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The truth behind Abscam

France's Offroy warns of war danger

Carter rebuffs Soviet, European peace initiatives

Carter's Iran Commission: Terrorists put United States on trial



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EIR

From the Editor-in-Chief

At this moment, the sand castle of President Carter's Iran deal is already crumbling before the U.N. Commissioners even gets a chance to set foot in Teheran. Jimmy Carter is no doubt at this time in a state of near panic as he watches the chaos in Iran. He is in the unenviable position of being damned if he does and damned if he doesn't. If the tribunal comes off, then Carter can stand condemned for having sold out, as he swore he wouldn't, to the terrorists in Iran. If it collapses before that time, the end may be quite bloody for the 50 Americans still in captivity.

Our Special Report, "Carter's Iran Commission; Terrorists Put U.S. on Trial," examines the process leading to this 'solution,' and the men behind it including Carter advisors and Khomeini backers like former Attorney General Ramsey Clark. Under the direction of Middle East editor Robert Dreyfuss, the report first examines the commission itself, including exclusive interviews with one of its members and the key people behind the negotiating scene. The report also features an explosive exposé by counterintelligence specialist Robert Greenberg on the group of 49 Americans led by Iran terrorist controller Professor Forer to Teheran on the invitation of the terrorists at the U.S. Embassy. We also examine the situation inside Iran, the forces at work who are positioning themselves to succeed the dying Ayatollah Khomeini, and why Bani-Sadr is incapable of delivering Iran to Brzezinski.

We would mention one other report of particular note—our own exposé of the Abscam operation, who set it up and why. Our conclusion—entrapment, yes, but much, much more.



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Special Report



Photo: Ch. Spengler/Syigma
In Teheran, everyone is trained as a terrorist.

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The Carter administration apparently thought to use a "Commission" under U.N. auspices as a bargaining chip to have the hostages released in time for the New Hampshire primary. But the "grievances" which the commission, and then, perhaps, a "tribunal" would hear regarding the crimes of the shah and the U.S.A. are all focused against Western technology—and at a stroke, Carter has lent legitimacy to an outlaw government whose principal preoccupation is the training and deployment of international terrorists.

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The two "special FBI operations" code-named Abscam and Brilab appear to be cases of bald entrapment of victimized officials by overzealous undercover operatives. In fact, a conspiracy is operating, in which Council on Foreign Relations news media worked from the outset with Council on Foreign Relations factions in the FBI—no 'leaks' were necessary—to create a climate permitting the formation of a Nazi-style judiciary in America.

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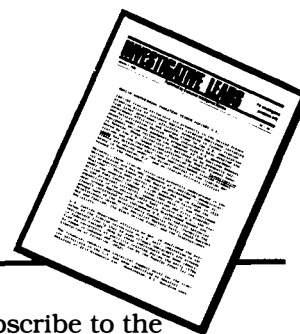
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Editorial Comment

by Nora Hamerman

Iran—only the beginning

“This morning leftist militants seized the U.S. Embassy in Mexico City and took 100 American hostages. They announced that they will not free the prisoners until the United States forces Mexico to stop repression of political dissidents. A State Department spokesman offered U.S. military intervention to safeguard U.S. strategic interests.”

A preposterous scenario, of course. But one that may be imminent if Henry Kissinger and his “leftist” friends continue to get away with the subversive activities which already led to the Khomeini atrocities in Iran. The enemy is progress; the perpetrators are nested in American universities and government; and the latest tactic is to introduce, around the “tribunal” for the ex-Shah, the concept of “ethnocide” into international law. Under this concept, science and industrialization, especially nuclear energy, are a “crime” because they deprive backward peoples of their ethnic identity.

Dr. Kissinger, who operates out of the Jesuit university of Georgetown in Washington, D.C., arrived a few days ago in Mexico and threatened to “defend” that country “in any eventual situation of attack,” charging that Moscow “is arming the anti-U.S. forces in many countries (including) Mexico and Central America.”

Less than 12 hours after Kissinger arrived, the Jesuit machinery that has orchestrated the taking of various embassies from El Salvador to Guatemala over recent weeks conducted the opening phase of the “Iran scenario” for Mexico. On Feb. 17 two groups of terrorist-led peasants seized the embassies of Belgium and Denmark in Mexico City. They took no hostages, but refused to leave the premises until the Mexico government frees 120 alleged “political prisoners” and accounts for 600 “disappeared” persons.

The radicals who seized the embassies, members of the Popular Democratic Front, then staged

a press conference at Mexico’s most notorious Jesuit-run clearing house, CENCOS, boasting that “we sympathize with a sector of the clergy, and they are also with us.”

It all seems to be related to the activities of PEN International, the writers and intellectuals group that held a conference in New York last week on “The Literary and Political Climate in Latin America,” where the Mexican government was denounced as “worse than Nazi Germany” for its handling of political prisoners. Leading the charge were none other than former U.S. Attorney General Ramsey Clark and Richard Falk of Princeton University—the very same men who were the prime movers behind the Khomeini coup a year ago in Iran as *EIR* documented at the time.

The circle closes back on Kissinger. One of Falk’s cothinkers in Mexico is leftist Enrique Gonzalez Pedrero, who just published a treatise glorifying backwardness, “The Wealth of Poverty.” Pedrero is the protégé of Mexico’s former Interior Minister Moya Palencia, who in turn is one of Kissinger’s closest Mexican allies.

What this crew has in store for America’s largest and most important neighbor has nothing to do with the Catholic religion, just as Richard Falk’s brand of “Islamic fundamentalism” is in no way related to the religion of the Prophet Muhammad. Like Iranian Prime Minister Shahpour Bakhtiar, who was overthrown in order to stop Iran’s nuclear energy-based modernization program, Mexican President Lopez Portillo is unacceptable to these people because he insists that Mexican petroleum will be used for high-technology growth. But unless wretches like Falk are tossed out of their academic havens for nurturing terrorism, and Henry Kissinger and his State Department allies are marched up the gibbet for treason, the “Iranization” of Mexico will be on the near-term agenda.

The power struggle on the Euromarkets

by David Goldman

Following Volcker's squeeze on American interest rates, which have pushed the base level for Federal Funds above 16 percent and pushed the six-month Eurodollar rate to 15.75 percent, the Eurodollar markets will not exist in their present form much past the next several weeks. The Eurobond sector—the only long-term portion of the market—is already dead, with virtually no issue volume in all sectors. *EIR*, in a survey last December, warned that the freezing of Iranian assets by the United States, combined with the first installment of Volcker's credit crunch, would end the present functions of the Eurodollar market.

Now the knives are out.

The major monetary powers are now grappling for control over what will follow the Eurodollar market, which ballooned to trillion-dollar proportions in the wake of America's 1971 departure from the gold exchange standard and of the 1974 oil price increase. There are two major contestants:

London, according to a Feb. 19 *Financial Times* survey—echoed in conversations with British bankers—believes that the current inflationary mess in the United States will provoke a run out of currency deposits into hard-commodity, raw material positions, especially into those markets in which London maintains strength through Commonwealth ties. This will ultimately force a revision of the international order, the *Financial Times* says, along the lines proposed by the Brandt Commission

(see International Credit). Britain's deployment in the raw materials markets is discussed below.

Secondly, the French—the most active promoters of the new European Monetary System as the core of a gold-backed world monetary system—have made a major offer to the Arab countries, which, if accepted, will make the EMS the ruling force in world monetary affairs. Speaking in Paris Feb. 19, French Prime Minister Raymond Barre proposed that OPEC agree to moderate price increases, in return for the promise of a real rate of return on OPEC assets. Momentarily, Barre will present these proposals to the Saudi leadership in person.

Barre's plan should be read in the light of two reports:

1) *International Currency Review*, a British semi-monthly associated with the Sir Keith Joseph wing of the Tory party, claims that Saudi Arabia bought 3,000 tons of gold last year, now valued at \$19.4 billion, largely in off-market transactions from the Soviet Union. Although *ICR* is normally a highly unreliable source, with a long history of publishing politically inspired "gray propaganda" concerning the Saudis, there is reason to believe that the report is not wholly false. European gold-market specialists believe the Saudis have accumulated large amounts of gold, citing the thinness of the gold markets (which indicate that some transactions are taking place off market), and the fact that some \$20 billion of Saudi reserves are unaccounted for in official reporting.

2) France has made public a plan to institute central bank gold transfers as a step toward remonetization (see *Gold*).

France's decision to begin central bank exchanges of gold at a market-related price is the public feature of a much broader French initiative on monetary reform. There has been considerable trepidation in British and American banking circles over the long-awaited French initiative, promised last December, for thorough-going reform of the world monetary system. President Giscard d'Estaing's preferred plan is, according to *EIR*'s sources at the Elysee Palace, a link between the dollar and yen and the European Monetary System zone of stability, combined with gold-backed credit-issuing facilities through the projected European Monetary Fund.

However, as veteran French diplomat M. Raymond Offroy states in a recent interview, America's bitter resistance to the Giscard initiative prevents its completion at the institutional level at the moment. Two weeks ago, when Barre and West German Economics Minister Otto Von Lambsdorff met, it was decided to postpone "Phase II" of the European Monetary System until after next year's elections in France and West Germany, according to widely circulated public and private accounts of that meeting.

More than a "postponement," France has been compelled to act through other than institutional channels. M. Barre's Feb. 8 address to the Foreign Policy Association, one of three he delivered during a trip to New York City, was a tipoff to the character of French policy. By emphasizing France's continued commitment to detente with the Soviet Union, his opposition to "monetarist" austerity policies, and the usefulness of gold as a central bank reserve, Barre made a discreet offer to the United States. In effect, Barre offered the United States a means of bailing out of the Carter administration's untenable policy stance on foreign military and economic issues. The gold question comes up directly in that various American policymakers, including Rep. Reuss and Sen. Javits, are quietly pushing for the United States to open up some means of employing its 270 million ounces of gold to finance the Treasury's deficits on foreign and domestic account.

In both the New York and European banking communities, the consensus is that Barre met with a flat refusal. As long as the dollar appears stable on the foreign exchange markets, the administration will not make so great a concession to the West Europeans and the French in particular as endorsing this form of gold remonetization. The Treasury's position, in fact, puts the United States in a bind; as Barre told the Foreign Policy Association, it is a bad idea for central banks to sell gold "just for the fun of it," because that gold may be badly

needed later. The suspension of Treasury gold sales, however, eliminates a much needed source of revenue and foreign exchange.

The critical factor, in any case, is that the French are proceeding to institutionalize central bank gold transfers. The United States, ironically, is the only nation with both enough gold and a pressing enough deficit to really benefit from this set-up, with a couple of minor exceptions. The most important feature of the French move is political: it sets the conditions for the more significant use of gold as a backing for low-interest credit, by opening the way for a stabilized gold price.

Typically, the City of London is trying to use Washington's weakness to its own advantage. The principal effect of this British orientation was the rise in the price of copper to above \$1.40 last week, largely due to major institution buying on the London metals exchange. A circle of British financiers who look to Bank of England advisor Sir George Boulton as their principal source of guidance believe that the current troubles in the Rhodesian elections have created conditions where copper prices may break their old 1975 record—about the current price level—and rise above \$2.00 a pound. In addition, the same circle expects the silver price to rise from the current level of \$37 to \$50 an ounce. The primary spokesman for this policy in the press are *London Times* editor William Rees-Mogg and *Financial Times* columnist Samuel Brittan, who believe that gold remonetization would be the prelude to a more generalized raw materials standard, a theme re-stated by Brittan in a Feb. 14 analysis for the *Financial Times*.

This approach to raw materials speculation implies a cynical view about the dollar's near-term health. Certainly, if the continuing deterioration of the American bond market and 19 percent wholesale price inflation rate cause trouble for the dollar, copper and silver prices will rise. However this is only a British flanking maneuver with respect to Western Europe's move towards gold remonetization. The British—as Sir George Boulton wrote in an Oct. 1978 memorandum for the Bank of England—hope that their control of important raw materials channels will somehow counterbalance a Western European system with 400 million ounces of combined gold reserves at its disposal.

London's ability to play raw materials markets is, in the very short run, impressive. Britain ran a \$600 million balance of trade deficit during January almost entirely because London bought five times as much silver as usual, during the height of the run-up in silver prices! But London is in no position to do more than inconvenience continental Europe on basic world monetary questions. The real issue is the United States' response or lack of it, to reality.

Willy Brandt's 'dark age'

The official report of the so-called Brandt Commission on restructuring the world economy has just been released..

The Independent Commission on International Development Issues, the "Brandt Commission," officially released its report on Feb. 11. In the preface, the commission's chairman, Willy Brandt, reports that "as we discussed and argued over specifics, we found that we had gradually come to share a common vision of the kind of world we hoped for."

This vision of Brandt and the 25 other members on the commission can be summed up in two words: Malthusian genocide.

The report is without doubt one of the most evil documents of the 20th century. It is a call to strip away the national sovereignty of nation-states and in its place impose the most extreme forms of feudal backwardness; end Third World industrial development and go instead with the "redistributionist" strategy of the "one world" ideologues who are centered in the royal house of Britain and the black nobility of Italy and Austria.

Calling for a "fundamental change in relations between North and South as well as East and West," the report proposes that the wealth of the rich countries be "redistributed" to the Third World to bring about a closer "equality." Ruled out is either technological development in the advanced sector or the transfer of high-technology goods from the advanced to the underdeveloped sector.

The report, entitled "North-

South: a Program for Survival" is chock full of superlatives about "labor-intensive" farming and industry and "appropriate technologies," the code-words for substituting the muscle-labor of the 13th century for the advanced production techniques and brain power of the 20th century.

The World Bank sponsorship of the report is evident in every paragraph of the final document. In 1977, World Bank President Robert Strange McNamara collaborated with former West German Chancellor Willy Brandt to pull together Third World radicals and a few representatives of the advanced sector. Brandt's credentials for the job consist of his leadership of the world Socialist International.

Brandt gathered around himself a group with an impressive list of titles: Edward Heath, former Conservative Party Prime Minister of Great Britain; Olof Palme, former Prime Minister of Sweden; Peter Peterson, chairman of the top British investment bank Lehmann Brothers-Kuhn Loeb; Katherine Graham, publisher of the *Washington Post*; Shridath Ramphal of Guyana, secretary general of the British Commonwealth; Abdlatif Y al-hamad, director general of the Kuwait Fund for Arabic Economic Development.

Brandt's Commission then assembled into one report each of the several proposals that were being floated by various think

tanks concerning national sovereignty and increasing the power of the International Monetary Fund and World Bank by reorganizing the world's monetary system. These proposals include:

- A doubling of the subscription base and lending power of the World Bank to \$160 billion;

- A common fund for food and raw material reserves, which would force massive increases in the prices of all commodities, as proposed by the United Nations Conference on Trade and Development (UNCTAD);

- An expansion of advanced sector loans to the Third World of \$50 to \$60 billion per year;

- The creation of a World Development Fund to collect and distribute taxes on foreign trade, especially on arms, and the mining of seabed materials;

- Interregional organizations that would divide the world into rival economic, trade and currency zones which will compete in a survival of the fittest fashion against each other.

- A redefinition of growth as living within one's own cultural means.

Deeply embedded within the very fabric of the report is one general theme: to accomplish the above plans, the sovereignty of nation-states must be abolished, otherwise they will resist this attempt to impose from the top a one world, zero-growth government. One step in this direction, reports the Feb. 12 *New York Times* is that "the most novel feature of the 304-page report issued by the commission is a series of proposals to weaken the control of national legislatures over the granting of aid."

New step towards remonetization

The French premier didn't propose to peg currencies to gold, but what he did propose is about to happen.

Authoritative European central bank sources report that gold will soon be traded among central banks as a major reserve asset in current use. This follows the lines suggested by French Prime Minister Raymond Barre in a Feb. 8 speech before the Foreign Policy Association in New York City. Barre indicated that gold would be treated as a major reserve asset, and valued according to market price, although he did not propose to value currencies in terms of gold.

According to the central bankers: The actual gold market will become two-tier, with a market-related price prevailing among a central banks' tier. The free market will remain. The market-related price will be a form of moving average of the market price, of the sort already employed to determine the ECU valuation of European Monetary System gold, and by the French central bank in valuing its gold reserves.

The purpose of the two-tier arrangement is to prepare the way for a gold price stabilized by central banks, without prematurely committing central banks to a specified price level. French and Swiss central banking sources stated frankly, in background discussions, that this modest gold initiative was a foot-in-the-door for gold remonetization. They are extremely pessimistic concerning the apparently stable dollar, and believe that floating rates have

proved a terrible mess and must finally be corrected. In the absence of a political agreement in Western Europe to implement the second phase of the European Monetary System, which is projected to include gold-backed credit-issuing facilities, central bank gold trading is a first step in the right direction.

Stabilizing the gold price, European bankers believe, is desirable, but depends on political developments in the United States. For one thing, the prevailing pessimism among continental European bankers concerning the dollar includes the expectation of another upward break in the gold price. The central banks have no intention of selling gold to keep the price at the \$700 level.

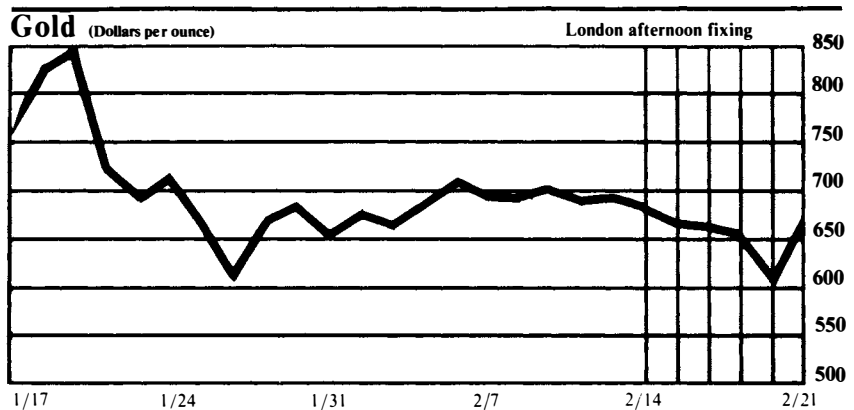
The issue is, against what can the gold price be stabilized? The European central banks, through the projected European Monetary Fund, could control the dollar's parity by absorbing sufficient Eu-

rodollars through the issuance of gold-backed securities. This would be a form of receivership for the United States Federal Reserve.

Since the West Germans are not willing to take such drastic political action in the course of 1980 such a formal receivership is for now out of the question.

The other major consideration in stabilizing the gold price is to secure the cooperation of the major providers of newly-mined gold to the market. Since this cannot be approached directly at the diplomatic level between Europe and the two major producers, South Africa and the Soviet Union, it is proceeding through manipulation of commercial channels.

The big unanswered question is the Soviet role. Prior to the Afghanistan events, the French freely advertised their intention to bring the Soviets into the European Monetary System during 1980. This is now a politically untouchable issue. However, it would be naive to assume that informal contacts are not operating, particularly since large amounts of Soviet gold are now being sold in private, off-market deals. With what strings attached?



The 'Group of 30' punts

A blue-ribbon commission promised dramatic results, but so far...nothing.

After some weeks of anticipation, the first major release of the "Consultative Group on Economic and Monetary Affairs," known as the Group of 30, was notable for an absence of any of the dramatic proposals earlier expected. At its meeting immediately after the IMF's annual session in Belgrade in early October, the Group planned a sweeping initiative aimed at making the Special Drawing Right a major reserve asset, and establishing the principle of IMF surveillance over national economies.

Instead, the Group released a survey of the foreign exchange markets, the thrust of which is that market practitioners have adapted admirably to the regime of floating rates—a perspective very different from the tone of the Group's chairman, former International Monetary Fund Managing Director Johannes Witteveen. Up to the IMF's last annual meeting, Witteveen insisted that the monetary system would be in shambles unless the IMF's powers of reserve-asset creation and surveillance were drastically enhanced.

As several panelists at a Feb. 14 press conference said freely, the Group has, essentially, said nothing. The panelists included Mr. Dennis Weatherstone, Vice-Chairman of the Board of Directors of Morgan Guaranty Trust; Schroeders Bank director Geoffrey Bell; Brown Brothers Harriman partner Robert Roosa; and Group of 30

Executive Director Robert Pringle, formerly editor of the *London Banker*.

Morgan's Dennis Weatherstone summed up the problem this way: "Nothing can be done until after the U.S. elections in the way of radical change" in monetary policy. Pringle said of the Group of 30's own planners, "It's the job of academics to criticize, and the job of practitioners to adapt."

The underlying premise of this report, so different in tone from the views of most British and continental European commercial bankers, is that the dollar will have no major problems in the near term, at least not sufficient to compromise the "efficiency" of the floating markets that the report prizes. Weatherstone's own predictions, he told *EIR*, include a 1980 balance-of-payments deficit for West Germany larger than the DM 9 billion outflow during 1979, sufficient to keep the dollar stable this year.

However, there is no reason to accept Weatherstone's optimism as anything but making the best of a bad situation. In a series of background discussions with West German and Austrian bankers, *EIR* found the consensus was that the dollar remained stable largely because it had become a matter of NATO's integrity. They did not, without exception, believe that the dollar would remain at present levels against the West German mark past the first quarter. It may be

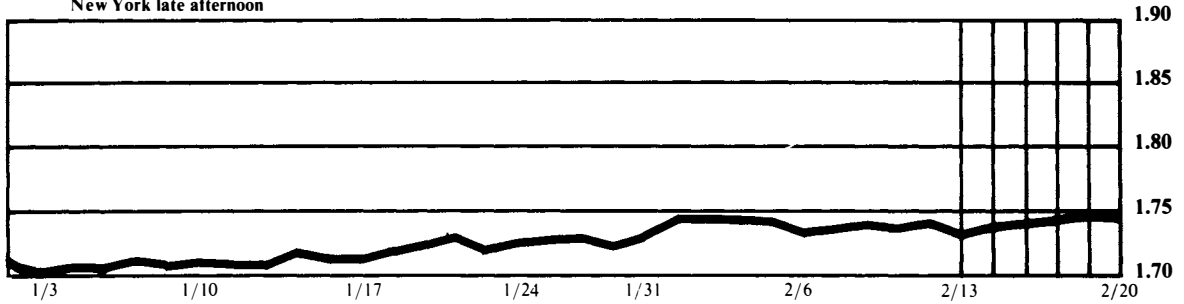
that the end of the week slump on the New York Stock exchange marks a turning point. By contrast, the West German stock market is at its year's high, largely due to the confidence of the investment community (and of many Arab investors) in capital expenditure plans announced recently by MAN, GHH, Siemens, and other industrial concerns.

The Group of 30's own report, in fact, hinted at the longer-range uncertainty concerning the dollar, noting the difficulty of obtaining long-term forward cover for dollar foreign exchange transactions.

In fact, the kind of far-reaching solutions that the Group of 30 had envisaged, resembling Keynes' "world central bank" proposal at the 1944 Bretton Woods meeting, have now been ruled out politically. It is not so much that the administration is averse to pushing them but, as Tony Solomon indicated in his desertion of the Treasury for the New York Federal Reserve Bank, that it cannot do anything about it. Italian Finance Minister Pandolfi's tour on behalf of the IMF's proposed Substitution Account hit the rocks in Spain. Spanish Finance Minister Leal insisted that a different solution would have to be found to the problem of the external dollar float, because the Substitution Account, which would draw these dollars out of circulation in exchange for Special Drawing Rights, would eliminate world liquidity. The French will politely argue about the scheme which has already been given up, according to *Le Monde* columnist Paul Fabra Feb. 14. So the Group of 30 is left hanging onto the dollar for dear life.

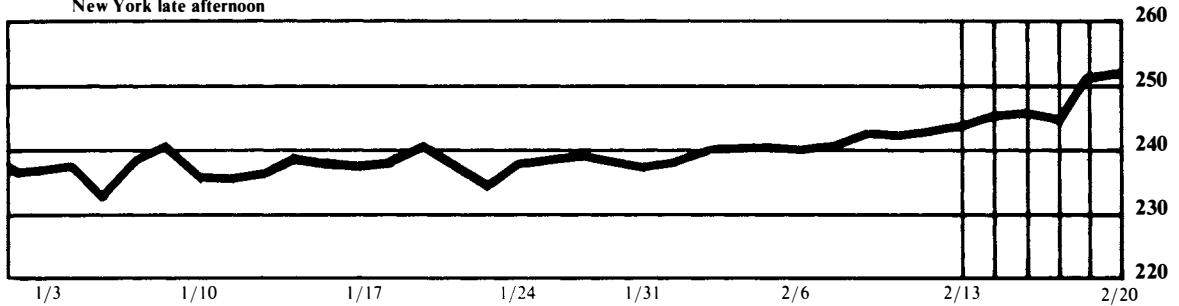
The dollar in deutschmarks

New York late afternoon



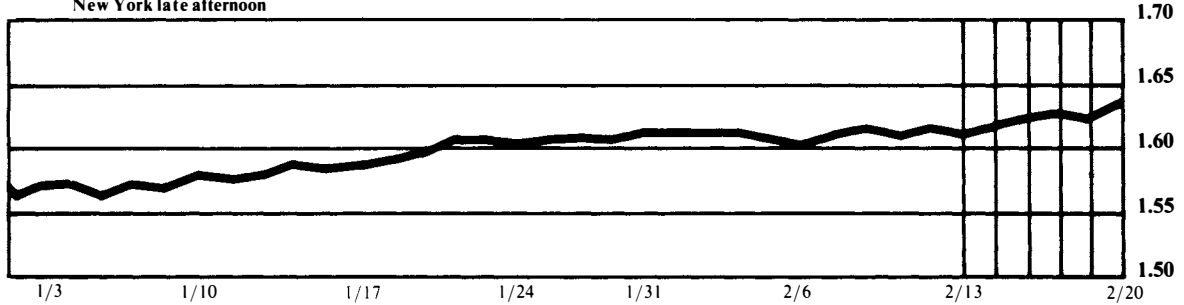
The dollar in yen

New York late afternoon



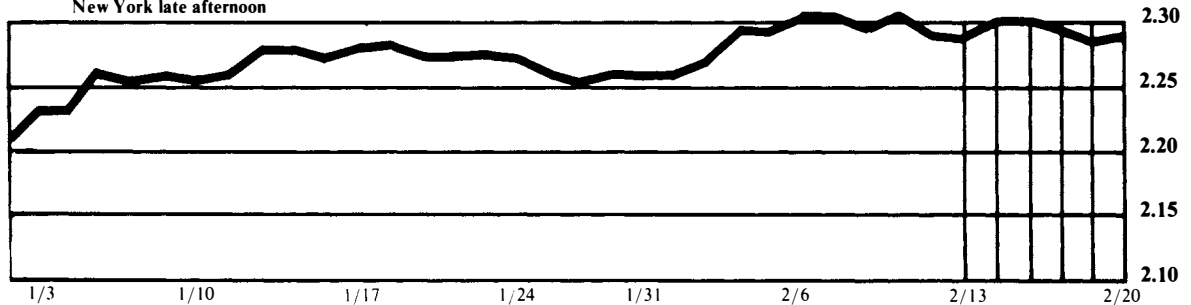
The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon



Inflation ... worse to come

New Bureau of Labor statistics figures show what most people already know: Mr. Carter and Mr. Volcker's policies are fast turning mere inflation into hyperinflation.

The inherent inflationary thrust of the credit tightening policy of Federal Reserve Chairman Paul Volcker came roaring out into public this week as the Bureau of Labor Statistics announced Feb. 15 that wholesale prices had leapt 1.6 percent in January, an annualized rate of increase of 19 percent. Wholesale price increases presage what happens to consumer prices weeks or months later.

The immediate reaction to the news of the WPI (or producer price) increase was a fall in the primary U.S. credit markets. The Dow Jones, which had nicked 900 on Wednesday, also took a plunge. But the biggest loser was the faction in the U.S. that, for political reasons, had sought to assure the financial markets that the firm hand of Volcker had everything under control. Typical is the Feb. 10 lead of the Sunday *New York Times*' "Business and Finance" section, entitled "Volcker's Elusive Success," which stated that Volcker's policy had succeeded in walking a middle lane, not tightening too much, but also keeping money supply and inflation under moderate control.

The theme sounded by the *Times* was picked up by the financial press accounts of the City of London. Its ostensible purpose was

to be calming: the Consumer Price Index had hit 13.3 percent for 1979, and the U.S. bond market has been losing 2 points per week for the last several weeks, but the *Times* and the others tried to reassure. There needn't be any big economic recession in the U.S., and provided that everybody kept their composure, the U.S. dollar could continue to strengthen on the foreign exchange markets.

No sooner was this said than short-term treasury bills rose above their record peaks of last October at almost 13.20 percent, six month bills were down an average 6½ points in face value price. The steady build-up of the Dow Jones to just touch 900 on Wednesday evaporated, as on Feb. 15, the Dow dropped to 885.

Volcker's response was typical. Immediately, with the release of the WPI news, Volcker jacked the discount rate from 12 to 13 percent, and federal funds ended up trading at a 14.75 percent average on the day. Talk of the prime rate going up to 16 percent and above was widespread. But Volcker's desperate dash to apply the brakes will only accelerate the very process he has vowed to be fighting since he pulled a credit crunch on Oct. 6 of last year: the uncontrolled rate of inflation.

The jump in the WPI proves that the yearly rate may be far more than the 19.2 percent projected from the simple multiplication of the January rise by 12 (months).

Most interesting is the fact that for non-food items, the increase was even higher, at 2.4 percent, an annual rate of close to 30 percent. Some of this latter increase can be attributed to the price of oil or of silver and gold (especially jewelry prices). The Department of Labor discloses, however, that consumer durables on the wholesale level rose by 3.2 percent in January. Prices of such intermediate goods as sheet metal, flour and fabric rose 2.8 percent. Food prices, which had risen for most of the latter half of 1979, fell by 5/6 of a percent in January, but are expected to rise again in February.

For all of the intermediate consumer durables and items such as housing, etc., cost increases are directly traceable to the Volcker credit tightening.

Now, consider that the Carter administration is unleashing a 1981 fiscal year budget that has a \$91 billion deficit, counting both on- and off-budget items, not the \$20 to \$30 billion that Carter is claiming (see *EIR*, Vol 7, No. 5). Then, add in an avowed Carter administration energy constriction program, which already sent oil prices at the gas pump up 10 percent in January, and a sharp cut in the budget's high technology programs which are desperately needed to offset 1979's two percent drop in productivity. This means that all the forces are now operating to make 1980 a year of greater inflation than 1979.

Jamaica: 'Waiting for the situation to ripen and rot'

by Carlos Wesley

Not long ago, a leader of the opposition Jamaican Labour Party explained his party's strategy for coming to power: "We are waiting for the situation to ripen and rot, then the government will fall into our hands."

That moment may well be close at hand. Jamaica's Prime Minister Michael Manley announced last week that he was calling national elections for no later than October, because of the country's rapidly deteriorating economy and the impasse that has developed in the ongoing negotiations with the International Monetary Fund (IMF) over further reductions in the budget.

The IMF is refusing to release close to \$17 million in desperately needed foreign exchange due Jamaica under the terms of a three-year loan agreement reached in 1978. They will hold the funds until Manley's government agrees to pare government expenditures by a total of \$168 million. Half of that, \$84 million, would have to be cut back immediately, while the other half would be sliced from the coming year's budget. While Manley has agreed to reduce expenditures by two thirds of the amount demanded by the IMF, he refuses to give in on the remaining third. To do so, he says, will mean "a social disaster." It is over these additional cuts that the impasse with the IMF arose.

At issue here is Jamaica's political and economic sovereignty. U.S.-born Edward Seaga, leader of the opposition JLP, has made no bones about this: "Those who believe that we are dealing with an economic problem here, had better realize that we are dealing first and foremost with a political problem." In a recent interview with the London *Economist*, Seaga said that there was a 50-50 chance of a civil war between Jamaica's two major political parties, the JLP and the governing People's National Party (PNP) of Michael Manley.

Manley has already made major concessions in the hopes of having the IMF grant the waiver requested by Jamaica. Notably, in foreign policy, Jamaica broke ranks with Cuba for the first time in years by voting at the U.N.

to condemn the Soviet Union's intervention into Afghanistan. Manley has also agreed to reform the electoral laws, which should improve the JLP's chances of winning the elections in October.

But, having forced Jamaica into its current predicament in the first place, the IMF is not about to let Manley off the hook. He is the one blemish in the IMF's otherwise unbroken record of "toppling more governments than Marx and Lenin combined," as a recent article in the *New York Times* put it. The plan is to have Manley preside over the final collapse of what remains of Jamaica's economy, blame him for the disaster, and then force him out in favor of a government more willing to impose austerity, probably headed by Seaga.

As things now stand, it is not even certain that Manley will last until the October elections. "We are facing a difficult situation; very, very difficult," Jamaica's Ambassador to the United Nations, Donald Mills, told *EIR* last week. Jamaica has obtained a \$50 million loan from Libya, which should keep it going through February and it is negotiating with Algeria, Mexico, and Venezuela for agreements that would reduce its oil bill and provide some foreign exchange. But for the long term, even if the IMF comes through, Jamaica is "between the devil and the deep blue sea, as the Americans say," Ambassador Mills confessed.

The IMF squeeze

Jamaica's case is a classic example of how the IMF imposes its policy of deindustrialization. The basic formula is relatively simple: engage in long, protracted negotiations with the selected target by which, in exchange for a loan, the victim agrees to self-imposed austerity measures. These measures, in turn, diminish the victim's ability to pay back the loan, leading to further negotiations, more austerity, less likelihood of payment, and so on in a downward spiral.

After toying with Jamaica for several years, the IMF

“moved in for the kill” in 1977. In exchange for a \$77 million installment loan, Jamaica agreed to restrict government borrowing, cut back expenditures and imports, reduce wages, and devalue its currency. But by the end of the year the IMF cancelled the agreement, claiming that Jamaica had failed to live up to its part of the bargain. Following more long negotiations, Jamaica again devalued its currency almost 50 percent and agreed to further reduce the budget, cut back imports, and reduce wages. In exchange, the IMF in May of 1978 gave Jamaica a \$200 million installment loan over three years.

The IMF also got Jamaica to agree to IMF “monitoring teams” taking up residence at the Bank of Jamaica. There it could ensure that Jamaica complied with the “conditionalities” under which the loan was granted.

But by June of 1979, the loan again had to be renegotiated and, in exchange for another \$80 million, Jamaica agreed to balance its budget. It is this latter criterion that the IMF is now claiming Jamaica failed to adhere to, leading to cancellation of the agreement this past December.

So what has Jamaica gained by following the IMF dictates? For one thing, a domestic inflation rate in 1978 of 46 percent, fueled by the import restrictions imposed by the IMF. While the figures for 1979 are not yet in, they are likely to be higher.

Jamaica’s import bill has remained relatively unchanged in dollar terms since 1974. Then, Jamaica imported \$809 million worth of goods, while in 1978, the amount was \$865 million. It is true that one year later, in 1979, the import bill had climbed to \$973 million, \$108 million more than in 1978. But that increase corresponds almost exactly to the increased prices that Jamaica had

to pay to obtain fuel—\$107 million. But the fact is that Jamaica imported more than 10 percent *less* fuel in 1979 because of strict conservation measures imposed by the government!

In fact, after adjusting for inflation, which last year alone was over 14 percent, Jamaica’s imports have *decreased* substantially in all areas since 1974.

No money has been saved by the government by cutting back imports. Though it imports a large proportion of its feed and other consumer goods, these only account for 15 percent of its import bill. The largest share, 62 percent, goes toward the purchase of raw materials and fuel to keep its industries going. Under the IMF agreement, importers must now obtain a license from the Bank of Jamaica to purchase goods abroad. The bank has granted very few licenses since October of last year and mainly to those importers that can obtain the goods on credit payable a year from now. Since importers are already in arrears from previous years, they are not finding many foreign suppliers willing to extend further credits. Estimates are that unless import restrictions are eased soon, over 50 percent of Jamaica’s factories will have to shut down by the end of February. By the end of March, that figure will have climbed to 91 percent of all manufacturing concerns, further aggravating an already high unemployment situation and the foreign exchange problem, since there will be fewer goods available for export.

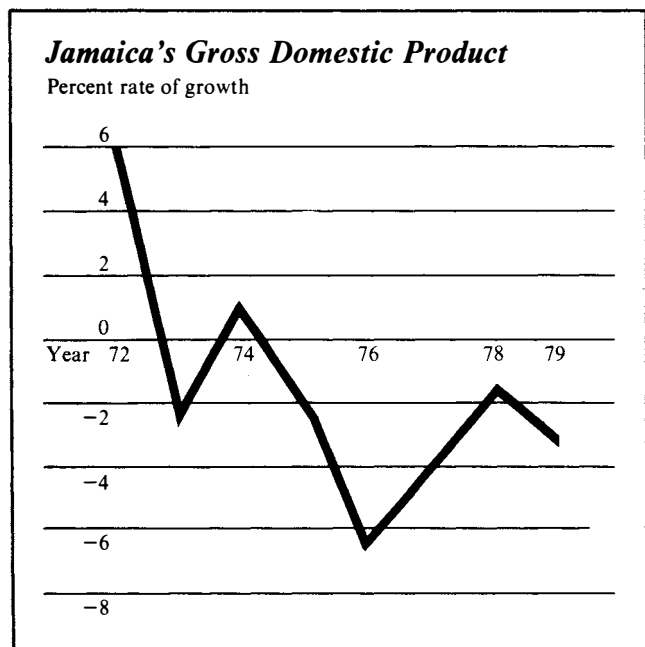
Negative growth

The trauma that Jamaica is now undergoing can be shown graphically in the drop in the Gross National Product (GNP). Last year, the GNP was -3 percent, the fifth straight year in which negative rates have been posted. Since 1975, Jamaica’s GNP has decreased by an aggregate of almost 18 percent. In fact, about the only sectors of the economy that have shown any growth are gambling and drugs.

Even foreign loans have not eased the situation since 75 percent of those loans go to servicing Jamaica’s considerable foreign debt of over \$1.5 billion. For example, just last month the Dutch loaned Jamaica \$22 million, but more than half of it, \$12.5 million, went toward debt service.

The IMF regime has created an impossible situation where even the most basic of commodities have become luxury items. Bread, salt, flour, detergent and soap are some of the items that have disappeared from the shelves of local supermarkets just during the past few weeks.

Were Manley to impose the full budget reductions demanded by the IMF, it would require the layoff of 11,000 workers as well as substantial reductions or even the outright elimination of subsidies for food and fertilizer imports, a shut down of the literacy program and the



imposition of additional taxes. No government can impose those levels of austerity and remain long in power.

Nevertheless, the IMF is blaming Manley's "intransigence" for Jamaica's collapse. According to *The Economist* of Feb. 9, "the country's bankruptcy is blamed on the Prime Minister's profligate spending." The British journal added that, in Jamaica's slang, "IMF means 'Is Manley Fault'." The line put out by the IMF in an article in the *New York Times* on Feb. 5 claimed that the IMF has been "remarkably liberal with Jamaica." "Why," it adds, "the IMF has been flexible" and granted loans to Jamaica with very "soft terms," despite Manley's refusal to "make deep cuts in the swollen government payroll."

Marijuana production

The only Jamaican growth sector under IMF programs

While everything else in Jamaica may be going to pot, marijuana production is experiencing a boom. Why? It is a crop that grows under virtually any condition, requires no fertilizers and very little investment of time or technology, and there is an easily accessible and growing market in the nearby United States ready to pay for the weed in hard cash.

And for a country that has had its currency drastically debased (the value of the Jamaican dollar is almost half of what it was at this time in 1978) and where even the most basic necessities of life are hard to come by, hard cash is a commodity in demand. "For instance, take St. Thomas, the island's southeast," a prominent Jamaican told *EIR*. "People there have never had anything. Now, with ganja [the local name for the drug] they can afford new clothes, new shoes and new houses." Our source added that, increasingly, large areas of Jamaica resemble Colombia's drug-producing Guajira Peninsula.

The key factor in turning Jamaica into a drug producer has been the International Monetary Fund's demand that Jamaica find itself a foreign exchange earner with which to pay its over \$1 billion debt. Last year alone, debt service obligations swallowed-up more than one third of Jamaica's foreign exchange earnings, leaving precious little to pay for food and energy imports, most of which comes from abroad.

Local sociologist and columnist Carl Stone, is one who advocates legalization of marijuana as a cash crop.

In a recent column he "saluted the courage and organizational depth" of marijuana growers, "who have tried to create employment and develop a viable industry out of one of our natural export products." The newspaper that employs Stone, the *Gleaner*, agrees with this view. "The salvation of this country lies in ganja," it said in an editorial not long ago. "We should stop producing so much sugar cane and produce more ganja instead," the *Gleaner* added.

Millions of dollars and untold efforts have been invested to pressure Jamaicans into accepting the notion that "ganja is to Jamaica what Coca-Cola is to the United States," as Stone put it. The U.S. National Institute of Mental Health, for example, sponsored a 20 year-long study by psychologist Vera Rubin on ganja use in Jamaica. Her conclusions: Marijuana is good, Workers engaged in the "most grubby, menial kind of labor," said Rubin, spend "something like 65 percent of their thoughts" concentrating on their work while under the influence of marijuana. Stone claims that at least 50 percent of all Jamaicans use marijuana on a regular basis.

Another effort involves local culture hero, reggae singer Bob Marley, whose career, until just a few years ago, was limited to second class nightclubs in Kingston's ghettos and a couple of records that nobody bought. All that changed when Marley, who belongs to the marijuana-smoking Rastafarian cult, was "discovered" by major American and European producers who have succeeded in promoting Marley to the status of "major international superstar." And they have almost succeeded in convincing the world and Jamaica that Marley's reggae promoting "burning and lootin," "I shot the sherriff" and "smoke the herb" is Jamaica's national music.

The Coptic Farm Co.

The way that Jamaica has been transformed into a major drug production center is best exemplified by the operations of a group called the "Ethiopian Zion Coptic Farm Co.," leading drug producers in the St. Thomas parish. This Florida-based cult is seeking to be recognized as a church by the U.S. Internal Revenue Service and is waging a legal battle in Florida to be allowed to use marijuana as a "sacrament."

The Ethiopian Zion Coptic Farm Co. has established a very successful and sophisticated marijuana producing and drug running operation out of St. Thomas. Using modern airplanes and boats owned by subsidiaries of its parent company in Florida, the cult has developed major operations not only in St. Thomas—once known for producing Jamaica's famous Blue Mountain coffee—but in other parts of the Caribbean, including Colombia's Guajira Peninsula.

Business Briefs

International Credit

Interest rates spiral upward

The hike in the U.S. discount rate by Federal Reserve Chairman Volcker has set off a new round of escalating international interest rate hikes that threaten to make international lending a hazardous occupation.

On Feb. 20, the Bank of Japan raised its discount rate by 1 percentage point to 7.25 percent. Japan's yen has attacked recently fallen stiffly against the dollar. Japan feared that if it did not match Volcker's increase in the U.S. discount rate, flight capital would leave Tokyo for New York and the yen would enter a "free fall."

The Bank of France pushed the rate for its intervention into the money markets—a rough approximation to the U.S. federal funds rate—up by 3/8 of a percent to 12 3/8 percent on Feb. 20. In similar fashion, the West German Bundesbank is rumored to be on the verge of hiking its discount rate and the rate for short-term treasury bills have gone up to 8.27 percent. The weaker economies of Europe—like Britain, Belgium, Italy, etc.—are under extreme pressure to do the same.

The concurrent upward spiral of international interest rates, are pushing Euro-currency rates into the stratosphere. Three-month Euro-dollars were trading on Feb. 21 at 16 percent, while Euro-sterling call money shot up to 19.125 percent.

Domestic Economy

Housing starts plummet under credit shock

"If there were any doubts about a major housing recession this year, last Friday's decision dissolved them," stated William B. O'Connell, executive vice president of the United States League of Savings

Associations. O'Connell's remark on Feb. 18 referred to the Feb. 15 Federal Reserve Board decision to further hike the discount rate to 13 percent.

O'Connell's assertion is backed up by the housing statistics released by the Commerce Department on Feb. 19. For the month of January housing starts were at an annual rate of 1,420,000 units produced, a drop of 6.4 percent from the previous December, a full 17.8 percent below January levels of last year, and more than 25 percent below the August high of above 1.9 million starts.

The future for housing looks far from promising. Merrill Butler, the president of the 121,000 member National Association of Housing, warned Feb. 15 that the "hike in the discount rate by the Federal Reserve Board could trigger the steepest decline in private housing production and home sales in 30 years." Merrill's Association also predicted that housing starts will fall further in 1980, dropping to a yearly average of 124,000.

Perhaps most reflective of the housing drop is the information released by the United States Savings League's O'Connell. He said Feb. 15 that his group, whose members are the principal mortgage lenders in the country, reported that they made 44 percent fewer loans in January than a year ago.

Domestic Credit

'Bloodletting' on credit markets

"There are little pools of blood under everyone's chairs. This is worse than I can remember. In London, bond traders just went home at 11:00 in the morning." This was the description by a bond trader of one of New York's leading bond houses on Tuesday Feb. 19, the first full day that the U.S. international credit markets were open following U.S. Federal Reserve Chairman Volcker's credit tightening of Feb. 15.

Volcker's move, which raised the discount rate to 13 percent, triggered one

of the worst one-day disasters in U.S. credit market history. Three-month Treasury bills jumped to 13.32 percent from 12.85 percent the previous trading day. Six-month bills were likewise up. But to give a sense of how bad the situation got: two-year Treasury notes closed at 13.99 percent—the highest level for any coupon-bearing U.S. government security in U.S. history.

On the corporate side, bond prices fell by as much as three percent, the bellweather Bell Telephone Systems bonds were trading at 14 percent, and many bonds on the market were listing 7 and 8 percent discounts.

An assessment of the outcome of Volcker's moves on the bond market has to be anything but reassuring. Chase Manhattan led banks on "bloody Tuesday" in jacking their prime lending rate up a full half point to 15 3/4 percent. Chemical Bank of New York disclosed that they are paying corporate customers 16 3/4 percent on large Certificates of Deposit. This means that commercial banks must soon raise their prime to 16 3/4 percent—unless they want to lose money.

IMF/World Bank

U.S. to increase quota to IMF by \$5.5 billion?

Two weeks ago, the Carter administration sent to Congress the appropriate legislation to get congressional approval for the U.S. to increase its quota allotments to the International Monetary Fund by \$5.5 billion, in line with a 50 percent increase in country quotas approved by the IMF Governing Body in 1978. If Congress approves this request, the U.S. would up the total amount contributed to the IMF to \$16.5 billion or more than one-fifth the total international contributions to the IMF.

Yet, the Carter administration, in putting its full weight to the IMF quota increase, has put itself in a difficult position. For years, one faction of so-

called conservatives in the Congress, led by Rep. Rousselot (R-Ca.) has tried to block IMF quota increases on the grounds that the IMF is "giving away aid money." Recently, congressional objection has become more acute: some congressmen see in the IMF and its genocidal "conditionalities" policy the chief source of destabilization in the Third World. As one observer put it, "the IMF has toppled more governments than Marx and Lenin combined."

The hesitation of the Carter administration to adopt for itself full responsibility for its role in giving tremendous support to the IMF was evident in testimony presented in early February to the House Banking Committee's subcommittee on international affairs by Under Secretary of the Treasury for Monetary Affairs, Anthony Solomon. Solomon told the House Committee that he was coming before them to ask for the IMF quota increase, but very defensively denied the IMF's noted role of toppling governments. He added that the IMF would seek greater "surveillance powers," but tried, unsuccessfully, to assure those listening that that did not mean stripping away the country's national sovereignty under a new IMF dictatorship. "I am sure that the United States Congress would never accept such interference with U.S. sovereignty."

Third World

London press: Brazil must dismantle economy

The influential *Financial Times* of London last week told Brazil's Planning Minister, Delfim Neto, that he had to dismantle the powerful state sector of the economy in order to ensure foreign confidence in Brazil's future. Brazil's foreign debt is over \$50 billion—the largest in the world—and this year alone the South American nation will have close to a \$15 billion balance of payments deficit to be met largely through increased foreign borrowing.

The *Financial Times* holds a particular grudge against Petrobras, Brazil's national oil company which has been the backbone of the state sector, and recommends that "the only alternative may prove to be denationalization with increased participation by private capital." The *Times* bluntly adds: "For Sr. Delfim Neto, who is known to have hopes of being elected in 1984 as Brazil's first civilian president since the 1964 coup, there would be considerable political capital to be made from bringing them [the state corporations] to heel."

Energy

Carter upping gas to \$2.50 a gallon

In the last month, domestic gasoline prices rose 7 percent to as high as \$1.30 a gallon in some East Coast cities. The cost of domestically produced decontrolled oil rose to a record \$38 a barrel, a near 10 percent jump over December 1979 prices and \$5 a barrel more than the OPEC market price.

This record increase in domestic fuel costs is occurring at a time when the world is awash with surplus oil. The multinational oil companies are sitting on the biggest stockpile of oil in history. Latest statistics reveal that the global stockpile of crude oil has for the first time passed the 5 billion barrel mark. According to the International Energy Agency, there is a full 1 million barrels a day of surplus oil on world markets. Yet prices continue to climb and U.S. fuel costs in particular are rising at an unprecedented rate.

Behind the current pricing spiral is the collusion of the Carter administration, certain multinational oil companies and the New York Council on Foreign Relations. The Council called for U.S. gasoline prices to rise to the equivalent of European prices in a series of studies entitled Project for the 1980s to about \$2.00 to \$2.50 a gallon. Carter's advisors oversaw the studies.

Briefly

● **LORD KALDOR**, advisor to three Labour governments in Britain and the dean of Cambridge School economics, told *EIR* that he had devised the ultimate plan for a stable measure of value: a brick-backed international monetary system. Kaldor said he thought the brick—the plain, ordinary construction brick—was the best index. "After all, the materials and labor used to make bricks are much the same anywhere in the world."

● **A. ROBERT ABBOUD**, chairman of First National Bank of Chicago, has been keeping a low political profile due to internal problems at the bank. Just-fired senior executive Edwin Yeo locked the bank into a big investment in fixed-income securities just before the bond market collapsed. One bank analyst comments, "First Chicago is the ideal sacrificial victim for Volcker's new round of credit tightening." Abboud is President Carter's only supporter among Chicago's business elite.

● **PHILLIP KLUTZNICK**, the Secretary of Commerce, is soon to have his cover of respectability blown by a major exposé. Klutznick, one of the biggest landlords in Illinois, has been hanging around for years with mob lawyer Roy Cohn, mob tough Paul Dano and a number of other unsavory characters. It seems that Klutznick, firmly in the Carter camp, and his pals have been on a corruption binge in Chicago that involves Kennedy supporter Mayor Jane Byrne and is responsible for wrecking the economy of northern Illinois.

● **RONALD REAGAN'S** campaign manager Jack Kemp told reporters at a New Hampshire campaign event that Reagan's view of an international gold standard would be to support it, "if I ever could get through to him."

Carter's Iranian Commission: Terrorists put the U.S. on trial

by Robert Dreyfuss

President Jimmy Carter, desperate for a foreign policy success on the eve of the crucial New Hampshire primary election, radically shifted U.S. foreign policy on Feb. 13 by announcing that the United States would support the formation of an international commission of inquiry with a mandate to investigate Iranian grievances. In a one-minute statement at his press conference—the first in 11 weeks—President Carter declared:

Since mid-November, we and the Iranian officials have been discussing with Secretary General Waldheim of the United Nations his proposal to send a commission of inquiry to Teheran. We would support steps by the United Nations that would lead to the release of the hostages if the steps are consistent with our goals and our essential international principles.

An appropriate commission with a carefully defined purpose would be a step toward resolution of the crisis.

The Carter statement was issued against a background of intensifying rancor between Carter and challenger Edward Kennedy of Massachusetts. Kennedy, also with an eye on New Hampshire, chose to claim that it was he, and not the President, who could take credit for the initiation of the idea of the commission. "The Administration stubbornly resisted this solution until I and others made the proposal and broke the silence on Iran."

Although the Carter administration immediately shot back that Senator Kennedy's statement is "an elaborate charade with the truth," and Carter himself warned that Kennedy "has not been responsible," there is little doubt that the position of Kennedy—beginning with his Jan. 28 George-



Photo: Ch. Spengler/Sygma

town University speech, in which he endorsed the forming of a U.N. commission—helped to nudge President Carter in that direction.

Legitimizing outlaws and terrorists

Nevertheless, the Carter announcement Feb. 13 that the U.S. will cooperate in the formation of a U.N. commission on Iran represents virtually a complete capitulation by the American government to the demands of the Iranian band of fanatics and assassins led by President Abolhassan Bani-Sadr. At a stroke, Carter—goaded on by Kennedy—has given legitimacy to the outlaw Iranian government, created a major propaganda forum from which they intend to proclaim the necessity of a “worldwide Islamic revolution,” and, in general, opened a Pandora’s box that, even one day after the Carter press conference, may be impossible to close.

In addition, both Carter and Kennedy have assumed a major political risk in attempting to find an accommodation with Iran’s terrorists. This is especially true in light of the fact that the campaign organization of Lyndon LaRouche, the Democratic candidate running strong in New Hampshire, has already saturated the

state with leaflets charging the President with a “cynical election ploy” in scrambling to free the hostages on the eve of the primary after continued inaction and even sabotage of previous negotiations. LaRouche has charged both Carter and Kennedy with deliberate attempts to construct an alliance with “Muslim fundamentalism” and the so-called Muslim Brotherhood secret society controlling the Ayatollah Khomeini.

The *Executive Intelligence Review* has determined the true nature of the commission that the Iranian government intends to establish. Although Bani-Sadr, Foreign Minister Sadegh Ghotbzadeh, and other Iranian officials claim that the commission will have a mandate to investigate alleged “crimes” of the former Shah of Iran and of the United States in the years since the 1953 coup d’état that brought the Shah back to power, the real target of the proposed tribunal will be the very process of industrial development which Iran, until the Khomeini takeover, was undergoing.

In the following exclusive report, the behind-the-scenes story of the Iran crisis negotiations is revealed for the first time.

The *EIR* has already reported, for more than a year now, how the Carter administration, the City of London, and their allies organized the movement that toppled the

Shah of Iran and deliberately installed the Khomeini dictatorship. The machine that was mobilized internationally since the Carter administration came into office in 1977 to accomplish that task included former Attorney General Ramsey Clark, the United Nations Organization, Amnesty International (and, in particular, Amnesty International's Sean MacBride of UNESCO), the radical Transnational Institute and the Institute for Policy Studies, the International Association of Democratic Jurists, the International Red Cross, and so forth. That entire machine—itsself merely an appendage of the British Secret Intelligence Service—has been tapped by the Carter administration in order to negotiate the release of the U.S. hostages.

In the process, the United States has irrevocably allied itself with international terrorism, as represented by the Iranian government and its sympathizers. As pieced together by *EIR*, the operation works in the following way.

First of all, although the President has stated that the proposed U.N. Commission must be "carefully defined" in its responsibility, the Iranians do not want it that way. At least *two entirely separate types* of "commissions" are under discussion. The first, which might be termed the "official" version, will consist of a hand-picked group of five people selected by U.N. Secretary-General, Kurt Waldheim. That commission, reportedly to be headed by Louis-Edmond Pettiti, a French lawyer, will include U.N. Ambassador Mohammed Bedjaoui of Algeria; Adib Daoudi of Syria; Andres Aguilar of Venezuela; and Abbu Sayeed Choudhury of Bangladesh. It is scheduled to arrive in Iran before Feb. 21. The second, "unofficial" commission—far more radical and operating without the approval of the United States or the U.N.—is being assembled by Nuri Albala, a Turkish communist living in Paris.

In an interview with *Le Monde* on Feb. 12, President Bani-Sadr stated his preference for the second version:

Question: Two types of inquiry have been put to you. One submitted by Mr. Kurt Waldheim envisaging a U.N. committee comprising representatives of certain Third World governments. The other, proposed by Mr. Sean MacBride and Mr. Nuri Albala, is considerably different: A "court" formed of non-governmental people who would "try American imperialism," and would be the "Nuremberg of the Third World," to quote Mr. Albala. Which of these solutions do you prefer?

Answer: I prefer the second. However, some Revolutionary Council members lean toward the Waldheim committee. The ideal solution would be a combination of the two. In any case we have sub-

mitted our proposals—the fruits of a consensus—to Imam Khomeini, who is alone capable of taking a decision. We hope to obtain that decision in the next two days. If he accepts our proposals it will then be up to President Carter to give his verdict.

By announcing that he prefers a "combination of the two," Bani-Sadr outlined the central difficulty with Carter's conception, namely, that if—at any time during the process of negotiations—the Iranians decide to renege on their commitment, they can simply announce that they intend to demand a blending of the two commissions, which would either guarantee that the crisis flares up again or that Carter is forced to make even more concessions to the terrorist government of Iran.

In addition, in an exclusive interview Pettiti declared that even his commission, "in the juridical context of the United Nations," may choose to expand its activities by asking for a special session of the entire U.N. General Assembly to "discuss the matter." That would open the door on a formal U.N. condemnation of U.S. activities in Iran. In addition, Pettiti went so far as to credit Albala and MacBride with having "opened the way for the present agreement." (The transcript of the interview with Pettiti is printed below.)

Industrial development as "crime against humanity"

According to Nuri Albala, the proposed "Third World Nuremberg" will have as its chief objective the putting on trial not of mere "American imperialism" or alleged human rights violations by the Shah's government, but instead, the very notion of industrial development in the Third World. Albala told an interviewer (carried below in full) that he is working with former U.S. Attorney-General Ramsey Clark, Princeton University's Prof. Richard Falk, ex-U.N. Ambassador Andrew Young, and Sean MacBride. One of the biggest crimes, according to Albala is the "sale by the United States of a nuclear power plant to Iran," which Iran—says Albala—considers "monstrous."

Mansour Farhang, Iran's ambassador to the United Nations, explained to *EIR* that the most important thing is that the United States "must recognize their guilt" over the past years in Iran, or else "nothing will be done from the Iranian side." He also asserted that the chief aim of Iran under the present circumstances is to establish a tribunal that "will be a combination of both a grand jury, sponsored by the U.N. to judge the Shah, and a Nuremberg-type tribunal aimed at judging the West."

According to Bishara Khader, a Palestinian radical who is close to Albala and who works out of the Univer-

sity of Louvain, Belgium, controlled by the Jesuits, the real purpose of the Albala version of the tribunal will be to focus on "western imperialism and the western way of life." He accused the West of "cultural imperialism," and he said that Albala intends to bring "evidence" to condemn the United States based on its policy of industrializing Iran, using Iran's oil, and so forth.

Joining the work of the second, more radical commission will be the entire European support apparatus connected to the terrorist Baader-Meinhof gang, the Italian Red Brigades, and so forth. According to European sources, the various jurists' associations and human rights groups that Albala and MacBride are backing have been mobilized to bring their terrorist network to bear. Just as the European terrorist international has, in recent years, assassinated such top leaders as former Italian Prime Minister Aldo Moro, Jürgen Ponto of the Dresdner Bank, and others for alleged crimes of "fascist capitalism," now those same forces will join up with a committee supported by a state, namely Iran, whose entire government is terrorist-controlled. This time they will accuse "industrial capitalism" as a whole of being guilty of crimes against humanity.

Among those in West Germany who are working with the Albala group are: Dr. Helmut Gollwitzer, formerly of the Bertrand Russell Tribunal of British intelligence, currently a professor at the Free University of Berlin who has long been a defender of the Baader-Meinhof terrorists; Heinrich Albertz, a Lutheran clergyman and former Deputy Mayor of West Berlin, who has been involved for years with the Baader-Meinhof gang's terrorist activity; and SPD (Social Democratic Party) members H. Gansel and K. Thuesing, both leftists who recently traveled to Iran to meet with Bani-Sadr and who publicly denounced the "insane industrialization of Iran" under the Shah!

Attack national sovereignty

In any case, a major feature of the combined commission and tribunal will be to reshape the existing climate of international law in a way that will greatly reduce the concept of national sovereignty. The role of the World Court of the United Nations at The Hague will be expanded in a manner that will treat the Shah as an example justifying action to deny the right of nations to conduct their own affairs without interference from the United Nations. In addition, the expected legal battle to secure an extradition of the Shah from Panama—which Panama is not inclined to accept—means that Iran will attempt to impose its own "right of revenge" on Panama, claiming that its demand for the Shah supersedes Panama's right not to make the Shah available to the Iranians.

Interviews

"Industrial development is a means of ethnocide"

The following are excerpts from an interview granted by Richard Falk in Massachusetts on Feb. 16.



Prof. Richard Falk

Q: Where do we now stand with the U.N. Commission process?

A: It's still hard to say what will come out of the Commission process in terms of the inquiry. There has been evidence accumulated in Iran by Bani-Sadr when he was Foreign Minister that

lays out Iran's case, the range of crimes charged to the Shah, and the U.S. role both in these crimes and in the U.S. policy of using Iran as a regional policeman. But there *may* be some kind of bargain being struck to keep some of the evidence out. Why? Because on the American side, Carter will be vulnerable politically, as soon as the hostages are back, to severe Republican attack for having caved in, this has become an acutely sensitive question. On the Iranian side, Bani-Sadr may acquiesce in Carter's desires because he is eager to get control of the political situation and feels he must get rid of the hostages, he thinks they're paralyzing Iran. So, I see some constraint on the *scope* of the inquiry, combined with an *effort* in Iran to bring together what evidence they are able to obtain.

Q: How do you see this process, if at all, introducing changes of a significant nature in international law?

A: I see possible very important changes. We have a potential opportunity to create a new set of expectations of the accountability of tyrants, and governments that supported tyrants. We can say now that anything that was created *legally* has the potential of being applied to the *creator*. That was the lesson of Nuremberg: now, said Jackson, what we are doing applies to Germany, later it could be appropriate elsewhere.

Q: What possibilities immediately at hand do you see for extending the precedent?

A: Well, certainly Nicaragua is a possibility. There is also the case of Bokassa, who is now in exile in France. The French role could certainly be investigated, as certain French press are calling for. And there is Idi Amin, now living in Sudan. We could look at his crimes, and maybe see some blame for the Sudanese who are harboring him. Any of these forces could become culpable if the people demand to have them held accountable for crimes.

Q: I am intrigued by the notion of ethnocide that is being discussed now. What applications could that have in cases in the future?

A: Ethnocide is seen as an extension of the notion of genocide, it's the killing of the cultural and human identity of individuals and groups. The most blatant cases I know of apply to the Indians of the Americas, North and South. They have a more fundamental grievance against Brazil, Mexico and the U.S. than even the Iranians had against the Shah.

So far, in Mexico, it's been hard to get ethnocide as an issue off the ground. Even the most progressive Mexicans want to evade the issue. But I see ground gained by U.S. Indians, around Russell Means and the Indian Treaty Commission run by his brother Bill in New York, he's thought about this whole question a lot. The AIM is very sensitive to this, they have been in touch with the Iranian students at the embassy, and from what I've picked up, have gained insight from the students

into how to push the International Court of Justice.

It's hard, of course, to draw boundaries around the ethnocide idea, and I've noticed much anxiety about applying it, people think there are too many skeletons in too many closets. But if it grows out of the public *sentiment* and the *moral* conscience then it can operate. Nicaragua, for example, has ethnocide aspects to its grievances. And the Koreans in Japan could have likewise, the Japanese have brutally suppressed Korean customs.

Q: I've heard you also tried to apply the anti-Shah question to the antinuclear by claiming that nuclear energy usage involves repression.

A: Well, this comes from a talk I once gave in Iran. I talked to a work-stoppage demo 1 year ago in Iran, at a nuclear energy facility. Ramsey Clark and I spoke to 1000 people, and made the case that nuclear technology in an underdeveloped country will have to involve police methods just by the nature of the thing. So, there isn't a *direct* parallel with the U.S. case, since we're more advanced. But in an important way, what goes on *here* is even more *sinister* because it is less *manifest*. There is greater confidence here that so-called normal police methods can control the situation. But there is a growing argument tht nuclear energy involves a strong anti-democratic bias, there's an argument in the current *Harvard* or *Yale Law Review* elaborating this argument.



Kurt Waldheim, a Social Democratic "one world" ideologue talks at the U.N. with British spokesman Henry Kissinger, the former U.S. Secretary of State. Waldheim's "Commission of Inquiry" on Iran has as one of its spin-off objectives an attack on the sovereignty of nations.

“The sale of a nuclear plant is the first crime”

A French journalist provided to EIR the following interview with lawyer Nuri Albala, a “Turkish communist” living in Paris.

Q: U.N. Secretary General Waldheim is going to announce the creation of a commission of inquiry on the Iran crisis. Could you explain how this fits into the negotiations you and Sean MacBride have been conducting over the past months on the subject of a tribunal?

Albala: MacBride and I have been working for the creation of a commission—not a tribunal as such—which would have a much broader role and responsibility than the one proposed originally by Waldheim. There have been two approaches. One was to consider the formation of a commission to investigate crimes against the Iranian people—in which case the question of the hostages was more of a burden than anything else. The other was to consider the establishment of a commission aimed at the public, and whose only goal was to reach agreement to release the hostages, as Waldheim proposed.

Q: Bani-Sadr, in his last interview to *Le Monde*, said he favored the idea. Will he push for it?

Albala: First, there is the problem of the faction fight between Ghotbzadeh and Bani-Sadr. Bani-Sadr has discussed with me and MacBride the question of the tribunal. Ghotbzadeh opposes such a scheme. The difference seems to lie in the fact that Ghotbzadeh is willing to use the forum of the United Nations to free the hostages. On the contrary, Bani-Sadr is convinced that it is up to the Iranian government to take a decision on the matter.

Q: How do you expect Bani-Sadr to react to the activity of a commission of inquiry?

Albala: It might be that he would decide himself to call for the creation of a tribunal, using the result of the commission. Otherwise, some private initiative will likely be taken on the issue. A private commission, meeting together with the Iranians, completely distinct from the work of the U.N. sponsored commission. But we will have to wait at least until Waldheim makes the announcement. Otherwise, several organizations would be ready to take up such a task ... the Russell Tribunal, among others.

Q: You just came back from Iran. How do you think the Iranian students will react?

Albala: Well, everything depends on what Khomeini decides. Bani-Sadr said that he has agreed with Khomeini on a secret plan. That might have nothing to do with the commission as such. It is likely that the Iranians will ask for more. Because if you take the composition of a U.N. commission, these are members of governments, most of them. I know that one of the Iranians' grievances that will be presented to the commission is the sale by the U.S.A. of nuclear power plants. The Iranians are saying that such a sale is monstrous. How do you expect the representative from Bangladesh to react to that one? He won't answer and the commission won't answer. It won't work and the Iranians won't be satisfied.

Q: What then?

Albala: That is one of the reasons why the United States apparently wants to keep Sean MacBride absolutely away from the commission. They know that he, long before he became President of Amnesty International, fought and denounced the crimes of the Shah. It is nearly a personal fight for him. But the U.S.A. knows that if he were on the commission it would probably go very far. That is why he proposed the idea of a tribunal to judge the U.S.A. and why the Iranians accepted him.

Q: Is there no one in the U.S.A. who can influence the government?

Albala: Sure, we have coordinated our negotiations with Ramsey Clark, Richard Falk and Andrew Young. If I myself didn't talk with Falk so much, MacBride did. Clark has tried a lot to pressure the Americans to recognize their crimes ... We will see how it develops.

“First, a U.N. commission, and then a tribunal”

The following interview with French lawyer Louis-Edmond Pettiti, a judge at the European Human Rights Court in Strasbourg, was provided to EIR by a French journalist.

Q: Will you be part of Waldheim's commission?

Pettiti: Well, it is still a bit early to say so. We have still to wait until Waldheim makes his official announcement. But this is very likely. Then, the five members of the commission will meet, probably somewhere in the middle of next week, anywhere from Paris to Geneva to New York ... and the commission will be sent to Teheran to begin its investigations, notwithstanding the place where the Secretariat of the Commission is located.

Q: What about a tribunal on the results of the investigations?

Pettiti: We will publish a report in the context of a U.N. sponsored commission of inquiry. That means that it is institutionalized work, in the juridical context of the United Nations. What we can likely expect is that once the report is published, the U.N. will decide to convene the General Assembly to discuss the matter, or will decide to use other U.N. institutions such as the human rights commission to continue the investigation.

Q: What about the hostages?

Pettiti: Well, the two things are not necessarily linked. We will have to discuss the entire procedure to adopt as concerns the release of the hostages.

Q: Albala and MacBride have been working for a tribunal; what about their initiative?

Pettiti: These have been private initiatives, outside of the framework of the U.N. These initiatives have been part of the researches going on for the past two months on what would be the best situation to solve the crisis ... They opened the way for the present agreement.

Q: Will the Iranians ask for more than mere investigations?

Pettiti: There are a lot of hypotheses, and this is one of them. But if the Iranians want more, there is the choice of going further in the debate at the U.N. General Assembly, which is a likely development—where the General Assembly will discuss the results of the investigations and will decide if a tribunal as such has to be set up or not—or else the Iranians want to bypass the context of the U.N. But this is bringing us back to the beginning because that means that the negotiations are broken off, and the whole thing has to begin once again.

Watergating “the Western way of progress”

The following interview is with Richard Fernandez of Clergy and Laity Concerned, who is a self-described “special prosecutor, Watergate-style” who is close to Ramsey Clark and the liberal human rights circle.

Q: There is now talk of three different kinds of Iran investigations: the U.N. Commission idea, an international tribunal, and something that will look into the crimes involved in imposing the “Western style of devel-

opment” like the Shah did. What do you think of all this?

A: It sounds like you read my private memo. I called for looking into five areas, including: (a) human rights violations; (b) the Shah’s money; (c) the geopolitical role of Iran and U.S. assistance for this; (d) Iranian grievances; and (e) something that Thomas Ricks, who we’re working with, labels “ethnocide,” which is a term co-equal with “Westernization.”

The complication on a Nuremberg-style inquiry is that it needs hard evidence. Probably, much of the data has gone through the shredding machine and we’ll never find it. And there are people in Iran who probably don’t want a big tribunal. ... And, here, a lot of high-up people will want to avoid a tribunal. Why? We in our investigation want to go after several U.S. agencies, the Rockefeller Foundation, oil companies, colleges and universities with ties to the Shah, and so on. My friend Eqbal Ahmad of the Transnational Institute, who is working with us, says that he wants to start ten Watergates with this process. I told Eqbal he’s too hardline, I only want five.

Q: What is the thinking behind your Riverside Church Commission idea?

A: The intention of the hearings is to paint a large picture of the five concepts outlined above. We don’t have all the sorry details we want, but there is a way to hear the testimony in such a way as to make the whole picture look coherent. ... Clark made all the preliminary points in a memo he wrote on this. He called it “the grand jury model.” He wanted a jury of 23 people, mostly church people, to get the thing in place. Dick Falk advised us that it would be hard to get a *legal* thing as such off the ground, for several reasons: American public opinion wouldn’t stand for it, we don’t have the necessary evidence, etc. So Ramsey suggested we go all the way with the thing *short of a verdict*. My strong feeling is that something in the next 30-90 days would be very useful to get going. Ramsey has been very helpful to us in planning this. Also working on the case were Falk, Eqbal Ahmad, Faud Ajami, Tom Ricks, the MERIP group in Washington, and Dick Cottam, the former CIA guy in Iran whom Falk was approaching.

Q: What further thinking do you have on this ethnocide idea of Ricks? Where else might it be applicable?

A: Well, maybe Korea. The cases where it’s applicable are where, as with the Shah, *laws* were used to force people to change away from their Muslim customs, to alter the dominant customs and traditions. To Westernize, the Shah *legally* suppressed the reactionary Muslims. Funny enough, the Soviets will face the same problem in Afghanistan. ... The Soviets and U.S. both find themselves burned when they try to impose what we call “the Western way of progress.”

World terrorism revamped along the 'Iran model'

by Robert Greenberg

On February 6, Dr. Norman Forer, a University of Kansas professor of social welfare, left the United States with a delegation of 50 people in order to establish a "dialogue of reconciliation" with the Iranian terrorists holding the U.S. hostages at the embassy in Teheran. The trip, for the most part, was overlooked by the press but the truth behind the Forer trip opens up what could fast become one of the biggest scandals to hit the U.S.A. in years.

The picture firmly established is the following: Under the direction of leading terrorist controllers, White House representative Ramsey Clark and Princeton professor Richard Falk, and with the full knowledge of both the State and Justice Departments, Dr. Forer is collaborating with the Muslim Brotherhood and the Iranian secret police (SAVAMA) in the planning of a wave of Muslim Brotherhood-directed terrorism inside the United States between now and the Democratic Party national convention this August. The creation of an international commission to try the Shah will serve as the occasion for this development; President Carter's capitulation to this proposal has all but guaranteed that it will take place as planned.

The Iranian staging area

One of the facets of the Muslim Brotherhood controlled revolution in Iran that has been completely covered up is the fact that Iran has become the new command center for international terrorism, with the Muslim Brotherhood the glue holding the terrorist apparatus together. Like Cuba in the 1960s, Iran is a staging area for the education, training, and deployment of terrorists and terrorist controllers all over the globe.

The first indication came in early Dec., when *EIR* investigators of the process now underway uncovered the fact that over 200 terrorists had illegally entered the U.S. using passports validated with a visa stamp from the U.S. embassy in Teheran. Further investigations established that these terrorists were under the control of the SAVAMA's U.S. station chief Abdulla Nahidian. Nahidian, who is based in Washington, D.C., is also the U.S. head of the Muslim Student Association-Persian Speaking Group (MSA-PSG) which is the secret terrorist arm of the Muslim Student Association. The MSA itself is a front for the Muslim Brotherhood.

EIR investigators also discovered that the terrorists were being logistically maintained and armed by Iranian Army Attaché Siavash Setudeh, who was working out of the U.S. Office of Naval Research, adjacent to the Pentagon. At the time, despite independent confirmation of these facts, the U.S. State and Justice Departments completely refused to comment or act on the information. When *EIR* publicly exposed this matter, Setudeh was forced to at least relocate from U.S. government premises into the Iranian Embassy where he presently resides.

Since that time *EIR* has established that the 200 terrorists consisted of not only Iranians but representatives from the West German-based Baader-Meinhof gang. This collaboration has a precedent. Over a year ago, the FBI arrested Baader-Meinhof member Kristina Berster as she tried to cross the Canadian border into Vermont. Berster was travelling on a passport originating with the Iranian Embassy in Geneva in 1977. Berster's terrorist training came from a Muslim Brotherhood-run organization in Oman in the early 1970s.

A continuing investigation by *EIR* however, has shown that the cited facts represent the proverbial tip of the iceberg. Contrary to the belief fostered by Iran's seemingly strict entry requirements, there has been a steady influx of terrorists and terrorist controllers since the revolution. The last few months alone has seen repeated trips to Iran by terrorist controllers such as Ramsey Clark, Prof. Richard Falk, Thomas Ricks, Prof. Cockcroft of Rutgers, Prof. Michael Zweig, the Rev. William Sloane Coffin and others. Additionally, small groups of terrorists have been travelling back and forth to Iran including a recently returned group led by Revolutionary Communist Party leader Fred Hanks. The RCP is known to be in active collaboration with the Iranian terrorist underground in the U.S.

At the end of December, Iran hosted an international conference of the Confederation of Iranian Students which is the umbrella group for all Iranian terrorist groups. This conference was also attended by representatives of terrorist groups from throughout the world, and included speeches by spokesmen from Amnesty International and the International Association of Dem-

ocratic Lawyers. The conference put out the marching order: The Iranian revolution is the ideological bond to unite all the disparate elements of the international terrorist movement. This is not conjecture. This message has been repeated time and time again in speeches given by people upon their return from Iran. For example, Richard Falk of Princeton, at a meeting of the Hands Off Iran Committee, stressed the need for a new movement in the U.S. modeled on the Iranian model, to fight against the Western system which uses technology and development as instruments of repression and racism. This was echoed by Dr. Milton Reid at a "National Conference to Counter the Ku Klux Klan," when he opened the conference by stating, "What is happening in Iran today is what ought to be happening in America today."

Dr. Forer's trip is exemplary. An associate of Dr. Forer, Clarence Dillingham, when questioned on the purpose of the trip, made the following statement. "Terrorism has to be. I am a student of the revolution. When we were in Iran in December, we were told that we were doing a good thing for America. We are the elite of the revolution. We have to unite now with other revolutionary struggles like the anti-nuclear movement. We must not subvert the world revolution. We must have a world order."

Who is Norman Forer?

Dr. Forer's involvement in this operation goes back to the mid 1970s when he was co-director of the American Committee for Iranian Rights along with University of Kansas professor Dr. Don Brownstein. Previously, Forer had a long history of activity in the Civil Rights movement where he has worked very closely with the Justice Department in "the mediation" of riots and other problems. According to a close associate of Forer, this relationship continues to the present day. In 1977, Forer, Brownstein and Nancy Hermeacha of Houston, Texas went to Iran on the pretext of searching for a group of dissident writers who had allegedly disappeared. After leaving Iran—no "writers" turned up—they went to Paris where they were placed in contact with Abolhassan Bani-Sadr, the present President of Iran, and Sadegh Ghotbzadeh, the present Foreign Minister. Both men were then leaders of the anti-Shah underground. It was during this same period that Ramsey Clark through his formation of the Committee for Intellectual and Artistic Freedom in Iran began to play a key role in building support for the anti-Shah underground.

After establishing a working relationship with the underground, Forer made several tours of Western Europe along with representatives of Amnesty International and the International Association of Democratic Lawyers. It was at this time that Forer established close

contact with both Ramsey Clark and Richard Falk, as well as terrorist networks in Western Europe including the Red Brigades and Baader-Meinhof gang.

Back in the U.S., Forer became one of the key advisors to the Iranian Student Association (CIS). It was the support networks established by Forer, Clark and Ricks that were responsible for carrying out the successful overthrow of the Shah. As a knowledgeable expert on terrorism has stated, "The revolution in Iran did not begin in Iran, it began in the United States." In fact, many of Forer's students were among those who later seized the U.S. embassy in Teheran.

Immediately after the seizure of the embassy, Forer, on the invitation of his students, travelled to Teheran. Forer's trip was coordinated with the seizure of the Statue of Liberty in New York City by a group of black radicals including RCP member Fred Hanks, under the direction of SAVAMA station chief Nahidian. That same group has now constituted themselves as the Islamic Guerrilla Army and has surfaced in Washington, D.C.



Ramsey Clark

The terrorist controllers

University of Kansas Professor Forer is one of a handful of terrorist-controllers now active in preparations for a U.S. terrorism wave this spring. Others include:

- **Ramsey Clark:** former U.S. Attorney-General; international advisor to Ayatollah Khomeini prior to seizure of power in Iran; founder, Committee for Artistic and Intellectual Freedom (Iran); member, special U.S. legal delegation to West Germany, 1978, to ensure that captured Baader-Meinhof killers received "fair trial."
- **Professor Richard Falk:** Princeton University, Department of Political Science; member, New York Council on Foreign Relations; Chairman, U.S. Committee on Iran.
- **Professor Thomas Ricks:** Georgetown University (Jesuit); liaison, Iranian Embassy, Washington, D.C.; controller, Iranian Student Association (U.S. branch).

and California handing out communiques saying that they are going to kill enemies of the Iranian revolution, especially Americans.

Forer returned to Iran again Dec. 5 where he, along with Clarence Dillingham, met with the Revolutionary Council, including extensive discussion with Bani-Sadr and Ghotbzadeh. They also had several more long meetings with the embassy terrorists. At that time, Forer organized a trip to Iran for Rev. William Sloane Coffin of Clergy and Laity Concerned, Rev. William Howard of the World Council of Churches, and Bishop Thomas Gumbleton of Detroit, all of whom have been supporters of the Iranian revolution since at least 1977.

Then, on Jan. 17 Forer, at the request of the embassy terrorists, began organizing yet another trip to Iran, this time to include a delegation of 50 people. The delegation was chosen at the careful instruction of the Iranians to include representatives of the complete array of U.S. radical and extremist groups, among them the Direct Action Coalition which is the terrorist wing of the anti-nuclear movement, the terrorist American Indian Movement, the Brown Berets, Clergy and Laity Concerned who are leaders of the anti-draft movement, and various black radical groups. (There have been several independent trips made by black radical groups who are attempting to hook up with the Palestine Liberation Organization.) While in Iran this delegation is meeting with the Embassy terrorists; receiving training and marching orders. Importantly, Nahidian is also now in Iran.

Yet, every step of the way, Forer's activities have had the complete approval and endorsement of the State Department.

Terrorist activation

Since the CIS conference, there has been a total reactivation of the Iranian student movement with both public and private meetings being addressed by Falk, Ricks, Cockcroft and others. Along with this the Iran issue has spurred the creation of a potential, mass anti-draft, anti-war movement in the U.S. which has already held dozens of demonstrations and marches. There are also reliable reports that hit squads from the Japanese Red Army and the Baader-Meinhof gang will attempt to enter the U.S. soon.

The return of Forer's delegation is slated to step up the process considerably. Forer is bringing back not only his own delegation of 50, but an additional 50 Iranians, and plans to hold a series of nationwide conferences to "educate" Americans on Iran. These conferences are designed to unite the anti-nuclear movement, the anti-draft movement, etc., and will be timed to coincide with the holding of a Bertrand Russell-type alternative tribunal to investigate U.S. crimes in Iran. The U.S. "crime" to be focused on is aid for Iran's economic development.

Iran civil war weeks away: 'long and bloody'

by Robert Dreyfuss

"The civil war in Iran is going to be a long and bitter and bloody one. Several hundreds of thousands of people are going to be killed. As soon as Ayatollah Khomeini dies, the government there is going to collapse. I would give the situation six to eight weeks at most."

That was the evaluation last week of a former top Iranian military official. From sources in Western Europe and the United States, this reading has been confirmed independently by *Executive Intelligence Review*. Several contending armies are already assembling for the coming battle. This is the story behind the story in Iran, and it will very rapidly come to overshadow the crisis around the U.S. hostages held in Teheran.

According to Iranian sources, the Ayatollah Khomeini is very ill following his heart attack last month, and it is now expected that he will be dead within days or weeks. Since the beginning of the Iranian revolution, Khomeini symbolized the unity of the movement against the Shah, and his death will precipitate a fragmentation of Iranian politics. The fragile government of President Abolhassan Bani-Sadr, which draws virtually all of its legitimacy from Khomeini's aura of infallibility, would crumble.

Ahmad Khomeini, the radical son of the ayatollah, has been reported to have told *Le Figaro* magazine of France that his father is already "in another world" and that he "doesn't pay attention anymore to what is happening around him." The ayatollah can no longer move and he is confined to a wheelchair. *Le Figaro* reported that Ahmad Khomeini, anticipating the chaos that will follow the ayatollah's departure, has purchased three luxury villas in Paris, Versailles, and the Cote d'Azur for exile purposes. A member of the ruling Revolutionary

Council, seeking a deal, has secretly traveled to Europe to meet with the opposition to the Islamic Republic, reportedly telling them that for \$20 to \$30 million, they could finance a "spontaneous popular upsurge" against Bani-Sadr.

In the following report, the *EIR* reviews the available data concerning the line-up in Iran on the eve of civil war.

Bani-Sadr— and what army?

Despite repeated assertions from supporters of President Bani-Sadr that he does indeed have strong backing from the Iranian population, in truth, Bani-Sadr is a President with absolutely no political machine to support him. Although the so-called Islamic Societies are mobilized to back him, it is in the military and security field that Bani-Sadr is the weakest. The widely publicized nomination of Bani-Sadr as commander-in-chief of the armed forces and the pro forma telegram of support from the chief of staff on Feb. 19 does not hide the fact that the military command has crumbled under repeated purges and executions, with army desertions ranging upwards of 75 percent.

In its moves to free the American hostages on the eve of the New Hampshire primary election, the Carter

administration has publicly offered to supply military equipment and spare parts to the Bani-Sadr government. On Feb. 19, the British government of Prime Minister Margaret Thatcher did the same. Generally, the Anglo-Americans are committed to supporting the Teheran government whose authority, at present, is confined to a shrinking area around Teheran and Qom in central Iran. Such an arrangement is guaranteed to be a losing proposition for Washington and London.

The armed forces have been primarily weakened by wild purges of officers by Muslim Brotherhood fanatics. Last week, five more top officers were executed by the Khomeini regime, and at least 50 arrested. According to the London *Financial Times* of Feb. 13, at least 7,500 officers and NCO's have been purged by a five-man committee of the Revolutionary Council. Putting further pressure on the army, at least 2,000 Air Force technicians staged a defiant sit-in at a Teheran mosque last week to demand that "Islamic councils" be established in the armed forces with executive authority and that Ayatollah Khalkhali, the head of Iran's Muslim Brotherhood (the *Fedayeen al-Islam*) and the so-called Judge Blood of the Revolutionary Courts, be appointed chief of the military tribunals.

Behind the scenes, of course, the United States and the British have been attempting to put together some



Iranian Army troops before the Shah's ouster. Bani-Sadr is now "Commander-in-Chief"—but one cannot really speak of an army anymore.

reliable connections inside the Iranian military and, probably, also seeking to prepare a capability for a pro-Anglo-American military faction. Two weeks ago, a top Iranian defense delegation visited London for secret talks with British defense officials on resuming supply for Iran of hundreds of British Chieftain tanks. Defense Minister Mustafa Chamran said on Feb. 10 that Iran is in "desperate need" of spare parts for its weapons.

Admiral Ahmad Nadani—whom Bani-Sadr has already described as the "American man" in the presidential vote—is the likely rallying point for such a collection of Iran forces. But it is precisely that possibility that has led the combination of the Tudeh Communist Party and clergy demands for further purges of former officials of the SAVAK (the Shah's secret police) who remain in the armed forces. The National Voice of Iran, reputedly run by Soviet intelligence from Baku, broadcast warnings in early February of an "imminent coup" in Iran by right-wing officers.

Ironically, according to *Le Figaro*, Bani-Sadr and Admiral Madani have been forming a tactical alliance to prepare for the impending civil war there.

Opposition growing

At present, several forces are ranged against Bani-Sadr's government.

First, there is the so-called Tudeh, which is nominally a pro-Soviet organization but which, in reality, is a mixed entity jointly owned by intelligence services of China and several other governments in the West, including Britain.

Second, there is the National Front forces now regrouped around exiled Prime Minister Shahpour Bakhtiar. In parallel fashion, there are also circles of the old armed forces, some still loyal to the deposed Shah, who are building up forces inside Iran.

Third, there are the various ethnic and regional Iranian nationalisms, of which the most important are: Kurds, Baluchis, Arabs, Azerbaijani Turks, Turkomens, Bakhtiaris, Lurs, and Qashqais.

According to *Le Figaro* and other sources in Western Europe, Prime Minister Bakhtiar has assembled at least two divisions of troops loyal to him and his government located in western Iran in Kurdistan and Azerbaijan. Several leading Iranian officers allied with Bakhtiar are commanding these forces. It is generally recognized that conservative forces around Ayatollah Shareatmadari, who comes from Tabriz in Azerbaijan, are allied with Bakhtiar's forces. In fact, the largest single component of Iran's population—as much as 40 percent—comes from Azerbaijan, which has also contributed the majority of the officer corps.

Another large grouping of the officer corps, includ-

ing the majority of the remaining generals, are organized around a monarchist faction commanded by General Oveissi, who plans to establish some sort of constitutional monarchy perhaps under Crown Prince Reza Pahlavi, the son of the Shah. It is most likely that the Bakhtiar forces and the Iranian military can work out a mutual accommodation and would likely be allied together against the Teheran-Qom axis and the so-called Islamic Revolutionary Guard that is the security backbone of the Khomeini regime.

Generally, Bakhtiar is getting some support from the Europeans while Oveissi, who recently secretly visited the United States is reported to have American backing.

Both the Bakhtiar-National Front forces and the Tudeh forces are now competing for the allegiance of the various minority ethnic forces. Day-by-day, the Teheran government is losing control over provinces. Since the beginning of the "Islamic revolution," the Kurds and the Azeris were organized against the regime. They were soon afterwards followed by the Arabs of Khuzestan, organized covertly by Iraq into Arab Cultural Societies and the "Association of Arabistan Students." Iraq is reportedly also cooperating with both Bakhtiar and Oveissi.

Recently, there have been reports that armed opposition to the Khomeini regime has broken out in Lorestan and among the Qashqais, both deep in central Iran, which shows that the logistics and supply operations have reached far into Iran's heartland.

Of course, the Soviet Union would hardly remain neutral in an Iranian civil war. Especially if it appeared that American-supported officers were gaining the upper hand, the Soviets would intervene in full force. If it came to a showdown, it is generally recognized that the Soviets could easily put together a force strong enough to seize temporary power and then ask for Soviet military assistance, either in Azerbaijan and Turkmenistan first, or in Teheran itself. Such a Soviet military intervention in Iran would meet no credible opposition, including from the United States—which does not have any capability of mounting a military force in that area.

More likely, however, the Soviet Union would simply use its capabilities for infiltrating arms and even personnel into Iran across the Soviet border, in order to present a very powerful armed force ranged in opposition to Teheran's crumbling regime. Already, the purges of the Iranian armed forces have opened the door for what is thought to be a large-scale Soviet build up of assets within the military and security forces. Not only the Tudeh, but the radical militia such as the Mujaheddin and the Fedayeen have armed and trained personnel in a "People's Army" which rivals the Islamic Revolutionary Guard and the regular army in power.

Carter rebuffs Soviet, European peace initiatives

by Konstantin George

The Carter administration ignored offers made repeatedly by the Soviet Union last week for a mutual pullback from confrontation in Afghanistan, and flaunted the arming "through the CIA" of Chinese-supported Afghan rebels. The Defense Department backed up this rebuff with the deployment of two U.S. carrier taskforces in the Persian Gulf, and the announcement of the decision to go ahead with sales of sophisticated military equipment to China.

These provocative and militarily stupid moves have brought the world to the edge of nuclear confrontation, a fact being recognized by such diverse policy advisors as George Kennan and Daniel Moynihan.

Current Carter policy, as demonstrated by National Security Advisor Zbigniew Brzezinski and Defense Secretary Harold Brown, is all the more wreckless or "incalculable" as West German officials have dubbed it, given the loud and determined rejection of such confrontationist policies by the United States' European allies, with France in the lead.

The perception that Carter's policies will detonate world war has been stated by numerous French officials and brought home to the American public this week by French veteran diplomat Raymond Offroy who is visiting New Hampshire as a guest of Democratic primary contender Lyndon LaRouche.

Carter press conference

At a press conference on Feb. 12, President Carter strongly rebuffed both the peace and detente initiatives

of the Soviets and the warnings of European officials and the more sober voices among American political figures. The President rejected any possibility of a peaceful settlement to the Afghanistan crisis, announcing that the U.S. goal was a "United Nations peace keeping force" in the region.

President Carter then opened a new area for potential crisis provocation by stating that the United States "has under consideration sending aid," not excluding military forces, to post-Tito Yugoslavia.

Defense Secretary Harold Brown followed up the press conference with a special interview in the New York Times Feb. 15, in which he announced that the U.S. "possesses a credible deterrent in the Persian Gulf," to enforce the "Carter doctrine." Brown's explication of the "credible deterrent" reveals the complete accuracy of the heavy criticism leveled against the Carter proclamation as "dangerous," "stupid," and "unenforceable short of all-out nuclear war."

Brown, a former McNamara "Whiz Kid," stated that the so-called "credible deterrent consists of two carrier task forces, two solitary B-52 bombers, and 1,800 Marines," who will not even be stationed in the Gulf until a month from now.

Sober military estimates ridicule such nonsense. The latest issue of Business Week quotes John M. Collins, defense analyst for the Library of Congress, on the reality principle for the Persian Gulf region. Collins cites that the U.S. forces in the region are there as a "tripwire deterrent" only, and have no realistic combat function:



Harold Brown, U.S. Defense Secretary, mounted atop an outmoded Soviet tank in use by the Chinese Peoples Liberation Army, during his recent visit to Peking.

The Soviet Union's offer that the U.S. turned down

The U.S.S.R. has disclosed through diplomatic channels an offer to withdraw their troops from Afghanistan if certain reasonable efforts and guarantees are met to stabilize the South Asia region.

"Much depends on the U.S. and China," said Soviet Ambassador to Japan Dimitri Polyanski. "The present situation in Afghanistan can end in the near future, unless the two countries try to escalate it." Ambassador Polyanski reported that a Soviet troop withdrawal could begin as early as the end of February if—and only if—the United States and China stop interfering in the internal affairs of Afghanistan.

The same offer is coming from channels at the Soviet Mission to the United Nations. The *New York Times* on Feb. 12 quotes high-ranking officials at the mission that the U.S.S.R. may soon begin a "substantive and meaningful" troop withdrawal from Afghanistan in exchange for "guarantees" that would ensure that Pakistan cease its military aid to Afghani rebels.

Since the Soviet Union initiated its military action in Afghanistan they have made clear that they have "no long-term designs over Afghanistan." A *Pravda*

commentary by Y. Zhukov on Feb. 10 indicated that as soon as the situation in Afghanistan is stabilized, "as soon as Washington and China stop meddling in Afghan affairs," Moscow would be willing "in the interest of peace" to negotiate a troop withdrawal. "Only if the U.S. stops interfering in Afghani affairs will the Soviet Union, on request of the legitimate government of Afghanistan, begin the pull-out of its limited military contingent from Afghanistan ... so that Afghanistan can continue its policy of developing its economy and the realization of democratic transformations under still calmer conditions."

The next day, *Pravda's* Bonn correspondent V. Mikhailov made special mention of the role America's Western allies are taking to neutralize the dangerous policies of the Carter administration. The West German government, together with other West European countries, said Mikhailov, "is paying more and more attention to the idea of creating an alliance among the countries of the Persian Gulf, not to please Washington... (They are) recognizing very well that the Anglo-Americans, under all the anti-Soviet noise and rhetoric, are trying to take control of the energy supply sources of Western Europe and Japan and in this way acquire new means of pressure on them ... preventing the development of the competitive power of these countries which is dangerous for the American monopolies."

U.S. troops are equipped for only three days of combat, after that they'll get chewed up, then this could be one for table stakes (i.e., all-out nuclear war) in a hell of a hurry ... the Russians have IRBMs in the Transcaucasus and no one in the U.S. Navy wants to discuss the survivability of its carrier groups if it comes to nuclear war.

While Brown pursues a losing chicken game against the Soviets in the Gulf, the administration is systematically provoking a confrontation through increasing the flow of arms to Afghan guerrillas, and readying the supply of modern military equipment to China itself.

It is front page news throughout the U.S. press that the U.S. "through the CIA," has already funneled more than \$40 million in arms, including laundered weapons of originally Soviet manufacture, to the Chinese-supported Afghan rebels. The massive U.S.-Chinese arms flow into Afghanistan, with Pakistani complicity explains the recent reports of "increased guerrilla fighting." The arms flow has been coupled with sending across the Afghan borders thousands of armed Muslim fanatical tribesmen from the sanctuaries in Pakistan and China.

Afghan "rebel leaders" are now in Washington, D.C. meeting with unnamed "Carter advisors" requesting another \$20-40 million in aid. Others, according to the Egyptian Defense Ministry, are being trained and armed at camps in Egypt.

According to information received by this news service, one "rebel leader," Khan Zia Nassry, an Afghan with U.S. citizenship who has been traveling back and forth between Pakistan and the U.S. for the past year, was in Washington this past week for a meeting with White House officials and people in Congress. Zia Nassry, who was recently expelled from Pakistan for declaring a government in exile not favored by the Zia regime, was also in Egypt less than two months ago, where he had a highly publicized meeting with officials, including the Defense Ministry.

The China card

Perhaps the most dangerous of the confrontationist activities of the past week in the perception of Soviet military strategists is the escalation of the "China card." The Defense Department, with the agreement of the White House, has announced that "within a few weeks" the administration guidelines allowing U.S. military sales to China will be ready. It has already been stated that sales in the works for "over the horizon radar" to monitor Soviet missile sites, "sophisticated electronic gear," "advanced jet engines for Chinese fighter bombers," and other sensitive military equipment are slated for approval.

The Soviet and European initiatives to revive detente, the U.S. arming of China, and the international warnings against the Carter administration's suicidal war provocations are all detailed in this package.



Kennan warns of war

A high-level source in British foreign policy circles said yesterday that the "LaRouche card" might be the only safe option for the United States. The source's views resemble closely recent public warnings by old State Department hand George Kennan. The British source stated that he had never before believed he would find himself expressing agreement with London LaRouche on anything of importance. However, he added, LaRouche had been proven right and most European experts wrong on the depth of the present war-danger. "Carter, Kennedy or Bush" are unthink-

able, the London expert noted; "We underestimated...how far the psychosis in leading U.S. circles has gone."

Similarly, George Kennan's recent public warnings echo LaRouche's analysis, given on nationwide half-hour television broadcasts. Kennan's points, made on CBS-TV's "60 Minutes" program, are:

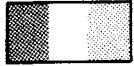
(1) the current U.S.-China alliance has placed the Soviets in an awkward position, and the Soviet move into Afghanistan was primarily directed against a Chinese threat;

(2) we are closer than ever before to World War III, although it is not imminent;

(3) if World War III were to occur now, the Soviets would win it;

(4) if the Soviets invade China, the U.S. should stay out of the conflict.

Kennan also called for the firing of National Security Advisor Brzezinski, whose "flight forward" response to the Soviet Afghanistan move was termed psychotic by LaRouche during a nationwide television broadcast last month.



France

Rift widens as Giscard calls Carter's bluff

by Vivian Freyre Zoakos

France's response to a shoddy Washington manipulation of a European-U.S. foreign ministers summit has led to a publicly acknowledged rift in the Western alliance which even the U.S. State Department is no longer capable of concealing.

In a highly unusual display of public disagreement, the State Department was forced to openly chastise France—withstanding U.S. government policy of maintaining a united Western posture if at all possible—over French Foreign Minister Jean François-Poncet's refusal to attend a Western foreign ministers meeting in Bonn. The meeting had been organized by Secretary of State Cyrus Vance for this past week and was intended to impose economic and political sanctions on the Soviet Union.

Consultation, but no confrontation

"France is entirely in agreement with a meeting for consultation but not with a meeting for confrontation," said a spokesman for the French Foreign Ministry. When West Germany followed suit, Vance opted for bilateral meetings.

State Department spokesmen responded by voicing fears that the French action would "give the Russians the impression that there was no allied unity on the invasion of Afghanistan."

Vance, hoping to present the French with a fait accompli, had first lined up the attendance of the West German, Canadian, Australian, and Italian foreign ministers before informing France of the scheduled conference. No official communication from Washington was received by the French government.

"If that's the way the Americans want to test us," said one French official, "we'll answer in the same way. What's sauce for the goose is sauce for the gander." Another official denounced Washington's "imperial conception of leadership," while a spokesman for the presidency told the *Washington Post*, "For two months

you people told us how essential those sanctions were against Iran, and we went along and did everything possible. But the day you change your minds, you don't even bother to call us. So why be surprised that we won't attend a meeting on sanctions for Russia that everyone already knows we oppose?"

The official response came from Foreign Minister François-Poncet: "France is not America's barnyard!"

French President Valéry Giscard d'Estaing spelled out France's policy in detail during a press conference Feb. 6. "In the event of foreign confrontation, we belong to an alliance. But it is precisely to avoid this foreign confrontation that initiatives and efforts have to be made. We consider that it is important to keep the dialogue with the Soviet Union going in order to define the conditions of a Soviet withdrawal [from Afghanistan].

A dialogue for detente

"The Soviets have exposed at length, through diplomatic channels, the motives for their intervention and their intention to withdraw their forces. We must make them detail the conditions of this withdrawal. We must pursue the dialogue, and the dialogue will be pursued." We oppose the "reconstitution of the system of blocs that increase tension on the one hand and on the other eliminate the margin for maneuver and the influence of France's foreign policy. ... Any meeting that would result in a bloc approach to the current situation will not win French participation."

A front-page article in the daily *Le Figaro*, Feb. 11, by parliamentarian Ballardour—a spokesman for French industry—echoed Giscard in setting out the policy basis for the Euro-American split. Ballardour attacked Washington and London's "mismanagement" for leading to problems in detente, especially the Anglo-American tack of keeping economic cooperation with Moscow on the back burner—as opposed to the French and German policy of using economic cooperation to strengthen peace. Ballardour concluded: "It is most probable that after the Afghanistan parenthesis, detente will take off again; it is in the mutual interest of both sides that it do so."

It is perfectly evident that the West German government of Helmut Schmidt agrees with the French position. Minister Hans Apel repeatedly called for a return to detente at the recent Wehrkunde meeting (see West Germany). The present, open disagreements between Paris and Washington thus throw new light on the Franco-German summit talks between Schmidt and Giscard earlier this month, whose most notable feature at the time appeared to be a denunciation of Soviet policy in Afghanistan.



Exclusive interview

France's Raymond Offroy warns of war danger

Raymond Offroy, an ambassador-at-large for the French government, granted this interview with EIR on Feb. 18. Offroy is in New Hampshire as the personal guest of Lyndon LaRouche, a contender in that state's Feb. 26 Democratic presidential primary. In public speeches, he has warned that the threat of nuclear war hangs over "millions and millions of lives across the world."

A life-long diplomat, Offroy was a companion and colleague of France's great leader Charles de Gaulle since the 1940s period of the French Resistance. One thing de Gaulle taught me, Offroy said in Manchester, N.H., "is that you have to fight for what you want. The battle in the United States today reminds me of our fight to free France in the 1940s, when de Gaulle, his other companions and I were stripped of our nationality by Vichy France, forced to leave behind our families, to continue the fight."

"I see Democratic candidate Lyndon LaRouche as America's de Gaulle... LaRouche is the only man who can really avoid the risk of a world depression. I say the only man because he is the only one to advocate a joint union between Europe and the United States. If LaRouche is, as I hope, elected President of the United States, then we will have a world monetary system which would be based on the main ideas of the European Monetary System set up by Giscard d'Estaing and Helmut Schmidt.

Following is the text of the interview.

Q: How do you connect Phase Two of the European Monetary System to the danger of war presented by the Pershing missiles in West Germany?

A: In my opinion the important thing is to know whether the Western powers understand that by the invasion of Afghanistan the Soviet Union wanted to show that it has both strength and determination and that they want negotiation on the question of arms in Western Europe. If we understand this, and if there is some kind of negotiation for the Pershing missiles and the cruise mis-

siles in Western Europe and especially in West Germany, in that case we will maintain detente. In that case, I think we may go pretty rapidly into Phase Two of the European Monetary System. However, if the spirit of confrontation prevails, if for instance we refuse to enter negotiations so long as there are Soviet troops in Afghanistan, if we lose the three years before us between the NATO countries' decision and the setting up of the missiles, if we maintain the spirit of confrontation, the Cold War will resume, and I think the second phase of the European Monetary System will once again be delayed.

Enemies of detente

Q: Could you be as specific as possible about the forces in West Germany and France who are opposing the Schmidt-Giscard perspective for detente and a joint effort to develop the Third World?

A: Not long ago, we discussed this with Couve de Murville, a former foreign minister for President de Gaulle, who is now the chairman of the Foreign Affairs Committee in the National Assembly. He had made a very interesting speech on the question of the Pershing missiles, which he said is less important than the Afghanistan question. We are trying to educate French public opinion. But on the other hand, those who listen to what is said in London or Washington, always repeat the same things: that we must show our strength, our determination. These people are advocating a U.S. military initiative, notably in the Persian Gulf. I think there are two schools of thought in French public opinion: those who realize that detente is necessary, which is Giscard's opinion, and those who belong to the warmongers' party, identical to those in Britain or the United States who only desire to inflict a defeat on the U.S.S.R.

I could name a lot of publications, *l'Aurore*, *l'Express*, and others who are more or less influenced by the Zionist

lobby. They want to defeat the U.S.S.R., not only because the Soviets invaded Afghanistan, but also because they think that Jews are not allowed to live as they please in the Soviet Union, or because they are anti-Soviet, anti-communist, or because they are controlled by passion.

I don't think there are any representatives of this tendency in the government. Giscard has a very strong position, but in France it is always difficult not to take into account what is said by the press, the radio, and all journalists. There are a lot of warmongering journalists. I was surprised, just before I left for the United States to hear M. Lecanuet, who is a notorious Atlanticist, defending Giscard's policy on this matter. So I think that our President does his best to bring the majority of the population along with him. I also noticed that Chirac, though he likes to pick a bone with Giscard, in his latest speech praised Giscard's detente policy.

To sum up, the warmongering group is mainly represented by journalists and the Zionist lobby, as a whole.

Q: Would you include the Rothschilds and Lazards in this grouping?

A: Yes, I would. Even in a paper like the *Le Figaro*, you have de la Gorce who works with Giscard, but you also have Annie Kriegel, Patrick Wajzman, and others who work with the Zionist lobby. But I think that the most influential force is the French Socialist Party (PSF). There are some PSFers who more or less approve of the government's stand, but the Zionist lobby is also a force in the party. In my opinion, the Zionist lobby, who wants to defeat the U.S.S.R., think they can do this with Cold War. In my opinion, this lobby is very dangerous: they think they can stamp on the feet of a wild bear like the Soviet Union with impunity.

Germany's Ostpolitik policy

Q: How do you view the situation in West Germany?

A: I think that in West Germany, a man like Chancellor Schmidt is very much in favor of detente, first because he strongly favors *Ostpolitik*; there are extensive trade relations between West Germany and the Soviet Union, and Schmidt wants to keep this up. The other day I learned that not since World War II have there been so many Germans traveling to and from the Soviet Union. This is very important. But there are also people like Foreign Minister Genscher and Bavarian Minister President Strauss, who totally support the warmongers' viewpoint.

Q: What do you think impedes Giscard and Schmidt from proceeding with Phase Two of the European Monetary System?

A: What stands in the way are the people who oppose the development of the Third World; for example, in Great Britain and the United States, and certain financial circles in France and Germany. As they work underground, it is difficult to know exactly who the most influential among them are. It is easy with a journalist and one can see exactly what they write; however with these underground financial circles, although we know they are applying pressure, it is hard to know exactly who is doing it. ... it involves the secret societies of the so-called jet set.

Who is Raymond Offroy?

Mr. Raymond Offroy, an internationally known diplomat and deputy in the French National Assembly, was among the first leaders to rally to General de Gaulle's side during World War II. He is currently President of the "France-Arab Countries Parliamentary Group" (since 1973) and Co-President of the "European Association for Euro-Arab Cooperation" (since 1974).

Mr. Offroy was Deputy General Secretary of the French Committee for National Liberation (1943) and then of the Provisional Government of the Republic formed in July 1944 after the liberation of France. He became head of the Information & Press Service of the new government.

After being Consul General in Milan (1949), Raymond Offroy was elevated to the rank of Plenipotentiary Minister in 1952. He was Ambassador to Bangkok from 1952 to 1957, after having held several posts in Indochina.

Mr. Offroy was responsible for European Community Affairs in the Foreign Affairs Ministry in 1959. He then served as Ambassador in Nigeria (1960-61) and as Ambassador in Mexico (1962-65).

Mr. Offroy was elected deputy to France's Parliament on the Union des Democratres pour la Republique (UDR, Gaullist Party) ticket in the Seine-Maritime department in 1967, and has been reelected since. He has also served as a representative of France in the European Parliament.

The author of several books on World War II and the Resistance, Raymond Offroy is also an Officer of the French Legion of Honor, and has been decorated with the Rosetta of the Resistance and numerous foreign orders.

Q: Why have Giscard and Schmidt not come out more openly on the question?

A: I think they have not moved into Phase Two of the European Monetary System because they wanted to see whether a certain climate of detente could be maintained with the Soviet bloc. I think they are waiting to see whether detente can be maintained; they think it would be difficult to issue bonds to the Third World, to increase its purchasing power, to have increasingly linked currencies, all because of the war danger. The price of gold has shot up in the last three months; this madness has made Phase Two of the EMS difficult to implement. If we can only maintain detente and defeat the warmongers, if the peacemakers win, then the gold price will drop back to a normal level and we can proceed with EMS, Phase Two.

By normal price, I mean around \$500 an ounce, taking into account the amount of Eurodollars floating around. We must also see whether it is possible to arrive at some kind of agreement with OPEC. All these things are linked; the North-South dialogue, or what Giscard calls the triad, between Europe, Africa, and the Arab world. We must arrive together at a decision about what to do about the United States printing mountains of dollars and thereby provoking world inflation. This in turn leads to an oil price increase and this is a vicious circle.

All these questions are linked and I think the key is the international situation. Will it be possible to have negotiations with the East? Will it be possible to have what de Gaulle once called detente and cooperation? If all this is possible, then we can go further with the EMS. If not, with the crazy gold price, with currency speculation rife, it will be very hard to implement EMS Phase Two.

I think too that the reason the warmongers are pushing now for violent confrontation with the U.S.S.R. is because they want to defeat the EMS.

Oil Prices and the EMS

Q: How do you perceive the role of the Arab countries?

A: I think that countries like Saudi Arabia and Iraq realize that it is in their own interests to maintain the oil price within limits. But so long as the United States refuses support to the EMS policy, things will be difficult. Prices are increasing in the West; so is inflation. The Arabs say they would not increase the oil price if the dollar were stable, if prices in the West in general remained within certain limits. If you take for example the price of automobiles today as compared with 1974, you see that relatively speaking, the oil price has not increased

that much. Some Arabs of course say they will continue to increase the oil price so long as inflation continues in the West; however, others do say that we must help the West to stop price increases as it is in our own interest; we should maintain oil prices within certain limits.

I would like to add one thing: some people in the Arab countries say that it is the policy of some oil companies and some governments like that of the U.S. to increase oil prices, as it increases their profits. You have seen the enormous profits made by the oil companies in the last two years, really preposterous. Most of these oil companies are headquartered right here in the United States.

“What is important is not only that LaRouche should be elected, but that his programme should be carried out, as in my opinion, it is really the solution to the economic crisis...Rueff carried out this policy with the Third World, when he called for a gold-based monetary system.”

Q: Is there any monetary plan under discussion which could link up the Arab Monetary System and the EMS, introducing gold, which could motivate Giscard to act now?

A: I think that if there were a better understanding, a more comprehensive attitude from Western governments, if they would only realize that the cause of inflation is not the increase in the oil price, but that the oil price increase is due to world inflation, which actually started when the USA decided to remove the dollar from the gold standard. I think there are two schools of thought in the Arab world; one says that whatever the West does, we will do the opposite. This means the economic crisis will never end. The others say we must help the West so long as they appear to want to reduce their oil consumption, and find new energy sources. This brings us to the problem of nuclear energy which is very important. So it depends on whether the Western powers want to arrive at this understanding. The failure of the North-South dialogue was not encouraging.

Q: You have made it clear there is no monetary or economic solution, only a political solution to the crisis,

which means a change in Washington. Do you think that the real solution to the problem is to put LaRouche in the White House?

A: Yes. And to implement LaRouche's program. To have a world gold-based monetary system means that the lender can lower interest rates as he knows exactly what he will reap from his investment. Taxes should be lowered for high technology projects and high mechanization technology in agriculture; industrial investments must be stimulated. As for the question of Third World debt, a solution must be found enabling the Third World to increase its purchasing power in the industrialized world, thus creating a boom in the latter due to increased trade. Nuclear energy for industrial purposes must be developed.

This is one whole package. What is important is not only that LaRouche should be elected, but that his programme should be carried out, as in my opinion, it is really the solution to the economic crisis.

Q: What are the historical precedents of LaRouche's policy?

A: De Gaulle, as you know, who had as advisor Jacques Rueff, who was another friend of Lyndon LaRouche, carried out this policy with the Third World, when he called for a gold-based monetary system. This was more than thirteen years ago. If de Gaulle had been alive he would have denounced Nixon's dropping the dollar from the gold standard in 1971. In 1968, when I led a parliamentary delegation to Mexico—I was also in the USA at that time—and everyone said, "Why is de Gaulle industrializing the Third World, investing heavily in high technology ... this is what we in France call *the plan*. This is the five-year plan system which de Gaulle very much favored. This enabled him to extend low interest rates to the sectors of the economy which were the most worthwhile, those which created productive jobs. De Gaulle did all this. In a book called "Les Chenes Qu'on Abat" (The Oaks Which Are Felled) by Malraux, reporting on the last de Gaulle-Malraux discussion, de Gaulle said, "My economic policy is sound, but I have always had against me money." (By money he meant financial power, as "money" in English is not the right word). "I was always convinced that the great financial powers were ruining the world, that they defeated me in 1969." I hope that this time these financial powers will not defeat LaRouche.

And I must protest, that the Americans always thought that de Gaulle didn't like America. De Gaulle loved America. He believed in the future of the United States, it is a wonderful young country, as if it were his own son. And he once said to me: "What could I have done if I had been President of the United States!"



India

Gromyko is briefed on Gandhi's peace drive

by Daniel Sneider

The Indian government, under Prime Minister Indira Gandhi's direction, is now spearheading a peace initiative in the South Asian region aimed at defusing tensions which could lead to war. The center of attention is Pakistan and the U.S. efforts to build up that nation as a military base against Afghanistan. The Indian initiative is basically simple—to persuade Pakistan to abandon a path of confrontation in exchange for a withdrawal of the large Soviet troop-contingent from Afghanistan.

It was this initiative that brought Soviet Foreign Minister Andrei Gromyko to India this past week for extensive talks with Indian officials including private talks between himself and Mrs. Gandhi. Before Gromyko set foot in New Delhi, a team of Indian special envoys had visited all the capitals of the region—Pakistan, Afghanistan, Nepal, Bangladesh, and Sri Lanka—seeking some sort of regional consensus on the Indian effort. The results of those talks were presented to Gromyko, and from what is publicly available, some kind of basic "understanding" was reached, although practical results may not be visible for a time.

The Indian initiative flows from the visit of French President Giscard d'Estaing to India in late January, a visit which created a strong tie between Giscard and Gandhi and a common commitment to preventing the outbreak of thermonuclear war between the U.S. and the Soviet Union over events in the region. The two leaders have adopted a division of labor in search of regional and international stability clearly visible in the French role in Europe and the Indian role in Southwest and South Asia.

While Western press reports tend to distort the Gromyko trip's results—emphasizing "differences" between India and the Soviets on the principle of Soviet troop presence in Afghanistan, informed sources in Delhi have emphasized that, to the contrary, the talks went very well. The Soviet Union is not concerned whether India formally endorses every point of Soviet policy on Af-

ghanistan—the even-handed and independent role of India, which includes a tough stand on the U.S. buildup efforts, makes it far more useful in trying to effect a settlement of the problems in the region. Gromyko is reported to have expressed his “deep appreciation” of the Indo-French position as expressed in the results of the Giscard visit.

The third-force idea

The essential idea of Indian policy is in tune with that of Giscard's Gaullism—a “Third Force” in global politics, attached to neither superpower and committed to halting the Cold War clash. The government of Iraq, with good ties to the Soviets, has carved out a similar role for the Arab world. Like India, Iraq has good ties with France, and has been able to both criticize Moscow and harshly reject the military buildup policies of the U.S. It is not without note that Iraq President Saddam Hussein sent a special envoy to Delhi two weeks ago and established immediate, good ties with the new Gandhi government.

The Indians have indicated their view that the efforts to secure a peaceful solution to the problems in the region have been effectively blocked by the continued military buildup and provocations carried out by the Carter administration and its allies. An Indian government spokesman, at the conclusion of the Gromyko visit, responded to a question about whether the Soviet troops might withdraw, with a sharp reminder that other factors are involved. “Many things which are happening in the world impinge on the situation in Afghanistan,” he said, citing in particular U.S. efforts to secure base facilities in the Indian Ocean area, a “massive buildup” of U.S. naval forces in the Indian Ocean, and “fairly hard intelligence” that there has been “a quantum leap in the military improvements” at a U.S. naval and air base on Diego Garcia island in the Indian Ocean.

The spokesman also attacked the U.S. threat to use tactical nuclear weapons in the Persian Gulf region. “The presence of a large U.S. naval fleet, including I believe, some equipped with tactical nuclear weapons, certainly adds to the crisis in the region,” he said. “So let the world change before we start speculating about when and how and what the time frame is” for the withdrawal of Soviet troops.

Other factors complicating the situation are the reports of admitted U.S. training, arming and otherwise supporting the guerrilla attacks of Afghan rebels operating from Pakistani bases. Several days ago the Egyptian Defense Minister stated that Afghan rebels are being trained and armed at camps in Egypt. The Egyptian statement was followed by revelations in the U.S. press that the CIA, with the authority of President Carter, is funneling in arms to the rebels and has been providing “technical advice” to them. While the reports claim these

activities began after the Soviet troop movement into Afghanistan, other reports months ago indicated U.S. British, Chinese and Egyptian efforts to back the rebels, reports previously dismissed by U.S. spokesman as ‘Soviet propaganda.’

According to information received by this news service, one “rebel leader,” Khan Zia Nassry, an Afghan with U.S. citizenship who has been traveling back and forth between Pakistan and the U.S. for the past year, was in Washington this past week for meetings with White House officials and people in the Congress. Zia Nassry was recently expelled from Pakistan for declaring a “government in exile” not favored by the Zia regime; he was also in Egypt less than two months ago where he had highly publicized meetings with Egyptian officials, including the Defense Minister.

The target for pressure is Pakistan, which has been told quite directly by Moscow that it has two choices—desist from providing backing for the Afghan rebels operating from its border regions or face a tough response from the Soviet Union, including the possibility of armed strikes against the Afghan guerrilla bases inside Pakistani territory. Gromyko put it more diplomatically in his banquet speech in New Delhi:

(After noting the U.S. buildup in the Indian Ocean)
Also of this kind are machinations which aim to turn Pakistan into a seat of tension, into a bridgehead for further unfolding aggression against Afghanistan. If Pakistan proceeds further along this path, it will gain nothing good from this and will undermine its position as an independent state. Its interests would be best served by a strengthening of its independence and maintaining good, friendly relations with all neighboring countries.

The Indians have sought to assure Pakistani leaders, including the country's military dictator General Ziaul Haq, that a path of negotiation would best guarantee Pakistan's security, not a flow of U.S. arms and “guarantees” of U.S. support in the event of conflict with the Soviet Union and Afghanistan. This was the task of Indian Foreign Secretary Sathé who went to Islamabad for talks with Pakistani leaders two weeks ago.

The Soviets have also sent signals to Islamabad that they are willing to sit down and talk. According to U.N.-based sources, this includes a direct Soviet offer to hold talks. The Soviets were reportedly told to hold off, as Islamabad was too busy with the present flow of visitors.

The Afghan government has declared that it “desires to solve all its problems with Pakistan through peaceful and amicable negotiations” and stated that it “will not resort to the use of force provided Pakistan, in conformity with the aspirations of its people, reciprocates with similar intentions and adopts a more responsible attitude toward Afghanistan.”

The Afghan government statement coupled a possible withdrawal of Soviet forces with an end to Pakistan's hostile attitude and a cessation of the U.S.-sponsored military buildup of that country. The statement concluded that "The limited contingent of Soviet troops will withdraw as soon as the cause for inviting them ceases to exist under a *credible guarantee*."

The immediate response of the regime of Pakistani military dictator General Zia is reported to be a refusal to enter into talks with Afghanistan until all Soviet troops are withdrawn.

However, according to informed Indian sources, the result of the Gromyko visit will be seen not in moves from Moscow but in further initiatives coming from the Afghan government. These initiatives, the source revealed, are aimed not so much at the Zia regime which is firmly tied to the U.S. and China, its principle backers, but at the Pakistani population which supports neither Zia nor his war provocations and alliance with the U.S. According to this view each initiative refused by Zia will find him in deeper trouble at home.



China

Is the U.S. building Peking's nuclear capability?

by Daniel Sneider

Among the circles of China experts in the United States, particularly those who watch their defense establishment, there is one question above all being asked: What did Harold Brown *really* give the Chinese? For at least one top expert on the Chinese military, the fear is that the Defense Secretary delivered significant inputs in terms of both military and military-related technology and strategic guarantees by the United States for the defense of China.

This question is usually accompanied by another question which has popped up of late in the press: Will the Soviets decide to launch a preemptive strike against Chinese nuclear facilities in response to the evidence of a de facto U.S.-China military alliance? That they will is the interpretation given the reported remarks of Soviet President Brezhnev to visiting French dignitary Chaban-Delmas. "Believe me," Brezhnev is reported saying, "after the destruction of Chinese nuclear sites by our missiles, there won't be much time for the Americans to choose between the defense of their Chinese allies and peaceful coexistence with us."

The London *Guardian*, which reported this, cited the Soviet view that "the most dangerous U.S. move of all has been to encourage China and play the 'China card' to the extent of offering military cooperation." The Soviets are weighing options on how to respond to this danger. "The most serious of all," the *Guardian* says, "would be a preemptive strike against China and there are odd hints coming from Moscow that some thought is being given to that."

Crossing the threshold

According to experts the threshold for the Soviet Union is defined by U.S. augmentation of Chinese strategic nuclear weapons capability, particularly the development of their ICBM delivery systems and the targeting and thrust of those missiles. In this area, the reports from the Brown trip are already disturbing. The already agreed on technology and the mooted further sales of technology are what are called "grey technology," technology that can do a lot for Chinese military capability without directly qualifying as military technology.

One good example of this is the LANDSAT satellite system which Brown agreed to give the Chinese access to through a U.S.-constructed ground station. While the LANDSAT is supposedly for agricultural purposes, providing geographic and similar data, experts say it would give the Chinese a "quantum leap" in the targeting of their missiles into the Soviet Union. At this point, the Chinese are dependent on data mostly from Soviet geographic guides, some of which is deliberately falsified to mask the location of potential targets.

Another example cited is oil exploration gear which contains sonar equipment readily convertible to antisubmarine warfare uses.

As for ICBM capability, there is already considerable evidence that the Chinese have the booster sections of an ICBM available and capable of delivering a nuclear warhead payload into the Soviet Union. The CSS (Chinese Surface to Surface) X-4 has already been used for sending Chinese space vehicles into orbit, including a January 1978 satellite launch which featured the successful return by soft landing of a camera pack. A recent British visitor to China, Sir John Keswick, is also reported to have confirmed that the Chinese have developed a solid fuel system allowing them to replace the antiquated liquid fuel systems which are much easier to detect in pre-launch mode and hit with preemptive strikes.

Another recent development, again according to U.S. experts, is evidence that the Chinese are working on tactical nuclear weapons. In March of 1978, they carried out a test of a nuclear device with a yield less than 20 kilotons, the yield of a tactical weapon that could be mounted on existing Chinese jet aircraft or heavy howitzers for delivery against Soviet conventional tank and infantry assault.

In the non-nuclear areas the Chinese are also accelerating weapons system development. One noted area is anti-tank missiles. After a period of attempting to purchase this technology in the West, from the French for one, the Chinese have dropped out of the market. The evident reason is that they are now producing their own version of the Sagger anti-tank missile, a Soviet weapon which is much simpler and easier to produce and was reportedly provided to the Chinese by the Egyptians. The evidence that this is already in production was provided by a September issue of the Chinese Peoples Liberation Army pictorial magazine which showed Chinese soldiers using what was clearly a Sagger weapon in maneuvers, with the claim that these weapons were made in China. While this may be a bluff, showing weapons in fact provided by Egypt, nevertheless there is a good possibility that production is underway.

The Egyptians have similarly provided Mig-23 jet fighters, which are being used to produce an upgraded version of the standard Mig-21 fighter which has been in the Chinese arsenal since the 1950s, and also T-62 tanks, which are well beyond the more antiquated T-54s now used by Peking.

Even without this, however, augmented nuclear capability, with evidence of U.S. aid to that capability, is enough to bring the Soviets into considering that they cannot sit back and passively watch this process. One signal of Soviet anger is a Radio Moscow report that the Israelis have sold China missile systems. Whether this is true or not, the source of the accusation is significant in itself.

At this point the question then comes back—have the Chinese indeed crossed the threshold of Soviet toleration? It should be noted that without ICBMs, the Chinese cannot put their warheads into the European part of the Soviet Union—presently existing IRBM (Intermediate Range Ballistic Missiles) which are stationed in the western Sinkiang region, Tibet and in northeast China, cannot travel that far.

It is far from clear whether these questions are being asked or even considered by people such as Harold Brown and Zbigniew Brzezinski. It is interesting to recall that the Chinese were able to construct their bomb, and make subsequent rapid progress in their missile systems, only through the presence of some 80 top Chinese scientists trained in the U.S. and Britain who went back to China in the 1950s. Many of the best of these, including their top rocket man, H.S. Tsien, were trained and worked at the California Institute of Technology, Brown's location before joining the Carter administration. We may speculate perhaps about what kind of new contacts are being made, or reestablished, between these former residents of the United States, and U.S. scientific and defense technology personnel.



W. Germany

Chancellor Schmidt presses NATO for detente policy

by Rainier Apel

President Carter's foreign policy is "highly incalculable" and has proceeded without consultation with America's European allies, charged West German Chancellor Helmut Schmidt before a closed-door meeting of his party's parliamentary grouping Feb. 14. Schmidt's blunt assessment was reported widely throughout the European press, and reflects the predominant consensus of opinion in Western Europe concerning the Carter presidency.

The Schmidt leak, together with interviews given by his Defense Minister Hans Apel and Apel's remarks at the 17th International *Wehrkunde* meeting taking place over the past weekend, indicate the continuing sharp differences in conception of the Western alliance between Bonn and Washington. Apel's message at this international gathering was that if NATO is to guarantee peace, it has to follow a policy of detente and cooperation, instead of confrontation as the U.S. and Britain urge.

In an interview given to West German television late last week, Apel explained the issues quite bluntly: "We are not here to play around with figures. What we have to take care of is the question of how to make practical defense decisions. It is by no means useful to our alliance if we are continuing to blame each other instead of consulting each other."

Apel issued a sharp rebuke to former U.S. defense secretary James Schlesinger, who toured West Germany for two weeks in an effort to convince the authorities in Bonn they must "increase their defense budgets, build up their armed forces." Said Apel, "Mr. Schlesinger's opinion is certainly of interest, but he is a private person, and in the present situation we can only take into account what official persons, that is, governments, have to say, and not what private persons think."

Elsewhere in the interview, Apel simply refused to discuss an increase in the military budget, in the number of combat troops, or deployment of Bundeswehr naval and ground forces to "hot spots" abroad. West German forces will stick to their constitutionally defined area of

military operations—middle Europe and the North Atlantic coast, he said flatly.

The Wehrkunde meeting

Apel's opening remarks at the Wehrkunde meeting of NATO government representatives were notable for their sane, peacemaker approach in the face of the outrageously provocative postures of the Anglo-American spokesmen, Robert W. Komer, U.S. Undersecretary of Defense, Helmut Sonnenfeldt of the Brookings Institution, Senators Tower (Texas) and Cohen (Maine), and Admiral Shaer, Commander of NATO's "Southern Flank."

Apel began by rejecting the notion that detente was dead, or that the West had "fallen asleep" during a 10 year Soviet arms buildup. France and West Germany are not opposed to NATO, he stated, and the two countries had not formed a bloc against the U.S.A.

"I cannot see that the past decade has been one of Western failure. There has been success in arms control and in trust-building. I think it would be a big misinterpretation of the Franco-German summit to state that it represented a lack of European solidarity with the United States."

Apel defended the NATO resolution of 1967, which defined a combination of defense spending, arms control and detente toward the Warsaw Pact nations. According to the *Frankfurter Allgemeine Zeitung*, Apel was the only spokesman to recall that resolution.

Defense Undersecretary Robert Komer then spoke, apparently on behalf of the government in Peking. "On the other side," he said, "developments in Southeast Asia are offering improved perspectives of stability in the 1980s. A strong convergence of strategic interest between NATO, Japan and China is developing. As the Chinese have stated, strength is provided by joint deterrence in Europe, the Middle East, and East Asia."

Komer attacked what he called Europe's "reluctance to cope with the military needs of the alliance." He stated that he had more "trust in America's reaction at present ... than in the reaction of our allies."

Insulting Rapallo

If Komer insulted the Europeans, a West German opposition spokesman, Christian Democratic Union defense specialist Manfred Woerner, had apparently been instructed to make the reason for the insults explicit: the Schmidt government's "Rapallo" thrust.

"If, at present, leading spokesmen of industry in West Germany call for the continuation of the old detente policy by pointing to the effects trade with the East has on the job situation at home," said Woerner, "they have to be taught a lesson. There are good reasons for using food as a political weapon only very cautiously," he

continued. But the Soviets are going beyond "the military level acceptable for mere defense needs," and hence should be embargoed.

Apel continued to make his replies blunt and to the point: rather than paying attention to non-NATO members such as Pakistan or China, NATO has to secure its own social-economic basis. He pointed to Greece and Turkey as the countries who ought to receive aid, but are instead cut off and destabilized. To stabilize NATO, said Apel, means to provide economic support for these nations on NATO's "southern flank."

Whoever talks of Pakistan, he continued, must mean India. "India is a much more stable and reliable partner for the West than Pakistan, which faces internal collapse" under General Ziaul-Haq's Muslim Brotherhood rule.

According to Frankfurt press, even Komer had to agree with Apel.

Admiral Shaer, "Southern Flank" commander, did not agree. Shaer proposed a policy that, as the Europeans know, would ensure thermonuclear war. "NATO's southern flank includes Africa, all of the Middle East, and all of the states bordering the Indian Ocean." He called for an extension of NATO's operational areas beyond present treaty boundaries.

Apel replied with a blunt attack on any notion of "Western protectorates" in the Third World. The result would be the Third World flocking into the Soviet camp. What the Third World and NATO both require, he stated, is a "longterm economic stabilization strategy," and not "hurriedly considered military steps which are only reactions to steps by the other side."

Apel's undersecretary, Andreas von Buelow, then criticized the U.S.A. for bellicose posturing when it lacks even a functioning draft system. As if to recall Helmut Schmidt's remarks on Carter's "incalculable" behavior, von Buelow called on the Americans to work out a constant military policy, and outline it clearly to the allies, instead of continuing the present posture of back and forth maneuvering which is much more puzzling to NATO members than to the Soviet Union.

As might be predicted, however, West Germany is under enormous pressure from the United States to behave in "solidarity" with Washington, particularly with respect to the Soviets. The extent to which this pressure forces Bonn to tread a particular sort of tight-rope was indicated by the fact that, despite all he said at the Wehrkunde conference to indicate the contrary, Defense Minister Apel also stated at that time that if the U.S. decided to boycott the Moscow olympics, West Germany would have to follow suit.

Be it said, however, that Chancellor Schmidt was subsequently reported highly displeased that such promises had been issued by cabinet members.

More significant is the fact that even within Schmidt's own cabinet, Foreign Minister Hans-Dietrich Genscher, a member of the Free Democratic Party, has been behaving as an outspoken supporter of the Carter line, including the boycott of the Moscow Olympics. Genscher—whom U.S. Secretary of State Cyrus Vance praised this week as “standing like an unshakeable tower”—is organizing behind-the-scenes in West Germany on behalf of the U.S. policy. He has met with a number of leaders of the opposition Christian Democratic Union party, and urged one CDU member, Walter Leissler-Kiep (also a member of the Trilateral Commission) to go to the U.S. and meet with Vance personally to discuss the international situation.

The facade of U.S.- West German cooperation

It is statements from such cabinet members as Genscher, together with certain other of the compromises that West Germany is forced to make in order to maintain its alliance ties with the U.S., that provide the American media with any fuel to misreport that there are few important differences between Bonn and Washington. Rather, it should be understood that Bonn affirms its solidarity with the U.S. out of perceived economic and military necessity—and in the hope that the present Washington administration, or the incoming one, can be induced to see reason.

For example, the Bonn Foreign Ministry, Defense Ministry, and Chancellery have begun working to come up with a policy that would allow the Soviet Union a face-saving gradual retreat from Afghanistan, the news daily *Die Welt* reported. The new concept, in diametrical opposition to the U.S., would have the following features:

- 1) the West must refrain from any degrading demands upon the Soviet Union. Present U.S. policy is seen as “not very helpful” from this standpoint.
- 2) Bonn will not break or bypass any treaties with the Soviet Union or other countries. To do so would make the 1962 Cuban Missile Crisis look like “child's play.” Such a crisis would lead to an arms race which would have to be supported primarily by West Germany, since the smaller European NATO countries and France would have nothing to do with such a policy.
- 3) West Germany will do nothing which would undermine next fall's Conference on Security and Cooperation in Europe (CSCE), to take place in Madrid.
- 4) Bonn thinks that a Soviet withdrawal from Afghanistan is indispensable, but the West should not use it for its own advantage. Carter's declaration that the Persian Gulf is of vital strategic interest to the United States is seen in Bonn as bringing more trouble than benefit to the West, *Die Welt* said.

Italy

Showdown underway in the Christian Democracy

by Umberto Monteverdi

A great deal is at stake in the national congress of the Italian ruling party, the Christian Democracy, which began Feb. 15. Not only will the outcome of the factional battles to be fought there determine whether Italy will have a stable government. The only possible stable government in Italy—the “historic compromise” that would bring the Italian Communist Party and Christian Democrats together in a coalition—is a government of the type that would also reenforce Europe as a “superpower for peace,” against the Anglo-American alliance's dangerous “flight forward” toward world war.

The importance of the congress is reflected in the open intervention into the debate of the Societas Jesu—the Jesuits—the powerful intelligence organization of the European “black nobility” that, whenever possible, prefers to manipulate events without showing itself publicly. To influence the DC convention, the Jesuits have come out into the open.

Within the DC there are powerful forces controlled by the Societas Jesu. Foremost among these is the grouping controlled by the protégé of the Roman black nobility, Senate president Amintore Fanfani. With the backing of his Jesuit sponsors, Fanfani is now urgently engaged in an effort to prevent a second faction, identified with former premier Giulio Andreotti and Benigno Zaccagnini, party general secretary, from taking power in the party and the government.

At present, Italy is ruled by a pro-Carter government under premier Cossiga. Andreotti, in particular, seeks to assemble the forces needed to collapse Cossiga's regime, and would assume the premiership himself as head of a national unity government with Communist participation—even at the cabinet level.

Because the Communists are the second largest party behind the DC, a new Andreotti government of that type would be the first stable, majority government Italy has known for many years.

Following Andreotti's earlier practice as Prime Minister, a new government under his control would reestab-

lish firm collaboration with the Franco-German alliance. Italy would return to its former role as a European bulwark of detente, and function in the capacity of bridge between Europe and the Third World in the context of the pro-development policy Andreotti has consistently espoused.

The strategy of Fanfani and his backers is to keep, in some form, the kind of government represented by the Cossiga cabinet, in order to anchor Italy to the confrontationist, zero-growth policies of British Prime Minister Margaret Thatcher and the Carter-controllers at the New York Council on Foreign Relations.

Andreotti and Zaccagnini, between them, command between 42-45 percent of the delegates to the party congress. In order to win an absolute majority they must gain the support of the so-called "Dorotheans," the powerful conservative current led by DC president Flaminio Piccoli. According to persistent rumors reported by the press over the past two weeks, Andreotti has recently concluded a successful agreement with Piccoli whereby the latter would be given the job of party general secretary in exchange for his support. As soon as these rumors were aired, the official Jesuit magazine *Civiltà Cattolica* initiated a slander campaign, piously claiming that a Piccoli candidacy in these circumstances would confirm the lack of democracy in the Christian Democratic party. A similar campaign was launched by the daily *Il Giornale Nuovo* which is linked to the grande dame of the Italian black nobility, Princess Elvira Pallavicini.

A free-lance journalist has placed at the disposal of *Executive Intelligence Review* an interview with the resident Milanese political expert of the Jesuit order, Father Macchi. The interview, conducted on Feb. 12, revealed that the candidate for DC general secretary put forward by the Jesuits is Fanfani's number two man, Arnaldo Forlani. Macchi stated, "If there is a fight in the congress between Piccoli and Forlani, we will split Zaccagnini's faction and Forlani will win. ..." Asked how this could be accomplished, Macchi alluded to an intervention capability from outside the party in the person of Bettino Craxi, general secretary of the Italian Socialist Party (PSI). He hinted, "Don't worry, Craxi still has many cards to play." When the journalist asked, "But what if this is not possible?" Macchi replied nervously, "It must be possible!"

It is ironic to see that the same Jesuit order which accused Andreotti and Piccoli of insufficient respect for party democracy is willing to concede in private its plans to use an individual from entirely outside the party in order to achieve political disruption. The irony is rendered sharper by the fact that the intended Jesuit agent of disruption, Craxi, is under judicial investigation for his close links to the terrorists who in May 1978 murdered the leading post-war political figure of Italy Aldo Moro.

Possibly one of Craxi's "cards," to which Father Macchi referred, was the court case filed last month by Craxi supporters against the Partito Operaio Europeo (European Labor Party, ELP). It was the ELP which initially identified Craxi, among others, to be a key terrorist controller. Dossiers proving his terrorist link authored by the ELP were subsequently utilized by the Italian judiciary to begin investigations of him and various of his fellow Socialists. A successful attack on the ELP would weaken Andreotti and his faction, who have been mainly responsible for conducting these investigations.

The third phase of the antiterrorist fight

The terrorist card is another Jesuit-linked capability which, together with the cited "dirty tricks," is being employed at this time against the Andreotti-Zaccagnini forces and their allies.

On Feb. 12, three days before the opening of the DC congress, Supreme Court Judge Vittorio Bachelet was murdered in Rome by the same Red Brigades terrorist gang that assassinated Moro. Bachelet, in fact, had been a close friend of Moro, and of Pope Paul VI and other personalities politically tied to Andreotti. Just a few days before he was shot, the judge had participated in a meeting of the Court's Supreme Council convened to discuss accusations by DC Senator Claudio Vitalone and 21 colleagues that there was collusion between terrorists and judges in the leftist faction of the magistracy. Vitalone accused these men of being nothing less than a Red Brigades fifth column inside the Palace of Justice. It was widely determined, following the period of the Moro affair, that such a fifth column must exist.

On the same day that this meeting took place, the Rome daily *La Repubblica* reported that the judges investigating the Moro case were about to take the steps necessary to clarify the role played by the Socialist leadership and others in that crime.

According to the antiterror specialist of the DC party paper, *Il Popolo*, what was going into operation was the so-called "Third Phase" of the antiterrorist fight. Phase I, the newspaper reported, was the summer 1979 jailing of the academics exerting secondary control of terrorists. Phase II, initiated by Vitalone and his colleagues, was represented by going after the fifth column within the judiciary itself. "Now it is time to go after the politicians" who run terrorism from the top. This is Phase III of the fight, states *Il Popolo*.

Given the operational timing of Phase II, and especially Phase III, coinciding with the DC congress, it is clear that the crackdown against the entire apparatus that uses terrorism as a political weapon is a crucial, behind-the-scenes aspect of the political fight that will

occur at the congress itself. The blackmail capability of the Jesuit-oligarchical networks would be annihilated by this means.

The assassination of Judge Bachelet was meant as a warning against the completion of Phase III. But the brutal blackmail and threat represented by this crime seems thus far to have failed in its aim. Over the past days, a virtual pilgrimage of judges involved in the antiterrorist investigations from all over Italy has wound its way to Matera prison to question one Carlo Fioroni. A jailed Red Brigades member, Fioroni has begun confessing in detail the workings of the terrorist leadership at the highest levels.

Fioroni has revealed, for example, that none other than the Socialist leader, Giacomo Mancini, is the famed "Mr. X" behind jailed terrorist ideologue Franco Piperno. Piperno has been identified by police and security forces as a key figure in the Moro kidnapping and assassination. Fioroni has also promised new and yet more surprising revelations over the coming days.

Agnelli endorses Communist role

In effect what the factions opposed to a national unity government in Italy fear most is a drastic shift of political and economic forces away from their camp. Exemplary of this is the case of Gianni Agnelli, the well known industrialist whose family owns and controls the Fiat auto giant. In an interview released Feb. 10 to *Corriere della Sera* Agnelli declared: "The Communists can carry out a particular form of (government) opposition, they can be in a position of abstention, they can stay in the (Parliamentary) majority, they can enter a government. They control many cities, many regions, and they lead the biggest trade union confederations ... Today the men for which I have the highest respect are (West German Chancellor) Schmidt and (French President) Giscard d'Estaing, because they are the heart of Europe. I used to be in the line of (Anglophile) La Malfa ... People believe that at a certain point Andreotti will distance himself from New York as (Communist general secretary) Ber-

Exclusive interview

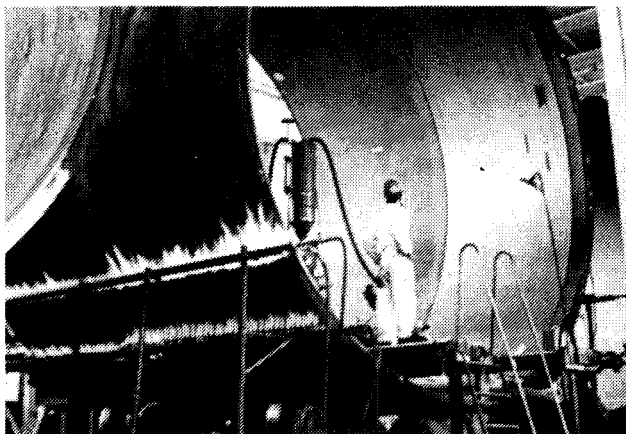
Italian expert sees nuclear power growth

The head of the Energy Sector for Italy's ruling party, the Christian Democracy, predicted a marked upgrading of Italy's nuclear energy program Feb. 10, and called U.S. presidential candidate Lyndon LaRouche's proposal to develop new nuclear technologies and fusion energy "the correct approach."

Luigi Noè, who heads the DC Energy Sector, is a former Christian Democratic senator from Italy in the European Parliament. He is also a long-time associate of former Premier Giulio Andreotti, who is expected to make a bid to regain party leadership at this month's national congress of the party.

Mr. Noè was interviewed by Giuseppe Filipponi, Executive Intelligence Review correspondent in Milan. A translation of their discussion follows:

Q: On the question of nuclear energy explicit positions have now been taken by forces in the government, industrial forces and the political parties in Italy, and except for the Socialist Party, they all agreed on rapidly



An Italian plant for construction of nuclear plant components.

carrying out the Italian program of nuclear energy for electricity generation. What do you foresee on this in the near term?

Noè: The prospects are undoubtedly improved, and there is clearly an increased interest in energy problems on the part of economic and political forces in Italy that goes back to August 1979 (the energy developments that came out of the Iranian situation scared everybody a little). At that date the government set up the Permanent Committee on Energy, which includes all the presidents of the state entities which have to act in the energy field, plus the Consulting Commission on Nuclear Safety. That's where these results are coming from.

linguer will from Moscow, and Italy will find itself ready to perform the role assigned to it by geography: a border country ... I believe that the U.S.-Europe relationship has changed substantially. The U.S. no longer has the necessary economic resources to aid others. I think that it will even be our task to aid and support nations like Yugoslavia and Turkey ...”

Such an interview is considered by insiders to be an endorsement for the Andreotti strategy. Agnelli is at this very moment discussing a \$20 billion deal with the Soviets for the construction of a new Togliattigrad, the giant auto plant Fiat built in the U.S.S.R., pursuing a policy of strong trade with Moscow. Moreover he has just sold the nuclear reactor construction sector of Fiat to the state-owned Finmeccanica. This will now allow Finmeccanica to use the Westinghouse license owned by Fiat and so to integrate the Italian nuclear market with the booming nuclear market of France. (See accompanying interview with Luigi Noè).

Agnelli's intervention provoked shock two days later

on the part of American Ambassador Richard Gardner. Linked by marriage to one of the more infamous Italian black nobility families, Gardner has been involved in pressuring Italy to turn away from nuclear energy in favor of importing and exporting solar power plants, arguing that Italy must not follow the “independentist” policy of France.

Questioned by a journalist at a Feb. 12 press conference at the Milan Circolo della Stampa, Gardner refused to comment on the Agnelli interview: “I don't want to break the relationship with one of my dearest friends in Italy.” At the same press conference Gardner was asked by the Jesuit Father Macchi (whom he termed “my dear friend Macchi”) about his views on the Italian government situation. Gardner responded, “The Communists are not ready for the government. Those who in such dangerous situations as the present demand that Europe distance itself from the U.S. are serving the interests of the Soviet Union.” This is the first time Gianni Agnelli has been called pro-Soviet.

Q: In France too, as well as in Italy, the nuclear question has taken on primary interest. Recently President Valéry Giscard d'Estaing declared that he wants to expand the French nuclear program to the point of producing 20 fast breeders by the year 2000. Can one speak of a coordination in energy policies between France and Italy?

Noè: Italy's and France's needs are similar. Even though we are late in getting there, in Italy we are responding to the energy problem in a way analogous to the French. We can say that this is a problem that affects the entire European Community, although the delay we have accumulated with respect to the French nuclear program, both in planning installations ... and in the research on fast breeder reactors makes for a lot of difficulties in coordination.

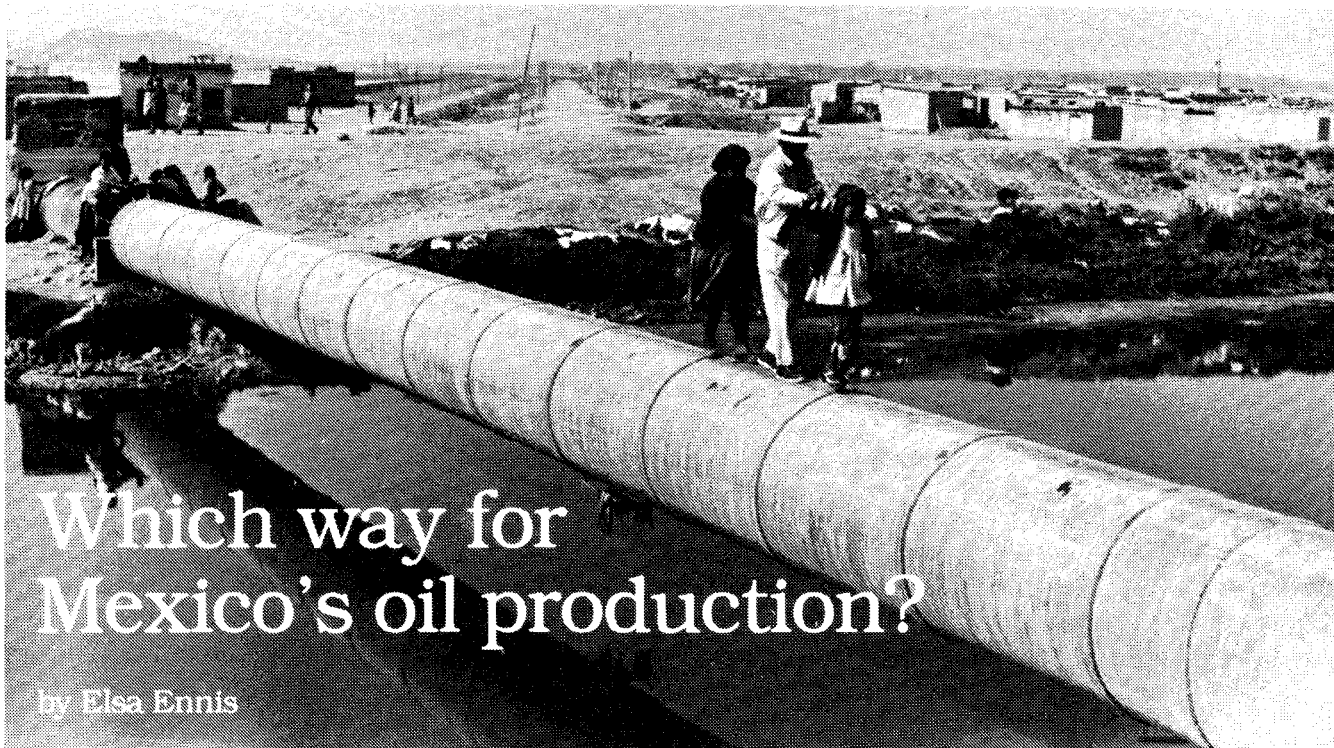
Q: When we talk about coordinating in the energy field, we cannot forget about the United States. The presidential election campaign is now going on there and is getting to the heart of the matter. Democratic candidate Lyndon H. LaRouche—in contrast to Carter and all the other candidates—is completely committed to developing nuclear technology along the line of conventional fission reactors, fast breeder reactors, and thermonuclear fusion. How do you think European cooperation could come about that would help realize this kind of program?

Noè: I think LaRouche's approach is correct. I can say right away that as far as research on fusion goes,

U.S.A.-European collaboration is indispensable if we want to speed up the results. One kind of collaboration was already done through the International Energy Agency in Paris, but the cuts that Carter made in U.S. scientific research have now blocked everything. This topic has to be opened up again very quickly. As far as conventional fission reactors are concerned, collaboration with the United States can be very fruitful for us Europeans because the U.S. (industry) is way ahead in areas such as safety, etc. On fast breeders the leadership position right now is held by France, and this can give Europe notable possibilities for interchange with the United States.

Q: For developing countries like India, LaRouche proposes a development program based on high technology, in particular nuclear. Other forces, however, following the idea of ‘limits to growth’ of the Club of Rome of Aurelio Peccei, propose low technology, the so-called appropriate technologies. How do you think this problem can be dealt with?

Noè: I know Peccei, and I can say that despite the fact that he sounded the alarm on the danger of “exhaustion of resources,” the methods by which he proposes to obviate this problem are inefficient and vitiated by antinuclear prejudices which are in no way justifiable. For countries like India, even though the problem is very complex there, there is no way of avoiding putting the solution to the energy problems on the track toward nuclear technology.



Which way for Mexico's oil production?

by Elsa Ennis

On Jan. 31, the director of Mexico's state oil company PEMEX, Jorge Diaz Serrano, announced that PEMEX is putting together the data necessary for the government to make a decision on whether or not to increase the "oil production platform" of 2.50 million barrels per day slated to be reached by the end of 1980. Since 1978, when the Lopez Portillo government set that goal, it has said that once it is reached, the "economic cabinet" (the ministers that deal with the country's economy) will sit to reevaluate a broad range of factors which go from economic performance, to social problems, and the international strategic situation, in order to decide whether it is convenient to increase oil production or not. The decision is scheduled to be made in April of this year.

The criteria underlying the oil discussion currently taking place among government leaders is, and has always been, the industrial development of the country. Two days before Diaz Serrano's announcement, the Secretary of National Patrimony and Industry, Jose Andres de Oteyza, had told the press that although Mexico's enormous oil reserves could easily bring production to greater levels, "the oil sector is not an aim in itself ... it is an instrument, a leverage for the general development of the country." Despite the fact that some press reports correctly note that there is a factionalization inside the Mexican government on this crucial decision, it is widely recognized that this criterion, set by President Lopez Portillo, will be the determining factor.

A PEMEX study released in mid-January stated that Mexico's oil industry "could" raise its "production plat-

form" from 2.50 million barrels to 4 million barrels a day. The international press deliberately misreported the study and took the 4 million barrels per day as the new "production platform" already set by the Lopez Portillo government.

The London *Latin America Weekly Report*, a Fabian publication widely read in Latin American business layers, reprimanded the Lopez Portillo government for making that decision and "abandoning almost casually the central feature of its economic strategy." An increase in oil production and exports will only bring inflation and "at worst" cause "total destabilization," said the report.

Inside of Mexico, the press, especially the most radical-leaning outlets, also played up the PEMEX study and presented it as capitulation to American pressure and "oil greed"—an attempt to destabilize the Lopez Portillo government from the "left." On Jan. 19, the daily *Uno mas Uno*, a paper heavily influenced by Jesuit-controlled groups in Mexico, also attacked the government for taking the supposed decision without consulting the population. The *Uno mas Uno* article was carefully designed to provoke a wave of reactions within radical groups by giving the idea that the Mexican government had decided to increase production levels because of U.S. pressures. The next day Heriberto Castillo, head of the radical environmentalist PMT party and the most outspoken proponent of "keeping the oil underground" as a way of "protecting it" from U.S. "imperialist" designs, picked up the *Uno mas Uno* debate to denounce

the government for supposedly "giving in to U.S. pressures."

Needless to say, U.S. heavy-handed demands on Mexico over the past years—along with continuing private proposals to seize Mexican oil as an American "strategic reserve"—have given ample credibility to the left campaign.

In a clear attempt to create hysteria around the oil production question, the Mexican press continued the "debate" with a series of exposeés on U.S. threats to Mexico. On Jan. 29, the daily *Excelsior* had a front-page eight-column article exposing a "Pentagon group" which recently released a study condemning the Mexican government's refusal to "commit a substantial portion of (the oil) production to the U.S." The day before, *Excelsior* had played up a CIA analysis showing that agency's special interest in the Mexican government's oil discussions. Both "exposeés" were cited with other reports on U.S. bellicose moves in the Persian Gulf and reports that the White House is strengthening U.S. military presence in the Caribbean-Gulf of Mexico area, where most of Mexico's oil reserves are located—very real worries for the Mexican government.

The press debate has ignored the Mexican government's stated oil policy and presented the coming decision as between two false options: either to become a "U.S. puppet," a huge oil reserve to lubricate the Carter administration's war preparations, or to "keep the oil underground" Khomeini-style as demanded by Mexico's radical groups.

Absent from all this so-called debate was the fact that the Mexican government's decision will heavily depend on a series of oil-for-technology deals with Japan and some European countries, especially France. Japan is interested in developing the port and transportation infrastructure which right now is the most pressing bottleneck of the Mexican economy. In his statements for the press, the director of PEMEX Diaz Serrano made a point of the necessity to *diversify* oil exports to non-American customers. Mexico sends 80 percent of its exports to the U.S. and the government has repeatedly said that it wants to reduce that percentage to 60 percent.

A "regional energy order"?

Despite the fact that the Mexican government is committed to an oil-for-development strategy, there are indications that the present cold war crisis and open discussion of U.S. designs on Mexico have caused President Lopez Portillo to shift from his aggressive internationalist plan to solve the world energy crisis into a defensive and limited strategy.

Last week, after a trip to Nicaragua, the President told the press that he is working out a Regional Program for Energy Cooperation which includes special oil prices

and credit facilities for Central American countries. Although the Mexican President's proposal expresses Mexico's policy to aid other countries to develop, the idea is a huge step back from the President's previous insistence on giving the world energy crisis a "universal" solution, a solution which could not be separated from the creation of a new world monetary and economic system agreed to by both the advanced and underdeveloped countries. Lopez Portillo's new "regional" approach also reflects the pressures from the Jesuit-run government of Venezuela, a country which has been using its membership in OPEC to promote a policy of special oil prices and aid to poorer Third World countries. Venezuela's President Herrera Campins is now touring several OPEC countries in order to win their governments over to this scheme.

Lopez Portillo's capitulation to this policy is more disconcerting since, in the past, he has strongly denounced this kind of special arrangement as not contributing at all to the real development of the recipient countries. OPEC countries have been hostile to the idea on the basis that the recipient countries could very well resell the oil in the spot markets at much higher prices. Without a universal agreement where advanced countries transfer high technology for the development of Third World countries, the special oil price proposal will only make oil countries pay for the debt burden of impoverished underdeveloped countries.

Mexican observers wonder whether an assertion by Foreign Minister Jorge Castaneda last October that Mexico was willing to give preferential oil prices to underdeveloped nations was not an "unfortunate mis-

Renegotiating natural gas prices

The director of Petroleos Mexicanos (PEMEX), Jorge Diaz Serrano, has announced that Mexico will renegotiate the price of natural gas supplies to the United States in order to bring it to the level of the Canadian gas price which is expected to go from \$3.42 to \$4.47 per thousand cubic feet. Under an agreement reached last September, Mexico started supplying the United States at the end of 1979 with 300 million cubic feet of natural gas at \$3.625 per thousand cubic feet.

The Mexican price formula is based on a combination of the cost of heating oil and lower-priced oil used by industries. The U.S.-Mexico deal provided that the price could escalate every quarter beginning next spring to take into account increasing world oil costs.

International Intelligence

EUROPE

French weekly questions death of Giscard aide

The plane crash which claimed the life of French president Giscard d'Estaing's top Africa aide, Rene de Journiac, earlier this month was no accident, claims the weekly *Le Matin de Paris*. *Le Matin* reports that there is no evidence of mechanical failure to account for the crash of Journiac's plane during a mission in Africa. The magazine concludes that French authorities suspect "a dirty trick by Libyans."

Independently, the Libyans are unable to run such an operation. Late last month, a high ranking French government official expressed concern for the anti-French campaign which the Libyan government was running, noting that in Paris it is believed that the Libyans are working closely with the British. London has been a long time rival of France in Africa.

Earlier this month, Libya's President Muamar Qadafi proclaimed war on France in Africa, just after France offered military aid to Libya's neighbor Tunisia.

According to *Le Matin*, Journiac's mission involved sensitive French national security measures concerning the supply of crucial raw materials to France from allied African states, including uranium from Chad and Niger and oil from West African countries.

Italian party factions come to blows

The Italian Christian Democratic Party congress now winding to an end in Rome has been a particularly lively affair this time around. The party clearly is divided into two contending factions grouped around former Premier Giulio Andreotti on the one side and Senate

President Amintore Fanfani and his cohort Arnaldo Forlani on the other, each vying for control over the majority. The prize will be a new government under the aegis of one or the other faction.

The contending sides even came to blows over their ideas. For example, when a delegate on the podium allied to the Fanfani wing tried to disrupt the speech of Andreotti's ally, Granelli, a Granelli ally told him to "shut up and pay attention." The disruptor responded by punching the other in the nose, only to be answered by a powerful uppercut that sent him in turn flying out of his chair. The room broke into complete chaos, while the fight on the podium went on for another ten minutes.

ASIA

Gandhi dissolves state legislatures

Prime Minister Indira Gandhi moved this week to dissolve the state assemblies of nine Indian states which are presently controlled by the opposition parties. The move is expected to bring a duplication of the massive Congress victory in the January national parliamentary elections, giving the Congress a consolidated hold on political machinery on both state and central government levels. There are presently seven out of 22 states under Congress governments—the nine include all the major northern states of Bihar, Orissa, Uttar Pradesh, Madhya Pradesh, Rajasthan, the western states of Gujurat and Maharashtra and the key southern state of Tamil Nadu.

The opposition has predictably screamed "dictator" over the move, but as Home Minister Zail Singh pointed out the precedent for such a post-election dissolution of state governments was set by the opposition parties themselves when they swept the Congress out of power in 1977 and subsequently called state elections to oust Congress governments. The move is also impor-

tant as it will precede elections for one third of the upper house of parliament whose members are selected by indirect vote of the state legislators.

The key vote will be in Uttar Pradesh, the stronghold of Mrs. Gandhi's predecessor as Prime Minister, Charan Singh.

SOVIET UNION

Gromyko says U.S. seeks military domination

Soviet Foreign Minister Andrei Gromyko in a Feb. 18 speech accused the U.S. of trying to "break the existing rough parity in military might" between East and West. "We shall not allow this to happen," he said. "The failure of plans to transform Afghanistan into a United States military bridgehead was received oversensitively overseas . . . Some politicians in the U.S. capital were unable to put their overwrought nerves in order . . . They discuss Iranian oil the way they discuss what is to be done in one's kitchen garden." Concerning U.S. claims that the Soviet Union wants to get to Persian Gulf oil and the warm waters of the Indian Ocean, Gromyko said the U.S. "takes its own plans and aspirations and attributes them to the Soviet Union."

"I don't know where they found this arc of crisis and whether it exists at all geographically, but one thing is clear—this is all the fruit of a sick fantasy." Gromyko attacked Washington's China card policy as a threat to world peace, and also criticized hypocritical U.S. efforts to pose as the true friend of Islam.

The Soviet Union is ready for disarmament talks in Europe, said Gromyko, provided that NATO "rescinds or cancels the December decision to base new medium-range missiles in Western Europe. The convocation of a conference on military detente and dis-

The truth behind Abscam: creating a Nazi judiciary

by L. Wolfe and Paul Goldstein

The United States has now been hit with what one Justice Department official called the greatest wave of scandals in its history—the interlocked FBI investigations code-named Abscam and Brilab. More than 1,200 cases are in progress, involving some 3,000 special FBI agents, networks of informants, under some 110 different categories of cases. Already one United States senator, several congressmen, state legislators, local government officials, labor leaders, and businessmen have been named, with the promise of more to come.

Despite the hundreds of thousands of column-inches in the newspapers, and the hours of television and radio time, the media has yet to come close to telling the American people what is really happening here.

Abscam was not merely a case of overzealous agents engaging in rather bald entrapment. It was rather a joint operation of sections of the FBI tied to the New York Council on Foreign Relations, and the major news media that are controlled by the same New York Council on Foreign Relations, directed against the domestic political enemies or potential enemies of the policies of the New York Council on Foreign Relations. No “leaks” on the investigation were necessary. News media were directly involved in planning and implementation from the start.

Thus, the Washington, D.C. home from which Abscam was run was owned by Lee Lescaze, a reporter for the Washington Post. In the house next door lives Marie Osmer, Director of Research of the New York Council on Foreign Relations. Three weeks before the story was

officially “broken,” the *New York Times*' Leslie Maitland, Bob Green of *Newsday* and Investigative Reporters and Editors, and a team of NBC reporters were all thoroughly briefed on when and how the story was to “break,” and were given all relevant documents, etc. by project chief Neil Welch. And so, when Harrison Williams, the Senator from New Jersey, was officially told that he was the subject of an FBI investigation, he looked out his window a few hours later to find a team of NBC cameramen on his front-lawn.

This is bigger than average, but nothing new for creatures like Neil Welch. According to Detroit police sources, Welch's FBI operations are always conducted through the press—no evidence but plenty of leaks. He once ran a scam operation against labor officials out of Detroit's Anchor Bar, trying to entrap and then blackmail them into becoming agency informants. In cases of resistance, he would leak to the press that they were already FBI informants. When targeting political and other public figures, Welch similarly leaked accusations to the press long before any grand jury would otherwise have convened, and the media would create the climate in which a grand jury would be hastily convened to hand down the indictment on the flimsiest of grounds. Conviction or not—and usually not—the victim of the “investigation” was ruined.

Sources in the American intelligence community agree: the real scandal of Abscam/Brilab is the investigation itself. Abscam/Brilab is part of an operation that has as its primary objective the transformation of the

American judicial system into something resembling the Nazi courts of the 1930s and 1940s.

More precisely, our sources tell us that Abscam/Brilab and related investigations will lead, within a period of six months to a year, to the following:

- The creation of a network of special prosecutors, with extraordinary powers, that will run roughshod over political and labor leaders. This will map into a special court system to handle cases of "political corruption" and "white collar crime."

- This is to be codified through the passage of the National Intelligence Act of 1980, which will create a star chamber court to deal with national security related indictments while legalizing "covert operations," both domestically and nationally, of the type used in the Abscam/Brilab stings.

- The passage of a new FBI charter, correlating with this operation,

- The creation of Watergate-style witchhunt committees in the Congress to "investigate" the scandals, already in progress in both the Senate and the House.

- The destruction of the Democratic Party as a viable institution, through the wrecking of urban and labor-based political machines. This is the final phase of subversive operations against both major parties, which started prior to the 1972 elections and continued through the Watergate period.

- The installing of a GOP candidate, George Bush, in the White House.

The legal question

In defending the role of the bureau in Abscam, FBI Director William Webster stated in an interview last week, that it was the right and duty of the FBI to protect the public from officials who "intend to commit crimes, who will accept bribes." The director stressed that the FBI was doing no wrong in its probes because they had targeted individuals whom they believed "likely" to commit such crimes.

This and similar statements by former FBI director Clarence Kelley and attorney-generals Edward Levi and Benjamin Civiletti begin to rip the mask off the attack on "white collar crime."

Starting in the late 1950s and early 1960s, especially under the Robert Kennedy Justice Department, the American justice system began to be oriented away from pursuit of the murderer, the drug pusher, etc. toward the "white collar criminal." This was supported by documentation from various criminology schools, including the University of California at Berkeley, conveniently suggesting that this category of crime was growing.

At face value, this might seem good reason to change policy. But the real core of the white collar crime policy is its explicit threat to the Constitution, to the right to

due process. Webster, Levi, et al. state that they are dealing with subjective law, the intent to commit crime. Therefore they see no obligation to present evidence about the commission of real crimes, but only evidence—obtained through entrapment.

This is the criminal code of the witchhunt, explicitly the code of Karl Schmitt, the man who designed the Nazi legal system. It is the code of secret courts that can try people in absentia, arrest them the next morning, and ship them off to jail. It is the system of a political police, who have the power to entrap people, to fake evidence, to deal with political enemies. It is a "justice system," that works hand in glove with a corrupt press to try people in the media through the smear and big lie techniques of Josef Goebbels.

This is the real meaning of Abscam/Brilab.

The Watergate connection

The real story of Abscam/Brilab dates back to the days before the Watergate break-in in 1972. Watergate was in fact the first phase of the current operation. Watergate and the famous "dirty tricks" operations that

Key actors in Abscam caper



*Former
Attorney General,
Edward Levi*



*Current
Attorney General,
Benjamin Civiletti*

were revealed in 1973-74 were part of an elaborate entrapment operation against the Nixon White House. The Watergate break-in itself was carried out by the infamous "plumbers" unit which was composed exclusively of former CIA operatives. This dirty trick was not conceived by Nixon but was foisted upon the White House by the "plumbers unit" itself. Once this sting was accomplished, Nixon was then prodded by several inside operatives, including then National Security Advisor Henry Kissinger, to "cover it up," to "stonewall."

The coverup was leaked to the press by informants inside the White House, reportedly with connection to the CIA-Justice Department crew which devised and directed the initial break-in. From then on Nixon became the target of an extensive media campaign run through such newspapers as the *Washington Post* and the *Boston Globe*, which had him tried and convicted long before Congress got around to its investigations. When the congressional committees finally started investigating the matter, they were treated to a parade of informants who unwound a series of interlocked scandals, touching upon other figures in the GOP. A special prosecutor was established to accelerate the process.

As GOP chairman, George Bush worked closely with Kissinger and White House chief of staff Alexander Haig, to finish off Nixon and drive him from the oval office. The "Nixon machine" in the GOP was destroyed.

As a byproduct of Watergate, a flock of liberal oriented Democratic congressmen were swept into office in the 1974 elections. Coupled with the 1972 nomination of arch-liberal George McGovern and related reforms within the Democratic Party, the 1974 elections went a long way toward weakening the Democratic Party. The mechanisms for Abscam/Brilab were already being put in place to finish the job.

The current operation

Official FBI sources say that Abscam/Brilab grew out of a series of investigations into art and security thefts that involved public officials and organized crime figures. This probe was then "expanded," says the FBI.

These initial fishing expeditions were aimed at government officials and legitimate businessmen. Our sources say that none of these people were in fact guilty of anything, until they were entrapped by FBI informants, some of whom had longstanding connections to organized crime. Typical was "Project Alpha," an FBI-informants project based in New Jersey and Pennsylvania, started in 1974. Alpha used known, organized-crime figures for entrapment purposes. In some cases, Alpha was directed against well known organized-crime operatives. But in most cases, political enemies of the Carter administration became the targets. The success of Alpha was used to justify the expansion of the

"entrapment" informants operation into the current full blown "Abscam."

How is the Abscam/Brilab operation run? There are three basic levels.

One level involves the agencies of the federal government including the executive and legislative branches. The institutions being deployed at this level are:

- The Department of Justice Criminal Division: Abscam/Brilab is being run through a triumvirate which includes the office of Attorney General Benjamin Civiletti, the FBI, and the criminal division of the Department of Justice, which includes the Law Enforcement Assistance Administration, under its special program on "white collar and organized crime," Civiletti's role in the process has been key; he is the former head of the criminal division of the DoJ and helped set up and authorize the "implementation" phase of Abscam/Brilab. William Webster, the current FBI director, was sold the Abscam program by Civiletti and Neil Welch, the Assistant FBI Director who runs the New York office. Welch has been on the inside of the program since its inception and has direct field responsibility for running major portions of the operation, according to our sources.

The Special FBI Task Force involved in Abscam/Brilab coordinates directly with the Organized Crime Strike Force of the Justice Department. The LEAA provides funding and additional equipment and personnel. The LEAA in fact designed the entire program.

- The Congress: It is through the Congress in consultation with the Department of Justice and the White House that "special prosecutors" and investigators will be appointed to deal with Abscam and related cases. The Senate Judiciary Committee and the House Ethics Committee have already started the first phases of a Watergate-style probe. The House Ethics Committee last week appointed its own special counsel, E. Barrett Prettyman of the law firm of Hogan and Hartson. That law firm is a depository of former Robert Kennedy Justice Department lawyers. Prettyman himself was a special aide to Robert F. Kennedy and counsel to several of Ralph Nader's front groups, including the Center for Law and Social Policy. In 1968, prior to the drafting of the Omnibus Crime Bill of 1968, Prettyman headed a commission which laid the groundwork for the present criminal code reform, Senator Edward Kennedy's S-1722, which would codify Abscam type probes, complete with their entrapment techniques.

The Senate Permanent Investigations Subcommittee of the Senate Judiciary Committee has been reorganized by former head of the Buffalo Organized Crime Strike Force Martin Steinberg to handle the fallout from Abscam/Brilab and in particular, to continue its ongoing assault against the International Brotherhood of Teams-

ters. The Teamsters union is one of the major "enemy" targets of the Brilab probe, intelligence sources report.

Meanwhile the Senate Intelligence Committee, headed by Senator Birch Bayh (D-Ind.) has begun hearings on the National Intelligence Act of 1980. The Carter administration has already created a secret "star chamber" court composed of seven District Court judges whose function is to issue court orders for warrants requested by an intelligence agency to conduct electronic surveillance of U.S. citizens. The new bill, called the Huddleston Bill after the Democratic senator from Kentucky who is sponsoring it with Bayh, would expand the function of the existing court to include provision for issuing orders for physical searches—break-ins—and mail openings against U.S. citizens. In short, Watergate-type plumbers units could conduct their activities with the full blessing of the law, under the type of court system the Nazis employed to direct political-police operations against domestic political "enemies" This turns the FBI, CIA and NSA into a Himmler's Gestapo.

The next level of the operation centers around extra-governmental agencies in alliance with the DoJ, FBI, etc. In this category we find: the financial, corporate, and private intelligence agencies linked to Dope, Inc., the international drug cartel that influences and controls governments, including the U.S. government. Key to the Abscam/Brilab operation are:

- **Resorts International:** This outfit, linked to Miami based organized crime kingpin Meyer Lansky, cooperated with federal authorities in allowing the FBI to set up a scam out of their Atlantic City Hotel Casino. Intertel, the private intelligence network, operated by Resorts, aided in the FBI entrapment probe. Intertel has many former FBI, NSA and Justice Department officials, including Intertel head Robert Peloquin, who worked with Neil Welch when both were in Buffalo in 1966.

- **Chase Manhattan Bank:** This bank which funds Resorts projects, laundered the money for Abscam through a dummy account. Chase's involvement in Abscam was approved by senior officials of the bank.

- **Prudential Life Insurance:** Prudential knowingly provided the cover for FBI operations around Brilab using insurance agents for entrapment. Prudential also has longstanding connections with Resorts and a famous role in sponsoring LEAA race-riot operations in Newark, N.J. in the late 1960s and early 1970s

The third level of the overall Abscam/Brilab operation is the media.

Before a single indictment was handed down, Neil Welch, the FBI Assistant Director along with the Organized Crime Strike Force chief Puccio in Brooklyn and Queens, leaked the details of Abscam to NBC, the *New York Times* and *Newsday*. This set off a wave of stories across the country that carried the FBI-leaked allega-

What is Hogan & Hartson?

PARTNERS

Edward A. McDermott. Director of the Office of Emergency Planning under President John F. Kennedy; member, NSC, Kennedy administration; chairman, Emergency Planning Committee, NATO, Kennedy administration.

Lee Loevinger. Assistant Attorney General, Anti-Trust Division, Department of Justice, under Robert F. Kennedy.

E. Barrett Prettyman. Law Clerk to Justice Jackson, 1963; aide to Attorney General, Robert F. Kennedy, 1963-1964; Special Assistant to President Lyndon B. Johnson; member, Board of Directors, Institute for Public Interest Representation, Georgetown University.

Linwood Holton. Republican Governor of Virginia, 1970-1974; Assistant Secretary of State for Congressional Relations, under Henry Kissinger, 1974-1975.

Sherwin Markman. Assistant to President Lyndon B. Johnson, 1966-1968.

Dennis J. Lehr. Attorney for the SEC, 1963-1966; Associate General Counsel for the Office of the Comptroller of the Currency, 1964-1967. Professor of Law, Georgetown University.

Arthur Rothkopf. Attorney for the SEC, 1963-1966.

Jerome N. Sonosky. Special Assistant to HEW Secretary, Abraham Ribicoff, 1961-1963; legislative assistant, Senator Abraham Ribicoff, 1963-1966; Staff Director, Senate Sub-Committee on Executive Reorganization, 1965-1967.

Austin Mittler. Attorney, Criminal Division, Department of Justice, 1963-1966; Staff Assistant to Assistant Attorney General, Warren Christopher, 1967-1968, under Ramsey Clark.

George U. Carneal. Law Clerk to Wash. D.C. Court of Appeals Judge, E. Barret Prettyman, 1961-1962; General Counsel to the FAA, 1971-1972.

Stewart Ross. Law Clerk to Justice Tom Clark (father of Ramsey Clark).

Peter W. Tredick. Counsel to Special sub-Committee on Labor, House of Representatives, 1967-1969.

ASSOCIATES

J. W. Fulbright. Chairman, Senate Foreign Relations Committee, 1959-1974. Rhodes scholar, Oxford.

tions against a U.S. Senator, Harrison Williams, and several Congressmen and public officials.

As has been pointed out by several of the individuals so accused, they are being tried by the media without the benefit of due process. Regardless of whether the charges are ever substantiated, the names and careers of the targeted individuals have been smeared.

The FBI-DoJ networks are fully aware of this, as are the media carrying the almost-daily revelations. Both are witting components of the same conspiracy. For example:

Neil Welch leaked the Abscam information to *Newsday's* Bob Greene, Greene is a director of a group known as the Investigative Reporters and Editors, Inc. (IRE). This group was responsible in 1977 for the publication, in major newspapers across the country, of a series of articles ostensibly on the organized-crime directed assassination of reporter Don Bolles. The series in fact served as the basis for the publication of leaked DoJ-FBI smears against several targeted individuals and organizations. It is the opinion of several law enforcement officials that that series helped cover up the real leads uncovered by reporter Bolles and misdirected its readers towards FBI-DoJ ongoing investigations. Bob Greene is really nothing more than a conduit for the dirty operations of Welch, etc.

The IRE is paralleled by a much larger network of investigative reporters coordinated under the umbrella of the so-called Fund for Investigative Journalism, based out of Washington, D.C. This organization, financed by the Stern Foundation and the *Chicago Sun Times*-linked Field Foundation, is in actuality a special investigative unit of the DoJ/NSA, through which investigations and smear campaigns can be laundered and conducted.

Many of the scandals leading to the current phase of operations, including the entirety of the press side of Watergate were carried out by associate members of the FIJ. This network included reporters on most of major and "counterculture" newspapers and journals of the country, like Bob Woodward and Carl Bernstein of the *Washington Post*, columnist Jack Anderson and Robert Novak, Jack Nelson of the Washington bureau of the *Los Angeles Times*, William Atwood, former publisher of *Newsday*, and Seymour Hersh of *The New York Times*.

Above this plumbers unit of the press corps are the interlocking directorships of the national media, which are in turn plugged into the DoJ/NSA operation. Full documentation of this would cover pages.

Most of the direction and guidance for using the media as part of the Watergate entrapment operations comes from a project on communications of the Aspen Institute for Humanistic Studies, headed by Henry Kissinger and Douglas Cater and including Charles Yost, a director of the Aspen Institute and the FIJ.

The targets

The press, backed up by certain statements from members of Congress, including Senator Adlai Stevenson (D-Ill.), say that FBI officials randomly selected their targets from the Congressional phone directory. A cursory examination of those targets shows that statement to be misdirection; most if not all of the "targets" were chosen politically, i.e., for either potential smear or political leverage.

For example take the case of Senator Howard Cannon, the chairman of the powerful Senate Commerce Committee. Cannon has not been named in any indictment, yet the FBI-DoJ "sting" team leaked his name to

Neil Welch: Entrapment and trial by press

Neil Welch is a career FBI agent who got his big break from Robert Kennedy's Justice Department in the early 1960s. After Montgomery, Alabama during the 1964 civil rights confrontations, Welch was promoted to Special Agent in Charge of the Buffalo FBI office in 1966, parallel with the formation of the Organized Crime Strike Force by Ramsey Clark.

On assuming power in the Buffalo FBI office, Welch launched a

"reorganization" of the office shifting the majority of agents into organized crime investigations. But the Buffalo FBI and Buffalo Strike Force never uncovered the Jacobs family-run Emprise, nexus of drug trafficking and dirty money laundering run out of Buffalo.

Welch's claim to fame as a fighter of organized crime is the indictment of the Maggadino mafia family. While this looked like a spectacular bust in the media, and sealed Welch's and the Strike Force's reputations as tough crime fighters, the case was a simple diversion from Jacobs' Emprise operation. Most of the indictments never came to court, and Don Mag-

gadino, the prize catch in the case, was hurriedly indicted on his death bed, before nature robbed Welch and the Strike Force of their main publicity feature. While Welch's friends on the Buffalo Strike Force moved into Jacobs' SportsSystems and Meyer Lansky's Resorts International, Welch stayed inside the FBI to help clean out the competition.

Next Welch was moved to head up the Detroit FBI office, where his crime busting campaign again overlooked the alleged central crime figure in the area, Max Fisher. Instead Welch went after a political pay-off caper which he claimed was run out of the Anchor Bar in

the *New York Times* as the subject of a probe. Cannon allegedly received a de facto kickback from the Teamsters through their involvement in an Arizona land deal. This connection was said to be drawn from an ongoing FBI-DoJ operation, codenamed "Pendorf." The deal, the FBI alleged through the *New York Times*, was that Cannon would back the Teamsters and the trucking industry against deregulation measures backed by the Carter administration and Senator Edward Kennedy.

A few days before the story was released, Cannon introduced a trucking deregulation measure of his own—one that some of his own aides thought harsher than they had expected. An aide in Senator Kennedy's office was tipped off that an operation was underway against Cannon as early as last spring. The aide stated that despite appearances, Cannon would come across with a pro-deregulation bill, that a deal was in the offing. "Don't worry," the aide told a reporter, "we have Cannon over a barrel ... he'll come across."

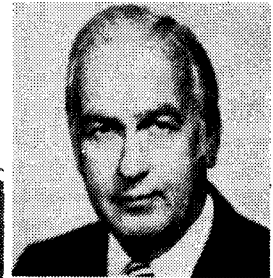
Individuals like Senator Harrison Williams and Rep. Frank Thompson are similar "big fish." Each controls the chairmanship of powerful committees—Thompson, the Administration Committee and Williams, the Senate Education and Labor Committee. These committees pass on much key social legislation—targeted for drastic cuts by Council on Foreign Relations "economists." Other, related targeting involves local government officials in New Jersey, portions of the Louisiana state government, etc. What is being gone after are patronage machines, and the whole question of patronage itself. By smearing key members of Congress, local politicians, etc., the FBI-DoJ are moving to alter the way in which the American political process has functioned—with foreknowledge that the maintenance of viable political machines will be

Targets of Abscam smear

*New Jersey's Sen.
Harrison Williams (D)*



*New Jersey's Sen.
Frank Thompson (D),*



*Nevada's Sen.
Howard Cannon (D)*

Detroit. When the investigation neared completion Welch discovered that all of his authorizations for wiretaps and mail-cover surveillance which had come from Washington, D.C. were not legitimate, having been signed by a Justice Department underling without proper clearance. Since the evidence would not stand up in court, Welch dumped the entire file into the press, including a list of 150 names under investigation in the case, letting the media finish what he started.

Despite numerous denials, Welch was deeply involved in the Cointelpro, "dirty tricks" operations of the FBI while he was in

Detroit. In 1971 and during the school bussing confrontations, the famous Pontiac bus bombing was carried out by an informant who was working out of the Detroit FBI offices. This same informant was then infiltrated into a political organization in 1974, still under control of Welch's Detroit FBI office. A lawsuit is still pending against Welch and others on this case.

In 1975, Welch moved on to head up the Philadelphia FBI office, which began with a reorganization to aim the FBI against "political corruption." During his three years there, he succeeded in dislodging the Democratic Party's "Rizzo" machine from power in

the city, though there were few if any actual indictments.

At present, Neil Welch is the Special Agent in Charge of the New York FBI office. His main activity has been the "brick-by-brick" reorganization of the office, designed to purge all of the old-line antiterrorist elements and build up another "political corruption" unit.

His success to date is witnessed by the fact that he has been able to resume his old trick of leaking information inadmissible in court to the media on the Abscam case.

On examination of his record it appears that Neil Welch has found trial by press far superior to a trial by jury.

rendered impossible by these attacks. If these machines are destroyed, there can be no basis for mounting an effective defense against proposed austerity measures coming from both the Bush and Carter camps.

Our sources say that the Teamsters and the International Longshoreman's Association are key targets of the Abscam/Brilab operation. These unions have been the targets of the FBI-DoJ since the early 1950s. The story that has generally appeared in the press about the corruption of the IBT and ILA is a cover for this operation—the real aim is to control these unions, to prevent them from acting as an independent force on American politics. This was the reason behind the vendetta against the late Teamster President James Hoffa—a vendetta conducted by the same FBI-DoJ networks involved in Abscam/Brilab. FBI Assistant Director Neil Welch, for example, ran the last phases of the “Get Hoffa” operation, including the investigation into Hoffa’s 1977 “disappearance.” Some people say that it was Welch who helped make Hoffa “disappear.”

How to stop it

It is the responsibility of our elected officials to put an end to Abscam/Brilab. It would be wrong, as is being proposed now, for Congress to pass judgment on a case by case basis. It would be equally wrong, as is also proposed, to simply focus on the legal implications of the “sting” entrapment techniques from the standpoint of “overzealousness.”

The real question that must frame a proper investigation is, who benefits? The relevant Congressional committees must immediately begin an investigation of the who, the why and the how of Abscam/Brilab, before the entire 1980 election campaign is turned into a travesty.

What is the National Intelligence Act of 1980?

Two weeks ago, in the midst of the public unveiling of the Abscam/Brilab scandals, Senator Dee Huddleston (D-Ky.) together with Senator Birch Bayh (D-Ind.), chairman of the Select Committee on Intelligence, Senator Charles Mathias (D-Md.) and Senator Barry Goldwater (R-Az.) introduced the National Intelligence Act of 1980, whose purpose is to supersede the National Security Act of 1947.

According to critics and supporters alike, the 124-page bill, which incorporates and/or amends sections of the existing Executive Orders and the Foreign Intelligence Surveillance Act, written in the wake of the famous Church Committee Report on intelligence community abuses, the central, most radical feature of the bill is what is most commonly called the “secret court” or the “Star Chamber.”

This special court is already in existence and includes 7 federal district court judges whose function is to issue court orders for warrants requested by an intelligence agency to conduct electronic surveillance of U.S. citizens.

Organized crime's strike force

The Justice Department's Organized Crime Strike Force has, since its inception in 1966, created more heat and less light than any other institution in the history of American law enforcement. Despite tremendous publicity on its successes in fighting organized crime, the Strike Force has avoided every single one of the central figures in the drug running and dirty money empire in the U.S.

Moreover, for their careful work in overlooking the Jacobs' family SportsSystems; Max Fisher's United Brands (formerly United Fruit); Meyer Lansky's Resorts International and Intertel; etc. many of the leading figures in the Strike Force have “retired” to high positions in these companies

The first strike force was put together in Buffalo by Attorney General Ramsey Clark in 1966. Clark chose Buffalo because of the extremely high profile of organized crime there and claimed it would be the best place to test his “concept” of bringing together a number of federal agencies in a coordinated effort.

The record of the Buffalo Strike Force during its first year set the tone for the activities of the entire Strike Force apparatus, now deployed in major cities across the country. Instead of launching the Strike Force against Max Jacobs and his associates, Clark aimed the first Strike Force campaign against Jacobs' local competition. To pull this scam off Clark appointed Robert Peloquin who had been in Attorney General Robert Kennedy's “Get Hoffa” unit, to head up the Strike Force team.

Starting out as a recruit to the Office of Naval Intelligence during the War, Peloquin spent the 1950s in the National Security Agency

The Huddleston bill would expand the function of the existing court to include provision for issuing orders for physical searches—that is, break-ins—and mail openings based on “probable cause of criminal activity by any U.S. person whose property or mail is to be searched.” In other words, the famed “Watergate” plumbers—now known to have been working for intelligence agencies—would have been conducting their political dirty work with the full blessing of the president, Congress and the law. Although one of the authors of the bill maintained throughout a recent interview that the discretion or “inherent powers” of the president would be put in check by the existence of such a court, the Act states that the “president through the attorney general, may authorize physical search or electronic surveillance *without a court order* ... is directed solely at the property or premises under the open and exclusive control of a foreign power ... (and that) there is no substantial likelihood that the search will involve the property or mail of a United States person ...” (our emphasis).

The Huddleston bill, which was five years in the making, is a liberal’s nightmare, even though its key sponsors are dyed-in-the-wool liberals. According to one source in the Senate Select Committee on Intelligence, the passage of the bill is “troublesome because of the need to compromise on privacy principles. There is no question that Birch Bayh, Dee Huddleston and Mathias ... would have preferred to have more stringent protections for privacy of Americans in this bill.

Importantly too, the bill lays out the basis to both strap the functioning of the CIA, in particular, by designating the creation of a new, all-encompassing Director of National Intelligence, answerable to the president and the National Security Council, as well as continue to

burden the intelligence community with bogus forms of “accountability” like oversight committees, bureaucratic procedure and the like.

Most important, however, is the ultimate intent of the bill, on the constitutional level. The bill purports to establish the legal authorities and provisions by which to regulate the behavior of the intelligence community as well as to protect the constitutional rights of individuals.

The establishment of such a legal framework, however, whose substantive theory was developed by former attorney General Edward Levi and friends at the University of Chicago and Stanford University, would allow the courts to “innovate constitutionally,” in the words of one source who worked during Levi’s tenure on the abuses of the FBI. In Nazi Germany, such legal “innovation” simply meant that the legal system—developed by an ideological companion of the same Edward Levi, namely, Karl Schmitt—adapted the law to fulfill the goals of the Nazis’ social and economic policies, including the crime of euthanasia.

Imagine the passage of the National Intelligence Act of 1980 during the tenure of the Carter administration, an administration whose policies increasingly resemble the Nazis, up to and including refusal of the President to act on a Massachusetts case of attempted euthanasia. Consider the musings of one of the authors of the bill:

If you look down the road and you begin thinking about the kinds of pressures that come up ... we could have a pretty good bulwark against the next domestic hysteria, in which the targets are not Russians but Americans, and the concern is about domestic unrest and our domestic problems being caused by foreign powers intervening in our affairs.

until he was brought into the Justice Department by Kennedy. In 1965, as Meyer Lansky’s “Hong Kong West” dreams were materializing in the Caribbean, Peloquin was approached by a Lansky envoy, James Crosby. At the time Lansky was facing severe competition over the purchase of Hog Island in the Bahamas. Peloquin and the Organized Crime Division of the Justice Department launched a new investigation of organized crime in the Caribbean. Lansky’s opposition fled and Hog Island was transformed into Paradise Island, a major gambling casino and money laundering operation for international drug trafficking.

Following this Robert Peloquin was named head of the first Organized Crime Strike Force in Buffalo.

With help from Neil Welch, newly appointed head of the Buffalo FBI office and the Canadian RCMP, Peloquin succeeded in putting together a net of indictments against old mafia Don, Stefano Maggadino and some of his lieutenants. Though Maggadino died before he came to trial, and many of the indictments were thrown out of court, the initial publicity splash was sufficient to “sell” the Strike Force as a new way to fight organized crime.

With his job done, Peloquin and an old associate from the “Get Hof-

fa” team, William Hundley, “retired” into Meyer Lansky’s Resorts International crime empire where he now heads up Intertel, the intelligence machine of organized crime.

Other notable figures in the Strike Force have found haven in the organized crime networks after leaving the strike force, including Thomas J. Mekeon from the Detroit Strike Force who joined Intertel; William O. Bitman who left the Strike Force for an executive position in Jacobs’ Sports Systems; and Daniel Hollman, the head of the Brooklyn Strike Force until about 1976 when he joined Sports Systems.

Environmental warfare—part 1

The new American Indian wars

by William Engdahl

This week we begin the first of a series of case studies into the organization and the funding of the environmentalist movement, which has in the last decade stymied nuclear power development as well as industrial growth. Our first case history is the American Indian movement, its sudden concern with consciousness, and its equally sudden infusion of millions of foundation dollars.

Our story begins in Maine where litigation, a decade in the courts, is near settlement. The case involves claims by two Indian tribes, the Passamaquoddy and Penobscot tribes, to nearly two-thirds of the timber and mineral-rich land of the state, a claim made through interpretation of an obscure 1794 treaty.

The land claims case began in earnest in 1972 when attorneys for the 4,000 tribesmen elaborated on an original attempt by one tribe member to recover 6,000 of the 23,000 acres granted in the 1794 treaty. The suit demanded 12 million acres, \$1 billion in trespass fees and land use charges dating back to the 18th century.

For the last eight years, the threat of this suit has stalled the state's economic and political development. An out of court agreement is reportedly about to be reached because the prospect of even more years of long and costly court litigation would cloud title to much of Maine. Reportedly this settlement would give the two tribes 300,000 acres of prime forest land in return for their dropping claim to the 12 million.

Former Maine Governor James Longly correctly pinpointed the issue when he said that the tribes' suit would create "a nation within a nation," in direct violation of the national sovereignty provisions of the U.S. Constitution. And the Maine case is just one of 14 such cases launched in the eastern states in the past decade.

NARF—Ford's Indian charity

In 1970, amid the hue and cry of righting historic wrongs, the Ford Foundation, the nation's largest tax-

exempt charitable foundation, launched a pilot project with \$1.5 million in funds called the Native American Rights Fund (NARF) to provide Indian tribes with the resources to hire attorneys.

With an initial funding of several millions of dollars, the Ford Foundation then created from NARF the Native American Rights Movement. The foundation grants went to such innocuous-sounding programs as "Indian Leadership Training" at the University of New Mexico. Ford persuaded the Lilly Endowment to kick in \$542,000 to the effort through the Eastern Indian Legal Support Project. The Lilly Endowment is well known for putting millions into the proterrorist Youth Project of the Washington, D.C. based Institute for Policy Studies into the so-called New Right of Milton Friedman and other "free enterprise" advocates via grants to the American Enterprise Institute.

NARF has brought the weight of Naderite legal talent to bear on the Indian situation.

Using a profile developed in the civil rights movement of the 1960s, the Ford Foundation strategists created a synthetic ideology of distinct and sovereign "Indian cultures" as the basis to launch a battery of legal roadblocks to development, especially in the resource-rich and underpopulated Western states. By the mid-1970s, NARF attorneys and organizers had put together a grand strategy, unifying 24 western tribes to form the Council of Energy Resources Tribes (CERT). CERT is a "non-profit" corporation set up with assistance from NARF attorneys who had by then been recycled into the U.S. Bureau of Indian Affairs. Conservative estimates place disposition of more than 60 percent of U.S. uranium resources in the western states, 35 percent of coal west of the Mississippi and a comparable amount of the vast oil and gas reserves of the Rocky Mountain Overthrust Belt, the largest continental oil discovery of the last 20 years, under CERT control.

NARF, CERT and the entire Indian movement orig-

Congressional hearings into organized crime scheduled

The Permanent Subcommittee on Investigations, chaired by Senator Sam Nunn (D-Ga.) will initiate an investigation into organized crime and its links to international narcotics trafficking, organized labor and political corruption. The investigation, the first of its kind since the infamous McClellan hearings in the early 1960s, could last as long as five years according to the subcommittee. If the political networks which have run the recent Abscam and Brilab scandals are allowed to run the subcommittee's investigation, the country could be in for a five year gutting of the Democratic Party machine and its labor base.

While there are some indications that Senator Nunn could conduct a serious investigation of international narcotics trafficking and its financial underpinnings, it seems more likely that the subcommittee will follow the proclivities of its chief counsel, Marty Steinberg, and go for attention-grabbing investigations into labor racketeering and political corruption. That has been Steinberg's background as a member of the Organized Crime Strike Forces in Miami, Fla. and Buffalo, New York. Two unions in particular have already been mentioned as possible targets of a new "McClellan-style investigation"—the International Longshoremen's Association (ILA) and the Laborers International Union (LIU).

In fact, the subcommittee is now claiming credit for having initiated the recently revealed "Brilab" FBI undercover operation with its several year old investigation into the activities of the Teamsters' central states pension fund and insurance

swindler Joe Hauser. Hauser was picked up by the FBI and used as bait in the set-up of former Louisiana governor Edwin Edwards, Sen. Howard Cannon (D-Nev.), and the majority leader of the Texas State House of Representatives.

Senators introduce omnibus intelligence reform

The National Intelligence Act of 1980 was introduced into the Senate on Feb. 8, 1980 by Senators Walter Huddleston (D-Ky.) and Charles Matthias (R-Md.), both senior members of the Senate Select Committee on Intelligence. The bill differs substantially from other recently introduced bills which make limited changes in the CIA's reporting requirements to Congress and by making the revelation of another CIA agent's identity a crime. While the Huddleston-Matthias bill incorporates those reforms, it is much more sweeping, standing instead as an actual comprehensive "charter" for the CIA and other intelligence agencies.

Perhaps the most dangerous part of the bill is the provision allowing for "black bag" jobs against Americans at home and abroad, on orders from the President, following approval of such covert actions by a "secret court." Americans abroad can be targeted merely because the President may deem information concerning them "vital to national interests."

As far-reaching as the bill is, the administration is not yet supporting it because it does not go far enough on the issue of executive branch carte blanche in the con-

ducting of covert operations. While the Senate Intelligence Committee still demands prior notification of covert actions in all but the most extreme emergencies, the administration wants instead "timely notification." "Timely notification" means that the administration can wait until after the initiation or even completion of covert action before notifying the Congress.

Huddleston noted that he had "some doubts" about the provision governing Americans overseas, "because it permits the government to collect information by intrusive means on innocent Americans, but the executive branch has consistently maintained that this authority is needed." He further noted that the ability to keep covert operations in line was potentially very much dependent on whether the Senate version of prior notification holds sway or whether the administration gets "timely notification."

The House is expected to wait for Senate passage of the bill and then decide how best to proceed. In the meantime, both the House Intelligence Committee and the House

Foreign Affairs Committee are holding a series of hearings on intelligence collection and analysis in general, pursuant to later action on the Huddleston bill or on some of the less sweeping reforms.

Behind the scenes on the trucking deregulation issue

The American Trucking Association was caught completely unawares by Howard Cannon's (D-Nev.) introduction of the Motor Carriers Reform Act in early February. The ATA had been working

behind the scenes with Cannon and the Senate Commerce Committee staff to develop legislation to curb Interstate Commerce Commission attempts to deregulate the industry by administrative fiat. The ICC, since the addition of three proderegulation commissioners last July, has been defying its legislative mandate to regulate the industry.

The ATA and probably the Teamsters had expected Cannon to introduce a bill which would curb the administrative excesses of the ICC while making some minor changes and cleaning out some bureaucratic red tape in the trucking industry. But Cannon introduced legislation which will in effect deregulate the industry. The ATA does not want to be put into a position of opposing the legislation because it fears that will give the ICC a free hand. Instead it will attempt to amend the bill in committee, a prospect which observers note will be very difficult.

Hearings on the bill are scheduled for Feb. 25-27 in the Senate Commerce Committee and mark up is expected sometime in March.

Criminal Code Reform Bill ready for action in Senate

The Criminal Code Reform Bill, better known by its name in previous Congresses, S-1, is ready for floor action in the Senate and could be brought up as soon as March, according to staff aides. The bill will be managed by its prime sponsor, Senator Edward Kennedy (D-Mass.), chairman of the Senate Judiciary Committee, and floor action is hinging on Kennedy's schedule. The Criminal Code Reform Bill, in a somewhat

different version, passed the Senate last year, but was defeated in the House because of major objections that the bill seriously endangered the freedom of Americans in many areas.

The House Judiciary Subcommittee on Criminal Justice is in the process of marking up the bill and subcommittee staffers report that the bill could be ready for full committee consideration as early as next month. There are already significant and numerous differences between the bill as marked up in the Senate and as it stands in the House Judiciary Subcommittee. Some of

- The Senate bill does not allow for parole, while the House Subcommittee bill does;
- The Senate bill does not codify defenses, leaving it up to the court to do so, while the House Subcommittee bill does codify defenses;
- The Senate bill allows for the defendant and the government to appeal sentences while the House Subcommittee bill allows only for the defendant to appeal the sentence.

House debates naval budget

Navy Secretary Hidalgo told a hearing to the House Armed Services Subcommittee on Seapower and Strategic and Critical Materials that if the budget for the Navy as proposed by Defense Secretary Harold Brown is approved as it stands, then the U.S. would have 39 fewer combat ships after five years than we have today. Hidalgo's Feb. 13 testimony comes in the context

of a major fight that has broken out over the naval budget. The Congressional Budget Office issued a report in early February stating that it was not necessary to have a major increase in naval fighting capacity. It was only necessary to finance a naval capacity to show the American flag worldwide. Sources at the House Armed Services Committee say that most of the committee are opposed to this effort by the Congressional Budget Office to drastically curtail the Navy's fighting capacity, and to the Carter administration's efforts to reduce naval strength.

A source close to the thinking of the committee made the following assessment of the parameters of the debate: "The House and Senate Armed Services Committees disagree with the Congressional Budget Office. I guarantee that the Armed Services Committees will add money to the defense budgets and stick to it. I am surprised at the National Security Council. The NSC and the Budget Office are Rand strategists and central front strategists, you know. They believe that NATO and the Warsaw Pact are the key and have no understanding of maritime strategy.

"The committee is planning a program for the next 20 years with an objective to have 90-100 attack nuclear subs by 1984, to put cruise missiles to sea, and to have 110 frigates. We want to keep the number of destroyers at 108-112. The budget as proposed was \$6.1 billion and we want to increase it to \$7-\$8 billion.

"We don't pay any attention to the Congressional Budget Office. We are talking about a Navy that can defeat and sink the Soviet Navy and not just show the flag."

National News

Harold Brown: 'U.S. has a credible deterrent'

Defense Secretary, Harold Brown, in a special interview to the *New York Times* on Feb. 15, announced that the United States "possesses a credible deterrent in the Persian Gulf" to "enforce the Carter Doctrine." Brown, a former McNamara "Whiz Kid," stated that the "credible deterrent" consists of "two carrier task forces, two B-52 bombers, and 1,800 Marines," who will not even be stationed in the Gulf until a month from now.

Sober military estimates ridicule such talk. The latest issue of *Business Week* quotes John M. Collins, defense analyst for the Library of Congress, on the reality principle of the Persian Gulf region. Collins cites that the U.S. forces in the region—or those subject to instant deployment there—are there as a "trip-wire deterrent" only and have no realistic combat function, or capability.

Collins declared: U.S. troops are equipped for only three days of combat, after that they'll get chewed up, then this could be one for table stakes (i.e., all-out nuclear war) in a hell of a hurry ... the Russians have IRBMs (Intermediate Range Ballistic Missiles) in the Transcaucasus (just north of Iran and Turkey) and no one in the U.S. Navy wants to discuss the survivability of its carrier groups if it comes to nuclear war."

U.S. to commence arms sales to China

Five weeks after the visit by U.S. Defense Secretary Harold Brown to Communist China, the clearance for U.S. military equipment sales to China has been given. Last week, the Defense Department announced, in accord with the Carter White House, that "within a few weeks," the administration guidelines for sales of military equipment to China

would be issued, opening the way for the first round of such sales.

Categories of equipment under active DoD consideration for earliest clearance include, "over the horizon radar" to be used for monitoring Soviet missile sites, "sophisticated electronic gear," and "advanced jet engines for Chinese fighter bombers." The Defense Department stressed that these categories were likely to be approved immediately and would mark only the start of an expanding array of military-technological categories slated for approval.

The sales coincide with moves underway for much closer U.S.-Chinese military collaboration. As reported in the *Los Angeles Times*, China has accepted Harold Brown's invitation to Geng Biao, China's chief defense planner, to visit the United States this year.

Will Connally drop out?

No one is saying so yet, but John Connally could be out of the running for the GOP presidential nomination within the next few weeks.

Connally is expected to finish so far behind in the upcoming New Hampshire primary that he won't be within hailing distance of expected leaders George Bush and Ronald Reagan. Two weeks ago, Bush people began circulating the story that Connally was going to drop out of the race in New Hampshire, prompting repeated denials from the former governor.

Now some Connally aides feel Connally went overboard in stressing that he thought he would do well in the Granite State.

The Connally campaign has already spent some \$9 million for which it has yet to net one single delegate to the July GOP convention. Connally's vaunted southern strategy which has him concentrating on a few southern primaries while conceding the early New England races to Bush and Reagan has several flaws. First, no one in his inner circle thought that he would do as miserably as he did in the Iowa caucuses. They also thought that they would be running

against Ronald Reagan, but instead found George Bush out front.

All this has produced an erosion of support among Connally's supporters in the South and crucial incremental gains for Bush. If he does poorly in New Hampshire, the southern primaries may now be a moot point for Connally.

Did CBS give Carter the Maine caucus?

Aides to Senator Edward Kennedy charged last week that erroneous and misleading reporting by CBS-TV news may have shaped the outcome of the Maine Democratic Party caucuses. All the votes are now in and President Carter holds a 3.4 percent edge over Kennedy.

Kennedy aide Tom Southwick says that CBS-TV came on the air at approximately 4:30 p.m. on the Feb. 10 caucus date to announce that Carter was declared the "winner" and would have nearly a two to one margin. At the time, less than two thirds of the caucuses had been held. Southwick and other Kennedy aides contend that by putting out this wrong information, CBS influenced potential Kennedy voters in the later caucuses and thereby handed the President the victory in the popular vote count. CBS meanwhile has no explanation for why its computerized voter prediction apparatus failed, though they say that Kennedy people cannot prove that the failure caused Kennedy to lose votes.

'Human labor—the ultimate energy alternative'

Labor Secretary Ray Marshall declared during a press briefing last week that human labor was perhaps the best substitute for energy forms like oil and gas. "I see examples of the shift from energy to labor time and time again as I travel around the world." Marshall then

claimed that more jobs are being created by the growing manufacture of various conservation gadgets.

The labor substitution plan is "likely" to have some harmful effects on the economy, said Harvard economist Dale W. Jorgenson who commented on Marshall's statement in the *New York Times*, Feb. 18. There may be reduced growth, lower productivity, higher inflation and lower income gains, said Jorgenson, but the unemployment problem will be solved.

AFL-CIO makes offer to Teamsters

The AFL-CIO Executive Board opened up its winter meeting in Bal Harbour, Fla. last week. This is the first meeting in the Federation's history without the late George Meany as its president, but that isn't the only thing that has changed.

The new AFL-CIO President Lane Kirkland made news at the otherwise dull session by announcing the creation of a five-man negotiating team as part of an effort to bring the International Brotherhood of Teamsters back into the Federation. The Teamsters, meeting in executive session last month, announced the formation of a similar negotiating committee.

Kirkland, an executive member of both the Trilateral Commission and the New York Council on Foreign Relations, has stated for some time that he wanted to see the Teamsters, the United Autoworkers and the United Mine-workers Union, as well as other unions, brought back into the AFL-CIO. The UMW has never affiliated with the Federation, while the UAW left in a dispute over foreign policy issues during the Vietnam war. The Teamsters, however, were booted out of the Federation by Meany for alleged corruption in 1957.

In making the announcement of the new negotiating committee, Kirkland stated that he felt unequivocally that the Teamsters were in full compliance with the AFL-CIO constitution. "I am satis-

fied," the AFL-CIO president stated, "that the Teamsters is a bona fide trade union that has been working in the best interests of its members."

The Teamsters meanwhile are not saying very much about the proposed reconciliation. It was rumored a while back that the AFL-CIO would demand a change in the current leadership as one of the terms of a deal. Teamster President Frank Fitzsimmons would be asked to step down. All this, if it was true, is now a moot point. Fitzsimmons, sick with cancer, is said to be thinking of stepping down soon, putting Teamster Secretary Treasurer Ray Schoessler in charge as an interim president.

Brown makes a pitch to labor

Troops of Carter advisors marched down to the AFL-CIO Executive Council meeting in Florida last week to explain the always confusing policies of what George Meany used to call a "very confused White House."

Only one chose to make his remarks confidential and secret: Defense Secretary Harold Brown. The Secretary is said to have given the labor leaders an "up to date picture of the world strategic situation" off the record and then a statement calling for support for the Carter administration's draft and defense policies in public remarks.

But AFL-CIO leaders appeared none too impressed. Even new AFL-CIO President Lane Kirkland, while refusing to divulge exactly what the secretary had stated, would not say whether the Federation bought all his explanations. "Let's just say we had a wide ranging discussion," said Kirkland.

Some labor leaders stated privately that they were alarmed by the extent to which the administration seems to have convinced itself that it is projecting real military power when it has so little to back it up. At least one labor leader said that he thought the administration had a "god damn poor record" on defense.

Briefly

● **EDWARD KENNEDY** has decided to make "perfectly" clear his position against nuclear power development, hoping for votes from some unwashed environmentalists in the crucial New Hampshire primary. Nuclear power is an idea whose time has passed, said Kennedy reaffirming his support for the antinuclear policies of the Campaign for Safe Energy.

● **WORD FROM** Teamster headquarters and from AFL-CIO headquarters down the block in Washington, D.C. is that neither Carter, Kennedy nor any of the Republicans are labor's favorite to win the presidency in November. AFL-CIO President Kirkland, although he leans toward Carter, says it "is too early" to make any commitments. Meanwhile, the Teamsters are eyeing the roster of candidates to try to broker a deal of their own in this year's presidential sweepstakes.

● **WHAT WERE** Ronald Reagan, the Republican presidential hopeful, and Lyndon H. LaRouche, Jr., the Democratic presidential contender, talking about on the podium of last week's candidates night at the Concord, N.H. Gunowners Association? Observers noted that the two were engaged in serious discussion.

● **JOHN CONNALLY**, of late noted for an acute case of foot-in-mouth disease, attempted to cheer up his supporters in South Carolina last week by telling them that he would still be in the running if he ran third to George Bush and Ronald Reagan in every primary. "You lose if you do that," said a former Connally supporter. "I guess that Big John can't add very well either."

Trade Review

		Abbreviations:	Status:	
		U = Undetermined	I = signed, work in progress	IV = in negotiation
		NAp = Not applicable	II = signed, contracts issued	V = preliminary talks
		NAv = Not available	III = deal signed	
Cost	Principals	Project/Nature of Deal	Financing	Status
\$10 bn	France/ West Germany	The two countries will produce 5,000 units of a new battle tank for the 1990s. Manufacture will be 50-50 by the French state-run GIAT and the West German MKS consortium, which includes Krauss Maffei		Agreement signed by two countries' defense ministers
\$853 mn	Afghanistan/U.S.S.R.	Afghanistan will become one of U.S.S.R.'s leading trading partners, shipping natural gas, dried fruits, wool, carpets, and hides to U.S.S.R. in return for industrial equipment, ferrous metals, oil and oil products, cement, fertilizers, and household goods.		Trade agreement signed
Over \$300 mn	Austria from Saudi Arabia	Saudi Arabia will supply Austria with 1.7 mn to 2 mn tons of crude per year. This is about one-fifth of Austria's annual oil imports.		Personal commitment by Prince Fahd during Dr. Kreisky's recent trip to Riyadh
\$147.4 mn	Poland from West Germany	Krupp Koppers will build a 950 cubic meters per year coal-into-gas plant in the Katowice area near Libiaz.		Agreement reached between Krupp Koppers and Polish Kopex agency
Over \$126.5 mn	Mozambique/Italy	Italy will enjoy preferential treatment in obtaining access to Mozambique's coal, uranium, petroleum, and natural gas in return for Italian aid, credit, and several Italian projects in Mozambique (an electric network, telephone systems, and a textile plant)	\$12.65 mn in aid; \$113.85 mn in credit	Accord announced
\$35 mn	Libya from Italy	ENI will build in Libya an oil refinery of 10 mn tons annual capacity		Italy won international bidding
\$32 mn	Iraq from U.K.	Leyland will sell 200 buses to Baghdad Passenger Transport Services		Contract awarded
\$5.3 mn	West Germany from Japan	Hitachi will build a semi-conductor plant in Bavaria		
\$3.3 bn	Iran from Japan	Bandar Khomeini petrochemical project construction will be resumed by Mitsui		Agreement reached on major issues