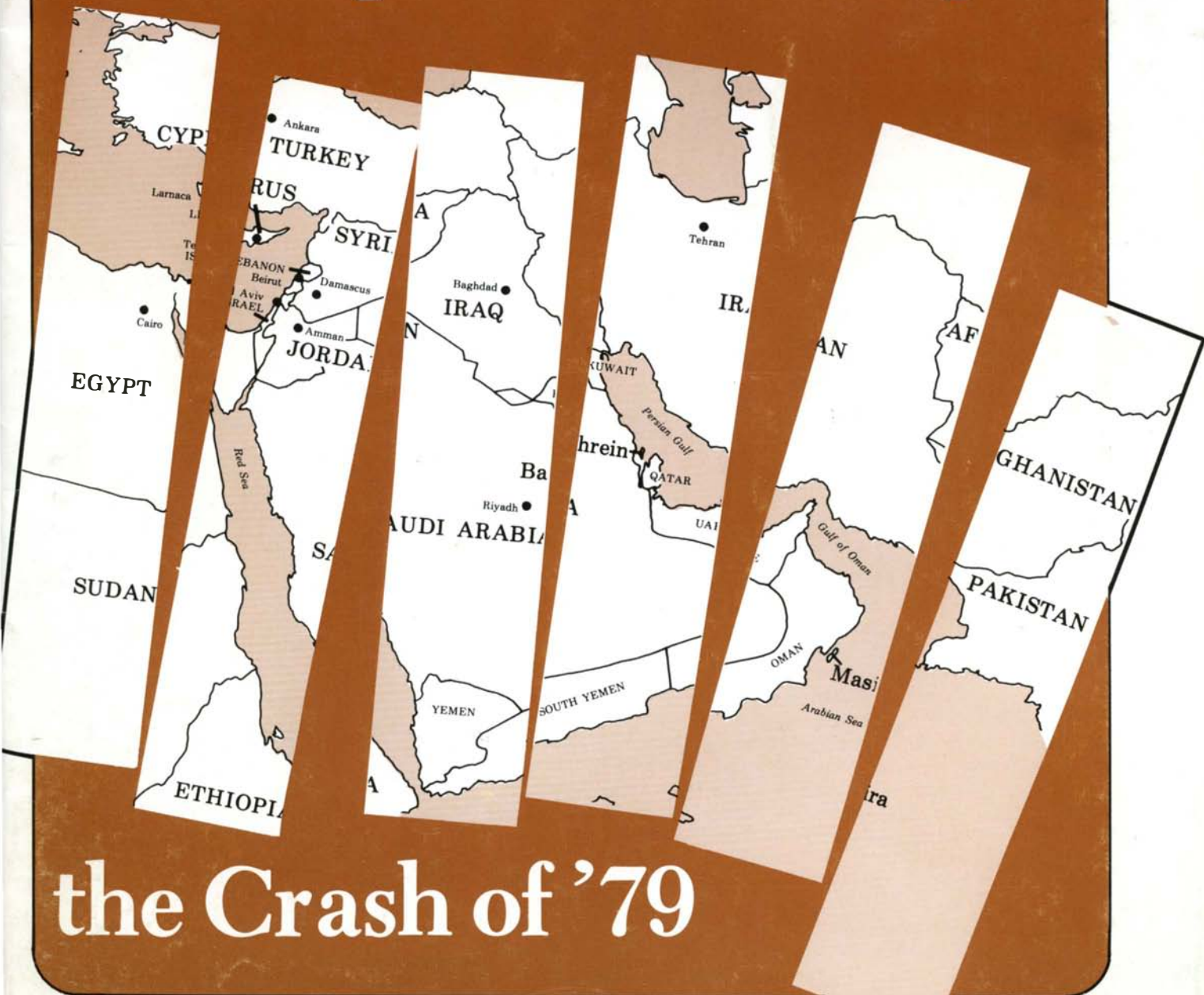


EXECUTIVE INTELLIGENCE REVIEW

January 9-15, 1979

Europe races to stop



the Crash of '79

New Solidarity International Press Service

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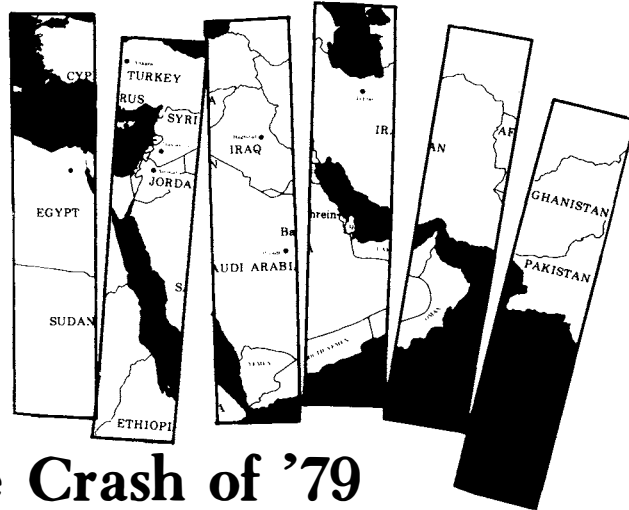
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Europe races to stop



the Crash of '79

The turn of the new year saw an intense and desperate drive by Britain and its allies to use the Iranian crisis as a lever to stop the European Monetary System. Their strategy — keyed around the so-called Bernard Lewis plan to fragment the Middle East — is nothing less than a policy of a “New Dark Ages” for the world community, and over the New Year’s weekend it brought the world to the brink of a new U.S.-Soviet confrontation, as a nuclear-armed U.S. naval task force steamed toward Iranian territorial waters. Our INTERNATIONAL Report this week brings you the details of that British policy — as told in exclusive interviews with some of its leading architects including Georgetown’s Ray Cline and Bernard Lewis himself. And it includes a report on how the French and other Europeans are moving to cool down the Iran situation, plus a memorandum by Lyndon H. LaRouche, Jr. explaining why the Carter Administration must support the Baktiar government option in Iran. Also, reports on the internal lineup inside Iran, the situation in Turkey, and the chances for a new oil crisis. **page 8**

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WHO RUNS AIR FORCE INTELLIGENCE?

It came as a shock to many when Major General Keegan, the retired head of U.S. Air Force Intelligence, came out with the line that U.S. foreign policy should be unconditionally whatever Israel wants.

Air Force Intelligence has come out with far worse, it develops. For an organization supposedly aimed at defending the United States, it has a suspicious proclivity for underwriting drug experimentation and proliferation against the U.S. population, stretching from MK-ULTRA, early LSD experiments, to the Rev. Jones's Peoples Temple. A SPECIAL REPORT from the U.S. Labor Party Security Section on who really runs Air Force Intelligence. page 19

THIRD WORLD SUCCESS STORY

Industrial statistics are grim in the U.S., but one country in the world has doubled aluminum production in the last two years, with steel production expected to double by 1982 and increase tenfold by 1990. Electric power will shoot up 500 percent in the next decade.

The country? Venezuela. And Venezuela, unique only because of its oil revenues, proves what capital-intensive investment in the Third World can provide. As EIR correspondent Christopher Allen points out in our ECONOMIC SURVEY, it lays to rest the old line that Third World countries should be preserved as savannahs because capital-intensive investment will abolish "jobs." page 40

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*A capital-intensive model for
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THE OPPENHEIMER OPERATION

At opposite ends of the African continent stand Israel and South Africa. Both are industrially and technologically far more advanced than their neighbors; both, through policies of the most degraded racialism, have become embattled garrison states.

And both are the products of a very British scenario — created by people who have nothing in common with the continent's, or Israeli or South African, interests. Taking a hard look at the current attempts to destabilize the already shaky South African situation, this week's COUNTERINTELLIGENCE report unveils the strategy of region-wide chaos that Harry Oppenheimer's London-based Anglo-American Corp. and allied interests in world Zionism and the City of London are trying to realize. The case of the Smit assassination — the murder of one of the region's foremost proponents of region-wide industrial development — provides the starting point for a full rundown on the Zionist-British operations. page 31

EMS FIGHT

The European Monetary System is alive and well. That may come as news to many Americans whose first news of the EMS in their daily newspapers was the tale of its sudden demise. As our ECONOMIC report shows, the story of the EMS fight is considerably more complex than the U.S. newspapers that have been tied to British opposition to the EMS would have it.

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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 . . .

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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.

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December 19-25, 1978

Legalized dope?

The drug banks and the pot lobby want it — will the U.S. submit?



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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.

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Theory of the European Monetary System

What Europe needs to secure world peace and development

In the early hours of 1979, a U.S. naval task force, led by the aircraft carrier *Constellation*, was ordered halted in mid-deployment out of Subic Bay in the Philippines from which it was moving toward the Persian Gulf. Until it was halted, the convoy was under orders to do everything necessary to "protect U.S. interests" in Iran, including aiding in evacuating American citizens from that crisis-torn country.

As the Soviet press has made clear in stern commentary, a U.S. military intervention into Iran could have been this nation's most serious foreign policy mistake since the Cuban Missile Crisis. Unquestionably, the unauthorized intrusion of U.S. troops into Iran last week would have led directly to a showdown with the Soviet Union, with the threat of thermonuclear exchange and World War III looming in the background.

For America's European and Third World allies, who have lived through the Cold War with the recurring threat of superpower confrontation, the first week of the new year must have been frightening indeed. But with the successful moves by France's Giscard to cool Iran with firm support for the new government headed by Prime Minister-designate Baktiar, Europe breathed a sigh of relief and proceeded with the scheduled Jan. 2 implementation of the new European Monetary System.

The fund's leadership has designed this facility as a replacement for the world's decrepit monetary system, which continues to block not only the development of the Third World, but economic recovery in the advanced sector. The plan is modeled, in all its essential features, on the 1975 International Development Bank proposal

of U.S. Labor Party Chairman Lyndon H. LaRouche.

Yet while incorporating the practical features of the LaRouche plan into their program for rescuing the globe from the deprivations of the International Monetary Fund, Europe's leaders have largely ignored the theory behind the International Development Bank. This conceptual apparatus, LaRouche has stressed repeatedly in recent policy documents, is also the theory behind

the new European Monetary System. It is the theory that leading European and Third World architects of the new world economic order must understand and impose upon the most advanced layers in the Soviet Union and the United States, in open collaboration with LaRouche. Only this combination and outlook can ensure that the next world hot spot crisis does not lead to thermonuclear war and the extinction of all efforts for human advancement.

The U.S. is lured back into the Indochina quagmire

The disco dancing by senior Chinese officials at Leonard Woodcock's Peking residence on New Year's Day was the least of the hustles China pulled on the U.S. last week. Peking accomplished what even the fiercest U.S. hawks from the Vietnam period haven't dared to dream of: they lured the U.S. back into the Indochina quagmire.

State Department spokesman Hodding Carter III announced on Jan. 3 that the U.S. was responding to a cry for help from Cambodia's genocidal Pol Pot regime, and taking the Indochina situation into the United Nations' Security Council. "The U.S. takes great exception to the human rights record of Cambodia," Carter intoned, but Vietnam is guilty of "armed intervention into the internal affairs of a sovereign nation." Carter held Vietnam responsible for the military successes of the Kampuchean National United Front for National Salvation

(KNUFNS), saying he was "uncertain as to the extent of participation by the liberation front."

China: paper tiger?

High-ranking Defense Department officials let the cat out of the bag, telling the *New York Times* that a military humiliation of the Peking-backed Phnom Penh clique would demonstrate to Asia that China was a "paper tiger." On the battlefield of Cambodia rests the entire prestige of Brzezinski's "China card" option, the policy of allowing Chinese political hegemony in Asia in order to counter the USSR. With the destruction of China's only client regime, no other nation in the region would kowtow to the dictates of Peking. In addition, the internal prestige of the Teng Hsiao Ping-Hua Kuo-Feng regime would greatly suffer at a point when it can least afford to.

An aide to Assistant Secretary of State Richard Holbrooke has ad-

mitted the desperation of the U.S. move in support of Cambodia. "I know that Cambodia is following a Dark Ages policy," he said in an interview, "but we support Cambodia because we are against the Vietnamese coming in . . . I know this is ridiculous, but we are doing it."

The Chinese have no intention of being duped, like the U.S., into supporting the criminal Phnom Penh regime — the losing side in the Cambodian civil war. A UPI story of a recent speech by Hua Kuo-Feng to military and foreign ministry officials reports China's policy: "It is necessary to draw the U.S. onto our side in order to concentrate all of our forces on the main enemy (the USSR—ed.). It is necessary to cause a split between the two superpowers (the U.S. and USSR—ed.) in order to smash them."

As of now, it is Peking's client in Phnom Penh that is being smashed, along with U.S. prestige. The KNUFNS, with the support of Vietnam, is quickly cutting off key roads to Phnom Penh. According to military observers, their plan is to weaken the regime by cutting supplies to the capital while making the rate of capture of population centers correspond to their ability to organize indigenous support for the liberation forces. KNUFNS reports the population is rallying to its side. The fall of the Phnom Penh regime is seen as only a matter of time.

— Richard Katz

Who has been protecting Mark Lane?

In an apparent dramatic reversal of its own findings of just two weeks ago, the House Assassination Panel issued its official report last weekend, opening up the probability that both John F. Kennedy and Martin Luther King were assassinated as the result of conspiracies.

Up until recently, panel statements had indicated the intention to rubber-stamp the "lone assassin" findings of the Warren Commission. The shift away from the Warren Commission's "lone assassin" findings mediated through an 11th hour appearance by acoustics experts rehashing 15-year-old evidence, should cause knowledgeable persons to react as if a skunk were dropped into the middle of a crowded room: it stinks.

The unburying of the facts of the House Assassination Panel's present coverup in published material by U.S. Labor Party Chairman LaRouche and in the recently published *Dope, Inc.* has created an immediate climate in which endorsement of the "lone assassin" theory represented just too outrageous a fraud to attempt. Hence

the House panel opted for a fallback coverup that has been in place since 1964. That coverup, and the recent findings of the panel were authored by the assassins of Kennedy and King — by their hired pen Mark Lane.

Permindex, Kennedy and King

The Kennedy and King assassinations were ordered by the faction of the British oligarchy that is planning a New Dark Age to stop the march of human progress, and were executed by that faction's international assassination bureau, housed in the Montreal-based Permindex. Since the 1950s Permindex has functioned as the political control and money-laundering agency for a ring of assassins that intersected with the Nazi International, the Israeli Mossad, and organized crime.

The New Orleans headquarters of Permindex's subsidiary World Trade Mart was run by Col. Clay Shaw, a former British Office of Strategic Services operative who worked in conjunction with FBI Division Five and the Office of Naval Intelligence in deploying Lee Harvey Oswald. Clay

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Shaw met with James Earl Ray on several occasions during the week before King's murder.

The Lane coverup

Mark Lane, a low-level agent of Air Force Intelligence and FBI Division Five during the 1950s, was deployed from November 1963 as an employee of Permindex operating under the immediate supervision of Lord Bertrand Russell to bury all trails of evidence leading to Permindex and the British New Dark Age intelligence circles. As the chief "investigator" for Bertrand Russell's "British Who Killed Kennedy Committee," Lane was directed by psychological warfare expert Hugh Trevor-Roper in preparing the *Rush to Judgment* report — a cover-up of Permindex that in all features appears to be reproduced in the House panel report. Lane subsequently was appointed as defense counselor to James Earl Ray, the convicted assassin of King.

Lane's recent associations with the People's Temple death cult is of special interest in light of his longstanding association with the Permindex-New Dark Age faction of the British oligarchy. As this news service alone reported in recent weeks, the Guyana base of the People's Temple was run as a project of the drug and cult proliferating networks associated with Russell and Aldous Huxley.

A serious investigation into the political assassinations of the 1960s as well as the death-terror cults of the 1970s invariably leads back to the same doorstep. Such an investigation necessarily starts with the question: who has been protecting Mark Lane for the past 20 years?

— Jeffrey Steinberg

Mexican government to attend Review seminars

The Mexican government has indicated its receptiveness to and interest in two January seminars sponsored by the *Executive Intelligence Review* by agreeing to send a participating representative. The seminars, which will address the formation of the European Monetary System and Mexico's emergence as a world oil power, are scheduled for New York City and Washington, D.C., Jan. 11 and Jan. 31.

Featured speakers at the seminar include *Review* Editor-in-Chief Fernando Quijano and U.S. Labor Party Director of Research and Development Uwe Parpart. Their presentations will outline the fundamentals of the European Monetary System, as presented in the recent *Executive Intelligence Review* supplement, "The Theory Behind the New Monetary System," by U.S. Labor Party Chairman Lyndon H. LaRouche.

The Mexican press has also displayed an especially favorable attitude toward the seminars. This was

evidenced by columnist Arturo Blancas of the daily *Diario de Mexico*. Blancas this week commented that the *Review*, among all U.S. magazines, has best covered the significance of Mexico's oil finds and the country's desire to use its new oil wealth for industrial development.

Blancas also noted that the *Review* "praises the Mexican government for its strategy of exploiting the oil to harmoniously develop the country, a strategy that it will take to very advanced industrialization levels."

The necessity for a U.S. policy toward Mexico that is in tune with these plans for industrial development based on oil was highlighted this week when the head of *Petroleos Mexicanos*, Jorge Diaz Serrano, announced new official estimates of Mexico's oil resources: 40 billion proven barrels of oil, 44.6 billion probable and 200 billion potential. These double last September's estimates, although they are widely recognized to be very conservative.

Europe races to stop the Crash of '79

Iran crisis focus for Britain's 'New Dark Ages' policy

The political leaderships of France and the Soviet Union are racing to put together a diplomatic and economic package for the Middle East and Iran that can avert, at the eleventh hour, a threatened nuclear confrontation between the U.S. and the USSR provoked by the British-Israeli destabilization of the Islamic world.

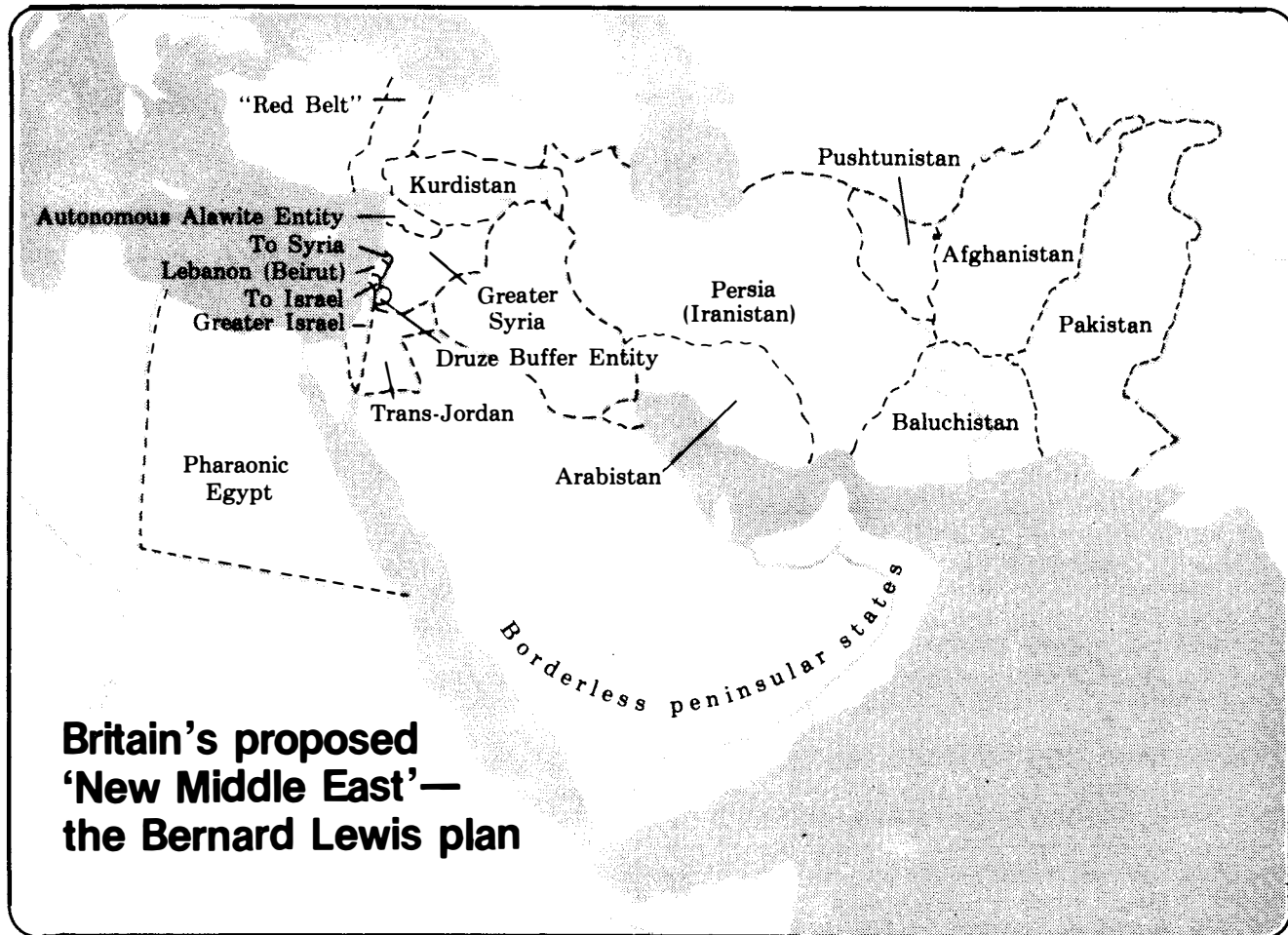
The Middle East crisis point is the focus of efforts centered in the British oligarchy to derail the European Monetary System and thus maintain British oligarchical financial hegemony over the stagnant world economy. The British perspective centers around the "New Dark Ages" perspective articulated in this century by Bertrand Russell and H.G. Well — a wave of "Thirty Years Wars" in the Middle East, Africa, the Indian Subcontinent, South America and elsewhere to upset the ambitious industrial development programs being prepared by the EMS.

The key to the British Middle East policy is the strategy advocated by Princeton's resident British agent, Professor Bernard Lewis. Lewis is a spokesman for uncorking a shattering of the governments and nations of entire regions of the world, through promoting

"nationalist" upsurges around every conceivable subdivision of populations along religious-sectarian, ethnic and other lines. Hence the Muslim Shiite fanatic component which has played a central role in the Iran crisis. The British attempted destabilization of Turkey is exemplary, as is the April 1975 launching of the proposed tripartition of Lebanon.

The French-Soviet package for the Middle East, according to European sources, will be put to President Carter by French President Giscard d'Estaing and West German Chancellor Helmut Schmidt at the four-power summit meeting with Britain's James Callaghan in Guadeloupe Jan. 5.

The effort, spanning virtually the entire Islamic world, is aimed immediately at blocking the implementation of the Bernard Lewis plan for the breakup and fragmentation of the Arab states, Turkey, Iran, and Pakistan. Britain and Israel have already spun out a major crisis in Iran — where a clique of NATO-British generals are threatening a "Chile-style" coup d'etat that would plunge Iran into civil war. They are now launching a spreading wave of "religious" unrest and sectarian warfare in Turkey, the



Yemens, and the Horn of Africa which, together with Israeli military provocations in Lebanon, threatens to unglue the entire area.

With a U.S. naval task force "poised" just outside the Indian Ocean, and with repeated Soviet warnings this week of the extreme danger of U.S. military intervention in Iran, the peace of the world is hanging by a thread as the Shah and key political and military leaders in Iran work to find a stable solution to the crisis there. According to highly placed West German military sources, if the U.S. blunders into a military adventure in Iran, the Soviet armed forces will immediately respond by moving into northern Iran — placing the world on the brink of a holocaust.

France wants peace

Because Carter is presently firmly in the grip of a little group of Anglophile conspirators led by Zbigniew Brzezinski and David Aaron of the National Security Council, France's Giscard has emerged in the last hours as the West's statesman to resolve the Iran problem.

In a New Year's Day address, Giscard said that during

1979 France would act to ensure that world peace is secured. This will be France's main role internationally in the coming year, he said, stressing especially the Middle East and Africa.

In Iran, France has thrown its support behind the urgent efforts by the Shah, Prime Minister-designate Shapur Bakhtiar, and Defense Minister-designate General Djam to establish a civilian government acceptable to all parties (see report below). Both Bakhtiar, who is a French-trained lawyer, and Djam, who received training at a French military school, have close ties to Paris.

More broadly, the French have assumed leadership in what is shaping up to be an international effort to reconvene the Geneva peace conference as an alternative to Camp David.

The French diplomatic effort, closely coordinated with West Germany and the USSR, is precisely the initiative that was first suggested by U.S. Labor Party Chairman Lyndon LaRouche late last week. LaRouche recommended that the bungling Carter defer to Paris for leadership in the Middle East. According to circles close to fascist Otto von Hapsburg in West Germany, the entire Arab world is

also calling on France to intervene to prevent the Iran crisis from spilling over into the rest of the Middle East.

Brzezinski's gameplan

Brzezinski's gameplan to prevent Bakhtiar from putting together a government by a general left-right destabilization that also includes manipulating the religious opposition. If Bakhtiar's efforts can be wrecked, thinks Brzezinski, then the pro-NATO generals in the military can be induced to make a coup d'etat that would install a violently anti-Soviet army dictatorship.

The immediate result of this coup would be the eruption of a civil war pitting the rightists against the more moderate army factions. The eventual result of this crisis would be the breakup of Iran — and Pakistan — into competing regional-tribal areas, and, almost inevitably, U.S. and Soviet intervention.

In a series of statements, the USSR has warned against such a coup encouraged by the U.S.

But, according to Iranian sources, Bakhtiar's efforts are being undercut by Carter, Brzezinski, and the NSC. The source said that Brzezinski is in telephone contact twice or more daily with Ardeshir Zahedi, the Iran ambassador to the U.S., who is presently in Iran. Zahedi is working closely with the rightist military, who insist that the Shah not leave the country.

The coordinator of the U.S. effort to undercut the Shah-Bakhtiar joint efforts to stabilize Iran is David Aaron of the NSC. Aaron, according to West German sources, is the man who ordered a special 60-man intelligence-military team into Iran last month for the purpose of "working against Bakhtiar." Aaron cooperates with Marvin Zonis and other anti-Shah American intelligence people, who comprise the British-linked Iran specialist group here. Also deeply involved in the disruption of Iran is the Institute for Policy Studies in Washington, along with Noam Chomsky.

Should Brzezinski's gameplan succeed, a naval aircraft carrier task force is presently sitting off the coast of China, just outside the Indian Ocean, ready to be sent into the Persian Gulf for a "show of force" aimed at the USSR. Although Carter has reportedly ordered the task force to remain stationary, he is ready to order it to move toward Iran should the situation get worse.

The pretext for an intervention, presumably, would be the need to "protect American lives" by rapid evacuation, as well as to secure oil supplies. But, following a brief crisis when the Teheran airport was shut down and many foreigners stranded with no transport, the Iranian army moved rapidly to reopen the airport and ensure the orderly departure of anyone wishing to leave.

— Robert Dreyfuss

Geopoliticians spell out

Exclusive to the Executive Intelligence Review

In interviews last week which have been made available to the *Executive Intelligence Review*, high level "geopolitical strategists" connected to British and Zionist lobby policy circles spoke with unusual frankness and candor of the deeper aims behind their management of the Iranian crisis. Portions of three of the most revealing follow.

BERNARD LEWIS [PRINCETON UNIVERSITY]:

Q: What is your evaluation of what's going on in Iran?

Lewis: First, I think I know more about it working out of the library at Princeton than they know in Washington where ignorance prevails. It's all the Soviets. First came the coup in Afghanistan, then Iran was next on the list. They're infiltrating the Persian-speaking population of Russia into Iran. The Soviets are setting up separatist movements in Iran and throughout the region. They're carving it up through particularism. It has to be the Soviets behind all this. The proof is in the superb planning and staff. Only Moscow could pull it off. Even the PLO and Libya could not have organized so disciplined an insurrection. The other element in this is (French President) Giscard d'Estaing.

Q: Do you think Bakhtiar can hold power?

Lewis: Our best chance now is an army government, that is anti-Soviet.

Q: Do you see confrontation developing?

Lewis: Well, it would be great if Kissinger and Schlesinger were in there in key positions and we had a repeat of the 1973 nuclear alert. But, now, if it comes to a showdown Carter will back down. Did you see the recent London *Economist* article, "The Crumbling Triangle?" It was very good. The Soviets smell blood, they're moving on Turkey. We need a show of force, but it isn't directed solely against the USSR. If we have a showdown confrontation it will also be designed to force the Saudi Arabians, the Sheikh of Abu Dhabi, to toe the line and support us against Soviet aggression.

RAY CLINE [GEORGETOWN UNIVERSITY]:

Q: What is your analysis of the present Iran crisis?

Cline: It's all Carter's fault. He's a fool who hasn't read the first page of the standard works on geopolitics like Mahan, Mackinder, and Haushofer. He doesn't understand the ABC's of geopolitics. It's part of a

New Dark Age

general failure of policy. The Soviets grabbed Afghanistan, South Yemen, Ethiopia, the Horn of Africa. But now Zbig (National Security advisor Zbigniew Brzezinski—ed.) has Iran policy firmly in his hands, thank goodness. We've got to forge an alliance of Israel, the moderate Arabs, Iran, and Turkey and force the Soviets to back off. Boy, we really miss Henry Kissinger, I'll tell you that. We have to organize a campaign against the White House, that's the root of the trouble: make Carter realize his inadequacies, toughen him up. But, I'm not optimistic. Nobody picked up my call for an "ocean alliance" against Communism.

Q: Do you see a confrontation developing over Iran?

Cline: Well, you know I'm for a military buildup but we don't have time for that, we have to take our stand now. The trouble is if we have a confrontation with the Soviets, Carter wouldn't hold up for 30 minutes. In fact, we could be in the middle of a nuclear chicken game and the idiot Carter wouldn't even realize it, he'd be talking about his friend Brezhnev. That's why we need a campaign to pressure Carter to stand up to the Communists.

Q: How would the alliance you talked about be organized. It seems a pipe dream.

Cline: Well, first, if the Shah falls, I hope we can get the Brazil model or the Greek junta type right-wing anti-communist military government. Israel has made some mistakes in her diplomacy but I think Begin is showing great flexibility now, so a separate peace with Egypt might come off, and, if we hang tough in the Iran crisis, that could reassure the Saudis.

JOSEPH HARSCH [CHRISTIAN SCIENCE MONITOR]:

Q: In your column today you call for a "show of force" confrontation with the USSR over Iran. Isn't that an extremely dangerous and provocative strategy?

Harsch: Not at all. The key is sea power. That carrier we've got heading for Iran is like a small fleet. It'll be really powerful. Don't worry about the Soviet "warnings." They've been quiet. That's just routine. They can't do a damn thing. If the Soviets occupy northern Iran, it will play into our hands. It'll be great — it'll unite the whole conservative Moslem world against them. It's absolutely essential that we have a show of force confrontation at this time and that Carter not back down. It's the only way to reassure the Saudis, show them that we mean business and keep them in the Free World camp.

Q: In your column you foresee a cutoff of oil from Iran leading to shortages and rationing in the West, with an earthquake effect. What do you mean?

Harsch: Look, if we have another cutoff of oil, it'll be a great opportunity to get our house in order, for Carter to act presidential. That sort of crisis would be just what the doctor ordered in a certain sense. It would force us to balance the budget. Impose the necessary austerity. Get the population more conscious of the need for conservation. It could even help us lick inflation.

Q: Brzezinski talks about an "arc of crisis" extending from the Persian Gulf through Northern Africa. Do you see the American strategic position threatened there?

Harsch: I see it as an "arc of opportunity." For example, the conservative Moslem religious fanatics and their revivalist movement are a tremendous development. The Soviets will never get to first base with Khomeiny. And, the Shah will be forced to abdicate, which is good. There is a message in all of this — the mad rush of modernization must be stopped. That's what Khomeiny and the Iranian people, especially the middle class, are saying. End the cult of progress. Even though I support our China policy, I expect Teng to get the message to drop this modernization fetish. People want a simple life. Furthermore, the crisis gives us an opportunity to flex our military muscle. I know there are moves to put together a joint British-American naval patrol force to deal with the Iran crisis. I'm hoping NATO can be drawn in.

Q: You seem to be saying that the feudal life of the Middle Ages was a good thing. Couldn't your philosophy lead to a new Dark Ages? Have you read Barbara Tuchman's new book, A Distant Mirror, about the breakdown crisis of the 14th century, the Black Death, and so on?

Harsch: Oh, I got Tuchman's book for Christmas and am really looking forward to reading it. You see, history proceeds in cycles. I just visited France, went to the place where the Hundred Years War was fought. You know, sometimes you need long periods of decay and disintegration to shock people, then the pendulum swings back the other way. The operative principle in history is greed. The Shah doesn't understand this lesson. Henry VIII, Queen Elizabeth I, and the Protestant Reformation were based on greed. They created a political party by dividing up the Church properties and redistributing the wealth. The Shah hasn't created a political party, he hasn't satisfied the middle classes. All he's got is the army whom he bribed with modern weapons and this modernization business.

Carter must back the Bakhtiar option

LaRouche warns the Administration on dangers of further destabilization

The following is a policy statement on Iran by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.

My representatives have checked the implications of the Iranian restabilization effort around Prime Minister-designate Bakhtiar with relevant official and other sources in Europe and elsewhere. It is clear that all Western continental European governments of importance are supporting this restabilization of Iran, and that only the British and their American "dumb giants" on a British leash are committed to near-term destabilization of a Bakhtiar government.

It is also clear that pro-Soviet elements in Iran are currently committed to the successful restabilization of Iran around Bakhtiar's "constitutional monarchy" package.

As long as the French-led European support of stability in Iran is permitted to be successful, the Soviet Union will play no significant direct role in the Iranian situation. However, should the Western Europeans prove unable to prevent the U.S. from supporting British destabilization efforts against Bakhtiar, it is probable that the Soviets

would view themselves obliged to intervene in the situation. The best estimate is that in event of an attempted "anti-Soviet Iranian generals' coup," Soviet sympathizers in Iran will react with a replay of the July 1917 Bolshevik mobilization against General Kornilov. The effects of a direct British-USA NATO intervention into Iran would, of course, have incalculable consequences.

Vital U.S. interests throughout the Third World and in respect of world petroleum needs are best served by supporting the Iran and related policies associated with France's President Valery Giscard d'Estaing. As long as Zbigniew Brzezinski, Walter F. Mondale, James R. Schlesinger, and Henry A. Kissinger continue to be major influences, in aggregate, in U.S. policy-making, the government of the United States is incapable of launching an independent and effective policy for the Middle East or any other part of the world. Since Western continental European governments are better judges of vital U.S. interests at this moment than the U.S. government itself, our national interests are best served by following and supporting the efforts of our anti-British friends.

Media eggs Carter to 'hang tough' against Soviets

A massive propaganda barrage was let loose by Britain and British-influenced media last week in an effort to move the Carter Administration into a confrontation with the Soviets over Iran. In France, Le Figaro carried an assertion that the Soviet KGB was running everything in Iran, even the Shah's British-linked opponent, the Ayatollah Khomeiny. Newsweek's Arnaud de Borchgrave claimed improbably that the Saudis were threatening to go over to the Soviet camp because the Carter Administration wasn't hanging tough enough. And the Christian Science Monitor called on Carter to make "the quick and prudent decision which, for example, characterized John F. Kennedy's

management of the Cuban missile crisis."

The press barrage was an attempt, as former CIA official Ray Cline acknowledged in an interview (page 10), ... "to get a campaign to pressure Carter to stand up to the Communists." Some major examples:

"This is Mr. Carter's time of testing. We will find out now whether he has learned enough during his apprenticeship to be able to bring to bear on a real crisis the clarity of understanding and the capacity for quick and prudent decision which, for example, characterized John F. Kennedy's management of the Cuban missile crisis."

*—Joseph C. Harsch,
Christian Science Monitor,
Jan. 2, 1979*

"Officials seem to agree that even if the Shah manages to survive the crisis, Iran would be unlikely to continue as the self-proclaimed pillar

of stability in the region. This has therefore led some to begin searching for another pro-Western nation that might fill this role in the future, what officials have begun to call 'a second pillar.'

"None of the nations within the Gulf, including Saudi Arabia, are thought to possess either the skills or the population necessary to take over Iran's security mission. As a result, analysts are looking farther afield for the 'second pillar,' and some Defense Department analysts contend that Israel, with its highly proficient armed forces, has taken on much greater strategic importance."

*—Richard Burt,
New York Times,
Jan. 2, 1979*

"As Iran disintegrates, the Saudis maintain, the U.S. has begun to look to Mexico as an alternative to Persian Gulf oil. In response, they say, Saudi Arabia is veering away from a close alliance with the U.S., and hedging

Did the CIA fail in Iran?

Certain liars and fools are reporting that the CIA failed to evaluate the internal situation in Iran correctly. On the contrary, according to best sources, the CIA professionals produced an accurate reading on the internal situation in Iran itself. However, as in the case of the British operation in Shaba province of Zaire last year, the official CIA position had next to no correlation with the factual findings produced by Agency professionals.

With aid of high-level sources of many governments, the U.S. Labor Party has accumulated a mass of cross-checked facts which account for every significant element of the destabilization of Iran. Acknowledging that elements of the U.S. intelligence establishment were deployed on British leashes into this situation, every facet of the destabilization was directed from outside Iran itself, with overall coordination by London.

To the extent there was any failure in the findings and evaluations of CIA professionals, those professionals did not misread the *internal situation* in Iran. Their sole failure was their fear of bucking Brzezinski and others, their fear to identify and to counteract British-coordinated elements behind the destabilization.

Let us review key known elements of the destabilization.

The central figure of the destabilization was Ayatollah Khomeiny, who began his role in the destabilization from his former exile base in Iraq, and following his expulsion from Iraq, abused the hostility of France. Khomeiny has

a long British-intelligence pedigree, dating from his formative period in the British-created and British-intelligence-controlled Moslem Brotherhood. The network in which Khomeiny is situated is a collection of Asharite cults fostered as British-intelligence agents-of-influence over a period now approaching two centuries.

The organizations most prominently featured together with Khomeiny included the following.

The Bahai cult. This is a synthetic religious cult created by British intelligence during the 19th century, paralleling the Theosophy cults of Madame Blavatsky and her heiress Annie Besant. This is run as an intelligence cover through centers in Britain, the USA, Israel and Iran, and operated through British-Israeli intelligence networks deployed under the international cover of *the British faction of Freemasonry*.

The Aspen Institute. The Aspen Institute is a de facto branch of British intelligence, with notable bases in Chicago, West Berlin and Colorado.

Israel-Peking. The drug-financed wing of Chinese Communist foreign intelligence is codeployed from Israel throughout the region Brzezinski has defined as the "Arc of Crisis," working in concert with networks coordinated through the Socialist International and the Socialist International's "Trotskyist" and "Maoist" subsidiaries. The Israelis, Peking and the Socialist International are running an escalation of bloodshed in Eritrea, the Ogaden region of Ethiopia, and elsewhere, and are in place to launch a destabilization in both the Oman and Yemeni

its bets with the Soviet Union. The Saudis gave their tacit approval to the Camp David process; they assumed that Carter had decided to act resolutely to contain Soviet expansionism in the entire area through a tacit alliance between Egypt, Saudi Arabia, Iran and Israel. But the Saudis say they have concluded, from Carter's equivocal performance during the Iranian crisis, that the President is defeating his own strategy and is emboldening, not discouraging, the Soviets.

"The Saudis' new perspective has wide-ranging implications. They are talking to the Russians about establishing diplomatic relations. And in private conversations, top Saudi officials now say they believe that the Geneva conference, where the U.S. and USSR are co-chairmen, is the proper approach to a comprehensive Mideast settlement. . . .

"Some of the Saudis' own recent actions could get them into trouble with Washington. They backed away

from the Camp David peace process, which helped persuade Egypt to stiffen its terms. Later, they acquiesced to OPEC's large oil-price increase. Unless the Saudis can show that American weakness caused those steps, there may be second thoughts in the U.S. about the sale of F-15 jet fighters to Riyadh."

— Arnaud de Borchgrave
Newsweek, Jan. 1, 1979

"Things are as bad for the West as they could possibly be and they are getting worse. The Europeans have to deal with the weakest American administration in my lifetime."

— Former British Conservative Prime Minister Harold Macmillan, quoted by syndicated columnists Roland Evans and Robert Novak, Jan. 2, 1979

"Everyone knows that the USSR does not desire the installation of an

Islamic regime in Teheran. But that's not the question, contrary to what we have been told complacently by the majority of the Western mass media. . . . Far from carrying on a religious discourse, this sinister old man (Ayatollah Khomeiny — ed.), manipulated by the Tudeh, has not ceased to launch appeals to insurrection more closely resembling Marxist methods than religious inspiration. . . .

"The internationalization of the Iranian affair creates conditions for world conflict. Through it, Moscow intends to return to the classic solution of dividing up zones of influence. Authorizing, thereby, Mr. Carter to save face. But at the price of the Finlandization of his principal ally in that part of the world.

— Jacques Guilleme-Brulon
Le Figaro, Jan. 3, 1979

regions of the Arabian Peninsula. These elements, of which the "Iranian students" sideshow-organization is a subsidiary, have been a contributing feature of the Iranian destabilization.

Exemplary of the British policy expressed in the operation is the doctrine of British agent, *Professor Bernard Lewis*. Lewis, associated with Princeton and with Georgetown University's CSIS, proposes to transform entire regions of the world into an ulcer of "Thirty Years War" scenarios through playing upon every conceivable variety of communalist conflict-potentials. *Henry A. Kissinger is a supporter of the Bernard Lewis policies.*

Also included in the overall efforts at destabilization throughout the Brzezinskian "Arc of Crisis" is the so-called "*Sufi Order in the West*," of which former IMF Director Witteveen is a prominent spokesman. Former National War College official *Joseph Malone* is up to his ears in the overall destabilization operation, as is *Duke University-based Ralph Braibanti*. This intersects the same British-USA complex which organized the March 1975 assassination of Saudi monarch King Faisal.

Key in the operation are the *Rothschild-linked British Petroleum and Royal Dutch Shell*, whose executives formed part of the command structure in London for the coordination of the overall Iranian destabilization.

Naturally, National Security Council advisor to President Carter, *Zbigniew Brzezinski*, is up to his curiously-fashioned ears in the whole affair. Through Brzezinski et al., elements of U.S. intelligence and other institutions were deployed in support of British operations in Iran.

The British objectives in the Iranian destabilization are severalfold. Most immediately, the British deployed this action with the intent of wrecking Europe's and Japan's petroleum supplies. In this project, the destabilization of Iran was foreseen as complementary to a further destabilization of Saudi Arabia — the latter a project toward which the British and such U.S. elements as *Joseph Malone* have been working currently.

Congress must wake up

The Administration, the Congress, the Republican Party's National Committee, must finally wake up to the reality of the policies pushed by Kissinger and Brzezinski.

"Traditional" U.S. policy has always been to promote strong governments as U.S. clients or allies, thus to create a global network of strengthened direct and indirect U.S. influence and security. In fact, Kissinger and Brzezinski, as National Security Council chiefs, and Kissinger as Secretary of State have worked for exactly the opposite policies in every instance but Israel and Peking.

A list of such policies proves the point.

1. — *The Kissinger-Einaudi "Second War of the Pacific."* Using the pretext of Bolivia's access to the sea as a trigger, this RAND-associated scenario proposed to engulf all of South America in a kind of ulcerous "Thirty Years War" scenario.

2. — *A Similar Central American "Thirty Years War" scenario.* Using triggers such as the Belize question, a

Nicaraguan coup spilling into Costa Rica, and a Linowitz- "Senile Six" destabilization of Panama, this region was to be engulfed in a perpetual ulcer of instability and bloodletting.

3. — *The Kissinger-London Southern African Scenario.* Using the Rhodesia crisis, the Namibia crisis, and inter-tribal conflicts, Kissinger's southern Africa policy aimed to set racial and intraracial warfare into motion in another "Thirty Years War" scenario.

4. — *The April 1975 Chamounist coup in Lebanon.* London, Kissinger and Jerusalem, working in cooperation with Asharite and Coptic elements in Lebanon, triggered a bloodbath with the specified objective of a tripartition of Lebanon along communalist lines, with Israel gobbling up the southern portion and Syria awarded an Alawite region.

5. — *The Horn of Africa Scenario.* During the period Kissinger and London perceived the Ethiopian government to be in Kissinger's pocket, Kissinger from State attempted to cultivate in the Ethiopian government the "perception" of Soviet-influenced Somalia as Ethiopia's adversary. London and Kissinger fumbled a coup d'etat in Ethiopia, with the Soviets picking up the good relations. Then, Brzezinski and London ran a Horn operation directly the reverse of Kissinger's original scheme.

6. — *The Kissinger-Bernard Lewis scenarios.*

7. — *The Kissinger-Brzezinski "Camp David" scenario,* with the included feature of an Israeli-monitored Egyptian military deployed as an IMF policeman in Africa.

8. — *The London-Kissinger-Brzezinski "Baluchistan" caper.* The proposal to carve a nation of Baluchistan out of Iran, Afghanistan and Pakistan is the pivot of a general Bernard Lewis-type destabilization-project involving India in the Brzezinski "Arc of Crisis" operation.

9. — *The London-directed attempted destabilization of Turkey, part of the "Arc of Crisis" operation.*

Can any senior member of Congress or of the Executive branch's senior ranks argue with clear conscience that such destabilizations of regions of the globe are American-style operations, policies or objectives? There is only one principal policy-making entity in the world which thinks in that way: *the Bertrand Russell-Churchill-centered New Dark Age kooks in Britain.*

The arguments offered by apologists Dr. Kissinger, Brzezinski et al. is that it is necessary to follow such a "scorched earth" policy in those numerous regions of the world in order to "deny ground" to presumed imminent Soviet takeover in those regions. *Is it U.S. policy to wreck the economies and nations of the non-Communist world in order to prevent a Communist takeover?*

How long will the Executive and Congress continue to tolerate the Bertrand Russell-type lunacy of Kissinger, Brzezinski, et al.?

Soviets warn against outside interference

The Soviet Union has repeatedly and forcefully warned through press and other spokesmen that it will not tolerate outside intervention into Iranian affairs. Two such warnings appeared last week in Pravda and Izvestia:

Pravda, Dec. 28, "Interference is not permissible," by Petr Eugen'ev:

Anti-government mass demonstrations are continuing in Iran. Under the circumstances, ruling circles and an American special group, which arrived days ago in the Iranian capital under the guise of a group of advisors, are intensively seeking an exit from the situation. The fate of the regime remains the main question.

The American group is reportedly comprised of 60 people from the CIA, State Department, and other agencies. Formally this "contingent" has been landed for supposedly obtaining first-hand information. But in fact, its members are seeking people who, in their opinion, could be members of a new government. They are making recommendations on how to preserve the Shah's power. According to the foreign press, the special group is working in coordination with SAVAK, the Iranian police. The group's "recommendations" are to the advantage of the American oil and military monopolies, but conflict with the interests of the Iranian people and threaten the sovereignty and independence of Iran...

A case of American interference is at hand, and it has caused a lawful protest from broad layers of Iranian society. It is intolerable and contradicts the norms of international law.

As for the Soviet Union, which maintains traditional good-neighborly relations with Iran, it opposes — as has already been authoritatively and decisively announced — interference in the internal affairs of Iran from the outside in any form whatsoever and under any pretext. Events of a strictly domestic nature and occurring in that country and the questions connected with this should be resolved by the Iranians themselves.

Pravda, Jan. 1, "Seeking a pretext," by V. Korionov: American news media report that official Washington is "seriously" considering sending American ships, led by an aircraft carrier, into the Persian Gulf. The *New York Times* notes that "President Carter's assistant for national security Z. Brzezinski is dominating the development of this policy."

The inspirers of the latest "gunboat diplomacy" are seeking means to justify military interference in the internal affairs of Iran. They are using baldly provocative means aimed against the USSR. Responsible government figures, writes the *Times*, makes assurances that it is not a question of attempting to save the Shah's power, but of

"demonstrating American opposition to any possible attempt by the Soviet Union to interfere in this crisis."

It is becoming more and more clear that the latest provocative concoction from the Washington political kitchen has one goal — to justify in advance an action which is hostile to the cause of peace and to the sovereign rights of nations.

Izvestia, Dec. 26, "Placing hopes in the colonels":

Official Washington continues to support the Iranian monarchy. But in the press there are headlines like "If the Shah Falls . . ." (*Newsweek*). It appears that the activity of the numerous U.S. secret services in Iran is also directed towards preparing structural changes which suit the interests of the United States and the Western monopolies. Various scenarios are being developed. The *New York Times*, without a note of provocation, writes that brigadier generals and colonels "whose loyalty to the Shah is not absolute, would organize a coup d'etat." Indeed, such an operation would be nothing new for the CIA. In Greece they put the "black colonels" in power instead of the monarchy. But they didn't last long either.

Iran's new premier— can he succeed?

The Iranian parliament has given a vote of confidence to the Prime Minister designate Shapur Bakhtiar to form a civilian government to replace the two-month-old military government of General Gholam Reza Azhari. Bakhtiar, a long time leader of the largest opposition grouping in Iran, the National Front, was asked by the Shah on Dec. 23 to form a new government in order to quell the political crisis in Iran which threatens to force the Shah to foresake his 37-year-old position as the Persian Monarch.

Bakhtiar's task of forming a government will not be easy, as his predecessor Gholam Hussein Sadighi found after weeks of searching for perspective cabinet members. Sadighi, who had been asked by the court to form a government in mid-November, finally gave up at which point the Shah turned to Bakhtiar.

The future of Iran and the entire Mideast and Indian Ocean region rests squarely with Bakhtiar's both forming and holding a government together while resolving the worst Iranian crisis since Mohammed Mossadegh briefly seized power from the Shah in 1953. At present, a complex of round-the-clock negotiations are underway in Iran, involving the military, the Islamic clergy, the opposition, and the court to find an agreement upon which a new government could be based.

The greatest threat to Iran under the present conditions is a right-wing military takeover, which would usher in a period of Chile-style repression and give Iran's most corrupt and brutal feudalists a chance to reconstitute themselves. Which way Iran goes will depend upon tough

decisions the Shah will make regarding both a reduction of the power of the monarchy under the new government, and who will control the military. Whether the Shah decides to take a brief leave of absence from Iran in order to appease the restive Iranian population and give Baktiar a chance to begin to rebuild his nation will indicate the degree of agreement on these key issues.

The military factor

The Soviet press has registered numerous warnings over the past week of a right-wing military coup in Iran. Such concern on the part of Moscow and numerous French sources indicates a growing awareness of Britain's determination to back such a coup and maintain the sizeable leverage it has wielded for centuries in Iran through rightwing oligarchical interests. A swing to the right could come in one of two ways. Either through a coup conducted by little known officers, as one Iranian suggested perhaps an army artillery commander, or from a clique of prominent top generals such as the Administrator of Martial Law, General Oviessi, and the Commander of the Air Force, General Rabii. Oviessi is known to work closely with U.S. Ambassador Ardeshir Zahedi, who in turn has been attacked by Soviet press sources as a close ally of leading cold war circles in the U.S. — a reference to Zahedi's well publicized friendship with Henry Kissinger. Zahedi has also become a confidant of National Security Council Director Zbigniew Brzezinski, who has been supporting continued reign for the Shah backed by a right-wing solution.

According to the Dec. 24 *New York Times*, Zahedi, Oviessi, and other generals are demanding that the Shah not leave Iran under any circumstances, that Zahedi be included in a new cabinet, and that Oviessi become the Chief of Staff, demands which Baktiar could never accept in his efforts to form a government with members of the opposition. Informed sources agree that if some agreement is not reached between the right and the moderate left leaning opposition over the sensitive issue of who will control the military, then the chance of a split within the generals is likely followed by civil war. For this reason Baktiar has stated his willingness to offer the Shah continued control over the armed forces, but has insisted that a highly respected general who has respect from the opposition, General Djam, become the Chief of Staff. Djam, who has been serving as Iranian Ambassador to Spain, just returned to Iran — suggesting his possible participation in a new government.

Splitting the opposition

State Department sources last week stressed that if a possible solution between the right and left wings could be reached around the return of General Djam, Iran may be on its way to recovery. The more intransigent elements of the opposition associated with exiled Shiite leader Ayatollah Khomeiny and his associate Karim Sanjabi, the leader of the National Front, have been unwilling to accept Baktiar's proposal that the Shah maintain control over the military, even considering that such a concession was vital to maintaining the solidity of the armed forces. As a result

Baktiar: 'We will try to put the country back on its feet'

The following is a translation of excerpts of an interview with Iranian Prime Minister-designate Shapur Baktiar which appeared in the Jan. 2 Le Figaro. In response to a question concerning his chances of forming a new government in Iran, Baktiar replied smiling:

Baktiar: When, in 1940, Charles de Gaulle climbed into his modest plane to go to London, he was not convinced of success either! . . . I still need a few days to form my government. It will be a social-democratic government, of course, and all its members will be perfectly clean, irreproachable from the standpoint of corruption. At the Defense Ministry for example, I will have General Djam (graduate of the French military academy Saint-Cyr, husband of Princess Shams, the Shah's sister — ed). He is respected by everyone. Even before I present my team, the military censorship will be lifted and the newspapers will be allowed to reappear.

As soon as the Assembly grants me its con-

fidence, His Majesty will make a statement in which he officially defines the limits of his power, this by virtue of the Constitution which wants the Sovereign to reign but not to govern. Then the Shah will designate a regency council and will be able to take a few weeks of vacation in a foreign country. . . . If Karim Sanjabi, who just excluded me in a somewhat ridiculous fashion from the National Front, accepts this post as President of the regency council, the place awaits him. Otherwise, we will find someone else. And then we will try to put the country back on its feet.

Q: *But what will Khomeiny's attitude be?*

Baktiar: I have contacts with him, and I myself went to see the religious leaders of Qom who listened to me with interest.

Q: *Are you an optimist?*

Baktiar: When a country is in chaos, people have to sacrifice themselves in order to try something. So I am sacrificing myself.

of Baktiar's acceptance of the Shah's offer to form a government and govern Iran conjointly with the monarch, the Front leadership immediately expelled Baktiar.

Baktiar has, however, stated publicly that he is confident of splitting the Front and has the support of the very influential Dr. Ahmed Mossadegh, the son of Mohammed Mossadegh, founder of the National Front. The key to Baktiar's strategy rests with silencing the bellicose Khomeiny, who operates out of Paris, and continues to insist upon violent overthrow of the Shah. There are strong indications that the French are playing a critical behind the scenes role in aiding Baktiar in his efforts.

Both Baktiar and General Djam have longstanding ties to the French. Djam was educated in the French military academy and Baktiar at the Sorbonne, after which he fought in the French resistance during World War II. Both French diplomatic and press sources have looked favorably to Baktiar. While the French government has agreed to extend Khomeiny's visa, French intelligence again last week warned the 73-year-old Ayatollah against his revolutionary actions. Informed sources indicate that the French have agreed to keep Khomeiny rather than see him return to Iran where he could be more of a direct problem for the Shah and Baktiar.

According to *Le Figaro* of Jan 2, Baktiar is conducting ongoing talks with the more moderate Shiite leaders in Iran in order to build a consensus and isolate Khomeiny. At the same time he has offered Sanjabi command of a regency council which will rule in the Shah's place while he is away — a clear ploy to reunite the Front around a new Baktiar government.

Baktiar already has made it clear that Iran's foreign policy will take some drastic changes. Most importantly, he has called for the creation of a viable intelligence service by reconstructing the secret services, SAVAK — known for their brutal police repression — as a political intelligence agency. He has also announced that Iran will pull out of the London-created Central Treaty Organization, a clear indication that he is not interested in playing any cold war games against the Soviets.

With these body blows to British regional policy, Baktiar has added that Iran might halt the shipment of oil to Israel and South Africa. In an interview with *Le Figaro*, Baktiar has likened himself to the late French President Charles de Gaulle suggesting his struggle against British imperialism. In this light he has already shown himself to be a nationalist in the tradition of the anti-British Mossadegh, in whose cabinet he served 25 years ago. If this proves to be the case, Britain's longstanding domination of Iranian affairs through the presence of British Petroleum and Royal Dutch Shell will be curtailed.

— Judith Weyer

Turkish riots tied to 'international conspiracy'

Turkish Prime Minister Bulent Ecevit stated emphatically last week that the outbreak of sectarian violence in south-eastern Turkey was part of an international terrorist conspiracy. "Terrorism in every country originates from abroad," said Ecevit, "and it is a universal fact that it is not created by a single country. Turkey's situation is not different from any other country."

The bloody religious riots erupted on Dec. 26 in the southeastern provincial capital of Kahramanmaraş near the Syrian border, as a result of deliberate provocations by extremist commandoes linked to the neo-Nazi Nationalist Action Party. The leader of the Action Party, Col. Alparslan Turkes, maintains close ties with British, Chinese, and Israeli intelligence as well as with West German fascist Franz Josef Strauss. More than 100 people lost their lives in the violent clashes that took place between Sunni and Alevi (Shiite) Moslems in Kahramanmaraş. The incident marked a dramatic escalation in the series of bloody confrontations that left at least 1,000 dead in 1978 and many thousands wounded. To quell the violence and restore order, Ecevit declared martial law in Kahramanmaraş as well as in 12 other strife-torn provinces.

The outbreak of religious unrest, on top of the vicious left-right violence that has been steadily intensifying over the past several months, is a deliberate attempt by British intelligence to weaken Turkey's central government and transform the country into another Iran.

Expanding on this theme, terrorist specialist J. Bowyer Bell of Columbia University is pushing the line that Turkey is as unstable as Iran was one year ago, and that "prospects for further deterioration in 1979 should not be discounted." According to a report issued by the British intelligence-connected Probe International research firm, Bell "also expects a continuation of the revival of Islamic orthodoxy with significant implications for several Islamic countries."

Target Turkey

Turkey's impoverished southeast has long been the locale for British-run destabilization operations against the Turkish government. Since the founding of the Turkish republic by Kemal Ataturk, the British, through their networks in the Moslem clergy and through reactionaries like Turkes, have played upon Sunni-Alevi, Kurdish-Turkish, and left-right differences in the population.

It is clear that a prime goal of the unrest in Turkey is to provoke the military into carrying out a Chile-style generals' coup, whereby an army faction committed to NATO's confrontationist strategy and IMF austerity will take power in Ankara. So far, however, the military, even with martial law in effect, has given little indication that it

is interested in taking over, and instead is keeping a low profile.

The threat of new provocations continues. Four days after imposing martial law, Ecevit met with military leaders to work out a strategy for containing new outbursts of terrorism threatening his regime. "There is a possibility that terrorists may shift their activities outside martial law areas," Ecevit stated, announcing that troops would be reinforced in the 54 non-martial law provinces.

By declaring martial law, Ecevit has exposed himself to attacks from both the right as well as the left, including leftist factions within his own Republican Peoples Party. As a result of this pressure, Interior Minister Irfan Ozaydinli, who is coordinating the deployment of troops with the military command, was forced to resign Jan. 2.

Ecevit looks to EMS

Ecevit is making it clear that the political crisis in Turkey is tied to the country's economic problems, and that if economic stability is brought to Turkey, political stability will be ensured. "Our allies should be closely concerned with Turkey's economic difficulties," said Ecevit last week following the Kahramanmaras rioting, "and I hope that the U.S. will show solidarity and friendship in this time of difficulty."

The Turks are doing more than just hoping. At the Guadeloupe summit, a Turkish proposal is expected to be put forth requesting that a politically motivated loan mechanism be set up for Turkey to stabilize the economy. "The political will for forming this fund is there," Finance Minister Ziya Muezzinoglu stated last week—an oblique reference to the European Monetary System and the commitment of France and West Germany to use the EMS for the benefit of economies like Turkey's which are beleaguered by IMF pressure and debt obligations. The loan mechanism that Turkey is seeking is described as a five-year fund between \$1 and \$1.5 billion for financing Turkey's ambitious fourth five-year plan. The IMF has stubbornly opposed Turkey's import-based, growth-oriented plan, and has withheld credits for Turkey until Ankara decides to follow IMF austerity dictates.

—Nancy Parsons

Oil crisis danger is inflated

Last winter it was the coal strike that triggered the U.S. energy crisis; the previous year it was the even more severe natural gas crisis. Will this winter bring an oil crisis? Evelyn Rothschild's London *Economist* thinks so and in its Dec. 30 issue tries hard to convince Americans that a combined dollar and oil crisis is looming.

At first blush the argument for an oil crisis might look sound: Iran is the second largest oil exporter in the world, accounting for 10 percent of global oil exports. And everyone knows that current Iranian production has fallen

to a bare trickle. On Jan. 2, British Petroleum, the largest Western oil producer in Iran, announced a 35 percent cut in supplies to its customers for the first quarter of 1979, while Shell Oil's shipments have fallen by 10-15 percent.

In a late December meeting, the International Energy Agency, the consortium set up by former U.S. Secretary of State Henry Kissinger in 1974 to allocate oil in event of crisis, agreed, over Japan's protest, to consider a rationing program. In the U.S. on Jan. 2, a top spokesman for Mobil Oil said that IEA rationing was imminent and that rationing would take supplies from the U.S., causing shortages here.

Yet what is being made to look like a crisis by the *Economist* and certain co-thinkers in oil companies is in reality no crisis at all. This reality is so strong, in fact, that U.S. Secretary of Energy James R. Schlesinger — a perennial prophet of energy catastrophe — was forced to admit in a Jan. 3 Washington press conference that the Iranian oil cutoff was "serious but not critical" for at least the first quarter and "possibly through the summer." Further, Schlesinger said, the situation is under control in any case — barring other Iran-style "shocks."

There are three reasons why no oil crisis is objectively a probability at this time: increased Arab and other production, huge world stockpiles, and the immediate possibility of resumption of Iranian production.

On Dec. 28, Saudi Oil Minister Sheikh Zaki Yamani announced that Saudi Arabia would lift its 8.5 million barrel per day (mbd) production ceiling if the Iranian crisis continues. Saudi Arabia is currently pumping over 10 mbd; Kuwaiti output has jumped from its 1978 average of 1.5 mbd to over 2 mbd, and Iraq has expanded its output while other producers are gearing up to follow suit.

Meanwhile countries like West Germany, whose top crude supplier is Iran, point to massive stockpiles to weather the Iranian shortfall. Bonn's crude oil stockpiles are presently at 24 million metric tons, nearly twice the amount of crude supplied by Iran for the first three quarters of 1978. Of the two other economies where shortages could trigger an IEA allocation arrangement, Japan and Holland, only Holland has small stockpiles, but, as one disgruntled oil analyst said, "They should beggar Shell."

On Jan. 3, a spokesman for the Fuels and Energy Office of the U.S. Department of State said that under present circumstances, "it would take a very long time to trigger IEA."

In sum, the oil crisis threat at present is little more than press scare-mongering. The main danger is if this "big lie" gains sufficient credence, as in the 1973-74 oil hoax, to make another such hoax plausible. This could occur if the Iranian oil shutdown continues, or, in the context of broader, British-triggered crises in the Middle East. But the strong behind-the-scenes peace initiatives by the Saudis, Soviets and the French appear to augur poorly for continued destabilization of the Persian Gulf, as Soviet Premier Brezhnev's "let's talk" telegram to Saudi King Khalid indicates.

— Leif Johnson

Who really runs Air Force Intelligence

Zionism, cultism, and the 'New Dark Ages' policy

The following article is a report on the results of an investigation conducted by the Security Section of the U.S. Labor Party into the corruption of U.S. Air Force Intelligence by the British strategic perspective of a "New Dark Age" — a plan to reduce humanity to a condition of savagery based on the "Brave New World" model of Aldous Huxley, H.G. Wells, and Bertrand Russell.

Discoveries made in investigation of Jim Jones's Peoples Temple cult have forced a fresh study of foreign influences in the second largest of the U.S. official intelligence agencies, Air Force Intelligence. There is no question but that Air Force Intelligence is very dirty; the question is: How dirty?

The facts already in our dossier on Air Force Intelligence would be sufficient to prove probable cause for a major congressional investigation. This much is conclusively established. *Fact group number one:* influential elements within Air Force Intelligence have been and are under proportionately heavy influence by foreign governments, notably British and Israeli governments. *Fact group number two:* If Air Force Intelligence's role is combined with that of the RAND Corporation, as is historically and operationally proper for this case, the British and Israeli influences conduited through those channels represent a major security problem for the United States. *Fact group number three:* the domestic intelligence operations role of the combined RAND-Air Force operations adds up to worse than what Congress and the courts have strongly deprecated for the cases of the CIA and FBI.

The Jones case is the best point of reference for getting directly to the dirty domestic operations under consideration. Before the CIA's Allen Dulles launched the psychedelic-cult project known as MK-ULTRA, the Air Force and RAND, aided by the Josiah Macy Foundation, were already well-established collaborators of Gregory Bateson and Margaret Mead in the launching of the cult-building research projects. The connections of the offices of Governor Jerry Brown and of Dr. Joel Fort to the creation and deployment of the Jones Peoples Temple cult, plus Jones's earlier connections in the Indianapolis region, combine to fit the Jones cult as but one of many

cults spawned in the same decades-long overall cult-building operation.

These cult-building projects were predominantly imports brought to the USA by British intelligence, and have been the outgrowth of the collaboration between Bertrand Russell and Aldous Huxley. The purpose behind these policies, as Russell and Huxley made perfectly clear often enough, was to bring on a "New Dark Age" worldwide, through fomenting wars and other means of chaos and confusion intended to bring most of the surviving portions of the human population to a condition of savagery.

One might well ask whether it was ever the intent of the Congress or the U.S. taxpayer that U.S. intelligence agencies should be engaged in such projects against the population of the U.S.? One might well ask whether it was ever the intent of Congress to bring U.S. foreign policy into complicity with the Russell-Huxley policy of inaugurating a "New Dark Age"?

Methods of investigation

The investigative and evaluations methods required for a competent inquiry are not generally understood even by experienced attorneys and judges. The difficulties of an ordinary criminal proceeding are great enough. The methods adequate for a criminal proceeding are wholly inadequate for intelligence work, or for investigation of the activities of intelligence agencies. Since we are determined not to cause the indictment of innocent, honest U.S. officers along with the guilty and evil ones, we must not only follow the kind of investigative method required. We must also note publicly the crucial special features of the method we are employing.

Any investigator knows that the most unreliable kind of evidence is "eyewitness testimony" as to matter of fact. Contrary to widespread belief, a sound case based on "circumstantial evidence" is the best servant of justice. Unfortunately, overzealous prosecutors tend to develop circumstantial evidence in a way which presents us with a very convincing lie: "circumstantial evidence" can lie, too.

For example, the problem of "begats." No investigation

can ignore the fact that the subject is a child of, sibling of, had a close business association with, and so forth. These are facts, but they prove nothing significant by themselves.

For example. In the year 1965 Meir Kahane entered into a business relationship with one Joseph Churba. Churba was a school acquaintance of Kahane's. The business effort was directed to selling domestic political-intelligence operations services to regular intelligence agencies of the U.S. government. Subsequently, Churba rose at a noticeable rate of promotions in Air Force Intelligence, while Kahane was off creating the Jewish Defense League. Now, Churba is politically associated with a former head of Air Force Intelligence, Major-General (ret.) George Keegan. Does this chain of associations link Keegan politically to Israeli terrorist Kahane?

According to information which Labor Party members received directly from General Keegan, we have the following additional facts to consider. Keegan was an American volunteer with the British Royal Air Force. During that service he became a friendly acquaintance (at least) of Ezer Weizman, the latter, in turn, a protege of British Middle East and drug intelligence operative, Orde Wingate. Keegan has maintained a close personal relationship with Ezer Weizman, the latter currently Israeli Defense Minister and a leading candidate to replace Prime Minister Menachem Begin. (The other most obvious contender is Moshe Dayan, who received his terrorist training under Orde Wingate.) Keegan reports his own son's residence in a Kibbutz, and Keegan expresses a bestial attitude toward Arab peoples.

Kahane has been and is an agent of Israeli intelligence. This fact establishes a significant degree of closure for the existence of a political connection between Keegan and Kahane, via Keegan's Israeli intelligence connections as well as via Churba. Whether Keegan has a direct relationship to Kahane otherwise is not established.

Keegan's affinities for British-created Zionist elements in the Israeli command are axiomatically in the category of "not nice" for a serving or retired U.S. military professional. However, a man should make and cherish friendships, and no one should censure him for that as long as there is no act of disloyalty to his nation in the matter. In Keegan's case, one wonders whether his proposed strategic outlooks represent him speaking as an American, or as a person under undue influence of British and Israeli strategic perceptions. Is there any provable fault in Keegan's connections beyond that latter cautionary observation?

We are faced with two problems. First, the matter of strategic policy in particular issues: e.g., U.S. posture vis-a-vis, variously, the Arab nations and the Soviet Union in the Middle East. There is no doubt that Keegan's policies border currently on the lunatic, and that British and Israeli influences contribute to this specific lunacy. Is there something worse than that involved? Second, where does Keegan stand with respect to the "New Dark Ages" policies of Huxley, Russell, Bernard Lewis, Henry A.

Kissinger, James R. Schlesinger et al.? Does Keegan as a former head of U.S. Air Force Intelligence, condone the sort of operations associated with MK-ULTRA, "Project 86," and so forth?

What methods do we require to develop competent proof one way or the other on these two points? Let us review the evidence.

The "New Dark Age" policy

In the aftermath of World War I, there was a growing dedication within the ranks of top British intelligence circles to the strategic doctrine of the "New Dark Age." This doctrine came in two somewhat distinct forms. One form was the version associated with the WW I chief of British foreign intelligence, Herbert George Wells (the novelist and "futurologist"). As in his "futurology" *Time Machine*, Wells argued for the going underground of a scientifically trained elite. After a period of wars, the elite would reemerge, armed with science, to take charge of the

French writer calls for

The following are excerpts of an article published in the New York Times Dec. 12, 1978 by Andre Bercoff, a former cultural editor of the French liberal weekly magazine L'Express. Entitled "A Warning to 'Sleeping Princes' of France's Left and Right," the article outlines the Dark Ages strategy for France:

Since the defeat of the Union of the Left in the French legislative elections last March, the positions of the majority and the opposition have seemed fixed for an eternity ... that will last until spring 1981, when the French will have to choose a new "king," or confirm their preference for the present incumbent ...

Here is the political portrait of France: on the surface, the satisfied purring of the politicians; beneath the surface, unemployment, inflation and the first signs of civil disobedience that, if we aren't careful, risk leading to a state of violence that could, sooner or later, call forth muscled "saviors" set on restoring order ...

Today, the (reforms — ed.) should all move in a single direction: the strengthening of civil society and direct democracy; the recovery of each citizen's control over his own life free of a state that has for too long been supercentralized, Jacobin, and all-powerful ...

Clearly, the first must be real decentralization ...

A second reform that is immediately possible is the creation of jobs in the area of social life ... What would it take to build in every city in France thousands of multidisciplinary workshops where young people could make music, learn to build their own motorbikes, plant vegetables, or become skilled in the techniques of solar energy?

surviving populations reduced to savagery. The other form was that associated with Bertrand Russell; Russell led the British intelligence faction dedicated to what we would term today the extreme "environmentalist" version of the same strategic policy.

The British oligarchical view behind both versions of the "New Dark Age" policy runs as follows.

British circles grouped around Milner, George Bernard Shaw, and the Webbs in British intelligence policy-making command, drew the conclusion that the progress of industrial technology over the 19th century had reached the point that the very existence of the aristocracy-centered oligarchical faction was threatened by even the continuation of existing technological levels. Therefore, they proposed to promote a prolonged period of wars, hunger and epidemics, through which to reduce the earth's population to a fraction of its existing number, and to reduce the survivors to such a degree of savagery that the habits of a technological-progress outlook were thoroughly eradicated from the survivors' minds.

The bias of H.G. Wells and his cothinkers was toward

preserving science as the secret knowledge of a priesthood-like elite. In the Wells view, the problem had been that reflections of scientific knowledge had been permitted to leak out, through education and technology into the daily experience and knowledge of the general citizenry of the industrialized nations. If this were prevented, by aid of the priesthood gimmick, the new society the elite would build from the savages would work quite agreeably for a significant time.

By approximately the middle 1920s, Bertrand Russell came to a leading position among the faction of the oligarchy which wanted no scientific progress at all, with or without a Wells-type priestly elite. The gist of the argument from the circles associated with Russell was that one could not prevent science from "leaking out." Best dispense with scientific progress altogether.

Notable are the cases of Aldous and Julian Huxley and the case of George Orwell. All three had been proteges of H.G. Wells, and all three were recruited to the psychedelic black-magic ("hermeticist") cult of the Golden Dawn in 1929. The result was that they went over to the side of Bertrand Russell.

From the 1930s until his death, British intelligence's Aldous Huxley was the leading perpetrator of projects for building weird cults and for mass-drugging of the youth population in the USA. His *Brave New World* was the fictionalized ("futurologist") statement of the policy of his faction of British intelligence, the same faction as that of Bertrand Russell. Indeed, there was a close collaboration between Huxley and Russell against the people of the U.S. — with Chicago University's Robert Hutchins a close collaborator.

Over the 1938-1945 period, in addition to Hutchins, Huxley, Russell, Alinsky and so forth, key Russell co-conspirators against the U.S. of the future were Kurt Lewin (of MIT and then the University of Michigan), Russell's old collaborator, German-born Karl Korsch, radical-positivist Carnap, and others. In addition to the Hollywood and other West Coast centers of Huxley's activities, Hutchins's University of Chicago (including Alinsky), the Lewin-launched center at MIT, and the Russell operation at the University of Pennsylvania, served as project centers prominently included in the postwar subversion operations.

Our present first track on postwar operations begins (on the basis of present information) at MIT's RLE. Through members of the family of Macy's ownership and a seed grant from the Josiah Macy Foundation, Alex Bavelas headed up a Lewinite "task-oriented problem-solving group" investigation. This became the seed crystal, around which other elements were coordinated. The Air Force and RAND entered, taking over from Josiah Macy et al. We identify this as a suitable pathway of investigation because of the connection of the Josiah Macy Foundation to the activities of Gregory Bateson and Margaret Mead during that period.

The cases of Marvin Minsky and Noam Chomsky are relevant. Minsky is associated with a computer research project termed "Artificial Intelligence." Chomsky is a

return to 'tribal' existence

To break down the lonely crowd and rediscover the conviviality of the tribe — this is a realistic Utopia.

Another basic measure would be the redistribution of working hours by the establishment of a la carte schedules

To foster the autonomy of citizens and lessen their dependence on the state, it will be important to encourage the development of associations that can play an essential innovative and civilizing role in addition to that exercised by any political party or union. Examples that currently exist include consumer associations and environmental groups

There must be broad latitude for free radio stations to develop and for experiments with cable television

How many brilliant students are sitting in managers' chairs without ever having lifted their eyes from their books? Isn't it time to teach these great intellectuals not to forget manual labor by obliging every lycee graduate, before entering the university, to spend two years of practical experience in a workshop, a farm or on a construction site?

These few suggestions do not come close to exhausting the subject. I certainly don't mean to say that everything is wrong in France, but why can't this country set an example once again, as it did in 1789, in 1871 during the Commune, in 1936, and in 1968?

... Otherwise, no one should be surprised to hear the increasingly loud report of bombs and weapons of self-defense, of violence out of control. The crisis is here. Salvation is now seen as "political protest." It will come down hard.

*Henry A. Kissinger is a 'raving
Communist Revolutionary'
. . . of a sort.*

former RAND Corporation associate who was trained in linguistics by the Bertrand Russell-founded project at the University of Pennsylvania. Chomsky, resituated at MIT, has cast himself in the political-intelligence operative mode of Karl Korsch, and has been closely associated with international intelligence projects set up under Bertrand Russell. The significance of the pairing of Chomsky and Minsky is that Chomsky's linguistics are a significant input to the brainwashing studies done at RAND Corporation and elsewhere with aid of the programming methods of Minsky. (A chimpanzee putatively benefiting from their work was named "Nim Chimsky.")

The connection between the work of Chomsky, Minsky, and others in and around MIT's RLE to the RAND Corporation and the Palo Alto complex is a significant part of the background for the case of Air Force Intelligence as a whole. It is also relevant that the rabid environmentalist James R. Schlesinger has several common denominators with Henry A. Kissinger, including Daniel Ellsberg. It was Ellsberg who brought Schlesinger into the RAND Corporation, and who collaborated with RAND Associate Chomsky in launching the public phase of Kissinger's "Pentagon Papers" project.

The operational connections of these points to the creation and deployment of the Jones People's Temple cult are adequately documented in earlier reports. To be emphasized is the connection of former Air Force officer Dr. Joel Fort to the building of the Jones cult in California, and the role of the RAND Corporation, as well as British and Israeli intelligence, in proliferating drug cults in the USA during the 1960s and 1970s.

The halting of scientific progress (e.g., "environmentalism"), the wrecking of the cognitive element in language usage ("linguistics"), and the development of synthetic drugs as instruments of mass mind-control of drugged political slaves (e.g., LSD-25), are all the three-point "New Dark Age" program specified by Bertrand Russell during the mid-1920s.

In sum, RAND Corporation and Air Force Intelligence have been complicit in a decades-long effort to destroy the United States, and to bring most of the world into a "New Dark Age."

That is a hard fact. Whoever says it is not fact is a liar. That objector is lying either by denying facts known to him, or lying in witting falsification of his ignorance. The proof is massive and conclusive.

What is not established is the full further evaluation of those facts. To what degree did which specific Air Force Intelligence officials know the purpose of the operation in which they were complicit? To what degree were various Air Force Intelligence officials either directly or not directly involved? Which knew this sort of thing was going on? The complicity of the agency, Air Force Intelligence, is proven. The degree of complicity of each of various members of that agency is all that remains to be determined by further investigation.

To this, we add one further qualification.

In the Nuremberg proceedings, the use of medical and psychological practices for political purposes was extensively considered, especially in the cases of the "Nazi doctors." The victors, conducting the proceedings, adopted certain judicial rulings which have been entered into international law. The complicity of Air Force Intelligence and the Office of Naval Intelligence's Lewinite National Training Laboratories, in drugging and behavior-modification of elements of the U.S. population for malignant political purposes, constitutes a crime against humanity before international law.

For such cases, the international law standard of "either knew or should have known" was established. For instances of complicity with such projects, it is not necessary to prove that the accused was actually fully witting of the character and implications of the operation. It is sufficient to demonstrate that the individuals in question "should have known" in terms of a reasonable application of their knowledge and cumulative qualifications of experience.

This is not only a fair standard of judgment; it is required by the nature of the circumstances.

Whenever we are confronted by offenses committed as abuse of office, in which the nature of the offense prompts the perpetrators and accomplices to take some precautions to hide their complicity in such acts, we cannot expect to discover red-handed evidence of criminal *intent* by the most-responsible perpetrators. We must rely on the standard evidence of "should have known."

Those officials who were complicit in the Huxley-Russell-initiated drug-and-cultism projects clearly should have known the implications of the operational projects set into motion by MK-ULTRA and related pilots. They should have known that these projects originated with a foreign (British) intelligence entity, and that these evil undertakings were furthered in the United States during the 1960s by elements of the Israeli intelligence service.

If the clear intent of the responsible elements of British intelligence is taken into account, these projects in aid of "The New Dark Age" program were a form of warfare against the United States in the truest sense of the term warfare, covert warfare. Those U.S. officials complicit by the standard of *should have known* are clearly guilty of no less a crime than treasonous acts.

It may be that neither the United Kingdom nor Israel were declared enemies at that point. Nonetheless, MK-ULTRA-centered operational projects were acts of warfare against the United States, and it was treasonous of of-

officials concerned not to report such acts of warfare to the Executive Branch, or, the Executive Branch declining to defend the nation, to the Congress.

Kissinger is a Communist

The reputation of Bertrand Russell as a "pacifist" is somewhat more than tainted by Russell's push for "preventive" nuclear warfare against the Soviet Union during the immediate aftermath of World War II. When this striking "inconsistency" is placed within the context of Russell's dedication to the "New Dark Age," from the mid-1920s onward, the artifice deception with which leading British circles disguise their policies begins to peel away.

Although there are, inevitably, many points of resistance to such a policy even within Britain itself, the policy of the "New Dark Age" is the persisting policy of that powerful section of British intelligence whose utopian outlook was fairly represented by the film "Clockwork Orange." This faction has been able to push British policy and influence in that direction with fair consistency over the intervening years since Russell embraced it.

It is true, in a certain convenient manner of speaking, to say that Aldous Huxley and Bertrand Russell were a "bunch of communists." It is fair, without the slightest exaggeration, to include Henry A. Kissinger as well as Daniel Ellsberg in that same category.

The best point of reference, pedagogically, for understanding this is the French Revolution. Who funded and armed the mob of sansculottes who stormed the Bastille? The Duke of Orleans, of course. Who was the leading patron of Maximilien Robespierre? The same Necker who had ruined the finances of France, the same Necker whose daughter, the Madame de Stael, had once been nearly affianced to Britain's Prime Minister William Pitt the Younger. Who trained and deployed Danton and Marat for the French Jacobin Terror? The British monarchy, of course — with aid from the Duke of Orleans and Necker.

Ah, but Orleans, Necker, the Madame de Stael, and the forces around Pitt were all raving profeudal aristocrats! Precisely! The Jacobin sansculottes' terror was an alliance between the anticapitalist feudal oligarchy of Europe and the anticapitalist slum population drawn in for welfare benefits from the French countryside.

It is in this sense that Kissinger, Ellsberg, Schlesinger, and many more are a "raving bunch of fanatical communists."

There are also professed communists (and social democrats too) who are raving feudalists — in the tradition of Danton and Marat. This is the case with the so-called "left wing" of the Socialist International, and also with such right-wing excommunists as Sidney Hook and Jay Lovestone.

There exists a dubious document termed "The Rakovsky Protocol," circulated from Spain during the early postwar period. This is purported to have been a

What are these reckless, deluded bastards trying to do to the United States?!

document secured from a Soviet security official's residence by Spanish forces deployed into Russia during World War II. It is represented as a stenogram of a prison conversation between a Soviet security official, mediating for Stalin, and Christian Rakovsky, convicted of treason during the Moscow Trials of the 1930s. We are in no position to certify that this document is valid or a forgery. We do not know whether or not Rakovsky ever said such things; we do know that the mentality attributed to Rakovsky in the document is the mentality of a certain type of professed communist, such as N. Bukharin and Karl Radek. It is for that reason — and one additional consideration — that we mention it in this context.

It helps, among other uses, to understand the dangers embedded in President Carter's proposed China policy.

There are two interesting features of the "Rakovsky Protocol." First, insofar as the included facts can be verified or refuted outside the Soviet Union, those facts are true. Second, insofar as the mentality of the Rakovsky of the document is projected upon members of the Parvus network, the representation of "Rakovsky's" mind is valid.

This verisimilitude extends more or less to the case of Trotsky himself. Prior to the summer of 1917, Trotsky was a gifted wretch, who was indeed a protege of circles linked to S.G. Warburg interests. Lenin understood this and handled Trotsky accordingly. At the same time, the events of 1917 and thereafter left a profound effect on Trotsky, including a certain guilt-ridden awe of Lenin's personality. After Trotsky's exile from the Soviet Union, he was subjected to alternating "Mutt and Jeff" treatment by British-coordinated circles. He never fully freed himself of the Warburg taint and its implications. However, prior to his death, he showed growing awareness of the evil represented by the British, especially with respect to British operations against outgoing Mexican President Lázaro Cárdenas. Thus, there is a certain verisimilitude to the remarks on Trotsky given by the "Rakovsky" of the "Protocol."

The "Rakovsky" of the "Protocol" speaks of a kind of "Revolution." The usage of the term, the prisoner's efforts to explicate the meaning of the term, confuses and enrages the State Security official. It is the "Revolution" of Russell's "New Dark Age." It is "revolution" as understood and practiced by Dieterding's and Samuel's Alexander Helphand (Parvus) and by Karl Korsch after Parvus. It is a "Revolution" which is equally hateful of

Does anyone imagine that the tiny nation of Israel independently developed one of the most capable air combat arms in the world?

industrial-capitalist republicanism and a Soviet industrial-socialist model.

On the latter point, the attempt to include the post-1924 Trotsky in the forces allied to the "Rakovsky" of the "Protocol" breaks down. Yet, Trotsky's praise for the influence of Jeremy Bentham in his autobiography, *My Life*, is consistent with the pre-1917, Parvusite "permanent revolution" doctrines associated with Trotsky.

To compare this with the China problem requires one precautionary word of introduction. The reader must remember that an anti-Soviet posture has been institutionalized as a touchstone of Peking factional life and policy-making. No matter what the actual policy of a factional spokesman, he is obliged — for the present moment — to genuflect before that magical posturing. One cannot, therefore, adduce the underlying vectors of a faction's character from the mere fact that it loudly asserts an anti-Soviet posture.

The anti-industrial, pro-rural component of Peking's factions, the "Cultural Revolution" faction, is the sort of "raving communist" the cited "Protocol" represents Rakovsky to be. This is heavily underlined by the frequency of visits to Peking by Bavaria's Franz-Josef Strauss. Behind Strauss the ostensible backwoods demagogue there is a hard-core oligarchist operative on good terms with Otto von Hapsburg and Fritz Kraemer. Strauss's Peking outlook and his receptions there correlate with the British oligarchy's own connections to Peking. The British oligarchists and the "Cultural Revolution" faction in Peking are not only equally oligarchist in their character and outlook, but their attitudes toward one another are premised on a fully conscious recognition of this point.

There are in Eastern Europe and the Soviet Union today some of the same strain of "communist revolutionary" the "Rakovsky" of the "Protocol" represents himself to be. This is key to the Philby-Maclean phenomenon, to the special biases of Imemo, and to debate within leading Soviet circles between supporters of the Hambros-defined pro-SDR policy and the pro-EMS policy. The Bucharest-Belgrade axis involves also the Parvus style of "revolutionary." The international "Eurocommunist" currents closely allied to the Socialist International are also of the same species.

Witness the case of Mr. Bernard Lewis. This British intelligence operative is nominally situated at Princeton and otherwise associated with Henry A. Kissinger at Georgetown University's CSIS. Lewis is a raving

"revolutionary," the leading propagandist for a worldwide wave of destabilizations and persisting local wars. This epidemic Mr. Lewis (and Mr. Kissinger) propose to accomplish by fomenting "particularist-nationalist" insurrections, exploiting every conceivable shading of difference in religion, dialect, and political mythologies. There is no difference on this point among Bernard Lewis, "raving communist" Henry A. Kissinger, and the nominally Trotskyist Socialist Workers Party.

This is Kissinger's southern Africa policy. (Whoever denies that is a liar.) That is the Horn of Africa policy Kissinger ran in conjunction with London while he was Secretary of State. (Whoever denies that is a liar.) That was the London-Kissinger policy which governed the London-Kissinger cooperation with Israel in attempting to launch a tripartition of Lebanon, beginning April 1975. (Whoever denies that is a liar.) That is Kissinger's policy for Iran, for Afghanistan, for "Baluchistan," for the entire subcontinent of Asia. That is the Kissinger-Einaudi policy for South America ("Second War of the Pacific"), for general destabilization of Central America, and Kissinger's Southeast Asia policy.

Kissinger is a raving "communist" revolutionary . . . of a special sort, the sort which Metternich and Bismarck employed through drafts on (principally) Rothschild banks.

Is Major-General (ret.) George Keegan also a "raving communist" revolutionary of that sort?

There, for the benefit of those persons who term us "KGB agents" in the USA and "CIA agents" in Scandinavia — the same persons — we have confessed the innermost secrets of the matter. Yes, gentlemen, we confess: Henry A. Kissinger is a "raving communist" . . . of a sort. We cannot be certain of Major-General (ret.) George Keegan, but we have strong evidentiary basis for worrying.

Keegan and the New Dark Age

Keegan, in this respect like the incompetent Alexander Haig, is working to bring "raving communist" objectives into being. Since we know Keegan directly as well as from his record, for what he is qualified to be he does brilliantly, is an eminently competent military professional in that narrowed respect. Haig we know to be a raving incompetent with no known redeeming features. Thus, we extend our condolences to General Keegan for noting a certain undeniable connection between the policies of both.

Let us consider how Keegan is working to bring Bertrand Russell's New Dark Age into being. Two points are adequate demonstration. Primarily, his pro-Israel strategic policy brings the world right up to the brink of World War III. We do not blame him so much for the fact that he supports London's (and Kissinger's) policies. We blame him because he has performed a significant part in disorienting U.S. military professionals and others who would have otherwise tended to warn against the lunacy of the Kissinger-Brzezinski policies. Secondly, Keegan

should be doing his patriotic duty by warning his brother serving and retired officers against the lunacy of the "limited nuclear war" doctrine. But for widespread swallowing of that latter incompetent refuse among so many military professionals, the U.S. would not be following the present course of risking World War III by strategic miscalculation.

In this we emphasize Keegan's failure to reflect his best side, his organically American side. To his earlier position as head of Air Force Intelligence, Keegan brought competence as a combat flying officer and the competence of a trained physicist. Our best estimate of his performance on those counts is that his abilities and achievements have been exemplary.

This virtuous side of Keegan makes the issue all the clearer. He is exemplary of those who would be among the best career military professionals in his field but for the subversive influence of British and British-controlled Zionist circles. In contrast to some wretch such as Haig, Keegan's Jekyll-Hyde performance on strategic issues efficiently illuminates the problem of subversion.

Take the second issue first. There will never be a limited nuclear war between the forces of the USA and Soviet Union. Only a lunatic military commander would ever tolerate violating the fundamental principles of warfare in such a suicidal fashion.

This lunacy, "limited nuclear warfare," is generically derived from the earlier doctrine, "brinkmanship." No commander will permit his strategic-defense capability to be nullified through inch-by-inch breaches without launching total thermonuclear war. The pressures of "brinkmanship" simply lower the thresholds represented by relative deterrence to the point that the next inch means instant thermonuclear war.

Neither of these two lunatic doctrines were developed out of competent military-strategic examinations of the implications of technological modifications of warfare. Both doctrines originated chiefly with the psychological-warfare branch of British intelligence, e.g., the London Tavistock Institute. It was at the latter institution that Henry A. Kissinger received advanced conditioning and indoctrination in the service of British intelligence, under the sponsorship of Chatham House. Both doctrines were the effort to solve the problem of Soviet nuclear-warfare capabilities outside the domain of warfare-capabilities, in the domain of psychology.

Worse, the entire British-designed doctrine within which these postures are situated is not based on classical military considerations of strategic interests of nations. Both are derived from British "geopolitical" cult-doctrine of Lord Milner et al., the same doctrines which led to fateful miscalculation in British catalyzing of two World Wars during this century to date.

From a military-professional standpoint, all of these British doctrines violate every lesson of modern warfare experience since the campaigns of Cesare Borgia and the writings of Nicolo Machiavelli. The fallacies embedded in these British doctrines were discredited in warfare in the American Revolution. They were discredited as the in-

The degeneration of our military leadership has been a process which has kept the British busy over decades. . . .

strument created by Lazare Carnot demolished the Austrian and then the Prussian line. They were discredited by the leadership of General Winfield Scott, despite President Polk's virtual treason, in the war against the Duke of Wellington in Mexico. They were discredited by the experience of the U.S. Civil War. They were discredited in the so-called Boer War. They were discredited in two World Wars of this century, and in the Russian civil wars which followed the 1917 October Revolution.

Yet, with all the proven military theory, there are star-studded nincompoops and muddle-headed naval flag officers around Washington who prefer the latest RAND computer print-out over the professional judgment one presumes them to have developed.

So, U.S. foreign policy and strategic posture shaped to fit the outlines of a potentially-fatal delusion, the U.S. veers toward the brink of radioactive Hell, while silly soldiers beat bravely against their medals, proposing to scare the Soviet strategic forces into submitting with no more than a half-swing of their own potentially war-winning strategic capabilities.

Every crucial feature of NATO strategic doctrine and British and U.S. policy respecting NATO capabilities profile is premised on this delusion. The "neutron bomb" and "cruise missile" gadgetry is premised essentially on assuming that the Soviet command is as deluded as the Pentagon has ostensibly become.

What are these reckless, deluded bastards trying to do to the United States?!

It is our firm conviction that Major-General George Keegan, among others, knows better. He, at least, comprehended the point that only effective, high-technology breakthroughs in active civil defense meant anything worth considering. How can he show such excellence on the matter on the one side and also behave as such a reckless, deluded fool whenever the British and Ezer Weizman send him a signal to trigger a virtual psychotic state in his outlook?

Perhaps "signal" understates the matter.

The key to Israel's military capability is its combined nuclear capability and its air force. Does anyone imagine that the tiny nation of Israel *independently* developed one of the most capable air combat arms in the world?

During the second phase of Israel's development, as a Ben Gurion-led British puppet-state, it was the British who controlled the development of Israel's military capabilities. This reached a climax in the deployment of

Israel against Egypt under the direction of the Anthony Eden government of Great Britain, in the 1956 Suez Crisis.

After a decent interval, and most emphatically at successive turning-points of 1967 and 1973, the U.S. assumed heavy obligations for developing the Israeli air arm. That arm is essentially a U.S.-built British surrogate military arm in the Middle East. General Keegan was closely associated with aspects of this project. Elements of the U.S. Air Force regard the Israeli military capability as chiefly their personal investment and toy. The British, who really control the situation, encourage U.S. officials in such consoling delusions.

This British success in deeply involving the Pentagon in Israel's military capabilities deepens the Pentagon's Trilby-like dependency on the British Svengali.

The following is a balanced view of the problem as a whole.

During and following World War II British intelligence influence over the U.S. military and intelligence establishment was concentrated with special force on the U.S. air arm. With many particular instances of officers, the British influence did not take to the extent the British would have preferred. The case of retired Chief of Staff George Brown might be cited in that connection. In many cases, the American heritage resisted the anglophile disease.

The worst manifestation of this with respect to the air arm was the old U.S. Strategic Bombing Survey, the element spun off to create the corporate entity, RAND Corporation. The U.S. Strategic Bombing Survey was a clone taken out of the British Strategic Bombing Survey, which was, in turn, a highly indecent connection between the British Operations Research circus and the London Tavistock Clinic.

The published accounts of PMS Blackett and others during the 1950s laid open the most essential features of the Strategic Bombing Survey scandal.

The essential point to be emphasized is that it was the Tavistock Clinic crowd which predominated in the in-

decent connection — despite C.P. Snow's misleading emphasis in his account of the matter. The Strategic Bombing Survey was primarily a Frankenstein's monster-creation of the psychological warfare crowd around Rees, Trist, Dicks, Bion et al. It was therefore quite consistent that the sort of nonsense for which crazy Zbiggy Brzezinski usually receives credit nowadays was implanted in RAND Corporation from its corporate inception, with H.V. Dicks on premises to nurture the infant. This was the same Tavistock crowd which later put the final brainwashing touches on the British intelligence zombie known as Henry A. Kissinger.

During the post-1956 Suez Crisis period, General Maxwell Taylor joined the ranks of U.S. professionals brainwashed by the British, coming back with the lunatic doctrine which put the U.S. into the Vietnam War under Kennedy and Johnson. (Maxwell Taylor has evidently learned nothing from the Vietnam experience. He has been back at the same shtick recently.)

Under McGeorge Bundy and Henry Kissinger at NSC, and under idiot-savants such as McNamara at DOD, the competence of military professionals carried over from World War II was weeded out, and the incoming senior ranks were selectively culled to swing the overall bias more emphatically to the British side.

The degeneration of our military leadership has been a process which has kept the British busy over decades, not something fully established at the close of World War II. Yet, there has been a continuity of virtual or even outright treason within elements of the intelligence community over the past three decades. The Air Force Intelligence-RAND interface is one element of such loathesomeness. The Stephenson nests in U.S. Naval Intelligence and FBI counterespionage intelligence are others. The CIA, too, had its share — not surprising if one knows the Dulles brothers' pedigrees with sufficient refinement.

It is past time to clean the nests of British and Israeli agents out of our intelligence services. The risks are too great to postpone the housecleaning any longer.

EMS begins on target—'unofficially'

Last-minute intrigue fails to halt global development thrust

The European Monetary System went into practical operation on Jan. 2, on schedule. EMS member currencies including the French franc and Italian lira were brought into alignment on Tuesday and held within the 2.4 percent currency fluctuation bands set by EMS architects—as if the EMS were officially operational. The much publicized eruption of French-West German disagreements over agricultural policy, the pretext for postponing formal commencement of the new monetary system, bears all the ear-marks of a gambit by anti-EMS forces to undermine the new monetary plan.

European government sources, including an official at the bank of France, confirmed that the new monetary system was essentially in effect. Significantly, the U.S. dollar rose uniformly against the European currencies on rumors that the Carter Administration was preparing to announce a new set of dollar support measures. These facts suggest U.S.-European government level coordination to set the EMS in motion and closely coordinate the dollar with it.

In fact, the reason for Chancellor Schmidt and President Giscard's otherwise unlikely deference to the protests of agricultural layers and the postponement of the official inauguration of the EMS is, as today's *Financial Times* of London blurts out, the two leaders' concern over the continued weakness of the dollar and world political instability typified by the British provoked crisis in Iran. Schmidt and Giscard plan to tackle and resolve the dollar issue and broad strategic issues of peace and economic development—the actual content of the new monetary system—at the four-power political summit meeting in Guadeloupe this weekend.

What remains unresolved is whose agenda—that of the EMS or the British—will capture Carter's ear at the upcoming summit. In an editorial page feature, in the *Guardian* on Dec. 29, political columnist Peter Jenkins laid out the intentions of British geopoliticians to use Guadeloupe to force a "Directory of the Western Alliance" to supersede NATO and the EEC. The *London Economist* also trumpeted the British agenda for Guadeloupe and the new year, with the Jan. 5 edition demanding that the U.S. avoid the "economic perils of 1979" by raising interest rates with "a brave jerk" and implementing "project independence" to lessen U.S. energy dependence on the volatile Middle East. These policy directives, which Prime Minister Callaghan will try to impose on Carter at

Guadeloupe, signal Britain's intent to push the U.S. and other nations into a mode of war-time austerity and confrontation with the Soviet Union in some limited nuclear war "theatre" like Iran.

Schmidt and Giscard, on the other hand, are going to Guadeloupe with the aim of lining up Carter with their own recent political-economic initiatives in the Mideast and Third world. That the two leaders designed the EMS to secure global peace and development is now coming fully into public view.

Statements made by Venezuelan President Carlos Andres Perez following meetings with Chancellor Schmidt at the North-South talks in Jamaica this week emphasize the relationship of the EMS to Third World development. Perez told the press: "The industrialized world cannot resolve its grave economic problems without achieving the widening of markets for its products and that this widening cannot be obtained except in the markets of the Third World. Interdependence is the fundamental factor with which to guide future relations in the world economy."

Perez also indicated that he and Schmidt had discussed the crucial issue of Third World debt, now impeding economic development, and he commented that he was "frankly positive" about the outcome of the discussions with the West German leader, who went to Jamaica as the representative of all the Bonn summit countries. "We came to an identity in fundamental points of view," said Perez.

The Schmidt-Perez discussions point to the importance of expediting the credit extension aspect of the EMS for ensuring the success of the EMS and for defeating British "Dark Ages" strategy for plunging the world into political and economic chaos and enforced backwardness.

Knowledgeable European sources in Washington, meanwhile, report that Giscard has diabolical plans for pressing for an early revaluation of European gold reserves, the basis for the European Monetary Fund and its credit extension activities. Giscard's immediate tactical reason for engineering the gold revaluation would be to disarm French peasant groups which threaten to box in the government on the issue of European agricultural policy. They have already introduced a snag into the official launching of the EMS this week. Once the gold revaluation goes through, Giscard can point out to the peasants, who are fearful of getting short-changed when

the EMS begins, that by joining the gold-based system France will get much more money than through any agricultural financing arrangements!

Behind the agricultural crisis

The odor of intrigue hangs over the sudden eruption of the agricultural issue in recent weeks which was geared to create an instant new "rupture" in European relations. Another notable feature is a "British-West German alliance" against the French. It is not irrelevant that the leading British press organs, in their first fit of outrage over the Giscard-Schmidt initiative last fall, openly discussed using the "agricultural issue" against the EMS then.

European peasants, like their ministerial representatives for the most part, are a notoriously backward and labile group easily capable of being manipulated into inflammatory rage against their own best interests. West German Agriculture Minister Ertl, who has played a virtual provocateur role in the episode at hand, is certainly no friend of Helmut Schmidt's, and is a member of the tiny Free Democratic Party that often answers to London. French peasants for their part are prey to manipulation around the issue of agricultural prices because of the hideous backwardness of huge sections of French agriculture — the archaic system of small and inefficient peasant plots which dates from the 18th century.

Significantly, as was indicated in a Jan. 1 interview with the West German magazine *Der Spiegel*, President Giscard appears to be aware of the source of the trouble on the agriculture question, addressing Great Britain's attempts to take advantage of the EEC. That is the proper approach. At the same time there is no avoiding the necessity of a deliberate program for modernization of European agriculture, a program whose basis lies in implementing the related goal of Third World industrialization. Anything less will leave the EMS vulnerable to the anachronism that is European agriculture and its peasantry, the centuries-old pawns of the "black" aristocracy against progress.

GISCARD ON BRITAIN'S DEMANDS

French President Valery Giscard d'Estaing spoke on Britain's role in the EEC in an interview in the Jan. 1, issue of the West German newsmagazine *Der Spiegel*.

Spiegel: Great Britain's entry into the EEC has proven itself to be a dangerous impediment for the existing community. The English are complaining about their increasing financial burdens, and are demanding a new division of labor. Should one give in to their demands?

Giscard: Our British partners have always been excellent negotiators who have represented the interests of their country quite skillfully. No one can take offense at them for that. But one must remember certain realities.

First of all, the community is no bookkeeping or compensation operation in which everyone only puts in

what they are certain of getting back again. All of the member states are getting all kinds of the most diverse advantages from their participation in building up Europe, particularly through the opening up of the borders. . . . When one looks at a precise account, then one also must include the compensation payments for Great Britain's agricultural imports, for these are regular subsidies, which we pay to British consumers. One can then confirm, that Great Britain gets considerable advantages from the Common Market, even in the agricultural sector.

EMS diplomacy for development

The European Monetary System has taken off in the midst of a full diplomatic offensive on the part of West Germany, France, and allied forces to bring the Third World into its program. The effort to extend the new system into trade expansion and development programs involving Third World nations is the most powerful weapon at continental Europe's disposal to cut off the British-instigated drive for military confrontation in the Mideast and massive destabilization throughout the Third World.

At this time, West German Chancellor Schmidt and French President Giscard are unveiling a bold program to Third World leaders to link the pooled central bank reserves in the EMS to an arrangement for financing raw materials imports into industrialized Europe. The key feature of the program is the French-West German offer that price stability for raw materials be connected to substantial European credit facilities to export capital goods to the Third World.

These discussions dramatically demonstrate that the EMS has indeed been founded as the stepping stone to a new global monetary system, based on the International Development Bank program first called for in 1975 by U.S. Labor Party Chairman Lyndon LaRouche.

The umbrella under which the presently proposed arrangements are being discussed is the 1976 Lome Accord between the Common Market and approximately 85 developing nations, which expires this year. Importantly, the Lome countries strongly represent "former" British colonies, and there is little question that Schmidt and Giscard intend to use large-scale credit allocation as a wedge for breaking the still powerful political and financial stranglehold of the "British Empire."

On Dec. 28, Schmidt arrived in Kingston, Jamaica for a summit meeting with several Commonwealth heads of state, including the conference's cochairman Jamaican Prime Minister Manley. Schmidt announced that "a new and more just world economic order, full access to credits

and technologies for the Third World, and industrialization of the southern hemisphere" must be put into motion in the coming months.

In this connection Manley emphasized that Third World debt moratoria and rescheduling would be a major subject of discussion at the meeting. The Jan. 4 *Financial Times* asserts that during the meeting, Schmidt called for the Lome price stabilization system, known as Stabex, to be reorganized on a global scale.

Also attending the meeting was Venezuelan President Carlos Andres Perez, who last week became the first Third World leader to publicly and explicitly identify the EMS as a replacement for the bankrupt, anti-industrial International Monetary Fund. Following the past decade's continued breakdowns in the world economy, Perez told a Caracas military garrison on Christmas Day that the Venezuelan government was "astounded by the meeting a few months ago of the European Economic Community to discuss the possibility of creating a monetary order different from that formed by the IMF."

French offensive into Africa

During the Kingston meeting, Giscard and other French leaders were engaged in a historic diplomatic undertaking in Africa, Asia, and the Mideast. Since France's ruling Union for French Democracy (UDF) proposed three weeks ago a \$100 billion fund for European and Third World development, France has initiated a worldwide effort to consolidate agreements which will pave the way for

economic development programs which can politically stabilize Third World crisis zones, and undermine British-instigated war scenarios on several continents.

The French offensive included Giscard's public reconciliation in Guinea with President Sekou Toure; a Giscard tour of Gabon; a visit by Foreign Trade Minister Deniau to India; and key discussions between Foreign Affairs Minister Jean Francois Poncet and leaders of Kuwait, the United Arab Emirates and Saudi Arabia.

In addition, France is holding these discussions with the publicly recognized approval of the Soviet Union, with whom negotiations were carried out last August in Moscow and in Paris during the November visit of Foreign Minister Andrei Gromyko. Soviet circles in Paris have themselves explored the possibility of France acquiring observer status in the Comecon, the central economic planning body for the East bloc countries, according to the Dec. 18 *Le Nouvel Economiste*. Only three other non-East bloc nations enjoy this status: Mexico, Iraq, and Finland.

India's "second independence"

While in India, Deniau heralded the perspectives for India's "second independence," essentially publicly admitting that economic development for the Third World calls for the need to finally dismantle British networks of control. Speaking before the Bombay Chamber of Commerce, Deniau said that relations between the two countries "must be based on long-term industrial

'Economic growth through higher Third World living standards'

In an article published in the weekly Le Nouvel Economiste Dec. 18 by Pierre Moussa, President of the Banque de Paris et des Pays-Bas [Paribas], entitled "The Third World, Our Chance," put forward a unique solution to unemployment. In this article, Moussa describes the policy of high wages of U.S. industrialist Henry Ford I that can be applied toward the Third World to develop new markets for Western technology. Here are portions of Moussa's article.

I firmly think that the Third World constitutes, not the real chance, but one of the fundamental chances of development for the industrialized countries. When, 20 years ago, I had proposed the name of 'proletarian nations' to designate the underdeveloped countries, it was to suggest that we could possibly see develop, in the relations between rich countries and poor countries, the same phenomenon which we saw in the last century in the relations between rich classes and poor classes.

I had written (in *Les Nations Proletaires*, PUF 1959) "Why, in this last area, were Marx's predictions belied by the facts? Because of the trade union movement first, which put an end to the weakness of the employee

in front of the employer. . . . But further, because of the evolution of capitalism in the sense symbolized by Ford, an evolution which is based on the prodigious discovery that high wages are the only durable means to make business work. . . . Fordism is also possible in international relations. I have not stopped thinking about how the economic growth of the West could result from an increase in the living standard of the Third World. . . .

Industrial production employs about 40 percent of the active population of the West: if the growth of outlets for the industrial production sector decreases, unemployment will result. You cannot transform a skilled mechanic into a cultural social-worker.

This industrial tool is capable of supplying equipment goods, intermediary goods and the technological know-how necessary for the industrialization of the Third World countries; in a second stage, when a buying power begins to appear, to supply certain sophisticated consumer goods. . . .

The proper role of bankers is to supply to industry the competitive financial tool it needs for a great export drive. . . .

cooperation. . . . We must associate French know-how with India's resource potential for the common benefit of the two countries," he added. The two countries pledged to double the level of their trade over the next four years.

Foreign Minister Francois-Poncet, while in the traditional British stronghold of Kuwait, met with that country's Prime Minister Sheik As-Sabah. Afterward, he announced the two countries' "complete agreement on a global settlement for the Middle East conflict. . ." strongly reiterating French opposition to a Camp David-style separate Israeli-Egyptian settlement. At the same time, French-Kuwaiti financial cooperation was also discussed, "possibly in the form of a fund with the aim of facilitating investments in Europe, the Persian Gulf and Africa, a fund in which all the other members of the Euro-Arab dialogue would indeed participate," according to the Dec. 28 *Les Echos*.

In Guinea, Giscard and Toure were cheered by tens of thousands of citizens, mending the 20-year break in relations between the two countries since Guinea's independence in 1958. The two leaders signed a joint communique voicing the need for economic solutions to the crises in Rhodesia, South Africa, the Horn of Africa, and other potentially volatile regions.

Will the U.S. come in?

In combination, the Schmidt and Giscard independent resumption of intensive "North-South" relations will strongly influence President Carter's response to the Jan. 5 Guadeloupe summit meeting. The meeting, which includes British Prime Minister Callaghan, was called at Giscard's request to lay out the areas of dissension which have emerged between continental Europe and "Anglo-American" global policy. Those critical areas threaten to provoke a thermonuclear war with the Soviet bloc.

In preparation for the summit, the recent published statement by Pierre Moussa, director of the Parisbas bank and associate of the Giscard family's interests, highlights the urgent desire of continental Europe that the U.S. break with the British-conceived "Anglo-American" doctrine, and act in behalf of its own genuine "American tradition." In a deliberate appeal to U.S. corporate interests, Moussa underlines that France's present efforts to develop the Third World are based on the same principles which motivated U.S. industrialist Henry Ford to provide workers with higher wages than many industrialists thought necessary at the time. As Moussa points out, the Ford tradition exemplifies how capitalist development must work if it is to succeed.

— Renee Sigerson

"However surprising it may be to the founders and supporters of the European Monetary Fund, the new monetary system embodies one of the most fundamental scientific breakthroughs of the present century, and is the basis of a new world economic order which will conform in every essential feature to this writer's International Development Bank proposal of 1975."

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British policy offers southern Africa more chaos

Latest scandal threatens Botha government

South Africa's government and ruling party are no different in essential respects from the government and party of Nazi leader Adolf Hitler, according to the political mythology manufactured by Great Britain. The purported proof of this assertion is the country's apartheid system of racial separation, the lower living and cultural standards of the African, Indian, and Coloured populations, and the harsh and frequently brutal repression of these populations' political expression.

Such charges have their bases in fact. But Britain, which created Hitler and condoned the mass genocide of millions of Eastern Europeans, then created the international Zionist movement whose home base, Israel, has carried out atrocities against its Arab neighbors far worse than those of Hitler. As this article will document, Britain, Israel, and the Zionist movement in South Africa have for more than 20 years carried out blackmail and terrorism against that country. The threat of race war keeps the entire region in chaos.

British policy was and is designed to prevent the general industrialization of the sub-saharan African region. South Africa is the centerpiece of any regional development policy. This was recognized by the two historic leadership tendencies within the Afrikaner population: the Transvaal-based republican tendency which emerged under Paul Kruger's late 19th century presidency of the South African Republic and the Cape-based Dutch humanist tendency directly descended from the circles of Rembrandt and Spinoza. Those tendencies still exist today at the cabinet level, in men like Foreign Minister Roelof Botha and Finance Minister Owen Horwood.

Industrialization is the policy toward southern Africa of the founders and authors of the new European Monetary System: U.S. Labor Party Chairman Lyndon H. LaRouche, Jr., Dresdner Bank's assassinated chairman Juergen Ponto, and the present leadership of France and West Germany.

In pursuing its policy of regional chaos, Britain has already forced the resignation of Prime Minister John Vorster, secretary for State Security Hendrick van den Bergh and Information Minister Cornelius Mulder, around a scandal involving the Information Ministry. The latest scandal around the November 1977 murder of South

African financier Dr. Robert Smit threatens to pull down the government of Vorster's successor Piet W. Botha.

THE PREPARATIONS FOR CHAOS

Last month, parliamentary opposition member Alex Boraine demanded that Botha's government answer persistent rumors that high officials linked to the so-called Information Scandal are also linked to the Smit murder.

Boraine demanded that the government answer these allegations in a Dec. 8 speech to South Africa's House of Assembly. The government has not yet responded to Boraine who is also an officer of Harry Oppenheimer's Anglo American Corporation.

The Johannesburg Sunday *Express*, one of the newspapers supporting Boraine's demand, has promised that the Smit murder will be solved.

But there is little chance that the *Express*, a British intelligence conduit into South Africa, will ever publish the truth about Smit's murder: Smit and his wife were assassinated by terrorists under the command of the same British network in South Africa that prompted Boraine's challenge to the Botha government.

Smit was murdered because he was associated with West German financial leader and banker Juergen Ponto, who was also murdered by British intelligence-controlled terrorists in 1977. Stopping Smit was essential to stopping South African motion toward Juergen Ponto's plan to industrialize the southern African region and bring it into alliance with the new European Monetary System.

Now, the British fifth column inside South Africa, led by Harry Oppenheimer and his Anglo American Corporation, and the Zionist machine Oppenheimer deploys, stand a good chance of pinning the Smit murder on members of the Botha government, and toppling it in a replay of their operation against John Vorster.

The form which the Sunday *Express* "solution" of the Smit murders will take is predictable. The hitmen will be identified and sacrificed. One or more government figures seduced into complicity in the murder, or protecting others who are complicit, will be exposed and destroyed. This course of events will set in motion a crisis of confidence in the ruling National Party that the government has as yet not dreamed of. Through the chaos, the real

authors of the crime will remain above suspicion. Harry Oppenheimer will once again go safely laughing home to the City of London.

The Botha government and its allies must now seize the offensive and end this charade, or else submit to piecemeal dismemberment.

WHO SMIT WAS

Since the Soweto riots of summer 1976, the leadership of South Africa has been locked in its bitterest conflict with the British since the monarchy crushed Paul Kruger's republic in the Anglo-Boer War of 1899-1902.

During 1977, as the European powers battled Britain to create the European Monetary System, factions of South Africa's leadership responded to Dresdner Bank chief Juergen Ponto's related plan to industrialize the African continent. Dr. Robert Smit, a brilliant, internationally renowned financier and a leader of these factions, resigned as Director of the Department of Finance to establish a new bank, Santam International, for this purpose.

As the government responded increasingly to the Smit factions' lead, the Oppenheimer-Zionist machine reacted. It demonstrated its independent capability to keep the British-backed Smith regime in Rhodesia supplied, as a standing capability to destabilize South Africa. It also initiated financial warfare and currency flight against the government and corporations associated with the government.

The Smit factions knew Rhodesia's outlaw regime to be unsalvageable from the standpoint of South African national interests and were determined to cut Rhodesia off. Dr. Smit was gathering information on the Oppenheimer-Zionist operations that were keeping the Rhodesian regime alive. The Vorster government began to take action on Smit's findings.

The opening salvo was the successful prosecution for currency crimes of Benjamin Torch, senior partner in the leading Zionist accounting firm of Kessel, Feinstein and Torch. Torch was heavily fined for paying an Israeli bank official to move South African rand to a Swiss bank account.

Soon after, Smit was assassinated, while campaigning for a seat in parliament which would have opened the way for his possible appointment as Finance Minister. It is the Smit factions which the British are still trying to destroy today.

THE ANGLO AMERICAN CONNECTION

The core of the British evil in South and southern Africa is the mammoth Anglo American group of companies headed by the Anglo American Corporation. The group, in terms of sheer clout on behalf of the British monarchy, is to South Africa what its cousin, Jardine Matheson, is to Hong Kong. Behind the wholesome, progressive pronouncements of Anglo Chairman Harry Oppenheimer lies a history of the group's association with the British branch of the Knights of St. John of Jerusalem (Order of

Malta), an association of special trust in the bosom of the Queen, who is Sovereign Head of the Order. For example, Anglo's first Executive Director, William Marshall Clark—appointed in 1957 upon the death of then Chairman Sir Ernest Oppenheimer—was a Knight of Malta.

His successor, Maurice Rush, appointed in 1966, was married to the daughter of another Knight of Malta, T.H. Watermeyer. The Anglo board member and resident director for Rhodesia from 1965-1974, Sir Frederick Crawford, was and is a Knight of Malta. Sir Frederick, a graduate of Oxford's elite Balliol College, served as Deputy Governor of Kenya and Governor of Uganda in the 1950s before joining the Anglo board.

No additional South African Knights of Malta have been named since South Africa became a republic in 1961—at least such grants have not been made public. The Order's International Red Cross, however, continues to flourish in South Africa, as does the Military and Hospitaler Order of St. Lazarus of Jerusalem. The latter has a 200 year history of close collaboration with the Knights of Malta, but no formal tie to the British monarchy. The chairman of the Standard Bank in South Africa, Ian Mackenzie, is auditor general of the South African section of the Order of St. Lazarus. The Anglo board interlocks with the Standard Bank of South Africa's holding company through Sir Albert Robinson.

DIAMONDS FOR DOPE AND GUNS

South Africa's huge share of world gold and diamond production is indispensable to the monarchy's global drug- and gun-running operations as the means of untraceable payment in the business. The Anglo group is South Africa's leader in the production of both. More than a third of the members of the Anglo board are British subjects, including Deputy Chairman Sir Keith Acutt. Oppenheimer recently joined the board of one of the important drug banks, the Canadian Imperial Bank of Commerce. Anglo board member Sidney Spiro joined the bank's International Advisory Board. The Anglo group itself includes South African Eagle, an offshoot of Eagle Star Insurance of London which owns the Canadian Bronfman family drug empire, as documented in the just published book, *Dope, Inc.* authored by a U.S. Labor Party investigative team.

The chairman of Anglo's Diamond Services division is Julian Ogilvie Thompson, who married the daughter of the late Viscount Hampden in 1956, the same year he joined the Anglo group. The chairman of Anglo's Gold and Uranium division is Dennis Etheredge, who was named to the Order of the British Empire. Etheredge worked for South African military intelligence in the World War II government of Jan Christiaan Smuts, when the intelligence services were little more than an extension of the British services.

The Anglo group controls the flow of oil and weapons into Rhodesia on behalf of the monarchy. In the case of oil, this is accomplished by its subsidiary, Freight Services.

For weapons, there is a growing suspicion that the arrival in South Africa of Bernie Cornfeld associate Dr. Shlomo Peer from Israel in 1966 — just after Rhodesia's phony declaration of independence from Britain — was no coincidence. It is suspected that today he is responsible for operating a guns-for-diamonds flow arranged between Israeli Foreign Minister Moshe Dayan and Oppenheimer. These are the people that probably arranged the Smit murder.

Dr. Shlomo Peer has a particularly nasty history. Quite apart from his vice-chairmanship of the RAF Association, Israel branch, Peer had the Israel franchise for Bernie Cornfeld's notorious Investors Overseas Services in the early 1960s. In the same years, he helped Moshe Dayan form the Rafi Party. In 1966, Peer arrived in South Africa and fed the government a cock-and-bull story that he had split with Cornfeld because Cornfeld was involved in hot money. Today, Peer is managing director of Oppenheimer's Anglo American Insurance Holdings!

THE SMUTS MACHINE

Anglo's gun and drug-running operations are exemplary of their role in carrying out orders from London. The Anglo group is properly considered the successor to the political machine built by General Jan Christiaan Smuts, South African Prime Minister from 1939-1948 and a member of the British policy-making circle, the Round Table.

When the National Party defeated Smuts's United Party in 1948, the Anglo group was built and shaped as a nongovernmental successor for the Smuts machine. Immediately after the 1948 defeat, Sir William M. Clark and W.G.H. Rely migrated to the Anglo group. Clark had been chief of the government-run South African Railways under Smuts; Rely was headed for a leading role in the United Party. Clark's career with Anglo ended with his appointment as Executive Director; Rely is Executive Director today.

Like the Oppenheimers, Smuts had the face of beneficent liberalism. And like the Anglo group, Smuts's machine included Commanders and Knights of the Order of Malta in key positions. Among them were Sir Patrick Duncan, Interior Minister and Smuts's political lieutenant, Major General Isaac De Villiers, Commissioner of Police, Lt. General George Brink, commanding officer of the Special Services Battalion, Dr. Henry Cluver, Secretary for Health, Sir William Hoy, General Manager of the South African Railways, and Sir C.G. Smith, Smuts's personal adviser.

Smuts, like Oppenheimer, was the chief patron of Zionism in South Africa. As Zionist historians Saron and Hotz have emphasized:

"Pre-eminent among South African non-Jewish pro-Zionists stands the name of Smuts. . . . a constant and powerful friend. . . . He was one of the chief architects of the Balfour Declaration. . . . His frequent and active participation in Zionist activities in South Africa after World War I, and

that of his brilliant lieutenant, Jan H. Hofmeyr, and others of his colleagues, was of cardinal importance to South African Zionism." (*Jews in South Africa*, 1955, 281)

Smuts expressed the essence of Zionism when he opposed the immigration of European Jews to South Africa in the House of Assembly in 1947. He said that to "overload" the country with Jews would merely create anti-Semitism. Instead, South Africa should help establish a Jewish national home in Palestine. Smuts was seconded by a Jewish MP, Dr. Bernard Friedman, who instead of challenging Smuts's anti-Semitism, expressed appreciation for what he had said about Palestine! Dr. Friedman is today a leading member of the South African Institute of Race Relations.

Smuts's wartime military intelligence organization, of which Harry Oppenheimer was a part, regrouped in and around the Anglo American group, with a notable concentration in the South African Institute of Race Relations. The institute is central to the creation of the terrorist infrastructure in South Africa and depends heavily on the Anglo group for patronage (see: "Who Runs 'Left' Terror in South Africa?" *Executive Intelligence Review*, June 21, 1977.) The Institute's Spro-Cas project and its Political Commission, the January 1978 assassination of Spro-Cas participant Dr. Richard Turner, and the former Anglo consultant Dr. Simon Biesheuvel, are the best starting points for tracking down the lower-level participants in the conspiracy to murder Dr. Robert Smit. Biesheuvel was a protege of British military psychiatrist and brainwasher, Dr. John Rawlings Rees.

LIBERTY LIFE

There are several important nodal points of the Zionist apparatus outside the Anglo group, but nonetheless connected to it. Liberty Life, the country's third-largest life insurer and its founder-chairman, Donald Gordon, is just one example. Gordon's link to the British oligarchy is Guardian Royal Exchange Assurance in London. He is a board member.

Gordon and Louis Shill, both formerly of Zionist Kessel, Feinstein and Torch law firm, founded Liberty Life in 1958 and built it "by all sorts of unorthodox methods," according to Gordon. Guardian bought a controlling share in 1964. In 1965, Liberty Life participated in founding the Sage Fund, where Shill, who became its manager, gave Shlomo Peer a job when he first arrived in South Africa in 1966. In the early 1970s, Liberty Life gradually acquired the entire stock of the property and building firm, Rapp and Maister, whose chairman was Dr. Henry Gluckman. As Minister of Health and Housing in 1945-1948, Gluckman was the only Jew in Smuts's cabinet. Gluckman exemplifies a different connection between Zionism and the British oligarchy. Gluckman's career is summed up in his honorary vice presidency of the South African Zionist Federation, while a member of the executive of the South

African Institute of International Affairs and of the Red Cross Council.

Despite the "South Africanization" of Liberty Life when Gordon, Michael Rapp, and Standard Bank of South Africa recently purchased most of Guardian's controlling interest, Guardian retains an 11 percent share. There has been little change in Liberty Life, the interlocking board memberships. Gordon continues to be on the board of Guardian, with the Earl of Inchcape, Angus Ogilvy of Lonrho, and C.E.A. Hambro. Gordon recently praised his mentor at Guardian, Ernest Rigland, for his "unflinching respect for City (of London) traditions."

—David Cherry

The Zionists' blackmail of South Africa

Since its founding in 1948, Israel has been the base from which the British monarchy's international Zionist operation against South Africa has been run. Indeed, one of the secondary purposes for which Israel was created was as a means to subvert and intimidate South Africa without implicating Great Britain. When the National Party came to power in South Africa in 1948, the country's Zionists — newly hegemonic over South African Jewry — offered the party their "friendship." The basis for this offer was that, otherwise, the Zionist leadership would deal the country's economy a blow by withdrawing capital and removing the skilled and professional Jewish population to Israel. This blackmail was run with another British operation: the international "isolate South Africa" movement which began in 1946. The National Party accepted a deal it feared to refuse. The true dimensions of this relationship became concealed behind the myth that a special relationship ought to exist between these two "peoples of the Book" — Israel and Afrikanerdom — because each faced threatening neighbors and a hostile world.

Since 1948, South African Zionists have occupied important positions in the Israeli foreign ministry. Cape Town-born Abba Eban is notable. He was Israel's Minister of Foreign Affairs from 1966-1974. Another South African, Arthur Lurie, became political adviser to the foreign ministry in 1972 after being Israel's Ambassador to Canada and Britain. South African lawyer, Michael Saul Comay, was Israeli Ambassador to London from 1970-1973.

With Begin's accession to power, South African Shmuel Katz became the Prime Minister's information adviser. Katz was first dispatched to Palestine in 1936 as secretary to the South African government's honorary com-

missioner in Jerusalem. After serving on the staff of the London *Daily Express* from 1943-1945, Katz returned to Israel to become a member of the high command of Begin's Irgun terrorist organization. Pressure from Dayan forced Katz's replacement by another South African, Harry Hurwitz, the general secretary of the Zionist Revisionist Organization of South Africa and editor of the *Jewish Herald*.

Israel against South Africa

The deployment of Israel against South Africa was greatly accelerated following the assassination of South African Prime Minister Hendrik Verwoerd in 1966. In the early 1960s, Verwoerd had moved against British containment of his country by reversing his policy toward black Africa in favor of proposals for regional cooperation for development. He moved at the same time against Israel by cancelling in 1962 a privilege granted the South African Zionist Federation to send seemingly unlimited funds to Israel, superseding South Africa's currency control laws. After his assassination, the privilege was restored.

The opportunities opened by the Verwoerd assassination were assessed at the Jerusalem Millionaires' Conference which followed the Arab-Israeli War in 1967. The late 1960s saw a series of Israeli and British advances on South Africa. The leaders of the South African delegation to the Millionaires' Conference were Benjamin Wainstein, a merchant with Asian connections, and Israel Aaron Maisels, a member of the board of the Jewish Agency and sometime chairman of the South African Zionist Federation. Miasels had been a Judge of the High Court of Southern Rhodesia and later Chairman of the General Council of the Bar in South Africa.

Moshe Dayan is responsible for Israel's South African operations at least in the period since the Verwoerd assassination. Dayan works through two close associates. Shlomo Peer, who helped Dayan form the Rafi party in the early 1960s, migrated to South Africa in 1966 and acquired citizenship in less than the statutory period. Peer took a leading role in the founding of the Israel-South Africa Trade Association in 1968 and chairs the South Africa Foundation's Israel Committee, established the same year.

Another of Dayan's associates, former Israeli intelligence and military intelligence chief Meir Amit, became president of Israel's largest industrial and commercial conglomerate, Koor Industries, in 1968. Koor Industries then began to penetrate South Africa's state sector industry, negotiating the formation of joint enterprises with the South African parastatal steel company Iscor, the heavy engineering firm Dorbyl, and others.

Two Israeli banks involved in the dope-for-diamonds trade and terrorism opened South African branches in the early 1970s. Japhet Bank opened an office in 1971; Bank Leumi followed suit in 1973 after its U.S. subsidiary contributed \$2 million to a secret loan to the South African Finance Ministry in 1972.

Israel pursued its subversion of South African scientific policy when the Weizmann Institute of Science

established a South Africa committee in 1975, chaired by Professor S.S. Israelstam, a member of the South African Prime Minister's Scientific Advisory Council. The institute's board includes London banker Sir Siegmund George Warburg and Kennedy family associate Myer Feldman of Ginsburg and Feldman, legal firm.

Organizing a private intelligence service

Also in the late 1960s, the Rennies group — taken over by Jardine Matheson in 1975 — began its spectacular growth and diversification, and the Security Association of South Africa (SASA) was founded. Rennies, the country's largest transport group, has a classic dirty money profile. Its work is no doubt aided by the presence in Johannesburg of John F. J. Jardine, Britain's consul general there since 1973. SASA has proved to be a vehicle for putting the entire private security industry in South Africa under British control through Baron Hayter's

Chubb and Son's Lock & Safe Company of London and Rennies Consolidated Holdings.

Rennies and Chubb control the two largest private security firms in South Africa which in turn dominate SASA. SASA is seeking legislation giving it complete control over the licensing of all individuals and firms in the private security industry, and claims to have had a favorable response from the Minister of Justice and Police, Jimmy Kruger. The managing director of Rennies' security company, Fidelity Guards, is Conroy Macfarlane, who was Superintendent of Police in Kenya during the Mau Mau uprising. He knows how to make terrorists as well as how to catch them. Macfarlane is quoted in the South African weekly *To the Point* on Sept. 29, 1978, "predicting" an increase of terrorism in South Africa and emphasizing the advantage which the terrorist has over the police and security agencies.

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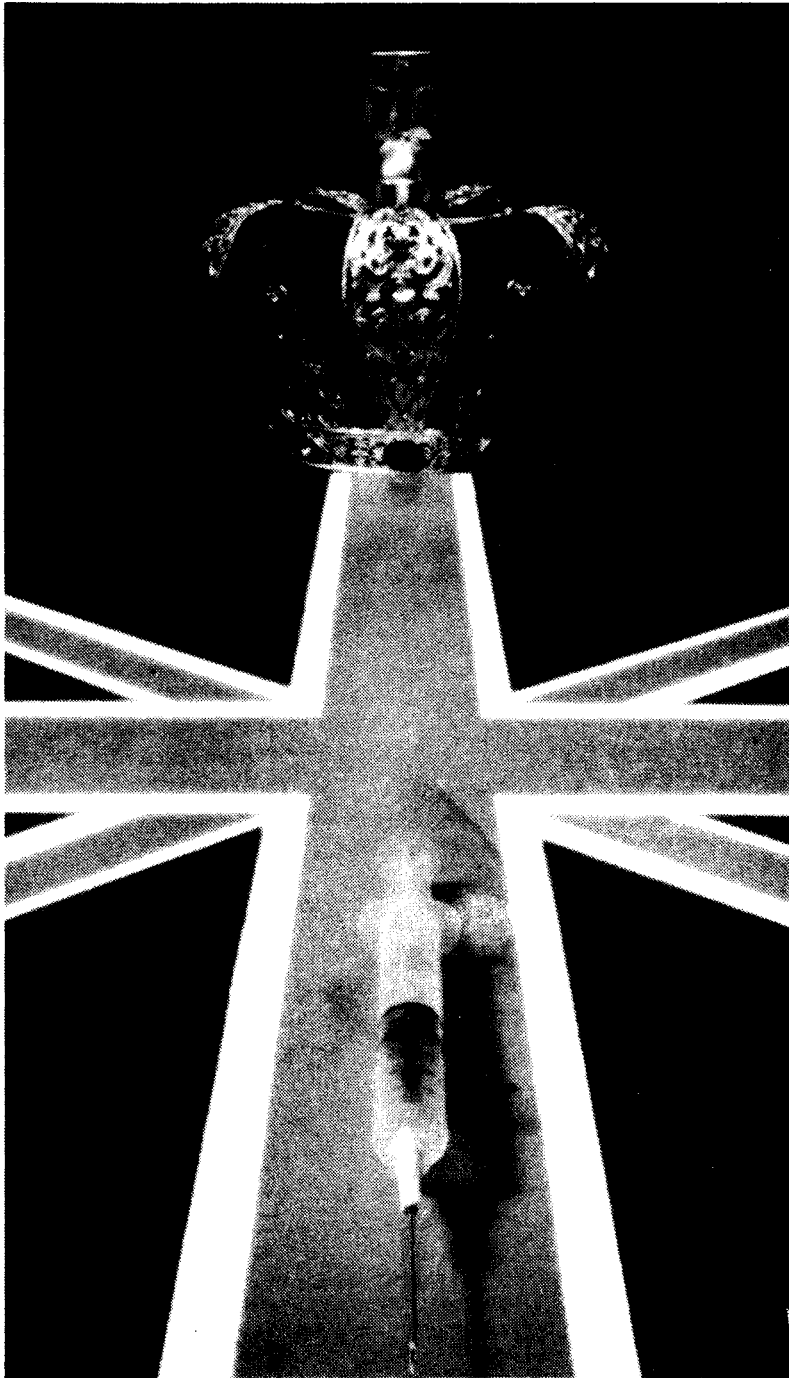
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Freeman challenges seating of Mitchell

Fight looms in Congress as candidate takes fraud case before nation

Debra Hanania Freeman, the independent candidate supported by the U.S. Labor Party for Congress from the 7th District of Maryland — and the actual winner of the seat in the Nov. 7 election — has formally initiated her election contest against the incumbent Parren J. Mitchell before the House of Representatives.

On Friday, Dec. 29, Mrs. Freeman served Mitchell with a "Notice of Intention to Contest," as well as filing with the Clerk of the House. Mrs. Freeman's action, brought under the Federal Contested Elections Act, sets into motion the procedures of the Elections Act. The next step is for Mitchell to answer the charges.

Under the U.S. Constitution, each House of Congress is the sole judge of the qualifications of its members. Therefore, despite the fact that corrupt election officials in the state of Maryland have certified Mitchell as the "winner" of the Nov. 7 general election, the final authority over the disputed seat lies exclusively with the House of Representatives.

Under Rule 32 of the House, Freeman must be admitted to the floor of the House while the outcome of the contest is pending. Mitchell now has 30 days to file a formal response to Mrs. Freeman's charges. Mitchell can file an answer to the charges, in which case Freeman's attorneys can begin taking evidence and testimony from Mitchell, election officials, and voters in the 7th district; or Mitchell can move for dismissal of the contest, in which case the matter will be decided after an open hearing in front of the House Administration Committee's subcommittee on elections. In recent years all election contests have been dismissed by the House after going through the formalities of such hearings.

Freeman draws blood

In 1977, eight challenges were initially brought under the Federal Contested Elections Act, and four of those resulted in formal hearings before the House Administration Committee. In all four cases, the committee threw out the challenges on Motions to Dismiss, thus preventing any of the contestants from utilizing the discovery provisions of the Act in order to gather the evidence which would enable them to prove their cases.

In the case of Republican Ron Paul of Texas, who was contesting the election of Democrat Bob Gammage, the vote difference was only 268, and Mr. Paul had evidence of significant fraud and irregularities. Yet, the Administration Committee threw his case out in an action

that the committee minority properly described as "bizarre" and "incredible."

Mrs. Freeman's challenge drew blood within 24 hours of her filing. On Dec. 30, Parren Mitchell resigned as chairman of the Black Political Caucus, stating that he wanted to "spend more time with his constituents." His concern is well founded. Since the Nov. 7 election, Mrs. Freeman has served as the real representative of the residents of the 7th district, with her office handling constituency problems.

Congress will soon become aware, however, that Mrs. Freeman's constituency goes far beyond Baltimore. Unlike the timid contests waged by Republicans and others in the past, Mrs. Freeman will demonstrate to Congress that voters all across the country want her in Congress as their spokesman for U.S. participation in the European Monetary System.

A nationwide "Citizens' Memorial to Congress" is being circulated across the country calling for Congress both to censure Mrs. Freeman as a spokesman for the EMS, and to launch a thorough investigation into the nationwide vote fraud machinery. At the same time, however, the Kennedy-Mondale wing of the Democratic Party can be expected to put up a strong battle to defend Mitchell. He has served as a stalwart in shepherding pet Kennedy projects through the Congress, including the Humphrey-Hawkins slave labor bill, decriminalization of marijuana, and others.

The Freeman-Mitchell contest will put the House to a sore test of its willingness to face up to the pervasive corruption that infects the electoral machinery in this nation today. In Maryland, both the courts and election officials are conducting a flagrant coverup of the fraud committed against Mrs. Freeman in the November elections. So intent are Maryland officials in covering their tracks that they have even refused Mrs. Freeman access to election materials which are normally available to the public. Likewise, the process by which Parren Mitchell was certified as the "winner" of the November elections defies all the requirements of Maryland's election code.

Congress itself has shown no willingness whatsoever in recent years to uncover the rats' nest of vote fraud which is corrupting this nation's electoral process — and the Congress itself. But neither has Congress in recent times faced anything like the fight shaping up around the Freeman case.

What Freeman is telling Congress

On Dec. 29 Debra Hanania Freeman's representatives served Mitchell's Capitol Hill office with the "Notice of Intention to Contest," excerpted below, as well as filing with the Clerk of the House.

Pursuant to Article I, Section 5, Clause 1 of the Constitution of the United States, and to 2 U.S.C. 381 *et seq.*, Debra Hanania Freeman (the Contestant) hereby notifies Parren J. Mitchell (the Contestee) of her intention to contest his claim to the seat representing the 7th Congressional District of Maryland, and hereby moves this honorable House to declare her the rightful Member of this House representing said District. (. . .)

FACTS AND ALLEGATIONS

4. Upon the completion of pre-trial discovery as provided by 2 U.S.C. §386-388, the Contestant will prove the following:

a) That Contestee Mitchell and his associates conspired with election officials and other persons to commit vote fraud against the Contestant, and through threats and violence attempted to intimidate her and her supporters.

b) That the November 7th general election in the 7th District was so thoroughly permeated with fraud, corruption and intimidation that this House cannot in good faith accept the official results of that election.

c) That a qualified majority of the voters of the 7th District either intended to, or did in fact, cast their votes for the Contestant, and that their votes were not properly registered and counted on the voting machines which were malfunctioning due to tampering and other circumstances.

d) That election officials in the city of Baltimore and the State of Maryland, in violation of the Maryland Election Code, and on behalf of, or at the behest of Contestee, not only certified the results of the November 7 election illegally and improperly, but have further sought to cover up and hide their misdeeds and that of the Contestee by denying the Contestant and her representatives access to such election materials and records as are normally available to the public, but which are now being illegally withheld from the Contestant.

A. Violence and intimidation

5. The Contestant and her campaign staff and sup-

porters were subjected to death threats, assaults, and other violence by persons acting, upon information and belief, on behalf of Parren Mitchell, to wit:

a) During the night of August 29-30, following a televised appearance by Mrs. Freeman, her husband received a telephoned death threat against her, with the caller saying, "your old lady is going to get blown away."

b) On September 5, two youths threatened Mrs. Freeman at gunpoint, stealing her pocketbook including papers and her appointment book, and telling her that if she went into her campaign office, "we'll blow you away."

c) Following the theft of her papers and appointment calendar, individuals with whom Mrs. Freeman had scheduled meetings received telephone calls to "confirm" the meetings, which calls purported to come from Mrs. Freeman, but did not.

d) Subsequently, Mrs. Freeman also received telephone calls attempting to extort money from her in order to secure the return of her papers and documents.

e) On September 7, while Mrs. Freeman was meeting with the FBI to review the threats against her, a police guard had to be placed at her campaign office because suspicious individuals were repeatedly attempting to contact the candidate by telephone.

f) Numbers of campaign appearances which were scheduled for Mrs. Freeman were cancelled due to intervention from persons believed to be associated with the Mitchell campaign.

g) On November 1, Mr. Mitchell's top campaign aide, George Minor, physically threatened a Freeman campaign worker, while telling him "Tell that Jew bitch that she should stay up at Bolton Hill, this is my territory here."

h) On November 3, when Mrs. Freeman arrived at the site for a campaign rally, a well-dressed man approached her car and put a gun against her head, telling her, "if you drive away, nothing will happen to you, but if you try to get out of the car, I'll blow you away."

i) On November 4, a young male attempted to again steal Mrs. Freeman's purse.

j) On Election Day, November 7, a Freeman campaign worker was taunted by four youths, and later in the day the door of the worker's house was smeared with feces.

k) On November 20, when representatives of the Contestant arrived at the voting machine warehouse pursuant to a letter received from the Administrator, they were

threatened with arrest by Mr. David Preller, the President of the Board of Supervisors of Elections, for insisting on their right under the law to examine any of the voting machines used in the 7th District.

B. Electoral dirty tricks

6. Persons who were, on information and belief, associated directly with Parren Mitchell's campaign, deliberately distorted a newspaper advertisement paid for by Mrs. Freeman's campaign so that it appeared to be favoring the election of Mr. Mitchell. The ad, which was placed in the October 14 issue of the Baltimore *Afro-American*, was placed for the purpose of publicizing a television appearance for which Mrs. Freeman's campaign had paid \$1000. The advertisement was supposed to feature Mrs. Freeman's picture and name prominently under the headline, "Put An Independent Voice in the U.S. Congress." The text and layout for the ad were changed so that Mr. Mitchell's picture was substituted for Mrs. Freeman's picture, and his name appeared in large, heavy type while hers appeared in smaller and lighter type. The ad thus appeared to the casual reader to be advocating the election of Mrs. Freeman's opponent.

C. Official misconduct

7. Before and after the November 7 election, the State of Maryland and the City of Baltimore failed to maintain the voting machines used in the election in a safe and secure manner as required by the Maryland election code, to wit:

a) Security precautions at the voting machine warehouse are totally inadequate; there is no 24-hour security guard protection; the burglar alarm system only covers part of the warehouse with another section having broken windows, no burglar alarm system yet installed, and yet full access to all other portions of the warehouse.

b) Despite this completely inadequate protection, all voting machine keys are attached to the machines in full view of anyone entering this warehouse.

8. Because of the above conditions, there is no assurance that machines have not been tampered with, and indeed, as specified below, there does exist considerable evidence that the machines have been subjected to tampering.

9. On November 20 and 21, representatives of the Freeman campaign observed 200 to 300 machines of the 600-700 used in the 7th District. Mrs. Freeman's representatives observed the following conditions:

a) On 24 voting machines, seals were either nonexistent, broken, or misapplied. In one instance, a seal that

was observed to be broken was illegally replaced with another seal during a three-hour period. (. . .)

10. Prior to the elections, Contestant's representatives sought to examine and test the machines to determine if they were working properly, but they were denied the right to conduct even the standard tests of machine functioning.

11. Following the elections, Contestant was notified of her right to canvass the voting machines prior to the certification of the election by Baltimore's Supervisors of Elections. Mrs. Freeman's representatives did appear at the warehouse, and were thereupon threatened with arrest for requesting to actually look at the machines. Finally, in flagrant violation of the Maryland Election Code, the Board of Supervisors of Elections certified (or "verified") alleged results of the November 7 elections to the State Board of Elections before Contestant's representatives had been permitted to observe more than a few machines.

12. In order to cover up and hide the evidence of their official misconduct and fraud, Baltimore election officials have refused to allow a mechanical examination of the voting machines. Such an inspection has also been denied by courts in Maryland which are heavily under the influence of Mitchell supporters. Without such a mechanical inspection of the machines, there is no way of knowing if the machines were in fact subjected to tampering.

13. Baltimore election officials have gone so far as to deny the Contestant access to such materials as are normally available to the public, hoping in this way to prevent the Contestant from gathering additional evidence through which the November fraud could be conclusively proven. By letter dated December 4, 1978, the attorney for the Board of Supervisors of Elections denied to the Contestant access to return sheets, precinct binders (poll books), voter authorization cards, and other items.

14. With the aid of the discovery mechanisms provided by 2 U.S.C. §386-388, Contestant will be able to have access to these materials and others, which materials will prove that the events described and alleged herein did determine the outcome of the November 7 election, and that she would, in fact, have won an honest election which was conducted properly, in an atmosphere free of violence, intimidation, fraud and corruption. Contestant did win on at least 25 voting machines and won the total precinct vote in 11 precincts. In the areas controlled by the Mitchell political machine, even in many areas of high support for Mrs. Freeman and her policies as evidenced by pre-election canvassing, she was credited with a number of votes so small as to defy credibility. (. . .)

How to build a nation

*A capital-intensive model for
Latin America and the world*

Within the next few years, a country in the Western Hemisphere will develop one of the world's largest and most advanced steel industries. Within the next decade that country's other industrial capacities will so rapidly advance that it will become as large a consumer of steel as the industrialized nations of Europe. In the next three to four years, this emerging industrial giant will have completed the world's largest aluminum reduction plant and will have become one of the largest producers of aluminum in Latin America.

Already, this nation had more than doubled aluminum production during the past two years, and by the middle of the next decade output will be 10 times what it was in 1976. Steel production is also scheduled to double by 1982 and increase tenfold by 1990, 15 times by 1995. Electric power generation will soar by over 500 percent during the next 11 years.

The country is Venezuela. The question is why this unique example of economic success is so little known. And the answer is that Venezuela's unique rates of growth, the highest in this hemisphere, disprove the myth that capital-intensive growth must occur at the expense of jobs. That fairytale, promoted by the purveyors of labor-intensive economics, cannot explain the explosive industrial development which has generated approximately 1 million jobs in Venezuela since 1974 and will create some 4 million more by the 1990s.

Under this program millions of peasants will be transformed into higher-wage urban workers, as agriculture becomes highly modernized. Nevertheless, more than a million foreign skilled workers will have to be invited into the country. Within the next two decades, the Venezuelan labor force will more than double.

Nor is this being achieved by austerity methods. While the purchasing power of the labor force throughout the developing world and much of the industrialized sector is being eroded, the real wages of Venezuelan workers are increasing by more than 15 percent per year. Protein intake in the average per capita diet has increased by about 25 percent since 1973. Infant mortality has fallen by almost 20 percent.

THE V PLAN

These are the tangible results of the V Plan, or Quinto (Fifth) Plan, the national development program of the government of President Carlos Andres Perez. Although ostensibly a five-year investment plan, this \$53 billion combined public and private sector program has set the foundation for the development of strategic heavy industry well beyond its projected 1976-1980 budget. Its true significance, however, lies beyond its achievements within Venezuela. The V Plan represents a victory in the tradition of the great humanist "city builders" applied to the process of building an advanced industrial republic,

and as such, is a model for all of Latin America and the Third World.

Specifically, the success of the V Plan shows other Third World decision-makers that the "*desarrollismo*" of Raul Prebisch is *not* the only alternative to Friedmanite austerity. Colombian officials, for example, who have been trying to protect their country from such austerity, have often opted for the Prebisch policy of "light import-substituting industries" as a means of saving foreign exchange and allegedly sparking some sort of industrial takeoff domestically.

Next door in Venezuela, however, is a model that not only puts "fiscal conservatives" into early retirement, but directly and explicitly disproves that policy as an alternative. In fact, the founders of the V Plan saw their work as a direct battle against the *desarrollistas*.

The strategy of the Perez Administration is founded on the concept of state-guided investment of revenues from raw materials exports, in this case petroleum, into strategic reproductive industries for the further transformation of other raw materials. Income from oil is not only re-invested back into the oil sector so that the nation can export refined products instead of crude, but a huge surplus is being invested into the process of converting iron ore into steel and bauxite into aluminum. These basic industrial inputs will be further transformed into capital goods for long-term, self-sustained industrial growth, mediated through the constant uplifting of the scientific, cultural, and moral condition of the nation's labor power. Through this process of developing what Perez calls "*industria-industrializante*" ("industry which industrializes"), Venezuela is being transformed from a raw-materials-exporting nation into an advanced industrial society.

Adopting this perspective is not merely a "technical" question—it is emphatically a political one. The realization of the V Plan is the culmination of a bitter political struggle that has spanned four decades. In a recent address, Dr. Gumersindo Rodriguez, the first Minister of Planning of the Perez government and acknowledged principal architect of the V Plan, outlined the parameters of this struggle in unequivocal terms:

"Two currents (of thought) clash in the public debate over the short- and medium-term perspectives of the Venezuelan economy. (One is) an optimistic current . . . which has been the determining intellectual influence in the aggressive development policy of this Administration (and which) has been given form programmatically in the V Plan of the Nation. (The other is) a current that is woefully pessimistic . . . (and which) seeks actively to convince the next government of the necessity of reorienting the development of our economy in a downwards direction."

The choice, Rodriguez continued, is progress versus the

"objectively reactionary" policies of cutbacks and austerity; development versus the "sick monetary delusion" of the opponents of growth. Or, as President Perez recently described it, in terms identical to those of Mexican President Jose Lopez Portillo, there are those who have the audacity to "think big," and those who do not.

At the core of this perspective is dirigism. The entire industrialization process has been directed by a firm central government that has laid the ground rules in terms of leading the nation's energies as much as possible to-



wards productive activity and away from speculative enterprises. Within this climate, the private sector is encouraged to assume responsibility for implementing individual aspects of the overall V Plan.

However, this government leaves office in March, when President Perez is replaced by Luis Herrera Campins. As Gumersindo Rodriguez warned, serious efforts have been underway, led by former "*desarrollista*" oil minister Juan Pablo Perez Alfonzo, to convince the incoming Herrera government to turn the economy "downward." Unfortunately, it looks like Herrera Campins has been listening. In his first statements as President-elect, he has indicated strongly that he plans to curb "excessive" state sector participation in the economy—an open declaration that the V Plan's enemies intend to take the fight down to the wire under the next Administration. As of this point, all politics in Venezuela will be based on whether or not the nation will continue along the nation-building path of the V Plan. It's the optimists versus the pessimists.

HOW THE V PLAN WORKS

In October 1978 President Perez inaugurated the latest expansion plan of the state-owned Siderurgica del Orinoco (Sidor). Under this program, Sidor's output of steel will leap from the present 1.2 million tons per year to almost 5 million tons by 1983.

Sidor exemplifies precisely how the V Plan functions. The expanded plant, representing an investment of \$3.5 billion, will save Venezuela some \$1 billion annually in steel imports by the middle of the next decade. The initial cost, carried mostly by the government with minority participation by Japanese private firms, will be totally recovered in less than four years.

More importantly, by the time Sidor and other planned steel mills are fully operative over the next 11 years, Venezuela will become a net steel exporter. In effect, by transforming the iron ore the nation now exports into steel products, Venezuela will earn 33 times more for its steel than it would earn for an equivalent amount of raw iron ore. Further, as Sidor president Edgar Marshall pointed out, if the steel is then transformed into exportable capital goods in the form of machinery, the original iron ore increases in value by 166 times. The difference, in both phases, is the application of skilled labor power.

Domestically, Sidor's expansion will increase the industry's productivity by over 100 percent, from the 20 manhours that are currently needed to produce a ton of steel to 9 manhours per ton. To the pessimists who object to capital-intensive development because it doesn't achieve "full employment," Edgar Marshall pointed out that besides the thousands of additional workers Sidor will require directly, every new job created in the steel sector means that 10 more are created in down-stream consumer industries. If the steel is then elaborated into capital goods, every new Sidor employee represents 20 new jobs created in related industries.

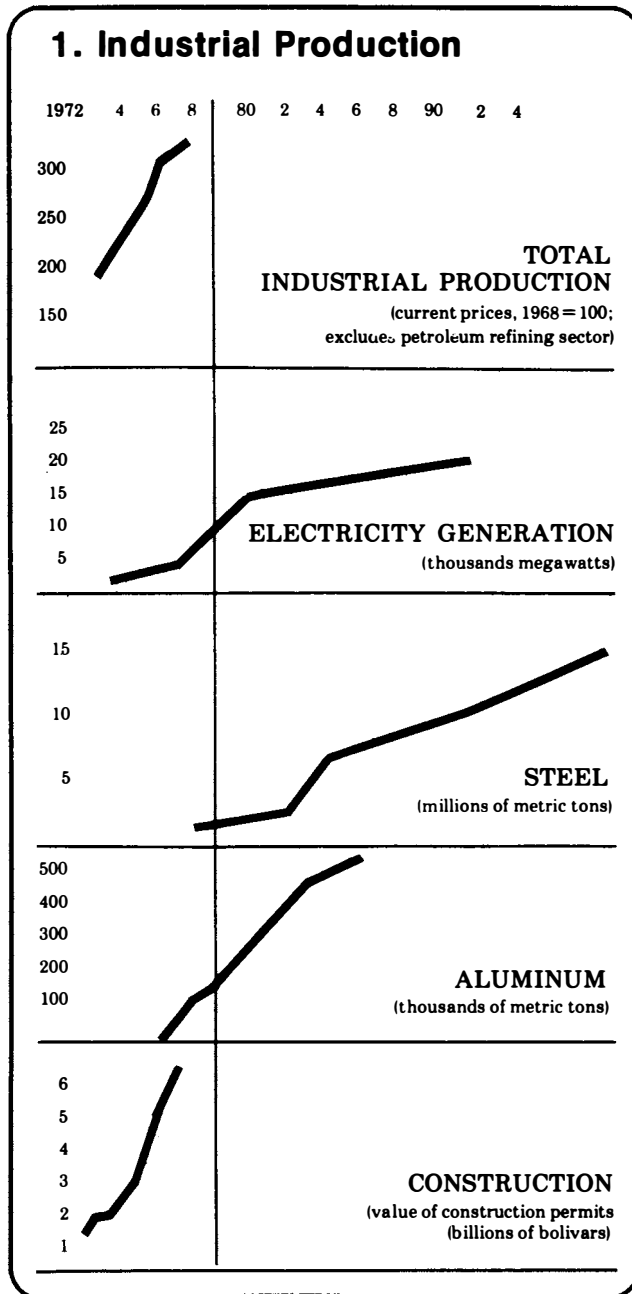
It is no wonder that one of the nation's biggest problems under the capital-intensive V Plan has been a *shortage* of both skilled and unskilled labor, contrary to what the paragons of "labor-intensive" economics at the World Bank would have one expect. And the problem is by no means insurmountable. Under the government's Ayacucho education program, one of the world's largest foreign scholarship plans, thousands of promising students from lower-income working class and rural families are learning advanced technical skills in several industrial nations. As President Perez said during his address at Sidor, to solve problems, "first we must create them."

Nowhere is the revolutionizing impact of capital and technology more evident than in the remarkable growth of agriculture, which increased its output by 11 percent in 1977. Even though record harvests were recorded, much of the government's development in this sector is only beginning to be felt, given the longer period usually required for capital investment in agriculture to show returns. Total investment in the countryside under Perez is more than double the amount allocated under the previous govern-

ment. Fertilizer use registered a two-fold increase between 1972 and 1977, and doubled again in 1978.

As in heavy industry, the strategic focus in agriculture is on the upgrading of labor power through the application of advanced technology, freeing labor for urban employment. Gumersindo Rodriguez states this explicitly:

"We must seek a solution (to the problems of agricultural development) . . . that reduces the labor requirements for a given level of production, and which applies processes of heavy mechanization and fertilization . . . This process of the industrialization of agriculture would help alleviate the problems now encountered in the construction,



industrial, commercial, and service sectors as a result of the scarcity of both skilled and unskilled labor. The labor freed from agriculture and absorbed into urban production would supply the economy with a per capita rate of productivity considerably higher than that which currently prevails in (our) unproductive and backward agriculture."

Rodriguez's clear understanding of labor as the key to the development process puts to rest yet another myth peddled by the V Plan's opponents; namely, that there is supposedly some sort of "trade-off" between agricultural and industrial development.

EXPORTS AND DEBT

The motive force for this process of agricultural and industrial development is credit generated by the country's chief export, oil, which accounts for over 90 percent of Venezuela's foreign exchange earnings. The doubling of Venezuelan export earnings in 1974, as a result of the OPEC price increase, has enabled imports to grow at the spectacular rate of roughly 30 percent a year under the V Plan. A growing share of these imports are capital goods and industrial inputs, comprising about 70 percent of total imports at present.

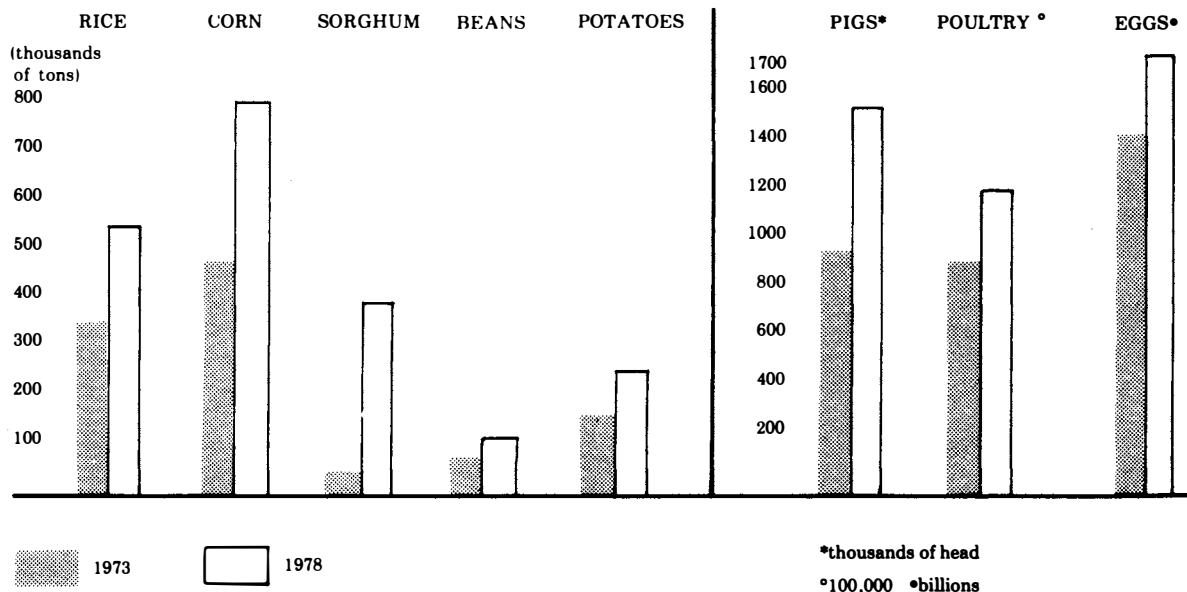
However, the problem is not so simple as merely buying steel-making equipment with petrodollars. Exports have leveled off over the past two years, despite the continued climb of imports. This is the case for several reasons. First, because the multinationals that used to own Vene-

zuela's oil wells were content to pump crude from the most accessible oil fields, investment in new exploration came to a halt in the 1950s. As a result, immediate potential production has dropped from almost 4 million barrels per day to barely 2.5 million in less than ten years. Petroleos de Venezuela (Petroven), the state oil conglomerate formed when the industry was nationalized in 1976, is taking steps to remedy the situation by embarking on an ambitious \$20 billion investment program, mostly devoted to exploration, over the next 10 years. Second, because of external pressure on Venezuela to abstain from a vigorous nuclear power program, the government has been induced to "conserve" its oil by keeping production at approximately 2.2 million barrels per day.

In the case of iron ore, the country's second most important export item, the deteriorating world market has prompted an annual decline in production of 25-30 percent.

As a result of this relative stagnation of exports, Venezuela registered a balance of payments deficit in 1977 and will probably have a net trade deficit over the next two years. Is this cause for alarm? Not in the least. The authors of the V Plan are fully aware that as the country makes the transition to "nontraditional" industrial production, a certain critical mass or density of capital investment must be made in the short term. This quick surge in expenditures will necessarily outstrip the rate of growth of the so-called traditional exports, producing a deficit until the planned medium- and long-term projects, such as the Sidor expansion, are brought on line.

2. Agricultural Production



Therefore, the V Plan includes in its associated legislation provisions for massive foreign borrowing.

Venezuela's foreign debt has shot up from less than \$1 billion when Perez took office in 1974 to over \$5 billion expected by the end of 1978. Yet this is not cause for alarm either. This borrowing will level within the next two years, and increase at a declining rate over the long-term. But most importantly, as the V Plan authors have constantly reiterated, the activities funded by this debt will generate real social wealth at a rate faster than the accumulation of the debt itself and its related service payments. Gumersindo Rodriguez states,

"The important thing in sustaining a process of real development is . . . the physical wealth created and accumulated by society. The circulation of money without this material backing produces neither growth nor development, but inflation. The problem of development is neither fiscal nor monetary: it is real."

Projections for the V Plan indicate that the economy will easily sustain the present debt. Similarly, analysts at the U.S. Department of Commerce predict that Venezuela will regain its trade surplus within two to three years.

STATE DIRIGISM

The V Plan borrowing and credit allocation strategy is based on the principles employed by Alexander Hamilton in the United States of the 1790s, by Henry Carey and Abraham Lincoln during the mid-19th century, and soon after by the Meiji Restoration in Japan. Very similar perspectives were embodied in the political policies of the great ministers Campomanes and Floridablanca under Carlos III in Spain.

This strategy entails, first, establishing mechanisms for directing available credit towards productive ("real") economic activity, and away from speculative ("monetary") practices. Second, debt contracted during the short-term is converted into long-term guaranteed loans or government bonds which are absorbed by domestic and foreign financial institutions. The core conception is to force the real economy to expand at a more rapidly accelerating rate than that of the corresponding debt instruments.

From the outset of his Administration, Perez resorted to what has been in effect a two-tiered credit system. Through a series of government guarantees, tax incentives, subsidies, and other such inducements, investment in productive outlets has been made increasingly attractive for the private sector at the expense of speculative ventures. At times, stiffer measures were required, such as the case in which the government demanded that private banks invest at least 20 percent of their portfolios in agricultural development.

Yet although the Perez Administration has been uncompromising in its adherence to state dirigism of the economy as a whole, the fact is that many of the strongest backers of these policies are private sector leaders. It was largely through the initiative of individuals such as Dr.

3. Living standards

EMPLOYMENT

+740,000 jobs, 1974-77
+185,000 jobs per year, 102.7% of V Plan goal
4-5% Unemployment rate, 1978 government estimate

WAGES, 1974-77

+23.7% per year average increase
- 8.6% average cost of living increase
+15.1% real wage increase

INFLATION

1975 7.6%
1976 9.0%
1977 8.1%
1978 6.1%

Latin American average, 1978 44.0%
OECD average, 1978 6.5%

EDUCATION

Number of schools: +1,100
1973: 11,900
1977: 13,000
Budget (billions of bolivars)
1973: 2.8
1977: 7.8

HEALTH

Infant mortality: - 19.3%
(deaths per thousand less than age 5)
1973: 53.0
1977: 42.8
Life expectancy: +2.6%
1973: 64.7 years
1977: 66.4 years

Carlos Vogeler Rincones, president of Fedecamaras (the country's largest businessmen's federation), and Roberto Salas Capriles, president of the Camara Venezolana de la Industria, that the government's two-tier credit policy was further elaborated during 1977. By the middle of that year, it was becoming evident that disturbing portions of the expanded liquidity generated by national oil income were being channeled into real estate speculation in and around Caracas. With the cooperation of factions within the private sector Perez and his Minister of State for the Presidency, Carmelo Lauria — himself a former president of the National Banking Association as well as a former director of the nation's largest private commercial bank — enacted a package of liquidity-tightening measures that penalized the real estate speculators and forced investment into real capital formation. Soon thereafter, Salas Capriles personally submitted an explicit cross-the-

board two-tiered credit proposal to Lauria, whereby the government would underwrite long-term loans made by private banks to industry at interest rates lower than those prevailing for nonreproductive sectors. This proposal was adopted.

It was also Salas Capriles and Vogeler Rincones who led private sector appeals to the government to speed up plans for the creation of a vastly expanded capital goods industry.

With this state-private sector collaboration orienting the direction of credit, on the one hand, the V Plan engineers have taken steps to capitalize the foreign debt, on the other. The government is currently in the process of converting up to 60 percent of the total debt into long-term obligations, a process exemplified by the recent announcement of a large bond issue on the Tokyo capital market at 6.5 percent interest — less than half the prevailing rates on the London-controlled Eurodollar market.

THE ENEMIES OF THE V PLAN

Despite the obvious success of the Perez development strategy, his administration has come under vicious attack since he first enunciated the outlines of the V Plan in early 1975. These attacks are typified by a recent article appearing in the *Journal of Commerce* of New York, which said that regardless of who should win the Dec. 3 presidential elections in Venezuela (won in fact by Luis Herrera Campins of the opposition Social Christian Party, Copei), the next president will have to impose draconian cutbacks in government development programs in order to avoid a "recession."

This same ultimatum, with minor variations, has been issued from the *Financial Times* of London, *The New York Times*, London's *Economist*, the New York Council on Foreign Relations, plus various left and right networks associated with these institutions within Venezuela.

This clamor for dismantling the V Plan does not stem from concern for Venezuela's national interest, nor is it an honest difference of "position" regarding the Perez government. It is a campaign of lies coordinated by a single international political force intent upon blocking Venezuela's industrialization. The same circles centered in London who under the Order of St. John of Jerusalem sponsored Adam Smith's 1776 tract on why underdeveloped countries must remain raw materials suppliers, are carrying out this same policy under its latter-day agencies, the Mont Pelerin Society, the Club of Rome, the Aspen Institute, the World Bank, and the International Monetary Fund. U.S. National Security advisor Zbigniew Brzezinski, an Anglophile agent of these circles, put this strategic perspective in modern terms in a recent remark about Mexico's own effort to industrialize: the U.S. will not allow "another Japan" south of its borders. This most emphatically includes Venezuela.

Gumersindo Rodriguez identified this enemy within Venezuela in his Oct. 22 speech before the Camara de Comercio e Industria on the isle of Margarita. The chief

4. Food consumption per capita

	1973	1978
CEREALS, kg.: +30%	140	189
MILK, liters: +30%	108	134
BEEF, kg.: +20%	20	24
POULTRY, units: +30%	10	13
EGGS, units: +12%	126	148

spokesman of the "reactionary" internal forces of "pessimism," Rodriguez stated, is Juan Pablo Perez Alfonzo.

Perez Alfonzo, former Minister of Development and Minister of Oil under the 1959-63 administration of Romulo Betancourt, is known for his attacks on the V Plan as the "plan of national destruction." He has waged an unceasing, hysterical diatribe against establishing a national steel industry, expanding the nation's oil refining capacity, and modernizing agriculture. It is these attacks that the *Journal of Commerce*, the *Financial Times*, and the *New York Times* utilize to undermine the credibility of the government's development program. Perez Alfonzo, the champion of zero growth, is also known for referring to the growing proportion of children within Venezuela's overall population as a "cancer."

Besides naming Perez Alfonzo as a source of "grave danger" to the nation's interest, Rodriguez identified the foreign element behind him. He pointed out that Perez Alfonzo was the minister who fought to implement the fraudulent "important substitution" policies of the Economic Commission on Latin America (CEPAL) under Romulo Betancourt.

Throughout the 1960s, CEPAL was the principal instrument deployed by the networks of the British oligarchy through the Kennedy Administration in Washington against Latin America. The CEPAL policy of *desarrollismo*, of establishing light "import substituting" assembly industries, was used as a ruse to keep countries such as Venezuela from adopting a commitment to strategic heavy industry. V Plan architects such as Lauria, Rodriguez, and President Perez are keenly aware of this fact, as Perez demonstrated in his first annual address to Congress in 1975, when he pledged: "We will change the industry of assemblies for the industry which industrializes."

These are the battle lines that determine the political struggle from which the V Plan emerged. The industrial program of the Perez government is by no means merely the idea of Perez, Rodriguez, and Lauria. It is the result of a coalition of forces in the public civilian sector, the military, and private business that has been taking shape since the nationalist regime of Gen. Medina Angarita was

overthrown by monetarist agent Romulo Betancourt in 1945. The opponents of the historic V Plan tendency, whether of the *izquierdista* (leftist) or the *derechista* (rightist) variety, both during the 1950s and the 1970s are distinguished by two predominant tendencies: their hatred for technological progress, as well as their animosity toward state dirigism.

THE STATE SECTOR

The key to the V Plan is the state sector. As a result of the nationalization of the iron industry in 1975 and the oil sector one year later, the central government and its agencies have increased their share of the control of total annual investment from less than one-third four years ago to 44 percent in 1977. By 1980, the state will directly control 53.1 percent of all investment. This system of interconnected state enterprises is one of the most powerful economic entities in the developing world, and includes not only the most developed oil industry in OPEC, but it also controls all basic steel output, iron mining, bauxite, aluminum, coal, shipping, and most of the nation's electric power.

This entire network developed from a small office created in 1953 under army Captain Rafael Alfonzo Ravard, called the Commission for Studies of the Electrification of the Caroni (CEEC). This office, originally in charge of government planning for the then mineral-rich but undeveloped Guayana region in the southeast part of the country, eventually grew to encompass the entire iron and steel industries. Within 15 years it built a modern industrial complex around a mushrooming city (Ciudad Guayana) of a half-million where a small rural town of 40,000 once stood. Alfonzo Ravard, now a retired general, is currently the president of Petroleos de Venezuela, the heart of the Venezuelan economy.

In the 25 years since assuming direction over the strategic Guayana region, Gen. Alfonzo Ravard has maintained his burgeoning industrial operation intact despite four changes of government, one military coup (plus half a dozen attempts), and incessant Anglo-American attempts to destroy him and his heavy-industry program. The most serious of these attempts was the Betancourt-CEPAL operation of the early 1960s.

By 1960, the CEEC had become the Corporacion Venezolana de Guayana (CVG), an autonomous government agency headed by Ravard, then a colonel. The corporation's unrelenting campaign to see Venezuela establish strategic heavy industry presented a major threat to Anglo-American interests opposed to real Third World development, as was revealed in a candid series of papers on this subject later presented at a 1969 conference in Washington. The presentation of John R. Dinkelspiel was an hysterical attack against the CVG and Alfonzo Ravard personally. Political power, he wrote, results from the "marriage" of central government authority and technology — the twin demons of the enemies of development.

"The CVG is a quintessential expression of this general tendency in underdeveloped countries. The

urge to shape the broad processes of economic and social restructuring through the intensive use of technology is the leitmotif of the CVG's organization style . . . The ultimate source of the CVG's political power and credibility has been technology . . . Technology is the CVG's stock-in-trade."

As for Alfonzo Ravard, Dinkelspiel added with alarm: "The military man in Venezuelan government is no longer the caudillo, but has instead become the modern technocrat."

CVG policies "have not been progressive," he continued. They reinforce "statism." In horror over how Alfonzo and the CVG could get away with this, he concludes, "Venezuelans, particularly the elites, seem convinced that their economic advancement is largely dependent upon technological progress."

Several attempts were carried out by Dinkelspiel and his zero-growth cohorts at Harvard University and the Massachusetts Institute of Technology (MIT) to pressure the CVG into abandoning its high-technology development approach in favor of "labor-intensive" programs, particularly in agriculture. Ravard countered with a proposal for draining the Orinoco river delta to establish factory farms based on the development of "skilled agricultural technicians rather than . . . peasant farmers." This, of course, Harvard, MIT, and the CEPAL-dominated Betancourt regime ignored. In utter disbelief, Dinkelspiel later wrote that the CVG seemed more interested in "maximum food production than, say, social change."

Since it was evident that the CVG industrial enclave could not be dislodged from power, CEPAL launched a concerted drive in the early 1960s to isolate and contain it. CEPAL's direct counteroperation to the Corporation was the Office of Coordination and Planning (Cordiplan), set up under Betancourt in 1959 for the expressed purpose of imposing "desarrollista" assembly-plant policies along with a program of "full employment" — the code-phrase meaning labor-intensive, low technology projects.

The founders of Cordiplan included Jose Antonio Mayobre, a close collaborator of CEPAL founder Raul Prebisch in drafting the Alliance for Progress for the Kennedy Administration; Enrique Tejera Paris, Betancourt's key liaison with former West German Chancellor Willy Brandt's wing of the Second International; Luis Lander, a Betancourt economic advisor; and Juan Pablo Perez Alfonzo. In fact, CEPAL was the spawning ground for virtually every Betancourt economic official.

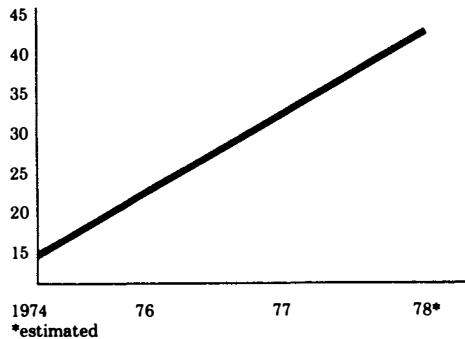
CEPAL's first project was to flood Venezuela with light automobile assemblies, a classic case of the incompetence of CEPAL's "import substitution" strategy.

By 1961, it had induced Cordiplan to adopt two key perspectives concerning the automotive industry. First, there was to be no limit on the number of foreign assemblies to be established in the country. Almost every major Western automobile manufacturer was invited to set up assembly plants in Venezuela. Second, the Venezuelan government was to completely avoid all

5. Investment and trade

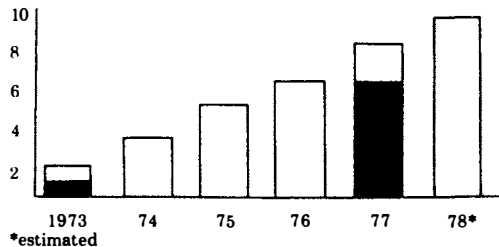
CAPITAL FORMATION

fixed gross investment, billions of bolivars (constant)



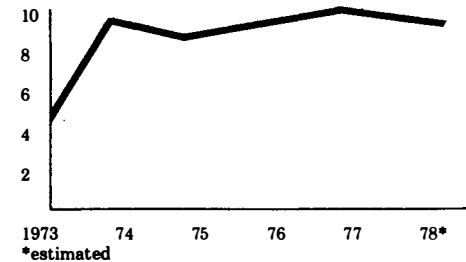
IMPORTS

□ Total ■ of capital goods and industrial inputs

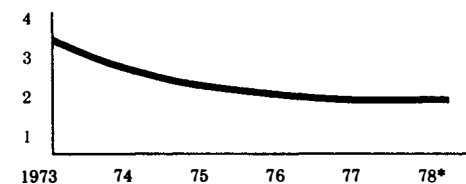


TOTAL EXPORTS,

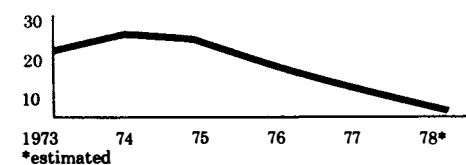
billions of dollars



OIL PRODUCTION, million barrels per day, crude



IRON ORE PRODUCTION, millions of metric tons



considerations of pricing, wages, and value-added factors in the planning of this sector. The only criterion for the gradual incorporation of these assemblies into Venezuelan hands was to be a slowly increasing percentage of domestically-made components per vehicle measured in gross weight.

The results of the CEPAL-Cordiplan operation were rather predictable. By throwing out the price, wage, and especially the value-added factors, the sector was operated on a primarily "cost-cutting" basis: the primary consideration was whether or not a firm saved immediate foreign exchange by "substituting" for imported finished automobiles. As Dr. Gumersindo Rodriguez has pointed out,

"The few earnings we saved as a result of this apparent substitution of imports were by far exceeded by the immense quantity of foreign exchange we have had to pay for patents, royalties, inputs, machinery and equipment, profit remittance, overpricing, etc."

Consequently, by the late 1960s, with an internal

market supporting only a few tens of thousands of vehicles, there were 14 foreign assembly firms slapping together more than 100 different models of cars alone. It is significant that the nation's first tractor plant was inaugurated only in September 1978 . . . under the V Plan.

It is no coincidence that Perez Alfonzo, one of the individuals most responsible for perpetuating this neocolonial CEPAL model, is the loudest critic of the V Plan.

CEPAL's control over the central government, however, was short-lived. By the mid-1960s, nation-building leaders in labor, private industry, the military, and the state bureaucracy began organizing on the basis of the increasing disenchantment with Betancourt's "assembly" economics in all layers of Venezuelan society. Under the 1963-69 administration of Raul Leoni, Gen. Alfonso Ravard succeeded in dramatically stepping up the pace of the development of the Guayana industrial projects. This informal coalition for heavy industrial development formed the initial groundswell that even-

tually led to the nationalization of Venezuela's oil — the single most important political development in the process leading to the V Plan.

By 1970, CEPAL's networks and their Anglo-American sponsors began to worry over the "capture" by "nationalist groups" of the Venezuelan Congress and media in a campaign for increasing control over the petroleum industry. Under the terms originally granted to the oil multinationals, Venezuela was to resume control over their concessions in 1984. However, when OPEC crude prices soared in late 1973, nationalization loomed imminent.

Several of the candidates in the presidential elections of that year, among them Carlos Andres Perez, openly espoused the idea. In his first speech as President, Perez promised to nationalize the entire industry during his term of office. Two months later, he delivered the crucial blow against the CEPAL *desarrollistas* grouping. In recognition of the individual probably most responsible for perpetuating dirigist, high-technology outlooks in Venezuela, Perez appointed Gen. Rafael Alfonzo Ravard head of the presidential panel assigned to draft legislation for the complete nationalization of the oil industry. The supreme irony, however, was the appointment of Gumersindo Rodriguez as the minister in charge of Cordiplan, from which he directed the crucial initial phases of the V Plan.

THE NEXT GOVERNMENT

Venezuela now faces another crucial juncture. The nation's enemies have achieved a significant victory with the election of Luis Herrera Campins, who takes over from President Perez next March. Not only has Herrera Campins made it amply clear throughout the campaign that he sides with Perez Alfonzo, Betancourt, and others who are committed to "reorient the economy downwards," as Gumersindo Rodriguez put it. But he has already revealed that he will wage war against the nationally vital state sector. In his first public proclamation as President-elect, Herrera promised to combat "excessive intervention by the state" and promote "free enterprise."

These are no idle words. They are the policies of the most committed enemies of Venezuela's national interests. They will try at whatever cost to reverse the nation's path toward industrial maturity and send its people back into the bestial backwardness of labor-intensive underdevelopment. The remaining question is whether the forces represented by Gen. Alfonzo Ravard, President Perez, Gumersindo Rodriguez, and Roberto Salas Capriles, can organize sufficient political support to ensure that the projects initiated under the present government are fully realized.

—*Christopher Allen*