayan at Camp David was, of course, Begin, and also Israel's Attorney General Barach.

behind the Camp David accord

Palestinian bantustan on the West Bank — what Israeli Defense Minister Ezer Weizman called a “fig leaf for Sadat” — the Egyptian president has done what he previously claimed he would never do: sign a separate peace with Israel.

The response: negative

Even as the ink of the Camp David framework was drying, the announced results of the marathon session had the following effects:

In the Arab world, every Arab state except Sudan, which is closely allied to Egypt, attacked the separate peace of Camp David, leading to a grave polarization and isolating President Sadat even from Saudi Arabia. The credibility of the United States suffered gravely throughout the entire Arab world as a result.

In Western Europe, America's key allies, France, West Germany and Italy, were shocked by the American refusal to put any pressure on Israel to extract concessions, and public statements from numerous European spokesmen indicated great unhappiness with what they considered to be a failure of American leadership.

In the field of U.S.-Soviet relations, the threat loomed of a serious deterioration in ties between Washington and Moscow because of the deliberately anti-Soviet character of the Camp David accord.

In the Middle East, the danger of a generalized Arab-Israeli war grew with reports that the crisis in Lebanon was on the verge of a serious turn for the worse. According to informed sources, the Camp David parties discussed the idea of partitioning Lebanon into three or more warring ministates; this is to be the wedge that provokes a series of tribal and sectarian disputes extending through Syria and Iraq into Iran and south Asia.

Contain the USSR

In short, the Camp David agreement — beginning with the separate peace between Egypt and Israel — is meant to be the cornerstone of a NATO-modeled regional defense and security treaty linking Egypt, Israel, Jordan, Saudi Arabia, and Iran under a NATO military umbrella. This strategy, called a “Middle East Treaty Organization,” by Canadian-U.S. Zionist leader Edgar Bronfman, is firmly supported by NSC

Q: Both Jordan and Saudi Arabia have rejected the accords. . . .

A: Rejected? I wouldn't push it that far, but it is tending in that direction. It is a rather difficult decision for Jordan to make. Vance will try to get through to the King. He'll make it clear that this is Israel's last position, that we won't go any further in making concessions. If Jordan doesn't like it, then it means a separate Israel-Egypt peace. If they do decide to join in on the accords, then they can get involved almost immediately. That's fair enough, I would say.

Hussein is courageous personally, but not politically. Personally, he'd like to go along with the accords. Politically he can't. There is a growing reluctance in the Hashemite family to take over the West Bank.

Actually, it really doesn't matter if Jordan and Saudi Arabia don't play the game. In fact, Dayan is *hoping* that Jordan and Saudi Arabia don't play along, because if they don't, then that means it's only Egypt and Israel — separate peace!

So far, it looks as though Jordan and Saudi Arabia are being stupid enough to play along with that gameplan. Of course, if they do change their minds and endorse the accords, that doesn't mean that Israel is screwed. We have all kinds of leeway to prevent a West Bank settlement — we can keep dragging out the issues there for three, five years, even longer. Either way, then, we've managed to wiggle out of committing ourselves on the West bank!

The genius of the accord

The really innovative thing about the Camp David deal was the sophisticated use of the time element. This is the genius of the accord! Look at what you have: a string of ambiguous formulations that really don't oblige Israel to do much of anything, put into a timetable — three months, three years, five years — that creates the illusion of concreteness. Together, they create another illusion: an aura of momentum.

I'm pretty sure that this subtle approach was devised a long time ago. This deal, I would estimate, was not devised during the talks or drawn up overnight. It was worked out months and months ago. Though I don't know for sure, the U.S. went into the summit with a set strategy, the strategy being this

Director Brzezinski, who plans to link NATO and METO to the Chinese in a Cold War-style effort to "contain" the USSR!

Despite the immediate and firm opposition of Jordan and Saudi Arabia to the Camp David framework, Secretary of State Cyrus Vance left on Sept. 19 for a five-day visit to Syria, Jordan, and Saudi Arabia to apply the full and direct power of the American state in order to compel Jordan and the Saudis to reverse their position and back METO. The British — through British Petroleum, the British intelligence-run Bahai cult, the Aspen Institute, and other channels — are applying similar pressure on the Shah of Iran, another unwilling participant in the METO strategy.

Within hours of the announcement of the Camp David results, the Israelis and their allies were trumpeting a major victory and signaling their bellicose refusal to make any compromises whatsoever on the occupation of the West Bank and the Syrian Golan Heights. In addition, Begin reiterated his adamant 'No' to any serious negotiations with the PLO, the only credible spokesman for the residents of the West Bank.

The Israelis made the following points:

- (1) the Camp David accords allowed the permanent occupation of the West Bank by Israeli troops;
- (2) the Israeli settlements in the West bank could remain forever, and after a total freeze of three months, new settlements might be established;

(3) the Israelis would retain a veto power over individuals and any groups that might emerge in the process of creating a local "autonomy" for the West Bank Palestinians;

(4) the West Bank would never become a state or homeland for the Palestinians;

(5) the success or failure of even this formula for the West Bank would bear no relation to the conclusion of an Egyptian-Israeli peace treaty in three months.

It was over the latter point — shocking to some observers of the Arab political scene — that Egypt's Foreign Minister Ibrahim Kamel and a number of Egyptian ambassadors and diplomats have resigned.

It is thus clear that the Camp David framework is not anything more than an exact replica of the 1977 Dayan Plan for the West Bank, and of the 26-point Begin Plan, modeled on Dayan's that was rejected repeatedly by Sadat since his visit to Jerusalem last year.

Why did Sadat accept?

Then why did Sadat accept the plan?

First, there is overwhelming evidence that in the final 72 hours of the Camp David meeting, Sadat and the American delegation alike were operating against the background of dire warnings of war emanating from the Middle East. The crises in Iran and Lebanon had set off alarm bells in Washington, and there were reports that Israel had massed 60,000 troops on the Lebanese and Syrian borders. Sadat, hearing such

deal, and tried to sell it to Sadat, which they did.

The key to the Camp David agreements is that they do not preclude an Israeli presence on the West Bank for a long time to come. If Jordan doesn't join in, then you have a separate Israel-Egypt deal with no agreement on the West Bank. Peace Now (the Israeli peace movement — ed.) is not concerned about the West Bank — that's how sophisticated they are. If a separate peace great, they say — and so do I. Very few actually care about the West Bank.

Javits takes credit for launching Camp David

A similar attitude was evidenced by Senator Jacob Javits, in an article in the Bronfman family-owned Canadian *Jewish News* Sept. 15. In this account, Javits took credit for having launched the Camp David process in the first place.

After being introduced at a testimonial fundraising dinner by Charles M. Bronfman, a Javits friend for many years who reminded the audience of Javits's fights in the early 1950s to secure economic aid for Israel from the U.S. government, Javits disclosed that the Camp David meeting was

originally brought on "in desperation" — induced by Javits and his colleagues on the Senate Foreign Relations Committee.

According to the *Jewish News* story, Javits gushed: "We met with President Carter at 9 o'clock (in the morning of the early-August day when Carter first announced the Camp David initiative), and at 11 o'clock the Camp David announcement was made. The President recognized that if the situation were allowed to drift, the consequences could be grave for the entire world. That is why he took the chance of calling the Camp David meeting — even without a set agenda."

reports and aware that Carter was far from prepared to put pressure on Prime Minister Begin to force concessions, decided to sign the accord that was presented to him rather than let the Camp David summit collapse in disarray, which — Sadat calculated — would lead to immediate general war.

Second, there is strong evidence that Deputy Prime Minister Tuhaimi of Egypt, who had been negotiating secretly with Dayan for almost one year, was a virtual Israeli-British agent in the Egyptian delegation, and that Dayan and Tuhaimi had previously worked out what finally did appear as the “Camp David framework.”

Third, the success of Brzezinski’s NSC in forcefully subordinating the U.S. government departments to NSC discipline gave Brzezinski near-total control over incoming intelligence to the White House, so that Carter was operating “blind” in respect to the world reactions to the agreements eventually announced.

Perhaps most important, Carter’s own decision-making processes were clouded by the fear that the U.S. Zionist organizations might topple his presidency if he made a decision to break with Israel and deliver the necessary U.S. ultimatum to Begin.

The ‘Text for a Framework’: sins of omission and commission

What is noteworthy about the Camp David final “Text for a Framework for an Overall Peace” released by President Carter this week is less what it says than what it doesn’t say.

A glance especially at the Framework sections dealing with the West Bank and Gaza reveals full non-recognition of any role for the Palestine Liberation Organization and a complete gloss over the two most vital questions: when and how will the West Bank revert to Arab sovereignty and what is to be the fate of Israel’s illegal settlements in the West Bank area, an area that Prime Minister Begin, even after Camp David, persists in calling “Judea and Samaria.”

More broadly, neither the preamble to the Framework, nor the Framework itself, nor its “associated principles” make the slightest mention of the disputed Golan Height territory between Israel and Syria, nor to the ultimate fate of the city of Jerusalem. On this last issue, which many veteran Middle East observers regard to be *the* stickiest problem in the Arab-Israeli conflict, Begin since Camp David has repeated several times that the failure of the

participants to mention Jerusalem signifies that that city will be “the eternal capital of the state of Israel.”

The “West Bank and Gaza” portion of the Framework text is the place where several glaring errors — or outright provocations — have been committed.

Clause 1 begins “Egypt, Israel, Jordan, and the representatives of the Palestinian people should participate in negotiations on the resolution of the Palestinian problem in all its aspects.” Who are the “representatives of the Palestinian people?” Clause 1b partially answers this: “The delegations of Egypt and Jordan may include Palestinians from the West Bank and Gaza or other Palestinians as mutually agreed.”

Does this give Israel veto power over the Palestinian representatives? And does the “from the West Bank and Gaza” phrase exclude the “Palestinian diaspora” headed by the PLO and centered in Beirut, which seeks to build a homeland in the West Bank and which is recognized as the Palestinian leadership by most West Bank residents?

Clause 1c provides a disturbing answer. Negotiations on the “final status” of the West Bank and Gaza “will be conducted among Egypt, Israel, Jordan, and the *elected representatives of the inhabitants of the West Bank and Gaza*” (emphasis added—ed.). This catch-phrase, “elected representatives of the inhabitants” is used in several followup clauses, and certainly adds up to PLO noninvolvement in the West Bank process.

As for the “final status” — what shape, in terms of time-frame and on-the-ground substance, does Camp David provide to ensure that the Framework does not add up to permanent Israeli military control over the area? None whatsoever.

In Clause 1b, we read, “A withdrawal of Israeli armed forces will take place and there will be a redeployment of the remaining Israeli forces into specified security locations.” *Nothing about withdrawal of Israeli sovereign control over the area is included.*

As for time: “When the self-governing authority (administrative council) in the West Bank and Gaza is established and inaugurated, the transitional period of five years *will begin* (emphasis added). As soon as possible, but not later than the third year after the beginning of the transitional period, negotiations will take place to determine the final status of the West Bank and Gaza and its relationship with its neighbors.”

In other words, the central bluff: *first*, put the operation into effect in the West Bank, and only then does the countdown period toward final “discussions” on the West Bank’s ultimate fate begin!

2. A vehicle for East-West showdown

A campaign to paint the Soviet Union as the "great danger" in the Middle East was launched to coincide with the start of the Camp David meeting, and as the results of the summit were announced, the anti-Soviet drive reached a new level of intensity.

The Camp David outcome is to be the latest vehicle for the consolidation of an anti-Soviet, China-linked Middle East Treaty Organization (METO), modeled after NATO, a scheme that is being urged on the U.S. as vital to national security, but that will in fact ensure regional war and a direct U.S.-Soviet face-off.

Complementing this strategy to polarize the region into two hostile camps is an ongoing effort to carve up the Mideast into a multitude of tiny tribal states. This plan to "redraw the map" — at a minimum a promise of "tribal" destabilizations against existing governments — not only seeks the decimation of the Soviet Union's Mideast allies, but looks to surround the Soviets' southern flank with a tangle of unstable, British- and Israeli-controlled puppet states.

The primary aim of the backers of the METO option is to use both the war threat over Lebanon and the civil strife in Iran as triggers for a U.S.-Soviet confrontation. Sounding one of the first alarms about the "Soviet threat" to the northern tier and the oil-rich Persian Gulf, Senator Henry Jackson (D-Wash.), a stalwart of the British-allied Zionist lobby, made a hysterical plea on Sept. 10 for "a Middle East Defense Pact to stop the Soviet encirclement of the Gulf."

With the culmination of the Camp David talks, the British press unleashed a barrage of articles cultivating the myth of the "mounting Soviet danger." An article in the Sept. 17 London *Observer* entitled "Russians Threaten Arab Oil" by Patric Seale is like a virtual printout of Aspen Institute and Rand Corporation perceptions of the Middle East and the proposed METO-style solution:

In a flurry of secret consultations over the past few

Exclusive: Think-tanker on the Mideast 'China card'

In a Sept. 18 interview with the Executive Intelligence Review, Marshall Goldman, a Harvard Sovietologist, described the developing Chinese-Zionist relationship and its importance in "containing" the Soviet Union.

Q: What do you think of the Camp David results?

A: I think it's terrific. Carter has managed to bring two people together who refused to have anything to do with each other not long ago. The agreements reached at the summit will introduce an element of stability to the Middle East that will be good for everyone but the Russians.

They should bring about stability in oil prices as well. The Russians are the only ones who benefit from higher oil prices, you know.

They're the third largest oil exporter, and while the Saudis and Iranians are not particularly interested in hiking oil prices because they're not running a deficit, the Russians are.

Q: Yet there has been a lot of negative comment on the summit results, not only from the Soviets and the radical Arabs, but from the Europeans as well, and on top of (Egyptian Foreign Minister) Kamel's resignation, other top Egyptian officials are also reportedly preparing to abandon the Sadat government.

A: Did you see Kissinger on television this morning? He pointed out that it's a matter of tradition for Egyptian Foreign Ministers to resign when there is a new peace initiative. Fahmi resigned after Sadat's trip to Jerusalem. I think Kissinger's absolutely correct, and, in my view, it's a good sign — a sign of progress — that Kamel resigned.

Q: But what if the Saudis do come out against the agreements?

A: That would be difficult, but even if they did, I think Sadat would stick to his guns because he detests the PLO....(If the Saudis withdraw their financial support from Sadat) the U.S. could step in and take over that role.

Q: Begin indicated today that the U.S. will build two airbases in the Sinai. Do you think there is anything to this?

A: I don't have any inside information, but I do think it is likely.

Q: Do you think this will lead to greater U.S. military involvement?

A: Probably not, but conceivably, the Chinese will come in. The Chinese couldn't have designed a better agreement themselves. I wouldn't be surprised if the Chinese had a hand in this. (The Camp David agreements) give the Chinese a much freer hand in Asia because they cut Soviet access to the Suez.

weeks, the principal Western Powers and Saudi Arabia have been attempting to hammer out a strategy of containment to check Soviet expansion towards the vital oilfields of the Middle East.

These contacts are judged as important as the more publicised Camp David talks. . . . The prime underlying object of both is the defense of oil.

The turmoil in Iran is only the latest of a series of recent developments which have demonstrated the extreme vulnerability of the West's oil supplies.

This year has seen a fundamental change in the balance of power on the periphery of the Middle East. With startling rapidity, the Soviet Union has captured strategic positions in Afghanistan, Ethiopia, and South Yemen. It has thus breached the "Northern Tier," that ring of States on Russia's southern frontier which constituted the West's traditional defense line, and, by straddling the Bab al-Nandab Straits, has become a major power in the Red Sea.

Sudan, Egypt and especially Saudi Arabia now feel they are next in line for a Soviet assault.

On Sept. 18, the London *Daily Telegraph* reported allegations by the Iranian Information Minister that the unrest in Iran is a "Communist plot." Significantly, the Shah has denied any involvement by the Soviets and instead is blaming "Islamic Marxists" — who are known to be controlled by British intelligence — for the rioting. Ironically, despite all the talk of Soviet "sabotage" of Iranian oil, it has been British

Petroleum and the allied Royal Dutch Shell group which have been effectively impeding oil production in Iran by their reluctance to heed contractual arrangements for production levels.

Like Senator Jackson, other Zionist spokesmen in the U.S. are lobbying for METO. In a Sept. 16 interview with the French daily *Le Matin de Paris*, Sen. Frank Church called for a "grand alliance" against the Soviets. "The game at Camp David," said Church, "is the creation of a grand alliance that will prevent Soviet penetration in the Middle East, thereby safeguarding the vital interest in the Western world.

Echoing Church, Steve Bryen, special adviser for Middle East affairs for the Senate Foreign Relations Committee who was brought under interrogation earlier this year for passing on restricted intelligence to Israel, proposed that Egypt and Israel join NATO.

In a recent interview, Bryen was asked what he thought of the METO idea. He answered, "It's good but a long way off . . . First, I can see two other options. Number one, associate membership in NATO for Egypt and Israel, so as to untangle them from regional politics. Number 2, U.S. presence in the region, complete with naval calling stations or whatever."

"If Israel and Egypt join NATO, won't that drive the rest of the Arab states more closely into the Soviet camp?" he was asked.

Q: Do you know for a fact whether the Chinese consulted with the Israelis on Camp David prior to the summit?

A: Well, I do know that there has been a lot of very recent diplomatic activity between the Chinese and the Israelis.

Q: How about the Lebanese situation? How do you think the summit will affect it?

A: I don't anticipate any increase in fighting. The PLO has been virtually wiped out in Lebanon, and I don't think the Syrians will want to unleash what's left in any case.

Q: In terms of the radical Arab states — do you think that they are likely to develop even closer ties with the Soviets, especially in light of (Syrian Foreign Minister) Khaddam's recent statements calling for the Arab nations to sign a defense pact with the USSR?

A: No. The Arab radicals do not trust the Russians, and will not bring them in to the Mideast.

Q: Senator Percy yesterday suggested that if Camp David failed, Henry Kissinger should be brought in to negotiations. What's your reaction to this idea?

A: Kissinger is not needed now, given what's happened in the last 24 hours. This is the same agreement he would have negotiated. Yes, I think you can call it a separate peace.

Q: Don't you think that the Soviets will see the settlement as part of a Brzezinski-Chinese strategy to encircle them, and consequently a direct threat to their strategic integrity — and consequently a casus belli?

A: Of course the Soviets see these developments, especially (Chinese party chief) Hua's trip, as an effort to encircle them. I do think it's a real possibility that the Soviets will launch a military attack against China. This is one reason why we should develop even stronger ties with China, as a way of preventing such an attack.

However, there is no way the Soviets will launch a nuclear attack against the U.S. It doesn't make any sense. If they do, they'll open themselves up to an Asian war with the Chinese. They are very afraid of this.

Q: What will the U.S. do if the Soviets attack China?

A: We'll just sit there with our mouths open and watch. The Soviets insist that the U.S. won't be able to remain neutral — they're very scared about this — but I believe we can.

What's been going on recently is great. It's just like watching a tennis game. The Russians are really getting hurt. The Chinese are the best thing that has happened to America in a long time.

"Of course, that's what this game is all about!" Bryen replied. "Any kind of agreement between Egypt and Israel is going to do that. I've always thought that a comprehensive settlement is bunk."

An editorial in the Sept. 20 Baltimore *Evening Sun* likewise stressed that the overriding importance of Camp David was to bolster "Western" Security.

Bluntly, what is at stake is this: It is the Persian Gulf oil pool and the increasingly naked Soviet design to encircle it and by one or another exertion of leverage to dominate it and have to dominate those nations whose economic welfare is almost literally hooked to it by pipeline. Nowhere else on the earth just now does Soviet and American interest confront one another so directly. . . .

Camp David cannot by itself blot out all this. What it can do is help drain away the old Arab-Israeli poisons and substitute for them a sense of unity and common purpose among those — Iraq and Saudi Arabia, Egypt and Jordan and, yes, Israel — whose interests parallel western interests. Beyond that, suggestions begin to surface about western military installations if in a different context talk arises of U.S.-built air bases in Israel's Negev as an even more stabilizing force. Looked upon as a southern extension of NATO to a neighboring region where the familiar East-West antagonists now confront one another with a fresh urgency, the notion is likely to gain appeal.

Last week, the Soviet press agency Novosti blasted Zbigniew Brzezinski, Carter's security adviser, for trying to set up "an extension of NATO" in the Middle East.

One prominent Israeli spokesman, in commenting on Camp David, pointed out that with a separate Israeli-Egypt pact, a Middle East Treaty Organization might not even be needed, given the anti-Soviet orientation of Egypt and Israel! This source went on to say: "We don't have to think about the creation of a Middle East Treaty Organization as such against the Soviets. There's no point to it, we don't need it. Rather, if we sign separate pacts with Egypt and Israel, and take into account already-existent agreements with the Saudis, we will have a *virtual* Pax Americana in effect.

"As this takes shape, the U.S. will increasingly be in a position to tell the Soviets, 'If you don't like it, screw! The Middle East is a matter of life and death to us, not to you, and we'll go to war over it, and you won't.'

"The Soviets will have to understand this. What alternative do they have? If Syria gets into any war, they'll get clobbered, and if the Soviets move in to fight Israel, there will be U.S.-Soviet war.

"What is now taking shape, therefore, is an *implicit* agreement that the U.S. should have a sphere of influence in the Middle East, and will not contest a Soviet sphere basically consisting of Syria and Iraq. This may polarize things, but that's the way things are shaping up, and the Soviets will have to face it."

The plan to 'redraw the map of the Mideast'

British and Israeli secret intelligence services are preparing to Balkanize the Middle East, from the Syrian-Lebanon region to the borders of Pakistan and Afghanistan. The means: a series of separatist and tribal insurrections across the region.

The central architect of a set of secret plans for the region is British academic Bernard Lewis, now a professor at Princeton University, a longstanding and vocal proponent of "tribalization." Over the recent months a number of seminars and articles on the subject have appeared; most importantly, this summer Princeton University held a closed seminar led by Lewis and an international colloquium on tribalism was held in Rome. As long as a year ago the widely circulated *Events* magazine ran an article titled "Tribalism in the Mideast" which introduced the notion of "redrawing the map of the Mideast" and cited Bernard Lewis as an advocate of the plan. In this connection a book called *Black Lebanon* reveals documents from Israeli intelligence laying out similar guidelines for altering the borders of many of the sovereign states of the region.

The ideology of tribalism

This fragmentation would involve minorities and tribes such as the Baluchis, the Kurds, the Alawites, the Maronites, and the Egyptian Copts, and from a strategic standpoint would interface British-Israeli intelligence support of Chinese domination of the region against the Soviet Union. Significantly, Lewis just completed a trip to Yugoslavia and Iran only weeks after Chinese Premier Hua Kuo Feng had visited there.

The Balkanization scheme would transform the region into a scramble of fiefdoms whose primary economic strength would derive from the black marketeering of drugs and other contraband from Asia, principally China, to the Mediterranean. Many of the tribal and religious minorities in the area—for example, the Kurds, the Alawites, and the Maronites — are already involved in such black marketeering operations. These nefarious activities are the prime source of income for powerful financial interests connected with the City of London and the international Zionist establishment, which jointly have billions invested in drugs and other illegal traffic internationally.

For the tribalization process to succeed, a number of prodevelopment governments in the oil-rich region of the Persian Gulf, most importantly Saudi Arabia and Iran, will fall. These governments have consistently fought to displace the feudal tribal potentates

of the area in favor of centralized government structures. Toppling these governments in order to impose tribal communalist entities would be a catastrophe for the world economy, as well as a grave threat to world peace.

The oligarchic links

The elite around these City of London and Zionist establishments is organized into a number of "secret societies," such as the Most Venerable Order of St. John of Jerusalem, the Mont Pelerin Society and the associated Jerusalem Foundation. These societies interface with prominent old families in the Mideast whose lineage goes back as far as the ancient Phoenicians and who form networks that are intimately involved in the "tribalism" racket. For example, the Coptic Sursok family, half of which resides in Egypt and half in Lebanon, are intimately connected to the European oligarchy centered in London, and are intermarried into European nobility such as the Roman Coloma family that are part of the conspiracy to carve up the Middle East. Significantly, the Sursoks, along with other of their feudal allies, are known proponents of the Osiris cult, an ancient secret cult whose ideology holds tribalism to be the basis of all human social organization.

From the Lebanon side, the extremist elements within the Maronite community also interface with the Order of St. John in London and are intimate collaborators with Israeli intelligence in efforts to partition Lebanon. Ultrarightist warlord Camille Chamoun last month paid a personal visit to the home of Israeli Premier Begin to discuss such plans.

Israeli Infiltration

Numerous informed sources state that Israeli intelligence has infiltrated nearly every important tribal and separatist movement in the area. A Turkish diplomat in Bonn last month stressed that the British have never given up their hope of creating a Kurdish state in Eastern Turkey, Iran, and Iraq. According to one Mideast specialist, the Kurds might well be revved up now in Iraq in the wake of the Camp David talks, to keep the ardently anti-Zionist Iraqis "off guard."

Moreover, numerous sources fear an imminent upsurge of the large and powerful Baluchi tribe which spans Iran, Pakistan, and Afghanistan. A Baluchi upsurge could in turn trigger a number of other large tribes in the area, such as the Pathans, to seek autonomy. A Well-informed source in Washington noted that the emergence of tribal uprisings would directly correlate with the weakening of central governments, and noted the immediate cases in point of Pakistan and Iran. He cited the recent destabilization of the Shah of Iran as a precondition for a regional tribal uprising.

How a "redrawn" Mideast would look

A prominent Washington-based specialist in Mideast affairs spelled out some facets of the Balkanization scenario in an interview last week:

"Any Alawite separatist entity would be up there near the Turkish border with Syria. This kind of thinking goes back to old Bernard Lewis. He has a rather prudent notion that it is not right-left politics that are important in this part of the world, but tribal relations. While the Alawites are only 10 percent of the Syrian population, you know they are the ruling clique, from which President Assad comes. They hold many powerful military and political posts in the country and for that reason are despised by many of their fellow Syrians. An Alawite state would be part of a Greater Syria plan. This has been around for awhile.

"It would mean that Israel would annex southern Lebanon, with a buffer Maronite state in central Lebanon, and Syria would take north Lebanon.

"However, a lot of these plans ran into trouble because of the Palestinian presence in Lebanon. The Palestinians botched it. Lewis has been talking about this kind of thing for a long time, at least the mid-1960s . . . and the Israelis are still studying this kind of thing very intently.

"But then you've also got the Pushtus, the Balushis, and the Pathans to mention a few of the tribes in the Pakistan-Iran-Afghanistan area. You know, old Daoud (of Afghanistan) had connections into these tribes, but now with the coup and Taraki it's hard to say what will happen. The Shah has given both Afghanistan and Pakistan a lot of money to keep a lid on these tribes. Under the government of Bhutto, the tribes were silenced due to Bhutto's strong centralization policies, but it is different with Zia. The key element in a Baluchi upheaval is watching the weakening of the governments in the area, especially Pakistan and Iran. They watch, and at the point that they feel centralization is breaking down they move for autonomy.

"It's a disaster in Pakistan. The announcement of Zia's presidency is ridiculous. This means he is here to stay and he is not the strong man Bhutto was. If Bhutto is hung we're going to see trouble.

"As for Iran, the overthrow of the Shah would lead to the country coming apart. This is enough of a problem for the Shah with the riots and all. Now he looks over there at Pakistan, his traditional buffer state, and he gets pretty damned nervous. The Shah doesn't like what he sees in Pakistan. If he fell, there would likely be a partition of the country. There could be a republic of Azerbaijan. You know, many of the religious and opposition figures see the old 1906 constitution as leading to partition . . . This is what the Shah means when he says there would be 'Iranestan' if he were overthrown."

3. The world responds to Camp David

The Arab world

The reaction by Arab leaders and governments to the results reached at Camp David has been swift and highly critical. This has been true not only of Arab leftists and radicals, but also of the strategically key Saudi and Jordanian regimes.

Saudi Arabia

A Sept. 20 Saudi government communiqué, shocking even more for its timing — on the eve of Secretary of State Vance's arrival in Riyadh Sept. 21 — than its content, read:

"The government of Saudi Arabia cannot consider what has been reached at the Camp David conference a suitable formula for peace. It does not explain in a definite manner Israel's intention to withdraw from all territories which it has occupied by force, foremost of which is Jerusalem. It does not stipulate the right of the Palestinian people to self-determination and the establishment of their state on the soil of their country. It ignores the role of the Palestine Liberation Organization, which Arab summit conferences have considered the sole legitimate representative of the Palestinian people whom Israel rendered homeless."

On Egypt, the communiqué noted that Saudi Arabia does not claim

"the right to interfere in the private affairs of any Arab state, nor to dispute its right to restore its occupied territories through armed struggle or through peaceful efforts in as much as that does not clash with the higher Arab interest....The current circumstances the Arab nation is undergoing require more than at any time previously reunion and unification of views and adoption of a unanimous Arab stand in order to bring about its supreme objective."

Jordan

A similar reaction came from Jordan Sept. 19, when a cabinet communiqué was issued following an emergency meeting:

"...The Jordanian nation has no legal or ethical commitment to the Camp David agreement in which it took no part....(Jordan) considers separate action by any of the Arab parties...a weakening of the Arab position which diminishes the chances of reaching the aspired just and comprehensive solution."

Jordanians close to King Hussein spoke privately of the necessity of new pan-Arab action to offset Sadat's bilateral approach.

The West Bank Mayors

Among the most poignant of denunciations of the Camp David protocols have been those from the current leadership of the West Bank, from elected mayors who would be expected to play a role in the Camp David framework's planned Egypt-Jordan-Israel-West Bank commissions on the fate of the territory.

The moderate pro-Jordan mayor of Bethlehem, Elias Freij, declared Sept. 18:

"What I've heard is not in the interest of the Palestinians. Any separate agreement between Israel and Egypt would be a death blow to the Palestinians and won't lead to peace."

The Mayor of Jericho, Abdel Aziz Swaiti, declared on the same date:

"Since the beginning of the initiative of Sadat, we feared to see Egypt sign a separate peace with Israel. Our fears are justified. The whole Arab world will be opposed to this accord, for it is the Palestinian problem that must be at the center of the political debate."

The most powerful West Bank denunciation of Camp David came from Mayor Karim Khalaf of Ramallah, at a press conference in Washington Sept. 20:

"Once again the cart has been placed before the horse. Camp David is a big disappointment, maybe the disappointment of the century."

"The courage and wisdom of the participants failed...(the conference) culminated in a Zionist dream...it shied away from the Palestinian people....We only deceive ourselves if we think peace is near. I am sure that after this wave of sensationalism and euphoria has subsided, Sadat, Begin, and Carter and the rest of the world will realize that peace unfortunately is still far away...."

Charging that a separate Egypt-Israel peace had been reached at Camp David, Khalaf emphasized that

"the travesty of Camp David not only violated human rights, but added insult to injury by excluding the only legitimate representatives of the Palestinian people (the Palestine Liberation Organization)."

Khalaf concluded with

"an appeal to the world not to be deceived: Camp David is a victory for Israel, and a dire defeat for the Palestinian people....Jews, Muslims, and Christians (must) live together as equals and in peace in Palestine."

Syria

These charges were echoed by strategically key Syria and the Palestine Liberation Organization. A

succinct Radio Damascus commentary noted Sept. 18:

"Begin has won all and Sadat has lost all."

The PLO

On the same day, PLO Beirut spokesman Labady stated:

"There can be no Mideast peace without the PLO. The accords of Camp David completely ignore the right of the Palestinians to have a nation and independent state. A facade of legality has been created for five years of Israeli occupation....Consequently, the Mideast will remain a place of tension in the world, because the new accords solve none of its real problems."

On Sept. 19, PLO chairman Yasser Arafat told a Palestinian rally that the Camp David accords

"stink of conspiracy...Sadat is a quisling and a traitor."

*The PLO initiated a general strike in Beirut Sept. 19 against the Camp David agreements. This occurred amidst a growing fear that the accords were the trigger for a new round of extremely bloody hostilities throughout Lebanon. The English-language Beirut newspaper *Ike* Sept. 19 predicted "more intensive Syrian and Israeli clashes in Lebanon," and editorialized:*

"Seen from Beirut, the Camp David agreement appears to be an agreement to split Arab ranks once and for all and start a new chapter in Lebanon's horror story."

Western Europe

While European leaders were very careful not to blast Camp David as a total diplomatic failure, mainly because of their concern that a collapse of the summit's agreement should not be used as a point of destabilization against Carter's already delicate political position, it was clear that their perception of the agreement was that it was totally inadequate.

The nine European Community members convened a special meeting on Sept. 19 to discuss the outcome of the summit, and West German Foreign Minister Genscher released a statement to the press as President of the European Council of Ministers, which read in part:

"The Nine for years now has championed a fair, comprehensive and lasting peace arrangement in the Middle East on the basis of Resolutions 242 and 338 of the United Nations Security Council. The attitude of the Community was expressed with absolute clarity in the statement made by the Council of Europe of June 29, 1977 (calling for a Palestinian homeland — ed.). That resolution reflects the EC's unaltered position today. . . ."

"The nine member governments hope the results of Camp David will prove to have been a further signifi-

cant giant stride in the direction of a fair, and all-embracing peace. They hope all involved will be in a position to participate in this development, with the aforesaid in mind. . . ."

France

French President Valery Giscard d'Estaing:

"This cannot be considered as anything other than a first stage. As long as there is no overall settlement, where the Palestinians would be fully represented, there can be no questions of talking about a peace settlement. France notes that the agreement on Sinai, the West Bank and the Gaza Strip express possibilities as well as uncertainties."

President Giscard also insisted on French radio Monday night that the Soviet Union would have to be involved in bringing about any meaningful settlement.

West Germany

While no official West German government position has appeared, a government source reached in Washington, D.C. warned that the Camp David settlement would lead to total polarization in the Arab world.

Britain

By far the most enthusiastic reaction to the summit came from the British. The British Ambassador to the UN, Ivor Richard, called the agreement "tremendous," while British Prime Minister Callaghan heartily praised Carter and the other participants and called for the immediate participation of the Jordan government in any settlement.

The Soviet Union

A release by the official Soviet government news agency TASS Sept. 18 denounced the Camp David agreements as a "plot against the peoples of the Middle East and the interests of peace in that strategically important area of the globe." TASS warned that "the USA, Israel and Egypt signed documents which are directed against the nations of the Middle East and which further endanger the security in this strategically important part of the world." The role of Anwar Sadat at Camp David was branded by TASS as an "open rejection of the common Arab demands," a "betrayal of the cause of the Arab people of Palestine," and a "surrender to all the demands made by Tel Aviv and Washington."

The Soviets concluded that the talks "ended in failure. And that is the only way they could have ended. In secrecy from the world public, behind the back of the Arab peoples, a separate bargaining took place in Camp David. Its participants pursued their selfish aims."

The United States

After the well-staged announcement Sunday night of the results of the Camp David summit, the Zionist lobby responded with euphoria to the claims that peace had been achieved. However, many political and industrial leaders were cautious, waiting for more in-depth briefings by Administration officials and the release of the actual texts of the agreements. By Tuesday, Sept. 19, skepticism about the feasibility of the agreement and doubt that an actual substantial settlement had been reached began to surface publicly.

Here is, first, a sampling of cautious to totally negative comments on the Camp David agreements, followed by some of the euphoric comments of representatives of the Zionist lobby.

From the U.S. Congress

Senator James Abourezk (D-S.D.): "They sold the Palestinians down the road. The dreaded hour has finally arrived, the separate peace treaty between Egypt and Israel, which President Sadat swore would not come from him. The framework for peace in the Middle East really doesn't amount to much, because the countries who should be parties to that — for example the Palestinians, the Jordanians, and the Syrians — were not present at Camp David. I think there's a great deal of danger yet. The separate peace agreement between Egypt and Israel has a great destabilizing effect throughout the Middle East."

Senator Adlai Stevenson (D-Ill.): "The President's efforts are heroic, but his success remains to be seen. A probable Egyptian-Israeli settlement will diminish the probabilities for war. It may also diminish the possibilities for peace. Any assessment of the outcome must await the text of the agreement, the reaction of the Arabs to Mr. Sadat's concessions, and the renewal of American diplomacy in the Middle East."

An aide to the House International Relations Committee: "In the Congress, those staff members who have had anything to do with the Middle East are very cautious verging on pessimistic about this. The only ones who are happy with it are those who have nothing to do with foreign policy and the Middle East."

From Around the Country

A member of Peace Through Strength, an organization supporting a strong military: "Presumably Camp David can pave the way for a settlement, but I am still highly doubtful. The PLO won't buy it; unless the Knesset gives in on the

settlements, the agreement will fall apart. Sadat gave far more than Begin. Unless the Saudis back it, Jordan won't. I doubt the Saudis will support it. The Zionists and the Zionist lobby are a big problem."

L. Dean Brown, President of the Middle East Institute: "The agreement is not in the interest of the United States."

A Washington D.C.-based think tank's expert on the Middle East: "This agreement is patchwork and cosmetic. It is just a papering over of differences that were not patched up in substance. Carter needed cosmetics, Israel was prepared to give cosmetics not to embarrass him. Their concessions are superficial — Israel has given nothing away. This was a hastily written document just to claim progress when there was none. If I were briefing King Hussein I would say 'steer away from it like the plague'."

A high official of the United Steel Workers of America: "I think of Camp David this way: Kissinger was the turning point. He wrecked everything. He sabotaged the Rogers plan and the Scranton Plan."

A leading Chicago businessman: "Carter was so euphoric he thought he was walking on water. What he doesn't realize is that Kissinger and Brzezinski have urinated on the sidewalk in front of him."

From the Zionist Lobby

Senator Jacob Javits (R-N.Y.): "The whole world and all mankind will breathe a sigh of relief that the road to peace has opened."

Senator Frank Church (D-Id.), soon to become head of the Senate Foreign Relations Committee: "Carter has demonstrated that he has mastered the fine art of diplomacy in a manner few of his predecessors have ever equalled before . . . It looks as if peace was born under the star of Camp David."

Arnold Foster, legal counsel and national co-director of the Anti-Defamation League: "I was surprised as hell that a bilateral treaty was agreed on. It was a reversal for Carter and Sadat. Begin gave nothing substantial. Sadat took a deal — because he had little choice, he was out on a limb and also because Carter said he would give him economic and military aid to assure the continuation of the Egyptian State."

Henry Kissinger: "Everything in the Middle East has a fragile quality, but this is a major achievement. The ground could conceivably still give way, but so much of an advance has now been made, that it will be in totally different circumstances and much better circumstances."

The Atlantic Council proposes IMF dictatorship for America

Martin proposes a world central bank to derail EMS, control U.S. economy

London's frantic efforts to derail the Franco-German plan for a new development-oriented global monetary system escalated this week with the publication of major policy statements by two leading bastions of Anglo-"American" influence — the Atlantic Council and the International Monetary Fund (IMF). The Atlantic Council policy paper, entitled "The Floating Rate System: The Search for Balance and Stability," is part and parcel of the British strategy to discredit the Franco-German backed European Monetary System (EMS) and its subsidiary European Monetary Fund (EMF) as "antidollar" and, further, to promote their own schemes for an IMF global economic dictatorship.

Both the Atlantic Council policy paper and the IMF annual report, made available to the public on Sept. 17 and 18 respectively, censure European and Japanese government efforts to stabilize the U.S. dollar through currency intervention. The dollar can be salvaged, they insist, only through the workings of "basic market forces" and the imposition of a draconian "anti-inflation" program — measures which will actually collapse the U.S. economy and destroy the U.S. dollar as the world's investment currency in the long run. Moreover, at a Sept. 16 press conference, William McChesney Martin, Co-Chairman of the Atlantic Council's Working Group on International Monetary Affairs, called for the transformation of the IMF into a "supreme central bank to impose monetary discipline" in the event that domestic austerity measures fail to revive the dollar. Martin is a director of Royal Dutch Shell and a former Federal Reserve chairman, who long ago established a reputation as the "Cassandra" of the international financial community.

London: EMF is a strategic threat

The release of the Atlantic Council report coincides with a crescendoing London-directed campaign of slanders and innuendos being waged (largely behind closed doors) against the EMF and against the person of Helmut Schmidt, the West German Chancellor, in particular. The chief slander which British outlets are retailing is that the EMS constitutes a threat to the

U.S. as a strategic power, that Schmidt has succumbed to Soviet-directed "Finlandization" of Europe and is therefore setting up the EMS as an "antidollar bloc" against the U.S. economy. The British, typified by Robert Moss, director of the Rothschilds' *Economist* Intelligence unit, add for good measure the warning that West Germany is about to break from NATO, thereby wrecking the Anglo-American-based "alliance" upon which Western military policy has been based since World War II.

Such warnings constitute the core of this month's seminar series for top U.S. corporate executives being run by the Georgetown University Center for Strategic and International Studies under the direction of Henry Kissinger.

According to the Sept. 13 issue of the London *Guardian*, one of the few publications which covered the "Future Business" seminars, "senior Administration officials" at the seminars "gave polite, if very general, support to the current moves within the Common Market to erect a European Monetary System. But in private many of them express the fear that such an initiative could be taken to reflect a lack of long-term European confidence in America's ability to keep a strong dollar at the heart of the present world monetary system." Further, Henry Owen, who works out of the National Security Council as President Carter's special assistant on economic affairs, told seminar participants that he saw "potential dangers to Western unity if inflation proved persistent and if the Soviet bloc maintained its military challenge in Central Europe."

An equally ominous note was sounded by London *Financial Times* columnist Jonathan Carr in a Sept. 19 article. Commenting on Schmidt and French President Giscard's display of unity at their Aachen summit, Carr warned that "there is a European will for a greater degree of independence from American action." Schmidt and Giscard, he added, are imposing restrictions on U.S. policy which "would have prevented the inflationary spending on the Southeast Asia war" — a remark calculated to send conservative American businessmen scurrying into the trenches.

As with most British-authored slanders, there is a tiny grain of truth here. The West German govern-

ment has indeed threatened to drop out of the recent NATO "Reforger" maneuvers — not because of any anti-American bias but because it feared NATO's provocative antics would bring the U.S. to the brink of a disastrous world war. Similarly, the thrust of Schmidt's monetary proposals has been not to destroy the dollar but to breathe new life into the U.S. currency by recycling idle dollars into the financing of expanded world trade and development.

Supreme central bank

Precisely what William McChesney Martin meant by "a supreme central bank" was elaborated by Frank A. Southard Jr., former IMF deputy managing director and the other Co-Chairman of the Atlantic Council Working Group responsible for drafting the policy paper (see below). Briefly, national governments belonging to the IMF would be compelled to turn several hundred billions in "excess" dollar reserves over to the IMF and would receive in their place new issues of the IMF's Special Drawing Rights (SDRs). The IMF would also establish a "rediscount facility," allowing it to carry out open market operations in national money markets and determine interest rates worldwide. Thus, national sovereignty in regard to the determination of domestic economic policy would be eliminated in one stroke!

Significantly, the members of the Atlantic Council Working Group on International Monetary Affairs include Henry Fowler and Eugene Rostow, co-chairmen of the U.S. Committee on the Present Danger which is notorious for its "nuke 'em while we still can" propaganda. Fowler, now a partner at the Goldman Sachs investment bank, served as U.S. Treasury Secretary under Lyndon Johnson and was responsible for persuading Johnson to accept the creation of the IMF's Special Drawing Rights as a dollar surrogate. The British Treasury had been publicly calling for the creation of SDRs since at least 1961, but previous U.S. administrations resisted this as too obviously undermining the dollar as well as fostering a dangerously inflationary expansion of world liquidity. Fowler armtwisted Johnson into accepting the SDR on the basis that "you can't finance the Vietnam War without it." Along with Fowler, Georgetown's Henry Kissinger, a member of the Atlantic Council's board of directors, is presently employed by Goldman Sachs as an advisor on international economic policy.

Since Martin's proposal for a world central bank is still too much for the American business community to swallow, the Atlantic Council left this proposal out of the actual published report, but included in its "program of action" several less dramatic recommendations which would tend to lead "step-wise" toward the creation of such a global economic dictatorship. First, while the Council advocates increased central bank intervention in support of the dollar as a sop to the Europeans, it warns that the aim of this intervention "should be not to resist basic market forces which are pushing (exchange) rates to a more appropriate

level." In plain English, this translates: "No European effort to establish a fixed parity for the U.S. dollar through the EMF will be tolerated. If the dollar is to stabilize, it will only be through the imposition of drastic austerity and energy consumption cuts."

To ensure that the Europeans and Japanese do not intervene "excessively" in defense of the dollar, the Council further demands the implementation of the newly amended Articles of Agreement of the International Monetary Fund which empower the IMF to "exercise firm surveillance over the exchange rate policies of members."

Second, the Council recommends new issues of SDRs, in accordance with the Second Amendment which requires member countries to collaborate in "making the special drawing right the principal reserve asset in the international monetary system." Both of these recommendations, IMF surveillance of exchange rates and new allocations of SDRs, were also highlighted in the IMF annual report.

Bank of England rehash

The bulk of the Council's report is a rehash of arguments summed up in a Bank of England memo which has been circulating in the Wall Street financial community for several weeks. As in the Bank memo, the report attributes the dollar's decline to the trade and current account imbalances of the U.S., West Germany, Japan and other advanced industrial economies. However, the Council points out correctly that the U.S. trade deficit reflects not merely increased oil imports but increased imports of manufactured goods and flagging manufactured goods exports. This leads to "the heart of the imbalance in world payments," the relatively high U.S. inflation rate which is allegedly reducing the "competitiveness" of U.S. goods on U.S. markets. The solution? Induce a full-scale American depression through credit strangulation, federal budget cutbacks, and wage controls: "Foremost, so far as concerns the United States, is the need to reverse the dangerous uptrend in price levels. This attack on inflation must be mounted on all fronts: fiscal, monetary, wage policy; and must be patiently pursued with the full strength of the Executive, the Congress, the monetary authorities, business and labor. . . . Secondly, the modest reduction of U.S. oil imports in 1978 (due chiefly to the flow of Alaskan oil) must not be allowed to conceal the danger of continued growth in energy consumption at a rate greater than the trend of domestic energy supply."

As a corollary, the Council also calls for outright trade war against America's European and Japanese allies. The Atlantic Council pays lip service to long-standing U.S. Labor Party proposals for government-backed export expansion but parodies such export programs by identifying them as merely a matter of increasing relative "market share" at the expense of other industrial nations. The report demands that European and Japanese governments tear down the "barriers" preventing U.S. goods from gaining

access to their markets, and that these governments further cease subsidizing their own exports: "Increasingly, governments are intervening to assist in establishing new industries (prime examples are computers, nuclear energy, civil aircraft, and telecommunications), providing subsidies and requiring state-owned enterprises to buy the products. Often these industries become exporters, with the assistance of special credits and government-to-government negotiations. Under such circumstances, it is scarcely surprising that exchange-rate adjustments do not seem to have the expected effect on trade. The U.S. authorities must be vigilant to identify and respond strongly to various forms of subsidy which other industrial countries may be giving to their exporters." The report thus totally ignores the fact that the EMS would increase U.S., European, and Japanese exports *simultaneously* as new markets are opened up by the creation of large-scale development projects in Third World and Eastern European countries.

And, finally, the Atlantic Council reiterates the by-now shopworn slander against the European Monetary System: "It is premature to evaluate that plan (the EMS — ed.). If it comes into being, care should be taken to coordinate its activities with the surveillance role of the IMF; and to avoid putting pressure on other currencies, especially the dollar. In any event, it would reinforce the need for close collaboration with the United States and Japan."

— Alice Shepard

Atlantic Council official explains "world central bank"

The following interview with Frank A. Southard, Jr., former IMF deputy managing director, was made available by a Wall Street source. Southard is co-chairman of the Atlantic Council's Working Group of International Monetary Affairs, which is responsible for producing the Council's just released report on "The Floating Rate System." William McChesney Martin, former Federal Reserve Chairman, is the other co-chairman of the Working Group, and wrote a forward to the report.

Q: The Journal of Commerce quotes you as saying that the new European Monetary System "should not

undercut the IMF." I've heard that there's a possibility that the EMS could develop as a rival to the IMF. What do you think?

A: Yes, there is a danger. It has been proposed that the Europeans pool 20 percent of their reserves with a common fund, which would amount to \$40 or \$50 billion. If they proceed to make international decisions relating to exchange rate structure without reference to the Fund, there could be problems. The Fund would then be left dealing largely with LDCs. If they do succeed in setting up the "Super Snake," if you're familiar with the phrase, it will be important that they continue to respect their obligations to the IMF.

Q: Well, do you think it's likely that they will respect those obligations?

A: This is always a problem with big powers. I'm fairly optimistic that they'll value their relationship with the Fund. The real danger is if they should make decisions among themselves without the Fund.

Q: Now, the Washington Star's coverage says the Atlantic Council wants to move towards a world central bank, a global U.S. Federal Reserve. How would this work?

A: Well, this is not actually in the report but in William McChesney Martin's comments at the press conference. He argued this point quite cogently. It's based on lectures he gave two years ago. If you could imagine that you could have a world central bank, the Fund would have to have the following powers: 1) The power to increase world liquidity. 2) The power to soak up excess world liquidity. It would require that member countries deposit excess reserves in the Fund against SDRs. 3) A more active role for the Fund in determining interest rates. This would involve setting up a rediscount facility.

Now, the new amendment allows the Fund to increase or decrease issues of SDRs, and if the SDR becomes the main reserve asset, as it is supposed to be under the IMF articles, we would be moving in the direction of a world central bank.

Q: Did McChesney Martin indicate how the European Monetary System might be made to work within the context of a world central bank?

A: No, he didn't deal with that. The only thing that's being said is what I said at the press conference yesterday. It's too early yet to evaluate it. But we must be very careful that it does not undercut the IMF.

The Atlantic Council's economic

Lyndon H. LaRouche tells how the United States economy can

In an NSIPS news release from New York Sept. 21, U.S. Labor Party Chairman Lyndon H. LaRouche, Jr. commented on the Atlantic Council's effort to block U.S. participation in the EMF. LaRouche, a conceptual architect of the new system, is author of the Executive Intelligence Review September supplement, "Facts Behind the New Monetary System." The text of the news release follows.

Reports from the Atlantic Council meeting at Hamburg, West Germany yesterday indicate the prevalence of a mood of suicidal hysteria associated with the Council's current policy paper, "The Floating Rate System." Some emphasis on the basics of scientific and technological progress would be useful in restoring sanity to the current discussions in those quarters.

Part of the problem in New York City and other financial circles is heavy London pressures on key individuals to repeat downright lies. Exemplary of the litany of outright lies is the assertion that the European Monetary Fund (EMF) is intended to either simply bring down the U.S. dollar or end the dollar's role as a reserve currency. Although *the British have insisted on such attacks on the dollar as their preconditions for British cooperation with the EMF*, everyone around Wall Street knows that the continental European sponsors of the Bremen EEC agreements of July 1978 not only have the exactly opposite policy, but have adopted a most efficient approach to bringing the U.S. dollar back into stable reserve-currency roles and up toward a targeted value of 3.00 deutschemarks. It is only the British financial interests — and their accomplices in such locations as Washington, D.C. and New York's financial community, who do not see the urgency of full U.S. support for the EMF effort. Indeed, one can identify several major New York City commercial banks which would be boosting the EMF currently, but for measures extending to such extremes as direct personal blackmail and ugly threats.

What the Atlantic Council report cited reflects is a large-scale, very ugly operation intended to batter would-be EMF collaborators into swearing loyalty to the International Monetary Fund's current programs of "conditions." This is aided by the short-sighted pure piggishness among some New York bankers, who are looking only at mark-ups on loaning of borrowed London funds, and forgetting the unmanageable overhang they are aggravating over the medium term by such lemming-like rushes toward probable insolvency.

Once the corrupted or terrorized banker accepts the oath of undying loyalty to the IMF, he is caught in the trap of seeking to discover some plausible scheme which suggests workable, patchwork adjustments in IMF and related operations. Inevitably, the IMF being bankrupt (in a strict assessment of the situation), the solutions proposed are all imitations of Nazi Finance Minister Hjalmar Schacht's Mefo-Bill swindle. The IMF version of the Mefo-Bill swindle is termed Special Drawing Rights (SDRs). Although some proponents of the schemes waffle, for one reason or another, on the SDR schemes as such, their own measures amount to the same thing, and would lead to an early Schachtian SDR game in any case.

The remedies

The essential problem of the monetary order at this moment is that of diverting hundreds of billions of churning liquidity on world markets, chiefly dollar-denominated, into financing of world hard-commodity trade and capital-formation in productive improvements and expansion of industry, agriculture and essential infrastructure. All monkeying-about with the rate of generation of monetary aggregates, including the depression-oriented "fiscal austerity" measures, is utter nonsense which evades the gut issue.

There are two problems to be overcome if that redirection of liquidity-flows from speculation into capital-formation is to occur. One, the basic interest rates must be brought down below 4 percent. Two, existing debt overhangs must be reorganized along lines employed by Secretary of the Treasury Alexander Hamilton. The two measures are interdependent. One cannot generate adequate rates of capital-formation through financing without such measures of debt reorganization. One cannot reorganize the debt unless a future increase in ability to pay by the debtor is established, without large-scale capital-formation in debtor nations.

The key is the use of gold as a way of circumventing the spiraling interest rates caused by trends toward double-digit inflation. We must move *toward* a system of gold-denominated, long-term bonds, issued by new central monetary agencies at prices of between 1 and 3 percent yields. A 3 percent yield on a gold bond is more than fully competitive with a 10 percent yield on an SDR or other floating-market paper.

The problem at the moment is that gold has not leveled off at the dollar price which represents open-market equilibrium (competitive) value for gold pro-

program is a fiasco

'turn the corner'

duction in quantities corresponding to the requirements of a new world monetary system. The values at which equilibrium can be reflected in fixed-parity arrangements is \$240 an ounce for gold in terms of a U.S. dollar at 3.00 deutschemarks. The short-term problem is therefore, how to reach those equilibrium-values.

The 3.00 D-mark value for the dollar represents the price of the dollar in terms of the competitive values of high-technology U.S. capital-goods exports vis-à-vis German or Japanese capital-goods exports. Provided nuclear-energy-centered, high-technology U.S. export-volumes are generated, moving toward an increase of about \$50 billion annually in overall U.S. exports, the 3.00 D-mark price would be reached rather rapidly.

As large volumes of gold purchases by central financial institutions brought rates of gold production up appropriately, gold would proceed toward a \$240 an ounce asymptote in respect to a dollar moving toward 3.00 D-marks.

The practical problem is therefore one of getting things into motion, so that key currencies and gold are moving toward the values required for a system of fixed, gold-denominated parities.

The European Monetary Fund is the key to the getting of things into motion. As the EMF gets into motion, it dovetails with both the Arab Monetary Fund and the Tokyo capital market's yen bonds. As the principal currencies of these institutions, plus dollars, move toward flexible parities, a new, gold-based world monetary system employing the U.S. dollar as its principal reserve currency, comes into being. At that point, the conversion of idle liquidity into long-term, gold-linked debt channels hundreds of billions of dollars into expansion of trade and capital-formation.

The key to the initiation of this process is "threshold" countries such as Mexico, Iran, Saudi Arabia, and so forth, plus certain other nations among the developing countries. The OPEC nations and Mexico have at present a salable surplus export (Mexico's expanding petroleum output and uranium reserves are exemplary), which provides a solid basis for immediate high-technology-project credits through such facilities as the emerging EMF, AMF, and Tokyo capital market. That generates an increase in world trade in appropriate categories, and also rechannels significant volumes of dollars into such activities. These dollars come back, directly or indirectly to the U.S. in the form of demands for U.S. exports either to Europe or Japan or into supply of developing-sector high-technology projects.

The effectiveness of that depends, of course, on cooperation from the White House and Congress, to unstick the current export-license bottlenecks, and to facilitate processing of low-price credit back into the subvendors of U.S. high-technology-exporting firms. It is at this point that the wrecking activities of Kissinger, Schlesinger, Brzezinski and others become the most obvious contributing cause to the U.S. dollar's problems and balance-of-payments difficulties.

The crucial problem in the initial phase is not a matter of exactly how many billions flow into U.S. exports through EMF, AMF, and Tokyo capital operations of the indicated sort. The crucial thing is to turn the corner; we must shift the flow of liquidity marginally (at first), out of speculative, inflation-feeding channels, and into channels of high-technology exports and capital formation.

A few tens of billions overall dedicated to that corner-turning operation will suffice — provided the U.S. acts to defend the dollar through promoting easier conditions and terms for promotion of nuclear-energy and other high-technology exports, and for promoting exports of U.S. agricultural output and U.S. agronomy into high-technology improvements in per capita productivity in the developing sector.

The issue behind the Atlantic Council's efforts to wreck the EMF is that the EMF's measures, if supported in Washington, will not only pull up the U.S. dollar and revive U.S. export levels. Such a measure ends the City of London's control over world financial markets. Hence, the whole business of opposing the EMF — from Jake Garns' and the Heritage Foundation's joint buncombe, to the Atlantic Council version — is pretty close to downright treason: selling the U.S. down the river — one more time — for the sake of the City of London.

Refinancing the debt

To handle the debt problem we need do nothing much different than Hamilton did in launching this nation into becoming the world's greatest power. On the basis of channeling the flow of credit into high-technology improvements in the productivity and volume of tangible output from industry and agriculture, any nation's debt can be exchanged for new, low-price issues which serve as negotiable (discountable) assets of debt-holders through the central banking system.

The same approach properly applies to entities such as New York City. The City's problem is that its tax-

base has shrunk — for many reasons in all — chiefly because of the loss of manufacturing and port income. By developing the tax-base of the New York City region — along the lines exemplified by the New York Port Authority's chartering, and by developing the New York City region as a center for massive increases of high-technology exports into the developing sector, the environment is created for massive influxes of modern industries into the labor-market. This works on condition that several gigawatt or larger nuclear-energy units are incorporated quickly into the Consolidated Edison system. Under such programs, the New York City debt could be refinanced at nominal interest rates (with aid of appropriate legislation by the Congress), and at long-term, with a clear solvency for the debt in sight. Debt is really not better than the debtor's development of an ability to pay — on condition that the schedule of payments does not kill off the debtor who must do the paying.

U.S. costs

The net cost of securing massive increases in U.S. exports would be a net zero, even a substantial profit to the government.

The essential approach to be taken to current U.S. taxation levels per capita is to increase the tax base. The problem has been that the emphasis on "social-work" programs in place of expansion of productive employment of manufacturing and other operatives has fostered a pyramiding of costs while the ultimate source of taxable wealth, tangible output, has become a shrinking ratio to gross employment and tangible output a shrinking ratio to what is foolishly — even maliciously — reported as GNP.

The only remedy for this situation is a substantial expansion in the employment of skilled and semi-skilled operatives, which means emphatically manufacturing operatives. The bulk of this increase must occur in high-technology, export-grade industries and forms of employment. Any proposed solution to our tax and other fiscal problems which does not include that feature as its basis is a mere ivory-tower delusion, sheer, worse-than-useless windbaggy.

We must, however, revise our tax policies drastically. The kernel of the change to be made is accelerated depreciation and investment tax-credits for high-technology capital formation in capital-intensive workplace creation in industry and agriculture improvements, and similar credit formulas for essential improvements in infrastructure. Even increases in the basic tax rate on incomes (above tax-exempted lower amounts) are desirable, as means for channeling investments and savings into tax-loophole-incentive areas, such that private funds are encouraged to enjoy the bonanza of serving national purpose.

This should be accompanied, of course, by measures to increase household-income tax-exemption levels to the effect of getting government out of that area of transfer payments to and from individuals. The rate at which this can be done is determined by the need to avoid disruptions in the fiscal order, and the need to eliminate the social-work bureaucracy features of government, to which the growth of taxation on household basic incomes is tied.

It also requires action to promote increases in scientific and related forms of public school and university education — at the expense of "sensitivity courses," "socially significant basket-weaving," and other useless or downright contraproductive such elements of the curricula today. It means that the government should stress projects modeled on the Manhattan Project and NASA as the government's proper special role in promoting acceleration of general scientific and technological progress. The net cost of such programs is really less than zero, compensated quickly by the rises in per capita social productivity new technology contributes to the taxable output of the private sector.

If the Congress really wished to get through a good piece of tax legislation to this effect, it could do so very quickly as an emergency measure. Repealing the OMB's charter and reestablishing the Federal Bureau of the Budget would facilitate that process. Revising the budget to eliminate a few useless "social work" boondoggles and give NASA a piece of the action on promoting fusion and related research in cooperation with the Department of Energy (minus Schlesinger) would not be a difficult chore, if Congress were in a mood to push it through.

Relatively speaking, the measures which must be taken now at the government level to bring the U.S. into line with the EMF are significantly few and uncomplicated in nature. Pull a few misplaced anglophile toads out of the White House's frog-pond, and the Administration could readily perform the few basic tasks it has to perform in that connection.

In the meantime, Congress should note that the biggest single cause of total U.S. balance-of-payments loss is the "black funds" paid into the illegal international marijuana, heroin, and cocaine traffic. A few tens of millions added to stringent enforcement measures against the sale and use of such drugs, and to aid other nations in cracking the control of this traffic by Canadian, Hong Kong, Singapore, and British West Indies banking interests, and up to twenty billions of lost balance-of-payments shrinkage could be saved in this way. It is, not so incidentally, the same London-centered forces pushing the anti-EMF, pro-IMF programs who are the conscious controllers (and chief beneficiaries) of the illegal drug traffic.

'The U.S. economy needs a good recession'

Business Week and Atlantic Council say it's grown too fast

In the Sept. 25 issue of *Business Week* economics editor William Wolman claimed that the only remedy for the rapidly depreciating U.S. dollar is slower economic growth through belt tightening — “and the notch chosen for the belt must be one that substantially escalates the risk of recession.”

Wolman may be more brazen than most in thus openly calling for a recession, but he is not alone. As reported elsewhere in this issue, the thrust of the new policy paper issued by the Atlantic Council Sept. 17 is identical. And Irving Shapiro, chairman of du Pont and cochairman of the Business Roundtable is telling the business community that stringent wage and price guidelines are “inevitable,” reports *Washington Post* columnist Hobart Rowen. “Realist” Shapiro got the business community to endorse the Anti-Defamation League-sponsored “antiboycott” legislation by the same ruse in the spring of 1977, despite the fact that every executive knew that the legislation would crimp U.S.-Arab trade relations.

Recession the only solution?

Business Week's Wolman now acknowledges that the steep depreciation of the dollar over the last year has worsened, not improved, the nation's balance of trade deficit — despite what Treasury Secretary Michael Blumenthal promised us. He dismisses the famous “J-curve” theory, according to which a currency devaluation leads first to the widening of a country's trade deficit as its imports become more costly and only later to a narrowing of the deficit — after the country can no longer afford to import anything. Wolman argues that this reversal will not happen naturally. Demand for imports must be peremptorily cut by collapsing the economy.

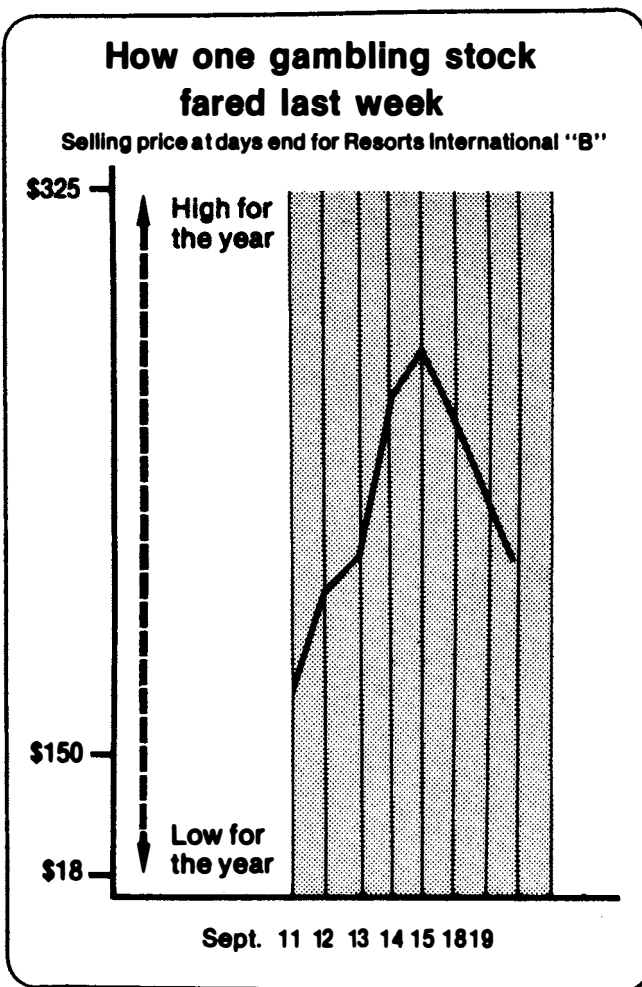
The assumption that underlies the recommendations of Wolman, the Atlantic Council, Shapiro and others who are talking like them is the absurd notion that the U.S. economy has been growing too quickly. Far from growing “too fast,” the U.S. economy has been stagnating since the 1973-74 recession, a situation which accounts for all the ills of the economy and the dollar — inflation, obsolescence of plant and equipment, lack of competitiveness of its exports, and so on. Prescriptions like *Business Week's* will push the economy over the edge — and are meant to.

The nonrecovery

The last three years' economic “recovery” has been based almost entirely on the generation of still rising levels of consumer credit, which have allowed

consumers to purchase higher priced cars and other goods on longer and longer credit terms. In the first seven months of this year, for example, \$150.8 billion of consumer credit was issued, up about 66 percent from the same period in 1975. And now this last illusion of economic growth is threatened by near liquidity-crisis conditions in the banking system, deliberately made worse by Federal Reserve Chairman Miller's high interest rate policy.

The “consumer-led” recovery was financed chiefly by the nation's regional banks, which account for more than half of the assets of the banking system and provide the bulk of the credit issued to consumers, real estate developers, and small and medium sized businesses. While loan demand at the money center banks has remained slack, rising only 3 percent per year over the last two years, domestic loans have



soared at an average of 17 percent per year at the regional banks. According to analysts, the regional banks are presently so strapped for funds that they are asking major New York banks to participate in loans with them, and in some cases they are turning customers away and sending them to New York.

Some regional banks are offering home appliances and other gifts to lure in deposits. The competition for funds is also showing up in the steady rise in the interest rates banks are willing to pay on Certificates of Deposit, and at the time of this writing rates on 90-day CDs have reached 8.65 percent.

Since banks must set aside a portion of their deposits as reserves, the effective cost of money is more like 9.25 percent. With the prime rate 9.5 percent, that leaves the banks an extremely narrow spread. Many analysts predict the prime rate will reach 10 percent by the end of the year or early next year, in large part due to the liquidity pinch at the regionals. Rates are expected to rise even if the Federal Reserve relaxes its policy of deliberately raising interest rates through withdrawing reserves from the banking system.

No "reliquification"

The liquidity pressures at the regional banks stem from the fact that the U.S. banking system was never "reliquified" — it never built up its liquid assets — after the last recession. The banks only appeared to be more liquid because there was no loan demand. But as soon as loan demand began to pick up in 1976, liquidity problems reappeared.

The other worrisome area in the economy is the real state of corporate profits. At a glance it would appear

that the profits of nonfinancial corporations surged nearly 50 percent between the first and second quarters, to a \$54.5 billion annual rate. However, the Flow of Funds statistics just released by the Federal Reserve show that the composition of business profits is steadily deteriorating. Inventory profits, due to the mark-up of inventories held in stock, accounted for nearly 46 percent or \$24.9 billion of the increase in earnings. Adjusting depreciation to reflect the actual replacement cost of plant and equipment reduces profits by another \$16.2 billion. Thus a much truer measure of profitability puts U.S. business's second quarter profits at a \$13.4 billion — not a \$54.5 billion — annual rate.

There is only one sector of the economy that can be described as booming right now — the legalized gambling "industry." On any given day on the New York and American Stock Exchanges, the "most actives" list includes Resorts International, Ramada Inn, Holiday Inn, Caesar's World, Baily Manufacturing, and the other casino-hotels or pin-ball manufacturers.

On a given day the swings in these stocks can be as large as 60 to 90 points, with the enormous block buying providing a convenient laundering vehicle for drug and other dirty money, as well as yielding enormous quick profits to insiders who know what that day's "leaks" will be. For example, Resorts International "B" has traded between \$18 and \$325 per share over the last year! The movement of the gambling stocks is now determining the ups and downs of the market as a whole, with volatile 1929-like conditions developing in the market as a result.

—Lydia Dittler

Mexico calls for the Grand Design

An international bank for development, not genocide

A proposal for a new international financial structure to promote Third World development was delivered by Mexican Finance Minister David Ibarra at a meeting in Acapulco of representatives to the International Monetary Fund and World Bank from Latin America, Spain and the Philippines. The World Bank, stated Ibarra, "must make an in-depth revision of its operational and financial policies to transform itself into a real bank of international development, changing even its name." Ibarra called upon the grouping, of which he was elected president, to jointly back radical modifications in the IMF and World Bank.

The IMF must be converted into an institution for "long term financing for the developing nations," said the minister. He also insisted that the transformed institutions must promote "transfer of real resources from the industrialized countries to the developing economies."

As the finance minister made his proposals, which coincide in content and purpose with the European Monetary System, Mexican President José López Portillo appeared for an interview on NBC's Today show where he discussed plans for the rapid industrialization of his country through "what I have called the national Grand Design in research and technology." The Mexican President called upon the U.S. to consider solutions to the problems between the two nations "in the long term...more connected to universal problems, not tied to political factions sometimes very small and very local, which impede the Grand Design."

"To generate employment, we have a system of projects," he said, reiterating Mexico's policy of using its oil for development. "We must first guarantee the strengthening of the state and its capacity to finance development."

One of these projects, the industrial development plan for the state of Tabasco, was inaugurated last week. Tabasco, an underdeveloped state in the

southeast jungle area, rich in oil reserves and one of the key targets for World Bank settlement projects, will now be one of Mexico's many development poles. The project will consist of nine major industrial plants, including production of steel, construction materials, and petrochemicals. The World Bank's plan is to send "excess population" to colonize the jungles with primitive labor methods and minimal consumption of energy or technology. Finance Minister Ibarra's insistence on transforming the World Bank into a real development bank is aimed at destroying this institution's capacity to dictate such enforced underdevelopment upon the Third World.

Close the border

López Portillo's State of the Union address two weeks ago and the development program he outlined then provoked the predictable international financial and propaganda assaults. The World Bank led the charge with a heavily-publicized renewal of its call for pick-and-shovel labor as the only solution to Mexico's food crisis and urban problems. The government responded coolly with a plan for credits and high-technology implementation.

But the attacks are continuing. Last week, George Grayson, author of U.S. national security advisor Zbigniew Brzezinski's policy for slamming shut the U.S.-Mexican border and imposing slave labor projects, renewed this campaign with an article in the Long Island daily *Newsday*. This time he added a new dimension to his "close the border and watch them squeal" policy. Closing the border now will "help" López Portillo, wrote Grayson, since it will obligate Mexican businessmen to confront the problem of unemployment.

While Grayson admits that there are many opponents of pick-and-shovel brigades who consider them "policies of imperialism," it is the "only solution" for unemployment in Mexico, he asserts. He calls on the World Bank to pressure the Mexican government to implement such a policy.

—Robyn Quijano,
Mexico City

From Lopez Portillo's Sept. 18 interview

The following is a translation of an interview with Mexican President Lopez Portillo on the Sept. 18 NBC-TV Today Show, as printed in the Mexican press:

Q: How would you want the U.S. to think of Mexico?

A: As a permanent neighbor whom they will have to deal with as long as this earth revolves around the sun and rotates on its own axis. We must look at things in long term perspective. As well as having deep historical roots, the relationship between us will have great importance in the future, very frequently the U.S. adopts purely conjunctural solutions, molded by the pressure of immediate circumstances, often circumstances of U.S. internal politics, which

Ibarra on the IMF and development

This report on the Mexican Finance Minister's criticism of the World Bank and IMF was published in the Mexico City daily Novedades on Sept. 19.

Finance Minister David Ibarra Munoz was elected today as the president of the 15th meeting of IMF and World Bank governors from Latin America, the Philippines and Spain. Ibarra declared...in the name of the Spanish-speaking world: "We accept, he said, supervision as a logical condition of the new foreign exchange system, but we do not accept straight-jacket conditions which are applied exclusively or preferably to the developing countries." The chief of national finances refers here to the chapter of the monetary reform which facilitates IMF supervision of member's monetary policies.

The Mexican proposal is that it is urgent that Latin America takes a united position because "it is a part of the international decision-making system." The Mexican proposal calls for the World Bank to profoundly change its operative and financial policies in order to be changed into a real international development bank. Even the World Bank's name should be changed. Another proposal is that the International Monetary Fund be converted into an organism for long-term financing of developing countries. Another proposal is the one Mexico has insisted on since the Vancouver conference: the transferral of real resources from the industrial countries to the developing economies...

necessarily deform and compartmentalize the (U.S.) vision. We would like the proposals and solutions to be more structural, on a more national scale, more closely tied to universal problems and not bound to sometimes very small, and very local, political factors, which impede the "grand design" ("el gran planteo"). That is what I would like, but perhaps it is asking a lot.

Q: Mr. President, many American officials believe that your government is not doing all that it can on the problem of illegal immigration of Mexicans of the U.S. because this in fact helps to solve some problems that you have. Does this opinion bother you: to alleviate your burden by creating one for your northern neighbor?

A: Of course. We have continuously said when this point is raised that we want to organize ourselves such that we export goods and not labor power. The fundamental problem is that we have not had the capacity to create sufficient employment opportunities in the interior of the Republic and to keep with us those who dare to leave, who incidentally are some of our best men. This is the fundamental problem. We are doing all we can in a country that has a system of guarantees and individual rights, among them, the right to travel freely and settle freely...And this we have made clear to the Carter Administration, expressing clearly and precisely that the problem is not one of simple migration, but is linked to economic, financial and commercial problems and that for this reason we can not solve it with mere measures on migration, but with financial and commercial measures. We have established systems of communication to guarantee that the problem is well-defined and is possible to solve.

Q: You say that Mexico's petroleum reserves may be as great as those of Saudi Arabia, or even greater. How should this money be used? To create jobs or for private enterprise, so that private enterprise can create more jobs?

A: In our recent second State of the Union address, we outlined a very detailed program of what we think should be done with our petroleum surplus, with our reserves, which seem to be sufficiently ample. Geological tests show that there are possibly around 200 billion barrels of oil in our subsoil. We have probable reserves of 37 billion and proven reserves of 20 billion barrels. This makes us certain that we will enter the 21st century with dependable reserves....We must strengthen the State and its development financing capacity. We must use surplus oil revenues to generate employment and for this purpose we have a system of plans.

Q: The efficiency of Pemex, the company that controls Mexican oil, has been challenged. Have you ever thought of exchanging Mexican oil for American experience and technology in the form of a joint enterprise?

A: We are in constant communication with all possible sources of technology. We are forging our own technology through the Mexican Petroleum Institute, a very good instrument which is researching, planning and designing for us. Therefore I think we have the capability to achieve in this area what I have called the national Grand Design in questions of research and technology.

We can be technologically self-determined. Already at this very moment we are in condition to discern and to decide for ourselves which technologies we should import, which ones we can develop inside our own country, and which ones we can export. Thus we are able to take advantage of world progress and to make our own contribution to world progress.

Q: Do you believe that heroin traffic can be eradicated between Mexico and the U.S.?

A: This is something upon which we must seriously reflect, for while there is such a vast demand for this kind of drug, it will enter the U.S. or the place where it is consumed through any of the borders, because this is an illicit but formidable transaction; our country is doing all it can to the best of its abilities to limit this

possibility. What must be done is being done; but most important is what is done inside the U.S. itself to avoid the growing consumption of the drug: this is the key problem.

Q: Mr. President, Central America is facing a difficult situation: there is civil war in Nicaragua, problems in El Salvador, and Cuba is near the coast of Mexico. With all these problems, Mexico could be an obvious gold-mine for subversion, particularly from the extreme left.

A: Mexico and the entire world, and I believe the U.S. also, is one of the most coveted "gold mines." In Europe the same. I think to regionalize or localize the problem is to impoverish the discussion, and to the extent that we do this, the solutions become more difficult. A political system of universal aspiration — which are the movements of the left — aspire to this: to universalize, and in situations where they are permitted to advance, they do so... We believe that our Revolution is in itself a satisfactory program for the proposals and solutions to the questions you are raising. We lament that Central America is in the kind of situation which you describe... We believe that the U.S. should not interfere in Latin America or in any other country, because we believe in the principle of non-intervention. We think that it is through other means that we can achieve these ends. If we order the world better economically, the conclusions in the social realm can be simple.

Nicaraguan war threatens continent

Somoza charged with genocide and scorched earth policy

The ongoing civil war in Nicaragua is fast becoming another foreign policy disaster for the United States, as serious as that created by the Kissinger-directed 1973 coup in Chile by General Pinochet. If not reversed rapidly, present U.S. policy in Central America will in fact lead into a second Vietnam debacle for the United States.

As in the recent Camp David summit, the U.S. is blindly following the Israelis into war and genocide in Central America. Mexican, Cuban, and Nicaraguan anti-Somoza forces have all denounced the Israeli role as military supplier and advisor to the outlaw Somozan government in its present bloodbath against the Nicaraguan population.

The implications of the Nicaraguan crisis, however, go far beyond its immediate borders, as Nicaraguan incursions into Costa Rica's territory last week have already demonstrated. With the entire region poised in a precarious balance of shaky alliances and long-

standing border disputes, worsened by the generalized political instability caused economic collapse, any regional conflict begun in Central America could spread like brush-fire across the continent. The result would be a violent "Thirty Years War" phenomenon, reproducing the present genocide in Nicaragua across the whole of Latin America.

Lebanon-modeled genocide

The spreading opposition to the Nicaraguan government of General Somoza during the past year exploded into full-scale civil war in the last two months, as virtually every sector of the population, including professionals, businessmen, the Church, and popular forces, revolted against the Somozan dynasty. Starting 10 days ago, General Somoza's National Guard launched a scorched-earth policy counter-offensive under the personal direction of Somoza's Sandhurst-trained son, against the popular rebellion.

Without support from any national sector, Somoza is relying on a combination of Israeli weaponry and hundreds of foreign mercenaries — Vietnamese and Cuban exiles, U.S. Vietnam veterans, and soldiers of fortune from neighboring countries — to back up the 7,500-man U.S.-trained National Guard in its attempts to reimpose his rule.

The atrocities committed by Somoza's mercenaries and National Guard in their offensive are reaching the levels of bestiality associated with Israel and her Falangist allies in Lebanon during the civil war. Cities under "rebel" control are being indiscriminately bombed and strafed from the air, killing everything that moves. Troops then moving into those cities have used woman and children as hostages to enter opposition-controlled areas. In Leon, the National Guard executed *all* men between the ages of 18 and 25 found in the city during the house-by-house search. 2,000 were reported killed in Leon alone last week. Homes, churches and schools are being systematically decimated, and those cities reported "retaken" by national Guardsmen are described as razed to the ground.

Israeli-supplied anti-personnel cluster bombs developed for Vietnam, called "Pach-Pach," are now reported in use, including in one instance to maim and kill scores of people herded into a racetrack by air-strafting. Those who tried to escape the racetrack bombing were mowed down by Guardsmen.

Refugee camps are being set up within Nicaragua, and in neighboring Costa Rica and Honduras for the tens of thousands who are fleeing the massacre. The Costa Rican government has been forced to take preventive measures against the outbreak of epidemics among the refugees, while famine and complete economic collapse is threatening Nicaragua as the fighting continues.

U.S. policy debacle

The official Carter Administration policy is for an immediate ceasefire in Nicaragua, and mediated settlement to the civil war, setups which some U.S. press have reported as the closest the U.S. will come to calling for General Somoza to step down. But all

competent regional observers know that the U.S. could force Somoza to retire in short order if that were policy. The U.S. refusal to give more than a diplomatic slap of the wrist to Somoza — the U.S. ambassador has not even been recalled — has been understood by General Somoza as the go-ahead to continue his massacre.

National Security Council head Brzezinski and former Secretary of State Henry Kissinger, in fact, are deliberately letting Somoza rampage, and assuring a steady supply of Israeli weaponry as their demonstration of support. Their strategy is two-fold: to let Somoza and the National Guard finish the job of burying any national resistance to continued International Monetary Fund rule in the area, while using the Nicaraguan crisis as the touchstone for the triggering of every brewing border conflict fostered by the Rand-Corporation across the continent.

Saner policy-makers within and around the Carter Administration are suicidally letting the National Security Council's actual policy stand, despite the demonstrated dangers, out of fear of "another Cuba," on the rationale that there is no alternative between Somoza and the communists in Nicaragua. Such stupidity, however, has blindly ignored the actual policy of growth and development being fostered in the area by the Mexican Republic during the past year.

The stakes in Latin America now, however, are higher than fear of "another Cuba." The threat of regional war spinning off the present bloodbath has already made headlines in both U.S. and Latin American papers. Nicaragua's flagrant violation of Costa Rican borders under the pretext of "hot pursuit of guerrillas," a policy the Nicaraguan regime is publicly committed to continuing, forced the Venezuelans and Panamanians to offer military aid to Costa Rica, which has no military of its own. Venezuelan planes and Panamanian helicopters are already deployed into Costa Rica, backed by the signing of a formal mutual defense pact between Venezuela and Costa Rica.

—Gretchen Small

Why Mexico's drug program works

A State Dept. officer discusses paraquat and Mexico's antidrug effort

Les Alexander, a U.S. State Department program officer in the Office of International Narcotics Control, discussed Mexico's controversial drug eradication program, using paraquat and other herbicides and pesticides with Executive Intelligence Review's Laurence Hecht, in a revealing and wide-ranging telephone interview Sept. 4. As we reported in our last issue, the highly effective Mexican program is under heavy fire — incredibly from Sen. Charles Percy (R-III), as well as the U.S. marijuana users' organization NORML and High Times magazine, for causing alleged health hazards to young U.S. drug users. And it is looked upon with disfavor by World Bank and IMF officials who see marijuana as a valuable, cash-producing export crop for Third World countries, just as the British promoted opium exports from Crown Colonies in the 19th and early 20th centuries. Excerpts from the interview follow.

Q. I understand that as a result of an eradication program, Mexican heroin supply in the United States has dropped from 85 to 90 percent in the '74-'75 period to around 50 or 60 percent or less at this time. Is that program continuing?

A. Yes it is. We're continuing to support the Mexican eradication campaign. We've provided them in this fiscal year which will end on Sept. 30, about \$18 million. Next year we have programmed to give them roughly \$13 million worth of commodities and assistance.

Q. You mentioned that planes and ground-support were used in the battle against the drugs. Was the number of arrests as a result of this up significantly in Mexico?

A. Yes. The Office of the Mexican Attorney General has moved very, very strongly against traffickers and very, very strongly against corrupt elements within the government of Mexico, specifically against government agents, police agents, who are suspected of collaborating with traffickers.

Q. This program started under the Echeverria government, didn't it?

A. Yes it did—well you say "the program," in other words, our program, our beginning to cooperate with the Mexican government. The Mexicans have been

attempting for 30 years or so to eradicate narcotic crops.

Q. Right. But they invited the U.S. to come in on this, back in 1974?

A. Well we started our cooperative program in 1975. The Drug Enforcement Administration of course has maintained liaison with the Mexican government for many years prior, in fact prior to our program.

Q: By "we," you mean the State Department?

A. Yes. The Narcotics Control Program, which was funded after the Foreign Assistance Act commenced in 1975.

Q. You had said earlier that there were not really any political problems with the Mexican government because they had invited the U.S. in there under this 1961 Treaty.

A. Well, no. It wasn't that they invited them in under the Treaty, but they were signatories to the UN Convention on Drugs of 1961, of which we are also signatories, and they felt that they had an international obligation as well as a social and domestic obligation to eradicate narcotic crops.

When the French-Turkish connection was broken up in 1973, Mexico became the principal source of U.S.-bound narcotics. And it was about that time the Mexicans realized that they would not be able to cope with the surge of drug cultivation in Mexico without assistance from us, so they came to us and said, "We're willing to try to bring the narcotics problem in Mexico down to manageable levels and we would very much appreciate your cooperation and assistance."...

The Mexicans do spend substantially more money than we give them. They spend much, much more. It seems to be the impression in this country that we fund the entire program lock, stock, and barrel, which is not true. Again this year, we had programmed roughly \$16 or \$16.5 million, I think when it's all over and done with by the end of the fiscal year we will have spent around \$16 million. Well, the Mexicans, we estimate, will spend well over \$40 million of their own money this year. So again for every one dollar we put up, they put up at least two....

Q. The Percy Amendment... at least in the form that it

finally went through the Joint Congressional Committee, requires that paraquat only be used in conjunction with dyes or perfumes that would enable a person to identify it after it was sprayed.... How would it affect the paraquat program?

A. Well the Mexicans have already gone ahead and begun testing coloring additives. They have identified one which seems to have potential—Rhodamin-B which is a reddish dye. And the U.S. government has provided to the government of Mexico a list of other additives, roughly 10, which they may consider testing....

Q. As I understand it, both paraquat and 2-4D will eradicate the plant that's already grown. But what about the next year, when it can just be replanted again? How does the program work to actually close the operation down, and get the personnel out of there and so on?...

A. Our program, in other words the funds which we're contributing, doesn't address that. I think what you may have in mind is something like crop substitution. For example, getting the *campesinos* to grow something else for a livelihood. Well that, the Mexicans are seeking, trying to find means to provide a livelihood for people growing these things. Getting them to grow other legal commodities other than narcotics.

But again there is so much work involved in growing a poppy field that once a field is destroyed, it's not easy to grow another one. They have to wait. Moreover, the people doing it have to be financed by someone and it's hoped that if the program is successful enough—they're finding as the months go by that they're discovering fewer and fewer fields, indicating greater and greater success. This is obviously disrupting trafficking patterns....

Q. Magazines like High Times and... Alternativa in Colombia are charging that the use of paraquat is, to quote Alternativa, equivalent to the U.S. napalm program in Vietnam—that it's poisoning the population. They compare the U.S. paraquat program to the war in Vietnam.

A. Well you know the war in Vietnam. People try to compare our actions in Vietnam to many other actions....

As far as the claim that it's destroying the population of Mexico, well, I think we have to keep in mind that the Mexicans have made it quite clear to the United States that they will continue to eradicate narcotic crops with or without United States' assistance. They are doing this principally because they feel that they have an international obligation, not only to us, but to other countries to which Mexican drugs may be bound, and also to their own population. They feel that narcotics in itself is a danger to its population. They want to protect their population from narcotics abuse. I think it doesn't take a PhD in medicine or an MD or a PhD in chemistry or anything

else to realize that heroin abuse in this country is a very tragic, costly problem, and the Mexicans certainly don't want to have, in any shape, form, or fashion, a similar problem in their country.

We are not compelling the Mexicans to do this. We are encouraging them to try to eradicate these narcotics crops because we do know that ultimately most of them wind up in the United States, but again, this is something which they're doing essentially on their own initiative. They have done environmental studies. They have determined that there is no danger to the Mexican population from spraying herbicides. They have done ecological tests, they have examined the water in the areas in which they spray; they find that paraquat does not have a great residual effect, it's easily biodegradable. There appears to be no contamination of the land, water or anything else. So I think the claims that they're destroying the Mexican population are simply unsound. They're not based on fact. Moreover, one of the reasons why the Mexicans chose paraquat was because paraquat had been approved by EPA for use in this country, and it is used in this country, just like any number of herbicides and pesticides. And the U.S. population is getting bigger and healthier and stronger all the time, and a lot of this is a direct consequence of the intelligent application of modern technology, which includes the use of herbicides and pesticides. I mean this doomsday scenario to try to compare these things to napalm—this is childish. It's just in no way related.

Q. But apparently this paraquat scare has affected the program somewhat.

A. Yes there has been criticism of the program from the Congress which is prompted by the fears that American marijuana smokers may be endangering their health. On the other hand there have been no confirmed cases of paraquat-caused illness or death.

Q. There are an awful lot of people who feel that drug smoking, or however you inhale the stuff, is illegal, harmful and immoral and why should we be so concerned about protecting somebody who's committing a crime. If you rob a bank, you might get shot too—it's one of the risks you take.

A. Well this is the position the Mexican government takes. They don't feel that they have a responsibility to protect people against themselves. It's against the law. They've made it illegal to take narcotics in Mexico, and they have done so because they have not been able to satisfy themselves that smoking marijuana or mainlining heroin is good for you. And they take a position that despite warnings of competent health officials in Mexico, if people continue, or decide to take drugs, they do so at their own risk, and they don't feel that they have a responsibility to protect those people against themselves. In the United States, we haven't taken that position—obviously.

Senator proposes 'new monetary fund'

Adlai Stevenson III hits IMF, demands detente, and strong export policy

Senator Adlai Stevenson III has assumed the role of national spokesman for a new foreign and domestic policy that would be based on expanded trade and cooperation with the Soviet Union and the creation of a new monetary system geared to reviving the world economy by extending high-technology industrial growth to all parts of the globe.

The Illinois Democrat spelled out this perspective in an interview with the *Chicago Daily Defender*, published Sept. 11-13. His remarks, excerpted below, indicate that an important segment of the U.S. political world may be waking up to the opportunities for U.S. industrial growth represented in the agreements reached by European leaders this spring for the creation of a new gold-backed European Monetary System.

Senator Stevenson is particularly concerned about America's failure to adopt an aggressive export policy. He is holding hearings in Senate Subcommittee on International Finance and Trade early next month which will hear extensive prepared testimony from the United States' major exporting companies and the associations that represent them. The testimony will

detail how current trade restrictions and foreign policy decisions by the Carter Administration, mainly on impetus from National Security Council chieftain Zbigniew Brzezinski, have put a stranglehold on U.S. exports and thus on the entire economy. U.S. exporters are up in arms over the web of NSC-inspired trade regulations—aimed especially against trade with the East bloc and against nuclear-energy exports—which have sharply restricted U.S. exporters' access to lucrative Third World and Soviet sector markets.

In a speech to the Illinois state AFL-CIO convention Sept. 13 Senator Stevenson augmented his remarks to the *Daily Defender* with a pointed call for American labor leaders to drop their parochial concerns and antigrade biases and back the trade and development policies that can save U.S. jobs and U.S. industry. Although Stevenson included in his speech a few Meanyesque jibes at Soviet "imperialism" in the portions we've excerpted below he presented innovative proposals that other American political leaders will do well to heed.

Stevenson on the IMF, the EMS, and detente

In an interview with journalist Roy Harvey, Senator Stevenson gave his views on a wide range of subjects, from Europe's new monetary system to the Humphrey-Hawkins public works jobs bill. Here are excerpts from the interview, which appeared in the Sept. 11, 12, and 13 editions of the Chicago Daily Defender.

On the IMF and economic policy: When there is interest in creating jobs, let's create exports. The Council of Economic Advisors ... say let the dollar sink and the balance of payments will recover, with no recognition that trade balance is causing the dollar to sink. In this world, which is no longer the world of Adam Smith, even if Keynes was around today he would be developing the supply side rather than the demand side. We don't have an energy policy.

There are things we could do to strengthen the dollar. The first thing is the International Monetary Fund. We can strengthen our own export efficiency but this will avail us nothing if there are no buyers. The IMF overdoes austerity....

On technology transfer to the Third World: That concept — appropriate technology — is a very demeaning one to the LDCs (less developed countries—ed.). It's a red flag. I'm about to introduce a bill that will create an American Foundation for the development and transfer of technology in the Third World nations. We will involve the LDCs in the decision of what's appropriate, putting these things outside those patronizing financial institutions. We'll train technologists and scientists, giving them a large role in determining what they really need. The

world at the moment is teetering on the brink of insolvency. Only one to two countries have a surplus.

On the European Monetary System and detente:

I've been puzzling over that. I don't know how far that will go. What is puzzling me is whether this is a centrifugal process of disintegration or whether it is an evolutionary move towards the universal monetary system the world needs....whether this is permanent regionalism or is a stage in the process which began many centuries ago towards globalism.

The latter is the way we ought to be moving, also removing the artificial East-West barriers to involve Eastern European countries in a global monetary system. Many of the East bloc countries would like it. It would be to their advantage as well as ours, politically as well as economically. They would again become a part of the world. To facilitate trade we need a free open trading system. We're going in the opposite direction at the moment, toward more tariffs

and trade barriers. What we need is a new world monetary fund, to put into place appropriate loan conditions, ones which do not cause hardship.

On the Administration's export policy: We are confining ourselves to a corner of the market. It worked for two centuries, but this is the era of global interdependence....The National Security Council seems to be assuming a new operational role (in export policy). It's a continuing problem, but it has gotten worse under this Administration. Consequently, we don't know who's in charge.

On jobs creation: CETA (the Comprehensive Training and Employment Act program—ed.) caused unemployment. It doesn't create jobs, it's subsidizing the government. (Humphrey-Hawkins) is a fraud. The people behind it are innocent, they have good intentions, but Humphrey-Hawkins wouldn't give anyone a job. In the old days we created jobs; this is an excuse.

'Required of labor: global statesmanship'

From the Text of Senator Stevenson's address to the Illinois State AFL-CIO convention Sept. 13:

If the breakdown in traditional alliances frees legislators from voting by habit and frees them to listen to new ideas, our politics will be the better for it. Those who win office in the future would be more free to disagree with organized labor and organized business and represent the interests of the unorganized American majority.

But that is your duty, too. I am not here today to utter the usual cliches about your greatness and my undying support of your every cause. The times are too dangerous for anything but truth. They are too dangerous for anything but a new order of statesmanship from labor, from business, from those of us in government — from the American people. America won't be saved by labor reform and situs picketing bills. The statesmanship I have in mind exalts us all to high endeavors; it accepts sacrifice and new ideals and recognizes that America rises or falls with the world. It supports the President.

I am here to suggest that the influence of organized labor in our politics depends not on labor reform, or situs picketing, or endorsements or contributions. It depends upon how you use it — for the narrowest of self interests — or with vision and magnanimity for the welfare of your country....

... This is a rich and powerful country. Its economic and political systems are basically sound. It suffers not from fate. The nation is declining because the truth is hard. Its leadership is weak and mortgaged to

old ideas and self-serving powerful interests.

The Presidency was weakened, not by President Carter, but by recent history. He inherited a weak Presidency — the more reason to help, not hinder him. Organized labor should get behind the President and Vice President and exhort them to do more.

The President should give us an agenda for action to support. If, in this Congress it appears we are moving in as many directions as there are members, it is because the President has laid down no clear direction for the nation. And if he has failed to do so, it is in large part because he is forced to wage a thousand rear guard actions, even as he seeks peace in the Middle East. The more reason to support him. He needs your help; he shall have mine.

In the late forties our leaders bridged partisan differences and exalted the nation and the world to high levels of common endeavor. We are in danger now of descending to the inaction and the ignorance of the twenties, and depression with all the inadequacies of the first war's settlement led to the next war. It could happen again — if we fail to act again.

World population may increase fifty percent by the end of the century. Already much of mankind is living close to the margins of existence. Sources of food and fuel are depleting. Nations dependent on each other for markets and supplies are moved by economic expediencies, political pressures and historical animosities to seek an illusory independence. Cartels and powerful interests stand the laws of supply and demand on their head. International debt has quintupled. Many nations are at the brink of

insolvency. And already the nations of the free world suffer from inflation, economic stagnation and unemployment. If ever the U.S. could indulge itself in petty politics and a weak presidency, it was long before this age of the atom and interdependence.

A new order of statesmanship is required of government, of business and labor.

We might with more vision complement the economic demand management policies of the past with global supply management policies for the future and come to grips with the dominant causes of inflation. Contrary to the dogmas of the past, inflation accompanies unemployment; with some imagination and innovation, growth might be associated with stable prices. Investment in the production of essential goods and services worldwide is a more promising means of controlling inflation than decreasing demand for them. But gambling facilities are now the hottest stocks on the market.

The U.S. could produce food for the world. Instead it still pays farmers not to produce food.

It could invest in an adequate health delivery system, and a national insurance system to finance its benefits. It can only be done in stages; but powerful interests say all or nothing.

It could aid the development of international energy resources. Instead it seeks an illusory independence.

The U.S. could build global institutions of world trade and development and money, taking up where it left off thirty years ago. But some, including voices in labor, are isolationist.

The possibilities for this rich and good country are limited only by our vision.

It could usher in a new space age for the world, using satellites for weather prediction, pollution control, public health and education, monitoring crop conditions, exploring for minerals and fuels, for

navigation, for energy from the sun. But how could the zero base budget mentality quantify such benefits for mankind and such leadership possibilities for America?

The nation requires an energy policy, a food policy. It requires a strong transportation system. It requires an America that can again compete in the world. In 1976 we ran a trade surplus of \$12 billion in manufactured goods. In 1978 it is a \$12 billion trade deficit. Taking out of the trade balance all the trade with OPEC oil producers, including the oil imports, and our trade is still in deficit. And for every billion dollars in sales lost abroad, another 40,000 jobs are lost at home. One in four jobs in Illinois depends on exports. If American industry can't compete abroad, it will not withstand the challenge from abroad at home.

Inflation and unemployment go hand in hand in this world. To beat them both, America will not hide from competition. It will beat it. And that means it needs a strong export policy.

The U.S. cannot compete with low cost labor or by controlling capital in this world. We must compete with technology and industrial innovation — and that requires a renewed commitment to basic science, research and development. Only a few years ago "Made in Japan" was a mark of inferiority. Now it is a mark of superiority.

There is no limit to what America can do to enhance its authority, its security and the peace and stability of the world, to create jobs and stabilize prices, if only we lift our eyes from the ground again, exalt ourselves to great works again, lead the world again — and get behind our President and go to work. And that requires a new order of statesmanship from you, as well as those of us in positions of public trust.

Schmidt and Giscard push through EMS

Britain is damned if it joins, damned if it doesn't

French President Giscard d'Estaing and West German Chancellor Schmidt stunned their opponents by the speed and ease with which they worked out the specifications for the new European Monetary System at their Sept. 14-15 meeting in Aachen, West Germany. Three days later, over alarmed British objections, the finance ministers of the nine European Community members approved the Schmidt-Giscard proposals.

"There is now no chance of the system being watered down or postponed," a dejected London *Sunday Times* admitted. "The Franco-German partnership has virtually taken over the running of Europe."

What the Nine's finance ministers agreed to at the Brussels meeting was to base the EMS on a fixed-parity system of currency relations and to make short- and medium-term credits of \$30 billion available for

assisting members to keep parities in line. At the close of the Brussels conference, West German Finance Minister Hans Matthoefer told the press that the ministers firmly expect the European Monetary System to be operational by early 1979. "The majority of EC nations support fixed parities with firmly established intervention points." Officials at the West German Bundesbank confirmed to this journal's West German bureau Sept. 20 that the \$30 billion currency-stabilization fund will be in place on Jan. 1, 1979, and the centralized long-term credit fund will emerge over the following 24 months.

The precise status of gold reserves, and their valuation for EMS purposes, is still under discussion, according to the Bundesbank. That gold's role will be large and crucial has been accepted, however, by both the sponsors and antagonists of the EMS since its

London's press: stricken by 'the astonishing news'

The London press, in the wake of Aachen, was finally compelled to acknowledge both the EMS's inauguration and Britain's loss of control over European Community policy.

Financial Times, "A European Monetary System: condemned to succeed," by Guy de Jonquieres and Peter Riddell, Sept. 18:

... The strict timetable laid down by the EEC summit in Bremen last July is now starting to bite... the aim is to have the scheme in operation from the beginning of next year.

... There has been an unseasonable amount of activity in Brussels in the traditionally quiet month of August and a very large

amount of work has been done on the details and implications of the proposals by officials in the nine members capitals.... both Chancellor Schmidt and President Giscard d'Estaing have invested substantial political capital in the project. There is no evidence that either can allow it to become bogged down in interminable argument between officials. In that important sense, it is condemned to succeed....

Sunday Times, "Can Jim keep up with Schmidt and Giscard?" by Keith Richardson, Sept. 17:

... British ministers now face a series of critical decisions on whether to go along with the new trends.

Tomorrow the Chancellor of the Exchequer, Denis Healey, flies to

Brussels to react to the astonishing news that in Aachen on Friday the French and German governments managed to resolve all their disagreements about the proposed new united European monetary system....

There is now no chance of the system being watered down or postponed. Unenthusiastic countries such as Britain will soon have to choose between joining and staying outside.

The new money system is only one of a series of changes that President Giscard of France now feels confident can be taken almost for granted... (including) the accession (to the European Community) of Greece, Portugal and Spain.

In the light of all this Giscard wrote on Tuesday to eight European prime ministers asking them to agree to appoint three

formation was first announced at the July summit of EC heads of state in Bremen, West Germany.

Some of the implications were pointed out Sept. 20 by the Italian business journal *Il Fiorino* in an article titled "EMF versus IMF."

Urging Italy to fully and promptly join the European Monetary System, *Fiorino* writes that Britain is the only country that stands to lose from the new institutions. Rather than enjoying frequent, favorable loans from the International Monetary Fund, *Fiorino* commented, Britain would have to pitch into the EMF "gold it doesn't possess." The *Sunday Times* in London bitterly acknowledged Sept. 17 that British participation on the terms Giscard and Schmidt are imposing would require a devaluation of sterling sufficient to make the overblown currency linkable to gold, and came close to admitting that the EMS as a gold-based monetary system means the end of sterling's international influence. Britain's options aren't good either way, the London *Daily Telegraph* added: if she boycotts the EMS, Britain will be the "odd man out" with a heavy discount for sterling in the markets.

The essence of Aachen

The Schmidt-Giscard meeting in Aachen tightened up the proposed EMS machinery and laid to rest months of British-pumped assurances that "technical problems" would delay EMS implementation long

past Jan. 1, if not forever. But the Aachen meeting did much more. In what Giscard called "an entente between our two nations," France and Germany showed the world the scientific, industrial, and energy policy for which the EMS is about to provide the monetary and financial underpinnings. Three Franco-German programs were announced:

A new university to be established for scientific, technical, and economic studies, and located on the border between France and Germany;

A joint undertaking in space exploration;

A series of nuclear fission power plants, the first to be constructed on the Moselle River. This, both leaders said, will epitomize both nations' commitment to nuclear energy.

This is the essence of the EMS policy as Schmidt and Giscard have forcibly shaped it. And this is the meaning of their citations of Charlemagne, whose Aachen-centered empire, under the guidance of humanists like Alcuin of York, successfully battled to proliferate urban civilization against the ancestors of today's British-dominated international zero-growth factions. In clamoring for a world "offensive against Malthusianism," the French press has made explicit the *global* intent of the EMS; to this end, France and West Germany have already spearheaded a web of North-South and East-West trade and investment arrangements.

Although Aachen publicly confirmed that the EMS is in place faster than almost anyone except its

"wise men" to suggest ways of speeding up the method of taking community decisions.

Any such move would inevitably mean that the views of Britain or any other individual country could be overruled by its partners more easily than today. The difficulty for the Prime Minister, James Callaghan, will be to reconcile this with his own dogged opposition to any kind of European centralization....

But a negative response would only bring an aggravation of anti-British attitudes on the Continent, which can already verge on the hysterical....

But behind all these changes lies an even bigger development, the emergence in the past few months of a Franco-German partnership that has virtually taken over the job of running Europe.... (Giscard and Schmidt) are now so close that

they in fact spent much of the summit listening to music and chatting about European history. In their speeches both men romanticized about the influence of Charlemagne....

(The EMS) will also have a stronger bias against inflation than against deflation, the factor which will cause Denis Healey some heartburning tomorrow.

Giscard has in mind "a genuine confederation of Europe." ...In January he takes over from Schmidt the six-month job of president of the Community. It is increasingly clear that he means it to be an epoch-making term of office.

French financial press comment also focused on the British response.

Les Echos, "Franco-German monetary accord into European chopper today," by Françoise Crouigne, Sept. 18:

... More than its technical position, however, it is Britain's political attitude that is awaited with interest today. The press reaction across the Channel is indicative. Astonished, a bit acerbic, it serves as a reminder that the UK government at one time had thought it could weaken, and turn to advantage, a Paris-Bonn axis whose hegemonic tendencies it greatly fears....

In order to preempt Britain's ill-humored reactions, Bonn and Paris have made it known in the past few days that a European monetary system would be put into place more quickly in Britain's absence....

founders and this journal anticipated, this confirmation did not elicit the appropriate open, decisive response in the U.S. The U.S. financial press could have countered the top-level disinformation strategems being funneled through the Atlantic Council. Instead it has mostly been helping it along. The *Journal of Commerce*, for example, ran a "news analysis" Sept. 18 headed "EC Success Could Spell Dollar Woes." George F.W. Telfer saturninely predicted that the EMS

could embarrass Washington, and even exacerbate the dollar's problems, if the German scenario — reduced inflation and faster growth in Europe — materializes, and U.S. inflation and trade and payments deficits remain high. At worst, although the new scheme is designed to insulate them, the deustchemark and other strong European currencies in the joint currency float would continue to appreciate rapidly against the dollar....Even for next year, the dollar's prospects are none too bright....However, the trade balance in products other than oil could improve because of the recent (dollar) depreciation and the fast growth in other economies as the U.S. slows down.

The next day, the *Journal* and others reported that the so-called "parity grid" exchange-rate plan, Helmut Schmidt's fixed parities, had been accepted by the EC finance ministers. That decision should put an end to the financial press hullabaloo before the Aachen and Brussels meetings, especially from British sources, on behalf of a "basket" plan that would peg currencies, not to each other, but to a weighted average value of all members' currencies. Under that plan the burden of market intervention would supposedly be removed from weaker currencies, since in practice only the currency under strong upward pressure would have to take action. But adjustments within the "basket" vis-à-vis a

fluctuating standard would be much less advantageous than the Schmidt program for trade and investment planning and, above all, Schmidt and Giscard are planning the kind of real growth for Europe "from the Atlantic to the Urals" that will enable the weaker countries to jump, rather than inch, ahead.

Buried, if mentioned at all, in the financial press is the fact that the EMS's \$30 billion in short- and medium-term credit facilities, on line Jan. 1, equals the size of the International Monetary Fund's total resources, minus the still-unratified "Witteveen" special bailout fund; and the Finance Ministers, with West German approval, are reported to have decided on better-than-IMF credit terms. This is a drastic setback for the IMF's attempted stranglehold on world lending flows.

The day after the Brussels results, accordingly, a new round of assaults burst forth on Schmidt, this time from inside West Germany itself. A certain Thankmar von Münchhausen, who works with the Milton Friedman Mont Pelerin group which at present has the upper hand at the *Frankfurter Allgemeine Zeitung* newspaper, tried once more to paint the EMS as a French trick countenanced by Schmidt "despite justified criticisms from domestic (West German) banks and industry." Helmut Geiger, the head of the national savings bank association, a bastion of the Friedman mind-set instilled by the postwar occupation, loudly opposed the planned increase in the EC's European Investment Bank to \$12 billion — which will be another blow to the IMF — while warning that Bundesbank control over domestic money supply is in jeopardy. Geiger was especially appalled, he said, by Schmidt's recent statements that "action may bear risks, but nonaction can bear more risks."

— Susan Johnson

Europe's terror hunt leads to Britain

It's not exactly a continent-wide sweep yet, but new breaks in the hunt for terrorists in Western Europe show that senior levels of West German, Italian, and French security agencies are no longer being guided by disinformation and misdirection offered by British and Israeli sources.

The revelation that for at least the past four years London has served as a major hideout for West German terrorists is only the most public hint that the cited European agencies are beginning to crack the top-down British control and deployment of terrorist capabilities. Baader-Meinhof and Red Brigade terrorists are being arrested all over Europe, their logistical support bases are getting blown, and selected exposé material is being handed over to European news media.

The Paris newspaper *Le Figaro* and other media have reported a super-secret meeting held in Vienna during the weekend of Sept. 9 between Interior Ministers from every major West European country, excepting Great Britain. The meeting was held to achieve "more perfect coordination" between the special antiterror divisions of each country's police service.

The participants — Ministers Virginio (Italy), Baum (West Germany), Huerlimann (Switzerland),

Bonnet (France), and Lanc (Austria) — reportedly focused almost exclusively on the question of how terrorists are able to pass across international borders with astonishing ease. The last such meeting, held in Bern five months ago, had been devoted to airborne hijackings, and resulted in the international treaty on terrorist hijackings proposed at the Bonn summit meeting in July.

Britain's Home Secretary Merlyn Rees reportedly did not attend the Vienna meeting, even though only a few days before he had met in Bonn with his West German counterpart, Gerhart Baum. His absence is particularly noteworthy in light of the fact that over the past weeks every section of British intelligence has bombarded European and other intelligence channels with predictions of an "autumn offensive" of terrorism, which would particularly be directed against the government of Chancellor Helmut Schmidt.

Although no details of the meeting were released, information from West German sources indicates the nature of the problem discussed. It is by now well known that the Baader-Meinhof terrorist Jürgen Klein (involved in the Munich Olympics massacre in 1972) is an agent of the Israeli Massad and is currently in Israel, from where he has granted interviews to the

Three leading terrorists captured

As the immediate result of the reorientation of the European terrorist hunt, three leading terrorists have been turned up over the past two weeks.

Willy Peter Stoll: Baader-Meinhof member wanted for involvement in the murders of Jürgen Ponto and Hanns Martin Schleyer. One of three terrorists who made a number of helicopter journeys in southern Germany during July and August while under police surveillance, but managed to escape at the last minute. Accosted at a restaurant in Düsseldorf; died of wounds suffered when he tried to pull a gun on his captors.

On Stoll's body was found a forged British passport and British working papers.

Astrid Proll: Long-time Baader-Meinhof criminal.

Arrested in London, where she had been working for the British government as a trainer of young mechanics. Has been living in Britain for four years under an assumed name. Some reports have traced the discovery of her whereabouts to papers found

on Stoll's body, but the existence of a number of conflicting stories indicates a broader range of information was utilized.

Now in detention pending a British court decision on a West German extradition request. Proll's lawyer, however, planning to block extradition by pleading that she has "gone straight" since her arrival in Britain — a tactic already being used by other terrorists such as Jürgen Klein in Israel.

Corrado Alunni: Psychopathic killer sought in connection with the Moro kidnapping.

Arrested at his Rome apartment Sept. 14 by Italian police; next day, an associate Maria Zoni was captured at the same location.

Alunni likely the leader of the Red Brigades ever since the arrest and imprisonment of Renato Curcio earlier this year. Inside Alunni's apartment, police found a large cache of arms, including 14 handguns, two machine guns, and thousands of rounds of ammunition and assorted grenades.

West German magazine *Der Spiegel*, among other activities. But although this fact is known to the West German authorities, these authorities admit they are afraid to apply to the Israeli government for Klein's extradition for fear that the Israelis would make reprisals, either by cutting off supplies of information or by other, more violent, means.

The situation is complicated by the fact that, according to French sources, West Germany's antiterror police rely heavily on the Israelis for intelligence on the activities of international terrorist networks.

"Above suspicion"

The Vienna meeting is a hint that the West Germans, French, and Italians have put two and two together and will henceforth regard information from Israeli and allied British sources as highly tainted, while they pursue their own investigation along the lines pointed by General Dalla Chiesa of the Italian Carabinieri, currently the special investigator assigned to the kidnapping of former Prime Minister Aldo Moro.

Gen. Dalla Chiesa's investigation has already delved even further into the higher-level networks of terrorist control. Last week several employees of the Italian Interior Ministry who up to now had been considered "above suspicion" were arrested in connection with the Moro case. The trail in the Moro murder is therefore leading in the direction of Francesco Cossiga, the former Interior Minister, who was closely allied with British intelligence circles and who last May was forced out of office over the Moro affair, a few days after the discovery of Moro's body, by Prime Minister Andreotti.

In addition to this, several terrorist bases of operation have been found in Rome, Düsseldorf and Wiesbaden. The Düsseldorf location has been described by Federal Criminal Office head Horst Herold as one of the two major coordination bases in the region.

These, however, are only the initial successes, events which serve as a warning to everyone acquainted with terrorist networks in Europe. The real task is to wipe out or paralyze the institutions which maintain the terrorist capability. This is the meaning of an arti-

cle published in the Italian newsweekly *Panorama* on Switzerland. That country is identified as "the doorway for terrorism into Europe," the prime location from which deranged European youth can be conduited into the Middle East and elsewhere for further brainwashing before they are returned to Switzerland for deployment into France, Italy, or West Germany. In particular the city of Zurich is identified as the major bridge between German and Italian terrorists. Literally every single investigation of terrorist networks, says the magazine, both in West Germany and Italy has led directly into Zurich.

From the Swiss mountains

The case of the weapons used in the murder of Moro and of the West German industrialist Hanns-Martin Schleyer is cited as supportive evidence. Although it has been known for some time that precisely the same weapons were used in both murders, it has now been established that these and other arms found with terrorists all come from the same stockpile located at a Swiss army base.

Even without such evidence, Switzerland's central role in international terrorism was never a secret. Switzerland, not really a country, is a collection of cities controlled by various branches of Europe's "black nobility" and monetarist elite. Ever since the oligarchy gained control of the British throne following 1688, the British monarchy and the City of London used Switzerland as its major jumping-off place for continental subversion. The activities range from banking operations and dissemination of British empiricism to drugs and terrorism.

The Jura mountains have long harbored terrorists to be used against leaders displeasing to London in surrounding countries. It is hardly accidental that on Sept. 24 a referendum will be held in the "Canton" of Berne in order to decide on whether the Jura region should be split off into a separate Canton. European media are relaying unconfirmed reports that the Jura separatist movement has been using terrorist acts to underline its demands.

— John Sigerson

Soviet think-tanks scrutinize international monetary system

The policy-shaping debate over gold, SDRs, and the transfer ruble

The report in a West German newspaper that Soviet Prime Minister Kosygin took special time while meeting West German trade and industry officials earlier this month to inquire in detail about the European Monetary System (see *Executive Intelligence Review*, Vol. V, No. 36, Sept. 18-23) confirmed how closely Soviet leaders are watching the transformation of the international monetary system by the EMS. Now in the process of drafting the 1981-85 Five Year Plan, the Soviets are looking to the new arrangements for prospective ways to finance East-West trade — which must be calculated into the Plan — on the scale initiated by the 25-year cooperation agreement negotiated between President Brezhnev and West German Chancellor Schmidt.

Behind the success of the Brezhnev leadership in committing the USSR to collaboration with Schmidt and the other Western leaders on a trade-based road to economic recovery and strategic stability, a wide-ranging battle is taking place in the Soviet Central Committee policy-making apparatus and the think-tanks of the CC and the Soviet Academy of Sciences. It has surfaced in an article in the most recent issue of an academic Soviet economics journal, which demonstrates that a heated factional discussion is occurring among Soviet economists regarding the role of gold in the international monetary system.

In the July-August issue of the Moscow University *Bulletin/Economics*, A.I. Stadnichenko, a senior economist at the Institute of Oriental Studies of the Soviet Academy of Sciences, vigorously defends the historical role of gold in *all* economic systems and predicts a revival for gold on an international scale in the near future. Stadnichenko identifies International Monetary Fund circles as the main enemies of gold and labels the Special Drawing Right their main weapon in the "anti-gold campaign."

Equally important is that Stadnichenko directly polemicizes against the Soviet Union's own antigold faction, stopping just short of accusing them openly of advocating Soviet capitulation to the International Monetary Fund. The fact that he targets writings in the magazine of the Academy's Institute of the World Economy and International Relations (IMEMO) pro-

vides a clue to the profound ramifications of this factional clash. IMEMO, a nexus of British agents-of-influence in the Soviet Union has turned up in the eye of the storm over a gold-based monetary system and the EMS in particular.

On the other side, Stadnichenko explicitly places himself and his progold allies in the modern Soviet Union in a continuous historical tradition dating back to the time of the Rapallo treaty between Soviet Russia and Germany in the 1920s. To judge by Stadnichenko, these people refer to themselves as the same faction — Lenin's faction — that elaborated the Soviet proposals for a gold-backed international monetary system submitted at the 1922 Genoa Conference; the faction that fought to uphold the role of gold during the 1930s, when Anglo-American forces were bent on destroying it by organizing an international boycott of Soviet-produced gold and driving down its price on the international markets; and the faction responsible for designing the gold-based transferable ruble system in the Council for Mutual Economic Assistance, today's Soviet sector economic organization.

Stadnichenko's "On the Question of The Evolution of the Economic Functions of Gold"

After briefly relating the positive role of gold in the historical evolution of the capitalist economy, Stadnichenko indicates that this positive role is not something specific to capitalism. After the Bolshevik revolution, the Soviet party drew similar conclusions about the new Soviet currency. "It is thus not surprising," he writes, that at the Eleventh Congress of the Bolshevik Party, held in March-April 1922, "while Lenin was still alive," resolutions adopted by the Congress stressed that Soviet "economic and financial policy is emphatically oriented towards restoring a gold backing to our money. . . ."

Stadnichenko notes that this principle has been upheld ever since, in the face of all difficulties, such as the attempts during the 1930s to boycott all gold mined

in the USSR and related attempts to drive down the price of gold on the international markets.

Efforts to remove gold from the international monetary system have continued also, he notes, but have never completely succeeded. In this connection, he underlines the progold role of Charles DeGaulle.

The SDR issue

Stadnichenko then launches a polemic against the International Monetary Fund's "paper gold" Special Drawing Rights (SDR). Following a standard antigold argument that the yellow metal is "outdated as a monetary instrument," he writes, the creation of the SDR was accompanied by claims that gold had become inadequate since the volume of world trade so

greatly exceeded the amount of gold reserves. Stadnichenko debunks that argument by pointing out that the question has never been to have exactly as much gold as the volume of world trade. The issue is the clearing function of gold.

Nevertheless, continues Stadnichenko, "many economists saw in the SDR a kind of embryonic form of world money," and insisted all the more that gold had already or would shortly lose its monetary function. "Here, it turned out that there were adherents of this view among Soviet economists as well."

The SDR in fact, counters Stadnichenko, is the main weapon in what he calls "the anti-gold campaign." Its supporters claim wonders for the SDR. "But actual experience of using SDRs has shown that they are not

The debate extends to methodology: 'systems analysis' comes under fire

The Soviet Union was represented at the recent World Philosophy Conference in Düsseldorf, West Germany by Dzhermen Gvishiani, the Deputy Chairman of the State Committee on Science and Technology and also the son-in-law of Prime Minister Kosygin. A key figure in Soviet trade and other contacts with the West, Gvishiani has also been identified over the years with the advocates of "systems analysis" in the Soviet Union, and he co-heads with McGeorge Bundy the International Institute of Applied Systems Analysis (IIASA) in Vienna. The Institute has been a channel for British reductionism, aimed to infiltrate Soviet thinking in the vital areas of planning and scientific development.

Gvishiani's speech in Düsseldorf may turn out to have been the death knell for the IIASA operation. He asserted that not systems analysis, but the ideas of V.I. Vernadskii, the great Soviet scientist who developed the study of the biosphere and the noosphere, where human creativity becomes the defining element of world development—are fundamental to Soviet science. The truth of Gvishiani's statement is clear, for example, in the progress of the Soviet nuclear program, which received its initial impetus from Vernadskii in the 1920s.

Moreover, Gvishiani's new orientation evidences that the policy debates within important Soviet institutions have penetrated to basic matters of methodology, such that the reductionist doctrines of "Marxism-Leninism" are going to be seriously challenged.

Our correspondent Helmut Bötteger reports from Düsseldorf that Gvishiani, speaking on a panel devoted to philosophy and its relation to science and

technology in the future, appeared after a British professor who had defined the difficulties "inherent" in science and technology as practically insoluble. Gvishiani, speaking extemporaneously, stated from the start that Soviet science has no such problems, for Soviet science is based on Vernadskii's idea that nature is not fixed, but is in a process of development.

Although systems analysis is a useful tool for some very specific tasks, Gvishiani continued, Soviet scientists have found that it is inadequate beyond a certain point. They have had to return to philosophy, particularly for the conceptualization of future development of science and technology. Where systems analysis is insufficient, what is important is the genius of the human mind. Gvishiani again linked this to Vernadskii's insistence that the development of the human race is part of the qualitative development of nature.

Gvishiani was emphatic in reminding his audience that, while he was working a good deal at the IIASA and it had government financing, the Institute was a private body, whose opinions are *not* the opinions of the Soviet government.

In conversation with correspondent Bötteger following his speech, Gvishiani was pleased to receive a copy of an address on the philosophy of education delivered by Lyndon H. LaRouche, Jr. at the opening last May of the Humanist Academy in Wiesbaden, West Germany. LaRouche, the chairman of the U.S. Labor Party, has frequently included harsh critiques of systems analysis in general, and its advocates in the Soviet Union in particular, in his philosophical writings. Gvishiani noted that LaRouche's ideas were well known and intensively studied in the USSR.

at all a panacea . . . for the monetary crisis. Rather, they are one of the additional sources of inflation." He explains this point by showing how when SDRs are drawn to cover an account's deficit, an inflationary injection takes place, since even if a country increases its exports to remedy the deficit later, those exporters will not be paid in SDRs, but in dollars or other national currencies. The SDRs will remain on the books — but without backing.

Stadnichenko summarizes, "In other words, despite the efforts of the United States by all means to diminish the monetary functions of gold, to 'demonetize' it, gold continues in one way or another to retain and fulfill these functions. For this reason, we cannot at all agree with those Soviet economists who predict that gold is close to its demise as a monetary metal and who sing many hymns to the world supranational money which is drawing near, in their opinion, in the form of the SDR. We are referring above all to the article by G. Matyukhin, "A New Form of World Money" (*The World Economy and International Relations*, IMEMO's journal, April 1977), which was recommended by the editors 'for the special attention of teachers of political economy'."

Stadnichenko quotes liberally, with biting sarcasm, from the Matyukhin article, which indeed had already drawn criticism from the progold economist E. Sollerinskaya in a letter to the editor of the IMEMO journal in January of this year. Matyukhin completely rejected gold and described the SDR in detail, Stadnichenko's excerpts show. With only a cosmetic "criticism" of the SDR, he concluded that it was a "major step" on the road to a world currency. Stadnichenko warns: "I hardly need draw attention to the fact that the author of that article is not only a convinced adherent of the demonetization of gold, but is *also an ardent supporter of the idea of a supranational world credit money*" (emphasis added).

Stadnichenko's phrase is tantamount to accusing Matyukhin of treason, on grounds of advocating the submission of the Soviet Union to the IMF and the SDR!

The transferable ruble

In a final argument, Stadnichenko raises the issue of the CMEA transferable ruble. Some people, he says, have tried to claim that the SDR is money just as much as the transferable ruble is. After all, aren't both of them clearing units?

Absolutely not, declares Stadnichenko: the SDR has "no commodity or gold backing" whatsoever; SDRs are issued arbitrarily. The opposite is the case with the transferable ruble. First of all, the CMEA currency has a clearly defined gold content.

More important, he says, transferable rubles are issued or created only in connection with real production of goods and services. If this difference is understood, it is clear that "the SDR could under no circumstances become world money with the monetary functions inherent in gold."

Stadnichenko ends his article, which was written at the very moment of the historical Western European summit at Bremen where the EMF was drafted, with an unambiguous prediction. "The immediate future will show just how and in what form the strengthening of the monetary functions of gold on a world scale will take place," he concludes. "It is a fact, however, that this process is already under way, and all theories about creating an artificial supranational world currency and so on will disappear just as fast as they appeared."

— Clifford Gaddy, Stockholm
Rachel Berthoff, New York

'The Nazi bombs fell first on London'

In the article excerpted here, the Soviet weekly Literaturnaya Gazeta sharply attacks the "China card" policy of Great Britain, comparing it to the British policy during the 1930s of encouraging Adolf Hitler to attack the Soviet Union. The article, written by commentator Vitalii Kobysh, appeared in the Sept. 13 issue under the headline "London Merchants."

... This is old history: urging on a potential aggressor, arousing an anti-Soviet uproar. We remember how openly the highly placed British General Cameron (Neil Cameron, Chief of Staff — ed.) tried to do this, how he spoke out to this effect during his China trip. And just as old — and as costly to Britain — is its oblivion to the lessons of history. It is forgotten that the snake often bites first the one who stirs it up. That the Nazi bombs fell first on London. In their up-to-the-minute euphoria — ah, the "China card"! — they do not see what may happen tomorrow, they do not notice that today Peking is already hankering after everything that stretches southward from China's borders.

A dangerous game has started....

There is yet another side to this story, which is not lacking in interest in view of recent statements by various British state leaders. They are actively preaching Sunday sermons about human "rights"... We will not focus attention here on how very appropriate these sermons would be particularly for Ulster, or for the colored ghettos of London, Birmingham and other English cities, where open discrimination can be observed, where racism is becoming a more and more obvious fact of life.

Let us remark on something else. The authors of these sermons are not at all disturbed by the fact that they intend to supply weapons to a country whose citizens essentially have no rights...

How to profile the terrorist

U.S. Labor Party chief Lyndon H. LaRouche, Jr. dissects the support

"I must admit that the idea of evil, in certain cases, exerts a strong attraction on me. Above all, in the case of evil striking the authors of evil — e.g., the architects of imperialist policies and their hirelings. In this case, I nurture even sadistic dreams, but they remain dreams."

Herbert Marcuse, 1966

Terrorism operates broadly on three levels. At the top is the political command-structure, which deploys environmentalism and terrorism coordinately as instruments of its policy. On the middle level, there is the operational command of terrorism, with Israeli Mossad and elements of British intelligence deploying operations through "cut-outs," such as complicit attorneys of the Croissant type. On the bottom level we have a mixture of trained professionals and criminalized killers, with the "leftist" or "rightist" terrorist gangs screening for the included use of professionals.

In this section:

The *Executive Intelligence Review* has published over the last weeks a series of important statements by Lyndon H. LaRouche, Jr. on the nature of terrorism today and the methods by which it is created, controlled, and deployed. Here we present LaRouche's in-depth study of the ideological and political support systems that keep terrorism of the "left" variety alive, a crucial piece of "background" intelligence for the fight to eradicate terrorism. In this document, LaRouche has drawn on his own experience as the target of attempted assassination by these terrorist forces, and on the accumulated political intelligence expertise of the U.S. Labor Party, of which he is the national chairman, and its initiating cadre force, the National Caucus of Labor Committees.

In this report we focus on the "left" facet of the terrorists' supporting political infrastructure, an infrastructure predominantly Maoist-Trotskyist-Communist-environmentalist in profession, anarchist in content of outlook, from which new recruits to terrorist gangs and their political supporters are chiefly drawn. We focus on the role performed by Bertrand Russell's networks, operating in conjuncture with witting elements of the Socialist International in various countries, including the USA. The work of Herbert Marcuse during the 1960s falls within the spectrum of witting creators of environmentalism-terrorism pursuing the mode otherwise best associated with Russell.

Although the U.S. Labor Party intelligence staff has, during recent years, developed political-intelligence competence concerning most aspects of terrorism and environmentalism, the most detailed and intensive knowledge of the development of "left" terrorists was developed by the National Caucus of Labor Committees, beginning with direct, persisting encounters with the promoters of terrorist and related developments, from 1968 onwards. The model case is our close study of the creation of the Weatherman terrorist organization through (principally) the guidance of the Institute for Policy Studies (IPS) and IPS allies among U.S. and other elements associated with certain "left" currents of the Socialist International.

Background

The National Caucus of Labor Committees was the outgrowth of work begun in summer 1966 by this writer. After assembling an initiating group, the group deployed for political counteroperations against the forces controlling Students for a Democratic Society (SDS) and related "New Left" projects at that time. The method of operation was an educational program designed to selectively recruit and assimilate gifted undergraduates and graduate students attracted to "New Leftism," but with serious intellectual aspirations which, if fostered, would rationally separate them from the anarchoid irrationalists of the "radical ferment" of that period.

infrastructure

systems of 'left' terrorism

For various reasons, Columbia University became a focal point of this operation. There, the group developed a strong factional position within SDS, becoming evenly matched in numerical strength with the "mushier" sort of "New Leftist," with a trio of "crazies," led by Mark Rudd and John Jacobs, representing the small, third element in the situation.

Through advantages of superior political assessment and operational knowledge, the Labor Committee group preempted the SDS-led ferment on the Columbia campus, for a time capturing the leadership of the Columbia student strike, and maintaining a strong position in the ferment even after national SDS reinforcements and the Ford Foundation intervened.

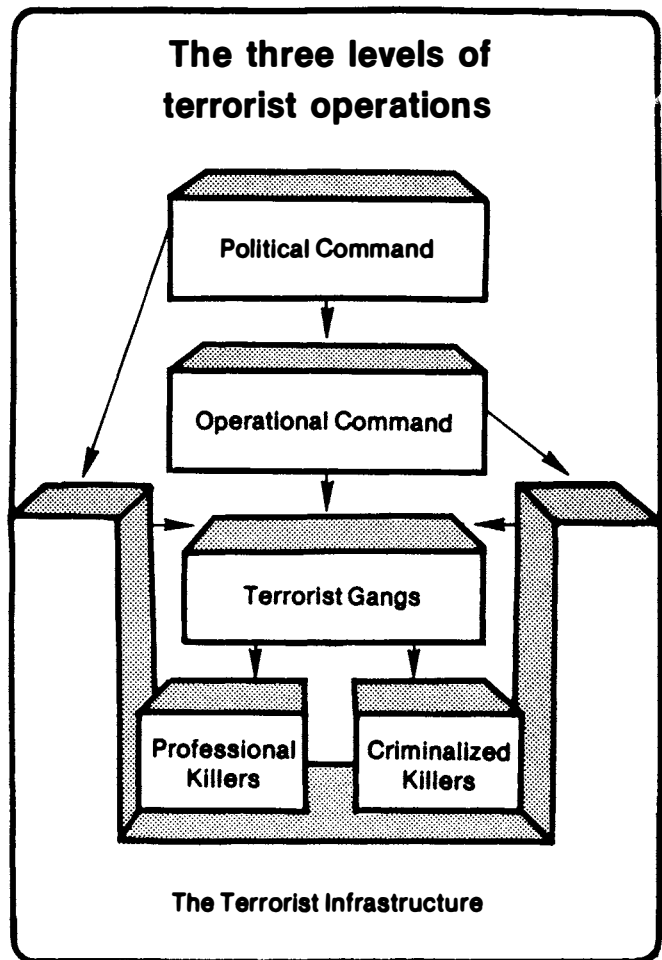
This Labor Committee influence was significantly offset through, chiefly, three separate fundings of the campus forces by the Ford Foundation: one through a "black student" conduit, another through a direct Ford grant to an entity termed "Students for a Restructured University," and a third to Mark Rudd, John Jacobs, and their associates, through a funding-conduit controlled by the Institute for Policy Studies. The IPS-funded group staged a provocative, fresh building occupation. The "strike" was demoralized and disbanded in consequence, and the Ford Foundation and other funding through the IPS-created conduit concentrated on assembling the anarchoid elements left in the wake of the campus ferment around Rudd and Jacobs.

It was this IPS-conducted funding and IPS shaping of the Rudd-Jacobs grouping which produced the Weatherman terrorist organization.

The residue of IPS and related operations in New York City during the spring and summer of 1968 was deployed during the fall of 1968, in an effort to create a race riot in New York City through exploitation of a provoked teachers' strike. The Labor Committees deployed to neutralize this effort to create a race riot, leafletting and conducting political organizing at key points of the deployments intended to feed into the race-riot scenario. These surgically applied counteractions by an SDS-associated group produced both directly positive results and confusion and consternation among the forces being deployed for the race-riot scenario. Communication of vital intelligence concerning the scenario to the leadership of the

United Federation of Teachers and to local groups of the UFT aided effective courses of action by UFT President Albert Shanker and others.

This teachers' strike was a key phase in transforming elements of SDS into terrorists. The antilabor hysteria developed within the Communist Party, the Trotskyists, the Maoists, and the SDSers, all increasingly violent antilabor forces during that strike, broke the anarchist elements of SDS away from any orientation toward political organizing among labor forces, toward a Marat "Friends of the



The code phrase used in organizing the Baader-Meinhof assassination of Ponto was the epithet "Nazi Communist."

People" terrorist profile, a profile that was in fact fascist in its social and political characteristics — the lumpen-anarchist profile of the slum elements of the Mussolini fascist organization or the Hitler brownshirts.

Within six months of further molding by IPS networks, the Rudd-Jacobs-Dohrn-centered forces were locked into the profile that characterized their subsequent terrorist operations.

In consequence of the fall 1968 operations in New York City, not only were the Labor Committees targeted for various degrees of harassment by every "left" organization involved in promoting the attempted race riot, but a pattern of covert operations by IPS and other organizations in intelligence-operations mode was deployed against the Labor Committees. The first use of an official governmental agency against the Labor Committees for covert operations was an FBI leaflet prepared and issued in support of Mark Rudd et al. during the fall of 1968. Since Kennedyite John Doar was most prominently orchestrating the effort to promote a race riot during that period, and since IPS is essentially a part of the Kennedy machine, the source of influence within the Justice Department-FBI for conducting an operation in support of Mark Rudd et al. is not a problem requiring much imagination.

The covert operations against the Labor Committees, later the U.S. Labor Party, and against Labor Party co-thinker organizations in various countries have escalated since 1968, involving British MI-5 in cooperation with IPS circles in an international operation during late 1973, and escalated to operations against the Labor Party and this writer reaching the highest levels of government in various parts of the world, the latter in cases where direct, corroborated evidence of such operations by Henry Kissinger and others has been established since fall 1975 events in Paris and West Germany.

Over the course of this decade, the writer and his associates have maintained a security-counterintelligence watch over "left" and other groups and their publications and operations, as well as developing a political intelligence-counterintelligence capability against the higher-level employers of these, among other, groupings.

In consequence of this past decade's work and experience, and with aid of resources going back much further in time, in respect to the "left" side of the development of environmentalist and terrorist gangs

the writer and his associates know the internal features of the creation of the terrorist infrastructure from a vantage point not available to professional security agencies generally. We know how their minds work, are worked, and have been worked, and how they respond to the forms of directives and controlled psychological environment applied to them.

We shall now proceed by examining the role of certain "code phrases" in aiding a terrorist deployment, then examining the exemplary role of Bertrand Russell in developing strata manipulated by such code phrases, and finally examining the sources from which Russell and others obtained the knowledge through which they were able to predict the consequences of operations they conducted.

'Nazi Communist'

The "code phrase" used in organizing the Baader-Meinhof assassination of Dresdner Bank's Jürgen Ponto last year was the epithet "Nazi Communist." Recently, in connection with this writer's projected assassination, the same code phrase was dropped by an intelligence operative associated with Senator Jacob Javits, an operative who has been deployed against the U.S. Labor Party internationally for well over a year to date.

First, let us consider this peculiar epithet. How does such a wild epithet serve in motivating the general deployment of terrorist supporters around the assassination of a terrorist target? If one knows the doctrine of Winston Churchill, Hugh Trevor-Roper, and John Wheeler-Bennett, the doctrine they set forth in defending their preference for Adolf Hitler to the insurgent German generals of 1938 and during the war, one knows that the British not only have a special hatred for German industrialists and the old Catholic Center Party of Germany, but that the British, who created Hitler, saw fit to accomplish two objectives with one argument, the argument that Nazism was a product of German industry.

Although the myth that German industrialism created Hitler is in wide circulation, the myth has strong primary emotional significance only in two primary circles: British intelligence circles and a certain section of Zionist circles. In Zionist circles it serves as a reaction-formation in respect to Warburg backing of Hjalmar Schacht, and of Schacht's placing Hitler in the Chancellery, and of various Rothschild, Oppenheimer, and other involvement in supporting Hitler before and after 1933, into the 1936-1938 period.

This emotionally laden identification of German industrialism as being axiomatically "Nazism" spills over from British intelligence and certain Zionist circles into elements of the anarchist-environmentalist ultra-left, especially to those layers surrounding and including "left" terrorist gangs. In these circles, "Nazi" means essentially "German industrialism," and is extendable to any proindustrial, protech-

nological-progress personality of influence or political current which is viewed as "practically the same thing as German industrialist."

"Nazi Communist" is essentially Zionist slang for any Western industrialist nation that promotes economic cooperation with the Soviet Union. It has developed as a "left" terrorism code phrase principally because of the role of the Israeli Mossad in coordinating international terrorism since approximately 1969. This is correlated with the recent years' efforts to make the case among "left" groups that Stalin was a "fascist," a campaign that has been traced to British and Zionist intelligence-controlled elements within the "left."

For such reasons, there is a high probability that the use of "Nazi Communist" signifies either an assassination attack by Mossad-linked forces, or a terrorist assassination attack by "left" terrorists coordinated by the Israeli-Zionist intelligence networks. The fact that this slang phrase targeting the writer was employed by an intelligence operative of Israeli connections associated with the office of Senator Jacob Javits makes the case clear. The disclosure of certain Zionist networks deployed against the U.S. Labor Party, and of a top Israeli hit-man conducting professional surveillance through a British-intelligence-funded cover, leaves little to the imagination.

To leave no confusion concerning the significance of Zionist in this case, an interpolated clarification respecting the command-structure coordinating international terrorist operations should be made now.

The key elements controlling international terrorism include the "fascist international," coordinated by the "Eastern European" branch of the Maltese Order, the Sovereign Order of the Knights of St. John of Jerusalem. They also include British Round Table and official intelligence organizations. They also include elements of the Socialist International and elements of international Zionism. The problem is that of separating Zionists and elements of the Socialist International as a whole from the terrorist-linked elements.

The distinction is effected through an *operational gridding*. The Jerusalem Foundation network interfaces entities such as Permindex, which has characteristically funded fascist organizations, such as the French OAS during the early 1960s. The intersection of Bronfman and Edmond de Rothschild operations at certain locations define those aspects of Bronfman and Rothschild operations which are linked to fascist organizations. Where such operationally defined intersections of Zionism and the "fascist international" occur, we have defined an entity which may be termed "Black Zionist." Wherever such a defined "Black Zionist" entity intersects operationally an element of the Socialist International (e.g., Riccardo Lombardi and Bettino Craxi of the Socialist Party of Italy), we have a node point of the terrorist operations command. Such a node point will also intersect

A basic insight into paranoid psychosis helps to understand the mechanisms involved in creating terrorists and terrorist support groups.

financial and political operations of British-Canadian intelligence. It will also intersect, probably, some of those elements of other organizations that are also complicit in terrorism, such as the International Red Cross, Amnesty International, the World Council of Churches, the World Federalist Movement, the Mont Pelerin Society, and so forth.

One of the complicating factors is that most of the intelligence-operations covers used for penetration operations into Eastern Europe and the Soviet Union are also covers used for international terrorism — the security cover afforded for one purpose provides exceptional quality of protection for terrorist operations.

Thus, although the French and U.S. intelligence-operations divisions of international B'nai B'rith, the Ligue Internationale Contre l'Antisemitisme (LICA) and the Anti-Defamation League (ADL), are both important conduits for regular intelligence-assassination and terrorist operations or support of terrorist operations (surveillance, etc.), a certain amount of operational gridding is required to separate variously the honest, the innocent, the dupes, and the witting criminals within the leadership and ranks of such bodies.

However, do not imagine that B'nai B'rith operations in Basel, Switzerland or other related entities in Geneva, Switzerland, or certain post-office accounts in Liechtenstein are not directly, wittingly, and massively involved in terrorist operations, or that some key persons within the LICA and ADL are not very bloody-handed criminals.

The Israeli government's current, cynical alliance with the Nazi-created, Nazi-led (Gemayel) Falange of Lebanon has removed the fear of the "anti-Semitic" slander from many official mouths of governments and intelligence services. The Israeli-Zionist crimes in connection with international terrorism and other matters are currently in the process of being blown publicly in many quarters. Otherwise, many quarters are at the end of their toleration of Mossad-coordinated terrorism against key figures of their nations; the fact of Zionist coordination of international terrorism will be kept discreetly unmentioned no longer.

Consider the second sentence in the Marcuse quote cited at the outset of this report.

If we eliminate the middle sentence, and consider only the last, what is in fact an accurate reflection of Marcuse's mind comes forth. The middle sentence

seems to mitigate the effect. Is one not against "the authors of evil"? Is it not good "leftism" to consider "the architects of imperialist policies and their hirelings" as "authors of evil"? It is necessary to assess the middle sentence in the same way the "Nazi Communist" code phrase is to be examined.

"Authors of evil," "architects of imperialist policies," and "their hirelings," are not substantives. They are linguistic empty buckets into which any content can be supplied. Whoever is *designated as* "an author of evil," an "architect of imperialist policies," or "their hirelings" is marked out as a target for "sadistic dreams" of "evil" against them.

A helpful way to study this sort of empty-bucket linguistic-trick sort of epithet is to examine the results Kenneth Colby obtained in attempting to program Chomskyan linguistics into a computer simulation of a hypothetical mind. This sort of undertaking has been fairly general over about two decades, under the auspices of the so-called Artificial Intelligence enterprises.

Marvin Minsky at MIT, the establishment at which Professor Chomsky also squats, has been bumbling about with that for nigh two decades. The Rand Corporation has been preoccupied with this sort of thing. Kenneth Colby's results are exemplary of what must inevitably occur in any qualified such effort at computer simulation of human thought-process. Colby found he was able to program a simulation of a psychotic, but not a sane person. This is necessarily the case, because any human being whose thought-processes are conditioned to agreement with the linguistics doctrine is thus transformed into a psychotic.

Consider the case of Ulrike Meinhof. Can the statements of Ulrike Meinhof be placed upon a computer and shown to conform to the sort of patterns Colby produced? Absolutely. The "second generation" of the Baader-Meinhof gang came from graduates of the Heidelberg Patients' Collective, an experimental program using mental patients, in which the patients were indoctrinated according to an R.D. Laing-Tavistock schizophrenia-reinforcing program and also, as part of the program, assigned to develop the capability to produce bombs and other weapons.

Consider the case of the recent trial of the Italian Red Brigades group. These are psychotics, the end-product of a Trento University project associated with Socialist Party of Italy Lombardian Alberoni (now in an influential editorial position at *Corriere della Sera*). The Trento program was a social-work "brain-washing" program. In the case of the development of the Weathermen as a terrorist group, not only was there irrationalist anarchist indoctrination, largely under the guidance of IPS affiliates, but "sensitivity sessions," degraded sexual practices, and emphasis on use of LSD as well as marijuana and other drugs

were dominant features of the conditioning process.

The rock-drug counterculture, including sexually and otherwise degraded communal living conditions, is the general rule among the strata from which terrorists are recruited.

In the production of terrorists in Europe, a tracing of networks from the Low Countries into Longo May terrorist-training camp showed the following process.

The intake process began with a leftist-environmentalist profiling and recruitment, in this case under the auspices of Amnesty International and the top leadership of the social-democratic party of Holland. The first point of intake in this case was a camp in Belgium. The term of stay was in the order of weeks, with drugs, the rock culture, and wife-swapping approximately the level of specialties, apart from "leaderless group" approaches to deeper political indoctrination.

The second principal stage was a group of camps in France, near the Pyrenees. This involved a months-long term of stay, with heavy usage of drugs and sexual degradation, as well as Tavistockian conditioning methods.

The third stage, for selected persons from the Pyrenees camps, was Longo May itself. Longo May is the first point at which the person on that track actually began to receive terrorist basic training in weapons use and so forth, with instruction given by ex-Legionnaires and professional criminals. The "environmentalist" communalism of Longo May is merely a cover for the basic activity of the camp, which is terrorist "basic training" combined with further conditioning and profiling.

The next stage is intake into a terrorist group, with further training at another camp anywhere in the Mediterranean region, including Israel. There is still a possibility the recruit may be "washed out." Graduates become hard-core terrorists.

It should be noted that this intake-process for screening of potential terrorist recruits is identical with the development of the hard-core of the environmentalist movement. The terrorists are distilled from the environmentalist, Maoist movements, primarily, or recruited from among prison inmates, largely through either in-prison "therapy" programs or through "half-way house" programs. A convict with a preestablished propensity for crimes of violence and a potential psychosis is the most easily-deployed, expendable sort of recruit to terrorist and related operations.

Neither the terrorist nor the typical terrorist-support group in any way corresponds to the myth of the "idealist" misled into excesses in one way or another. Both, apart from the fully conscious controllers amid them, are criminalized psychotics or semipsychotics, either selected because of those pre-existing qualities, or because various phases of conditioning bring about these states.

A basic insight into paranoid psychosis helps to understand the mechanisms. In the sort of psychotic

who is suitable for coordinated terrorist operations, the individual is able to perform functions involving his immediate person and environment. He can function. Where his psychosis shows most clearly is in his inability to cope sanely with abstractions concerning the world in general. In other words, he lives at best within a very small world, a world defined by a short span of social distance surrounding his or her person. He functions within the scope of a "surrogate family," more or less as a disturbed but functionally effective two-to-four-year old might — to be more exact, an adolescent or adult parody of such a two-to-four-year-old condition. The world outside his or her "family" is not real. Everything in the larger, outside world is a matter of emotions cathected to labels. His or her outer-world behavior is biased toward the schizophrenic-symbolic, rather than the real. His sense of that world of symbols is magical, not cause-and-effect. He or she carries the infantile superstition of the believer in astrology toward an extreme.

Now, if such a person once agrees that "bad" people ought to die, "so that they can't hurt good people," and if the person is also dedicated to killing the "bad" people himself, it suffices — to make the point short — to insert a face, a name, and so forth in place of the symbol "bad," and say "We must kill that bad person," and there you have the gist of it.

Exemplary, this writer once watched John Jacobs (later of the Weatherman terrorist group) give an address to an audience in the vicinity of the Columbia University campus. It was in September 1968. Jacobs said nothing throughout the entire peroration of 20 minutes or so. It was a string of phrases without syntax, without coherence. A stream of single-word and several-word-phrase slogans were strung in the air like beads on a wire, with an ejaculated "Mao," "Che," or some other code-name interpolated randomly, without rhyme or reason.

It happened, of course, that the future Weatherman group and its immediate coterie were already heavy users of marijuana, LSD, and so forth. Just as the writer has sometimes witnessed "schizophrenic" conversation between mental patients of that sort, Jacobs and his clique seemed well satisfied with his "speech."

I had encountered Jacobs about a year earlier, in April 1967. At that point he had a few manifest problems under way, but was otherwise normal, and capable of dealing rationally with abstractions. At the close of the summer of 1967, close observers remarked on a strange deterioration in his personality. By September 1968, he had lost the power to make even a brief coherent presentation of a concept to an audience. The conditioning and the drugs had done their work.

In the case of the terms of the middle sentence of the Marcuse quotation, the phrase "authors of evil" is not peculiar to the audience being addressed. Any rabid

environmentalist might wish to sadistically torture and kill a student specializing in nuclear physics — as a person becoming, to the twisted environmentalist mind, an "author of evil" in the future. What is specific to the period and the audience is Marcuse's use of "architects of imperialist policies." "Their hirelings" is generic.

In the case of the use of "Nazi Communist" by a terrorist or terrorist controller, the code phrase has an attributable "I.D. format" which admittedly does not provide conclusive findings concerning the terrorist coordinators or specific groups being deployed, but gives strong indications most helpful to the investigator.

In the case of the writer, during August 1977 he was informed by a major intelligence agency that he was the next selection on the list to be killed by the Baader-Meinhof after Jürgen Ponto. Three nations' intelligence agencies provided the writer with a good "steel shield," and with other measures, including political countermeasures; the Baader-Meinhof passed that one over for the moment. It was not their decision, of course. Their controllers called it off because the political command estimated the political penalty of the attack to exceed the benefits of the writer's earlier demise. So, the writer was passed over, and the gang proceeded on with its list, to industrialist Hanns-Martin Schleyer.

The motive for assassination of this writer is no secret. Those elements of the British-Zionist-Maltese-Socialist International interface that control environmentalism and international terrorism have made no secret of their motive. The writer is accused of being a significant conceptual contributor to the overall effort associated with the Bremen European Community agreements of July 1978.

What triggered this reaction by London forces against the writer was not the actual Bremen 1978 EC "summit," but the May 1978 Schmidt-Brezhnev accords. The London forces knew at that point that Brezhnev's agreements afforded France's Giscard and West Germany's Schmidt the preconditions for proceeding with the European Monetary Fund proposal during July. Hence, the operations against this writer, projecting his early assassination, were set into motion during May 1978, during the same period as Queen Elizabeth's extended tour of West Germany. Each element of preparation for the renewal of the assassination project (after its suspension in September 1977) went into motion during May 1978, with additional elements coming into place during June 1978 and July 1978. After misfires during July 1978, the project has been kept active.

Under these conditions, the "Nazi Communist" epithet targeting the writer for assassination coincides with heavy nationwide ADL surveillance added to that of the Michigan Communist Labor Party circles and others. The connection to Jacob Javits's circles pins the matter down further. It is either intended to be a straight Mossad professional

Marcuse's "but they remain dreams" carries with it an unrecorded wink; the wink is there, recorded or not.

assassination or a terrorist operation coordinated by Zionist-Mossad terrorist controllers. In that latter case, it is only necessary to know that the Mossad coordinates both "left" and "extreme right" terrorist gangs, but that "Nazi Communist" is a more suitable code-phrase for "left" terrorist gangs.

"Architects of imperialist policies" in Marcuse's 1966 usages is a preconditioning of the "left" for support of terrorist operations. It picks up a term which has rational pejorative meaning within the "left," "imperialist," and lifts that term out of reality, retaining only the emotional charge associated with the term, and then reenforcing that emotional charge by licensing "sadistic dreams" consistent with delight in the "idea of evil."

The final qualifier, "but they remain dreams," must not be taken as reassuring. One must examine the case of Jean-Paul Sartre — the "Marquise de Sartre" — and such correlative cases as Herman Hesse's *Steppenwolf*, or the symbolic seduction of Soren Kierkegaard. These and other existentialist writers are the spiritual architects of the terrorist movement. Camus and Fanon are also exemplary. The "Old Fagins" of international terrorism, the Sartres and the Marcuses, merely "dream" — they assure us. Is that so in fact?

In the development of the Weathermen, the first Marcuse intervention into the Columbia campus during the spring of 1968 was blocked by the Labor Committees. The Labor Committees knew what that creature was and wished no part of his dirty doings in a sensitive situation. However, Marcuse relative and protégé Tom Newman did appear on campus, as controller of an IPS funding conduit, the East Side Service Organization, which funded both the Rudd-Jacobs group and a nasty East Side anarchist group styling itself as "Up Against the Wall Motherfuckers." The latter group performed a key part in shaping the development of the Rudd group itself. This was funded, of course, by the Ford Foundation.

More broadly significant was Herbert Marcuse's *One-Dimensional Man*. This book perhaps contributed more than any other single literary source to developing the later environmentalist and terrorist forces in the United States. It is exemplary of the way in which rational content was emptied from terms such as "imperialist," leaving the emptied word, with only its emotional cathexes, emotion intensified, to be filled with whatever the controllers deployed within

the new Left elected to fill this empty term with on one occasion or another.

Did Sartre only "dream"? On the contrary, he is a chief public political ally of international terrorism. He made no objection to the realization of his sadistic, evil "dreams." Marcuse's "but they remain dreams" carries with it an unrecorded wink; the wink is there, recorded or not.

Bertrand Russell

If we are obliged to trace present-day environmentalism and terrorism back to any one source in this century, that person is the late Bertrand Russell. The image of Russell the ultra-liberal, the peevish, eccentric gadfly and pacifist, is essentially a "cover story."

Bertrand was the grandson of Lord John Russell and the godson of John Stuart Mill. Those antecedents are of decisive importance for understanding Bertrand's career and his direct connection to the development of the environmentalist and terrorist gangs of today.

Lord John Russell, together with the evil Palmerston, is aptly, essentially characterized by the act of rug-chewing he performed on receiving the news that Czar Alexander would go to war immediately against England and France if those nations went to war against the United States. That was the year 1863. Since the inauguration of British puppet President Andrew Jackson, Britain had consistently worked to subvert the United States, preparatory to splitting off the Confederacy and reducing a balkanized North American continent to an easy British reconquest. Abraham Lincoln had defeated the Confederacy in fact even before Gettysburg. London was faced with the choice of intervening militarily, with support of its puppet Napoleon III, or writing off a 30 years' venture. It consoled itself by subsequently assassinating President Lincoln.

In the wake of the 1783 victory of the United States, a new cabal had seized control of George III's government, a cabal representing a new policy for both defeating U.S. allies on the European continent and subsequently reconquering the United States. This cabal was headed by Lord Shelburne, the spokesman for the most powerful financial interest of the City of London, the British East India Company.

Shelburne consolidated the work of the Edinburgh division of British Secret Intelligence Service. This was the division formerly headed by David Hume, for which Adam Smith wrote his fraudulent, colonialist doctrine and slander against Jean-Baptiste Colbert, *The Wealth of Nations*. It was against the policies of *The Wealth of Nations* that the United States went to war against Britain; it was in opposition to those policies that the U.S. Constitution was defined; and it was those policies that the *dirigist* prodevelopment policies of the Washington and Adams Administra-

tions were directed to defeat. A principal successor to Hume at Edinburg was the feudalist utopian, Sir Walter Scott. On the London side of British intelligence dirty operations, Shelburne protégé Jeremy Bentham was key.

Since Shelburne was too notoriously corrupt to occupy the position of Prime Minister, Shelburne bought, once again, that most corrupt of legislatures, the British Parliament, and installed his protégé William Pitt the Younger as Prime Minister. Within the same general collection, together with Bentham, was James Mill. Reverend Malthus was also a creature of the same cabal, as was Malthus's collaborator, David Ricardo.

Canning, Palmerston, and Lord John Russell were the continuers of Shelburne, Bentham and Pitt during the post-Napoleonic period. They were dedicated to reconquest of the United States, as Pitt had been, not merely to recover the territory, but because the very existence of the United States with its successful, dirigist policies of national credit and fostering of technological and scientific progress represented an influence and an example which threatened the oligarchist order everywhere.

John Stuart Mill was the successor to Bentham and James Mill in shaping the psychological-warfare and dirty operations policies of British intelligence.

Although Bertrand was loyal to the common, anti-American traditions of both his grandfather and godfather throughout his entire life, it was to the profession of his godfather, John Stuart Mill, that Bertrand's choice of career in the British intelligence service was bent.

Bertrand Russell came up through the Cambridge side of British intelligence — in the track of Newton — and served his young-adult apprenticeship as a British Hegelian. In the characteristic doublespeak of Britain, a British Hegelian is a specialist in attracting and destroying any young minds that show an interest in Hegel. Russell's first notable activity was in contributing to the effort to confuse and suppress the currents of "continental science" erupting in the wake of the work of Cauchy, Dirichlet, Weierstrass, Riemann, Cantor, and Klein. To this end he parodied the work of a minor German number-theory specialist, producing a clever but incompetent piece of logic, later incorporated, with the collaboration of Alfred North Whitehead, in their famous *Principia Mathematica*.

Before Russell dropped interest in scientific subjects, in the course of the 1920s, he also professed himself one of the rare few intellects to comprehend the program of Albert Einstein and Hermann Weyl in relativistic physics. Russell's wretched edifications were too much for the stomach of Ernst Cassirer, who explained the obvious side of the fraud at some length; even Albert Einstein, then dependent upon British patronage, barely suppressed his sense of outrage in a foreword to a Russell book on the topic.

Pacifism was never a matter of conviction with Bertrand Russell; it was a special cover for intelligence operations.

Before Russell dropped interest in science, other interests had developed apace. The dropping of the one, during the late 1920s, was the occasion to give stress to the other.

The Stuart Mill influence on British intelligence operations ran to the social-work side of insurgency and counterinsurgency methods. The creation of the Salvation Army by Cunard's Booth, the emergence of the Settlement House movement, the creation of the international anarchist-terrorist organization around Bakunin, and the emergence of the Fabian Society on the initiative of British intelligence agent George Bernard Shaw and Shaw's protégé Sidney Webb, are all Mill.

The London Rothschilds were also key to this, as they were directly or indirectly key to Bertrand Russell's activities throughout his later life.

A proper appreciation of the emergence of the Rothschilds and other London Jewish-name banking houses during the late 18th and early 19th centuries, and the Rothschild, and later Warburg, colonizing of the United States with their correspondents, were in large measure a reflection of London political and other influences into Germany, especially through the House of Hanover (Guelph) and its Hessian allies. Since the greater and pettier baronies had the custom of using tame "house-Jews," or "court Jews" (*Hofjuden*), as their always politically vulnerable bankers, the more able, or more feral, such *Hofjuden* sooner or later became part of the City of London.

They never became the independent power which anti-Semitic admirers of the Cecils, Russells, and so forth would like to imagine. The Jewish banker survived in anti-Semitic England precisely to the extent he made himself most extraordinarily useful to the British monarchy, and to the Cecils, Russells, and so forth. Nathan Rothschild made himself most useful to the British monarchy's interests, most useful to Wellington, and most, most useful to Lord John Russell. With the rising power of Baron James Rothschild in post-Napoleon Bonaparte France, with a branch in Frankfurt, in Naples, and a delightful looting and wrecking of the Spanish peseta, the Rothschilds gained great financial and political power, and a conspicuous place within the circles of London financial houses allied against the human race with the parasitical old aristocratic landlord families of England.

Cecil Rhodes was a Rothschild protégé. A Rothschild employee, Lord Milner, aided by a titled Rothschild, Lord Roseberry, took the lead in a drastic reorganization of British policy and British intelligence at the turn of the present century. All the Rothschilds, together with the British monarchy, and the Cecils, Churchills, Russells, and so forth, joined in a common determination to subvert and conquer the United States in one way or another, to end once and for all the dirigist republicanism that made the United States great.

There were other notable British families—the Chamberlains, for example. The Chamberlains, at one point prime funders of the Fabian Society, contributed to British intelligence the Houston Chamberlain who, toward the close of his life, approved Adolf Hitler's grooming as head of the Nazi Party, and encouraged his collaborator, Karl Haushofer, who later wrote Hitler's *Mein Kampf* (with the aid of Haushofer aide, Rudolf Hess). The family also contributed Hitler admirer Neville Chamberlain, the man who carried the umbrella to Munich in 1938—and almost ruined the umbrella business forever, for reason of the disgust which soon ensued.

In the course of things, as Lord Milner reorganized British intelligence coordination around the newly created Round Table organization, and established, with Fabian leader Webb, the geopolitical policy (which caused two world wars) as British policy to the present date, Bertrand Russell intersected the Fabian Society and became a pacifist.

Russell abandoned that profession of pacifism (publicly) only during one interval, the late 1940s, when he campaigned for a preventive nuclear war against the Soviet Union. Once the Soviets had developed an operational H-bomb first, Bertie dropped the "preventive nuclear war" proposal and launched his "ban the bomb" movement.

Russell's World War I pacifism has direct bearing on his later role in developing the foundations for the environmentalist and terrorist gangs of the 1970s.

Pacifism was never a matter of conviction with Russell, nor with most of the pacifist promoters. It was a special sort of cover for intelligence operations. Once the usefulness of this cover was recognized, the British Friends Service Committee was developed, together with the American Friends Service Committee. Each of the religious-pacifist groups was explored for similar possibilities. The creation of entities such as the American Friends Service Committee not only established more numerous intelligence covers, but gave better credibility to the nonreligious pacifist entities, and also provided opportunities to dupe unwitting members of the Society of Friends and other religious groups into helping defray the operating costs of British intelligence.

Notable is the case of Karl Korsch, a close Russell associate in the 1930s in the USA — in such projects

as developing the subversive linguistics program which Noam Chomsky represents today.

Karl Korsch, early a political operative for a German industrial firm (Zeiss), was awarded a two-year training program in England by the Fabian Society prior to World War I. He returned a Fabian operative and a pacifist. As a pacifist he was commissioned in German military intelligence throughout the war. At the close of the war, Korsch set up a famous, most effective intelligence operation for the British in Weimar Germany, successfully penetrating the Communist Party of Germany, while also playing a crucial role in creating the so-called Frankfurt School. Korsch's operations, under which Sidney Hook received his intelligence training in Europe, were notable in their penetration of the Soviet Union, linking up to former Parvus sub-agents G. Riazanov and N. Bukharin. (Bukharin at the time was an agent of Royal Dutch Shell-Samuel family intelligence operations—while within the Soviet leadership.) Sidney Hook had a collateral role in these doings, together with war-time pacifist Eduard Bernstein (also recruited to the British intelligence service by the Fabian Society) and others. The "right

'I will employ the dagger, sword,

The oath reprinted below might at first glance appear to be the initiation pledge of the Red Brigades or other terrorist group. The truth is different, although not unrelated. This is the initiation oath currently in use by the 4th Grade of the Knights of Columbus of Mexico, which through its close ties to the Jesuits and the Order of St. John of Jerusalem has obviously maintained its undiluted lineage back to the original Apollonian-Dionysian cults. (Note: The Knights of Columbus of Mexico is not to be confused with the Knights of Columbus in the United States.)

... I declare and promise that I will have no opinion or will of my own, nor any mental reservation, that I will obey unconditionally like a cadaver each and every order that I may receive from my superiors in the army of the Pope and Jesus Christ.

(I swear) that I will go to any part of the world to which I am sent... to the centers of civilization of Europe... without whisper or complaint, and I will be submissive to all that is communicated to me.

I promise and declare that I will, when the opportunity presents itself to me, wage war without quarter, secretly or openly, against all the heretics, Protestant and Masons, such as I may be ordered to do, in order to extirpate them from the face of the earth, and I will not take into account either age, sex or station, and I will hang, burn, strangle and

opposition" of the Communist International (Bukharinites, Brandler, Lovestone, et al.) was a British intelligence operation which Korsch intersected at that time.

After launching the "Third Camp" movement, Korsch dropped out of politics, and began working on the development of linguistics with figures such as Carnap. After reaching the United States, Korsch worked closely with Dr. Kurt Lewin, of MIT and later Ann Arbor. He also worked with Bertrand Russell, Carnap and others, in introducing linguistics to the University of Pennsylvania and other locations.

Noam Chomsky today is not only a Korschite in respect of linguistics, but is an ultra-left Korschite in politics, and in maintaining the intelligence-operative traditions of Korsch. The "Trotskyist" "Fourth International" of Ernest Mandel et al. is also closely interfaced with the old Korschite British intelligence circles in Germany, and with allied intelligence circles in France and Belgium. Mandel's German career, intersecting at one point the sponsorship of former British intelligence operative Richard Loewenthal and close collaboration with Peter Graf von Oertzen, is also heavily interlocked with those

strangulation, poison cup, or bullet'

bury alive those infamous heretics; I will cut open the stomachs and wombs of their women and smash the heads of the babies against the rocks and walls, in order to annihilate that execrable race; that when this cannot be done openly, I will secretly employ the poison cup, strangulation, the sword, dagger or bullet, without consideration for the honor, rank, dignity or authority of the persons, whatever their status in public or private life may be, such as I may be ordered at any time....

If I manifest falsety or weakness in my determination, I consent that my brothers and comrade soldiers in the army of the Pope may cut off my hands, my feet, and may slit my throat from ear to ear.

I promise to cut open my stomach and burn sulfur in it and to apply to myself all the punishments that exist on earth, and (I promise) that my soul may be tortured by the demons of Hell for all time.

I promise that I will provide myself with weapons and munitions in order to be prepared when the order is given or I may be ordered to defend the Church, whether as an individual or in the army of the Pope.

I promise to execute and fulfill this oath, in testimony whereof, I take this sacred sacrament of the Eucharist and affirm it even with my name written with the point of this dagger, drenched in my own blood and sealed in the presence of this holy sacrament. Amen.

Socialist International Zionist node-points in West Germany to which both the "left" and terrorist and environmentalist support are linked. He is linked to similar connections in France.

During World War I, pacifism was the principal cover for important intelligence transmission between England and Germany, connecting through safe-house arrangements in Scandinavia.

To comprehend this one must note British geopolitical policy in two world wars to date and in British projections for World War III. The target of British strategic objectives is the so-called "Eurasian heartland" — i.e., either the conquest or destruction of Russia. Britain rigged World War I, *from 1866*, with the primary intention that Germany should go eastward (only) to break up Russia to the glory and profit of the City of London. The Wittelsbachs (Bavaria), virtual British puppets, and key Anglophile elements of the German Imperial Court would have accepted that gladly, but republican-industrial impulses intersecting the German Army demanded also a march westward—against England, not necessarily France—according to the *anti-British* strategy of the Schlieffen Plan.

British intelligence shopped Anglo-Dutch superagent Parvus to the German General Staff, with the German government paying Parvus upwards of thirty million marks during the war for Parvus's consultations and Parvus's Scandinavia-centered operations against Russia. The "Parvus Plan" for whose manuscript-form the German government advanced a down-payment of one million marks, was nothing but the geopolitical plan of Milner, Mackinder—and Bavarian General Haushofer.

Parvus's special qualifications were several. He had played a key role for British intelligence in the 1905 Russian Revolution with the aid of talented dupe L.D. Trotsky, had performed to British satisfaction in the Balkan operations, and had a number of "left" figures on his string, including his subagents Karl Radek, G. Riazanov, and N. Bukharin. It happened that the same Lenin whom Parvus shipped east — with three million marks tucked into Radek's purse, its source unknown to Lenin — outwitted all the intelligence services who had rigged the February Revolution and thought they had the sequelae under control. The British were decidedly not pleased, and what displeased Britain displeased Colonel House, whose prize puppet was Woodrow Wilson.

The intelligence operations between Britain and Germany during World War I, including the pacifist courtesy channels and joint British-German operations along the Scandinavian "Northern Route" into Russia, were not quite of the sort one would ordinarily imagine between two adversary powers.

The parallel to pacifist covers for intelligence operations is, most notably, the International Red Cross. The International Red Cross was a British-controlled operation of the Hospitaller Knights of St.

The most direct source for developing the later environmentalist and terrorist movements was Russell's "ban the bomb" campaign.

John of Jerusalem, deployed from the same Swiss base where Maltese Order agent Necker and his daughter, the Madame de Staël, had deployed to wreck France before and after the French Revolution of 1789. Under the cover of humanitarian work, intelligence operations gained access to otherwise inaccessible places, and gained the logistical and other means for accomplishing assassinations and other operations otherwise difficult to cover. Black Maltese forces use the Red Cross for such operations to this day, including terrorist operations. Amnesty International is a different sort of case, with similar functions and an important place in environmentalist and terrorist operations.

There is, as we shall show, a deep conviction governing Russell's conduct over decades. This conviction has no direct connection to what credulous people believe concerning the wretched fellow. In terms of science, pacifism, and "love of people," Bertrand Russell was pure fraud and willful deception.

Russell's prominence as a leading British intelligence operative came after World War I. His trips to the Orient, his visits to Bolshevik Russia, and so forth are only indications of the broader nature of his activities. The key to his activities of the 1920s, the commitment to which he devoted the remainder of his life, was outlined as a sort of thesis during that decade. He proposed the development of mass drugging of populations as a method of social control (e.g., heroin and methadone maintenance, "decriminalization" of marijuana and other dangerous, psychotropic drugs—as the man said, putting on his brassiere, "Marijuana has no special effects"), an end to basic scientific progress, and the modification of the use of language to provide methods of mass social manipulation (linguistics).

The drug side of the Russell project was picked up chiefly by Aldous Huxley.

The promotion of linguistics was chiefly the work of intelligence operatives Russell and Korsch, with Carnap tagging along to perform the kitchenwork.

The Solvay Conference is the centerpiece of the campaign to halt the progress of fundamental scientific research, together with the hideous

operations deployed by British intelligence against Erwin Schroedinger and Louis de Broglie.

This bit of futurology by Russell followed the line of British intelligence's H.G. Wells, and Russell's vision of the future society was variously expressed by Aldous Huxley's *Brave New World* and by British intelligence operative George Orwell's *Animal Farm* and *1984*.

The most direct source for developing the later environmentalist and terrorist movements was Russell's "ban the bomb" campaign, with its SANE complement in the USA. This campaign overlapped a Socialist International project in behalf of British intelligence, a campaign that involved British-Zionist interfaces in Germany, and such entities as the League for Industrial Democracy and elements of the United Auto Workers (UAW) bureaucracy in the USA. This latter project was underway in 1958, set into motion in the launching of the "New Left" turn of German SDS and the subsequent evolution of U.S. SDS out of the combined funnels of pro-Cuba, antinuclear, and white campus civil-rights groups.

Key elements in the U.S. side of the New Left project of British intelligence were the formation of the Institute for Policy Studies as a private, neo-Fabian intelligence-operations and think-tank organization in 1963—with Thurman Arnold and others launching this as a branch of the Kennedy machine, and the Robert Hutchins project, the "Triple Revolution" thesis declaring the doctrine of a "post-industrial society." Marcuse contributed significantly to this process.

The key to the New Left project was the Vietnam War. The fact is that the British and U.S. British agents-of-influence pushed the United States into that war, forced the United States to stay in it (1964-1968) and used the war as a backdrop against which to create the antiwar movement. The Bertrand Russell War Crimes Tribunal, although nominally only a marginal part of the overall antiwar activity, was a key shaping element within that process.

In that sense, environmentalism and terrorism all trace back, *through the most witting controllers* within the process, to organizers and controllers who were predominantly screened, developed, and selected out of the "ban the bomb" movement and operations feeding into the Bertrand Russell activities of the 1960's, the Bertrand Russell Tribunal and the "Workers' Control" gag.

The other elements of the operation were either associated with the British intelligence nest at the University of Chicago (Hutchins et al.), or with hard-core intelligence operatives linked to and coordinated under the cover of the Socialist International. Into this structure the Zionist organizations penetrated sideways, working either through such means as Rothschild penetration of the top leaderships of the Communist and Socialist parties of France, or the general interface between the Zionist intelligence organizations and elements within the Socialist International.

Bertrand Russell's Dedication

Bertrand Russell's essential commitment was that of an Aristotelean British aristocrat. This does not mean Aristotelean in the sense the ingenuous, college-educated reader usually imagines. It means a person who has been indoctrinated at Cambridge to know that the real meaning of Aristotelean is the unbroken continuity of the cult of Apollo, under various guises, from the Persian Empire down to the present date. It means a person, educated at Cambridge, who knows the distinction between Aristotle's dedication, as a leading figure of the Persian intelligence service, and those writings which Aristotle affixed his name to in attempted service of the evil cause to which he was dedicated.

The continuity of the cult of Apollo is important to this point.

There are "black nobility" families of Rome whose families and family political traditions trace back to the Roman republic. These are evil families, who have maintained an unbroken tradition of evil over two thousand years. The republic and empire under which their ancestors lived was in turn controlled by the Rome branch of the cult of Apollo. That cult was during that time, variously, the chief, usurious debt-farming institution of the Mediterranean region, a political intelligence service, and both a cult and a creator of cults.

From the death of Alexander the Great until the cult of Apollo dissolved itself into the cult of Stoicism it had created during the second century BC, the base of the cult was Ptolemaic Egypt, from which the cult controlled Rome. In Egypt, the cult of Apollo syncretized the cult of Isis and Osiris as the direct imitation of the Phrygian cult of Dionysus and the Roman imitation, the cult of Bacchus. It was there that the cult of Stoic irrationalism was created by the cult of Apollo. It was the cult of Apollo which created the Roman Empire, which created Roman law on the basis of the antihumanistic Aristotelean Nicomachean Ethics. That is the tradition which the old, "black" Roman families transmit.

This tradition persisted under various institutional covers, always preserving the essential world-outlook and doctrine intact. The British monarchy, the parasitical aristocratic landlord class of Britain, and the British-dominated, feudalist factions of the Maltese Order are the modern, concentrated expression of the unbroken tradition and policies of the ancient cult of Apollo.

That is what a Cambridge *Aristotelean* really signifies. A true Aristotelean is a modern priest of the cult of Isis and Osiris, a priest of the cult of Apollo.

The ruling social composition of the Apollo, or oligarchical, faction has been, over thousands of years to this day, an alliance between a parasitical aristocratic landlord class and a financial aristocracy of bankers dedicated to usurious tax-farming in the debt

Russell's objective, on behalf of British intelligence, was to wreck Western civilization from within.

•
of governments, to looting society through a fixed tax on ground rent.

Adam Smith, apart from being a liar and an enemy of the United States, is a doctrinaire of ground rent. Smith's doctrine of "free trade," or what the profederalist Mont Pelerin Society currently terms "free enterprise," is founded on one essential principle: ground-rent economy. In modern times, this assumes the form of attempting to extract ground rent from industry as feudalists extract ground rent from agriculture. The doctrine that the prime source of wealth is natural resources is another reflection of the same feudalist, Aristotelean doctrine.

The Aristotelean knows that generalized scientific and technological progress, given the conditions of education and liberty of innovation which progress demands, produces in the citizen a dedication to the creative potentials of the human mind which is antithetical to the oligarchical system.

What the Aristoteleans have hated and feared down through the millennia is their knowledge that persistent, generalized scientific and technological progress, as the dirigist policy of society, means a republican hegemony which ends forever the possibility of establishing oligarchical world-rule.

The object of Bertrand Russell, like Lord John Russell before him, and Shelburne, Bentham, and Pitt before, was to crush what the American Revolution, the Federalists, Whigs, and Lincoln represented: a republican force dedicated to generalized scientific and technological progress. Russell resorted to the same methods used by the ancient priests of Apollo—the promotion of Dionysian cults of drug-cultures, orgiastic-erotic countercultures, deranged mobs of "machine-breakers" and terrorist maniacs—to turn such a combined force of demented rabble against those forces in society that are dedicated to scientific and technological progress.

Russell's objective, on behalf of British intelligence, was to wreck Western civilization from within, and to promote projects whose historically demonstrated effect is to wreak such disruption and destruction.

To break the supporting infrastructure of terrorism, it is indispensable to forcibly eradicate the use of

marijuana and other drugs among the population, to crush all environmentalist opposition to nuclear and other scientific and technological progress, to make public the complicity of officials and news and entertainment media that promote the rock-drug counterculture or condone the environmentalist doctrines. It is lunacy to imagine that there is any essential political difference between an environmentalist, such as the creatures of the Clamshell alliance, and a Baader-Meinhof terrorist gang, or between either of those and a politician who promotes the decriminalization of drugs, or who interferes with stringent enforcement of existing statutes against use and sale of marijuana and other dangerous drugs. It is not necessary to shoot a marijuana seller in the act of perpetrating his specific crime, but with such proper distinctions of law

enforcement practice, all moral distinction essentially ends.

It is indispensable to declare political warfare on all that Bertrand Russell and Herbert Marcuse stood for, that Aldous Huxley stood for, and that the British-Black Zionist-Socialist International interface stands for. Otherwise the combination of drug-culture, environmentalist gangsters and terrorists can indeed become a new Jacobin sansculottes force to bring down our civilization in a new reign of terror.

Let us know clearly that the Thermidor that sent Robespierre to the guillotine and swept the Jacobin sansculottes rabble from the streets was a noble act in behalf of humanity, an act which, unfortunately, came two years too late to save France and Europe from the consequences of such a delay.

— *Lyndon H. LaRouche, Jr.*