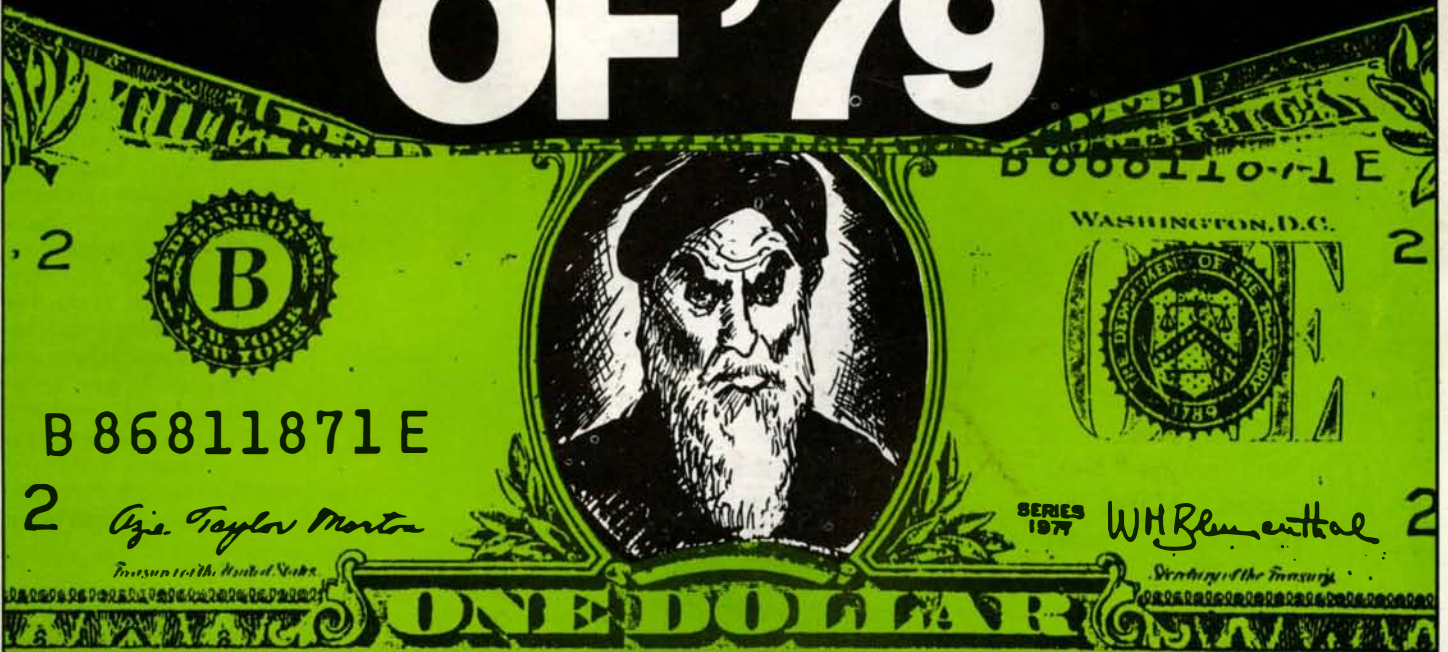


EXECUTIVE INTELLIGENCE REVIEW

Nov. 27-Dec. 3, 1979

CRASH OF '79



BRITAIN SUCCEEDS IN BRINGING DOWN THE DOLLAR

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EXECUTIVE INTELLIGENCE REVIEW

Behind Britain's 'Fourth Man' scandal



This week we begin an exposé series on Britain's "Fourth Man" scandal which has attracted headlines on both sides of the Atlantic. We have a special kind of insight: we exposed the gentlemen Philby, McLean, and Burgess and the real story behind their "double agency." They are in fact "treble agents" of British intelligence deployed against the Soviet Union.

With the "Fourth Man," Britain is making a move to determine the succession fight in the Soviet Union in favor of factions in opposition to the detente policies of Soviet President Brezhnev and, in so doing, disrupt the European Monetary System.

In INTERNATIONAL, we present the introduction to the series—the most explosive exposé yet of intelligence warfare.

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Crash of '79

Over the past week, the Iranian government has embarked on a policy course that will finally do what the financial planners in the City of London have been trying to do for years: bring down the dollar as the world reserve currency. But there is more to the news of this week. At stake in this all out assault on the dollar is the national sovereignty of the United States as well as other advanced sector countries and the Third World. Will Britain finally succeed in imposing IMF conditionalities on the world economy and with it crisis management controls on the U.S.?

Our COVER STORY this week includes a background on how Britain would dethrone the dollar, how the FEMA crisis managers have assumed control over key aspects of U.S. policymaking, and how Britain is now pursuing its own proposal for a producer-consumer 'dialogue' in order to manage the oil crisis.

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Societas Jesu: 40,000 agents

What are the Jesuits? A religious order? Or a highly sophisticated political intelligence outfit deployed internationally against those factions that would pursue the development of their national economies? In our SPECIAL REPORT, contributing editor Criton Zoakos details the history of the Jesuit order and exposes its role in undermining the tendency in the Third World toward nation-state development.

With 40,000 agents, 4,000 universities and over 1,000 periodicals under its control, the Society of Jesus is a political intelligence outfit the Pope must clean out.

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Will Britain be kicked out of the EC?

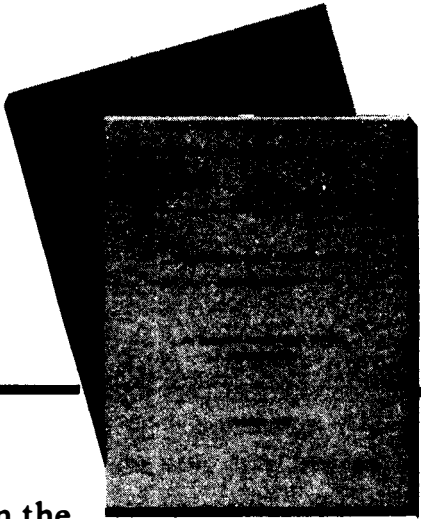
Our EUROPE report this week reviews the heated debate now ongoing within the European Community which surfaced at the Finance Ministers meeting. After first trying to mediate, West Germany moved behind France, demanding that Great Britain account for its role in the oil crisis and in forcing the price of oil through the ceiling before any of Britain's "requests" are considered. Also in EUROPE is a survey of the West German nuclear industry. After years of environmentalist assaults on nuclear, West Germany's government, industry and labor are finally making their voice heard. But it may be too late if not accompanied by a full-scale commitment to nuclear power development. Included: How the aristocrats created Europe's "greenies." Page 35

Fusion by the 1990s?

Prominent Soviet physicist Leonid Rudakov recently announced major gains in the Soviet electron beam fusion program which promises to prove commercial feasibility of this line of approach within the decade. Given the Soviet Union's commitment to bringing this almost limitless source of energy on line, the answer to the question "Fusion by the 1990s?" appears to be yes—but not for the United States.

A long-term policy of classification and a commitment by the Carter administration to shut down nuclear capacity in the United States makes fusion by the 1990s an almost unachievable goal for the United States. . . . in SCIENCE AND TECHNOLOGY. Page 58

EXECUTIVE INTELLIGENCE REVIEW



-Special Reports-

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For more information, contact Mr. Peter Ennis, Director of Special Services, *EIR*, 304 W. 58th St., fl. 5, N.Y., N.Y. 10019 (212) 247-5749.

The end of OPEC?

The first victim of the "Crash of '79" is the Organization of Petroleum Exporting Countries, which drove the final nail into its own coffin when the majority of OPEC members recently gave their support to the outlaw government of Iran. OPEC, once a vehicle to express the legitimate demands for industrial development of raw materials-producing countries below the Tropic of Cancer, has become an unambiguous tool of the British oligarchy.

By faithfully following the British "petropound" policy of outrageous oil price increases, OPEC has handed the knife to the likes of Henry Kissinger, who for at least six years has been trying to convince Americans that OPEC is responsible for the decline in U.S. living standards. The current outrages of the Ayatollah Khomeini—whose filthy feet are being kissed by the leaderships of Syria, Libya, Kuwait, and Algeria—have given Kissinger and his cohorts in the U.S. government what they want.

No one should take self-righteous satisfaction in the story of OPEC's degradation, now that the organization's stupid price rises have overwhelmed its previously positive thrust for technology transfer. The OPEC decline is destined to be repeated with slightly altered script in the rest of the world.

When OPEC functioned in the political climate created by the Nonaligned Movement, it was aimed at breaking the devastating control which the British Empire in particular, and its American junior partners, had over these raw materials producing countries. Within OPEC, countries could begin to accumulate the funds to develop their countries into more than a huge series of oil rigs in the desert.

Yet OPEC never broke the most obvious kinds of control by the British and American oil multinationals. The oil majors retained 95 to 98 percent of what are called "downstream" capacities—refineries and transport—and hence, virtual fingertip control over oil flows.

After the Yom Kippur war and the 1973-74 Oil Hoax, OPEC was faced with the potential for a significant upgrading of its political role. Having orchestrated the oil price rise by means including the blackmail of the Saudi leadership, Henry Kissinger and his London cronies proposed to take the increased OPEC revenues directly back into the International Monetary Fund and World Bank. Seeking

an alternative, some OPEC governments looked receptively toward the 1974-75 proposals of the American economist Lyndon LaRouche.

The most open indications of this receptivity were the invitation of LaRouche to Iraq in 1975 and the most lasting cooperation initiated between particularly France and West Germany, and leading OPEC countries. Returning from Iraq, LaRouche formalized his proposals in a Bonn press conference of April, 1975, as the "International Development Bank."

Under the IDB, the socialist and capitalist industrialized sectors together with OPEC nations would generate a new gold-backed monetary system, using the oil and advanced technological capacities to provide cheap energy and cheap credit for industrializing the entire underdeveloped sector.

Numerous assassinations and coups weakened this thrust. The IMF tightened its "conditionalities" screws on loans. Peasant hordes were stepped up through the British-run synthetic Islamic Revival. Then such British satrapies within OPEC as Kuwait began to up the pressure for oil price rises.

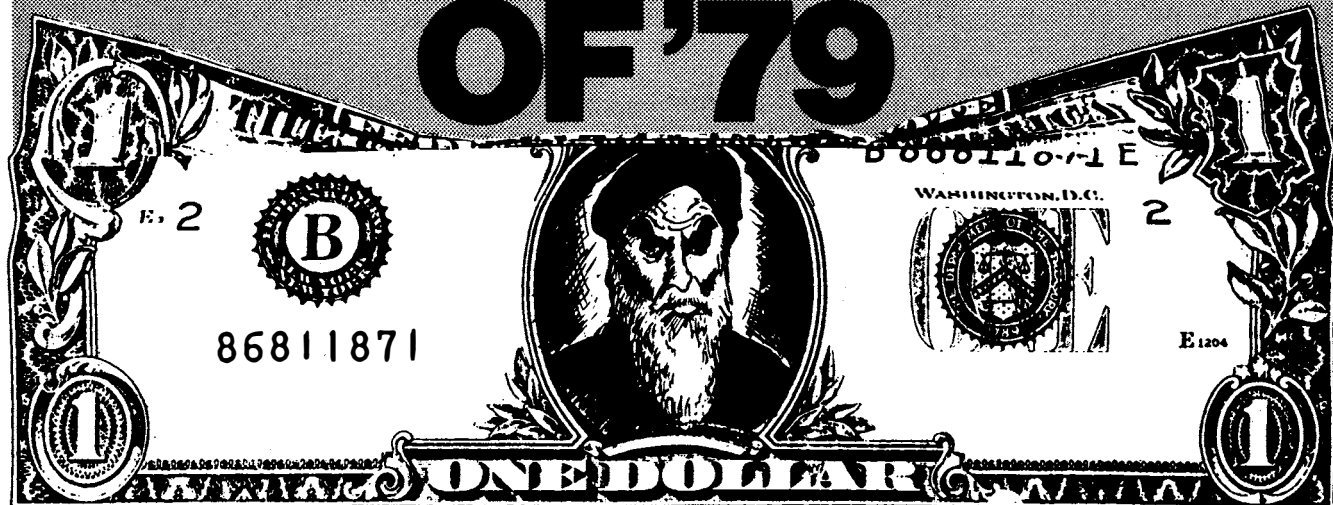
West German Finance Minister Matthoefler said it clearly enough last week: Britain is controlling OPEC policy. And with exceptions in Iraq and Saudi Arabia, OPEC as a whole is now acting as an enemy of the human race.

The most stupid possible reaction to this is for the United States to "retaliate" by invading the oil fields, fulfilling the Dark Age prophecies of the London *Economist* and the authors of the "Crash of '79" scenario. The financial houses, the oligarchs, the agents of the British-sponsored fundamentalist revival against technological progress—and the U.S. government officials who persist in open support of the Muslim Brotherhood, must be targeted and wiped out.

The best combination for accomplishing that task is an ad hoc alliance among Western Europe, the United States, the Soviet Union, and key developing countries. That same alliance can then move to the broader task of replacing the fatally flawed OPEC as an instrument for development, with a new world monetary system modeled on LaRouche's IDB.

—Nora Hamerman

CRASH OF '79



BRITAIN SUCCEEDS IN BRINGING DOWN THE DOLLAR

The American dollar may soon be an inconvertible currency—inconvertible in the sense that the Kenya shilling is inconvertible—and the Euro-dollar may cease to function as the mediator of most of the world's international credit as a result of a U.S. government decision to freeze Iranian assets in U.S. banks and their foreign banks.

But what is most fundamentally at stake in this "crash of '79" was made clear by the Paris daily *Le Monde* on Nov. 16: "Whether or not the international financial system undergoes collapse because of the American measures" to freeze Iranian assets, "the most far-reaching consequence of these measures will be that they have changed the meaning of national sovereignty."

Le Monde was referring specifically to the national sovereignty of France, in the narrow sense that the American assets freeze attempted to compel France to participate, because of the questionable legal status of Iranian deposits in French branches of American banks. But the irony in this statement and many similar ones in the European media, is that the country most in danger of violation of sovereignty is the United States.

That point is made by Executive Secretary for National Security Affairs Randall Kau, the U.S. Treasury official who put the freeze on Iranian assets: "You

must understand that the mere mention of some of these possibilities of freezing assets drives people up the wall. We at the Federal Emergency Management Agency had this plan to freeze the Iranian assets two weeks before we did, and I spent the entire two weeks on the phone trying to kill the rumors that we would do it. If we were to admit this it would collapse the dollar."

FEMA, not Treasury, is the operational leader in implementing the plans to bring down the dollar. FEMA brings together all the emergency powers of the Department of Defense, National Security Council, and other cabinet departments under the centralized control of NSC Director Zbigniew Brzezinski. All contingency planning for oil rationing, military deployments and emergency financial measures is now done by FEMA—with up to the minute intelligence from the National Security Agency.

The NSA, a 120,000 man, \$8 billion per year electronic spy agency, monitors international communications, including computer-based intelligence on all international funds transfers, particularly those moving through the major banks' funds transfer exchanges such as CHIPS and SWIFT. The NSA is more than an American agency; under a 1951 treaty, the British counterpart of NSA has unlimited access to all NSA data.

In short, the entire Iran assets affair is just a pretext for imposing a form of worldwide controls of a type the world has never seen. According to a number of commentators, the \$2 to \$4 billion in Iranian official holdings in the United States represents a negligible sum compared to the amount of funds de facto frozen internationally in the wake of the Treasury move Nov. 15. Stated Columbia Professor Robert Mundell, "The total amount involved is less than the Manufacturers Hanover mistake in the money supply figures" for the third week in October.

The freeze on Iranian assets was answered immediately by Iran's Foreign Minister Bani-Sadr who declared on Nov. 16 that Iran would cease to price or take payments for its oil exports in dollars from American banks. Other OPEC countries, like Libya, Kuwait and Algeria, are expected to take the same measures.

"The time has come," states a Nov. 20 report in the Algerian Press Service, "to reconsider the role of the dollar in oil trade. Our country cannot but grant plain and full support to the Iranian decision to react to a blow to their national economic security through challenging the grip of the dollar on the international monetary system. ... OPEC in Caracas will have to put on its agenda the replacing of the dollar by another currency. It is unhealthy to let the world economy rely on a system susceptible of being used as a political weapon."

The objective: a reorganization of the world economy under the control of the International Monetary Fund. As British journalist Paul Lewis wrote in the *New York Times* on Nov. 19, as major creditor-nations of the United States unload their dollar holdings, the International Monetary Fund will offer foreign currency bonds in the currencies of preference of these creditors and open a kind of "substitution account" for the unwanted dollars. America's foreign liabilities will be handled through the IMF and America will cease to have sovereignty over its economic affairs.

It should not be surprising that Treasury and State Department officials are thus collaborating with the IMF to impose supranational financial controls on the United States. Undersecretary of the Treasury Anthony Solomon vocalized his wish for IMF "surveillance" powers over all major countries in an October speech to the Friedrich Ebert Foundation. And special emissary to Iran Ramsey Clark, reported the U.S. press on Nov. 20, has acted as an advisor to Iranian Vice-Premier Ibrahim Yazdi on tactics for forcing the return of the Shah to stand trial in Iran. Clark is a supporter of Khomeini's "revolution."

The status at deadline

As we go to press, the international markets were just shy of the point of no return in an international crisis.

A top official of one of the leading West German banks described the situation as follows:

"Syndication of new credits on the Eurodollar markets is at a standstill. Not only Iran is at stake: the markets expect changes in margin structures and maturities. Brazil is already suffering. And if the Americans escalate any further, things will get worse. London, of course, will benefit. Iran might affect more OPEC countries. The Euromarkets will run into trouble, and there will be more banking restrictions. There will be a complete crisis."

Here is how the markets stood:

Foreign exchange: After falling to 1.75 deutsche-marks, a year low, the dollar stabilized Nov. 21 at DM 1.7630 with massive support from the West German Bundesbank. The French franc rose to 4.11 to the dollar from 4.14 at the beginning of the week because of the Iranian decision to include the French franc in a currency basket for payments to Iran's national oil company (French banking sources interviewed in New York and Paris deprecated the notion that France might provide a home for Iranian capital fleeing

Sterling, which was not included in the Iranian package (for cosmetic purposes) had risen over the week to 2.17, a gain of almost 5 percent since the Bank of England raised its minimum lending rate to 17 percent. Commented the London *Daily Telegraph* on Nov. 17: "The international money war has entered a new phase. The dollar slump reflects heavy Zürich sales from Mideast holders. ... All the ground lost when exchange controls were lifted has been regained by sterling, which may approach its four-year high of \$2.33. How far will sterling go? It depends on how serious is the Iranian threat against the dollar. ... It is not necessary to assume that there is something deliberate about the British government policy on this."

The Italian daily *Il Giornale* wrote Nov. 20: "International markets have already chosen the currency to replace the dollar: the pound sterling. Once again the City of London is the prime international market thanks to the liberal policies of (Prime Minister Margaret) Thatcher."

From Paris, *Le Figaro* wrote Nov. 20: "The prime beneficiary of the weakness of the dollar is sterling. The minimum lending rate rise increased currency inflows into Britain, and the decision to internationalize the pound [by lifting exchange controls last month] was well-timed. Arab financiers are turning away from New York, and are looking towards London."

Last week, *EIR* featured British plans to convert sterling into a major world currency to replace the dollar, including an interview with Schröders Bank director and Committee of 30 Executive Director Geoffrey Bell, who effused over the prospects for "petro-pounds."

The Paris daily *Le Monde* wrote Nov. 21: "The

Eurodollar is no longer a freely convertible currency.”

Credit markets: The status of international lending had not changed from *Daily Telegraph* City Editor Andreas Whittam-Smith's comment on Nov. 17: "However the matter (of the Iranian assets freeze) is resolved, the harm done to the world financial system is already substantial ... International banks have been served notice that a large chunk of oil money deposits are potentially unstable. It is unrealistic to assume that Iran's action is an unrepeatable, special case. Libya, Algeria, Iraq, and Nigeria might follow."

Meanwhile, American banks have escalated pressure on Western European banks to join the assets freeze, which French and West German bankers emphatically state that they will never do. Chase Manhattan has already telexed its co-participants in syndications to Iran asking them to accelerate payments on Iranian loans outstanding. These loans went into default as soon as the Treasury announced the freeze, because American banks attached Iranian assets in order to cover for loans outstanding. Chase has \$340 million in loans to Iran and \$500 million in deposits from that country, all of which have been attached. Bankers Trust has taken the same action. Citibank's position with respect to Iran is almost identical to Chase's although precise figures are not known.

The Kuwaiti Council of Ministers issued an official declaration stating: "We deplore the decision [of the U.S. Treasury to institute the freeze]. It may shatter the international financial relations and the monetary system. ... Kuwait disapproves of the decision and cannot guarantee the unpredictable consequences it may engender."

At the moment, although no syndications are going out, the hour-to-hour functions of the Eurodollar market, particularly on the vast interbank market, are still being conducted normally, according to Eurodollar traders interviewed in New York, and Western Europe. How long this can continue is "not a purely financial thing," as Treasury official Randall Kau said. "There are foreign policy, domestic policy considerations here." Nothing automatic among the banking considerations will plunge the Eurodollar market into irreparable collapse over the next week (although a continued tight money policy and lending controls from the Federal Reserve and other central banks would accomplish this within a fairly brief space of time on their own). The stage is set for the groups in Washington and London who wish to force these developments to provoke them.

At one of the big three government-owned banks in Paris, a top official said, "The British cannot get away with this. Their success is momentary and superficial. They will sink, or there will be a change in Britain. We will not let them do this." The banker did not say how France intended to intercept these developments.

—David Goldman

How Britain would dethrone the dollar

The U.S. freeze on Iranian assets, which has so shattered international confidence in the dollar's role as a reserve currency, was planned by policy-makers in Washington and London at least two weeks before the Iranian government seized the U.S. embassy. In point of fact, the plot against the dollar dates back at least to 1944 at the Bretton Woods conference itself where British Treasury official J.M. Keynes objected to the dollar's leading role and proposed instead the imposition of a "supranational" currency, the *bancor*, godfather of the International Monetary Fund's present-day Special Drawing Right.

The decades-old British effort to "dethrone" the dollar reached a critical threshold, however, in March 1978 when then-British Prime Minister James Callaghan visited Washington and publicly called on the U.S. administration to accept the rapid phase-out of the dollar and its replacement by a "basket of currencies." What follows below is a brief chronology of events since Callaghan's March 23 visit to the U.S., highlighting the antidollar activities of British officials and of the recently formed "Committee of Thirty," an elite group of banking experts who are preparing a master plan for world monetary reorganization:

1978

March 23: Callaghan visits with President Carter in Washington. The March 19 *Sunday Telegraph* reports that "James Callaghan will attempt to persuade President Carter to adopt a major change of policy designed to counteract the effect of the falling dollar ... (he will propose) a five nation basket of currencies including sterling, deutschemarks, French francs and Japanese yen, which will support one another, ... The White House was jolted out of its torpor during the weekend by accounts that James Callaghan will urge the Americans to allow the dollar to be dethroned from the centre of world monetary order." The March 20 *London Times* comments: "It is difficult for America's friends to suggest that the position of the dollar must rapidly be demoted without seeming to attack American leadership, ... But Mr. Callaghan knows that the seeming advantages of a reserve currency role are an almost

total illusion. If he can begin to convince President Carter that this applies to the dollar just as much as it did to sterling his journey will have been to useful purpose."

July 7-8: At their historic Bremen summit, European heads of state agree to form "a zone of monetary stability in Europe," to be known as the European Monetary System. A top West German official tells *EIR* that the EMS is "the seed-crystal of a new international monetary system" which will eventually replace the International Monetary Fund and World Bank. On West German television to announce the new system, Chancellor Schmidt states that a major objective will be to stabilize the dollar on world currency markets. Every EC country but Great Britain joined the EMS.

"Anyone who wants to speculate against the dollar is going to have to deal with the European Monetary System," Schmidt comments. The EMS plan produces a storm of protest in the British press, including the July 9 *Sunday Telegraph* which sputters that Bremen "seems to have produced one dramatic development, which has both upstaged Mr. Callaghan, and to some extent turned the tables on him."

July 26: A memorandum circulating internally at the Bank of England, entitled "Growing Structural Vulnerability of the U.S. Dollar," outlines the British strategy for combatting the fledgling EMS formation and further undermining the role of the dollar. The memorandum, which is prepared by a team of British and American monetary experts under the direction of Bank of England advisor Sir George Bolton, states that continued speculative pressure against the dollar could place the Europeans in a highly defensive mood. The EMS might then be transformed into an antidollar "regional currency bloc" contrary to the original intentions of its Franco-German founders. "This would naturally create much greater tensions in the area of international trade, heighten protectionist fears and lead to open economic warfare. In such an environment, the structural and cyclical vulnerability of the U.S. dollar will be highly exposed," the memo concludes.

Sept. 16: William McChesney Martin, the former Federal Reserve chairman and a director of Royal Dutch Shell, announces the release of a special Atlantic Council policy paper on international monetary policy. Martin warns that the EMS "should not undercut the IMF" and outlines a three-point program closely resembling Keynes' original Bretton Woods plan: 1) the IMF should be transformed into a "supreme central bank to impose monetary discipline," 2) national governments belonging to the IMF should be compelled to deposit their "excess" dollar reserves with the IMF, receiving in their place Special Drawing Rights, which will serve as the primary world reserve, and 3) the IMF should establish a "rediscount facility" allowing it to carry out

open market operations in national money markets and determine interest rates worldwide. National sovereignty in the determination of domestic economic policy would thus be eliminated in one stroke!

Nov. 14 In a speech before the New York Council on Foreign Relations, University of Louvain economist Robert Triffin also calls for the elimination of the dollar's reserve currency role and greater IMF control over world liquidity creation, including regulation of private banks' "offshore operations." Triffin, who has long been associated with the Belgian royal family, further misrepresents the EMS as an updated version of proposals he himself authored in the 1960s which called for the creation of an austerity-based European currency bloc which would act against the dollar.

mid-December: While European officials prepare for the formal launching of the EMS on Jan. 1, the "Committee of Thirty" is founded at a conference in Bermuda. The Dec. 28 *Journal of Commerce* reports that the group was launched "through the generosity of the Rockefeller Foundation and the enthusiasm of Geoffrey Bell of Schröders." Also known as the "Witteveen Group" after the former IMF Managing Director Johannes Witteveen, the "Committee of Thirty" includes among its members Triffin, Bell, Otmar Emminger, the former Bundesbank chief and a political adversary of Chancellor Schmidt, the present U.S. Federal Reserve Chairman Paul Volcker, Bank of England director Kit McMahon, Robert Roosa of Brown Brothers Harriman, and Witteveen himself.

1979

Jan. 1: Formal launching of the EMS is delayed until March 13 ostensibly due to a dispute over EEC agricultural policy, but European central banks coordinate foreign exchange intervention as if the EMS already existed. Despite the initial success of the EMS, U.S. and British armtwisting results in its containment as a mere currency-stabilization scheme, braking its intended development as a replacement for the discredited IMF.

Sept. 29-Oct. 6: The creation of an SDR "substitution account" is the main item on the agenda at the annual IMF conference held in Belgrade, Yugoslavia. This scheme would require governments to turn in their dollar reserves to the IMF in return for SDRs. The SDR scheme receives backing from U.S. Treasury officials but implementation is stalled due to resistance by Western European governments. French Finance Minister Rene Monory joins with "Group of 24" Third World nations in calling for a softening of IMF "conditionalities" and declares: "We must wrest the world from the vertigo of monetary disorder and poverty." At a New York press conference on Sept. 26, French Foreign Minister François-Poncet states that it is his

“vision” that the EMS will eventually supplant the IMF and become a mechanism for funding Third World industrialization. The European-Third World coalition deals such a blow to IMF authority at Belgrade that the London *Economist* characterizes the institution as “dead on its feet.”

Oct. 26: At a top-level international bankers’ conference held in Port Chester, N.Y., Treasury Undersecretary Anthony Solomon takes European governments to task for their reluctance to cooperate with U.S. economic policy. He charges that: “The U.S. continually hears European calls for stronger U.S. leadership in the economic area, and specifically in the monetary area, ... Yet when the U.S. does attempt to exercise leadership, there is frequently a notable absence of European willingness to follow.” The Oct. 31 West German business daily *Handelsblatt* reports with disgust that one unidentified American at the conference had compared the present West German government leadership with Hitler! The conference is sponsored by West Germany’s Friedrich Ebert Foundation.

Nov. 1: The Philadelphia World Affairs Council, a sister organization to the New York Council on Foreign Relations, holds a conference to brief top U.S. banking and corporate leaders on the “Committee of Thirty’s” blueprint for world monetary reorganization. Speaker Robert Triffin proposes that, as a transitional step toward making the SDR the primary world reserve, a

“multireserve” system be created, based on the emergence of several “regional” currency groupings. Praising the European Monetary System and its accounting unit, the ECU, Triffin calls for linking the ECU and other such “regional currencies” to the SDR, making the IMF the actual arbiter of world credit supplies.

Nov. 5: Speaking before House Banking Committee field hearings in New York City, Geoffrey Bell, executive director of the “Committee of Thirty” and a director of Britain’s Schröder Bank, proposes that the leading industrialized countries not wait for further speculative attacks on the dollar, but provide now for an “orderly” diversification out of the dollar. He calls for the issuance of special investment instruments denominated in “hard” currencies, such as the pound sterling, deutschemark, Japanese yen, and Swiss franc.

Nov. 14: The Carter administration freezes Iranian assets. Geoffrey Bell predicts in an *EIR* interview that this step will encourage further currency “diversification” by OPEC dollar-holders who are now anxious over the safety of their own deposits. “The quicker we get through this transitional period and make the dollar *primus inter pares*, alongside the pound, the deutschemark, the yen, and the Swiss franc, the better,” Bell says. Bell also stresses that Britain’s pound sterling should once again assume a major role in world monetary relations because of its “petrocurrency” status.

—Alice Roth

Who planned the asset freeze

Sawhill concern is supply curtailment

Speaking Nov. 20 at a breakfast held for the Washington press, Secretary of Energy John Sawhill delivered some opening remarks followed by questions.

Sawhill: My concerns about the world oil situation and what we have to do to prepare—my basic feeling even before Iran—is that the world oil supply situation is very delicately balanced. Despite the very slow economic growth and demand probably remaining static, supplies are troubling ... because OPEC production is a questionmark. Saudi Arabia stepped up production but that is

only temporary. So there is much production that could be curtailed.

And I am concerned about changes in the structure of the world oil market. Oil used to be sold on contract basis, but it is increasingly moving toward the spot market. This means further instability which has made the situation difficult to predict, and underscores the need for all industrialized countries to curtail imports of oil.

So at the DOE we have refocused our efforts on energy conservation, and the substitution of other fuels for oil. ... We do not know the implications of our cutoff of imports from Iran because we do not know if Iran will cut off production. But we must encourage conservation. ...

Q: *What kind of contingency planning is now going on in the Department of Energy?*

Sawhill: When I first came, I looked at the supply-demand figures and was very concerned that we did not have comprehensive plans—so, late October, I got underway an inter-agency task force to look at what to do about all forms of supply curtailment, all the way from a production cut-back by a producing country, to political terrorism in the Mideast. We have developed a number of options.

I intend to establish a special office in the DOE which has supply curtailment as its specific function. ... We also want to activate state contingency planning as rapidly as possible because of the situation in Iran.

Q: *If a big shortfall, say 20 percent, suddenly occurred, what sort of rationing plan is in the works and can be presented to Congress?*

'Crisis managers' take control

The Federal Emergency Management Agency—an agency which has up to now stayed in the shadows of U.S. policymaking—has taken over control of U.S. government economic policy. The emergence of the agency, known as “FEMA” by insiders, amounts to a takeover of domestic and foreign policymaking from the U.S. legislative and executive branches.

“We at FEMA had plans to freeze the Iranian assets two weeks before [Carter] did,” FEMA’s agent at the U.S. Treasury revealed Nov. 19. He took full credit for the massive U.S. freeze of \$12 billion in Iranian dollar deposits in U.S. banks which has rocked the world financial community.

“I was on top from the beginning,” said Randolph Kau, the FEMA man, who doubles as executive secretary for national security to Treasury Secretary G.W.

Miller. The regular responsible Treasury authorities had nothing to do with it, he said. When the threat from Iranian Foreign Minister Bani-Sadr to pull all \$12 billion of Iran’s dollars out of U.S. banks came over the Treasury’s international telex in the early hours of Nov. 14, Kau bragged, “the Treasury night duty officer called me. I called Secretary Miller and [Federal Reserve Chairman] Volcker personally. I handled it, from the top, by prior arrangement.”

FEMA has come a long way since it crisis-managed the Three Mile Island nuclear “disaster” last spring.

The emergency agency was created as a “big brother” amalgamation of seven or eight federal emergency agencies, just before the Three Mile Island incident, and was given vast and dangerously unspecified powers to “coordinate all federal preparedness and response” to nuclear war, earthquakes, floods, terrorism, down to local incidents. FEMA was signed into existence without law, without congressional approval, by an unpublicized presidential Executive Order of which even few in Congress were aware.

Some Washington commentators noticed that Three Mile Island made a perfect test case for FEMA’s trial run.

NSA: Freeze the assets

FEMA’s next coup, Kau went on, is its “live contingency plan” to freeze the entire \$100 billion net OPEC deposits in U.S. banks. Asked whether FEMA might

Sawhill: It would take us three months to develop a plan for full-scale coupon rationing and submit it to Congress. ... My own feeling is that it should be a white market plan, i.e., people should be able to buy and sell coupons.

Q: *Could you give us more detail about the emergency planning structure you are setting up? What is the role of the Federal Emergency Management Agency? Are you working most closely with the Treasury Department on this?*

Sawhill: I am in charge of these task forces. They are interagency, and FEMA is heading up one of the several task forces which I set up. The C.E.A., the Department of the Treasury, the Department of Transportation, and the DOD are also involved.

Q: *Are you now convinced that you cannot get a plan in place unless the crisis becomes more immediate?*

Sawhill: Well, it is hard to convince people that this is a problem that will be with us for a long time.

Q: *You mentioned your concern about the world oil market orienting toward the spot market, but over the last few months, the U.S. has taken at least two specific actions which, as a deliberate policy choice, moved major demand to the spot market. I mean the subsidy decision of late summer, which not only your allies screamed about, but which OPEC complained made it difficult for them to hold the oil price down; and the recent decision around Iran.*

Sawhill: I do not think those are moves that will increase pressures on the spot market. The reason for the increased use of the spot market is that the price is so much higher. The U.S. is not shifting demand to the spot market, but more and more countries are shifting to take advantage of the higher prices on the spot market.

Q: *But the producing countries do not make a profit from spot market sales, just the multinational oil companies. The spot market is determined not by the producers, but by demand which the U.S. moves have served to increase twice in the last few months.*

Sawhill: (No answer.)

'From the top, by plan'

Randy Kau, executive secretary of the Treasury for Security Affairs, is a personal secretary to G. W. Miller, and serves as the Treasury's representative on the FEMA Interagency Task Force. In a Nov. 19 interview he said the following:

Q: *Did you have a generalized contingency plan when Miller froze Iranian assets?*

Kau: Yes, of course there was a contingency plan. ...

Q: *How does it work? Clyde Farn-*
Please turn to page 12

freeze the rest of OPEC's money next, he said "Of course, we wouldn't be doing our job otherwise."

Such an abrogation of the dollar's role as a reliable, freely convertible medium for international exchange and trade would end the U.S. currency's role as an international reserve currency.

FEMA's up-to-the-minute intelligence on where all those billions in petrodollars are located, *EIR* learned, is coming from the supersecret National Security Agency (NSA), the joint intelligence venture of the Defense Department and the CIA which taps all world telecommunications lines.

"We didn't bother to rely on Newman," scoffed Kau, referring to Gerald Newman, Director of the Treasury Office of International Banking Activities, which has the formal, legal responsibility to provide the Treasury with that sort of data. "They think they're pretty important ... but they don't understand the foreign policy, domestic policy considerations here. There exists *substantially better data* [which] is classified on a national security basis, so I can't tell you from where."

The only agency capable of tapping into comprehensive information on deposits in *all* the international banks, New York and Washington banking communications experts say, is the NSA. Under the 1952 Executive Order—again, no congressional law—creating the

NSA, it is forbidden by national security censorship to even describe the extent of powers of the NSA, let alone to find out how the NSA is monitoring those billions of dollars. Only the FEMA officer, in all of the Treasury Department, in fact, seemed to know how these decisions, on which the U.S. economy and foreign policy hang, are being made.

If the freeze of all \$100 billion OPEC assets goes through as planned, Kau admitted, that will be the end of the U.S. dollar as the international currency. "You must understand that the mere mention of the possibility of freezing these assets drives people [i.e. Arab holders of the dollars—ed.] up the wall. If we were to admit to this, *it would collapse the dollar*," the Arabs would panic and begin massed withdrawal from U.S. banks to beat the freeze.

Of course, FEMA is deliberately leaking these rumors, hoping to panic the Arabs. Their efforts are aimed at wiping out the U.S. dollar.

"Contingencies"

FEMA is taking over more than mere monetary policy. The agency is asserting greater control over U.S. energy policy and the broad sweep of general economic policy that goes with it. FEMA is coordinating a new Inter-Agency Task Force composed of members of all the administration agencies and headed by Deputy Secre-

Who planned the freeze

Continued from page 11

sworth in the New York Times says that night duty officer Joseph Hatfield ran off when he saw Bani-Sadr's \$12 billion statement on the FBIS ticker, and called Miller and Carswell who handled it ad hoc...

Kau: Bullshit! Hatfield called me and I called Miller and Volcker. It was handled from the top, by plan.

Q: Was this done in coordination with FEMA?

Kau: FEMA is only involved in things like nuclear war. ...

Q: But I understand they're doing planning for a total OPEC oil embargo with John Sawhill. ...

Kau: Where did you hear that?

Q: From FEMA. ... Are you the FEMA representative at Treasury on the FEMA Interagency Task Force?

Kau: ... Yes.

Q: Is your plan on the foreign assets coordinated with them?

Kau: Yes, FEMA is involved in the overall planning. ... We at FEMA had this plan to freeze the Iranian assets two weeks before. ...

Q: So you do have contingency plans together with Sawhill's group for dealing with OPEC's assets in the event of a total OPEC oil shutoff?

A: We'd be negligent if we weren't planning for this but I must tell you people are going up the wall. If we were to admit to this it would collapse the dollar. ...

Q: But what about the rest of your emergency mechanism? How does it work? How good is this data?

Kau: Look, that information is classified on a national security basis, you'll have to talk to our FOIA

(Freedom of Information—ed.) office.

Widen freeze to OPEC?

Stanley Sommerfield, director of the Treasury Office of Foreign Assets Control, said the following in an interview this week.

Q: The Journal of Commerce says your licensing of partial movings of the blocked Iranian funds constitutes a form of exchange controls ...

Sommerfield: Certainly, this is nothing but exchange controls. Of course, it's selectively on Iran.

Q: Do you have contingency plans to widen this to other OPEC countries in case they threaten to pull out funds from the dollar?

Sommerfield: Do you think by any wild chance the Secretary of the Treasury was able to waltz into the White House on ten minutes notice

tary of Energy John W. Sawhill. Sawhill, who is also FEMA's representative at the Energy Department, is planning "emergency contingencies" for a total cutoff of OPEC oil production and the consequent shutdown of the U.S. economy.

Sawhill told a Washington press briefing this morning that as part of FEMA's Inter-Agency Task Force which he heads, he has set up a "special office in the Department of Energy which has oil supply *curtailment* as its sole function." Sawhill knows whereof he speaks when he talks of crisis-managing a cutoff of U.S. oil supplies. He quit as head of the old Federal Energy Agency in 1975, after personally managing the oil embargo of 1973-74, because President Ford refused to implement his "tough mandatory conservation measures," he told reporters.

Sawhill's current "oil curtailment" scenario is a total cutoff of oil production in the Persian Gulf, due to terrorist attacks on the oil fields, blocking of the Strait of Hormuz at the mouth of the Gulf, etc. In his task force's recent report to Congress, "Oil Shortage Contingency Planning" Sawhill warns such an event could mean a world shortage of 12 million barrels of oil a day, producing a shortage to the U.S. of 4 million barrels a day or a cutting in half of U.S. available current oil imports.

To meet this contingency, Sawhill and FEMA are

already planning "potential initiatives" ranging from hiking gasoline taxes to "full scale U.S. rationing" of gasoline, heating oil, and other oil products, to moving the economy onto a depression "four day work week."

Energy Secretary Charles Duncan, in a meeting with Sawhill of the 36 U.S. state governors Nov. 16 to discuss the report, called for the governors to immediately ready state-by-state rationing plans modeled on that of California in case these large-scale federal programs are not ready in time for such a Mideast oil shutdown.

Barring a terrorist or war-provoked shutdown of Mideast oil, Sawhill's report continues, what is in fact probable is a "substantial risk" that OPEC oil supplies will be cut by 3 million barrels a day in 1980 "because of an apparent breakdown of discipline in OPEC ... as the number of (oil) purchasers increases, price pressures are heightened and each new player seeks to assure supplies," which will cause OPEC countries to just cut their production to take advantage of the higher prices. "The events of the past year and current market trends have increased the probability of chronic or sudden interruptions of oil supplies in the coming months," the report concludes.

—Kathy Burdman

and get that order signed? Of course we have been planning for these things in advance.

Q: A FEMA spokesman says they have plans for an oil cutback by all of OPEC.

Sommerfield: FEMA! FEMA is dumb! Who ever heard of FEMA! We tried to tell them weeks ago that we should be on any emergency task force. They didn't even bother to put us on their interagency task force. ... So the other night we didn't pay any attention to them. I'm in charge of blocking funds here. I was here in World War II; I have been blocking funds since I blocked the Chinese assets in 1950, Cuba in 1963, Rhodesia in 1968. What does FEMA know about blocking? I wrote the order, I had drafted it in advance, I went to the Secretary (Miller) and he went to the President and got him to sign it and then I had the authority. And we

didn't need these fancy-Dan planners at FEMA to tell us what to do.

Q: But isn't it true that people like Randy Kau and John Sawhill are making decisions?

Sommerfield: Well, er, I wrote the order as I said and it was gone over by Kau and a team of Treasury lawyers and Justice, that's true ... But they had to come to me to implement it. ...

Treasury Coordinates with IMF, BIS

From the Treasury office of International Banking Activities, director Jerry Newman's deputy, James Lister, disclosed how the Treasury keeps tabs on international finance:

Q: Do you monitor OPEC and other nation's reserve assets jointly with the

BIS (Bank for International Settlements) and the IMF (International Monetary Fund)?

Lister: Yes, we monitor through our computer all foreign reserve assets and all foreign liabilities to both U.S. banks and non-banks including manufacturing corporations. The BIS makes all its reports, public and private, to the New York Fed; we get from the New York Fed those reports, plus the New York Fed's own reports on the U.S. banks, U.S. and foreign liabilities and assets, plus other data on U.S. banks and non-banks' liabilities and assets with foreigners compiled from the Treasury Statistical Office under Dirk Kaiser. We have the only aggregate reports—Heimann (Comptroller of the Currency) just taps into the same Fed system to get the individual bank reports on national banks only. We just use the published IMF data; there is no special data.

Who is John Sawhill?

For the past decade John Crittenden Sawhill has been one of a handful of top zero-growth policy-makers in the field of energy. He has written a half dozen major policy documents on energy crisis management, sponsored by the Ford Foundation, the Trilateral Commission and the Aspen Institute.

He has held official federal government posts in the energy field and has been advisor to OPEC and other international bodies. Sawhill has been involved in urban policy through his membership in the Financial Control Board of New York and as a trustee of the Urban Institute in Washington, D.C.

Sawhill's consistent policy perspective for U.S. energy has been one of implementing the neo-Malthusian "limited resource" policy of former DOE Secretary James Schlesinger. In 1975 Sawhill resigned as head of the Federal Energy Administration due to differences with President Ford. Sawhill, as the director of the Project Independence program, was even then lobbying for mandatory conservation, rationing, oil import limits and constraints on consumption.

Sawhill's publications include:

- Ford Foundation-sponsored, "Nuclear Power Issues and Choices"
- Trilateral Commission-sponsored, "Energy—Managing the Transition"
- Ford Foundation-sponsored, "Energy—The Next Twenty Years"

Sawhill's positions in anti-growth energy policy-making bodies include:

- chairman of the Aspen Institute Energy Committee
- governing board member of Common Cause
- trustee for the Committee for Economic Development
- trustee for the Urban Institute
- trustee for the World Peace Foundation

Sawhill is an advisor to OPEC and to Saudi oil Minister Yamani. He was also one of the invited participants at President Carter's round of meetings at Camp David this past summer as a consultant on energy policy. Sawhill himself feels he has been vindicated in his views on conservation and self-imposed austerity since the recent moves of the Carter administration to implement proposals he put forward, beginning in the 1960s.

A 'dialogue' to manage oil crisis

A plan put together in mid-1978 by the former British Energy Minister Anthony Wedgewood Benn and Saudi Arabian Oil Minister Zaki Yamani to launch a producer-consumer "dialogue" is presently being weighed in European and Middle Eastern circles as the probable global form for managing the current oil crisis.

The lead editorial in the London *Sunday Times* headlined, "Act now to avoid world slump" praises "the wise counsel" of Yamani in his efforts to find some "accomodation" to the growing conflict between the producing nations and their industrialized oil customers.

According to the Benn-Yamani scheme, the two blocs would negotiate a planned schedule of OPEC price hikes and an accompanying schedule of oil output (production-programming) based on projections of demand by the industrial world. The fact that the scheme is now being promoted is no coincidence since its success can only be ensured under the kind of international crisis environment which has been created by the recent seizure of the U.S. embassy in Teheram by the Muslim Brotherhood.

The CFR connection

The same notion of producer-consumer cooperation appears in the volume entitled "Oil Politics in the 1980s" which was part of the just released *1980s Project* released by the Council on Foreign Relations (CFR) under Cyrus Vance's direction. That volume concludes that the "controlled disintegration" of the world oil markets will force a series of unpleasant tradeoffs between the oil producers and consumers, the end goal of which, says the CFR, is the creation of a "multinational regime" to manage the world economy. At present, the world oil markets are in fact undergoing the kind of chaos which the report states is a precondition for a global deal on energy, which will leave the multinational oil companies in control of world energy.

At the time of the writing of the "Oil Politics in the 1980s" volume, Yamani began a series of meetings with Wedgewood Benn to establish a Long Range Planning Committee within the cartel. This committee, as the London *Petroleum Economist* noted in February of this year, would serve as the catalyst within OPEC for initiating the producer-consumer talks. In July of 1978

in London, Yamani inaugurated the committee, with Benn despite his country's not being a member of OPEC. Since then Britain and Norway have attempted to get a dialogue of oil producers going as a precondition for the producer-consumer meeting.

Prices up, production down

As the warnings this week from Energy Undersecretary John Sawhill indicate, the OPEC nations will probably enact a policy of higher prices for oil and lower production levels. This week, the United Arab Emirates (UAE) was the first of the 13 cartel members to announce it would drop its oil output. Abu Dhabi, the dominant Khomeini-influenced state in the UAE federation, will cut its onshore production by 13 percent starting in 1980. According to the London *Daily Telegraph*, Nov. 20, Kuwait is expected to follow suit with a whopping 25 percent drop in output to 1.5 million barrels a day (mbd) down from its current 2 mbd.

A number of Persian Gulf producers had geared up production to above average levels to compensate for Iran's reduced output. Kuwait was one such country. Another was Saudi Arabia which for most of the year has been producing 9.5 mbd or 1 mbd over its official production ceiling. Last week Yamani threw cold water on any hopes that his country would turn on the spigots up to 10.5 mbd which had been a source of speculation. A spokesman for the Saudi government stated bluntly that the oil giant would not further increase output. The oil minister of Qatar, Abdul Aziz Bin Khalifa, too, followed the Saudi lead stating that Qatar would not up production in 1980.

The intention on the part of the oil producers to decrease their average 32 mbd output, is seen by New York oil analysts as an effort to tighten supply on world markets and make the next oil price increase stick. Sources both inside and outside of the cartel are confident that the pricing ceiling for OPEC oil will be pushed up to \$30 a barrel from its current \$23.50 level. The policy of higher prices for oil and reduced output is the stated policy of the Iranian Foreign Minister Abolhassan Bani-Sadr, who has been the dominant figure in the Revolutionary Council since the seizure of the embassy. Bani-Sadr's threat to stop receiving dollars as a means of oil payments has already begun to stir the more militant elements in the cartel into calling for various provocative actions against the U.S. which could bring down the world economy. Libya last week called on the Arab Foreign Ministers at a summit in Tunis to engage in retaliative measures against the U.S. for freezing Iranian assets, and Iraq this week has called for an oil embargo against "the friends of Israel."

Moreover, the Iranian government has created confusion in a number of Western capitals with its series of memos to oil companies stating that from now on all oil payments must be made through banks other than American banks.

Where Iran's Oil Goes

	Total (barrels per day)	% of Iran's Output
United States	771,000	15
Western Europe	2,053,000	39
W. Germany	347,000	
Netherlands	325,000	
Italy	294,000	
France	209,000	
Britain	185,000	
Spain	173,000	
Other	520,000	
Japan	852,000	16
Domestic Consumption (and unspecified exports)	1,459,000	28
Canada	110,000	2

This estimate is based on a 1978 CIA report. It accounts for pre-revolution oil exports which were approximately 2 million barrels a day higher than today. The ratio of distribution is roughly the same.

The imposition of an embargo on all U.S. oil companies last week by the Khomeini regime has only further contributed to the chaos on world oil markets. According to an oil analyst in New York, "President Carter did not anticipate that his announced refusal to accept Iranian oil would prompt an embargo against all U.S. takers. Carter thought the U.S. companies could buy the Iranian crude and then trade it for other crude and ship it home. Now the U.S. companies are going to be at a disadvantage. Watch Royal Dutch Shell and BP now. This Iranian move strengthened their position on world markets."

Japan has been put in a "difficult situation" thanks to Iran, said a Japanese trading source. After Teheran announced the embargo against the U.S. it turned around and offered 70,000 barrels of oil to Japan but at the astronomical price of \$45 a barrel.

The Japanese are reportedly consulting with the U.S. on this matter since Washington was urging its allies not to buy Iranian oil at these high prices, as a means of retaliation. However, Japan has found itself short of imported crude following the overthrow of the Shah earlier this year and has depended upon its long terms contracts with Iran which presently amount to about 450,000 barrels a day.

—Judith Wyer

Morgan leads 'revolution' for speculators

The 8 percent month to month drop in home building and 13 percent drop in monthly permits issued for future construction are minor dips compared to what is to come, housing industry economists commented when these numbers were released by the Commerce Department on Nov. 19. "The real scary numbers will be coming out several months from now," Michael Sumichrast, chief economist for the National Association of Home Builders (NAHB) hinted.

There are even more radical changes in the offing for the home-building industry; 1980 is not merely going to be another 1969 or 1974, years when housing starts collapsed by some 25 percent and 50 percent respectively over the course of the year. The traditional formula for housing finance and construction in the United States—household savings deposited in thrift institutions going to finance single-family home construction—is caput. Federal Reserve Chairman Paul A. Volcker's Oct. 6 "revolution" in monetary policy—by taking the ceiling off interest rate rises and putting the squeeze simultaneously on household savings and the thrifts—sealed its fate.

Symptomatic of the drift of developments is the present breakdown of traditional patterns of mortgage lending in the United States. In the Nov. 20 issue of the *Journal of Commerce*, former U.S. Secretary of Agriculture Earl Butz spelled out in graphic detail the initial impact of Volcker's taking the lid off the thrift institutions' cost of funds. Especially in the 22 states where state usury laws are in force, savings and loan institutions have had to carefully ration their dwindling supplies of high cost money. Among the cases cited by Butz: some S&Ls have been forced to raise down payments on homes to 40 percent—simply eliminating many prospective home buyers; twelve S&Ls in Wisconsin

have completely stopped issuing new mortgage loans, and are lobbying in Madison to repeal the state's usury laws; and the First National Bank of Chicago, one of the giants of Midwest mortgage lending, has adopted the practice of giving loan appointments to its numerous applicants.

The situation is hardly any better in states where there are no usury ceilings and where the thrifts can attempt to pass on their cost of funds to mortgagees. A study on housing affordability prepared by the NAHB last month indicates that with 14 percent mortgage rates—a peak reached already in a number of states—only 8 percent of the nation's households can afford to buy a \$65,000 home with a 10 percent down payment.

Whither the housing industry?

In the context of a nearly demolished home building industry, the November issue of "The Morgan Guaranty Survey" carried a truly extraordinary article, titled "The Revolution in Housing Finance," which recommends the crisis be solved by scrapping single family home construction in favor of "urban rehabilitation."

Specifically, Morgan proposes that government housing agencies such as the FHA and the VA—which have been the mainstay of the U.S. housing industry since the Great Depression—abandon the area of as-single-family home construction entirely, giving Washington an opportunity "to concentrate its limited energy and other resources on promoting improvement of the dilapidated housing and neighborhoods of the nation's poorest families." Despite the studied expression of social concern, Morgan Guaranty is proposing to hand over a multibillion dollar boondoggle in "government-guaranteed" urban real estate speculation to assorted

foreign real estate interests, mortgage brokers, and "development companies." At the same time, it would cut off credit to new home construction—a revolution led by real estate speculators.

Typical of the real estate interests that Morgan is gunning for are obscure mortgage company fronts like the Milwaukee-based MGIC Investment Corp., known in the trade as "Magic." MGIC, which was created by one Max H. Karl in 1956, numbers among its board members Philip Morris Klutznick, the founder of the Chicago-based Urban Investment and Development Co. and the new Commerce Secretary-designate. The roster of MGIC's former employees includes Jay Janis, the chairman of the Federal Home Loan Bank Board, the regulator of the nation's savings and loan industry. Small world.

MGIC made the news last August when it marketed the first issue of privately placed "mortgage pass-through certificates," the latest in housing finance. They are long-term bonds backed by a package of mortgage pooled from savings banks around the country. Interest and amortization payments on the mortgages are "passed through" from the mortgagees to the investors. In the case of MGIC's first-ever \$50 million issue, the entire lot was privately placed with an unnamed major life insurance company.

To date, MGIC and other private mortgage "conduits," as they are called, have been issuing packages of single-family home mortgages. In interviews conducted by the *Executive Intelligence Review* last summer (see Vol. VI., No. 32, Aug. 14-20), however, a number of principal market makers said that the trend will be toward urban, multi-family dwellings, the operative model being the "rehab" program on the edge of Boston's ghetto launched by Connecticut General and the Rouse Corporation. The fastest and biggest real estate profits are to be made on slum housing, especially when government urban renewal funds are to be had.

The home finance "revolution"

As "The Morgan Survey" article notes, housing finance has been heading in this direction for over a decade. In the mid-1960s, the savingsbank industry was already beginning to be hit with "disintermediation"—the flight of deposits out of savings banks in search of higher yielding direct money market investments. At that point, the traditional savings "intermediators" were joined by a raft of government and "government sponsored" credit agencies—the exotically named Federal National Mortgage Association (FNMA or "Fannie Mae"), the Government National Mortgage Association (GNMA or "Ginnie Mae"), the Federal Home

Loan Mortgage Corp. (FHLMC or "Freddie Mac"). Fannie Mae sells its own securities and funnels the proceeds into mortgages originated by savings banks. Ginnie Mae and Freddie Mac securities are backed by pools of government-guaranteed mortgages. (The securities issued by MGIC and other private mortgage companies are modeled on these securities; however, they are backed by riskier conventional mortgages.)

Ginnie Maes have ballooned into a \$60 billion a year operation. Borrowing by all the government-sponsored agencies, mortgage pools, commercial banks, and other non-savings bank entities increased their mortgage holdings by \$67 billion, overshadowing the \$42 billion increase at the savings banks.

Just like the family automobile, the single-family home is becoming an extinct animal as a result of the 'Volcker revolution'.

The argument that these government-sponsored mortgage companies provide the lifeline to the housing market and construction industry by injecting liquidity into savings banks and other mortgage lenders is a good public relations line. By placing the unlimited governmental borrowing power behind the home mortgage market, these entities have fueled real estate speculation to the point of pricing the average homeowner out of the market.

And since Oct. 6, the agencies and investment bankers who market them have begun a pull out from the mortgage market because of the widening spread between prevailing short-term interest rates and mortgage rates, which are held down by federal and state government ceilings. Securities backed by 11 percent mortgages are hardly attractive when short-term investments are yielding 12 to 13 percent. Last month in Washington, D.C., for example, Fannie Mae refused to pick up any more home mortgages after the City Council voted not to repeal long-standing usury laws. Just like the family automobile, the single-family home is becoming an extinct animal as a result of the "Volcker revolution."

—Lydia Schulman

DOMESTIC ECONOMY

Does the auto industry have a future?

The big three auto companies announced this week that they will shut down 15 out of 66 truck and car assembly plants—fully one quarter of total capacity—for one to two weeks or more, throwing another 38,000 auto workers onto temporary layoffs. That is above and beyond the approximately 98,000 auto work-

ers currently on indefinite layoff.

The shutdown announcements came as the Wall Street investment community, joined by Lester Brown of the Worldwatch Institute, a Washington, D.C. think tank, proposed this week that the auto industry might be junked altogether.

Writing in the Nov. 18 Sunday *New York Times* business section, in an article entitled, "For the Automobile, the End of the Road," Worldwatch's Brown proposes that the automobile may no longer be

practical. "With gasoline supplies being squeezed by both the leveling off of oil production," Brown writes, "and the low priority accorded automotive fuel supplies, there is a risk that the world automobile fleet will outgrow its fuel supply."

Backing up Brown's contention, Walter Wriston, chairman of Citibank, proposed in Senate Banking Committee testimony Nov. 21 that any auto company which can no longer make it in the free market should be forced to file for bankruptcy, as he then proposed be done for Chrysler. Chrysler, Wriston contended, is a credit risk to the banking community in its current condition and therefore would have difficulty getting the money the government is recommending, even with federal loan guarantees.

These gloomy forecasts for the auto industry's future were punctuated by more bleak news from the

COMMODITIES

More secret than Switzerland

Just as the U.S. is happily subjecting itself to British-style controls on lending and capital flows, the Thatcher government in Great Britain is instating secrecy laws more protective than those of Switzerland, thus establishing a controls-free zone in London for the gamut of commodities and foreign exchange trading. Market sources predict that the outcome of pending regulatory and legal changes initiated by the new Conservative government will be 1) to provide a protected haven for commodity speculators—like the operators who tried to corner both the silver and copper markets in the U.S.

in recent weeks, as well as dope traders and other criminal operators who use commodity futures contracts to launder dirty money; and 2) to put the newly regulated U.S. commodity futures markets out of business.

In the most recent development, on Nov. 18 the Bank of England announced that it is moving to liberalize restrictions on foreign exchange trading by British banks. Until now, all foreign exchange trading was channeled by the banks to a half dozen or so foreign exchange brokers who performed the actual transactions and in turn reported to the Bank of England. The clearing house banks will hence forth be allowed to directly trade foreign exchange themselves instead of going through the brokers. This license to trade di-

rectly gives the banks virtual freedom from reporting of any kind and makes London an "anything goes" foreign exchange center.

Commented *New York Times* commodities columnist H.J. Maidenbergl in an interview with the *Executive Intelligence Review* last week: the liberalization will enable the British banks "to make all sorts of things." "It's much easier to monitor foreign exchange brokers," he added. "Now we'll see the sleight of hand tricks, the old shell game." Maidenbergl also predicted that many U.S. corporations and banks will be tempted to place deposits in British banks because of the cover provided for that money by the British authorities.

The move to liberalize the foreign exchange market comes on top of marathon efforts by the Thatcher government to instate Swiss-type secrecy laws in the commodity futures market in Britain—and a running battle between the British authorities and the Commodity Futures Trading Commission (CFTC) in the U.S. over disclosure. Secrecy legislation

industry itself. In the third quarter, it was announced this week, the Big Four automakers lost nearly \$1 billion on passenger car sales in the North American market. The losses on passenger car sales for the third quarter, totaled the following:

- GM: \$350 million
- Ford: \$260 million
- Chrysler: \$300 million
- American Motors: \$75 million

"The real crisis," said John Muir investment house analyst Arvid Jouppi, "is the realization just this last week that the situation has created a cancer on earnings. GM has been uncommunicative about its problem, but it has the disease, too." The cancer stems from the expensive and largely ludicrous pollution and safety requirements imposed by Ralph Nader and others on the auto industry, as well as the skyrocketing price of fuel and the steady increase in the cost of credit, which began

when G.W. Miller was chairman of the Federal Reserve Board and upped dramatically under his successor, Paul Volcker.

The weight of this "cancer" has hit not only the industry's "weak sister" Chrysler, but also is being felt at Ford Motor Company, the nation's sixth largest industrial firm. An internal auto industry memo, released in *Executive Intelligence Review* two weeks ago, and written by William O. Bourke, executive vice president in charge of North American automotive operations for Ford Motor Co., discloses that Ford suffered a \$637 million pretax loss in the third quarter, only partially offset by tax credits. Ford expects for the year a \$1 billion after-tax loss on its North American passenger car sales. In order to handle this, Bourke's memo proposes sharp cutbacks in Ford costs and production, and such changes as eliminating undercoating

for some vehicles, use of cheaper tires, etc.

The further production shut-downs announced by the auto producers was in direct response to the recommendations of the Ford memo, and buttressed by the fact that during the first 10 days of November, car sales fell by a whopping 26 percent.

But if the auto consumer credit sector is stalled by the Volcker credit policy and under the joint Sen. Riegle (D-Mich.)-Administration bill, Chrysler is slated to be reduced to a "small car and energy-savings parts-producing company," what future will the auto industry have?

Sounding an ominous note, Arvid Jouppi stated Nov. 16, "You cannot run a basic major industry for three months and lose a billion dollars. You've got to do something different."

—Richard Freeman

pending in Britain would not only provide a controls-free atmosphere for futures trading in London, but also provide immunity for London-based brokers trading in the U.S. futures markets from information requested by the CFTC. Over the last year the CFTC has attempted to serve a number of foreign-based brokers with subpoenas to obtain information about whom they were trading for and whether an "undue concentration" of futures contracts in a given commodity was being cornered by speculators.

On Nov. 12 *Times* columnist Maidenberg published a lengthy interview with James Stone, chairman of the CFTC, and commentary on the secrecy issue. In the interview Stone complained that the efforts of the CFTC and various U.S. futures exchanges to better regulate trading were being undermined by the British government's coincident efforts to adopt new secrecy laws. "Now our problem is being worsened by the Thatcher government's sudden penchant for secrecy that, by comparison, is putting the Swiss to shame,"

Stone said. "If we can't monitor trading from London, we are in deep trouble."

In an interview with EIR last week, however, a public information spokesman for the CFTC denied that Chairman Stone had uttered one word quoted by Maidenberg! "The supposed controversy between us and the British has been blown all out of proportion by the press," he charged.

The public position of the CFTC is that there is no major controversy over reporting requirements between the British and themselves, and that the press has confused and exaggerated two separate developments.

The first is the British government's reaction to a regulation change proposed by the CFTC that would require foreign brokers to designate an agent in the U.S., to whom requests for information could be served. The proposal stems from efforts by the CFTC last October to obtain information from a Swiss-based company called Wiscope, a coffee and sugar trader which was suspected of cornering the coffee

market for a client. The CFTC couldn't even locate a U.S. agent for Wiscope to serve with the subpoena. The government of Great Britain lodged a formal complaint to the proposal as it appeared in the Federal Register.

The other issue that the CFTC acknowledges is the pending British secrecy legislation.

In response to the denials by the CFTC, Maidenberg countered that the U.S. State Department, not wanting a publicized breach between the U.S. and Britain over the secrecy issue, had intervened and urged the CFTC to retract everything!

Reached for comment, a British sugar trader who works at one of the big U.S. brokerage houses, said he applauded the British position, which he described as "respecting the rights of the individual." He added that if a controls-free futures market were to be established in London, the futures market would shift to London and he and arbitrageurs like him would be the first to benefit.

—Lydia Schulman

After Iran, a buoyant pound

In financial terms, the major beneficiary of the Iranian government's effort to topple the U.S. dollar as a world reserve currency has been the British pound. This fact has become a matter of open discussion in European press and diplomatic circles since Nov. 18. On that day, preparatory meetings for this month's European Community Summit in Dublin blew up over irreconcilable differences between France and Britain's Thatcher government (see EUROPE).

An exemplary description of the pound's current buoyancy appeared Nov. 19 in the London *Daily Telegraph*. The newspaper openly posed the question, reported to have been angrily asked by West German spokesmen at the Dublin preparatory meeting, whether London's financial gains from the horrors of Iran are "coincidental," or the outcome of deliberate policy moves to rig a world depression for British gain.

Entitled "Flight from Dollar Lands on Sterling," the *Telegraph* piece states: "All the ground lost when exchange controls were lifted has been regained by sterling, which may approach its 4-year high of \$2.33." On Oct. 30, Thatcher's government had lifted a 40-year penalty on sterling capital outflows. Due to the very weak condition of Britain's internal financial markets prior to the Iran developments, it was expected that such a "return to free enterprise" would lead to such substantial capital outflows that the pound would plummet. But with the Iranian crisis, the exact opposite is happening.

The *Telegraph* continues: "How far will sterling go? It depends on how serious the Iranian threat to the dollar is ... It is not necessary to assume that there is something deliberate about the British government policy on this."

The same day, *Il Giornale* in Italy heralded on its financial page, under the headline "The End of the Dollar," "International markets have already chosen the currency to replace the dollar: the pound sterling. Once again the City is the prime international market, thanks to the liberal policies of Thatcher."

The chronology of events since the September meeting of the International Monetary Fund (IMF) in Belgrade, Yugoslavia, demonstrates that the British are indeed involved in the Iran affair, and are using it against both the dollar and the French-West German designed European Monetary System.

One of the major difficulties American viewers have in grasping Britain's policy is that the British economy itself is so weak. U.S. observers often "write Britain off" as a factor in world political affairs. Admittedly, the British industrial economy has never been in worse shape. The minimum lending rate (MLR), the equivalent to the U.S. prime rate, is at 17 percent—a record for any post-war industrial economy. British government borrowing needs, which are being financed at 13 percent returns, have attracted record funds (including partly international flight capital provoked by Iran), driving all industrial firms off the domestic bond market. Major industrial lock-outs began this week.

Despite all of this, Thatcher's administration is acting like a financial "spring chicken." On Nov. 19, the

Bank of England removed restrictions on foreign exchange trading conducted by banks, transactions handled for decades by jobbers and brokers who operated under special reporting restrictions to the Bank of England which the banks will not be subject to.

The only reason for such a move is that "the City" is preparing itself for an explosion of speculative financial activity.

Target: EMS

This speculative activity will spill over to other European currencies and capitals. The Bank of France was forced to intervene heavily on foreign exchange markets this week to prevent a too-rapid rise of the franc against the dollar. As it did so, the size of Eurofranc transactions reached a record volume, threatening to create a situation in which even the franc would be yanked behind the pound as a new partial reserve to replace the dollar.

Such speculation can destroy the EMS, the currency stabilization and development scheme created over British howls last January by the EC countries. To ensure that, indeed, the dollar-based EMS will not bolster the dollar enough to prevent internationalization of the pound and other "alternative" currencies, London is imposing unprecedented domestic austerity and industrial contraction, in an effort to yank the rest of Europe down with it.

This policy was spelled out Nov. 20 by Peregrine Worsthorne, columnist for the *Daily Telegraph*, who openly asked: "Are Mrs. Thatcher's economic policies compatible with the maintenance of political democracy? Or are they certain to cause so much public anger and resistance that they will have to be ... imposed by force at the end of a truncheon?"

Worsthorne's prescription for Thatcher is not intended only for British policymakers, but the West as a whole: "None of her predecessors ... believed that such a project could be undertaken by any Government dependent on winning elections; only by a dictatorship."

—Renée Sigerson

Reorganization for crisis-management

New White House clique orchestrates crisis in foreign and domestic policy

The Nov. 16 announcement that Phillip Klutznick of the World Jewish Congress and B'nai B'rith will become the new U.S. Secretary of Commerce has completed a vast reorganization of the Carter administration that has made the executive branch of government exclusively a "crisis management" apparatus. By no coincidence, the circles responsible for the waves of firings, resignations, and new appointments from the cabinet level on down—effecting this transformation in a matter of months since the summer—have done so in parallel with their decisions to provoke major international and domestic crises for the changing administration to "manage."

Since Jimmy Carter returned from the Tokyo summit in late June without European agreement to curb oil imports, and announced an energy program that the American people cannot accept any more than the Europeans, experienced "crisis management" figures have taken up positions on the White House staff, the National Security Council staff, the Federal Reserve, the Energy Department, the Federal Emergency Management Agency, the Justice Department, offices for trade negotiation, and more. Some people have traded jobs. Whole new agencies have been created. Special titles have been concocted where no other excuse could be found to get the crisis manager into position. And, since the same June-July period, Anglo-American policy-making circles in and out of government have been preparing the crisis-events which will put the crisis-management team to work in accord with policy objectives planned out even months earlier.

The geopolitical policy behind the transformation of the Carter administration was mapped out in a series of meetings this past spring which brought together the British policy-making elite, the European nobility, and their relevant allies in the U.S. financial and political communities. Then, government shake-up itself was planned in late spring, notably at a June meeting at NATO headquarters in Brussels, which featured General Alexander Haig and members of the Anti-Defamation League of B'nai B'rith including Amos Perlmutter.

In March and April 1979, two semi-secret meetings

were held, one in Austria of the Bilderberg group, the other at the New York estate of Averell Harriman. The latter meeting included key members of the Council on Foreign Relations, the National Security Council and the major U.S. and British oil companies. The subject of discussion was how to stop an alliance between the nations of the European Monetary System and those of OPEC, which would transform the EMS into a powerful engine of world industrialization and effectively destroy the power of the International Monetary Fund. The plans that emerged included provoking a world oil crisis, eliminating the dollar as a reserve currency, a series of crisis-confrontations with the Soviet Union—in short, most of those spin-off features looming out of the current Iran crisis.

From these meetings, the International Institute for Strategic Studies in London, prepared a report predicting major oil shortages by the fall. Similar reports began circulating in the United States, in the wake of a summer gasoline-crunch test run. In the early summer a memo was being passed to all the executive officers of Standard Oil of California, a "seven sisters" oil company, one of whose heads is former CIA Director McCone. Titled "A Corporate Strategic Market Report," it outlined plans for the "institutional unravelling of the nation" which will happen, according to the report, "no later than October 1979." The report outlined a series of draconian energy-austerity measures, including creation of maximum-security walled compounds for dispensing gasoline.

At the same time, the National Security Council memorandum, PRM 32, was drafted by staff member Samuel Huntington. Huntington is the author of the book, *Crisis in Democracy*, which calls for a "greater degree of moderation in democracy." PRM-32 revamped U.S. military policy and provided for quick-strike forces for intervention in such contingencies as a Middle East oil fields crisis. In conjunction with the memo, the President's Reorganization Project, working with Huntington, drafted plans for a crisis management command structure to run the country during critical periods. This agency structure was called the Federal Emergency Management Agency (FEMA).

In crisis conditions the FEMA director will head an Emergency Management Committee, including the National Security Council advisor, the director of the Office of Management and the Budget, and the White House Assistant on Domestic Affairs and Policy and Intergovernmental Relations. This group will in fact run the machinery of government. On July 1 FEMA was officially established and set up networks inside all government agencies. John Macey, who oversaw the appointments for the Kennedy and Johnson administrations, and supervised such events at the Cuban Missile Crisis, became FEMA's head.

Thus by the summer, the inner circles of the Anglo-American elite had decided on an oil crisis by the fall, and a major international economic collapse that would bring Europe and OPEC to their knees. An included feature of the planning was a "playback effect" of the crisis to pave the way in the U.S. for a strongman figure like Haig to move in the White House in Nov. 1980. Haig announced his candidacy on cue, last week as "Iranian students" occupied the U.S. embassy in Teheran.

On July 6 President Carter began about 10 days of meetings at Camp David with most major government, corporate and behind-the-scenes political leaders. "reas-

sessing" his administration and its policy. It was in the context of this that Secretary of State Cyrus Vance orchestrated the mass resignations of the cabinet on July 17, resulting in the new appointment of key people to the administration.

Energy Secretary James Schlesinger was replaced by Charles Duncan who, as number two man at the Defense Department, had just finished a series of Pentagon purges to break the clout of the traditional military apparatus. Duncan had also overseen the creation of the quick-strike forces to "protect" Middle East oilfields. In August the number two man at Energy became John Sawhill. Sawhill, as head of the Federal Energy Agency in 1973, helped coordinate the first oil embargo scenarios organized by Henry Kissinger. Sawhill was ousted from government for his insistence, even then, on extremely "tough, mandatory conservation" measures, as he put it.

At approximately the same time, John Macy was appointed to head FEMA, which had been under an acting director. Attorney General Griffin Bell was replaced by Benjamin Civiletti, an employee of the major Baltimore mob-Zionist families and an old Justice Department hand of Bobby Kennedy.

Included among those whose resignation was ac-

Who's who in the crisis government

John Macy was special assistant to both Presidents Kennedy and Johnson for review and recommendation on White House appointments. He was chairman of the Public Broadcasting Corporation, a "clone" of the British Broadcasting Corporation. He is now director of the Federal Emergency Management Agency.

John Sawhill headed the Federal Energy Agency from 1973-75 during the Middle East oil crisis. He was dismissed by President Ford for insisting upon "tough mandatory conservation measures." He was co-author of the Trilateral Commission report on energy, a Ford-MITRE energy report, and a recent Ford Foundation Energy Report, all promoting such "tough" measures. He headed the Aspen Institute Energy Committee which included Henry Kissinger. He was President of New York University. He is current Deputy Undersecretary of the Department of Energy.

Hedley Donovan was a director of Time-Life Corp.,

and a Director of the New York Council on Foreign Relations; he is a trustee of both the Carnegie Endowment and Ford Foundation. He was trained as a Rhodes scholar at Oxford, where he is currently an Honorary Fellow; he was a naval intelligence officer during World War II. Currently, he is considered one of the more important representatives of the British monarchy in the U.S.A. He is now Special Advisor to the President (on everything)—a post specially created to bring him into the government.

Charles Duncan was at the Rand Corporation for 10 years under J. Paul Austin. As "number two man" at the Department of Defense, his last position, Duncan supervised the "policy review" which devised plans to "protect" Persian Gulf oil fields with special strike-forces. He is considered an expert in martial-law administration of energy supplies. He is now Secretary of Energy.

Lloyd Cutler was the 1968 chairman of the DC Commission on Administration of Justice under Emergency Conditions; he was director of the National Commission on the Causes and Prevention of Violence from 1968-69. He is a member of the Board of Visitors of the Economics Division at the Brookings Institution. He is now White House counsel.

cepted at this time was Treasury Secretary Michael Blumenthal. Blumenthal was later replaced by Federal Reserve Chairman William Miller.

Paul Volcker replaced Miller. Volcker was one of the key coordinators of the 1971 demonetization of gold. Volcker's current astronomic interest rates are intentionally gutting the industrial foundation of the U.S. economy, which he explained before his appointment in a speech in London. He revealed himself to be a champion of "the controlled disintegration of the world economy during the 1980s," echoing the Council on Foreign Relations Committee reported titled *1980s Project*.

The resignations were also the occasion for a re-vamping of the White House staff. Most important, Hedley Donovan, former Editor in Chief of *Time* magazine was made special advisor to the President. Donovan is a Director of the Council on Foreign Relations and a Rhodes product of Oxford. Donovan coordinated much of the recent "Soviet troops in Cuba" scenario. Brought in to work on the staff with Donovan was Alonzo McDonald, a former associate of Donovan's at McKinnsey and Company, an intelligence-connected business consulting firm.

In the last several weeks there have been a number of changes on the National Security Council staff in line with the cabinet and White House changes. Robert Hunter, who had coordinated Western European intelligence was suddenly shifted to Middle East oversight. Hunter was formerly a foreign policy aide to Senator Edward Kennedy (D-Mass) and as such, drafted Kennedy speeches that demanded the busting of OPEC.

Brought on as a consultant to the NSC staff was William Griffith of MIT. Griffith is an old Middle East hand who last year showed up at an MIT conference on Iran which featured Bernard Lewis, the author of the infamous "Bernard Lewis plan" for the disintegration of the Middle East. The conference foretold the fall of the Shah and resulting anarchy in Iran.

In October Energy Deputy Secretary Sawhill established an interagency task force to oversee energy crises. Working in close association with FEMA, the group drafted contingency plans for an energy crisis as drastic as a 12 billion barrel a day cutoff due to a closing of the Persian Gulf. It is this task force which has been operating in the context of the current Iran crisis. It was FEMA which activated plans to freeze Iranian assets.

Early this month, Sol Linowitz was appointed special Middle East negotiator. This week Phillip Klutznick was brought into the Commerce Department. Shortly before, Feinberg was appointed to the special trade negotiators staff. These three men represent the top echelon of a "kook" Zionist faction deployed by the Anglo-American cabal.

A new Secretary of Commerce— but what kind?

President Carter's announcement late on Nov. 16 that Chicago real estate magnate Philip M. Klutznick has been appointed the new U.S. Secretary of Commerce has Washington wondering "what kind of commerce?" The 78-year-old Klutznick was characterized in the 1978 trade bestseller *Dope Inc.* as an unregistered agent in the Israeli Mossad intelligence service's international funding of drugs and terrorism.

Klutznick is also the honorary chairman of the B'nai B'rith International and is a member of the National Executive Committee of its Anti-Defamation League (ADL).

Klutznick, as *Dope Inc.* reports, was chairman from 1965 to 1975 of the Geneva Continental Foreign Trade Bank. He sits on the bank's board to this day. The Continental Bank was formally established by the Israeli government in 1950 to sequester Mossad foreign operation funds. Continental's closest Geneva correspondent bank, Banque pour le Credit International, which was owned by Klutznick's wartime friend, Israeli Tibor Rosenbaum, was bankrupted in 1974 in a scandal revealing that it laundered millions in illicit narcotics, gambling, and other funds for organized crime czar Meyer Lansky. The bank also was exposed as funding the Italian Red Brigades and West German Baader-Meinhof terrorists.

Simultaneous with Klutznick's appointment was the naming of Sol Linowitz as the new U.S. Special Ambassador to the Mideast, and Abraham Feinberg as the head of the President's International Commission on Trade and Tariff Negotiations. Linowitz is a special consultant and director of the Israeli Maritime Fruit Co., founded by known Mossad operative Yaacov Meridor. Feinberg headed Americans for Haganah, Israel's postwar military support group in the United States.

Klutznick, Linowitz and Feinberg have led that faction of U.S. Zionists pushing a policy opposed to their more realistic colleague Nahum Goldmann, chairman emeritus of the World Jewish Congress. In September, Goldmann called for a comprehensive, U.S.-Soviet joint solution to the Mideast crisis based on economic development in the region.

Klutznick, et al., on the other hand, are promoting Canadian liquor magnate Edgar Bronfman's proposed Middle East Treaty Organization (METO) which would place the Mideast under NATO-Israeli control.

How to legislate an economic depression

In the six weeks since Federal Reserve chairman Paul Volcker's high interest rate policy began drying up vital credit for U.S. industry, the U.S. Congress has moved rapidly to pass legislation that will complement the devastating effect of Volcker's measures on the economy. The legislation relates to bank restructuring, corporate reorganization and control over energy supplies. The combined effect of these bills is to give the federal government enormous control over private industry and banking, and ensure the dismantling of U.S. high technology, growth industries.

While much of the legislation had been introduced much earlier in the Congress, the Volcker moves and the crisis in Iran have spurred fast Congressional action. Any further intensification of the financial and energy crises will ensure quick passage of bills that are already partway through Congress. This legislation is part and parcel of the policy that lies behind Volcker's measures, the "controlled disintegration" of the economy.

Banking reorganization

Perhaps the single most important piece of legislation voted on after Volcker's announcement was the Federal Depository Institutions Act, voted up by the Senate Oct. 31. The bill as amended, is a green light for U.S. banking institutions to run up interest rates.

The bill phases out, over ten years, Regulation Q, a provision that sets ceilings on interest rates paid by savings and loan institutions and commercial banks. The regulation had allowed savings and loan institutions a quarter point differential to allow them to attract depositors. The ceiling established by Regulation Q has also maintained stability in the banking sector.

Senator Morgan (D-NC) who opposed abolishing Regulation Q charged that the bill should really be called the "Federal Depository Institutions Abolition Act" because it would ensure the disappearance of

How the Congress acted

Here's a gridding by day of legislation concerning banking, corporate reorganization, and energy which were submitted and/or acted on by the U.S. Senate and House of Representatives. (Bullet indicates Senate action.)

October 6

Volcker announces new Federal Reserve policy.

October 9

• S. 932, Energy Security Act is marked up in Senate Energy Ctte.; • Senate Banking Ctte. begins informational hearings on Chrysler; H.R. 5045, to amend the Energy Policy and Conservation Act, continues hearings in House Interstate and Foreign Commerce Ctte.

October 16

• H.R. 4930, Interior Department Appropriation, Senate accepts amendment adding \$20 billion for synthetic fuels development.

October 17

• S. 1030, Emergency Energy Conservation Act of

1979. Conference report passes Senate and is sent to House for final passage; S. 832, amendments to Federal Election Campaign Act. House votes to put restrictions on corporate Political Action Committee contributions to candidates.

October 23

• H.R. 4986, Federal Depository Institutes Act, is brought up on Senate floor for debate; House votes to give administration standby authority to ration gasoline; S. 1030, Emergency Energy Conservation Act, passes House, sent to President.

October 24

• S. 932, Energy Security Act, passes the Senate Energy Ctte.; H.J.R. 430, for low-income energy assistance passes House Appropriations Ctte.; • S. 1937, Chrysler loan guarantee, is introduced by Sen. Riegle.

October 25

• H.R. 3919, Windfall Profits Tax, passes Senate Finance Ctte.; H.J.R. 430, for low-income energy assistance, passes the House.

October 29

• H.R. 4986, Depository Institutions Act. Senate

savings and loan institutions, which are major suppliers of mortgage money.

The Senate also amended the bill to repeal the usury laws of 17 states for business and farm loans. This amendment to allow sky high interest rates was introduced by Mississippi Republican Senator Thad Cochran, a vocal supporter of Presidential hopeful John Connally. A number of Senators tried to justify their vote on this amendment by claiming that high interest rates were the only way that local banks could meet the Fed's requirements and still lend. The House has not passed these changes in the Act and a conference committee will not determine whether it actually becomes law.

Coupled with the banking reorganization program, House banking committee chairman Henry Reuss (D-Wis) and his Senate counterpart William Proxmire (D-Wis) are trying to force every U.S. bank under Federal Reserve chairman Volcker's control. Reuss has already succeeded this session in forcing through the House legislation requiring every bank to submit to mandatory reserve requirements dictated by the Federal Reserve, whether or not they are a member bank. Proxmire tried to get the same bill through the Senate Banking Committee Nov. 7 but was defeated. Reuss and Proxmire

then tried to slip what amounts to a de facto mandatory Fed membership provision in through the back door by considering it as part of the Depository Institutions Deregulatory Act in the conference Committee. The House has refused to allow this so far.

Chrysler bailout: industry takeover precedent

The Carter administration is also using industries' desperate need for credit to begin a rationalization of U.S. high technology sectors, the most blatant example being the nature of the proposal to bail out the Chrysler Corporation. The plans for a Chrysler reorganization under government control would set a precedent for U.S. corporate restructuring along the lines of rationalized German industry under Nazi economic czar Hjalmar Schacht.

On Nov. 1 the administration sent Congress a proposal to guarantee a \$1.5 billion loan program for Chrysler, if the company raised a similar amount of money itself. The administration demands that the Secretary of the Treasury oversee any plans that Chrysler has to raise the funds, in effect putting the Treasury Secretary in charge of Chrysler Corporation.

votes to lift usury ceilings in a dozen states; • S. 1905, Milwaukee Railroad Relief Bill, passes Senate Commerce Ctte.

October 30

• S. 1905, Milwaukee Railroad Relief Bill, passes Senate; H.R. 4985, Priority Energy Project Act goes to House floor; • S. 1725, energy grants to low-income families, passes Senate Labor and Human Resources Ctte.; • S. 1871, International Energy Agency Authorization Bill, Senate votes for Johnston amendment on presidential import quota and tax powers.

October 31

• H.R. 4986, Depository Institutions Act, Morgan killer amendment defeated.

November 1

Administration announces Chrysler aid package; H.R. 4985, Priority Energy Project Act, passes House; • H.R. 4986, Depository Institutes Act, passes Senate.

November 5

• S. 932, Energy Security Act, is brought up on Senate floor.

November 7

• S. 85, Federal Reserve Board Membership Bill. Proxmire defeated in attempt to pass mandatory membership bill through committee; House votes to go to conference on H.R. 4986, but not S. 85.

November 8

• S. 932, Energy Security Act, passes Senate; H.R. 5805, aid to Chrysler, passes House Banking Subcommittee on Economic Stabilization.

November 13

H.R. 5037, Federal Reserve Act Amendments, House passes bill changing term of Federal Reserve chairman to coincide with presidential term.

November 14

H.R. 2063, National Economic Development and Public Works Act. House votes for legislation establishing a National Economic Development Bank; • S. 1937, loan guarantees to Chrysler, Senate Banking Committee begins mark-up.

November 15

• H.R. 3919, Windfall Profits Tax. Senate begins floor debate.

In testimony before the House Banking Committee Nov. 7, Miller declared that the corporation should raise the money from "asset dispositions" (i.e. asset stripping of the more advanced sections of the production line) and from union pension and stock buying plans.

On Nov. 13 the House Banking Committee voted up an even more extreme Chrysler bailout scheme. The House Committee adopted amendments by committee chairman Reuss (D-Wis) that would only authorize the loan guarantees if Chrysler produced fuel efficient products that "lessened out dependence on OPEC." It would be up to the Treasury Secretary to determine what was energy efficient.

At the same time, Reuss proposed that other companies receive loan guarantees if they take over the facilities of a Chrysler plant, thus ensuring the asset stripping of Chrysler that Miller called for. "It has already been envisioned that Chrysler will sell some of its assets to meet the \$1.5 billion and this provides for their takeover," declared a Committee staff member.

Another amendment to the aid program was adopted by the committee, mandating a 10 million share employee stock ownership fund. The cost to union funds or workers savings would be about \$500 per worker over four years.

Both the Senate and House plan to have the Chrysler aid package on the floor by the first week of December.

Similarly, in the last several weeks the Congress voted up a temporary multimillion dollar bailout of the Milwaukee Railroad, pending a hearing by the Interstate Commerce Commission which will write a proposal for selling substantial parts of the railroad to shippers and employees, while restructuring the rail lines.

Expand 'Economic Development Administration'

While the Chrysler bill is the precedent for dismantling of major U.S. corporations, funding has already been authorized for the relocation of industry under administration direction. On Nov. 14 the House passed the National Economic Development and Public Works Act, which provides for massive increase in funding of the Economic Development Administration. The House authorized over \$6.3 billion in loans, and loan guarantees for companies that relocate to urban or rural depressed areas. This is a massive expansion of the relocation funding: in 1979 only \$200 million was authorized and only \$21 million spent by the Economic Development Administration.

The bill also plans for a major public works program. It allocates \$2 billion for public works if unemployment goes beyond 6.5 percent, a sure bet under the Volcker credit policy.

Energy austerity authorized

President Carter's decision to curtail imports of Iranian oil and administration warnings that there will be further cuts in OPEC production spurred the Senate to move quickly on legislation that provides \$88 billion (over ten years) in loan guarantees to develop synthetic fuels plants. Numerous Senators declared that although they had not originally planned to support such large funding, Middle East oil instabilities scared them into backing the bill, which passed the Senate Nov. 8. The bill now has to be worked out with the House version which provides only a few billion dollars in funding.

At the same time the Congress has moved rapidly on the Energy Mobilization Board, which gives a government board the power to override environmental protection laws, civil rights law, and other legalities that delay speedy construction of synthetic fuels plants. As detailed in this publication, synthetic fuels plants would drastically drive up energy prices to \$40 or more per barrel of oil and force drastic consumption cutbacks. At the same time, these federal loan guarantees would provide needed bailouts for selected companies.

Energy austerity powers already law

The administration already has the authority to oversee an energy austerity policy. Under the Trade Expansion Act the President can impose fees or quotas on imported oil. In late October both the House and Senate gave the President authority to impose gasoline rationing programs provided there is a 20 percent energy shortfall and Congressional approval of the specific plan.

The Senate Energy Committee attempted to limit the president's ability to impose quotas and fees in late October, by requiring prior Congressional approval. However, there was major opposition from the administration. Deputy Energy Secretary John Sawhill met with Senator Bennett Johnston (D-La) whose subcommittee has jurisdiction over the bill and demanded that this legislation be stopped. Johnston agreed to a bill which was then endorsed by the full Senate, reaffirming the President's authority to impose quotas and fees without prior Congressional approval. However the bill does allow Congress to kill the President's actions after the fact. "This is recognition and vindication of the President's authority," declared Johnston, after he endorsed the administration's proposal.

In fact the entire array of legislation that has been fast-tracked over the past six weeks would place the entire U.S. economy under the fingertip control of largely appointed officials who have demonstrated their determination to oversee its demise.

—Barbara Dreyfuss
and Susan Kokinda

The Societas Jesu: 40,000 agents

The political intelligence outfit the Pope must clean out

The spectacular assassination of Lord Louis Mountbatten of Burma last summer raised questions which, although still unanswered, suggest that a major portion of responsibility for that assassination ought to be placed on the Society of Jesus—the Jesuits. That event, whose investigation continues, is found to correlate with an international strategic mobilization of the Society of Jesus. This has resulted in a massive destabilization of Latin America. Moreover, a similar project is being led by Jesuits in South Korea, featuring the assassination of President Park; the mobilization also encompasses Indochina, the Philippines, India, North Africa and, through cooperation between the Jesuits and the Muslim Brotherhood, in the Middle East.

Such political circumstances make necessary a detailed review of the entire spectrum of the worldwide activities of the Jesuit order, the Societas Jesu. The following report by EIR contributing editor Criton Zoakos is a summary presentation of the ongoing investigations into this matter.

As the report demonstrates, the Societas Jesu today is principally a political intelligence operation. It is controlled and deployed by a coalition of old oligarchical families and circles of Europe. It utilizes its nominal religious status in order to maximize the effectiveness of its operations.

As a political intelligence organization, the Society of Jesus enjoys a programmatic convergence and coordination with British, Chinese and Israeli intelligence networks. For example, the objective of the current Jesuit mobilization, as with British, Chinese and Israeli intelligence networks, is to destabilize all those regimes in the Third World which might align with the European Monetary System for the purpose of industrialization projects that would bring forth, in the 1980s, a system of allied, powerful industrial republics around the world. Given the shared objective of preventing that development, it is difficult, even meaningless, to

distinguish Jesuits from the British, the Zionists et al. when it comes to tactical decisions.

However, the Societas Jesu is characterized by certain unique features which make it superior, in certain respects, to its sister British and Israeli organizations. The distinction of the Jesuits is specifically on the epistemological plane. The Jesuits' specific tactical applications use a specific *modus operandi* which is permeated by this "revolution in theology," and are conducted through a vast, specifically Jesuit network.

Jesuit capabilities

The Societas Jesu or, using its formal military title, the *Compania de Jesus*, is a rigidly disciplined force of more than 40,000 individuals worldwide, all of whom have gone through the uniquely rigid Jesuit training process. First, they attained a doctoral degree in a pre-assigned area of study. Then, they pursued a rigorous, twelve-year program of Jesuit "mortification" as laid down by the Order's founder, Saint Ignatius Loyola.

The entire worldwide organization is structured along strictly military lines under its General, Fr. Arrupe, with his general staff in the Vatican. The general staff is composed of 11 assistants and four special assistants who preside over a world map divided into eleven "assistancies" and 93 provinces or vice-provinces in North America, South America, the Middle East, the Indian subcontinent, the Far East, Europe and Africa.

From 1915 to 1942, the Societas Jesu focused on increasing its presence in the United States and England, with the result that today a full 20-25 percent of all Jesuits in the world operate in the U.S.A.

The order operates such major U.S. educational institutions as Fordham University, Notre Dame, Loyola University, Georgetown University, St. Joseph's College in Philadelphia, Canisius College in Buffalo, and a string of "Ignatius Loyola" colleges across the country. In toto, the Society operates dozens of edu-

cational institutions throughout the United States, all of which are organized into a sophisticated tracking system of students and graduates whose careers are discreetly followed and shaped by the Societas Jesu.

The prize asset of this operation is the School of Foreign Service at Georgetown University which maintains, by general admission, the most powerful single hold over the attitudes, policies and perspectives of senior and middle level diplomatic personnel in the United States Foreign Service.

On a worldwide scale, the Jesuit order operates a dense network of over 4,000 educational institutions of all types. It edits and publishes over 1,000 periodicals on political, economic, social, philosophical and other subjects. It maintains control over a great number of radio and television programs throughout the world, especially in the developing sector.

Among the most notorious international education-all institutions of the Societas Jesu is Louvain University in Belgium which has trained many prominent Latin American politicians, from Camilo Torres, the "guerrilla priest," to Roger Vekemans, the architect of Latin American Christian Democratic parties, and the organizer of the "pots and pans" riots in Chile which brought down the Allende regime.

An accounting of Jesuit capabilities is incomplete unless it mentions extensive controls that the order maintains over certain banks and businesses and over international terrorist networks. Jesuit business holdings include the Banque Français et Italienne pour l'Amerique du Sud, the Bank of London and South America, the Banco de Italia y Rio de la Plata, and certain major real estate, coffee and sugar companies in Latin America. In a different way, the Societas Jesu can on occasion rely on the resources of the principal Hapsburg-controlled bank of Europe, the Societe Generale du Belgique, because of the special controls which the Hapsburg family historically maintains over the intelligence apparatus of the Jesuits.

Regarding terrorist and assassination capability, most of Latin American terrorism is either induced or controlled by the Jesuit spawned "liberation theology" and the order's specific terrorist projects, such as the one led by the late Fr. Camilo Torres. Law enforcement agencies know that the entire Basque terrorist organization, the ETA, was created from scratch by two Jesuit priests inside a Jesuit seminary in the home district of the present General of the Society, Fr. Arrupe, back in 1957. The first task of the Jesuits assigned to the ETA from its inception was the establishment of close military and logistical ties with branches of what later became the provisional IRA in Catholic Ireland.

Recent investigations around the Moro assassination in Italy have revealed direct Jesuit involvement in Italian "left" and "right" terrorism through networks, involving the Venetian and Roman Circolo Rey, the Permindex

Organization and the old Italian aristocracy's assets in Costa Rica. The relations of former CIA counterintelligence chief James Jesus Angleton with the Venice aristocracy and his close affinity with Count de Rachewitz, Ezra Pound's son-in-law, are not unrelated to the fact that Angleton was also the Vatican Intelligence desk chief in the CIA.

Finally, enough intelligence data is available to draw the conclusion that the Jones Cult massacre last year in Guyana was a test run of another Jesuit capability, that for religious-fundamentalist destabilization. It was run and covered by a team of State Department officials, some of whom are graduates of Georgetown University, under Undersecretary of State Warren Christopher, an associate of the Jesuit-trained Governor of California, Jerry Brown. After the successful conduct of that experiment, the final phase of the Ayatollah Khomeini's fundamentalist operation in Iran was launched.

From that point, U.S. National Security Advisor Zbigniew Brzezinski established regular close liaison with the Jesuit-controlled *Justitia et Pax* Commission in the Vatican which, together with Jesuit operatives in the Pontifical Biblical Institute (which maintains relations with Israeli Intelligence) and the Pontifical Oriental Institute (which maintains relations with Chinese Intelligence) has been attempting and getting very dangerously close, to influencing a new Pope relatively unschooled in the Western oligarchy's foreign policy intrigues.

The theology

The longterm strategic objectives for which the Jesuits are now deploying worldwide have been presented in the writings and communications of such Jesuits as theologian Karl Rahner, S.J., Teilhard de Chardin, S.J. and the late Carroll Quigley, Dean of History at Georgetown University in Washington, D.C. In summary, the Jesuits seek a "synarchist" world order by the year 2000, initiating the era of "The Great Stability" to be based: 1) on a drastic scaling down of the use of science and technology in the world economy; 2) on a defeat of "middle class" industrial capitalism by a combination of "left" guild-socialism at the bottom and "right" oligarchical police-states at the top; 3) a general weakening and emasculation of the sovereign powers of the nation-state, which is to be replaced by various "One World," "World Federalist" supranational agencies like the World Bank, the International Monetary Fund, variants of UNESCO, etc.

During the current Jubilee year of the Church, which lasts from 1975 to 2000, a final apocalyptic struggle is going to conclude between mankind and "Satan." This is derived from the following Jesuit argument: the definition of "satan" and "evil" is that

presented in the Babylonian version of the third book of Genesis—man's temptation to gain knowledge of good and evil. This particular quarter-century is critical because man's advances in science and technology have made man arrogant, endowed him with the possibility of establishing complete mastery of natural processes. This arrogance is the "Satan" that must be defeated. If it is not done during this quarter century, it will then be too late, and the genie will be out of the bottle.

Given this task, what alternative social organization must be created to supersede the present world organization, which will be able to stop mankind's march toward scientific and technological progress.

Both Teilhard de Chardin and Quigley envisage a supranational system of institutions "beyond" the United Nations assuming all the functions of the existing nation states. In the current Jesuit strategic perspective, such supranational institutions will derive their executive power by means of secret arrangements among the ruling elites of the United Kingdom, China, Israel and a disintegrated United States. This "New International Order" is eventually supposed to function in the mode of the "Holy Roman Empire from the 12th to the 14th century."

For this, French and German nationalism, in particular, must be dissipated. According to Jesuit strategic thinking, this can only be accomplished within a European Community, not of the type prevailing today, but one dominated by policies dictated from England and run as a collection of ethnic regions (Brittany, Bavaria, Basque country, Corsica, etc.). This is Otto von Hapsburg's "Europe of the regions," as opposed to the current confederation of nation-states.

As such a project dissipates French and German nationalism, the nationalism of the U.S.A. will be crushed through a series of domestic social engineering projects following up on the results of the 1960s "generation gap" project; such projects are to include a transformation of the American Constitution, a project in which the "Catholics" Ted Kennedy and Jerry Brown are both participating. It is to include an end to industrial expansion and a reversion to lower forms of energy utilization in the U.S. economy. Finally, the U.S. is to accept that it has now entered a "multipolar" world in which this nation is no longer a major political factor.

For this "New International Order," the emergence of China in world affairs is also required. Here hangs the secret of the so-called China card. For the Jesuit order, for the British, Dutch and Belgian monarchies, and for the unrepentant Italian aristocracy, China does not simply represent a major strategic asset for the current world strategic equation against the Soviet Union. China represents a major historical model of how to organize a "stable" low-technology, low-industry society, organized in a system of "local control"

guild-socialism, and ruled by a synarchist aristocratic mandarin at the top. This is the secret upon which various well known intelligence services have engineered, promoted or tolerated the various "Maoist" movements in the advanced sector and the Third World from the 1950s on.

As Zoakos' report proves, Jesuit organizing of Jacobin mobs "at the base" is always coupled with controls "at the top" of the local social pyramids, affording the top executives of the Jesuit order a virtually unparalleled capability for large-scale social manipulations. It is this character of Jesuit deployment which creates for the outsider the optical illusion that the Societas Jesu is split into "left" and "right" tendencies. But individual Jesuit operatives, including those who publicly "switch" from "left" to "right" and vice-versa, are able to maintain their self-consistency, and their effectiveness, because to them, their principal strategic perspective, for which they undergo life-long training, is the destruction of technology-oriented "industrial capitalist" formations throughout the world.

—Vin Berg

Jesuit role exposed in Third World affairs

by Criton Zoakos, Contributing Editor

For over four centuries, the Jesuit order has been systematically deployed by an international political faction whose memories and interests go way beyond the day on which Ignatius Loyola, a Spanish military adventurer in the pay of the Hapsburg family, founded the order.

That political faction is the ancient core of the European nobility, the Pallavicinis, the Sursoks, the Colonnas, the Hapsburgs, the Cecils, and others—who trace their family lineage to the *gens Julia* of Julius Caesar, to Aeneas of defeated Troy, or to the archpriests of the Isis cult in ancient Egypt. That political faction maintains power over a major part of the world's international financial institutions, a powerful grip over key raw materials holdings, and strategic control over numerous governments, such as the Belgian and Dutch thrones, the Grand Duchy of Luxembourg, key institutions of the Swiss government, most institutions of the British government, and international institutions,

including the International Monetary Fund, the Bank for International Settlements, the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the United Nations Institute for Training and Research (UNITAR), United Nations Committee on Trade and Development (UNCTAD), and the World Council of Churches.

The effectiveness of the Jesuit deployments therefore derives not merely from the fact that the Society itself has its own formidable capabilities, but from the fact that it deploys centrally as a political intelligence unit of a machine much larger than itself.

Jesuit programmatic perspective: destroy the nation-state

The Societas Jesu was founded by the ancient European oligarchy as a new instrument for the implementation of their historical objective of eliminating from the face of the earth the Neoplatonic institution of the nation-state in either its republican or monarchical form. It is not accidental that England's Cecil family (the earls of Salisbury), are principally responsible for the creation of the League of Nations and later the United Nations, which they envisaged as the instrumentalities which would gradually, through a long-term program of attrition, absorb most of the fundamental sovereign prerogatives of nation-states and finally leave them empty shells, to be ruled by faceless "global," "planetary" institutions in the hands of the oligarchy, "in the style of the Holy Roman Empire," as Jesuit historian Carroll Quigley expressed it.

The Cecil family has been best identified as the Anglican-Jesuits *par excellence*. Only a few decades after its founding, the Societas Jesu succeeded in launching two basic types of social-control techniques which defined European politics and history in the 17th and 18th centuries and, in renewed form, in the 19th and 20th centuries in a different way. These two basic techniques are: "intellectual projection movements" and left-wing "Jacobinism."

The relative effectiveness of the "intellectual projection movement" technique of the Jesuits can best be viewed by examining the truth behind the so-called Enlightenment period of European history. The entirety of the Enlightenment was a Jesuit creation from beginning to end. *Locke, Hobbes, Montesquieu, Rousseau*, atheist *Voltaire* and even *René Descartes* were trained and launched by the Jesuits! Descartes was most likely assassinated by the Jesuits, as Voltaire insinuates, because he had broken out of their control despite the campaign of intimidation launched by his "friend," the Jesuit agent Mersenne.

The Society of Jesus launched the Enlightenment in order to extirpate the enormous scientific and intellectual influence of Europe's Neoplatonic elite which

having launched the Italian and Tudor Renaissances and having formed the nation-state of France under "spider-king" Louis XI, was threatening to establish permanent world hegemony under the guidance of the Neoplatonic church networks led by Erasmus of Rotterdam. The guiding principles of that Neoplatonic network had been laid down by the collaboration of the great Byzantine Platonist *Georgios Gemistos-Plethon*, *Cosimo de' Medici* and *Louis XI*. The basic political program of this group, its global Grand Design, was to establish a worldwide system of humanist republics organized in the form of *nation-states*, as put forward in two of the faction's most basic programmatic documents Plethon's *De Rebus Peloponnesi Oratio I et II* and Machiavelli's *The Prince*.

The first major project of the Societas Jesu after its founding was the massive re-publication and dissemination of Aristotle's works throughout Europe, in a period in which Aristotle had been thoroughly discredited and discarded despite the efforts of Saint Thomas Aquinas three centuries earlier. The Society's second major project was the persecution and assassination of Giordano Bruno on charges of being a "heresiarch"—that is, the recognized leader of the international Neoplatonic humanist networks. The third major project of the Society, the launching of the Enlightenment, was a carbon copy of two historical precedents with which Jesuit insiders have always identified with great nostalgia: the Apollo cult's "sophist" movement in "golden age" Athens, launched as a counteroperation against the Ionian philosophic-scientific movement; and the earlier so-called Akhenaton (Amenhotep II) revolution in Egypt, which launched a fraudulent "sun-worship," "monotheistic" cult in order to smash the scientific-technological revolution led by the priesthood of Amon.

The second principal Jesuit technique, "left-wing" Jacobinism, was also developed as a carbon copy of earlier social-control precedents, such as Athenian democracy, which executed Socrates, and the Phrygian-Orphic cults which were deployed against the Ionian city-states. As the Marquis de Lafayette informed George Washington, the Jacobin movement of the French Revolution was the controlled creation of the Societas Jesu.

In subsequent years, the Jesuit-controlled Jacobin networks in Europe were consolidated into an international anarchist-terrorist network under the Jesuit agent Mikhail Bakunin. In point of fact, Karl Marx was obliged to dissolve his First International specifically in order to prevent its capture from Bakunin's Jesuit-terrorists. Marx, in a little known internal document of the First International last published in 1920 in Stuttgart under the title *Karl Marx oder Bakunin?* fully identified Bakunin as a Jesuit agent.

The point to be made is that terrorism, anarchism, Jacobinism share with "globalism," and with "U.N.

***Jesuit Jacobinism and Jesuit globalism
share the same central characteristic:
they are the deadly enemies of
the sovereignty of the nation-state.***

supranationalism" the same central characteristic: they are the deadly enemies of the sovereignty of the nation-state, whether of republican or monarchist form. The same characteristic "antiauthoritarian" objection to the principle of the humanist nation-state permeates the spirit of the Jesuit-engineered Enlightenment movement. Here lies the secret of Voltaire, the *atheist* Jesuit agent! Incidentally, the Society of Jesus is the only religious order which provides "dispensation" to those of its members who change religious denomination, convert to non-Christian religions, or become atheists *on orders from the Society*.

**Teilhard de Chardin's Omega:
the new Isocrates plan**

Father Pierre Teilhard de Chardin, S.J., probably the most "projected" Jesuit intellectual of the current century (after Karl Rahner, the friend of Avery Dulles, the Jesuit brother of the former CIA chief Allen Dulles) is more responsible than anyone else for a mass brainwashing form known as the "cult of the United Nations."

Whenever, dear reader, you encounter some spaced out, lovey-dovey, star-struck youngster who spouts out silliness about "global consciousness," "planetary citizenship," and other grandiose abstractions about the much-abused brotherhood of man, you can be sure that you are viewing the results of special form of brainwashing invented by the Jesuit father Pierre Teilhard de Chardin. He, together with his close collaborator Julian Huxley formed UNESCO, the U.N. Educational, Scientific and Cultural Organization. He helped spawn a whole array of U.N. institutions such as the Food and Agriculture Organization, the brainwashing, Tavistock-controlled World Health Organization, UNITAR, UNCTAD etc.

Teilhard de Chardin himself was the personal protégé of Princess Paula de Liege, wife of the Crown Prince of Belgium, Prince Albert. Today there exists an international Teilhard de Chardin Society whose chairman is Queen Elizabeth II of England, sharing honors with Queen Juliana of Holland.

What is the objective of the globalist-United Nations movement that Father Teilhard de Chardin launched, and the Teilhard de Chardin Society today pursues?

Believe it or not, the Teilhard de Chardin freaks call their objective the New International Economic Order! They maintain substantial ideological and programmatic control over the functions of such institutions as UNITAR, the Club of Rome, UNESCO, UNCTAD, and the World Council of Churches. Through those institutions they exert a pernicious, subversive influence over many Third World governments' policies, including governments of the Non-Aligned nations.

The type of New International Economic Order advocated by the combined forces of these institutions *and by the local Jesuit priests and brothers* deployed in Third World nations, is based on a zero-growth perspective. The developing nations are manipulated into a radical-redistributionist political posture for the purpose of eventually creating a series of worldwide supranational cartels under future United Nations jurisdiction. These are to regulate minutely the worldwide production and distribution of energy, copper, bauxite, iron ore, rare ores, coffee, sugar, and so forth, in precisely the way the IMF today regulates the last ounce of credit issued anywhere in the world.

The purpose of moving control of all economic resources out of the jurisdiction of sovereign nation-states and under the faceless "supranational" authority of the internationally allied oligarchy, is to establish a terminally stabilized zero-growth international society which Teilhard de Chardin envisaged as his Omega Point, or to use his other favorite term, *Great Stability Point*.

The European oligarchy's commitment to this Omega Point program clarifies certain important political events of recent years which otherwise would have remained inexplicable: Why was the power of the American State so systematically undermined from the assassination of President Kennedy to the Watergating of President Nixon, to the election of President Carter? For what particular interests did the United States government help to overthrow such obedient and servile allies as the Shah of Iran, Anastasio Somoza, Park Chung Hee of Korea? Why are various key agencies of the United States government pursuing such policies as deindustrialization and destruction of nuclear energy, apparently against the best perceived interests of the United States?

Why has National Security Advisor Brzezinski, since

1977, been advocating a reduction of American world power in favor of a "multi-polar world," in which our nation will presumably be obliged to share world responsibility with scores of such "emerging powers" as China, Israel and Brzezinski-created Khomeiniac Iran? Why is Zbigniew Brzezinski, *Jesuit-trained Brzezinski from Jesuit McGill University, in virtually daily contact with the pontifical Justitia et Pax Commission in the Vatican, the chief Jesuit think-tank in charge of "revolutionary movements" that Jesuit agents coordinate throughout Latin America?*

The answer to all these questions is that the present coalition of European and British oligarchs which controls the pathetic Carter administration is proceeding according to a plan, the Omega Point, which is conceptually a carbon copy of a plan carried out 23 centuries ago in the Eastern Mediterranean—the Isocrates Plan. That was a scheme concocted by the Cult of Apollo at Delphi, which united the leading oligarchs from Persia, Athens, Macedonia and certain other areas, in an effort to establish once and for all permanent political and social stability throughout the world.

The Isocrates Plan called for use of Macedonian King Philip's armies, with Persian aid, to conquer all of Greece and the Eastern Mediterranean coast down to the Cilician gates, ensuring the final victory of oligarchist arms against the struggling republican city states. The domain east of the Sinope-Cilicia line would be readily pacified by the Persian oligarchy allied to Philip of Macedon. An era of permanent, eternal "Great Stability" for the international oligarchy was thus envisaged.

This plan, however, was disrupted by a series of military and political coup d'états carried out by the Platonic Academy, which culminated with the civilizing triumph of Platonist Alexander the Great. Not coincidentally, Alexander's "National Security Advisor," General Parmenion, was behaving then no differently than Zbigniew Brzezinski today. Alexander, however, gave his Brzezinski the boot.

Jesuit Jacobinism and Third World "revolutionism"

Contrary to popular myth, virtually all of Third World radicalism emanates not from evil Moscow or intransigent Havana, but from the worldwide Jesuit organization. Except to the extent that gullible Moscow, and gullible Havana fall for Jesuit tricks in the way Moscow fell for the Philby-Burgess-Maclean trick of Jesuit Maurice Oldfield.

A case in point is Régis Debray, a *Jesuit agent* deployed into Cuba and the Latin American "left" by Jesuit operative François Mitterrand, the head of the French Socialist Party, which today maintains the con-

tinuity of the old anarcho-terrorist networks of Jesuit Bakunin!

Leopold Senghor of Senegal, the inventor of the hideous term "Negritude," the inspirator of the Franz Fanon operation, a friend of Franz-Josef Strauss, according to his personal confession, was converted to Catholicism by none other than Pierre Teilhard de Chardin himself! Both Bani-Sadr and Pol Pot, the Islamic revolutionary and the chief of the Khmer Rouge respectively, were educated at Jesuit Jacques Soustelle's *École Pratique des Études Hautes* at the Sorbonne, which to this day remains under the joint control of the old synarchist crown of France and the Solvay Institute-Louvain University emanations of the Jesuit-controlled Belgian monarchy. The list could go on to include the happily aborted "Michel Pablo" period of the Algerian revolution—an early attempt to launch "Islamic fundamentalism" years before Ayatollah Khomeini's revolution.

A more elucidating point can be made about the case of Latin American movements, that continent being the universally acknowledged hotbed of the Jesuit order's "Liberation Theology." Modern Jacobinism begins at the very top with the theology of Karl Rahner, who enforces the principle of cultural relativism in theology—asserting the necessity of theological respect for such culturally relative values as polygamy, homosexuality, and ritual sacrifice, provided they are accepted in one's traditional tribal "value system."

From there, the theological principle of cultural relativism is taken up by the grand theologian of "Liberation," Hans Kung of Tübingen University, and is promoted into the field deployments of the Society of Jesus in the ghettos, the favellas and the latifundios of Latin America. The technique is faithfully replicated by British intelligence in various distinct insurgency-counterinsurgency and destabilization projects.

The British, since at least 1688, have been crude vulgarizers of the Jesuit technique. This is the reason why the popular imagination, in colonial or formerly colonial nations, identifies the transparent and crude British with the principle of "divide-and-rule," while the more sophisticated and elusive Jesuits are identified with the abstraction "hypocrisy."

Before the 1964 General Congregation of the Jesuit order elected Father Pedro Arrupe as the Father General, the overtly "leftist" projects of the Society were being run by the Society's "front" organization, the Maryknoll Fathers. After 1964, the Jesuits started openly espousing the "leftist" posture as well as their traditional "rightist" facade.

Their first large-scale operation was the Peruvian Revolution of 1968, which startled the world with the weirdest mutant of all political animals up to that time, the notorious "Peruvian Way to Socialism"—super-

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vised every step of the way by the World Bank and the International Monetary Fund. In Peru, the Society had the advantage of maintaining undisputed monopoly over the education of the nation's entire ruling elite through the ultra-prestigious Pontificia Universidad Catolica, run by Felipe MacGregor, S.J. So at the top of the social pyramid, the civilian and military elite was well profiled and tracked.

At the bottom of the pyramid, the Jesuit organization under Padre Carlos Pozzo, S.J. was running mass organizations in the urban ghettos, the *Circuitos Catolicos* and the *Fey Alegria* movement. The Jesuits' sidekicks, the Maryknoll Fathers, were assigned to the agrarian reform operation.

In September 1968, the Jesuits launched a new radical group, with the acronym ONIS, headed by Padre Ricardo Antoncich, S.J., which issued a manifesto of radical demands. On October 3, 1968, General Velasco led a coup d'etat and formed a government which pronounced itself an adherent of Padre Antoncich's radical reform program. Thus the Peruvian Road to Socialism was launched. In the new government, Padre Luna Victoria, S.J. ran the Office of Social Property; Padre Juan Wicht, S.J., now at Jesuit Boston College, ran the National Planning Institute and developed the first programs for population control and the New International Economic Order.

Padre Ricardo Morales, S.J., authored the educational reform law based on liberation theology. He ran a massive program of reconditioning ("consciencizing") all of Peru's teachers by means of brainwashing techniques developed by Ivan Illich, the former Yugoslav Jesuit. Finally, Padre Morales startled the nation by issuing the new official textbook for public schools, featuring a prominent photograph of Fidel Castro's revolutionary Cuba with the caption: "Christianity and Revolution go hand in hand."

Padre Xabier Gorostiaga, S.J.

The predominant technique for producing the brainwashed zombies that the Society throws into activity to produce its Jacobin mobs, is the technique perfected by one Padre Xabier Gorostiaga, S.J., the chief of the Society's Central American operations and General

Pedro Arrupe's fellow Basque. The technique, which Gorostiaga imported from Venezuela to Panama in the early 1960s, is called *Cursillos de Capacitacion Social*. It is described thusly by an eyewitness:

These "social capacitacion" courses (of Padre Gorostiaga) are intensive week-long brainwashing sessions. From the beginning the subject is isolated from the world in a (Jesuit) "retreat"-type of setting. There the regime is strict: Out of bed at the crack of dawn for calisthenics and paramilitary training; spartan breakfast and from there into classrooms for lectures on the evils of Marx, the need for agrarian reform, for workers coparticipation and so forth. A spartan lunch follows, then housecleaning, then more paramilitary training. From there back to the classroom to study "philosophy"—mostly rhetoric and sophism—and "economics."

A break for dinner, a rest period and a "social hour" (singing and so forth) and then intensive prayers, with emphasis on breaking down the subject's sense of identity. Following this, bed or guard duty. And then more of the same for seven consecutive days. By the sixth night, during an intensely emotional rosary and station of the cross, most persons break down in tears and are ready to be saved and change their selfish ways to serve the people.

The next day, the last, most people "voluntarily" make a commitment to join the Christian Democracy, which, by the merest of coincidences has several members participating in the cursillo and whose "program" just happens to coincide with the Church's as taught in the cursillo.

Oh, yes, the key instructors are members of the Society of Jesus.

Thus, the culling process begins for the newly brainwashed victim. From the "Christian Democratic" way of serving the people he moves gradually into the more "leftist" "revolutionary" varieties—Maoist agrarian socialism, the Society's "Chinese" predilection—and onward to "armed struggle."

The great model of "armed struggle" is the "guerrilla priest" Padre Camilo Torres, S.J., who was killed

in the Colombian mountains serving the people, in order to launch an even more notable career, in the form of Camilo Torres armed-struggle clubs all over Latin America and Italy, established by his surviving Jesuit brethren. There are today in Italy brainwashed members of the killer Red Brigades and Autonomisti, individuals who in the late 1960s were star-eyed members of the "Movimiento Camilo Torres" in the first, soft, phases of their Jesuit brainwashing!

Now as to the venerable Padre Xabier Gorostiaga, S.J., who launched this form of brainwashing while in Panama. He was the director of the Society's affairs throughout Central America, and he now enjoys a very special position in the present government of Sandinista Nicaragua: he is currently the head of the Economics Section of the Planning Ministry. Gorostiaga's operations in Nicaragua and Central America are supervised by only one other person, and that person is Father General Pedro Arrupe.

Padre Gorostiaga is notorious for having made notable attempts to imitate Labor Committees' "language" in his ministry's economic statements, a "language" with which the Society of Jesus is very familiar from its encounters with Labor Committees leaders in Peru and in Colombia, where the Labor Committees succeeded in totally wrecking the Jesuits' social control projects—in the case of Peru, by forcing the Society to drop its left facade; in Colombia, more happily, by taking over the programmatic orientation of its organized mass base in both peasant and trade union organizations. Padre Gorostiaga, the man who formulates the language of his ministry's economic programs, is undoubtedly familiar with Labor Committees economic "language" from the Non-Aligned Nations summit in Lima, Peru, the summit of the same international organization at Colombo, Sri Lanka where Labor Committees proposals were voted up in the form of debt moratorium resolutions, and in numerous other occasions in which the Labor Committees and the Society of Jesus crossed swords on certain early occasions, the adversaries not knowing each other by name but only by programmatic and epistemological distinctions. But this is another story to be told another time.

Back to the Jesuit infiltration into the Nicaraguan government. There are a few other "revolutionary" Jesuits that have to be cleaned out: one such is the ubiquitous Padre Alvaro Arguello, S.J., the head of the Instituto de Investigacion Historica of the Universidad Centro Americana in Managua who, a good authority

tells us, was "the ideological wise man of the Sandinista movement who has significant impact on the present leadership's 'analysis and reflection' capabilities."

Padre Arguello's office at the Universidad Centro Americana is known to have functioned, in the years before the Sandinista revolution, as the "control and communications" center of the Sandinista Front of National Liberation. Today, Padre Arguello is Nicaragua's chief champion of the Christian-Marxist Dialogue, in charge of suckering gullible Cuban officials and others.

In addition, the Nicaraguan government will become a much healthier proposition for the humanist movement when it rids itself of two other notorious Jesuit agents. One is Senior Ernesto Cardenal, the Minister of Culture, himself a religious man of Trappist background but just the same the brother of a Jesuit, who describes himself as a follower of the Jesuit Arguello: "I am from the Christian-Marxist layers of the Latin American Church."

Cardenal, however, is more than a Christian-Marxist, he is an "Islamic fundamentalist" who visited Iran last April to meet Ayatollah Kalkali, the reputed chief sodomist of Teheran's central prison, and to proclaim to the world his praise of the Islamic revolution.

Finally, Nicaragua's foreign minister, Mister Miguel D'Escoto, the Maryknoll priest who edited the hefty 5 million circulation *Maryknoll Magazine* from Ossining, New York until the eve of Anastasio Somoza's fall, and who only departed from New York's Kennedy International Airport to take up his revolutionary foreign minister's duties after he had one last farewell political session with Senator Ted Kennedy, then U.N. Ambassador Andy Young, and Young's aide Brady Tyson, a man with more than a fair share in dirty tricks attempted against the Labor Committees.

Under the present circumstances, the Nicaraguan government will prove to be of value to us of the humanist Neoplatonic movement if it succeeds in its efforts to frustrate the efforts of the Jesuit agents within it to steal the authoritative voice of a government in power for the purpose of giving credence to such Jesuit agents in official United Nations bodies as Ervin Laszlo, the man at UNITAR from the Club of Rome who is attempting to help the Nonaligned Movement redefine its concept of the New International Economic Order in a way that would fulfill Teilhard de Chardin's conception of the Omega Point.

Will Britain be kicked out of the EC?

"The British cannot last, it is momentary and superficial. They will sink, or there will be a change in Britain. We will not let them do that." This is the response of one French banker to the British effort to launch the "petro-pound" and the City of London's supremacy on the bones of the dollar crisis created by the "Crash of 79" produced by the madmen of Iran.

This view is shared not only by banking circles in France, Germany, and even Switzerland, but more importantly reflects the views at the head of the French and West German governments. The undisguised efforts of the Thatcher government and the City of London to engineer the current crisis and use it to destroy the Franco-German alliance have given continental Europe little choice but to take the British head-on.

At stake for France and the Federal Republic of Germany is the entire structure of policy built over the past two years—the creation of the European Monetary System. That system rests on dollar stability, on an alliance with the Arab oil-producing nations, and on the strategic policy of East-West entente based on large-scale economic cooperation with the Soviet Union. The Iranian crisis is aimed at the heart of this policy: to bring down the international monetary system in a dollar crash, combined with an oil crisis, and culminating in a confrontation with the Soviet Union resulting from the threat of U.S. military intervention into the Persian Gulf.

Britain's bid for hegemony was proclaimed on November 20 in the *London Times*, which under the headline "The End of the Dollar," trumpeted: "International markets have already chosen the currency to replace the dollar—the pound sterling. Once again the City is in the prime international market, thanks to the liberal policies of Thatcher." As for the rest of the world, they add, it is "facing slump, hyperinflation, and anarchy."

The fact that the EMS is the real target of British finance was neatly explained in the anglophile Italian daily *Il Giornale* the next day. *Il Giornale* summed up the effects of the crisis: the EMS is finished—the Iranians will not take any dollars; there will be enormous foreign exchange speculation; the deutschmark

will be hugely revalued; and the European Monetary System will break.

The immediate stage on which the European response to British takeover efforts is being carried out is a surrogate battle within the European Community itself. The Thatcher government, bolstered by the prospects that the Iranian crisis has given them, threw down an open challenge to France and Germany in the form of a demand that Britain's 1.2 billion pound contribution to the EC be cut substantially to allegedly bring it more in line with what it gets back from the Community.

The British demand was the subject of an EC Finance Ministers meeting this past week. The ministers put forward a compromise on the issue, presented by West German Finance Minister Hans Matthoefer, a man known for his consistent pattern of following the lead of London rather than Chancellor Schmidt in Bonn. Thatcher's Treasury head Geoffrey Howe shocked even Matthoefer when he arrogantly rejected out of hand the compromise, understood by all to be favorable to Britain. London made it clear that they felt themselves in a position to demand all or nothing.

At that point Matthoefer blew up. According to the German daily *Frankfurter Rundschau*, he bluntly told Howe that "it is highly intolerable that Britain imposed higher prices on its North Sea oil than most of the OPEC states. In order to improve the atmosphere for any further compromise talks on budgetary issues, Britain should rather think about ways to find another oil price policy."

This was not of course merely the view of one minister. Even the *London Financial Times* reported that "higher government circles in Bonn made clear that under no circumstances are they willing to jeopardize German-French cooperation on behalf of Britain's interests."

Giscard-Thatcher meet

In this crisis atmosphere, French President Giscard d'Estaing traveled across the channel for a face to face confrontation with Maggie. With the *London Times* in its Nov. 19 editorial stating that "there could be a genuine crisis in Britain's entire relationship to the

Community," it was made clear that little room was left for compromise. The Paris daily *Le Matin* reported at the same time that for his part, Giscard was "more battle-ready than ever."

The talks followed precisely that description—Thatcher giving nothing and Giscard making clear that Britain must choose indeed whether it wishes to remain a member of the EC. Denouncing Britain's position that one can only invest what one gets out, Giscard is reported to have told Thatcher that France cannot do much about Britain's problems which "are by no means unique." The French President further pointed out that there is "another power in the EC which is paying in more than it gets out and does not complain—I mean Germany."

The talks concluded on Nov. 21 with a joint press conference where Giscard made it clear that the differences were irreconcilable and that they had agreed only to disagree. Pierre Hunt, the press spokesman for the Elysée Palace, told reporters, "with a big smile, mirrored in the faces of all the French journalists present, that the talks were frank and cordial."

The strategic dimension: Gromyko comes to Bonn

The larger strategic dimension of this crisis has not been left out of European calculations. The visit of Soviet Foreign Minister Andrei Gromyko to Bonn this week is the best indicator of the Franco-German determination to confront the crisis directly. Gromyko's stated agenda includes a discussion of "crisis spots such as the Mideast, Indochina and Africa," world economic issues and energy issues, disarmament and bilateral issues. Schmidt will be involved in the talks.

The issue that has received the most attention, however, is the European response to the disarmament proposals put forward by Soviet President Brezhnev last month in Berlin and the open U.S. pressure on its NATO partners on the continent to issue a firm rejection to the Brezhnev offers and accept placement of U.S. tactical nuclear weapons and medium-range missiles on their soil. While this has not yet been resolved, Schmidt told the Social Democratic Party parliament group that the Brezhnev proposals are to be "welcomed" and come in the context of the May 1978 accords reached between him and Brezhnev in their historic Bonn summit. Brezhnev's proposals, said Schmidt, take those accords further.

Schmidt is reported to have sent a long and detailed letter to Brezhnev before Gromyko's arrival on Nov. 21, a letter that both the *Financial Times* and the Italian daily *La Repubblica* report assure the Soviets of his desire for the arms talks proposed by Brezhnev. Production of new missiles and initiation of arms limitation talks are of equal importance to NATO, Schmidt re-

portedly told him. Given the NATO production schedule, he makes clear, the talks can begin well before the arms go into the deployment stage, thus making them available to be negotiated away.

The text of the letter, according to the same reports, also deals with world energy, European cooperation, the Middle East, and Africa. Perhaps the most interesting note in all of this was a call issued on Nov. 20 by Pope John Paul II from the Vatican. The Pope opposed any move by West Germany and Italy to deploy the new U.S. missiles and asked that Europe "seriously" consider Brezhnev's disarmament proposals.

This view is known to be held as well by Italian leader and former prime minister Giulio Andreotti who is waiting in the wings for a collapse of the government of Premier Francesco Cossiga. Soviet Central Committee member Boris Ponomarev met with Andreotti last weekend to discuss precisely this issue. He told him that NATO's plans to deploy the Pershing missile and cruise missiles have "the intention to create an arsenal of missiles for a first strike directed against the Soviet Union ... the flight of such a missile only lasts four minutes. Obviously there is no need to prove that this increases the risk of a nuclear conflict and in particular the risk connected with the possible launch of a missile."

Presumably a similar message was delivered by Gromyko in Spain where he stopped before his visit to Bonn. Aside from an important invitation to King Juan Carlos to visit Moscow, he proposed a nonaggression pact which would provide that the Soviet Union would not attack Spain in case of war, provided that Spain agrees not to deploy nuclear weapons on its soil. Such treaties, Gromyko said in Spain, are the policy of the Soviet Union with any country that neither produces, nor acquires, nor deploys nuclear weapons on its territory. In this context, he called for immediate negotiations on the Brezhnev proposals.

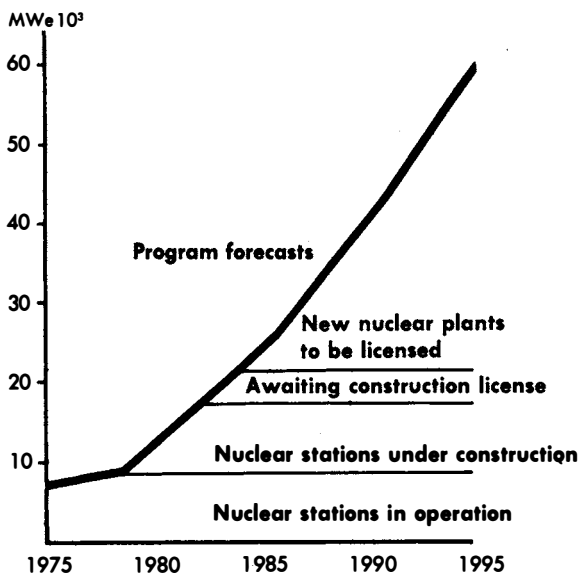
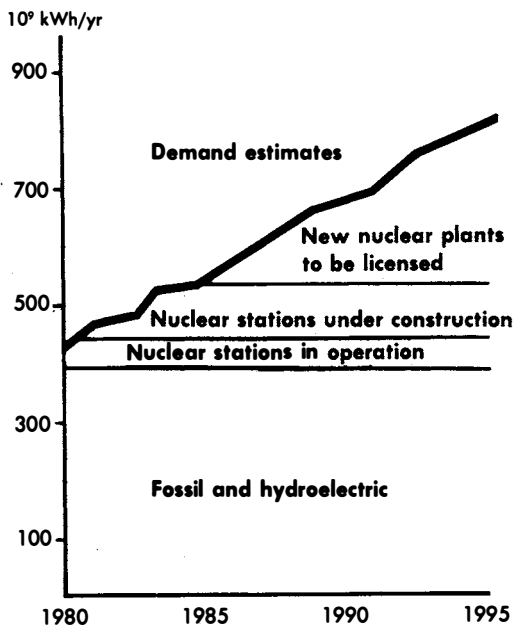
While the outcome of the specific disarmament talks is a complex matter, complicated largely by U.S. pressures backed by those of Britain, on its "allies" in Western Europe, it remains that the principal powers of the continent are delivering a message—"We will not let them do that" sums it up nicely. The real arena is determined by the European fight, backed up by strategic commitments with the Soviet end of Europe, to halt the mad crash into crisis and war through the establishment of a stable new international monetary and economic order. Europe can hardly sit back now, at the precise moment when those plans and programs are targeted for destruction, and watch the world crumble. Whether the madmen—in Iran, London, and Washington—understand that their plans will be met with such resistance is quite another matter.

—Daniel Sneider

A nuclear future for West Germany?

Government, industry and labor begin to speak out against 'greenies'

Expected shortfall in capacity due to nuclear licensing delays



Source: Nuclear Engineering International December 1978

After months of near-total silence from the government and industry, signs of a fight are emerging in West Germany on the issue of nuclear power. The government of Chancellor Helmut Schmidt launched one of the world's most aggressive nuclear programs as both a way of reducing the country's dependence upon foreign oil and securing its energy supplies for the future. Now, because of pressure from environmentalists and the Carter administration, West German nuclear development is almost ground to a halt.

Bonn planned to have 45,000-50,000 megawatts of nuclear power generating capacity by 1985. The forecast has now been lowered to 24,000 megawatts, and even that may not be achieved. There is a de facto freeze on six out of 12 total plants now under construction. Kraftwerk Union (KWU), one of the country's major nuclear manufacturers, has not had a domestic order since June 1975, and five of the company's previous reactor orders are blocked by licensing delays or court orders.

West German plans to become a major exporter of nuclear technology—signified by its multibillion dollar deals with Iran and Brazil—are also stalled. The Carter administration's policy on "nuclear nonproliferation" has helped to constrict the Federal Republic's potentials in the nuclear export market.

Now faced with the threat of a cut-off of oil from Iran, the West German government is making signs that it is ready for the political battle to get its nuclear program moving again.

Social Democratic parliamentary fraction leader and party machine powerbroker, Herbert Wehner, granted an interview to the *Esslinger Zeitung* Nov. 9 demanding an end to "arguing with the greenies who don't want to listen to any arguments." The party's defensiveness toward the "green cabbage" (as Wehner calls the environmentalists) has only helped the election campaign of Franz Joseph Strauss, the chancellor candidate of the opposition Christian Democratic Union-Christian Social Union, Wehner said. Strauss hopes to weaken the ruling coalition's chances for re-election next year by drawing "greenie" votes away from the SPD.

The environmentalists, however, are officially constituting themselves as the "Green Party," which will hold their founding congress in January.

Wehner's demand to end the compromise with the greens is greeted with relief by many of West Germany's industrialists. The influential Chambers of Commerce of Duisberg and Düsseldorf in the industrial Ruhr region called Nov. 8 for all parties to stop their squabbling over nuclear energy and move ahead with stalled projects. Representatives from electrical firms and utility companies have made similar statements.

Why Germany needs nuclear energy

West Germany is poor in energy resources and relies almost exclusively on imported fuels, apart from coal and nuclear energy (the latter at present supplies about 11 percent of total electricity requirements). This situ-

ation makes the country acutely vulnerable to contrived "oil shortages" like the 1973-1974 oil hoax, and to market manipulations of the oil price. This is one major incentive to "go nuclear."

Another is West Germany's heavy reliance on high-technology exports. The nuclear industry is so capital-intensive that its output capacities greatly exceed the requirements of a rather narrow domestic market. "It is in the interest of the nation's economy to remain internationally competitive in this important sector of highly sophisticated technology," stressed a government policy statement issued in June 1977. "West Germany, a highly industrialized country, cannot renounce further development of nuclear technology."

But more fundamentally, Chancellor Schmidt and more far-sighted industrialists see the further development of nuclear energy as urgent to preserving world peace. On May 7, just one month after the Three Mile Island nuclear incident near Harrisburg, Pa., Chancellor Schmidt delivered a speech to the European Nuclear Conference tossing out his originally prepared statement that toned down his nuclear commitment. Instead, Schmidt insisted that "it will come to a worldwide fight over shrinking energy supplies if the industrial countries do not develop nuclear energy. An unjustifiable situation would result, in which worldwide conflicts cannot be excluded, including conflicts between major powers, if the industrial countries give up the part which nuclear energy has to play in meeting their energy requirements.

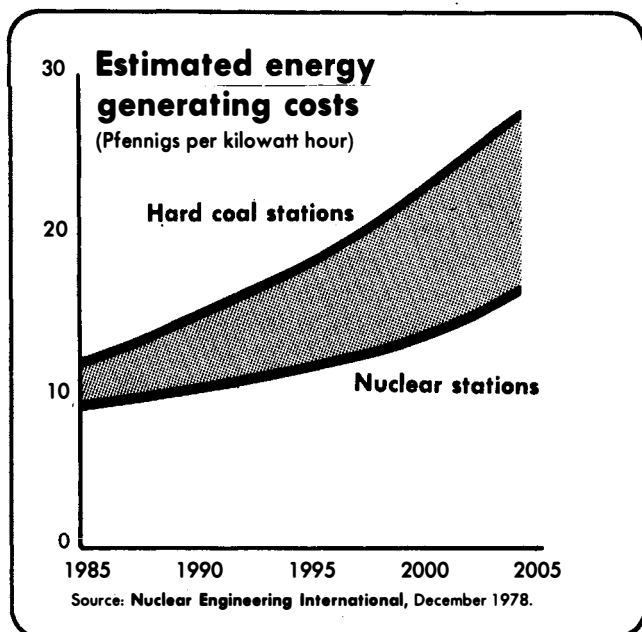
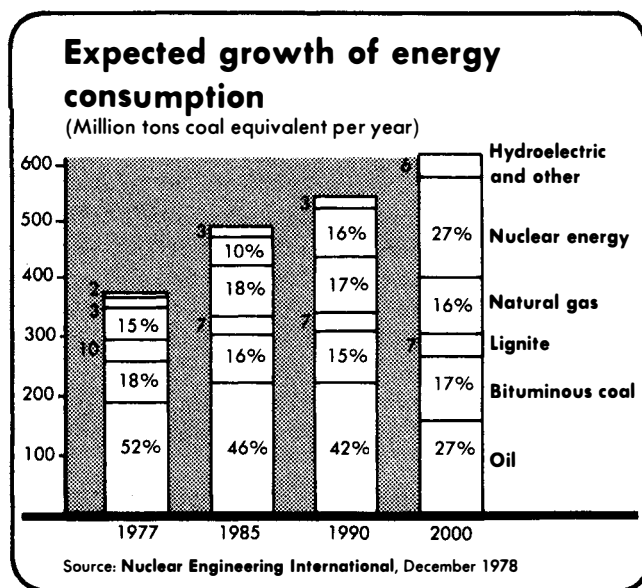
"No retreat from prosperity can solve our problems or those of anyone else. No industrial country, East or West, can afford to do without nuclear energy. A general ban on nuclear energy would not only endanger technological progress and many of the preconditions for development, but also seriously jeopardize the possibilities for increasing development aid."

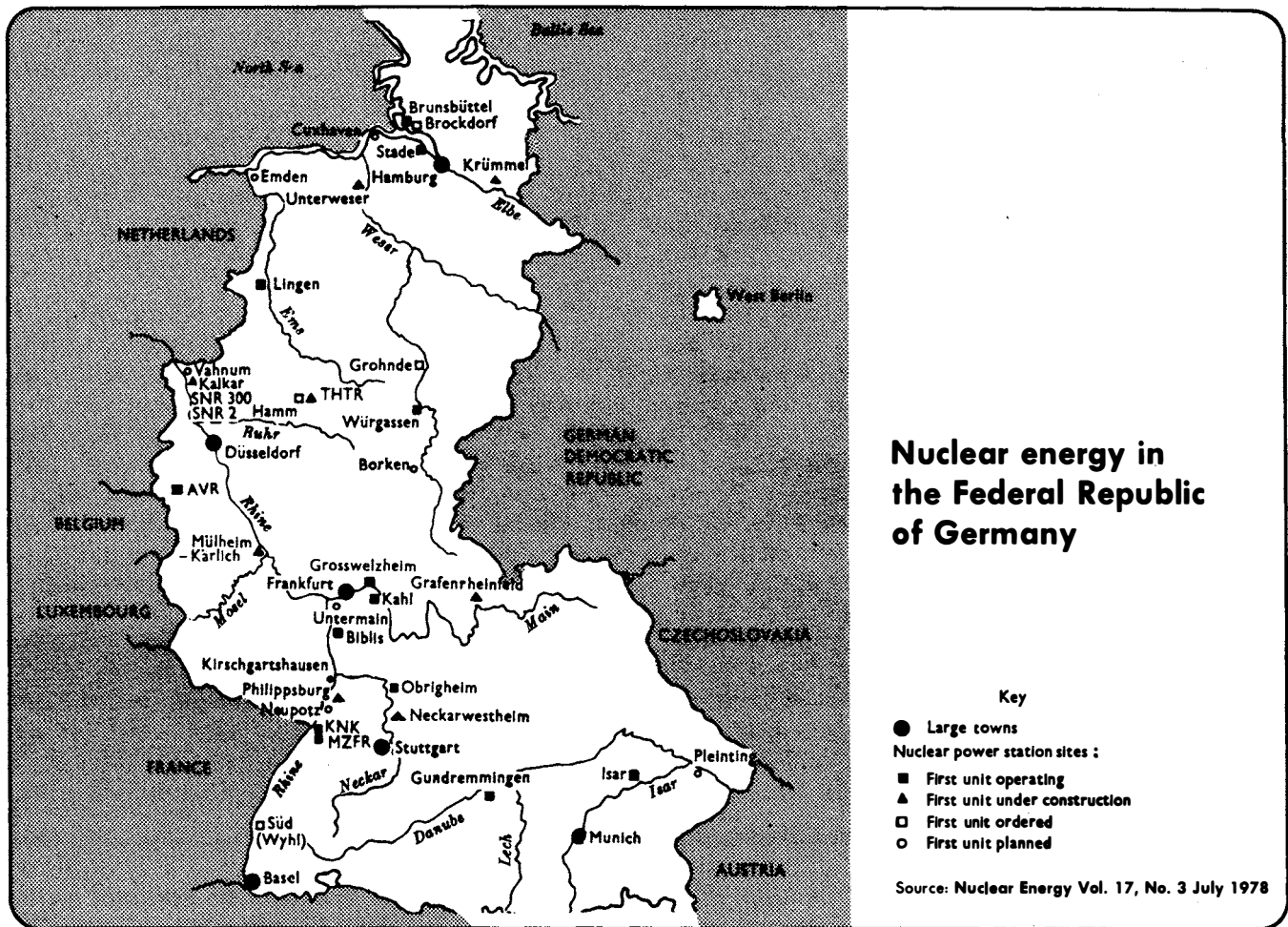
Schmidt called for an international conference on the security of nuclear reactors, to include the East bloc nations and to "also work out the guidelines for training Third World nuclear power technicians."

The state of the nuclear industry

The key factor blocking the Federal Republic's nuclear development is radioactive waste disposal. Under the Atomic Energy Act's legislation, no nuclear plant may be built without satisfactory provision for the disposal of wastes—a point which has been used by antinuclear groups to secure injunctions against the construction of new plants.

The government's proposed solution to this problem was the construction of an ultra-modern nuclear waste storage and reprocessing facility at Gorleben, in Lower Saxony near the border with the German Democratic Republic. Environmentalist pressure forced the Minister President of Lower Saxony, Ernest Albrecht, to reject the Gorleben plan in May of this year—admittedly for





political and not technical or scientific reasons. His decision placed the entire West German nuclear program in jeopardy. Since that time Schmidt's government has been seeking a compromise to salvage at least some of the crucial elements of the proposed Gerleben facility.

There is no time to lose. Already, the RWE electric utility which operates the nuclear plant at Biblis, cannot run the plant's twin 1,300 megawatt reactors at full capacity because it has no adequate way to dispose of the waste. France has agreed to store and reprocess some of West Germany's spent nuclear fuel, but will not be ready to receive it in large quantities until 1981.

A similar situation exists with the construction of the Kalkar prototype fast breeder reactor in North Rhein Westphalia, near the border with the Netherlands. The plant was due to receive permission last year to begin the third stage of construction, but a political battle within the state government has caused endless delays. The Free Democratic Party, which rules in a coalition with the SPD, demanded that the reactor be redesigned so as not to breed excess plutonium—a concept for a "nonbreeding breeder" which nuclear industry experts regard with dismay.

The SPD has been reluctant to force the issue, fearing a split in the coalition which would bring the opposition parties into power.

In 1975 West Germany hoped to become one of the world's leading nuclear exporters, particularly to the developing sector. Major deals were negotiated with Iran and the largest nuclear export contract ever signed was concluded with Brazil (but only after a bitter fight between Chancellor Schmidt and the antinuclear Carter administration). The Brazil deal provided for the construction of a ready-made nuclear industry, including options for up to eight plants. In 1976, several joint companies were formed to handle purchases and technology transfer.

But in Iran, the Ayatollah Khomeini canceled two big contracts negotiated with Kraftwerk Union. Brazil has pursued an on-again-off-again policy since the new Industry Minister announced in February that his country no longer intends to pursue such a dynamic nuclear program. KWU had hoped to receive four more orders for plants from Brazil, above the four that had been signed, but these are now expected not to materialize, or to do so only after long delays.

After the signing of the Brazil deal in 1976,—which included the enrichment and reprocessing facilities—U.S. pressure forced Bonn to agree to ban the further sale of “sensitive technology” abroad until further notice.

The only success of recent years was the award last month of a contract for a second heavy water reactor for Argentina.

The depressed situation of the nuclear industry has hit the major suppliers, like KWU, very hard. KWU and AEG Telefunken anticipate layoffs in the near future (between 12,000 and 20,000 in the case of AEG), and KWU officials have noted that if things do not change it will soon become impossible to hold together an experienced team of nuclear engineers and scientists. There is nothing for them to do.

But the many small and medium-sized high-technology firms involved in different aspects of the production of nuclear plants are the most seriously affected. It takes approximately 700 firms, most of them employing 200 or fewer people, to build one nuclear plant. Many of these companies will simply go bankrupt.

What will it take to win?

The biggest obstacle to cleaning up the environmentalist menace to West Germany's economic development is the extensive “greenie” penetration of the trade unions

and of Schmidt's own Social Democratic Party, whose base is in the unions.

Since the highly successful pronuclear demonstration by trade unions at Dortmund in November 1977, where 50-70,000 trade unionists defied their union's leadership, extensive purges of pronuclear unionists were conducted. One West German observer who helped organize the Dortmund demonstration has stated that a “coup” took place in many of the unions afterwards, bringing them under a 40-50 percent control of the Maoists.

The nation's largest trade union, IG Metall, under the leadership of Eugene Loderer (regarded as the “Lane Kirkland” of the Federal Republic), formed an “Energy Workshop” on Oct. 17, that was mandated to reach a policy position on nuclear energy for the union. At its founding press conference in Frankfurt, the group stated that “after Harrisburg, the security issue has gained more attention. ... If it turns out that security problems cannot be overcome in the near future, we would advise the trade unions not to give their approval to nuclear construction.”

Loderer, while still hesitating to oppose nuclear energy outright, addressed the International Metalworkers Federation meeting on technology Oct. 22 in Vienna, declaring that the unions must live up to their responsibility of speaking out against the dangers of technology. The function of the metalworkers in the

Industrialists, labor warn of catastrophe

West Germany's environmentalists are looking for a permanent moratorium on nuclear plant construction. It's too dangerous, they say. Solar and other soft technologies are much preferred. German industry and labor don't agree, as the following grid makes clear.

Feb. 9 press conference by Dr. Bernard Plettner, chairman of Siemens electrical firm: West Germany is “driving on toward catastrophe” due to the failure to authorize new power stations.

Sept. 3 press conference of leading West German industrialists: A group of industrialists warned that the country was losing key skilled personnel and expertise, according to the *Financial Times* Sept. 4. Manfred

Lennings, chairman of the GHH engineering group, said the nuclear industry faced a new situation characterized not simply by a lack of new orders, but by an inability to hold onto trained staff. The jobs of about 1,000 personnel, some whose training took as long as 10 years, are now threatened at the company's Oberhausen works.

Klaus Barthelt, chairman of Kraftwerk Union (KWU) confirmed that his company too was reducing its trained personnel, and stressed that German industry was losing its export market due to the delays of construction at home.

Franz Joseph Spalthoff of the RWE utility said that West Germany would soon be 10 years behind France in the development of fast breeder reactors. Franco-German accords for scientific and technological cooperation would soon become meaningless, he said, since France would discover it had nothing to learn from its West German partners.

Nov. 8 forum sponsored by the RWE (Rheinisch-Westfälische Elektrizitätswerke) utility in St. Englmar, Bavaria: Franz Joseph Spalthoff, a board member of RWE, declared, “I am simply fed up with defending myself out of a corner.” He attacked leading Social Democratic environmentalist Erhard Eppler, who claims that through conservation it is possible to reduce energy needs by 25 percent. Industrialists, Spalthoff said, will no longer let such outrageous statements go unchallenged.

Spalthoff called on the federal government to come out clearly for nuclear energy and stop “debating superficial energy scenarios which are in any case based on wishful thinking.” For industry, he said, there can be no talk of nuclear energy as a “transitional solution” or a “stop-gap,” since it is a major component of future energy supplies. Without the development of fission power, he said, there can be no future of fusion power. Spalthoff demanded the nuclear energy goals be raised

state, he said, must include opposition to new technologies like microprocessors which allegedly threaten unemployment.

"Jusos"—the youth wing of the SPD—boasted Oct. 2 that of all the unions, only IG Bergbau und Energie (mining and energy industry workers) is solidly in favor

A spokesman for the pro-environmentalist of nuclear energy. In fact, the situation is not quite so sewn up, as there is still significant pronuclear sentiment among the building trades, chemical workers, and others.

The "greenie" faction in the SPD is led Erhard Eppler, with the more covert support of former Chancellor Willy Brandt. While a proposal by Eppler for an official moratorium on nuclear power plant construction was defeated in the SPD executive last month, the environmentalists still have a strong hold over the party. The Jusos have prepared a resolution for the party congress in December which calls for the total abandonment of nuclear energy. That resolution is expected to be defeated (the Jusos estimate they will get 35-40 percent of the vote), but nevertheless is seen as a significant challenge to Schmidt, particularly in view of next year's federal elections.

Schmidt won a grudging vote of support Oct. 3 from the SPD presidium, which voted 24 to 4 that all nuclear plants presently under construction should at least be continued and, in a few cases, construction of new

reactors should be permitted. But spokesmen from the SPD executive told this news service that the general interpretation of this resolution is that through conservation and "energy alternatives" nuclear construction could actually be avoided altogether. Although the executive has not called for a ban on construction, still "the safety issues and the waste disposal problem suffice for us to forbid the operation of power stations completed during the next two decades," the official said. In other words, no nuclear power till the year 2000!

Given this antinuclear bias in his own party, Schmidt has sometimes acceded to arguments that it would be politically dangerous to "alienate" the environmentalist wing of the Social Democracy, and has gone so far as to refer to nuclear energy as a "stop-gap" measure, a transition to eventual reliance on coal, solar, and other inferior sources of energy.

But the fact that Herbert Wehner, the "king-maker" in the SPD, has now announced that the time for debate with the greenies is over, suggests that the Chancellor too has had enough. The weekly *Der Spiegel* reported in its Nov. 12 issue that Schmidt stormed out of a meeting of the SPD leadership the previous week when proenvironmentalist Egon Bahr began retailing the oft-repeated litany about how many voters will "abandon" the party if it takes a strong pronuclear stand at the party congress in December.

—Susan Welsh

to 75 gigawatts, rather than the 40 gigawatts the government hopes to attain and the 25 gigawatts actually realizable under present circumstances.

Nov. 10 interview in *Die Welt* with Klaus Knizia, president of the VEW electrical works and chairman of the West German Committee of the World Energy Conference: "What kind of technological development is feasible if mankind is to avoid those catastrophes—from starvation to war—which are so numerous in human history, and which we in the Federal Republic of Germany seem to have particularly forgotten in an extraordinary failure of memory?..."

"The fear of the possibilities of technology and science sometimes takes on suicidal forms, as can be seen in the opposition to nuclear power and other large-scale industrial technology. It is extraordinary that this opposition is only found in the wealthy countries of the West

and not in the East bloc, and certainly not in the poor countries....

"How can it look from the standpoint of many African, Asian and South American peoples, when they see the arrogant assertion coming from us that we have enough power stations now, and we don't need any more? How should nations react which are just at the beginning of their own industrialization, an industrialization whose progress will decide whether hunger, poverty, lack of medicine and illiteracy can be reduced or indeed eliminated—above all by the products which we must deliver to them."

Knizia called for the construction of 4,000 nuclear power plants in 30 years, mostly in the Third World, adding that:

"The only important thing is whether the implementation of such a minimal program will succeed in providing the energy needed to keep peace in the world, or whether wars over the distribution of resources will get out of hand, which under the

present level of military technology would leave mankind in the most extreme poverty."

Press conference last week by the factory councils of the trade unions of seven nuclear-related industries in Hessen: The factory councils announced that they will be leafletting all politicians and the general public to stress that nuclear power is "safe, necessary, and economically profitable, as well as favorable towards our environment." They emphasized that the best fission technology is the fast breeder.

Peter Michael Presser, deputy chairman of the Economics Department of IG Chemie, the chemical workers union, speaking recently in Hanover: Presser endorsed the proposed Gorleben fully integrated waste reprocessing plan and called fast breeder technology "the logical and necessary consequence of the portion of the nuclear program which has so far been carried out."

The battle for Gorleben

The proposal to build a fully integrated nuclear waste disposal facility and reprocessing center at Gorleben in Lower Saxony is the crucial issue in the fight for nuclear power in the Federal Republic of Germany. Under federal law, no nuclear power plant can be authorized unless facilities are available to handle the plant's radioactive wastes; the Gorleben facility was the government's answer to this pressing problem.

After a long political fight and a mobilization by the environmentalist lobby (including demonstrations at the proposed site, and a March 26 protest by 2,000 farmers and peasants who rode to the capital city of Hanover on horseback to denounce the "dangers" of modern civilization), the Christian Democratic Minister President of Lower Saxony Ernst Albrecht decided last spring to refuse to allow the construction of the facility in his state.

Albrecht's decision was supported on political grounds by Franz Josef Strauss. Strauss had heretofore proclaimed that he is for nuclear power, and has criticized Chancellor Schmidt for being unable to control the environmentalists.

That decision has now been only partially reversed by a compromise worked out in September between the federal government of Chancellor Helmut Schmidt and Albrecht. The compromise calls for separating the waste dump from the reprocessing facility, and allowing only the former to be constructed at Gorleben. The single 1,500-tons-a-year reprocessing plant will now be replaced by several smaller units about 400 tons, at separate sites. New sites will now have to be found for each of these, adding millions of dollars to the cost of the project. In fact, federal Interior Minister Gerhard Baum stated Sept. 30 that the compromise really decides nothing, since it is not legally binding, and the states will now have to shape actual legislation to be approved by parliament. The youth wing of Schmidt's Social Democratic Party, the "Jusos," announced Oct. 2 that they consider the compromise "irrelevant," and pledged to fight for the total abandonment of nuclear energy at the party's congress in December.

Why Gorleben?

The Gorleben project was to be one of the most sophisticated "nuclear parks" in the world. The site was chosen since only Lower Saxony has the thick salt strata in which radioactive wastes could be buried safely; tunnels were to

The nuclear industry: two case studies

What is the state of the nuclear industry in West Germany? The following two case studies on the country's biggest nuclear plant manufacturers are a good indicator that the industry may not survive unless a major commitment is made for nuclear energy.

Kraftwerk Union (KWU)

According to a draft report prepared for the London Royal Institute of International Affairs, the major West German nuclear power plant manufacturer, Kraftwerk Union, will probably be forced to withdraw from the nuclear industry altogether if substantial political and economic changes have not occurred by 1988. "The necessary condition for restoration of KWU's fortunes appears to be a change in social

attitudes toward nuclear power in Germany," the report states.

The study places General Electric, Babcock & Wilcox and Asea-Atom in the same category as KWU, according to a summary in the Sept. 27 issue of *Nucleonics Week*.

KWU was founded in 1969 as a joint enterprise of the electrical firms Siemens and AEG Telefunken. AEG sold out its share to Siemens in 1977, after a two-year period of no new domestic orders for the firm. KWU has now had no new domestic orders since 1975, and its export market has virtually collapsed. Iran's Ayatollah Khomeini cancelled two previously negotiated contracts, and it is now uncertain whether four out of eight hoped-for deals with Brazil will materialize.

AEG Telefunken

AEG has been forced out of the nuclear field, following accumulated losses of 1.7 billion deutschemarks

be dug deep into the salt domes for this purpose.

The project was to be built by the DWK company (Deutsche Gesellschaft für Wiederaufarbeitung von Kernbrennstoffen, a firm owned by 12 utility companies), which planned in addition to put up 200 million deutschemarks over ten years to finance infrastructure projects such as roadbuilding in the area around the site.

The facility was to include:

- * A reprocessing plant capable of treating 1,500 tons of light-water reactor fuel a year.
- * Storage capacity for 3,000 tons of spent fuel.
- * Fuel fabrication facilities for about 14 tons of plutonium a year.
- * Underground storage facilities for 30-40 tons of high-active waste a year.
- * Underground storage capacity for 1,600 drums of medium-active waste and 50,000 drums of low-active waste a year.

If construction started in 1982, experts estimate that the entire project would be finished only by 1995—a three to four year delay over original plans. Cost estimates were about \$5.5 billion before the September “compromise” was reached.

from nuclear power station and reactor contracts of KWU, in which AEG held 50 percent ownership with Siemens. Only export contracts with such countries as Saudi Arabia have kept AEG's nonnuclear power station divisions operating. The firm is now anticipating layoffs of between 13,000 and 20,000 personnel.

AEG was directed by Jürgen Ponto until his assassination in 1977. Ponto was one of the principal architects of the European “Grand Design” policy for a new gold-backed monetary system to be channeled toward Third World Development projects and East-West detente. A close collaborator of Chancellor Helmut Schmidt, Ponto's plan became partly realized after his death as the European Monetary System.

AEG may now be bought up by the largest French electrical and electronics firm Thompson & Brandt. This move is supported by Ponto's successor at the head of the Dresdner Bank, Dr. Hans Friedrichs, who has just been named to head up the AEG supervisory board and oversee the restructuring of the ailing firm.

How aristocrats created Europe's greenies

Ever since Social Democrat Willy Brandt came to power in that country in the late 1960s, politics in the West German industrial republic has been under attack from a well-financed terrorist movement, and an equally well-financed environmentalist movement. Outright terrorists such as the late Baader-Meinhof gang have assassinated a Federal Attorney General, Siegfried Buback, banker Juergen Ponto, and Employers Association president Hanns-Martin Schleyer. The environmentalist movement has killed construction permits for almost every nuclear construction site in the country, destroyed thousands of nuclear-related jobs, and organized a series of anti-nuclear riots across the country that have left at least one person dead.

A pamphlet recently issued by the European Labor Party, “The Green Danger,” denies that there is any difference between these two movements. They are complimentary branches of the same drug-infested counterculture in West Germany, a counterculture that is guided from Great Britain and that relies on Willy Brandt's network inside the Social Democracy to protect it from serious investigation.

A history of German environmentalism

The pamphlet asserts that environmentalism is, quite literally, feudalism. The political struggle in Germany between environmentalists and advocates of industrial progress is a continuation of the historic war between feudal lords and the city building Emperor Friedrich II Hohenstaufen in the 12th and 13th centuries, the pamphlet says. A modern expression of the same fight is the polemic 19th century German economist Friedrich List delivered against Parson Thomas Malthus's ideology of “overpopulation.” List, the father of the European railroad system, an industrial feat that in its day was attacked in the same way that nuclear energy is attacked today, wrote in his *National Economy*:

... although it appears to us that the tendency of the Malthusian theory is limited, it presents itself in its means as one contrary to nature, as one that kills morality and strength, as something horrible. ... what can be expected ... other than the entire collapse of all morality, and with this the collapse of all productive forces and of all the wealth and civilization and power of a nation.

Against the List tradition upheld in the industrial centers along the Rhine and Ruhr rivers, during the 20th century there has been a strong back-to-nature movement in the countryside—supported by the “black” nobility during the period of Kaiser Wilhelm II, and backed by both the Nazis and the nobility during the Third Reich.

Although World War II crushed the Nazis, the old nobility of Germany survived, and with them, the “back-to-nature” movement. With aid from such people as Sir Julian Huxley and Prince Bernhard of the Netherlands, they set up the “International Union for the Protection of Nature” (IUPN) in 1948. The Pan-European Union joined forces with the IUPN, first under PEU founder Count Coudenhove-Kalergi, and then under its present leader, Archduke Otto von Hapsburg. By the late 1950s, British intelligence executive Huxley, who had become the Secretary-General of UNESCO, had expanded the IUPN into a semi-official U.N. agency, the “International Union for the Conservation of Nature and Natural Resources” (IUCN). The IUCN linked members in 48 governments, 109 institutions, and 267 private organizations together with its own staff of 700 scientists. It was this network, controlled by British intelligence and the Hapsburg-led aristocracy of Europe, that created today’s “environmentalist movement.”

In 1961, after consultations between Huxley, Coudenhove-Kalergi, and Prince Bernhard, the World Wildlife Fund was launched. The World Wildlife Fund quickly became the nodal point between the British-oriented think tanks like the IUCN on the command level, and “action” oriented foot soldiers like the Friends of the Earth and various Maoist and Nazi groups in West Germany. In Huxley’s words, the organization was intended:

“for ... actions, that go beyond the bounds of more or less successful rearguard actions ... experts with financial, legal, organizational and technical recruiting experience must be drawn in...”

The “experts” included Royal Dutch Shell’s John Hugo Loudon, German Christian Democratic politician Prince von Bismarck zu Sayn-Wittgenstein, Club of Rome founder Aurelio Peccei, and economist Gunnar Myrdal. By 1968, Swedish zero-growth spokesman Myrdal was predicting the environmental riots of the 1970s:

I have no doubt, that in the next five to ten years we will have a popular movement in the rich countries that will force the Administration to do much for solving the environmental problem.

Myrdal knew of what he spoke. By the late 1960s, British think tanks had taken the decision to create a

“spontaneous” popular movement to oppose to the amazing economic and scientific boom in continental Europe. France and Germany were both outproducing and outselling the moribund British economy in every field, especially in the vital nuclear power sector, and Italy was not far behind.

The European “popular movement” that would attack these industrial gains was created through a variety of sources. First and foremost was the German Social Democracy faction headed by then-Chancellor Willy Brandt. Under Brandt, the party was taken away from its orientation toward a labor-industry alliance for an expanding West German economy and steered toward “quality of life” and zero-growth issues. Brandt’s faction, which based itself on attacking authority figures from parents to scientists, consciously alienated working class support, and relied on the university communities, liberal layers, and young white collar professionals.

Brandt’s lieutenants, such as Lower Saxon Social Democratic chairman, aristocrat Peter von Oertzen, and Baden-Württemberg chairman Erhard Eppler, extended support to such British intelligence groups as the World Wildlife Fund and the Friends of the Earth. Those students who were more “action oriented” were funneled into various Maoist grouplets such as the KPD/ML that gloried in violence. And, if the monthly anti-nuclear riot staged by the Maoist gangs was not satisfying enough, recruits were steered toward the outright terrorist counter-gangs such as the Baader-Meinhof.

The drug-infested counterculture was the spawning ground for this entire operation, according to IUCM functionary Raymond F. Dasmann:

... the positive element of psychedelic drugs ... is that they ... open up the sense for various levels of reality, in contrast to the world view that is mediated through science and manipulated by technology...

But the counterculture and Maoist terrorists were not the only ones forming the various Citizens’ Groups for Environmental Protection throughout West Germany. The far right, represented by the neo-Nazi NPD, and the equally suspect far left, represented by Daniel Cohn-Bendit, the Israeli intelligence leader of the 1968 Paris student riots, have sat at the same green table.

The “green” electoral slate in the West German state of Rheinland-Pfalz for 1979 is almost identical to the state leadership of the NDP. On June 15, 1979, Cohn-Bendit confirmed this connection by demanding, in addition to “no nukes,” freedom for Rudolph Hess, Hitler’s Nazi deputy who is still serving his sentence in prison.

Libya, Yuval Neeman and Khomeini

The Muslim Brotherhood triangle in the Middle East

The developments in Iran during 1979, beginning with the fall of the Shah until the eruption of the crisis that began with the Nov. 4 seizure of the U.S. Embassy in Teheran, have signaled a new phase in the history of postwar Middle East. According to its architects, British Secret Intelligence Service and the Jesuit-Hapsburg European oligarchy, that phase will be marked by a new order in the Islamic world ruled by the obscurantist mullahs and imams of the secretive Muslim Brotherhood.

Extending from West Africa and Morocco, across into Egypt, the Sudan, and the Arabian peninsula, across the Persian Gulf and Turkey into Iran and South Asia, the network associated with the Muslim Brotherhood has been placed on full alert. At least four or five nations are scheduled to soon suffer coups d'etat on the model of the fascist revolution that brought down Iran's Shah. The insane mobs that form the base for Ayatollah Khomeini's power in Iran have already begun to affect neighboring states, and they have elicited sympathetic responses across the entire Arab world.

At least three distinct centers in the Middle East, however, can be identified as the command posts for the Muslim Brotherhood.

The first is the circle of advisers and ayatollahs who surround Khomeini himself, who is nothing more than a puppet of the Muslim Brotherhood that created him.

The second, as more and more Arabs now realize, is the nation of Libya under the unbalanced Muammar Qaddafi.

The third is the extremist faction of Israeli intelligence led by Mr. Yuval Neeman, the radical Zionist ideologue and physicist who is popularly known as the "father of Israel's nuclear bomb."

What we describe here is the outline of the "Libyan-Neeman-Khomeini axis."

The real Muslim Brotherhood

The Muslim Brotherhood is the sum of the assets of British intelligence in the Middle East. Strictly defined, the organization known as the Muslim Brotherhood—the Ikhwan al-Muslimun—was founded in Egypt approximately 50 years ago, and it prospered there, ex-

tending branches into a few other Arab countries, Iran, and Pakistan until it was crushed by Egypt's President Nasser in 1954. Following Nasser's crackdown against them, the leaders of the Ikhwan fled to London and Switzerland. Many of the former leaders of the Ikhwan still reside in Geneva, London, and Munich, where they operate in close coordination with the old British Colonial Office veterans who, in the generations after the famous Lawrence of Arabia, have built up "Muslim fundamentalism" as a venture of British imperial policy.

Although the Ikhwan al-Muslimun originated as a project of the Cairo-based Arab Bureau of British intelligence—even winning funds from the Egyptian royal house, the British Embassy, and the old Suez Canal Company—in a broader sense the term "Muslim Brotherhood" refers generically to the various sub-organizations that stretch from Morocco to Pakistan, each sponsored by London, in a federation of fundamentalist cults.

To accomplish the Khomeini revolution, for example, the British simply collected their assets, developed over many generations by scholars from Oxford, Cambridge, Princeton, and Georgetown University, as well as select continental European centers like Louvain University in Belgium and other institutions of the Society of Jesus, and then surrounded the witless Khomeini with a clique including Ibrahim Yazdi, Abolhasan Bani-Sadr, Sadeq Ghotbzadeh, Mustafa Chamran, and Sadeq Tabatabai.

The Libyan connection

When Khomeini began his assault on Iran—helped enormously by the fact that his each and every pronouncement was broadcast into Iran by the BBC—his first paycheck was delivered to him in Paris by Ghotbzadeh. According to Iranian sources, Ghotbzadeh had secured several hundred thousand dollars in Libya to launch the Ayatollah Khomeini movement. Taking that as our lead, let us follow the thread through the Arab world.

To the extent that the Muslim Brotherhood faction is dominant in Libya, there are several main channels of influence for British and British-related intelligence operations. Perhaps the most direct is through the

ancient European oligarchy associated with the Italian nobility and the old Knights of St. John of Malta feudal order. This grouping reportedly still maintains influence in Libya through the secret membership of the old Senussi Brotherhood, a fundamentalist sect of the Ikhwan type that was dominant in eastern Libya for a century or more and which is run out of Cairo by London's Arab Bureau.

It is no accident that the two U.S. State Department officials responsible for day-to-day management of the Iranian crisis were David Newsom and Bruce Laingen, previously ambassadors to Libya and Malta, respectively.

In the beginning of the 1970s after Qaddafi came to power, Libya began to develop allies in Lebanon, chiefly by simply bribing various gangsters to lead pro-Libyan "Islamic armies." Many of the leaders of these organizations, especially the Shiite faction Al Amal, are presently in top positions in Iran. Among them are Defense Minister Chamran and propaganda czar Ghotbzadeh. The present members of the so-called Syrian faction in Iran—that includes Ghotbzadeh, Bani-Sadr, Yazdi, Chamran, and Tabatabai—are properly called members of the "Libyan connection." But the appellation "Syrian faction" highlights a useful point, namely, that via Libya the British have managed to consolidate a powerful faction inside Lebanon, Syria, and the PLO.

Inside Syria, a powerful faction fight is raging over the Khomeini question. Although the exact position of Syrian President Assad is not known, what is certain is that many high-ranking members of the Syrian Baath Party are overt sympathizers of Khomeini. Among the most important pro-Khomeini power brokers are Mohammed Haider, the Syrian economic czar; and Col. Rifaat Assad, the President's brother and the commander of the Syrian praetorian guard.

Haider and Rifaat Assad are the leaders of the faction of "Alawite extremists" in Syria. The Alawite minority, a quasi-Shiite sect in Syria's north, has long included a vocal faction demanding independence from the Syrian state. According to Syrian sources, Haider and Rifaat Assad are the controllers of the Muslim Brotherhood inside Syria. The recent wave of assassinations and terrorism in Syria, supposedly run by the Brotherhood, is organized by the Alawite extremists. The aim is to widen Sunni-Alawite tensions in Syria and thus create the basis for an "Alawite entity."

The Alawite extremists in Syria—in collaboration with the Ikhwan—work closely with the religious fanatics in Lebanon. Recently, pro-Khomeini Shiites in Lebanon fought pitched battles with the Syrian troops in Lebanon. Christian Falangists, who maintain close liaison with Israeli intelligence, also reportedly work hand in hand with the Muslim Brotherhood in Syria.

Inside the PLO, perhaps a dominant faction—es-

pecially the elements tied to Libya and major sections of Yasser Arafat's Fatah guerrilla group—is sympathetic to the Muslim Brothers. So strong is this faction that when Arafat visited Teheran two weeks ago to attempt to mediate between Washington and the Iranian terrorists, he was denounced for "serving U.S. imperialism" by a radical, pro-Khomeini faction of the PLO that quickly won support from Libya and the Syrian-controlled Saiqa guerrilla group.

The Muslim Brotherhood networks in both Syria and Libya are controlled by the same apparatus: Europe's Socialist International and its allies in Yugoslavia and Romania. Arab sources report that Bruno Kreisky, Willy Brandt, West Germany's Alex Moeller, and the Socialist International were responsible for much of the controls over the Khomeini network in Iran, and they also have close relations to the Alawite network and the Libyans.

The "Bernard Lewis plan"

The demands for autonomy by the Syrian Alawites, the Lebanese Falangist Maronites, and other sects are not independently formulated but reflect manipulations centered around a British intelligence gameplan called the "Bernard Lewis Plan," after the Princeton University professor who designed it. During 1977, Dr. Lewis spent time at Princeton with several other gentlemen, including Israel's Yuval Neeman, Britain's Lord Caradon, and many other Middle East specialists to develop a new map for the Mideast, balkanizing the region along ethnic and religious lines and encouraging fundamentalist Muslim movements.

Lewis and Neeman represent the viewpoint of an extremely powerful and entrenched faction of Israeli intelligence which is of the opinion that the survival of Israel depends on maintaining the surrounding Arab population in a state of forced backwardness and ignorance. Thus, they actively encourage the growth and development of the Muslim Brotherhood: empty anti-Israeli extremism that is not backed up by a sophisticated military-industrial complex poses no threat to the Zionist state.

The Neeman faction does not envision a future in which Israel is ever at peace with its neighbors. A permanent state of war, between a highly developed, technologically gimmicky Israeli superstate and a surrounding sea of backward Arab entities, is the future envisioned by Neeman and Co. For that reason, the Zionist elite around Neeman has thrown itself into an alliance with the broader British "Dark Ages strategy" that applies to the entire Third World.

To accomplish that, Neeman's faction of Israeli intelligence is working to spread drug addiction throughout the Arab sector and into Iran and Pakistan. This is a critical part of the Muslim Brotherhood apparatus. In Syria, for instance, Col. Rifaat Assad is

The Georgetown connection

At present, the No. 1 think tank for the subversion of the Arab world and the imposition of a Muslim Brotherhood regime is Georgetown University's Center for Contemporary Arab Studies. Georgetown, the home base of Henry Kissinger, is run by the Society of Jesus.

On its prestigious Board of Advisors sit a varied collection of ex-CIA agents and New York bankers. But the curious juxtaposition of two leading Arab figures there raises a series of interesting questions. The first is Libya's Ambassador to the United Nations, Mansur Rashid Kikhia; the second is the Oman Foreign Minister Qais al-Zawawi.

Oman, situated at the mouth of the Persian Gulf, is perhaps the most British-dominated nation in the world. Every single Oman military commander and intelligence officer of any top rank is a British subject. Recently, Oman put forward a plan for the creation of a regional military alliance in the Persian Gulf that involved Britain and the United States in a leading role. Although the plan was rejected by the other Arabs, the eruption of the Iran crisis has

given it new life, as London and Washington use the threat of Iran to blackmail Saudi Arabia and the other Gulf sheikhdoms into support for the Oman Plan.

Then why is Libya's Kikhia serving on the board of an institution so obviously committed to the imperialist domination of the Persian Gulf? The answer may be found in the Muslim Brotherhood network. Mr. Clovis Maksoud, a corrupt wheeler-dealer who has been jointly employed by Georgetown and the Institute for Policy Studies for the last several years, is close to Kikhia—and he is also the outspoken sympathizer of the Khomeini disease in Iran.

In 1978, Maksoud was hired by the Libyans, who also financially support the Georgetown center, to head up an American-Arab Dialogue committee. Recently, Maksoud was hired by the League of Arab States to act as "Special Envoy" to the United States—despite grumbling from many Arab-Americans who feel that Maksoud is too dishonest and money-hungry to successfully represent American-Arab relations. But Maksoud's association with Georgetown is more to the point.

reportedly the leading gangster in the country and a business partner of Lebanese mafia interests associated with the Falangists, running narcotics from the Bekaa Valley in Lebanon into Western Europe. Now, it has been reported that since the establishment of Muslim Brotherhood-run regimes in Iran and Pakistan, that area has become perhaps the world's leading source of opium and heroin, going to the European market.

The control over what may be as much as 1000 tons of opium is in the hands of the Muslim Brotherhood locally, which exports it through Israeli intelligence channels associated with gangster Meyer Lansky, Shmuel Flatto-Sharon, and the old "French connection" mafia headed by Jacques Soustelle and the Marseilles mob.

In this fashion, the private channels of the Brotherhood have established an infrastructure that spans the entire Middle East, overlapping with the oil trade and providing an enormous revenue for financing activities such as gun-running and even whole revolutions from profits made in selling dope. Most of the operation is overseen from the "Dope, Inc." headquarters in Tel Aviv. Tribal rebellions, insurrections, and terrorism is financed through the revenues obtained by illegal opium grown by the various semifeudal peasant groups that comprise the squabbling ethnic and religious sects in the area!

A major blow was dealt to the Bernard Lewis Plan

when President Saddam Hussein of Iraq launched a series of purges of leading Iraqi officials beginning in July 1979. At a stroke, the entire pro-Khomeini Shiite support apparatus, leaders of the Muslim Brotherhood, and other disloyal elements were summarily eliminated from their official positions in the Iraqi government. Afterward, Iraq intensified its political efforts to establish a working relation with Saudi Arabia and the other Gulf states, in direct conflict with Iran. The Iraqis also became the first Arab nation to denounce Khomeini as a "fascist worse than the Shah."

But within Iraq several Muslim Brotherhood agents still remain, including, most important, Baath Party "Founder-Leader" Michel Aflaq, whose influence has been curtailed but not eliminated since the July-August purges.

At present, the Khomeini movement has signaled the emergence of a generalized drive by the extremists inside Libya, Israel, and Iran to win control for their faction across the entire Middle East. In Israel, the Begin government is increasingly a prisoner of the Neeman faction, as the following analysis proves. In the Arab world, the Libyans—aided by the rest of the Brotherhood—are organizing support for Iran's lunatic revolution. And in Iran the Ayatollah Khomeini has already launched the doomsday scenario that promises to explode the "arc of crisis."

—Robert Dreyfuss

Extremists gaining upper hand in Israel

Over the past couple of weeks, the Israeli government has been stung by a virtual coup d'état from the combined forces of the religious-fundamentalist Gush Emunim movement and the newly formed fascist Renaissance Party chaired by Israeli nuclear-bomb architect Yuval Neeman.

The Gush-Renaissance coalition, the spiritual counterpart to the Khomeini movement in Iran, has forced the Begin cabinet into a series of extremely hardline policies. These policies are bringing Israel toward an out-of-control situation in its relations with the Palestinians on the West Bank and toward the adoption of economic measures modeled directly on those of Hitler's Nazi regime.

This pattern of events conforms precisely to the trends indicated one month ago by this journal in a special feature on the mounting crisis in Israel (see EIR, "Israel: The Biggest Government Crisis Ever," Oct. 30-Nov. 5, 1979).

But the pace and force with which the Neeman-led "kooks" have increased their impact on Israeli society has outdistanced even the ominous forecasts outlined in that report.

"Tremors of instability"

Perhaps the best barometer of how thoroughly the extremists have affected Israeli policy is the mounting chorus of voices from among Zionist supporters of Israel abroad and among self-professedly "realistic" Zionist strategists in Israel itself, who are openly expressing alarm at the direction of current policy.

Most noteworthy is Theodore Mann, president of the prestigious Conference of Presidents of Major American Jewish Organizations, the umbrella organization for most major Jewish groups in the U.S. Speaking at a Zionist meeting in Montreal Nov. 18, Mann warned that Israel was undergoing a "shift to the right" and was moving toward "annexing the West Bank." Mann's comments reportedly created an uproar at the meeting, drawing loud exclamations of both support and derision.

Mann's comments were echoed in the lead Nov. 2 editorial in the English-language *Jerusalem Post*, a paper which generally reflects the viewpoints of the Israeli Labour Party. Asking rhetorically whether the government was turning over responsibility for dealing with the Palestinians to the Gush Emunim, the paper charged that the latest round of government decisions

on establishing settlements in the West Bank "make sense only in the context of a dictatorial rule over the local Palestinian population."

The *Post* editorial was run side-by-side with an Op-Ed authored by former Foreign Minister Abba Eban, a key proponent of the "realist" position in Israel. The pattern of recent government actions, Eban charged, were "violat(ing) the dictates of good sense and the public interest drastically" and "sending tremors of instability far and wide into the international system, ... preclud(ing) any further progress towards regional peace. ... This situation," Eban stressed, "isolates Israel from its closest friends" and "sharply polarizes sentiment within Israel itself."

"Ominous parallel" with pre-Nazi Germany

The fears about Israeli policy expressed by certain leading Zionists and Israelis is paralleled by growing concern among Israel's Arab neighbors about the dire consequences for the region if the current trends are not reversed.

In an exceptionally incisive analysis Nov. 13, the Saudi *Arab News* pointed out the "ominous parallel" between the Israeli situation now and pre-Nazi Weimar Germany of the early 1930s period. "European observers of the economic and political chaos in Israel draw the parallel with Weimar on the eve of the Nazis' rise to power," the paper noted, adding that it has been *Israeli* observers, not foreigners, who have underscored the comparison between the Gush Emunim fanatics and the stormtroopers of the Nazi movement.

Building the cult of Greater Israel

What has these various observers so alarmed is typified by a series of decisions taken by the Israeli Cabinet and special ministerial committees over the past week.

On Nov. 15, the Ministerial Committee on Settlement policy, which oversees the creation and expansion of illegal settlements on the occupied West Bank, voted to enact a plan for extensive settlements throughout the West Bank. The crux of this plan is to build 10,000-15,000 dwelling units at both old and new settlements *every coming year*. Estimates of the cost of this plan are as high as 150 billion Israeli pounds, or around \$5 billion. This amount, reports the *Jerusalem Post*, is "nearly half of the entire annual state budget approved for this year!"

One of the few opponents of the scheme within the

cabinet, former Finance Minister and current Deputy Prime Minister Simcha Ehrlich, charged that the main champions of the program, Education Minister Zevulun Hammer and Agriculture Minister Ariel Sharon, were acting as "spokesmen for the anarchists of Gush Emunim...I do not agree to discuss settlement programs under the shadow of Gush Emunim threats," Ehrlich stated.

These objections, however, did not prevent the full Cabinet from endorsing the settlement project at its weekly meeting Nov. 19. At this same meeting, the cabinet also voted to renege, at least for the time being, on its previous commitment to have the Israeli Army forcibly evict Gush Emunim settlers from the controversial settlement site of Elon Moreh, a site which has been declared illegal by Israel's own Supreme Court. No forcible eviction will be attempted, the cabinet has decided, for at least 4-6 weeks.

By that time, the Gushies and their allies in the Renaissance Party hope that the crisis in the West Bank will have grown to such proportions that no eviction will be attempted.

According to once source close to Begin, "the government's decisions on settlements and on Elon Moreh reflect the growing strength of Neeman's party, which is picking off deserters from Begin's Herut and from all the component parts of the ruling Likud coalition. To survive, Begin thinks he must move further to the right."

Nuclear-blackmailer Neeman's determining influence on all aspects of policy is also seen in how the government is handling the economy and relations with its Arab neighbors.

On the same day that the multi-billion-dollar settlement expansion program was announced, a Neeman ally in the government, the newly-installed Finance Minister Yigal Hurwitz, announced a series of drastic austerity measures, including taxes on imports and slashes in city services, to head off what he described as an imminent "economic holocaust." The seeming incongruity of cutting the budget for vital necessities while expanding the West Bank drive was described by the Nov. 16 *Jerusalem Post* as part of a conscious policy of "diverting funds" from such areas as housing in order to finance settlements on the West Bank.

In effect, the most impressive of Israel's real achievements as a nation, namely its high-quality services in education and related areas, are being sacrificed so that

more and more of the population can be shifted to the West Bank to reinforce Neeman's Greater Israel cult. It is this policy—expressed in Neeman's dictum that high living standards are evil because they de-ideologize the population—which is ominously similar to the cultist and expansionist economics of the Nazis.

This Zionist-extremist conspiracy against the Israeli nation-state is beginning to create a backlash among layers of Israel's population. On Nov. 19, Hurwitz announced a new series of draconian austerity measures, including 50-115 percent increases in the prices of vital commodities ranging from cheese and milk to electricity; cutbacks of thousands of jobs in the public sector; and a freeze on government building, especially of hospitals and schools. Following the announced measures, France's *Le Monde* reported Nov. 21, several demonstrations broke against the cuts, with demonstrators demanding to know why Israel was spending 150 billion pounds on new West Bank settlements while the population was being forced to tighten its belts.

Heating up the West Bank

Expansionism is also the key to Israel's most recent policies toward the Arabs.

Speaking in Haifa Nov. 15, Energy Minister Yitzhak Moda'i, a sympathizer of Neeman, called for Israel to be the international center of a "crusade against the oil sheikhs" that would "put the sheikhs in their place."

On the same day, Begin announced that he would not be attending a Camp David treaty-related ceremony in Egypt conducted by Egyptian President Anwar Sadat. This snub raised speculation that Israel was entertaining the option of renegeing on the Camp David arrangement. Such an option happens to be the key plank of Neeman's Renaissance group.

These events transpired as the so-called "Shak'a affair" on the West Bank began to peak.

This affair has centered around the arrest and possible deportation of the Mayor of Nablus, Bassem Shak'a, for having allegedly made statements sympathetic to the tactics of the Palestine Liberation Organization during private discussions with the overseer of Israeli West Bank policy, General Danny Matt. According to numerous press accounts, Matt first lured Shak'a into a "man-to-man" talk and then entrapped him into making statements that could be construed as supporting "PLO terrorism." This set-up crisis was put into high gear when false accounts of Shak'a's state-

ments were leaked to the press and to hardline members of Israel's Knesset, who loudly demanded that Shak'a be "disciplined."

Once the phony crisis was launched, the West Bank situation rapidly began to get out of control. In the past week, all twenty-five elected mayors have resigned from their posts, in solidarity with Shak'a. The situation on the West Bank has been described by all the most influential London press—the Nov. 19 *Observer* and *Sunday Times* and Nov. 17 *London Economist*—as "explosive." The *Observer* portrays the 1.25 million Palestinians in the West Bank as "united as never before" and concludes that the chances are great for "uprisings" and "violence" rivalling the widespread outbreaks of West Bank unrest in 1976. The *Economist* claimed that "the West Bank seems set to collapse into disorder."

What is particularly revealing about the Shak'a affair

is not, however, the more sensational aspects being headlined in the Anglo-American daily press. What is most interesting is that the order for disciplinary action against Shak'a came from the man who has heretofore been the most prominent public spokesman in Israel for a "pragmatic" policy toward the Palestinians, Defense Minister Ezer Weizman.

Most accounts of Weizman's role in ordering Shaka'a deported or arrested insist that the Defense Minister "acted hastily," or made a "slip of the tongue," an "error," when he authorized action against Shaka'a. This is not the case. In reality, Weizman is beginning to drop his "pragmatic realist" profile, and is beginning to revert to his better-known profile as a reckless, cowboy-like adventurer ready to launch Israel on highly risky paths, up to and including direct confrontations with the Soviet Union.

This shift by Weizman is, however, not a Jekyll-

The 'Ayatollah' Yuval Neeman

One observer of the Israeli political scene remarked that the fictional "Dr. Strangelove" is a model of mental health compared to Yuval Neeman, the leader of the new Renaissance-Covenant of Eretz Israel Party. Neeman, called the "father of the Israel A-bomb," is nominally a scientist. However, he believes in "quarks," the quack theory derived by two Greenwich Village beatniks from the Tibetan strain of Buddhism. Neeman, in fact, claims to have helped develop the theory.

Neeman is primarily a devout practitioner of "master race" psychology which he calls "pure Zionism." As in H.G. Wells' "The Time Machine," Neeman envisages a tightly organized elite—the "pure Israelis"—armed with superweapons and ruling over a mass of loyal slaves (the people of Israel) and feuding peasant tribes (the Arabs).

Already, the Neeman lunacy is evident in the Begin government's land-grabbing "austerity and settlements" program—the Renaissance-Covenant Party demands the annexation of all Arab territories captured in the 1967 war, and the subordination of all economic and military resources to the service of the expansionist cult of "Greater Israel" Neeman and his friends are prepared to hold every person in the Mideast—and the world—hostage under threat of a nuclear war to reach that objective.

Neeman's ideas did not spring full blown from his mind alone. They are a logical extrapolation of

the reasons the British Special Operations Executive circles around Sir William Stephenson set up a Zionist intelligence service in the first place.

Neeman was recruited to the Stephenson-created Israeli intelligence services not long after Israel became a state. Having developed a reputation as a scientific whiz-kid and as an advocate of applying highly computerized gimmicks to war-fighting following his studies at the Ecole de Guerre in France, Neeman was spotted by then-chief of staff Moshe Dayan and brought into Israel's Aman military-intelligence division.

At the time, Dayan was a leading protégé of Israeli Prime Minister David Ben-Gurion, a staunch believer in a "Fortress Israel" permanently at war with its neighbors. As a result of various "dirty tricks" and purges of the intelligence and defense establishment, Dayan and Ben-Gurion, by the 1954-55 period, had emerged so much in control that they were able to involve Israel in the joint Suez operations with the British and French against Egypt's Nasser. This locked Israel into decades of bitter hostility with its Arab neighbors.

A favored agent

By 1954-55, Neeman was a favored agent of Dayan in procuring both weaponry and the most advanced knowledge available in nuclear and military science. Dayan dispatched him to London in the 1950s, for

and-Hyde-like "personality change." It is an event of equivalent strategic importance to the resignation last month of Foreign Minister Moshe Dayan, ostensibly in protest against the Begin government's determination to annex the West Bank during the next years. The Weizman shift signals that, under current circumstances, the Israeli rulers are not even bothering to maintain the *illusion* of reasonableness.

The key to the Weizman story is the inside account of how the Nov. 15 Cabinet ministerial commitment came to its expand-the-settlements plan. According to the *Jerusalem Post*, at that meeting Weizman dropped his often-acrimonious feud with Gush backer, Agriculture Minister Sharon, and on the basis of a "compromise" arranged by Education Minister Hammer, made a deal with Sharon to legitimize the settlement push.

What is remarkable about the account is that Hammer is a known leader of Gush Emunim! Heretofore

somewhat of an outcast in the Cabinet spectrum, Hammer is suddenly being portrayed in the Israeli press as a leading "power broker." This means nothing less than that Gush Emunim itself is determining and directing policy in a way that was impossible as long as a strong "pragmatist" strain existed in the Israeli Cabinet.

In fact, Gush Emunim supporters are usurping significant positions of power and influence in Israeli policymaking. According to the Nov. 16 *Jerusalem Post*, a "hefty contingent of Hammer's friends" has been brought into the advisory group around Hurwitz, including the new Director-General of the Finance Ministry, Ya'acov Neeman, and Hurwitz's expert on "saving schemes," Yosef Wolf. This contingent, *Post* reporter Mark Segal reveals, was brought in as part of a deal between Hurwitz and Hammer to get Hurwitz installed as Finance Minister.

a stint as military attaché at the Israeli Embassy and to obtain a PhD degree at the Royal College of Physics so that Neeman could become an insider in British scientific circles.

During the mid-to-late 1950s, most of Israel's actual weaponry came from France, however, a result of extensive direct ties between the Israeli defense establishment and the Rothschild and related networks in French intelligence and the French armed forces. It was from these networks that Israel obtained the necessary material to build its Dimona nuclear center, which has since been the production center for Israel's atomic bombs.

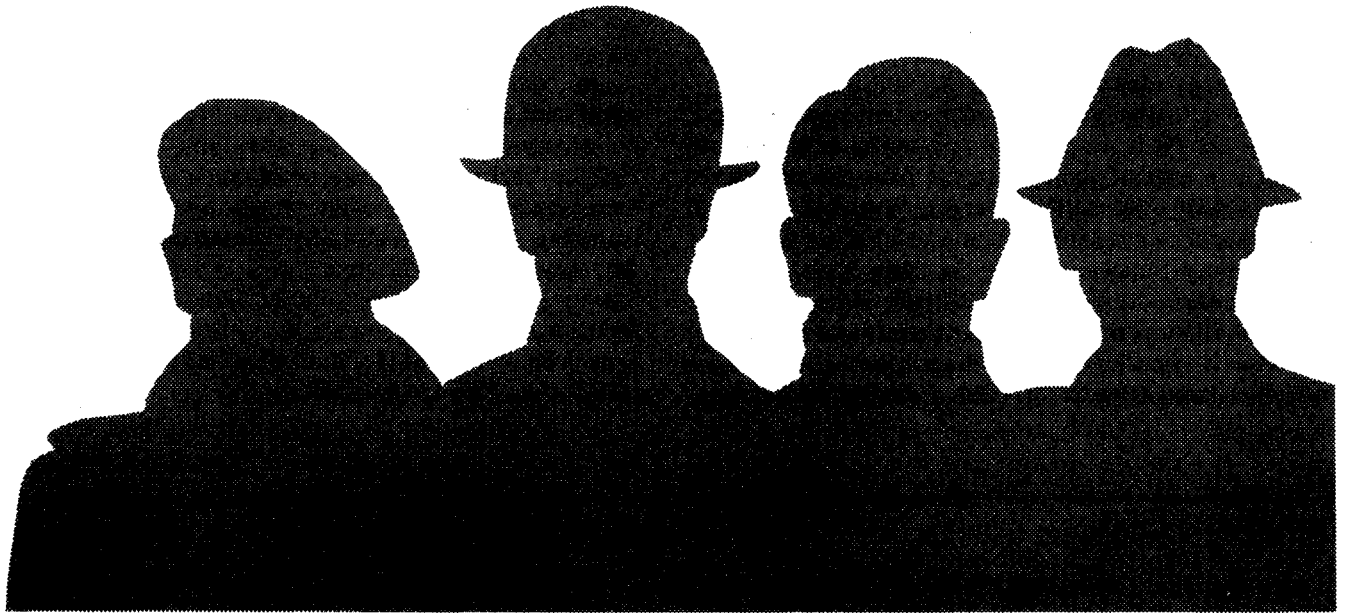
The French-Israeli bomb network derived from a collection of French and pro-Zionist scientists that had worked together during World War II under Stephenson's directions in the so-called "Marco Polo" group that operated behind Vichy French lines. After the war, many of the British agents in this network, typified by the leading cultist in France in recent years, Jacques Bergier, veered off into mysticism and irrationalist spiritual worship. The group was linked to the French military circles that pushed for an Israeli nuclear capability—including several "Ministers of Atomic Affairs" who were later to become leaders in the treasonous OAS/Permindex apparatus that attempted almost 30 assassinations against President Charles de Gaulle. The most important of these was Jacques Soustelle, who occupied the Atomic Affairs post from 1959-60, when Israel was consolidating its nuclear capability. He was a key contact for Yuval Neeman.

During the 1970s, Yuval Neeman has more than once resigned from governments that showed even the most minimal willingness to compromise with the Arabs. He formed his current party as a national movement of protest against Begin's act of "appeasement" in signing the Camp David pact with Egypt.

It is clear that the rise to prominence of Neeman's "Greater Israel" annexationist cult is an included component of the combined British-Jesuit intelligence project launched in the mid-1970s whose most notable feature is the Ayatollah Khomeini of Iran. The "Bernard Lewis Plan" which outlines the goals of the project involves spreading fundamentalist cults throughout the Islamic Middle East including Israel. These fundamentalist movements will break up the nation-states of the region, redrawing the map of a Mideast into Arab provinces dominated by a "Greater Israel."

Neeman's short-term aim, accordingly, is to have nuclear bomb-wielding Israel squat ruthlessly atop an Arab-Islamic world engulfed in chaos by the Muslim Brotherhood.

Yuval Neeman is a pure example of what is coming to be called the "kook faction" in international politics. A believer in the necessity of possessing "superweapons" to ensure racial mastery, whatever the cost, he is an ideologue who subordinates all political and economic reality to the furtherance of an irrational belief. He has no political independence from the geopolitical strategies of the British oligarchy. He can only be credited with being independently mad.



Behind Britain's 'fourth man' scandal

New 'Splinter Factor' operation launched

Britain's Prime Minister Margaret Thatcher rocked the country last Thursday by providing the official backing of her government to the lying and incompetent assertion that Sir Anthony Blunt, the keeper of the royal family's art collection for most of the post-war period, was an "in place" agent of the Soviet Union's intelligence services, sequestered in the circles of the royal court.

There are two immediate objectives in back of Thatcher's announcement. First the latest crisis within Britain is designed to create the smokescreen behind which the political leadership within Britain committed to the lunacies of the Haushofer-Mackinder geopolitical doctrine can attempt to pull off yet another "Operation Splinter Factor" coup inside the Soviet bloc.

This, the primary purpose of the exposes, is designed to strengthen the hand of the "revolution through hunger" Soviet faction associated with the ex-President of the Soviet Union Nikolai Podgorny.

In the past Podgorny has been the leading public spokesman among Soviet officials for the left-wing version of the geopoliticians' dogmas. Under these terms Soviet policy aims are stupidly calculated in terms

of the extension of military arrangements in the Third World, such as bases and so forth, usually established in the wake of British- or Jesuit-provoked Jacobin upheavals.

This faction concomitantly opposes economic cooperation with the industrialized nations of the West on the basis of "class struggle" lunacies. The British are therefore seeking as their primary objective to unleash the kind of bloody struggle within the Soviet Union which will terminate the war-avoidance strategy through economic development typified by the deals concluded in the recent period between President Brezhnev and Giscard d'Estaing, the President of France, along with Helmut Schmidt, the Chancellor of West Germany. It is an effort aimed at helping to trigger a war. Podgorny's presence at the anniversary celebrations of the Great October Revolution earlier this month was the public signal that the preconditions for launching the operation had been met.

A concomitant of this primary aspect of the affair is that the same British circles are thereby hoping to strengthen the hand of the "right-wing" exponent of the same geopolitical doctrines, paperclip General Alex-

ander Haig, in the 1980 elections in the United States. By launching the operation in the way they have the British have now exposed their international puppet master capability fully, whether that capability is labeled "right" or "left."

The secondary objective of the scandal is designed to throw off balance those forces within Britain who oppose the implementation of the full lunacies of the geopolitical doctrine. Unlike the doctrinaires, this faction draws the line at the implementation of policies which will lead to the outbreak of thermonuclear war. The assassination of the Queen's cousin, the Earl Mountbatten of Burma, earlier this fall was designed to remove the leading political obstacle within British ruling circles to the implementation of the plan.

Mountbatten led a group of forces grouped around the British monarchy itself, which followed his line against the war-provoking idiocy of those who control the puppets Haig, Kissinger, Podgorny, et al. The British monarchy is therefore itself under attack, with broad hints of an abdication-style crisis looming, in order to discipline that potential opposition faction back into line.

In both of these ventures Britain's ideologically-blinkered Prime Minister will discover that she herself has been set up for a royal prat-fall by her insane advisers and their political overlords. Unleashing a political crisis of this nature in conjunction with perfidious efforts to destabilize both the Middle East and the international monetary system will rapidly accelerate the rate at which world events move out of the control of British game-masters and their American and European based associates, as these British lunatics deliberately act on both sides of the east-west divide—they themselves created—to lower the threshold on the early outbreak of nuclear war.

As is usual in such spy scandals the surface trail of apparent fact is not what is most significant in the actual pattern of developments. When the British press, the most controlled and censored in the world, begins to generate acres of coverage devoted to recounting the salacious detail of who ran what spook caper when, then one knows for sure that one is being led by the relevant part of the anatomy toward a stinking red herring.

The spy scandal pattern

This publication has led the way in the recent past in exposing the fact that neither Philby, nor Burgess, nor Maclean were ever Soviet agents. The relevant authorities in the Soviet Union know that. The relevant authorities in France know that, and have said so on their national television station. Even the British in their different tongue in cheek way have as much as

admitted it. Blunt is no different. Two competently defined areas of investigation make that clear.

Firstly, it is necessary to review the historical pattern of the post-war period. It is the case that every time the Philby-Burgess-Maclean scandal is surfaced as in 1945-46, 1951-52 and 1963-64, that development is either prior to or coincident with a major change in the ranks of the Soviet leadership. The latest "fourth man" scandal is no exception to that pattern.

For over the past year, the period in which this operation has been in the works on both sides of the Atlantic, the question of the succession to Brezhnev has obsessed British ruling circles. In that same period the *New York Times* has even called editorially for a new 1930's style purge process to be unleashed within the Soviet bloc. In fact the policy is designed to bring about a new Tukhachevsky style purge.

It is also not accidental that the spy capers all grid together with major changes in leadership in the U.S. itself.

It is the case that every time the Philby-Burgess-Maclean scandal is surfaced as in 1945-46, 1951-52 and 1963-64, that development is either prior to or coincident with a major change in the ranks of the Soviet leadership.

The stupid or naive might thereby be tempted to think that this is thereby an argument for the efficacy of such spook operations in and of themselves. It is not. This is made clear by examining the second area for investigation, the commonality between Burgess-Maclean-Philby and now Blunt.

All of them are graduates of Trinity College Cambridge.

Again much press coverage generally devotes accounts of the successive spy-capers to recounting the vulnerability of poor sodomic British students in the 1930's to the blandishments of "communist ideology." Such accounts again detract from the overall significance of supposed academic institutions like Trinity College. It is sufficient to point out that the man most continuously associated with that college from the 1890's down to his death in the early 1970's was the evil Bertrand Russell. Like Philby, Burgess, Maclean and

Blunt, Bertrand Russell was for his life-time a member of the sodomic "Apostles" cult.

Trinity College Cambridge in the intervening period has been one of the principal centers in which the epistemological outlook which underpins the geopoliticians' doctrines, and the variants of that doctrine tailored for specific social layers in specific nations, have been developed and given a political packaging to enhance their credibility in the eyes of the gullible.

In political warfare against science, against political factions which tend to favor the primacy of scientific and technological development, Trinity has led the way in developing the outlooks which enable gamemasters to subvert such positive orientations in the furtherance of their own designs. Trinity has thus spawned scientific cults, left-wing cults, right-wing cults, militarist cults, pacifist cults, all deployed on behalf of the same objective. Under Russell's direction Trinity College, Cambridge became from the first decade of this century a principal spawning ground for the bestial outlooks of the "New Dark Age" faction. The "apostles" have been key to that effort.

It is merely necessary to point out, in connection with the four spies, that Trinity College, Cambridge was the principal location within Britain in which the modern version of Jacobin mass struggle ideology, "Marxist-Leninism" was developed in the 1920's and 1930's by operatives like Maurice Cornforth and Maurice Dobb functioning under the leadership of historian G.M. Trevelyan. Their aim was the same as with the "radical-environmentalist" forces sponsored against the capitalist development policies of the tsar governments of Witte, et al. to destroy the basis for industrial development in Russia.

This was nothing new. It is literally the case, and will be documented so shortly, that the principal corpus of what is known as "Marxist" was cooked up by the British through their agent of influence Friederich Engels's control over Karl Marx. The Trinity College boys developed an outlook, their same old radical anti-progress outlook, covered with the linguistic dressing of "Marxism-Leninism" to create the environment within Soviet policy making circles in which maneuvers like the present one can be credibly pulled off. Spooks are merely an element in the package as a whole, not the determining element, as the case of Trinity College's Isaac Newton demonstrates.

This should be no surprise. The same people have, after all, been doing the same thing in the United States for the last two hundred years, around spin-offs of the old "free trade" gambit cooked up by Adam Smith.

The spy-scandals have been deployed on both sides of the Atlantic to further the position of anti-progress factions in targeted countries. The atom-spy caper unleashed in Canada and the U.S. after World War II

is of course exemplary. The British were able to manipulate the paranoid susceptibilities in both U.S. and Soviet elites to bust up the Third World development perspectives agreed on between Roosevelt and Stalin during the war. By doing so they maintained their Malthusian control over the colonized populations, and created a political situation in which the world could be almost literally threatened, from minute to minute, with nuclear holocaust. The historical succession of the deployments of Burgess, Maclean and Philby was designed to maintain that capability. So it is now.

Geopolitics and war

Twice during the course of this century to date the ruling circles of the United Kingdom have plunged the world into war. Twice they have found themselves fighting the kind of war they had neither planned, nor were equipped for. This insane aspect of British strategic thinking has been repeatedly attacked by Lyndon H. LaRouche, a presidential candidate who is a contributing editor to this publication. The present "splinter factor" operation involves the modernized version of such issues. The faction which manipulates the Thatcher "Barbie-doll" is intent on repeating that blunder for the third time this century. If they are allowed to succeed again, they will destroy the human race.

Now, as twice previously, the British blunderers are committed to implementing the insanities of the Brooks Adams/Halford Mackinder/Karl Haushofer geopolitical strategic doctrines. Twice Germany has been primed to march east to break up the Eurasian "heartlands" for British masters. Twice, Germany, to secure its own industrial base for the sustenance of a British-imposed war machine, marched west. The same blunder is now planned with China as the replacement for the elements of the German based machine the British forces controlled. Now as in the previous cited cases the Cambridge apostles line up with the geopolitican gamemasters.

The doctrine as such was designed in the 1880's and 1890's in the British administrations controlled by Robert Cecil, the 3rd Marquess of Salisbury. It was intended to prevent the emergence of an alliance of the major industrialized powers, especially Russia, Germany, Japan and the United States, for the shared, common-interest purpose of developing the Third World, the "rimlands" of geopolitical doctrines.

Beyond this, the doctrine was designed to induce into the leadership elites of the targeted industrialized nations themselves the type of brainwashed psychosis that would leave such elites defenseless before the further thrust of the policy, identified in British writings from the first decade of this century as the "New Dark

Age." Trinity College Cambridge was key in this along with the Cecils' colleagues at Oxford.

The modern version of the almost century-old doctrine in back of British policy commitments has been circulated publicly since the late 1960's in the various outpourings of the Club of Rome. The world's population is slated to be reduced by 50 percent from present levels between now and the end of the century, to achieve a "stability" in which the fruits of scientific and technological progress no longer threaten the oligarchy's rule through their capacity to uplift and enoble human moral and political outlooks. Control over aspects of policy-making processes in both the Soviet Union and the U.S. is key to bringing the plan off. For this faction thermonuclear war is an acceptable means for the accomplishment of the objective.

The efforts to implement this policy have over the century generated a series of factional blood-lettings within Britain itself. It is only now, for example, in the "fourth man" affair that dead bodies left over from the squabbles of thirty or forty years ago, and even longer, come floating to the surface.

There are primary issues involved. Thus in the recent period Mountbatten had distinguished himself repeatedly from the kookier elements of the oligarchic circles by drawing a firm line across the point at which the implementation of the dark age perspective threatens to unleash general nuclear war. Mountbatten's faction is known in Europe as the "realists." He had shown in several speeches before his death, in particular an address given in Strasbourg last May, that he had understood the interrelationship between the geopolitical doctrine and the blunders that have led to two previous world wars this century. With him in place the monarchy would not lend its support to back all the way the policies agreed on by the rest of the oligarchy.

The nuclear war issue thus provides depth and a new kind of importance to the faction fight which has repeatedly wracked Britain over the last 100 years—in particular, from the "Jack the Ripper" murders onwards.

The jacobite conspiracy

Despite ritual protestation of loyalty to the Queen and so forth, the United Kingdom is not a monarchy. It is an oligarchy, and it has never been anything else. The reigning monarch under such arrangements is a kind of *primus inter pares* whose function it is to provide an institutional reference point for the regulation of intra-oligarchical squabbles, keeping them short of jeopardizing the rule of the oligarchy as a whole, while also providing a reference point for the institutional loyalties of the sheep-like population in general. British politics

over the last century is characterized by bouts of more or less intensive infighting within the ranks of the oligarchy over the respective weight in decision making of the monarchy vis-à-vis whatever collection of Dukes, Marquesses and so forth can be ranged against it.

The case of Edward VIII is exemplary in this regard. Edward was not dumped because of Mrs. Simpson. The royal marriage provided a convenient pretext for the oligarchy to reimpose discipline on the monarchy. Edward was seeking to mobilize a political party within Britain to support his plans to commit the country to an outright alliance with the British puppet Adolph Hitler, for an immediate war against a Soviet Union reeling from the Tukhachevsky affair. Edward's pretensions were stamped on by those who "felt such matters should be handled somewhat differently." And there are those inside the Soviet Union who are still confused by the outcome of that fight. The opponents of Edward VIII were not therefore supporters of Tukhachevsky, or his plan, even if that apparent opposition did provide a credible basis for leaving visiting cards in the Kremlin.

Twice during the course of this century . . . the United Kingdom has plunged the world into war. Twice they have found themselves fighting the kind of war they had neither planned, nor were equipped for.

If one looks behind the Mrs. Simpson affair one finds that the British oligarchy can be conveniently sorted into two principal factional alignments. These can be called a Jacobite faction and a Royalist faction. British politics also divides in that way, with representatives of both factions in all major parties, trade unions and so on. The National Miners Union, for example, associates—for largely real estate reasons—with the Jacobites.

The Jacobites are based historically on the combination of forces which brought James Stuart onto the English throne in 1604. Their principal factional leadership in the intervening nearly four centuries has been drawn from the Cecil family within England, and from the collection of large land-owning families which straddle the border area between Scotland and England, extending up into the Scots lowlands.

In general this faction represents the core of cultism

in British politics today. Whether nominally Anglican, Catholic, or Presbyterian, their emphasis on the cult side of religious activity associates the faction historically with the continental European nobility headed up by Hapsburg and Palavicini families, and with the bestial methods of the Jesuit order. This was, of course, the external combination which created the internal British alliances to secure the Stuart succession in the first place.

The fact that Queen Elizabeth II is slated to resign the monarchy in a replay of the abdication crisis of Edward VIII, has been persistent gossip among the circles connected with James "Jesuit" Angleton in the United States.

The Jacobite faction is responsible for the creation and elaboration of the hideous geopolitical doctrine in the 1880s and 1890s. In that respect there is an element of deception in Cecil Rhodes' assertion that the Round Table organization was modeled on the Jesuits. It was in fact formed by the British based wing of the Jesuits' political network, in the process of Robert Cecil's successful 1880's and 1890's efforts to take advantage of Queen Victoria's insanity to reduce the powers of the monarchy, and to neutralize Victoria's heir, the morally corrupt Edward VII, as a political force. Cecil would never allow Edward into his house. The "Jack the Ripper" scandals used to frame up Edward and his faction for blackmail are indicative. Equally indicative is the fact that both sides in the fight were such moral obscenities as to tolerate such terms of combat.

The upstart and stultified House of Windsor has fought a rearguard battle to defend its own position from the British-based allies of the continental nobility and its Jesuit order. Its political allies have generally been too hidebound and stupid, gutlessly tied to the ritual idiocies of convention, to mount an effective defense—like R.A. Butler, put out to pasture as head of Trinity College, Cambridge, as a reward for capitulating to Home in 1963.

The present political leadership of the Jacobite faction within Britain emerged during the early 1960s,

during the scandal-wracked years when Lord Mountbatten's control over Britain's ludicrous armed forces and military intelligence capabilities was broken, and his defense production pork-barrels scrapped. Alec Douglas-Home, the 14th Earl Home, David Ormsby-Gore, the Lord Harlech and their lieutenant Lord Carrington are the relevant figures, who stepped into political leadership positions at that point. They have acted consistently to undercut the Queen since that point. Home, the recently retired chairman of the Bilderbergers, is Henry Kissinger's British patron.

Home is the political front man for the group of Scots and English ducal houses, the Buccleughs, Hamiltons, Egertons of Sutherland and Percys of Northumberland which provide the northern base of the alliance. His forefathers were border area carpet-baggers enriched by James I (1604-1625). The family is historically on the Jacobite side. Ormsby-Gore is a by-product of the Cecil family's breeding activities, and an in-law of the Kennedys. They associate with the Fitzalan-Howard Dukes of Norfolk in the South.

The Jacobite faction has maintained a commitment to either break, or takeover the beneficiaries of the 1701 Act of Succession by which the House of Hanover, the direct antecedents of the present Windsors, took over the British throne. Margaret Thatcher, whether she knows it or not, is the agent of this Jacobite faction. Home and Harlech in the early 1960's oversaw the development of the Cuban Missile crisis, and took care of the political clean-up job conducted afterwards, in both the United States and the Soviet Union. Philby's deployment east via Beirut was part of the operation. It was at that time that Blunt was placed in cold storage in a closet in Buckingham Palace.

The present operation

The evolution of the present "splinter factor" operation can be traced with a reasonable degree of accuracy over the past year. This is facilitated by the fact that the plans to destabilize the Soviet leadership were dusted off for implementation by the same circles which concomitantly deployed to assassinate the Earl Mountbatten of Burma.

Many hypocritical tears have been shed for Mountbatten in the British press, not least of course by those who now put themselves forward as the defenders of the Queen from Margaret Thatcher's investigation. It can be assumed that such displays are nothing more than the usual hypocritical coverings of the workings of evil little minds.

Over the past year, the fact that Queen Elizabeth II is slated to resign the monarchy in a replay of the abdication crisis of Edward VIII, has been persistent

gossip among the circles connected with James "Jesuit" Angleton in the United States. The same circles desire to see the Queen replaced by her son Charles, who would be promptly married off to the Princess Marie-Astrid, the daughter of the Grand-Duke of Luxembourg who happens to be a Hapsburg. This line has also been among the transmission belts for the concomitant circulation of attacks on Mountbatten himself.

Thus an associate of the Angleton networks, William F. Buckley, a member of the same New York Conservative Party that was established by Mr. Bolan, a law partner of Roy Cohn, chief of the oligarchy's assassination bureau Permindex, published a book last year which specifically targetted Mountbatten for assassination. The Queen's cousin was identified as a Soviet agent infiltrated into the royal family itself. In the book he was violently removed from the scene of the action.

Over the same time frame Angleton was ostensibly working with British Broadcasting Corporation journalist Anthony Boyle to secure the documentation, from State Department channels via the networks associated with Angleton in that agency, that Blunt was indeed the fourth man. Blunt was profiled under the cover-name "Maurice" in Boyle's book "Climate of Treason" which was published within Britain on Nov. 5, the anniversary of the 1605 Jesuit Gunpowder Plot against the English opponents of the Stuart succession. Press review and discussion of Boyle's book was used to generate the climate in which Margaret Thatcher addressed the issue in the House of Commons.

These elements are indicative, but not real in and of themselves. They are different aspects of a "cut-out" operation designed to cover the traces of the faction within Britain which is now on the loose. Any significant foreign-based "hit operation" against a prominent, politically active member of Britain's royal family could only succeed with the complicity of the highest levels within Britain itself, for such an operation would be monitored in its early phases by operatives of the security services themselves, who despite appearances, know full well the different ingredients that have gone into the make up of the IRA from European based Jesuit networks, from American based Jesuit networks, from Israel, and of course, from British agencies them-

selves. Such an operation would require approval and a setup managed within Britain to minimize leaks. Only secondarily would it be run through foreign networks to allay suspicions in Britain itself.

The opponents of the kooks' nuclear war policies would know this. They would also know that documents laundered through the U.S. State Department are not necessary to make any kind of case against Blunt.

Blunt, however, has been extremely cooperative with the forces within Britain which are leading the campaign to expose him. The cabinet, through its Secretary Sir Robert Armstrong provided him with advance warning that Thatcher's announcement was to be made. "A common courtesy," the official said. The spy has also chosen those representatives of the press to whom he will issue his announcements, and, not surprisingly, they turned out to be the factional spokesmen for all-the-way investigation. This grouping includes the London *Times*, the *Observer*, the old backers of the Cliveden Set, and, of course, the BBC, who encouraged Boyle in his literary activities. Was it accidental that the *Sunday Times* in its extensive coverage described Blunt as the author of the Boyle book?

Blunt has of course been closely connected with the activities of James "Jesuit" Angleton in the United States over the years. British newspapers have mooted a connection going back to war service years on special operations in Italy. And it is the case that Blunt, Angleton and a third man, the honorable Baron Caccia have worked closely together on all succeeding phases of the development of the Burgess, Philby and Maclean cases since World War II, and especially since the 1950's. Caccia was the ranking official in the Foreign Office responsible to Home and Harlech in the early 1960s. He is now Grand Prior of the Most Venerable Order of St. John inside Britain, and a leading political controller of the international assassination networks associated with Permindex.

These facts are also known to the opponents of the Jacobites within Britain. On that basis, they will be judged. And the judgment will be that these realists ain't real enough to stop the kooks from launching political operations which will lead to the outbreak of thermonuclear war.

—Christopher R. White

Fusion by the 1990s?

Soviet program says yes; U.S. program, classification policies say no

It is a bitter irony of the Carter administration's policy to shut down this nation's nuclear capacity and potential that even as that policy propels the U.S. toward a strategic confrontation with the Soviet Union, it also weakens the overall economic and military capabilities which the U.S. must be able to deploy in such a confrontation. This holds true not only for the policy of eliminating existing nuclear technologies, but also for the policy of retarding those pace-setting areas of fusion research that will determine the ultimate strategic, civilian, energy, and military capabilities of this nation.

A prime example of such research is electron-beam fusion. The Soviet effort in this area was recently featured on the front page of the *New York Times*. There it was reported that the research team under Dr. Leonid Rudakov had successfully completed and tested the first stage of the Angara-5 multi-electron-beam fusion machine. That result is significant in two ways: first, in terms of Soviet plans for a net energy producing machine by the early 1980s (compare the more modest U.S. effort in the accompanying chart), and, second, because of how such research is scientifically classified in the United States.

The Soviet's fusion coup

What the Soviet Union announced was a schedule for completion of a pilot facility and the beginning of an actual program based on the successful pilot project. Speaking on Oct. 5 at the dedication of the first of 48 electron beam units for the Angara-5 facility at the I.V. Kurchatov Laboratory in Moscow, Dr. Rudakov said: "When it is completed, we hope to obtain a controlled thermonuclear reaction as a result of which the facility will be producing more energy than it consumes. Angara-5 will demonstrate that an industrial pilot plant can be built."

Thermonuclear fusion, the most promising advanced energy resource for the future, is based on the principle of the fusion of nuclei in fuel that can be extracted from sea water. The prerequisite to making

this clean, cheap and virtually unlimited energy commercially available is achieving breakeven, or a reaction in which more energy is produced than consumed.

The Angara-5 results are an impressive milestone in one of the crucial approaches to fusion energy (the Soviets have several other mainline approaches as well), but they are not unexpected. Rather, they fulfill a long-stated schedule and confirm the Soviet commitment to investing in advanced technology even where there is no short-term "pay-off." That commitment was also strengthened in the recently announced Soviet Five-Year Plan.

The technological advances embodied in Angara-5 also imply important applications to Soviet nuclear war-fighting capabilities.

Neither point was lost on the editorial board of the *New York Times* whose coverage of the Angara-5 results is indeed unusual, given their generally hostile attitude toward any kind of advanced technology approach to energy, including fusion. The *Times's* editorial board is dominated by members of the New York Council on Foreign Relations which is pushing a policy of a "New Dark Age" through a halt to technological advance, including the denial of nuclear energy technology to the Third World.

At the very moment that the Third World economic crisis is bringing the world closer and closer to a superpower confrontation, the authors of the "Dark Age" policy are faced with fresh evidence that the ongoing Soviet insistence on scientific progress places Moscow in a superior strategic position.

As Dr. Rudakov states, when the full 48 module Angara-5 electron beam system is completed within about four years, several million amps of very high energy electrons (several million volts) will be utilized to compress and heat a pellet of fusion fuel two centimeters in diameter to the extremely high densities and the 100-million-degree temperatures found in the interiors of stars. A minihydrogen explosion will result, which will generate more energy than that used to

Inertial confinement fusion—when breakeven?

Date	Achievement	Experiment	Location	Description
U.S. programs				
1984	Breakeven	Shiva Nova	Lawrence Livermore Laboratory	Glass laser with a pulse energy of 100 kilojoules and a pulse power of 100 terawatts
1984	Breakeven	Antares	Los Alamos Laboratory	CO ₂ laser with a pulse energy of 100 kilojoules and a pulse power of 100 terawatts
1984	Breakeven (with ion beam, a gain of 10-20)	EBFA	Sandia Laboratory	Electron beam with a pulse energy of 1000 kilojoules and a pulse power of 30 terawatts

U.S.S.R. programs

1983	Gain over 100	Angara-5	Kurchatov Laboratory	Electron beam with a pulse energy of 5,000 kilojoules
Early-mid-1980s	Beyond breakeven	Delfin and Slab lasers	Lebedev Institute	Glass laser with a pulse energy of 10-15 kilojoules and a pulse power of 20-30 terawatts
Early-mid-1980s	Beyond breakeven	CO ₂ laser	Kurchatov Institute	CO ₂ laser
Early 1980s	Breakeven	Fast Liner	"Red Square" Laboratory	Imploding liner
Early 1980s	Breakeven	Gribkov's "Flora"	Lebedev Institute	Electron beam from plasma focus that could, if vigorously pursued, reach breakeven first

The Soviet inertial confinement fusion program is not only broader in scope than the American, but also geared to producing net energy at an earlier date. Pulse energy is the energy input. When pulse energy equals energy output, breakeven is achieved and every increment of output above input is "gain." For instance in the case of Angara-5, a gain of over 100 means a fusion reaction output of over 500,000 kilojoules.

generate the electron beam fusion reaction—"breakeven."

The 'Rudakov' case

Dr. Rudakov's team was the first to obtain ignition of minute amounts of fusion reaction in 1975, using the electron beam pellet approach. He came into the public limelight back in the summer of 1976 when he conducted the first of several tours of U.S. research facilities. On these tours, he summarized the Soviet e-beam research results and some of the physical processes hypothesized to be involved in e-beam driven fusion.

His lectures and the subsequent commentary and evaluation by a number of U.S. scientists were immediately classified top secret by the Department of Energy. All efforts initiated at that time and pursued since then by the Fusion Energy Foundation (a New York based nonprofit institution committed to the research and development of all forms of advanced technology energy production) to obtain release of the Rudakov documents have been rebuffed by the government. Most recently, the DOE handed down a several-page decision

which cited every possible pretext and legal precedent for not releasing the Rudakov papers.

At the same time, the Energy Department faction under James R. Schlesinger was engaged in another "legal battle" whose intended purpose was to retard U.S. research in the very areas Dr. Rudakov had discussed so freely during his U.S. tour. The case: the *Progressive Magazine* and their intention to publish the so-called secret of the hydrogen bomb.

As the *Progressive's* editor Samuel Day stated in a signed editorial in the latest issue of this publication, what was really on the mind of the government officials like James Schlesinger before and during the *Progressive* case, was whether or not to take on the Fusion Energy Foundation.

In its monthly publication, *Fusion*, the FEF had provided in-depth coverage of the Rudakov case from the outset. It pointed to special U.S.-British nuclear intelligence arrangements as a controlling factor in the decision to classify and reviewed the central scientific questions and results in each of the areas of inertial confinement fusion research that were being brought to a standstill by the abuse of classification. *Fusion* pub-

lished a series of articles which made public for the first time the scientific origins of the H-bomb in the 1859 paper by Bernhard Riemann on shock waves, and the development of those ideas by leading German hydrodynamicists and aerodynamicists during the 20th century.

Rather than prosecute the FEF, the government took injunctive action against the *Progressive* to prevent publication of much more general material already available in the public domain. If the government won its case, the precedent would be set for legal action against the FEF on issues secondary to those raised by the foundation's reports.

The FEF entered an *amicus curiae* brief in the *Progressive* case based on the stated intention of the Atomic Energy Act of 1954 to promote the proliferation of peaceful uses of nuclear energy and of scientific knowledge. This legal intervention was followed by the publication in several newspapers of letters written by

one Charles Hansen on H-bomb "secrets." Immediately, the government withdrew its case against the *Progressive* and author Howard Morland. It nevertheless restated its intention to continue to vigorously use its classification and punitive action prerogatives.

In the past week, sources within the American Civil Liberties Union (which defended the *Progressive*) have reported that the government is bitterly divided between those in the DOE who want to stop the spread of fusion "secrets" and those in the Justice Department who consider this a risky proposition. At stake is whether the proliferation and classification issues will continue to be used to kill advanced nuclear development, or whether the way will be cleared for the fundamental scientific research necessary to achieve economical fusion in this century.

—Charles B. Stevens and
Dr. Morris Levitt,
Fusion Energy Foundation

Rudakov: 'Fusion research at a turning point'

Dr. Leonid Rudakov's dedication address at Moscow's I.V. Kurchatov Laboratory was covered by the Oct. 6 issue of the Soviet daily Pravda. The following are excerpts from that article.

Today, our area of science (fusion research) finds itself at a turning point; we are building prototype thermonuclear plants. One of these is the Angara-5. When it is completed...we hope to achieve a driven thermonuclear reaction that will produce more energy than the plant requires to operate. Angara-5 should prove that it is possible to build a commercial demonstration reactor.

Why is the experiment called "Angara"?

There are several explanations, but I like this one: Many rivers flow into Lake Baikal, but only one, the Angara, flows out. It's the same in our area of science; there are a number of different approaches under investigation, but we hope that ours will be the most effective.

We are working to create and control low power thermonuclear explosions. For example, in an automobile engine there are about 100 million microex-

plosions before the cylinder—the combustion chamber—is destroyed. For a thermonuclear plant to be economically profitable and to last a long time, it must do about the same. There already are chambers that can withstand rather powerful explosions.

The compression (of the fuel) must be a thousandfold above normal. Under that condition, the fuel can burn up before it flies apart... The surface layer of the target must fly to the center with a velocity two orders of magnitude greater than that of a Kosmos rocket... The comparisons with Kosmos goes farther, in that we think of the surface layer as if it were a multitude of rockets aimed at the center of the target. It is necessary to guarantee that the rocket motors begin to work simultaneously, which means that energy is concentrated in a small volume in a short time. The target dimensions are about a centimeter. We store energy in capacitors, then we increase the pulse power to a huge value and direct it onto the target. It is enough to say that the energy thrown at the target in the Angara-5 module exceeds the power of all the electrical generating plants in our country (Don't forget that this is all happening in tenths of a millisecond!). The surface layer flares, its temperature reaches millions of degrees, and, like a multitude of rockets, it speeds to the center of the target. A very low power thermonuclear explosion follows that is nevertheless fully able to produce more energy than is expended in the reaction.

Congressional Calendar

House Banking Committee passes Chrysler bailout bill

The House Banking Committee Nov. 15 voted up a \$1.5 billion loan guarantee program for Chrysler Corporation, provided the company raises a similar amount.

The House Committee's bill includes several amendments that were sponsored by Congressman Reuss (D-Wisc.). Reuss proposed that the loans only be given if Chrysler produces a product line that "lessens our dependence on OPEC." The Treasury Secretary will determine what is energy efficient, giving him control over Chrysler production.

The Committee also adopted another proposal by the committee chairman that would provide loans to other companies who take over Chrysler facilities or workers. "It is already envisaged that Chrysler will sell some of its assets and this will make it easy for these assets to be picked up," declared a committee staffer. This provision would tend to invite asset stripping by Chrysler. Treasury Secretary Miller declared in hearings before the Committee Nov. 7 that this was one way Chrysler could raise the \$1.5 billion it needs to qualify for the federal loan guarantee.

The Committee also endorsed an amendment by Congressman Lundine (D-N.Y.) which calls for

an employee stock ownership plan. This would place 10 million shares in employee hands costing each worker about \$500 over four years. The House hopes to have the bill voted on by the first week in December and the Banking Committee will file the bill on Nov. 27.

The Senate began its final round of hearings on the Chrysler bailout proposal Nov. 14. One of the major items of debate is whether or not the Chrysler's settlement with the UAW is stringent enough. Sen. Proxmire (D-Wisc.), the committee chairman, has been talking about requiring strict contributions from workers before any federal loans are approved. The Senate also plans to bring the bill to the floor in the first week of December.

Youth employment bill readied

Congressman Augustus Hawkins's Youth Employment Act of 1979 will be in markup in early January, say aides on his subcommittee staff. The bill extends and amends the CETA legislation and Federal Projects for Youth programs, authorizing as many as 1 million youth jobs under these titles, under specified economic conditions. The jobs will be low-wage with little hope of higher-grade training, and, to some extent, involve public

works programs.

A number of other youth jobs bills have been introduced into Congress, and several of them may be incorporated into the Hawkins bill when mark-up begins, providing for even more jobs.

House passes National Development Bank

By a vote 301-99, the House of Representatives passed the National Economic Development and Public Works Act which includes the basic formulation for implementation of President Carter's "National Development Bank." While H.R. 2063, passed Nov. 14, is the regular yearly authorization legislation for public works and the Economic Development Agency, a spokesman for Rep. Robert Roe (D-N.J.) who floor-managed the bill, said: "Basically we absorbed Carter's proposed National Development Bank into the bill by substantially increasing the authorization for the Economic Development Agency's loan program."

The EDA can now make \$6.3 billion in loan guarantees available to enterprises who are willing to employ people in depressed urban and rural areas or willing to relocate to such areas. If the EDA does conform to Carter's proposal, the bulk of the loans would go to low-

skilled, low-paying job creation in labor-intensive enterprises. At the same time, the legislation increases funding for public works projects—the same labor-intensive job creation by the government itself.

One supporter said the legislation's changed form over last year's version was a response to the current recession. The Senate passed an essentially identical bill, except for technical differences, on Aug. 14. A conference version and final floor action is expected to proceed quickly.

Stall curb on oil-import powers

Sen. Bennett Johnston's attempt to curb the power of the President to impose oil import quotas and taxes was preliminarily rejected by the House of Representatives which refused to accept his amendment to the International Energy Agency authorization, S.1871. Johnston, who had tried to curtail the President's power altogether, was forced to compromise with an amendment giving Congress power to override the President's actions. That amendment to S.1871, passed the Senate by a vote of 70-23 on Oct. 30. But the House insisted that, because the bill dealt with import tax powers, it had to be considered in

the context of a money bill, and rejected the amendment.

Johnston will attempt to pass the amendment again, to the wind-fall profits tax, a money bill currently before the Senate.

Stevenson to hold hearings on eurocurrency, gold, EMS

Sen. Adlai Stevenson (D-Ill.) announced Nov. 15 that he will hold hearings in the international finance subcommittee of the Senate Banking Committee on the issues facing the international monetary structure. Stevenson intends to explore the issues surrounding the Eurocurrency market, prospects for wider use of Special Drawing Rights (a proposed IMF reserve currency), the future role of gold in the monetary system, and the effect of the European Monetary System on the dollar. Stevenson in the past has not supported the EMS and its gradual move toward the remonetization of gold, instead supporting London and New York-backed proposals to replace the dollar with SDRs.

Mitchell politicizing Fed?

Rep. Parren Mitchell has just floor managed passage of a bill which

will more closely time the chairmanship of the Federal Reserve Board with the presidential term. H.R.5037, Federal Reserve Act amendments, was passed by the House Nov. 13. The bill alters the law so that the Fed chairman's term will expire one year after the beginning of a new presidential term. (The current law gives the Fed chairman a four year term, based on the day he takes office; death, resignations, etc. have meant that the timing of a new appointment is purely arbitrary.)

Most observers agree that the ability to appoint a new Fed chairman after one year of a president's term will make the chairmanship more politically sensitive. A Mitchell spokesman, however, said "It removes the possibility that an appointment could take place during an election year and thus be a political football."

Senate Banking Committee chairman William Proxmire has not responded favorably to Mitchell's bill. There is no bill pending in the Senate, and Mitchell's people do not expect action this year.

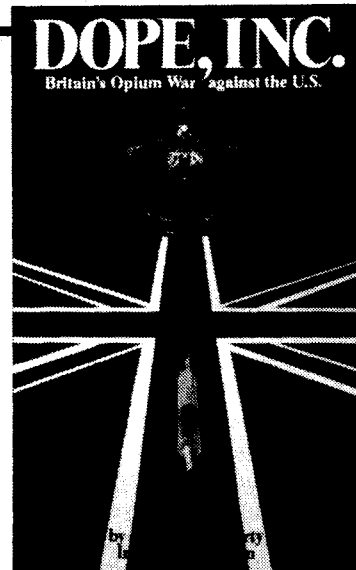
—*Barbara Dreyfuss
and Susan Kokinda*

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WORLD TRADE REVIEW

New trade deals

COST	PRINCIPALS	PROJECT/NATURE OF DEAL	FINANCING	STATUS
\$865mn	Greece from U.K.	A trade protocol between the two governments should be signed shortly. Two major contracts are under consideration: two 350-MW bituminous coal-fired generating units and the modernizing of part of the Greek railway system.	The British Exports Credits Guarantee Department to make \$865mn of potential credit available	III
\$41.7mn	Egypt from Sweden	Luxor won a 5-yr. contract involving the delivery of 15,000 TV sets in 1979-80 and spare parts subsequently.	NAv.	II
\$13.1mn	Egypt from U.K.	Rolls Royce was awarded a contract for the supply of a 200-MW gas turbine power station by the Egyptian Electricity Authority.	\$6.8mn loan arranged by Lazards and \$4.5mn aid by Overseas Development Administration	I
\$1.7mn	Turkey from France	Renault Ingénierie will build an engine-component plant for Istanbul Segman Sanayi, one of the leading Turkish automakers.	15% by a World Bank subsidiary and 85% by a BFCE-led French banking pool.	II
\$2.9mn	Ivory Coast from France	The French telecommunication corporation S.A.T. won a phone-equipment contract for the areas of Abidjau, Man and Korhogo.	NAv.	II
NAv.	Mexico from France	The Mexican company Uramex—which is involved in minerals exploration—bought 10 "Lama" helicopters from Aerospatiale.	NAv.	II

Abbreviations:

U = Undetermined
 NAp = Not applicable
 NAv = Not available

***Status:**

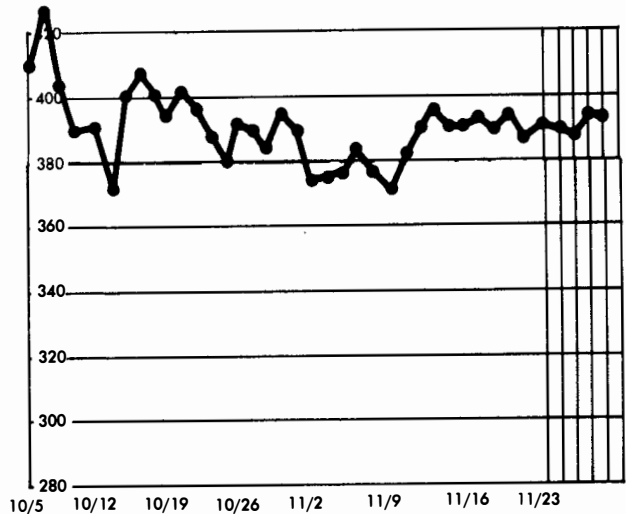
I = signed, work in progress
 II = signed, contracts issued
 III = deal signed
 IV = in negotiation
 V = preliminary talks

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Gold

London afternoon fixing

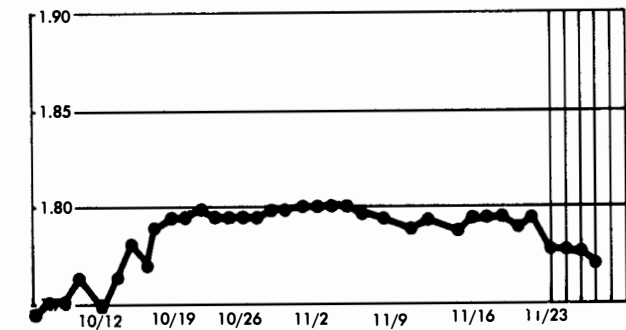
November 16	390.35
19	389.85
20	387.75
21	396.15
22	393.15



The dollar in deutchemarks

New York late afternoon

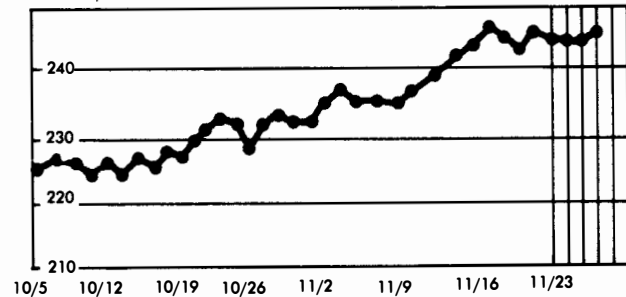
November 15	1.7850
16	1.7690
19	1.7610
20	1.7613
21	1.7573



The dollar in yen

New York late afternoon

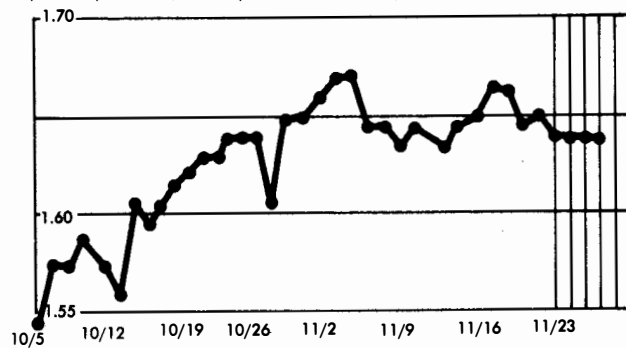
November 15	247.10
16	245.95
19	245.45
20	245.30
21	247.70



The dollar in Swiss francs

New York late afternoon

November 15	1.6585
16	1.6445
19	1.6420
20	1.6420
21	1.6435



The British pound in dollars

New York late afternoon

November 15	2.1475
16	2.1655
19	2.1805
20	2.1730
21	2.1780

