

EIR

Executive Intelligence Review

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Fraud in New Hampshire—the media fix
Europe seeks solution to Afghan crisis
The Kennedy health plan—legalized murder

**Carter's deflationary economics:
A new fascist world order**



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EIR

From the Editor-in-Chief

Fed Chairman Paul Volcker has once again sent interest rates up, while the inflation rate in the U.S. threatens to fly into the 25 percent range. The solutions being proposed in Washington, in London and elsewhere are the policies of extreme deflation, of collapse of credit and industrial production. The historical precedent for such policies are those of Nazi Germany in 1936-38, the policies of Hitler's Finance Minister Hjalmar Schacht. Then as now the accompaniment of these policies is a buildup of war industry and war itself.

This deadly mix of economic and strategic policies is examined in our special report this week, under the direction of our Economic Editor David Goldman. We have first looked at the overall policy discussion and then at the present state of the economy under the Volcker regime. What follows is a sharp analysis of the fascist economic roots of this policy—the economics of Milton Friedman and his antecedents—provided by our Contributing Editor, Lyndon H. LaRouche, Jr.

The final section of the report takes a look at the just released report of the so-called Brandt Commission, the private group commissioned by World Bank President Robert McNamara to study "North-South" issues. The result is a call for a one-world government and economic system under the direction of the global managers of deflation and zero-growth, the International Monetary Fund. This report is prepared by our Latin American Editor Dennis Small and this writer.



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As the "Brandt Commission Commission" and the "Group of 30" come forth with their proposals to stamp-out national economic sovereignty in favor of worldwide IMF "conditionalities," Jimmy Carter and Paul Volcker are preparing to bring the U.S. economy into conformity with such a fascist world order through credit-controls and related measures that will stamp-out America's industrial potential.

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Following Chancellor Schmidt's denunciation of Carter policy in the Afghan crisis as "incalculable," European-U.S. relations are at their lowest point in memory. All of Secretary Vance's overtures (and threats) to obtain coordinated action against the U.S.S.R. have been rejected out of hand. The French president has defined NATO as a defensive alliance—and nothing more. The West German and Austrian heads of state have pledged peace initiatives akin to the French. There are even peace-voices raised in Britain. If Carter is determined to make the international strategic crisis as dangerous as possible, Europe will go its own road ...

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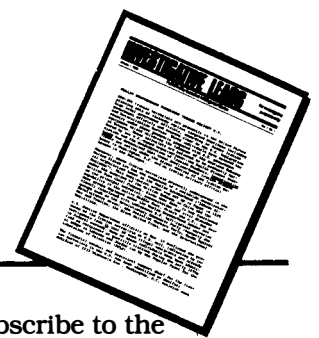
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Massachusetts senior citizen Earle Spring was almost murdered, until a higher court enjoined a judge's euthanasia order. The philosophy behind Carter and Kennedy health policies is that the elderly, veterans and anyone who gets too sick would be "better off if they die quickly."

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INVESTIGATIVE LEADS

For investigative purposes only



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Due to the overwhelmingly favorable response to the "Facts Behind Terrorism" column in the weekly international journal *Executive Intelligence Review*, a group of *EIR* personnel have launched a twice-monthly intelligence report whose aim is to provide, at low cost, a continuous flow of dependable intelligence on the breaking situations in the fields of terrorism, drugs and organized crime.

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With American law enforcement agencies on every level swamped with a deluge of misinformation while dangerously constrained as a result of the "Levi Guidelines," it is clear that U.S. law enforcement and intelligence agencies need consistent and honest intelligence assessments and analyses.

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by Nora Hamerman

A voice of sanity

On Feb. 27, terrorists stormed the Dominican Embassy in Bogota, Colombia, while a large part of the diplomatic community was there. They seized 60 hostages, including the ambassadors of Brazil, Mexico and the United States. Across the street from the embassy, at a major university, students rioted after the taking of the embassy.

On Feb. 28, Lyndon LaRouche issued a strategic document warning that the Bogota incident has set into motion a scenario for nuclear confrontation with Moscow over the Caribbean—to be triggered by the sort of U.S. military action against Cuba that Brzezinski and Kissinger circles' leaks to the press in recent days have focused on.

LaRouche warned that "of a nation which continues to tolerate Kissinger and Carter's lunatic adventures in bluffing, one must repeat the old adage, 'Whom the gods would destroy, they first drive mad.'" The Democratic presidential candidate, targeted during the recent New Hampshire primary for an unprecedented slander and dirty tricks campaign by the New York Council on Foreign Relations, while his 20 percent of supporters in that election were brazenly disenfranchised by the same forces, has again raised the voice of sanity in American foreign policy.

We warned last week in this space that the "Iran model" of taking hostages would be repeated globally, spreading first to Latin America, unless the American population moved to put the responsible individuals in the Carter administration on trial for treason. Days after that column was penned, the Bogota incident erupted.

Let us speak plainly. There is a close analogy between Bogota and Teheran. The Bogota attack was widely advertised in advance. Warnings that the Colombia government was on alert for a terrorist attack on foreign embassies appeared Feb. 16 in the Mexico City daily *El Dia*, and Feb. 22 in the

London intelligence sheet, *Latin America*.

Secretary of State Cyrus Vance knew of the danger in advance, just as he cooperated with Henry Kissinger in bringing the exiled Shah of Iran into the United States—after Vance himself had authored a memorandum warning that the Shah's entry would probably cause the taking of U.S. citizens hostage by the Iranian dictatorship of Khomeini.

Mr. Vance's CFR friends, the people who connive with terrorists, are the same people who hate Lyndon LaRouche. Their specific hatred is directed against national sovereignty. They are "One Worldists."

The "leftist" Prof. Richard Falk of Princeton, and the "right-wing" Mr. Kissinger agree on this. Kissinger is the author of the "limited sovereignty" doctrine, which he was only too glad to reiterate a few days back in Mexico City, offering U.S. military intervention there in case of terrorism.

Richard Falk, in the "human rights" volume he contributed to the Council on Foreign Relations *1980s Project*, asserts that human rights will only be achieved when sovereignty is destroyed. And Mr. Falk, as we have proven in some depth in this review, is one of the gurus of the Iranian "anti-imperialists," as well as the U.S. antinuclear movement, the American Indian Movement, and assorted Central American "revolutionaries."

Carter's capitulation to the demands for a United Nations commission to try the United States for "crimes" against Iran, has given terrorists all over the world a legal precedent to carry on the assault.

LaRouche began to educate the American population on the real issues of foreign policy in two late-January national television addresses. He will be on CBS television March 15. A voice of sanity will be heard. Now, it must be heeded.

Volcker triggers global interest-rate war

by Mark Tritsch

With the lifting of the U.S. discount rate to 13 percent, Volcker has opened a Pandora's box of horrors; an international chain reaction has lifted German and Swiss discount rates by 1 percent to 7 percent and 3 percent respectively, and the German Lombard rate by 1.5 percent to 8.5 percent. Japan, after a 1 percent increase immediately following Volcker's. This expected to follow soon with a further increase, while Switzerland, whose currency draws a 6 percent interest rate on 3-month deposits in the Euromarket, is unlikely to keep any vestige of its low interest rate policy for much longer. Belgium lifted its discount rate by 1.5 percent, the Dutch are expected to follow suit, and French money market rates have risen by over half a point in the last week. The Danish, Norwegian and Italian currencies are already becoming targets for devaluation rumors, increasing the likelihood of interest rate rises there too.

These are only the opening shots in what is already open warfare in the international monetary system, amounting to a successful triggering of Council of Foreign Relations policies for a breakdown in international credit activity. Last year, Federal Reserve Chairman Paul Adolph Volcker fully endorsed the CFR strategic perspective for "controlled disintegration" of world markets in a lecture at a British University. According to the *London Times*, Volcker's real aim was for an immediate 3 percent discount rate increase. Only the fear of handing the political initiative to the opposition grouped around Lyndon LaRouche's presidential candidacy and

constituency machines such as that of Illinois State Representative Larry Bullock, made the Fed adopt a step by step approach. Further "steps" in U.S. interest rates are expected in the coming weeks, to be implemented under encouragement from bank newsletters like that of Manufacturers Hannover Trust.

Volcker's policy, modeled on the deflationary austerity of Nazi economics minister and Reichsbank president Hjalmar Schacht, has demonstrably cut the entire fabric of world credit loose from any connection to productive activity. As interest rates move further into double figures, credit issuance for industrial investment becomes a losing proposition: all that remains is high-profit speculative activity, reflected in the price spiral on the London-centered commodity markets, and investment in heavily government-subsidized boondoggles in the synfuel and armaments sectors—an exact replica of the conditions of the 1930s Nazi economy in Germany. At the same time, the increased costs of servicing debt on previous industrial investment get passed on as higher prices, and inflation moves ahead in a multiple proportion of the increasing cost of credit. Internationally, large capital and money movements occur only in response to speculative factors in interest rates and inflation differentials, and bear no relation to opportunities to exploit especially Third World potentials for profitable increases in industrial productivity.

There are German industrialists like one heading up a major northern heavy equipment manufacturer, who

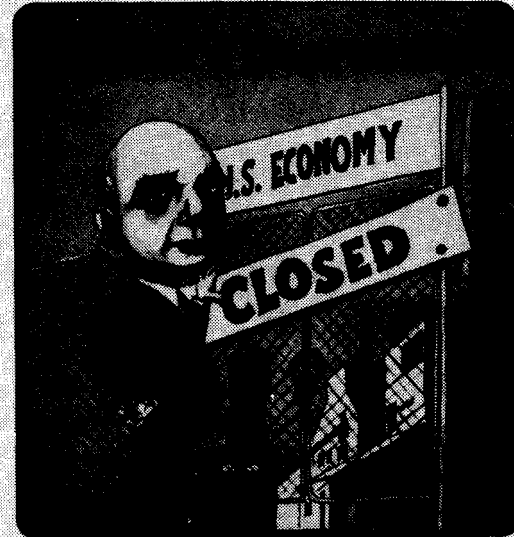
in private condemn increased expenditure on armaments as a "weakening of the West in the face of the Soviets," winding down the economy "by diverting productive capacity into producing mere scrap armaments," but do not have the political muscle to clean up the monetarist centers in Germany at the Bundesbank and the finance and economic ministries. As a result, the Bundesbank has done its dirty work for Volcker by successfully enforcing a policy of "healthy competition" in international interest rates, replacing the European Monetary Fund option promoted by Schmidt and Giscard to organize low interest rate redeployment of international dollar liquidity into Third World development. Business circles in Germany, unlike the increasingly enraged French, tend to accept the Bundesbank deal for the moment, on the assumption that with Germany's low base line of interest rates, so long as any increase keeps the rate within single figures, The effects will not be so disastrous as in the U.S. case. A big mistake, particularly for a country so reliant on exports to the Third World as Germany.

The first sector to totally shut down in response to the Volcker policy will be the Third World. After the U.S. discount rate rise, 3-month Eurodollar deposit rates went well over 16 percent. Every 1 percent rise in those rates means an increase in Third World debt service costs per year in the order of one billion dollars. As debt service costs skyrocket, possibilities of raising new syndicated credits to cover the repayments have been practically eliminated. Last week Venezuela, itself an oil producer, decided to pull out of an attempt to raise 500 billion dollars.

To a significant extent the entire process has gone completely out of control. Internationally, U.S. and British stonewalling has blocked international monetary reform completely. In the U.S. itself, the results of Volcker's policy in forcing inflation up to 20 percent have become so disastrous that the political preconditions for quick implementation of anything other than "more of the same" simply are not there. Even if plans for budget cutting operations, in the order of 25 billion dollars, eventually get through Congress, by that time inflation will have moved to stratospheric levels unless either the proposals of the Europeans and LaRouche are implemented or else Volcker's policy puts the world economy into a coma. At present the latter looks more likely. latest reports indicate that Alfred "Gengis" Kahn's proposal for a knock-out blow against consumer credit is gaining adherents in Washington. Of Kahn's plan—increased prepayment on credits and shorter repayment times—goes through, the U.S. will be in a good position to lead the world into the Nazi holocaust of the 1980s.

EXECUTIVE INTELLIGENCE REVIEW

October 23-29, 1979



New Solidarity International Press Service

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Where you read it first

In *EIR*'s Oct. 23-29, 1979 issue, the article "Volcker's depression" by Economics Editor David Goldman accurately predicted where Paul Volcker's "anti-inflation" policy would lead: to more inflation, and an international interest-rate war. We knew, because we knew that what Paul Volcker was doing was deliberate. Goldman reported: "Most financial commentaries have ignored the most essential element of the Volcker credit-squeeze package: It is aimed not only at the American banking system but at Western Europe ... The primary motive behind Volcker's decision is to abort the European initiative towards a new monetary system generating energy investment in the so-called Third World ... Volcker will impose capital flows controls of the type used by the Johnson administration to little effect. Volcker's controls will be much stricter, pushing European credit into a much tighter position than American credit. This, from Volcker's vantage point, could abort the Europeans' expanded lending plans before they took institutional form."

The dollar's strange stability

The dollar's much-vaunted stability is short-lived and strictly political...waiting for the Afghanistan crisis to cool.

The dead-center stability of the dollar following the Feb. 28 announcement of an all-time record \$4.7 billion U.S. merchandise trade deficit for the month of January has led some dealers to conclude that the dollar's position is inviolable, against all expectations. Short-term dollar rates at over 17 percent both in the Eurodollar and the Federal funds markets have been cited as incentive for investors to hold dollars. However, with the parallel rise of interest rates in all European money centers and in Japan, the lifting of Swiss and Japanese exchange controls, and the jump in the American consumer price inflation rate to 16.8 percent per annum during January, high interest rates are less of an incentive to hold dollars than ever before.

In fact, the dollar's surprising strength is neither inviolable, nor does it have anything to do with relative inflation or interest rates. This one is strictly political. Just retired West German Bundesbank President Otmar Emminger is saying privately that as soon as the current Afghanistan crisis cools, the dollar will collapse. That is not because European flight capital is seeking a haven 3,000 miles away from the Warsaw Pact's front lines, as some market commentators argue. European investors generally understand that Wall Street would be ashes the moment that a serious

confrontation began in central Europe.

Europe is supporting the dollar as a matter of NATO solidarity. Ultimately, Europe has no options without the dollar, unless the continent makes a full-scale economic agreement with the Soviet Union. West Germany's leaders are not happy their commitments to the dollar, at the expense of a 9 billion deutschmark balance of payments deficit during 1979 and a potentially larger one during 1980, serve to stabilize American government finances and permit a military build-up. However, a collapse of the dollar would only be useful to West Germany if it shocked Washington sufficiently to force the abandonment of the Brzezinski "arc of crisis" policy. Nothing of that sort will happen under present circumstances. As long as Western Europe is locked into the dollar reserve structure, a weak dollar would only mean more currency inflows into West Germany and other strong-currency sectors, more central bank purchases of these dollars, and more purchases of American treasury securities. In this case, the Europeans would end up financing the military budget directly.

The so-called European reserve currency option is thoroughly unacceptable to Paris and Bonn. It presumes the direct or indirect extension of European currencies

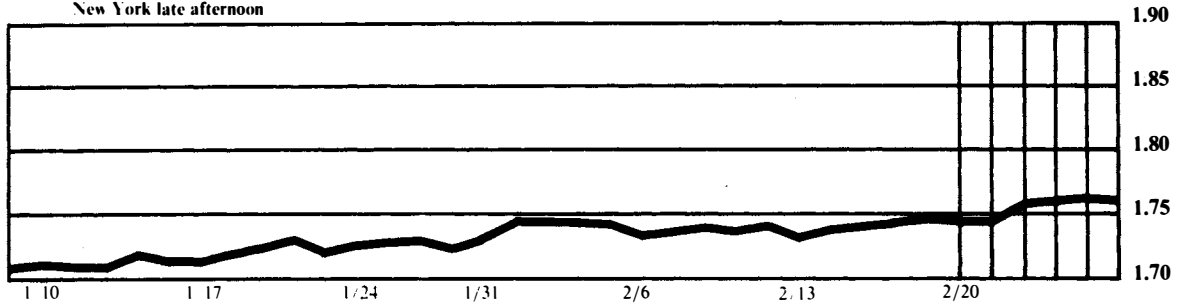
into a reserve role they cannot sustain. The problem is that the world's claims are still in dollars; Europe's principal assets are in dollars; Europe's trade and debt relations with the developing sector are in dollars; if the Washington Treasury makes the dollar unuseable, Europe is stuck.

However, Washington's strategic and economic policies are pushing Europe to a break. If Volcker accepts the advice of the *London Times* (see Special Report) and imposes a serious deflation, the dollar's usability as an international reserve currency will disappear. Europe will have no option but to freeze its dollar assets for all working purposes, and employ its gold and nondollar currency reserves to preserve its foreign trade, through a number of possible makeshift arrangements. And if Washington attempts to finance its current proposed military buildup the way it financed the Vietnam War, by unloading Treasury securities on European central banks, the Europeans will balk, and let the dollar go. Under the worst of circumstances, Europe could institute emergency payments measures on the strength of gold reserves, even if most international dollar accounts are frozen.

Worse yet for Washington, the European Monetary System could borrow several tens of billions of dollars through gold-denominated bonds, taking over the world dollar supply. In this case, the dollar would strengthen considerably. However, a major break downwards of the dollar's parity against the EMS currencies is virtually inevitable before any such arrangement would come into effect.

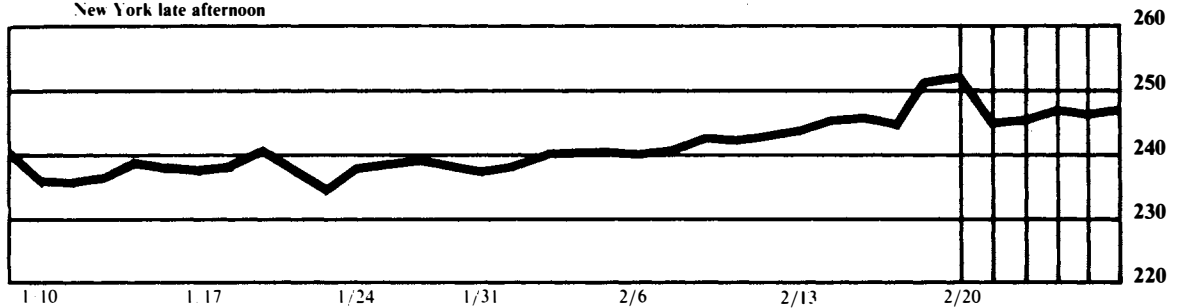
The dollar in deutschmarks

New York late afternoon



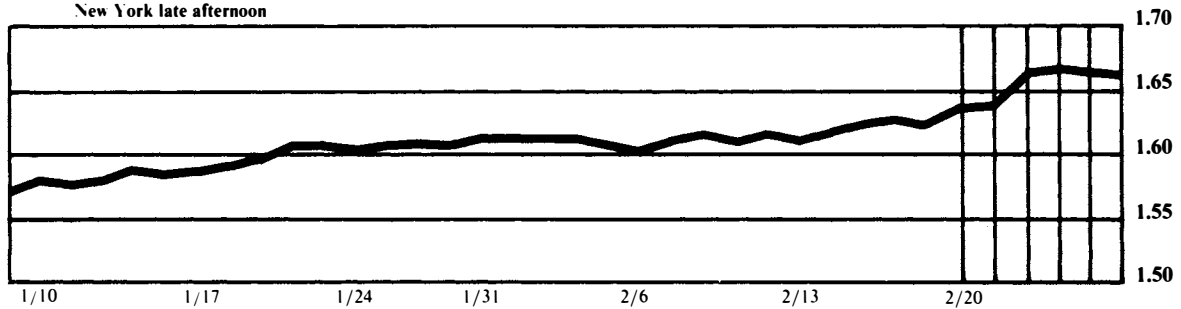
The dollar in yen

New York late afternoon



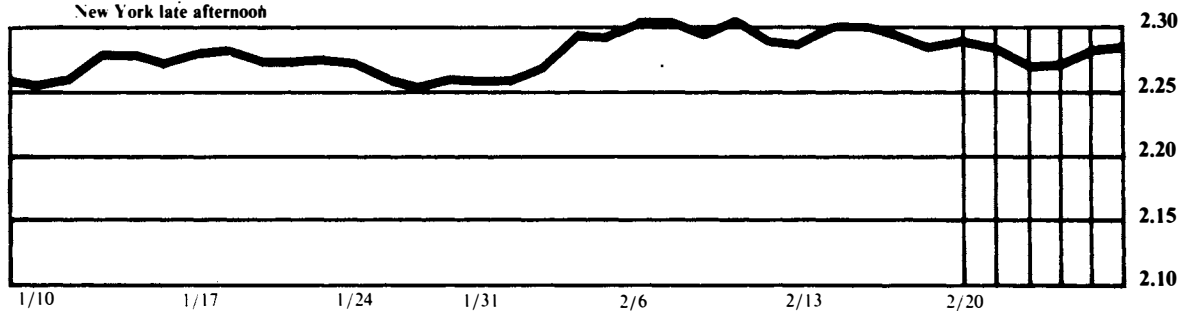
The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon



Bringing on a deflation

A hue and cry is being raised that Volcker didn't do enough and that more controls and more austerity must be imposed.

In its Feb. 25 newsletter, the Bankers Trust Company proposes a total deflationary collapse. Citing the fact that "the political pressures to keep the economy moving forward at any cost and to reward constituencies are immense," Bankers Trust states that credit controls will be needed to halt spending and economic activity. "The willingness of the political leadership of the country to pluck the nettle of inflation raises the likelihood that some form of controls will be placed on the economy before too long as panic over inflation rises," added Bankers Trust.

Backing up demands for controls that will tighten all credit was the fact that the cost of credit kept rising daily at an astronomical rate. Speaking at the Conference Board's annual finance conference, a leading bank economist predicted that short-term interest rates, already at 16½ percent, would soon shoot up to as high as 18½ percent. As this leading economist spoke, one year Treasury bills sold at auction Feb. 27 yielded 15.28 percent, the highest rate ever in U.S. history for government coupon-bearing securities.

The bond markets meanwhile were taking it on the nose. The undersubscription to a large IBM issue early in the week totally unsettled the markets. Overall, the long-term bond market has plunged 20 percent since the begin-

ning of the year. But on Feb. 28, the bond market temporarily halted its slide and actually advanced by 1 point, on the expectation that credit controls and a blow-out of the economy might be imposed.

The movement to bring on controls has little to do with ending inflation. Rather, as the *New York Times* identified it in three consecutive editorials, it is a plan for massively cutting living standards and forcing the American population to live with less. The U.S., the *Times* has stated, must learn to live with "less oil" and constricted energy supplies, which will of course cripple both long-term and short-term growth. In its editorial Feb. 28, the normally ultra-liberal *Times* suddenly changes field calling for a balanced federal budget. Entitled "The Case for a New, and Balanced, Budget," the *Times* editorial states that "obviously the burden will have to be widely shared. ... The polls show that the people are ready to make some personal sacrifices in a fair fight against inflation. They are waiting to be led."

On the same day Lazard Freres investment banker Felix Rohatyn called, at a public press conference, for "Wage-price controls, credit controls, gasoline rationing" and general increased austerity measures. Rohatyn is known as the director of the Municipal Assistance Corporation (Big MAC), which has slashed New York city

municipal jobs—and services—by 15 to 20 percent since 1975.

The recent history of credit tightening began in November 1978, when as part of a package to rescue the dollar imposed on the U.S. by the West German government, the Federal Reserve, under G. W. Miller maneuvered in a measure of credit tightening. The next big move came Oct. 6, 1979, when Fed Chairman Volcker tightened credit again. Then on Feb. 15, Volcker moved the credit terms still higher by posting up the Fed's discount rate from 12 to 13 percent.

Yet, the criticism now leveled at Volcker is that he hasn't really tightened, just jacked up the rates without completely shutting off the credit. According to the Feb. 25 Manufacturer's Hanover Trust newsletter, the Fed's new measure for liquidity in the economy, called the "L" ratio, was still growing at a 12½ percent annual rate in late 1979, the same rate at which it grew throughout 1978. The Feb. 19 Bankers Trust newsletter also complained that "the financial system now contains so many by-passes which tend to keep funds flowing that classical monetary restraint may no longer be effective."

Thus, it is argued, not only monetary aggregates must be tightened, but fiscal targets and personal income as well. To impose such a policy means cutting certain sections of the population out of the economy—a decision that Carter appears ready to make just as soon as he thinks he is well enough ahead in the primary polls and doesn't have to face the anti-austerity wrath of the population.

Trade Review

NEW DEALS

Cost	Principals	Project/Nature of Deal	Financing	Comment
(\$) 1 bn	Spain, Austria, and N. Ireland from U.S.	General Motors will build new auto parts factories in Spain, Austria, and N. Ireland and also expand an existing facility in N. Ireland		Feb. 20 GM announcement
1 bn	Australia from U.S., Netherlands/U.K., and Japan.	A one-million metric-tons a year bauxite mining and alumina refining project will be built 80 miles southeast of Perth, Australia by a consortium of Reynolds (40%), Shell (30%), Broken Hill Proprietary Company Ltd. (20%), and Kobe Alumina Associates (a consortium of three Japanese companies)		Joint venture agreement signed
400 mn	Philippines from U.S.	Reynolds Aluminum will build a smelter in Southern Leyte island in a 50/50 venture with the Philippines government		Agreement to be signed in last week of February
85 mn	Mexico from U.S.	Mexicana Airlines has ordered five more Boeing advanced 727-200 jetliners		Boeing announcement
	USSR from W. Germany	Mannesmann Handel and Thyssen Stahl union have won a large order of large diameter steel piping, to be delivered this year to the Soviet foreign trade organization Promsyrimport		
	Sweden from Saudi Arabia	Svenska Petroleum AB (state-owned) has signed a long term contract with Petromin (state-owned), which covers some 2 mn. metric tons of crude per year (10 percent of Swedish annual consumption). Other contracts have been signed with Iraq and Norway.		Svenska Petroleum announcement

CANCELLED DEALS

20 bn	U.S./U.S.S.R.	The U.S. government has embargoed further U.S. shipments of phosphates to the Soviet Union by Occidental Petroleum Co.		White House announcement 2/25/80
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UPDATE

400 mn	Soviet Union from U.S. and Japan	Nippon Steel and Aramco Steel plan for construction of huge specialty steel plant in U.S.S.R. has been postponed because of Carter administration's ban on U.S. exports of high technology to that country		Nippon Steel announcement
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Business Briefs

Domestic Credit

Carter closeted with advisors

President Carter held closed-door meetings with his budget director and economic advisers at the White House Feb. 27 to work out a plan to reduce the Federal budget and impose a deflationary policy on the United States. Credit controls are reported on the agenda.

While specifics have not emerged from the meeting, it is known that the President had before him a resolution to cut the FY 1981 budget by \$25 billion from his original \$615 billion request to Congress. Supporting that approach is a resolution presented by 42 Senators, led by William Roth (D-Del.), a member of the Bilderberg Society, which proposes tax cuts and a limit on Federal spending.

Carter is also said to have before him a proposal to impose credit controls on consumers respecting purchase of automobiles, houses and retail merchandise of other types. Such controls could involve raising downpayments or shortening loan maturities, thus making credit more "expensive." Other measures under consideration at the White House include elimination of General Revenue Sharing for state and local governments, and denying Federal pay increases for October, according to the *Wall Street Journal*.

Authoritative Congressional sources report that Carter has already instructed the Office of Management and the Budget to resubmit the administration's budget proposals with drastic cuts in social service programs. The cuts, to be announced within two weeks, will include elimination of all inflation-adjustments in Social Security benefits, veterans benefits, Federal pensions, Federal pay increases, and most other categories of income-support programs.

Experts say this would mean a 20 percent minimum across-the-board cut in Social Security payments—imposing extreme hardship and "even starvation"

on hundreds of thousands of elderly.

The anticipated credit-control program of the administration is expected to conform to proposals issued in London by leading financial interests for an "international deflation."

International Credit

David Rockefeller announces Third World credit cutoff

"Doubts are again being raised about the present credit-worthiness of the LDCs," David Rockefeller told the annual finance conference of the American Conference Board on Feb. 26. Banks with large loans to the underdeveloped countries will have special problems, given the latest round of oil price increases, he said.

Rockefeller called for "strengthening" of the IMF and World Bank organizations to handle countries that are being shut off completely from private credit sources. The IMF and World Bank have been functioning consistently as austerity police in the developing sector—once a poor country is cut off from private credit, the IMF moves in to impose the infamous "conditionalities" of currency devaluation, wage decreases, food price inflation, and budget cutting on the victim country in exchange for helping to pay a few bills. The result of IMF-World Bank aid is in every case to leave the country's economy terminally devastated.

What David Rockefeller failed to point out is the fact that the developing sector is being deliberately cut off from new credit by means of the whirlwind interest rate spiral. The key London interbank rate is now at 17 percent—that means developing sector loans start at about 19 percent.

It is this latter phenomenon to which Mr. Rockefeller referred more directly in comments to the *Wall Street Journal*

recently, where he warned of "treacherous economic seas and gale-force financial winds" strong enough to capsize even the strongest developing countries.

Banking

World Bank bailout plan or interest rate war?

On March 18, the World Bank will reportedly meet in executive session to discuss a proposal initiated by forces around the "Brandt Commission" and former British Prime Minister Edward Heath and, according to the London *Financial Times*, vigorously pursued by Bank president McNamara, to "restructure the flow of aid" to the Third World.

The plan, as *EIR* reported previously, is to extend balance of payment cover loans, at normal World Bank rates, in quantities as yet unspecified. The entire package is based on the Recently-authorized doubling of the Bank's capital base to \$80 billion. "IMF conditionalities" would be replaced with "World Bank monitoring" and a so-called global restructuring of economic policies.

The unstated idea is to outflank the well-known, dynamic political and economic initiatives of France vis-a-vis the Third World.

The catch, however, is as European observers point out, that you simply can't have your cake and eat it too. Raising \$80 billion for the world Bank to lend to the Third World while Euro-market rates are skyrocketing will be counterproductive—if not something more akin to a hat trick.

While the proposal certainly reflects the attempt at shifting Third World financial dependency from private channels to supranational organizations, it also reflects the cross-wired options at hand in the various policymaking currents of the Anglo-American camp. Avid boosters of the Paul Volcker high-interest-rate austerity reject "conces-

Briefly

sions" of any sort to the Third World—as deadly as they might be in any case.

Meanwhile, the money-crunch is on in a big way. The West German central bank is expected to raise its discount rate by a full percentage point tomorrow—to accommodate the effect of Mr. Volcker's latest tightening moves in the U.S. France is jacking up interest rates, tightening credit controls, with a new bank base rate of 12 percent. Belgium hiked interest rates on its Treasury bills to 14.75 percent this week.

So, gathering all the money the World Bank requires to finance a political package that could hope to keep Giscard d'Estaing at bay would require gouging huge amounts of liquidity out of national credit systems—something the cut-the-budget austerity advocates reject out of hand.

Trade

Chirac calls for triangular development fund

French Gaullist leader and mayor of Paris, Jacques Chirac, has just called for the creation of an "International Development Fund" based on triangular arrangements between the industrial sector, the OPEC sector, and the Less Developed Countries. Chirac's proposal, which contains strong parallels with Lyndon LaRouche's famous 1975 call for the creation of an "International Development Bank," was featured in an interview in the Feb. 22 issue of the Paris newspaper *Le Figaro*.

Chirac characterized his proposed triangular relationship as "one customer, the developing countries; one banker, the oil producers; and one supplier, the industrial countries." The OPEC countries such as Saudi Arabia would become bankers by virtue of the \$90 billion anticipated OPEC surplus they control.

Chirac reports that such arrangements would put a tourniquet on world inflation, including spiraling oil prices;

relaunch production in the industrial sector; and fight hunger and undercapitalization in the underdeveloped world. As a concrete example, Chirac says that France, instead of recently extending loans to India, should have persuaded Saudi Arabia to do so with the French government providing guarantees and functioning as industrial supplier in these arrangements.

Currencies

Report Giscard to propose fixed parities, gold standard at Venice

The Japanese newspaper *Mainichi* asserts in its Feb. 26 issue that French president Giscard d'Estaing will propose at the Venice monetary summit that four key world currencies be linked—the yen, the dollar, the ruble, and the ECU (unit of account of the European Monetary System).

Mainichi writes that the Giscard proposal to fix currency parities will also feature a provision for the use of gold as an international means of settlement.

Mainichi concedes that Giscard's actual draft proposal is not available. Nevertheless, the newspaper claims, Japanese financial authorities fear such a Giscard proposal to restore an international gold standard on the grounds that Japan has little gold reserves. Under the rumored Giscard proposal, gold would be set at about \$500 an ounce under the mooted arrangements, *Mainichi* reports.

If the *Mainichi* report is accurate, some doubt is cast on recent media reports that Giscard and West German Chancellor Schmidt have agreed to drop, until after their respective election contests, their organizing efforts for "Phase Two" of the European Monetary System—one feature of which would be the introduction of the supranational ECU—because of nationalist pressures within their own nations.

● **WALTER WRISTON**, chairman of Citibank New York, has almost succeeded, in what some officials call "blackmailing" New York State into allowing Citibank to violate New York State's usury ceiling laws. Currently, usury laws in New York State limits the amount of interest banks can charge on their credit cards to 12 percent for debt above \$500. Wriston has announced that Citibank will charge interest above that amount and apparently has gotten New York Governor Carney to agree.

● **THE RAW MATERIALS** Committee of the French Eighth Plan—a powerful policy-making body in France—has just issued an alarmed 300-page report emphasizing French vulnerability to raw materials cutoff in an unstable world—except for aluminum and uranium. The Committee proposes that France constitute large raw materials enterprises which would have sufficient weight to compete with other international "heavy weights."

● **WALTER J. LEVY**, the oil consultant associated with the Aspen Institute and Trilateral Commission, proposed this week in Europe that OPEC no longer be paid in currencies. Levy, who was intimately involved in Henry Kissinger's so-called International Resources Bank project, insisted that oil payments should henceforth be made in "energy bonds"—consisting of fixed quantities of goods.

● **BANK CAL TRISTATE**, controlled by the Rothschild interests, has laid claim to a chunk of U.S. mineral wealth and mining operations. Bank Cal Tristate is controlled by Baron Edmond de Rothschild. This week the bank bought up all the outstanding paper of Golden Cycle Mining, a Colorado-based company.

Carter's deflationary economics:

A new fascist world order

by David Goldman

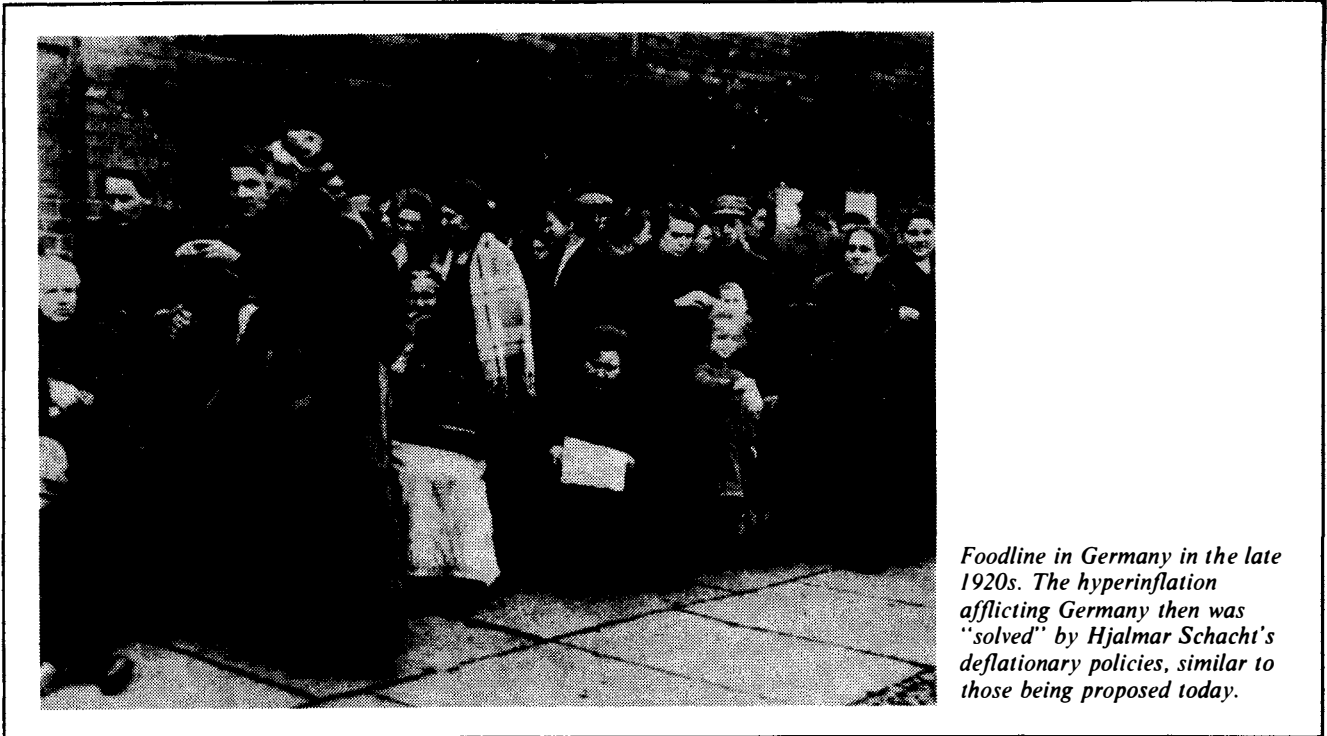
What is wrongly deemphasized in virtually all domestic coverage of the inflationary "explosion" in the United States, using the term of a senior administration official, are the tremendous international repercussions of the Federal Reserve's actions of the past week. These repercussions include:

- The extreme additional burden the new level of interest rates places on Third World debtors;
- The near impossibility of maintaining a stable dollar under present conditions; and
- The precarious position of \$150 billion in official dollar balances held by Western Europe and Japan.

Although Volcker, answering questions at his Feb. 20 testimony before the House Banking and Currency Committee, promised "horrendous" rates of interests if necessary, even a 16.5 or 17 percent prime rate does not measure up against 19 percent per annum wholesale price inflation. "Real" interest rates, sufficient to persuade corporations and households to stop going into debt to acquire appreciating goods with depreciating dollars, mean rates in excess of 20 percent—Brazilian-style monetary policy. Under these circumstances, it is absurd to discuss slow monetary restraint as a means of cooling inflation, as Volcker did in his Feb. 20 testimony.

The Federal Reserve's intention, on the contrary, is to "break the back" of the American economy, as one senior Treasury source put it, producing sufficient chaos and retrenchment to permit the elimination of large portions of the civilian budget, the imposition of credit, wage, and price controls, a gasoline tax, and similar measures. The combination of these measures would substantially reduce American living standards and restrict industrial investment to whatever can be financed out of military or energy-financing porkbarrels. Strictly speaking, the United States would become a Schachtian economy on the precise model of Germany, 1936.

Volcker would then have the same foreign-side problem that Nazi Fin-



Foodline in Germany in the late 1920s. The hyperinflation afflicting Germany then was "solved" by Hjalmar Schacht's deflationary policies, similar to those being proposed today.

ance Minister Hjalmar Schacht had with the additional problem of maintaining a domestic credit system grounded in the dollar's reserve-currency role. Henry Kaufman of Salomon Brothers, who proposed exchange controls on the dollar in a Feb. 21 speech, followed this logic to its obvious conclusion.

So, Volcker's measures must be seen in the context of a global political strategy to break all international resistance to Schachtian economics. The key point is the power-consolidation of Sir Keith Joseph and Chancellor of the Exchequer Sir Geoffrey Howe, the arch-hawks on both austerity and strategic confrontation with the Soviet Union. The decision has been made to put the American economy under military wraps, and permit the worst consequences to go through both at home and, equally critically, in the Eurodollar market.

There is virtual panic among sections of the international banking community over the consequences of this deflation, which, among other things, would make the refinancing of \$40 billion in Third World interest payments alone during 1980 impossible. In a speech Feb. 27, Chase Manhattan Bank chairman David Rockefeller warned that default of leading Third World debtors was a real possibility. He pleaded for an increase in resources to the International Monetary Fund. World Bank President Robert McNamara, the leading light of the Brandt Commission, is pleading for an extraordinary World Bank role in balance of payments lending, to prevent such defaults from taking place.

Former British Prime Minister Edward Heath summarized this viewpoint in a long *London Times* article Feb. 26, begging for a rise in World Bank and International Monetary Fund resources, warning: "It is all too easy to see the difficulties. The alternative is for the world to go sliding deeper and deeper into recession, affecting both North and South, and for the South to become so frustrated by its impotence that it puts pressure on OPEC to use oil again as a political weapon, so denying the North the energy it needs."

However, Heath was the factional loser in the played-out British internal fight. Opposite his article was the triumphant proclamation in the *Times* editorial column of the success of the deflation policy.

The other problem that Sir Keith and his friends have shut out of consideration is the unwillingness of Western Europe to accept a collapse of the world economy. France has already proposed the circulation of gold as a central bank reserve medium, and won agreement for this policy among central bankers at the February meeting of the Bank for International Settlements in Basle. France and West Germany, who have given no ground to either the monetary or strategic policy of the Margaret Thatcher government, have the option to activate the advanced features of the European Monetary System at virtually any moment.

Where the American economy itself is concerned, the Federal Reserve and the administration ultimately expect the centralization of world liquidity through the

International Monetary Fund will provide *both* the source of funds for and the means of disciplining the federal budget. Since the proposed IMF Substitution Account, which the Group of 30 expects to be approved this year, will invest some tens of billions of dollars in American Treasury securities, its leverage over American economic policy will be enormous. At the same time, by providing the equivalent of an exchange rate guarantee for dollar holders, the Substitution Account will solve the basic dilemma of the American "Schachtians": how to run an essentially hyperinflationary monetary policy to finance a defense and energy-autarky program in the United States, and maintain the integrity of a federal debt which depends heavily on the willingness of foreigners to hold dollars as a matter of Atlantic Alliance loyalty.

London Times demands worldwide deflation

In a Feb. 26 editorial that bears the unmistakable thumbprint of editor-in-chief William Rees-Mogg, the *London Times* proposed a global deflation whose consequences are almost gaugeless. The editorial, entitled, "The Road to Hyper-Inflation is Paved with Good Intentions," celebrates the factional victory of the hardline "Friedmanites" in the British Tory government, under the leadership of Industry Minister Sir Keith Joseph. The uncharacteristic public fight inside the British cabinet over the past two weeks, between surrogates for former Prime Minister Edward Heath and Sir Keith Joseph was represented as a difference over monetary policy and handling of the British Steel strike. In reality, the dispute was a sorting-out at the top level of policy-making in the Anglo-American leadership. The decision for deflation has been made on both sides of the Atlantic.

Rees-Mogg's editorial, penned a few days before his month-long tour of the United States, should be read as a ukase in force on both sides of the Atlantic, emphatically at the U.S. Federal Reserve. The sudden spate of editorial support for the identical policy, including the *New York Times'* sudden conversion Feb. 28 to support for a balanced budget, indicates how fast the American side of the Anglo-American machine came on board.

Rees-Mogg asks opponents of deflation:

Do they want a higher public sector borrowing requirement? If so, are they going to finance it by higher interest rates or by higher inflation? Do they want public expenditures to be maintained or cut? If cut, where else would they cut it? If maintained,

how will they pay for it? Do they want higher taxes? On income, or expenditure? There are no soft options in public expenditure; either the Government cut expenditure, or they accept a higher borrowing requirement or higher taxes, or they will cause even higher inflation. Some increases in taxation are already inevitable. . . .

The (British) Government is committed to a long and painful attempt to reduce inflation by fiscal and monetary means. They have been in power for nine months, far too short a time for success. Can it be right to relax the attempt and return to more inflationary policies, in order to ease the pain, when inflation is still moving toward 20 percent? Faster money growth would not reduce unemployment; its only enduring result is higher inflation.

The fact that American and British interest rates and inflation rates are now within 1/2 percent of each other should eliminate doubt that Rees-Mogg is only talking about the United Kingdom. Additionally, the appearance of American monetarist guru Milton Friedman at 10 Downing Street, and the remake of Friedman's American television broadcast series in Britain, raises another question. Friedman and his spokesman, former Treasury Secretary William E. Simon, have emerged as the leadership of the Reagan campaign. Simon and Friedman, through the American Heritage Foundation and other channels, are plugged directly into Sir Keith Joseph's operation in England. Can the Reagan campaign be used to leverage the United States into the type of deflation Rees-Mogg is proposing?

Although Fed Chairman Paul Volcker has not yet pulled the switch in the way Rees-Mogg proposes, and has opposed credit controls in recent congressional testimony, there is little doubt that he will move in that direction. Under 1969 legislation, the White House and the Fed can act unilaterally in this respect.

The budgetary side of the deflation operation is already underway. The Office of Management and Budget has already been instructed to resubmit administration budget proposals with a deadline of two weeks from now, eliminating virtually all inflation adjustments in federal income support programs. Among other things, that guarantees the slow starvation of some several hundred thousand senior citizens.

Volcker has artfully held back, warning against "impetuous action," while the bond market has disintegrated, and a crescendo in the financial press—amplifying Rees-Mogg's proposal—has created the conditions under which even congressional "liberals" have agreed to chop up the budget, and accept total monetary stringency by the Federal Reserve.

The 'Group of 30'—last chance for the SDR

In a remarkably frank luncheon exchange with reporters Feb. 20, spokesmen for the high-powered Group of 30—formally known as the “Consultative Group on Economic and Monetary Affairs”—proposed to put the American economy under the control of the International Monetary Fund. Investment banker Robert V. Roosa, Princeton University professor Peter Kenen, and Brookings Institution fellow Robert Solomon called the gathering to promote the Group of 30's new report, “Reserve Assets and a Substitution Account: Towards a Less Unstable Monetary System.”

The Group of 30's variant on the substitution account, a proposal which has been kicking around in international monetary negotiations for some years, has the International Monetary Fund taking over about \$50 billion of unwanted dollar holdings of central banks, in return for paper valued in Special Drawing Rights. (The “Special Drawing Right,” or SDR, is a “composite currency” composed of bits of the major trading currencies. Its present existence is strictly theoretical.) The International Monetary Fund would then use the dollars it absorbs to dictate terms to the United States.

According to Roosa, a former senior Treasury official and now a partner at Brown Brothers Harriman, “The substitution account will exert its own degree of discipline on the United States. By investing or not investing in Treasury securities, the IMF would place more powerful conditions on the United States than those existing in the market.” For a government trying to finance a \$91 billion (and probably larger) federal financing requirement in 1980, and with a collapsing bond market and an almost 20 percent inflation, this is powerful leverage indeed.

“Do you mean, IMF conditionality for the United States?” a reporter asked Roosa over dessert. The term “conditionality” refers to the IMF's power to impose cuts in consumption, currency devaluations, reductions

in government spending and other onerous conditions on (mostly) developing-sector borrowers in return for credits. Conditionality is frequently cited by Third World spokesmen to exemplify the imperialist abuses of the United States.

“Indeed, it becomes that,” Roosa said through bites of a chocolate torte. “Ultimately, there has to be recognition of that on both sides.”

The reporter persisted, “But, don't you expect some Congressman to get up and ask why the United States should be treated like some banana republic?”

“Yes. So what?,” said the investment banker.

Paying claims with IOUs

According to the Group of 30's report, “The basic framework of a Substitution Account might be as follows: participants would deposit foreign exchange (initially dollars) in an account administered by the IMF, in return for SDR-denominated claims or ‘certificates’; the managers of the account would invest the funds in securities or other assets denominated in dollars; the account would pay interest on the SDR claims and various arrangements would be made to ensure the full usability of the claims as reserve assets.”

Since it was first suggested almost 10 years ago, the substitution account's rationale has been the need to eliminate the dollar as a reserve instrument. In the past, the United States has abused its reserve asset position by unloading federal debt on its European and Japanese friends, in order, for example, to finance \$33 billion of Vietnam War expenditures on its balance-of-payments account. Carter's current defense and “energy independence” budget proposes roughly the same thing. This time, however, foreign dollar holders are not prepared to accept a second outrush of dollars, swelling and distorting their own currency arrangements. Therefore, the International Monetary Fund, and its private adjunct

body, the Group of 30, have proposed to hand foreign dollar holders an SDR-denominated IOU, instead of dollars. Since the SDR's value is a weighted average of the major currencies in world trade, then presumably the SDR-denominated paper is less likely to depreciate, as the dollar has, against other currencies.

Since most dumping of dollars has occurred on the private, rather than the official side, of finance, then "the private sector should in time play a major role in promoting the objectives of the scheme," according to the report. Professor Kenen said at the luncheon discussion that this was the most important new feature of the Group of 30 document. The report states: "Although the usefulness of the Substitution Account would not depend upon the development of a private market in the SDR claim, it would be greatly improved by such a market."

The big hole in this argument is that the European, Japanese, and Arab monetary institutions which are supposedly the major beneficiaries of the Substitution Account scheme are less worried about the current value of the dollars they hold than about the basic conduct of American economic policy. Carter, after all, is not expanding the federal deficit to finance international trade, but to create a military autarky in the United States—which could only be viewed as beneficial to Europe or the Arabs in the most cynical possible light. Both the military and energy features of the Carter budget correspond to a strategic perspective that the Europeans, generally, consider lunatic. In effect, the proponents of the Substitution Account—including the administration and the Federal Reserve—have rephrased the argument thusly: "The instability of the American economy and the dollar threatens to destroy the world economy and take you with it. We insist on both a military buildup, and an inflow of dollars into the United States to finance it. We will enforce the relevant austerity upon the U.S. population through the International Monetary Fund, and demand that you support this as a matter of loyalty to the North Atlantic Treaty Organization."

Some shortage of confidence

It hasn't panned out this way. The French government has nominally agreed to a substitution account, but proposed—almost ironically—a "gold content" SDR, in which some weight of gold would be included in the make-up of this financial beast. Meanwhile, the France-allied Spanish finance minister, Senor Leal, told the chairman of the IMF's Interim Committee that Spain opposed the SDR arrangement on the grounds that it would drain liquidity from the international markets that was needed otherwise. (At the Feb. 20 session, Brookings fellow Solomon, formerly senior advisor to the Federal Reserve, predicted that Third World nations would raise

the same objection.) In effect, the Spanish government told the Fund that it had no intention of permitting the Fund to take over liquidity that it otherwise wanted to use.

The chairman of the Interim Committee, Italian Finance Minister Pandolfi, is currently in Latin America, attempting to persuade Brazil and Mexico to throw their weight in the IMF's Third World caucus behind the Substitution Account. The Brazilians may, indeed, accommodate Pandolfi, who has one good argument to use with them: Brazil wants about \$1.5 billion from the IMF as part of an overall 1980 foreign financing package that is expected to total \$20 billion, according to internal Brazilian Treasury estimates. However, the Mexicans, whose own modest gold-mining capacity has encouraged them to lean toward gold remonetization, are not expected to give Pandolfi the time of day.

Too little confidence too late

Robert Roosa admitted as much in his introductory remarks: there is some shortage of confidence in the plan. At a similar press conference by the chairman of the Group of 30, former IMF Managing Director Johannes Witteveen, in London earlier that day, British reporters demanded to know how the Group foresaw the use of gold, Roosa said. The present study only suggests in passing that the IMF's remaining gold holdings be used in the event of liquidation of the Substitution Account as a kind of banking capital for the Account.

The British press, like the London *Financial Times's* Eurocurrency market survey of Feb. 19, has warned that the principal way investors have of hedging against holdings of unwanted currencies is not to buy other currencies, but to buy raw materials or gold. Has the Group of 30 report on Special Drawing Rights come too late?

"I hope not," Roosa said. Kenen and Solomon, the other panelists, jumped in to explain that, in their view, gold could not effectively replace existing dollar holdings because if central banks all bought gold, the price would rise astronomically. (On the other hand, at a gold price of \$700 an ounce or thereabouts, the most important central banks could comfortably *freeze* their dollar assets for a considerable period, and instead use gold or paper backed by gold, like the current European Currency Unit, to settle balances.) But Roosa waved his colleagues off.

"I have always opposed the sale of gold by the Treasury or the International Monetary Fund," he said. "I have been something of a maverick on this. It appeals to the mind of man as an ultimate source of capital. It is therefore useful in the unthinkable circumstance that everything else goes wrong."

Volcker's Schachtian program for the United States

Credit controls over the American economy, which the President may impose under 1969 legislation without congressional approval, may be in place within weeks. There is now a consensus among Wall Street economists that mere increases in interest rates, or tightening of monetary aggregates, will not prevent private-sector credit from continuing to expand at the 20 percent annual rate registered in the first weeks of this year. At deadline Feb. 27, the bond market had turned up sharply in anticipation of such controls, and the editorial drumming for this action in the financial press had become deafening.

If this is the short-term resolution to the inflationary crisis in the United States since wage/price controls are out of the question and budget-cutting takes too long the American economy will have moved a step further toward a literal repetition of Nazi Finance Minister Hjalmar Schacht's program for Germany in 1936. The elements of the Schacht program were:

- Suppression of household consumption through high rates of taxation and statutory limitations;
- A "national autarky" energy program, concentrating on coal-based synthetic petroleum;
- Diversion of all available industrial resources to military production;
- Central direction of state finances, initially through the notorious Mefo-Institut, to accomplish these goals.

The chaos on the bond and raw materials markets during the past several weeks, and the resulting impression of leaderlessness and drift at the top in Washington, tend to mask the steady movement of the United States toward Schachtianism. Carter's FY 1981 budget proposes a Schachtian reorganization of the economy not so much on the official "on-budget" side as in the distribution of more than \$50 billion of federally-guaranteed and similar borrowing. In the most important civilian-sector of the "off-budget" budget, allocations for housing financing are down \$10 billion, breaking the back of a five-year trend toward federal support of the secondary

mortgage market. This is matched by a \$10 billion rise in spending related to energy autarky, including the synthetic fuels plants, the Louisiana salt domes, and so forth. (See "Carter's Schachtian Budget Proposals," *EIR*, Feb. 6-12).

The total federal borrowing requirement for calendar 1980 is \$91 billion, by Carter administration estimates. It is probably higher by \$20 billion or more, given the administration's overly optimistic projections for the economy. The figure was kept low only through a \$40 billion tax increase. Including the rise in defense spending, the tax cuts, and the shifts in the "off-budget" sections of the budget, the net shift away from the civilian economy totals \$75 billion.

However, the impossibility of financing that federal borrowing requirement under current financial market conditions implies a much bigger shift—in a single year—away from civilian economic resources. The shift will be accomplished either through price or nonprice rationing, i.e. "crowding out" on the financial markets or credit controls, and through budget cuts.

The magnitude of the additional shift is difficult to estimate. If the budget is cut, the first sections to go, given Carter's discretionary recommendations in the FY 1981 budget proposals, will be inflation adjustments in social security and veterans benefits; pay raises for federal employees; the general revenue-sharing program for state and local governments; and a handful of similar items. Those proposals would reduce projected spending by \$14.1 billion. That is not a significant figure relative to the bond markets crisis, particularly since Defense Secretary Harold Brown announced in congressional testimony Feb. 27 that he would be forced to spend more (by an undisclosed sum) for defense than the \$14.2 billion requested due to inflation, and the exigencies of the Afghanistan crisis.

Mortgage issuance, which during 1978 was the single largest element of the entire credit system, are now down

Continued on page 22

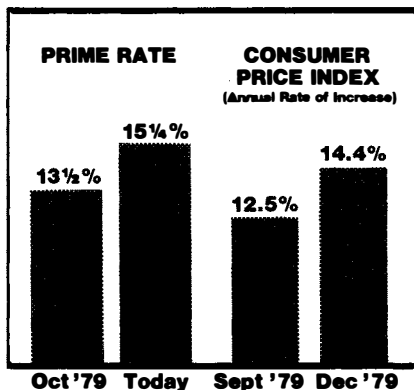
What Carter and Volcker have done

by Kathy Stevens

Two announcements on Feb. 22—18 percent annual growth in consumer prices and a record-shattering 16.5 percent prime rate at big commercial banks—show that Federal Reserve Chairman Paul Volcker has “broken the back of the American economy,” as a senior congressional staffer put it.

The big jump in the prime rate, which will rise to 17 percent within the next two weeks, is an immediate

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response to Carter appointee Volcker's increase in the discount rate of the Federal Reserve just a short week before. Other interest rates, including the rate the federal government pays to borrow money, have risen out of control. The value of the federal government's paper has fallen by one-quarter since Jan. 1. A federal long-term bond worth \$1,000 last year is now worth \$750.

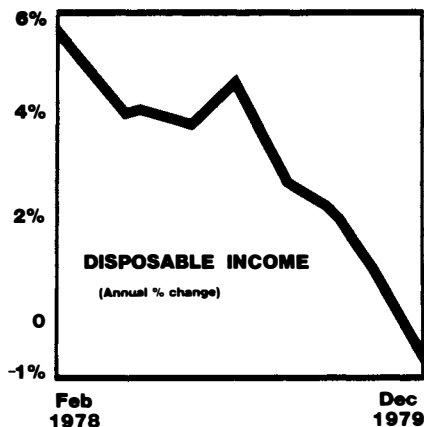
Two features of Volcker's depression policy must be emphasized before we show what that policy has done to the U.S. economy. First, high interest rates are not merely a reaction to inflation but the principle cause of inflation, including both short-term and structural inflation. Debt service on the economy's \$5 trillion of outstanding debt—\$750 billion of it at 15 percent interest—is the single biggest cost to the economy. Except for defense spending, federal debt service, at \$80 billion, is the largest item on the federal budget.

Second, high interest rates undermine productive investment and promote speculative swindles. It costs \$60,000 in capital goods to employ a skilled industrial worker and only \$4,000 to employ a clerical worker. High rates shut off longer-term industrial investment in favor of quick turnaround “service industry” employment. This process erodes the nation's basic productivity, producing structural inflation.

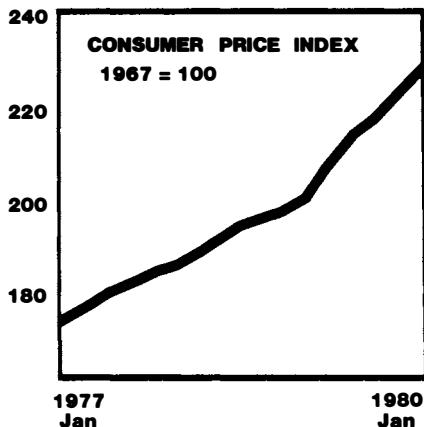
Throughout 1979, both households and corporations ran “deficits”—a gap between income and necessary levels of expenditure—of close to 10 percent. Households first made up the gap by borrowing and, when Volcker shut off consumer borrowing last October, lived off their savings. Normal U.S. household savings rate in 5.5 to 6.0 percent and this rate was maintained in the first half of 1979. But it crashed to 3.3 percent in the final quarter of 1979 and to 2.6 percent in December.

Corporations also tried to fill the gap by borrowing every penny they could get. Now the lid has slammed down on that too.

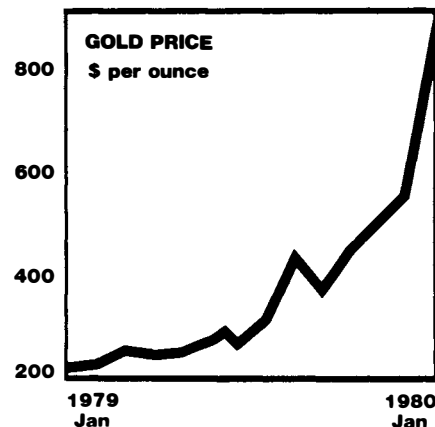
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By deliberate design of the Carter administration, the American economy has entered a Second Great Depression.

Here's what Carter and Volcker have done to the U.S. economy in the three short months since the October Massacre.

1 Their anti-inflation policy has given the U.S. the worst inflation ever. In the first round of credit tightening, the prime lending rate (the rate banks charge their best commercial customers) stood at 13.5 percent. Consumer price inflation, measured by the consumer price index was at 12.5 percent, almost the worst level in American history. On Feb. 22, the Commerce Department announced that consumer price inflation was the worst in American history, at an annual rate of 17 percent during January. The prime was at an all-time record of 16.5 percent and expected to rise higher. This is the basic index of the effectiveness of the Volcker policy.

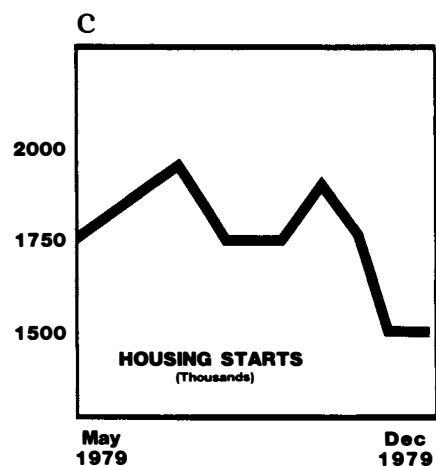
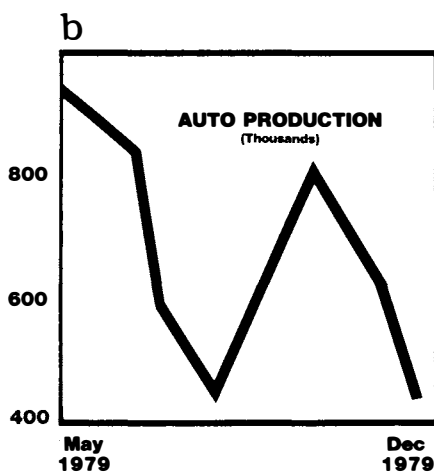
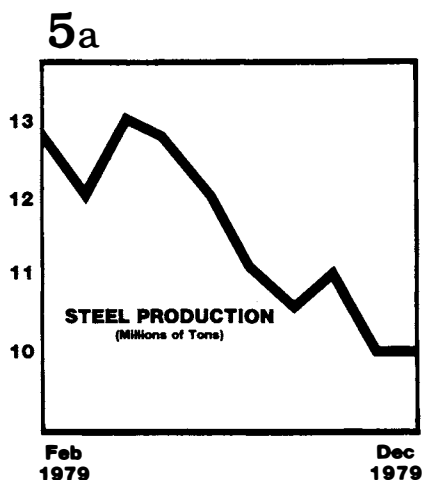
2 They've slashed income. Disposable, after-tax income plunged deeply into the red at the end of 1979 taking living standards with them. The government's "disposable income" category actually understates the decline in real incomes under the Carter presidency. Households have been able to avoid declines in spending on food, clothing, and other short-term essentials only by giving up purchases of homes and automobiles.

3 They've sent prices soaring. Since Jimmy Carter took office, the consumer price index has taken a sharp turn. The curve of consumer prices made a sudden change into double digit inflation around the beginning of 1979—the result of two years of disastrous economic policies. The CPI rose at a 13.3 percent annual rate, the highest since World War II and outstripping the growth

of wages by 5.3 percent. Starting with January 1980, the rate of inflation (shown by the slope of the line) will take an even more dramatic turn upward as inflation heads above 20 percent.

4 What they did to the dollar is shown in gold's rise. Gold, the basic measure of the dollar's value, in terms of the most-trusted central bank reserve asset, is the only category that has stabilized during January 1980 for extremely short-term and extraordinary reasons. Since the Soviet military move into Afghanistan the United States has made it a point of Atlantic Alliance loyalty that the dollar must be propped up. This is ironic, since Carter's former Treasury Secretaries W. Michael Blumenthal and G. William Miller spent the last three years "talking down the dollar," by calling for its abandonment as a reserve currency. However, the current inflation rates ensure a new collapse of the dollar early this year.

5 The decline in industry shows there is worse ahead. During 1979, there was a sharp decline in the nation's three biggest goods-producing industries: steel, auto and housing. In each case, October 1979 marks a sharp downturn, followed by a plateau at low levels of activity during December. As of the last figures available, housing starts had fallen an additional 6 percent, and auto production remained 23 percent below previous year's levels, during the month of January. The shut off of funds to auto dealers, builders, and consumers as a result of the recent extreme rise in interest rates means a much faster rate of collapse. Auto dealers' swollen inventories and weak balance sheets are no better off than before the big production downturn this winter, and the housing market has virtually shut down, as bankers withdrew mortgage credit in response to Volcker's discount rate increase.



Volcker's program . . .

Continued from page 19

44 percent below the early 1979 level. The rate of consumer credit issuance was down 40 percent from the third to the fourth quarter of 1979. These figures, of course, correspond to the disintegration of the auto and housing sectors of the economy, two of the economy's most important sectors. The comparisons between the 1974-1975 business and the present are extraordinary. Then, corporations borrowed massively to speculate on inventory stockpiles, lost, and liquidated inventories in a long, bitter runoff. Corporations are now borrowing merely to maintain the same inventory levels under conditions of near-20 percent inflation—which is where the rate of commercial borrowing stands.

What is particularly onerous about the Carter budget deficit is *not* its mere size, but its composition. Of course, policymakers have long since stopped listening to Keynesian economists babble about the “mutliplier” effect of government spending. There is no “multiplier” for the economy in this deficit, only deductions. This has everything to do with its Schachtian nature. Military spending is a drain on the most vulnerable, shortage-prone sectors of the economy, especially capital goods, as *EIR* demonstrated using the LaRouche-Riemann computer econometric model.

Under conditions of, for example, a three-year backlog in machine tool orders, and a 14 month backlog in orders for most steel forgings, increased military production is an inflationary bottleneck-maker. Production of Schacht-style synthetic fuels plants, which will churn out dirty energy many years from now at \$40 per barrel oil (in terms of the 1979 relative price of petroleum) to replace \$26 oil from Saudi Arabia, are similarly an inflationary drain on the economy.

Assuming that the shift away from productive activity is merely equal to the \$75 billion implied by the budget plus the \$26 billion asked by the Senate, the inflationary addition to Gross National Product would imply an additional 5 percent or so on top of the current 20 percent inflation rate. However, the spinoff effects of the Schachtian shift make this kind of estimate useless. What has to go is the civilian economy.

Bankers Trust, in a Feb. 25 commentary, is blunt on this point: “Talk of controls has helped the markets to function again. . . . The major concern of market participants over the near term, however, will not be the money supply or inflation, but the economy. The Fed is in the midst of another struggle similar to last October's. The goal is a sharp reduction in economic activity.”

What will remain after the dust settles is those “national priority” areas funded directly by the Department of Defense or the Energy Security fund, precisely as in Schacht's Germany.

The Republican endorses fascist

by Lyndon H. LaRouche, Jr.

The following statement was issued in February 1980 by Citizens for LaRouche, the campaign organization of the author, a Democratic presidential candidate. We reprint the statement here in full.

The darling of the Republican Party, Nobel prize-winner Milton Friedman, is a self-confessed promoter of the economic policies of Nazi Germany. Unfortunately, every leading Republican candidate for the presidency is committed to the Nazi-modeled “fiscal austerity” policies of the type pushed by Friedman.

It is true that the Carter administration is also committed to economic policies modeled on those of Hitler's Germany, but it is the Republican National Committee which is presently committed to a more vicious continuation of Carter's Nazi-modeled policies for the 1980s.

Milton Friedman

As an “economist,” University of Chicago's Milton Friedman is a bad joke. Even most professional economists of Friedman's own faction share the contempt for Friedman's mental abilities voiced in print by Cambridge University's Mrs. Joan Robinson. Mrs. Robinson characterized Friedman, quite correctly, as a degenerate Keynesian, and correctly sneered at Friedman's method of analysis as representing the “post hoc ergo propter hoc” school of monetary doctrine.

One could say more or less the same of another Nobel prize-winning pseudo-economist, Paul Samuelson of Massachusetts Institute of Technology. Samuelson made a fortune from the sale of his college undergraduate textbook. This textbook was used to indoctrinate millions of credulous college undergraduates and others in the dogma that the Keynesian “built-in stabilizers” would assure, eternally, that a development such as the August 1971 collapse of the U.S. dollar could never occur. Samuelson was given his Nobel award months prior to the total discrediting of his dogma by the events of August 1971.

However, the discredited Samuelson is unimportant

leadership economics

today. Friedman is, unfortunately, the darling of the Republican National Committee as well as the Carter administration.

Friedman's "fiscal austerity" doctrine is in fact a copy of the policies of Nazi Germany. Those policies were authored by Nazi Finance Minister Hjalmar Schacht, the individual who put Adolf Hitler into power for the purpose of implementing those doctrines. Friedman has publicly admitted that model for his own present proposals in the name of "free enterprise." That admission is perhaps the only instance in which Friedman's public statements have been correct.

The Nazis did exactly what Friedman and his admirers now propose for the United States. For most of the German economy, Schacht and Hitler imposed the kind of austerity the Carter administration is presently conducting and the Republicans are proposing. This wiped out independent German business en masse, maintaining only a war-economy prosperity among the Nazi Germany equivalent of the "Fortune 500." Schacht controlled Germany's continuing inflation by increasing the cuts in real income of the German population at rates corresponding to or exceeding the continuing rate of inflation. Those facts are documented in detail in a classic study of Nazi economics by the late Jacques Rueff, the leading economist of twentieth-century Europe.

It was this looting policy which impelled Hitler's regime to cut the proportion of the population to be supported through, first, euthanasia against the aged and seriously ill and, later, the "useless eaters" policy of more generalized genocide. Similarly, today, the Carter administration's Department of Health, Education, and Welfare, is currently continuing policies which aim to shorten the life-span of senior citizens—with the argument that this is necessary to prevent long-lived senior citizens from creating a financial drain through Social Security and Medicaid programs. The same genocidal policy is promoted by the Kennedy Center for Bio-Ethics at Jesuit Georgetown University.

This is also the genocidal doctrine of the leaders of

Hjalmar Schacht, Adolf Hitler's finance minister until 1937, the architect of the economic policies now adopted by the Carter administration, and endorsed by the Republican National Committee. Below, Schacht-imitator Milton Friedman.



the so-called zero growth organizations and their so-called environmentalist supporters. The fraudulent study, entitled "Limits to Growth," published by MIT professors Meadows and Forrester, was used as the basis for the proposal by the Club of Rome to reduce the world's population to between one and two billion persons by about the year 2000 A.D. These genocidal proposals are in effect in the so-called conditionalities policy of the International Monetary Fund and also the "appropriate technologies" policies of Robert S. McNamara's World Bank. Both policies are currently supported by the Carter administration.

A policy of "zero economic growth," or "zero-based budgeting," combined with an anti-nuclear energy policy and a "fiscal austerity" policy, is the most efficient means for committing mass genocide short of total thermonuclear war itself.

"Free enterprise" menace to capitalism

One should recall that Milton Friedman and his Nazi-modeled policies were the initial doctrine of the Nixon administration. Nixon dumped those doctrines—temporarily—during the spring and summer of 1970, and later declared himself a convert to Keynesianism. The reason was that Friedman's policies had brought the

entire U.S. economy to the edge of a chaotic financial collapse, as signaled by the bankruptcy of the vulnerable Penn Central and the crisis of Chrysler Corporation that year.

Friedman was revived by the incoming Carter administration. The "transitional administration" was occupied with administering indoctrination in Friedman's Nazi-modeled economics to the legal profession and other bodies.

The next major promotion of Friedman's Nazi-modeled doctrines began during May-June 1978. This time the campaign for Nazi economics was conducted through a British secret-intelligence front organization, the Heritage Foundation. The Heritage Foundation is jointly controlled, top down, by the London International Institute for Strategic Studies (IISS), and the Mont Pelerin Society, both agencies of British secret intelligence. This time the Nazi-modeled, anticapitalist dogmas were peddled as a consumer fraud under the title of "free enterprise." The massively financed propaganda campaign in support of Nazi economics labeled "free enterprise" was conducted through such channels as the American Enterprise Institute, the American Conservative Union, the resources of the Olin Foundation, and a wide assortment of foolish prattlers and scribblers including the rather dumb former U.S. Treasury Secretary William Simon.

I was horrified, but not entirely astonished by the numbers of executives of industrial corporations who were brainwashed into regurgitating that Nazi-modeled buncombe.

The manifest stupidity of many such members of the business community was underlined by the fact that the Friedmanite doctrine of "free enterprise" was shamelessly described as proven by its recent, allegedly successful application in Great Britain. Since most leading business executives have first-hand evidence of the kind of industrial wreckage the British economy has become, their continuing admiration for this sort of policy was hardly evidence of tough-minded business judgment.

It is true that Friedman's "free enterprise" doctrine is of British origins. In fact, it was the same British policy against which the founding fathers of the United States conducted the American Revolution against our British adversary. This is not inconsistent with the fact that Friedman's economics dogma is Nazi-modeled.

The first edition of John Maynard Keynes's "General Theory" was published in German, not English. It was published in Berlin in 1936, with an included special preface by the author—a preface discreetly omitted from the later, English-language editions. In this German-language preface, Keynes praised Nazi Germany as the most desirable form of nation for successful implementation of his policies. Keynes was not suffering any misunderstanding of the Nazi system. Schacht was a product of indoctrination in British policies, and the

economic policies which were—and are—the determining feature of a fascist state were developed for Schacht by his British patrons and advisers.

It could be argued that Friedman and the Heritage Foundation were not the first institutions to introduce Nazi-like economic policies manufactured in Britain into the United States. Throughout the early nineteenth century, there was a continuing fight between the procapitalist and the proslavery factions. The proslavery faction's policy was called "free trade," the policies of Adam Smith's "Wealth of Nations." The procapitalist faction was called "protectionist," because its policies used tariffs as well as fiscal and monetary incentives to promote fair rates of profit and fair wages for independent farmers and developing industries. The procapitalist principles of the American System were set into motion under George Washington, by the reports to Congress on credit, banking and manufactures of Treasury Secretary Alexander Hamilton. It was that American System which made the United States the great power it was until the liberal subversion of the recent two decades of our nation's decline.

The idea behind the British doctrine of "free trade," the policy of the proslavery faction in American history, was to use cannibalistic forms of competition among farmers, among business, and among the ranks of labor to keep down the rate of reinvestable profits of farmers and manufacturing. Reduced wages lowered the cultural level of life of the general population, thus slowing down the rate at which the labor-force could generate investable savings or assimilate new productive technologies. This ensured that the British aristocrats and their private-banker allies would be able both to loot production more successfully and prevent farmers and businessmen from achieving sufficient strength to overturn the rule of world trade and finance by the allied forces of feudal-minded "blue bloods" and their usury-minded banker accomplices.

As Hamilton understood, capitalist development requires a gold-based currency whose stable values are assured through national banking institutions outside the control of private interests such as the London and Manhattan bankers. Through national banking and a gold-based currency, the federal government is able to ensure a supply of credit to local private banks and their clients at prime interest-rates of between four and six percent. The point is to keep the prime interest-rate to sound investors well below the average rate of profit of sound businesses and farms. It is the soundness of the investments to which such credit is lent which provides security for the credit generated by the gold-based national banking system. By combining this credit with the savings channelled through local private banks, high rates of capital-formation are encouraged in agricultural improvements, in manufacturing, in mining, in construc-

tion, in transportation, and in commerce in the product of agriculture and manufacturing. By also fostering high rates of scientific and technological progress, and high standards for compulsory public education, the optimal rate of improvement in the productive powers and productive output of the labor force are achieved, ensuring noninflationary growth, an ever-stronger national currency, and a demand for labor slightly in excess of the total labor-force. That is the American System, as opposed to its enemy, the British System of Adam Smith, et al.

The British System of Adam Smith, John Stuart Mill, Keynes and Schacht is an anticapitalist system of political-economy. It is the increasing influence of the British System which has caused the accelerating decline of the United States since the 1957-1958 recession, and especially since the wrecking of the U.S. dollar under President Johnson and Federal Reserve Chairman W. McChesney Martin during 1965-1966.

The point is to get back to the American System of Hamilton, the Careys and Friedrich List.

Unfortunately, the forces which control both President Carter and the Republican National Committee, the forces associated with the New York Council on Foreign Relations' Trilateral Commission gang, define Hamilton and List as the chief adversaries of the United States. You find this incredible? I refer you to the current publication by McGraw-Hill of more than 20 books belonging to a collection entitled "Project for the 1980s." These books represent policy-papers written under the supervision of Cyrus Vance, W. Michael Blumenthal, Zbigniew Brzezinski, and others for the Council on Foreign Relations during 1975-1976, and completed just in time for the Carter inauguration. These books outline every policy followed by the Carter administration since then, and also define every policy currently adopted by the Republican National Committee. The entire policy of the Carter administration and of the present, Kissingerian Republican National Committee is based on the presumption that France, Germany and Japan—not the Soviet Union, or Communist China—are the chief enemies of the United States. The pretext for defining France, Germany and Japan as the Carter administration's chief strategic adversaries in these books is the observation that those nations, especially Gaullist France, are dedicated to the "neomercantilist" policies of the George Washington administration, whereas, the Manhattan Tories take the side of King George III!

Worse, rather than give up treasonous, Tory policies, the "blue bloods" who run puppet-President Jimmy Carter are prepared to put the United States under the Nazi economic policies of Adolf Hitler and Hjalmar Schacht. Milton Friedman and the British-intelligence conduit, the Heritage Foundation, are the leading voices for this Nazi doctrine.

Two professors revive the policy of Goering

The following is a critical review by Lyndon H. LaRouche of the work of St. Anselm College professors Dr. Richard Gabriel and Paul Savage, authors of Crisis in Command.

The Nazi side to Gabriel and Savage leaps out at the moment one poses of them the question of developing the civilian-economic basis for an adequate military capability. The answer they give is not only exactly the same answer Nazi Hermann Goering gave in the 1930s; Gabriel and Savage are fully aware that they are resurrecting the Nazi policies of Goering.

Gabriel and Savage have flatly insisted that the United States can build a powerful military economy while allowing the civilian economy to collapse. This is the gist of Goering's 1930s "guns not butter" policy, and the policy of the candidacy of Republican George Bush today.

Both President Jimmy Carter and Republican George Bush are candidates for a Nazi policy for the United States. The differences between the two candidates are identical with the differences between Nazi Finance Minister Hjalmar Schacht and Nazi military-economy boss Hermann Goering during the 1930s. Not only are the differences between Carter and Bush identical to those between Schacht and Goering, but the key think-tankers behind the policies of Carter and Bush are fully aware of this connection.

Fundamentally, there was no difference between Schacht and Goering in overall policy. Both started from the Nazi economic doctrine of Schacht. So, today, both Carter and Bush accept Nazi-modelled 'fiscal conservatism' doctrines of Schacht imitator Milton Friedman. Starting from that point of agreement, Carter's and Bush's backers diverge in the way in which they propose to apply the Nazi doctrines of Schacht and Friedman. Carter's backers are now committed to a limited growth of the military budget, while collapsing a great deal of the U.S. civilian economy. Bush's backers, like Goering of the mid-1930s, propose to go all the way to the kind of military economy which the Nuremberg trials identified as the special characteristics of the Nazi regime over the 1936-1945 period.

The military doctrine of Kissinger, Schlesinger, and Brzezinski was aptly described during 1975 by James R. Schlesinger as 'the aura of power.' Challenged on the growing inferiority of the U.S. military capability to

Soviet capabilities, Schlesinger replied to my representative's question that the questioner evidently did not understand the principle of the 'aura of power.'

The notion of a mere appearance of real power, 'the aura of power,' as the instrument of geopolitical bluffing, is the basis for the leading features of Carter administration policy today: 'the China card,' 'the Islamic card,' 'the captive nations card,' and so forth and so on. Brzezinski's policies, and therefore the policies of Brzezinski's and Kissinger's puppet, Carter, is accurately described as a strategy based upon 'a house of cards,' as Brzezinski wrote in a Rand Corporation paper he composed during the middle of the 1960s.

What happens when Moscow puffs gently against the Kissinger-Brzezinski-Carter 'house of cards'?

The result is three U.S. carriers (two ready for retirement) lined up in close order on parade, perfect targets for a single tactical nuke, in the potentially hostile zone of the Indian Ocean. Carter threatens capable Soviet forces in Afghanistan with a gang of drug addicts scraped out of the barracks of U.S. forces stationed in West Germany.

These facts are true. The denunciation of the 'systems analysis' policies/traditions of Kennedyite Robert S. McNamara are also valid, even when those criticisms come from the mouths and pens of such followers of the Nazi Goering as Gabriel and Savage.

Why Gabriel and Savage are kooks

When Lord Milner's Round Table group mobilized Britain for World War I, at the turn of the present century, Milner and company adopted the 'dirigist' economic-development policies of Alexander Hamilton as a policy of reference. It is broad-based technological progress, high rates of capital formation in the civilian economy, which give a modern nation in-depth logistical strength for its required military capabilities.

It was because of Milner's adoption of a policy of technological progress for the civilian economy that kook-cultist Bertrand Russell walked out of the Milner group in a display of infantile pique. As H.G. Wells states, referring to Russell's walkout in his own autobiography, Wells agreed with Russell philosophically, but 'compromised' by proposing that high-technology development be limited to the military side of the economy, while applying zero growth collapse to the civilian side. Nazi Goering was the direct outgrowth of H.G. Wells's 1920s articulation of that policy.

Gabriel, Savage, and their 'Team B' group of Bush backers, are rabid, zero growth kooks, who disagree with the lunatics of the Clamshell Alliance only on the point of military spending, while agreeing with the Clammies on nearly every point concerning the civilian economy.

The report of the Commission: end

by Daniel Snider

"We believe that certain elements of what might be called international government are already called for to meet both mutual and national interests, and that by the end of this century the world will probably not be able to function without some practicable form of international taxation; and a decision-making process which goes a good deal beyond existing procedures."

This rather incredible and blatant call for the surrender of national sovereignty, including even taxation, to a one-world government is the conclusion of a report issued this past month by the so-called Brandt Commission, otherwise known as the Independent Commission on International Development Issues under the Chairmanship of Willy Brandt. The signers of this report, North-South: A Program for Survival, are a group of bankers, politicians, economists and similar misfits from around the world who were assembled late in 1977 at the behest of the President of the World Bank, former U.S. Defense Secretary Robert McNamara, a misfit in his own right.

The designated purpose of this group was to carry on the much vaunted "North-South dialogue" through the agency of an "independent" group of prominent persons. After more than two years of work the Commission has managed to produce a series of proposals which are really nothing more than a well-padded and little disguised promotional pamphlet for the well-known prescriptions of zero-growth economics and fascist austerity of the sponsors of the group, the International Monetary Fund (IMF) and World Bank. While the 300 pages of text of the report are insufferably boring as a result, they contain gems of insight into the world in which these One-Worlders would have the rest of us live, provided we surrender our governments and nations to this self-appointed elite.

The principal conclusions of the report can be briefly summarized as follows (please see selected excerpts below for elaboration):

Brandt nationhood

1. The one world system. National sovereignty over economic policy and related matters should be surrendered to a one-world government (including they hope, China and the Soviet bloc) which would have powers of taxation over certain items of world trade, including arms, and which would control not only the existing IMF and World Bank but also new institutions like an energy institute and "World Development Fund" which would control global credit flows and development policy.

2. Zero growth and malthusianism. The report repeats the familiar formulae of over-population as a cause of underdevelopment, the problem of industrialization and urbanization ruining the ecological balance and straining fixed, limited resources, and a call for the end to continued economic expansion, both for the advanced and developing sectors of the world.

3. Basic needs and appropriate technology. The report offers the familiar World Bank formula for a development strategy in the Third World, that is, ending "disproportionate efforts into developing the urban and industrial sectors," emphasis on rural, labor-intensive, anti-technology agriculture (i.e., "appropriate technology" like sticks and cow dung) and small industry. This is combined of course with mineral and raw materials development in the developing sector.

4. Solar energy not nuclear. The energy section calls for extreme cuts in consumption in the advanced countries, including setting of standards controlled by "international agreement and surveillance," the promotion of solar energy and similar labor-intensive, "renewable sources" while treating nuclear energy as "problematic" and marginal at best.

5. Strengthen the IMF, make the SDR the international reserve. The section on international monetary issues is the crucial section, calling for a strengthening of the IMF/World Bank system, the destruction of the dollar as a international reserve currency along with the elimination of any role for gold and the promotion of the IMF controlled Special Drawing Rights (SDR) as the formal

international reserve currency, of course under the control of the IMF. They further call for the creation of an additional World Development Fund, which along with an expansion of the IMF/World Bank by several fold, is intended to absorb the surplus petrodollar and other funds to control their recycling in the international credit system. They call for certain domestic "reforms" of the system in order to bring more "participation" by developing countries, a response to Third World complaints about advanced sector control of the IMF/World Bank. They also call for China and the Soviet Union and East European countries to be brought into this revamped international monetary system.

The origins of the Commission and its real purpose

Having thus summarized the report (and hopefully saved some readers the pain of reading it themselves) we must now examine the origins of the Commission and its real purpose in the present strategic situation. The Commission was the idea of World Bank head Robert McNamara but the circumstances of its promotion coincide with the collapse of the ill-fated North-South talks in Paris, the Conference on International Economic Cooperation, a negotiation of some 24 advanced and developing nations which had begun in 1976 under the leadership of French President Giscard. The CIEC talks had been pushed in part by then Secretary of State Kissinger as an attempted oil producers-consumers meeting, but at Third World insistence had been broadened in order to block an attempted confrontation set-up with OPEC

The CIEC talks dragged on for almost two years with no result, characterized by a constant game of sucker played by Kissinger on sometimes stupid, sometimes naive developing sector governments, who, like in the famous Charlie Brown cartoon, kept rushing up to a football marked "New International Economic Order" held by Kissinger, only to fall flat on their faces when Kissinger pulled it away at the last minute. Finally, the talks came to an ignominious conclusion in the spring of 1977, when, after waiting for the new Carter administration and finding out that the "pro-Third World" Carter administration had the same policy as Kissinger, the developing sector participants ended it with no result.

It was at the point of collapse that McNamara unveiled his proposal for the Commission, and asked Willy Brandt, another social democratic "pro-Third World" type, to chair it. With the collapse of the CIEC the Commission began in the fall of 1977. The purpose of the group was to keep the developing sector engaged in a dialogue around the policies of the IMF, the very policies which have been responsible for the global economic crisis of this past decade.

The composition of the Commission's members (see

biographies below) give the aim away. With few exceptions the members from both the advanced and developing sector countries are of the Fabian social-democratic/liberal variety, well worn practitioners of the Delphic game of covering over severe Malthusian anti-growth policies in the thin velvet of social welfare doctrine and Fabian distributionism. While Henry Kissinger hovered in the background of the Commission's work, from the beginning his unpopular policies were worked over by these types with an eye toward duping two important constituencies—the developing sector itself, including particularly oil producing countries, and the Soviet Union and its allies, as well as China.

The image is that of men of 'reason' and 'practicality' who are concerned to avoid a North-South confrontation. The course of the Commission's work, starting with its first opening session in Gymnich, West Germany in mid-December of 1977, included 10 formal meetings and countless meetings of Commission members with governments and heads of state across the world. Such meetings included a meeting of Brandt with Soviet President Brezhnev in May, 1978, followed by a full scale exchange between the Commission staff and representatives of the Soviet Institute of World Economy and International Relations (IMEMO), an institution known as a key penetration point of British intelligence into the Soviet Union.

The strategic setting of the Brandt commission today

The final unveiling of the report, featuring presentations by Brandt to UN Secretary General Waldheim and to President Carter, began the next phase of the operation—the selling of the policy. The features of the report dealing with the North are already the policies of the Carter administration, the Thatcher government and others—in short, energy conservation and consumption cutbacks, overall economic slowdown and deindustrialization of the advanced sector, and a “decoupling” of North from South in the guise of halting transfer of advanced technology in favor of ‘self-sufficient’ “appropriate technologies.”

The Brandt policy of deindustrialization of the Third World is the Dark Ages policy that characterizes the Khomeini madness in Iran, the Pol Pot policy in Cambodia, and the generalized rural anti-industry policy advocated by the World Bank. At the point at which such destabilizing operations in the developing sector create such chaos that the Soviet Union acts forcefully—as it did in Afghanistan—people like Brandt and former British Prime Minister Heath advocate a pull-back from the brink of confrontation while spreading those destabilizations elsewhere.

A point of linkage between the Brandt circles and this strategic policy is revealed in the focus placed on the Middle East and the necessity expressed in the report of grabbing hold of surplus petrodollars and channeling them into IMF/World Bank control both for recycling of existing debt and for maximum control of all credit, blocking any real development-based investment in the Third World. Edward Heath makes this clear in an article he wrote on Feb. 26 in the *London Times* which goes slightly beyond the published document to suggest that the first step of implementation be “a meeting of a small group at the highest level, first perhaps between the North and the OPEC countries, later to be joined by some representatives of the non-OPEC countries, later to be joined by some representatives of the non-OPEC countries in the South.”

Heath suggests that the “alternative is for the world to go sliding deeper and deeper into recession... and for the South to become so frustrated by its impotence that it puts pressure on OPEC to use oil once again as a political weapon, so denying the North the energy it needs.” It is important to note that Heath's proposal for the meetings is precisely that of Henry Kissinger's original North-OPEC version of the North-South dialogue. Further Heath is associated with circles in Britain, including Foreign Secretary Lord Carrington, who are pushing for the creation of a Palestinian state of some kind, obviously the bait for their “deal” with OPEC. Brandt circles in the European social democracy have also put out the same line.

Behind the entire Brandt Commission concept, particularly this OPEC grab, is the fact that the Brandt proposal is consciously conceived as a counterproposal to the new world monetary system and credit and development system embodied in the next phase of the European Monetary System. While Heath bids for OPEC funds for the IMF, the French and Germans are also looking to bring the oil surplus in behind the European Monetary Fund, creating a liquidity pool that will be available for lending to the developing sector.

The crucial difference is that while Brandt's plan views a future for the Third World of backward agriculture and low technology “small is beautiful” labor-intensive industry, the EMS and its backers are looking to carry out real, large-scale industrialization, including nuclear energy development and high-technology agriculture. The insistence by the Brandt Commission to maintain and even strengthen the IMF system, their opposition to gold, which would be the reserve unit of the EMS, and their call for making the SDR the international reserve unit, reveal the larger purpose of the plan—to defeat the pro-development forces of Europe and the developing sector.

What the Brandt Commission recommends

Following are the key excerpts from the Brandt Commission report, covering the major themes included in the study.

The 'One World' strategy

"We believe that it is precisely in this time of crisis that basic world issues must be faced and bold initiatives taken. We see signs of a new awareness that mankind is becoming a single community ... There must be room for the idea of a global community or at least a global responsibility evolving from the experience of regional communities." (13)

"Why would it be unrealistic to entertain the idea of imposing a suitable form of taxation on a sliding scale according to countries' ability? There could be even a small levy on international trade, or a heavier tax on arms exports. Additional revenues could be raised on the international commons, such as sea-bed minerals ... (We must) strengthen the notion of universal, collective burden-sharing. One might argue that it is hard to imagine international taxation without international government. But we believe that certain elements of what might be called international government are already called for to meet both mutual and national interests, and that by the end of this century the world will probably not be able to function without some practicable form of international taxation; and a decision-making process which goes a good deal beyond existing procedures." (22)

"We are also aware that long-term world security and development will depend on the participation of both the East European countries and of China, each of which have their own important experiences of rapid development ... We therefore hope that the eastern governments and their peoples will participate more fully with the rest of the world in joint endeavors to find solutions to the world's problems ... and prevent a retreat into the dead-

end which results from the pursuit of short-term self-interest." (270).

"We believe that a system of universal and automatic contributions would help to establish the principle of global responsibility, and could be a step towards co-management of the world economy." (274)

Malthusianism

"There is a real danger that in the year 2000 a large part of the world's population will still be living in poverty. The world may become overpopulated and will certainly be overurbanized. Mass starvation and the dangers of destruction may be growing steadily—if a new major war has not already shaken the foundations of what we call world civilization." (11)

"Whether the nightmarish vision of a hopelessly overcrowded planet in the next century can be averted depends gravely on what is done now to hasten the stabilization of population ... expanded and more effective family planning services are needed." (107)

Technology versus ecology

"Everywhere there are people who see their whole planet involved, at a breathtaking pace, in the same problems of energy shortage, urbanization with environmental pollution, and highly sophisticated technology which threatens to ignore human values and which people may not be able to handle adequately." (19)

"It is imperative to find a balance between the chances offered by modern technology and the existence of individual peoples and regions which do not want to, and must not, lose their individuality. The solutions to these problems cannot be uniform. The dangers of 'cultural' imperialism should not be overlooked ..." (24)

"... There have been examples of unthinking transfers of inappropriate techniques, mechanization leading to significant job destruction at the local level and ill-advised application of agricultural chemicals. The need to develop farming systems appropriate to local circumstances, attentive in particular to employment creation in rural areas which may help stem the drift to the cities, and to ecological balance, is part of the case for increasing local research capacity." (95)

Development strategy

"The focus (of development) has to be not on machines or institutions but on people. A refusal to accept alien models unquestioningly is in fact a second phase of

decolonization. We must not surrender to the idea that the whole world should copy the models of highly industrialized countries." (23)

"The rich of the world could also help to increase food supplies if they used less fertilizer for non-food purposes, and also if they ate less meat: to produce one unit of meat protein uses up eight units of vegetable protein, which could be consumed directly." (101)

"Appropriate technologies can include cheaper sources of energy; simpler farm equipment; techniques in building, services and manufacturing processes which save capital; smaller plants and scales of operations which can permit dispersal of activity ... the question of appropriate technology is relevant to both rich and poor countries. Industrialized countries too need more appropriate technologies which conserve energy and exhaustible resources, which avoid rapid job displacement and which do not damage the ecology." (196)

"(We should) create jobs through low-cost labour-intensive industry and create the necessary social and economic infrastructure." (241)

Energy

"Solar energy is particularly suitable for use in sunny rural areas where there is considerable dispersion of population and where the cost of distribution of electricity by transmission is high. The introduction of commercial solar energy into those areas would be a major catalyst for structural change ... We support the provision of greater funds for the research and use of solar energy in the poverty belts." (84)

"... The industrial countries will have to alter lifestyles which they have based on abundant energy. This need not have severe economic consequences. The relationship between growth in GNP and the consumption of energy has been found not to be immutably fixed ... We believe it is time for the major oil consumers to set themselves ambitious targets for energy conservation.

Who's who on the Brandt Commission

Chairman: *Willy Brandt*, West Germany. Chairman of the Social Democratic Party, former Federal Chancellor 1969-74, Minister of Foreign Affairs 1966-69, Mayor of Berlin, 1957-66.

Executive secretary: *Goran Ohlin*, Sweden. Professor of Economics Uppsala University, member of Pearson Commission 1968-69.

Director of the secretariat: *Dragoslav Avramovic*, Yugoslavia. Top World Bank official, 1965-77. Senior Director and Advisor to UNCTAD, 1974-75.

COMMISSION MEMBERS

Abdulatif Y. al-Hamad, Kuwait. Member of the Governing Body,

Institute of Development Studies, Sussex (the IDS is the thinktank of the British Ministry for Overseas Development and the institution which first conceived and developed the concept of "basic needs" and "appropriate technology"), Director General of Kuwait Fund for Arab Economic Development, Member of Visiting Committee, Center for Middle East Studies Harvard University.

Rodrigo Botero Montoya, Colombia. Economist, former Minister of Finance, 1974-76. Montoya is known as a close associate of the World Bank.

Antoine Kipsa Dakoure, Upper Volta. Advisor to the President of Upper Volta since 1976, Coordinating

Minister for Drought Control in the Sahel 1973-75, formerly Minister of Planning and Agriculture.

Eduardo Frei Montalva, Chile. Leader of Christian Democratic Party and former President, 1964-70. Supporter of Pinochet coup against Allende government.

Edward Heath, Great Britain. Member of Parliament for Conservative Party, former Prime Minister 1970-74, leader Conservative Party 1965-75.

Amir H. Jamal, Tanzania. Politician. Minister of Finance, Communications and Transport, 1977-79, Minister of Finance and Economic Planning, 1975-77, previous ministerial posts since 1962.

Khatijah Ahmad, Malaysia. Economist and banker, Managing Director of KAF Discounts, Ltd. since 1974.

Adam Malik, Indonesia. Politician, Vice-President of Indonesia, President of National Assembly, 1977-78, Minister of Foreign Affairs,

Developing countries also must make such efforts wherever possible ... Ultimately such standards should themselves become the subject of international agreement and surveillance.” (163)

“For the present stage of nuclear energy, the problems of radiation risk in power production and in the storage and transport of nuclear wastes are unsolved ... the nuclear alternative is thus problematic, and in most countries cannot be expected to make more than a partial contribution to overall energy use in this century.” (167)

Financial proposals

“It is in the context of an overall set of reforms and policies that the IMF ‘surveillance’ mechanism can be made to work.” (208)

“An SDR has one outstanding feature: It is the only means of meeting international payments which has been established through international contract ... The SDR therefore represents a clear first step towards a stable and permanent international currency ... (209)

“... The IMF has been exploring the idea of a ‘substitution account’, to enable private or official holders of unwanted dollars to swap them for SDR’s ... The strengthening of SDR’s as the principal reserve asset will also require a further demonetization of gold.” (210)

“The World Bank is now in the process of increasing its capital subscription from \$40 billion to \$80 billion ... This expansion will not in itself be sufficient ... It would be quite possible for the bank to expand its gearing ratio to 2:1 or more without really increasing the risks; such a change would of course make very large extra funds available to the developing world. The expansion could be gradual, so as not to disturb the present high rating of bank bonds. It should go hand in hand with the reforms we have proposed.” (249)

“The creation of a new institution, which might be called a world development fund ... would make universal membership possible ... The proposals for a new institution is not an alternative to the reform and restructuring of existing institutions.” (249)

1966-77 and previous government posts.

Haruki Mori, Japan. Diplomat. Ambassador to U.K. 1972-75, Vice-Minister of Foreign Affairs, 1970-72, Ambassador to OECD 1964-67.

Joe Morris, Canada. President, Canadian Labour Congress and Vice-Chairman of International Labor Organization, 1970-77, 78-79 and Chairman, ILO, 1977-78.

Olof Palme, Sweden. Chairman of Social Democratic Party, former Prime Minister 1969-76 and previous government posts. Palme is close associate of Brandt within the social-democratic Second International.

Peter G. Peterson, U.S.A. Member, Council on Foreign Relations, banker, Chairman of the Board of Lehman Brothers, Kuhn Loeb, one of the leading investment banks in New York, former Secretary of Commerce 1972-73, Presidential Assistant for International Eco-

nomics Affairs and Director of Council on International Economic Affairs and Director of Council on International Economic Policy, 1971-72.

Edward Pisani, France. Senator, Member of European Parliament, former Minister of National Equipment and Agriculture in 1960s.

Layachi Yaker, Algeria. Ambassador to U.S.S.R., Member of Central Committee of the party of the National Liberation Front (FLN), Member of Parliament and Vice President of National Peoples Assembly, 1977-79, Minister of Commerce, 1969-77.

Katherine Graham, Chairman of the Board of the Washington Post since 1963, Publisher, Washington Post 1969-79. Graham is the daughter of Eugene Meyer, founder of the New York branch of the investment bank Lazard Freres and a former President of the World Bank. Member New York Council on Foreign Relations, Trilateral Commission.

Shridath Ramphal, Commonwealth Secretary General, Minister of Foreign Affairs and Justice, Guyana 1972-75, Ramphal was key to the formation of the commodity buffer stocks policy through his role as Commonwealth Secretary General. Known to be very close to British ruling circles and close to Henry Kissinger.

Lakshmi Kant Jha, India. Governor of Jammu and Kashmir, Ambassador to the U.S.A. 1970-73, Governor of the Reserve Bank of India 1967-70. Jha is an intimate of the World Bank and an opponent of Prime Minister Indira Gandhi.

Jan P. Pronk, Netherlands. Member of Parliament 1971-73 and since 1978. Minister for Development Cooperation 1973-77. Research Assistant to Professor Jan Tinbergen 1965-71. Pronk and Tinbergen were mainly responsible for the RIO (Reshaping the International Order) proposal of the Club of Rome and Pronk is a Dutch Social-Democrat very close to British social democratic and Brandt social-democratic circles.

Europe seeks solution to Afghan crisis

by Philip Golub

"No one should have the illusion that this is a short-term affair. . . . It is leading to fundamental changes in the world."

—Helmut Schmidt to the Parliament, Feb. 28, 1980

It is characteristic of the state of American-European relations that the most recent European trip of Secretary of State Cyrus Vance has seen a significant worsening of U.S. credibility internationally. Rebuked by Paris, denounced by Chancellor Schmidt only recently as "incalculable," the Carter administration has only a rapidly weakening Margaret Thatcher to defend its hard line confrontationist policies. Even that British support is tempered by more realistic people in the Tory and Labour parties who perhaps understand that an England beset by general strikes, inflation, and massive unemployment cannot seriously hope to face down the Soviet Union in a general political-military conflict.

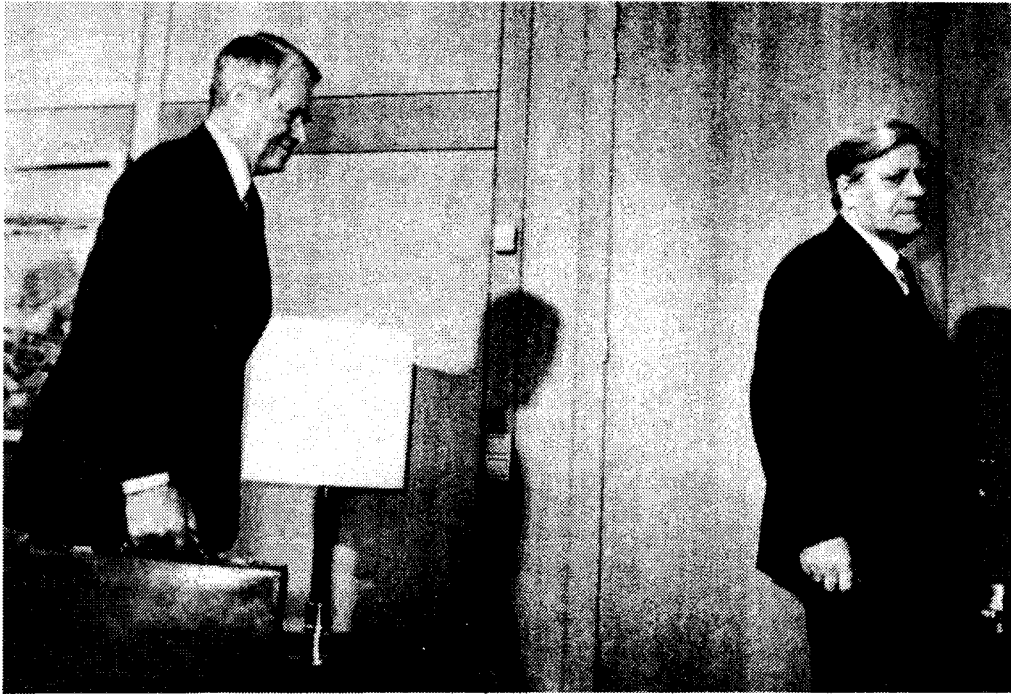
Since the first days of the Soviet invasion of Afghanistan the Carter administration has sought to intensify the international crisis. All important channels of communication between Washington and Moscow have been shut down. Diplomatic, intelligence and scientific exchanges and links have been or are being closed off by the administration. One highly placed German security official, comparing the present crisis to the 1962 Cuba crisis, noted with alarm that the level of shutdown undertaken by Washington goes beyond that of any crisis in postwar history. Even at the height of the Cuban affair, the official noted, President Kennedy was particularly

cautious not only to maintain, but to intensify, the contacts with Moscow so as to avoid war. Keeping this in mind, it should not be difficult to interpret the anxiety of Helmut Schmidt when he called upon the United States on Feb. 28 to "reestablish contact with Moscow."

Nor is it surprising that French President Valéry Giscard d'Estaing declared in a televised address on the 27th that France's membership in the Atlantic Alliance constrains it to one obligation alone: the military defense of member countries when under direct attack. The French President pointed out that this is certainly not the case in Afghanistan and that France, along with the Federal Republic of Germany and India, are engaged in a global, independent policy aimed at defusing the ongoing crisis and creating the foundations for longer term stability.

France thus submitted a proposal to the EEC's foreign ministers meeting in Rome two weeks ago that Afghanistan be "Finlandized." According to informed observers, the French proposals, in contrast to the subsequent Anglo-American talk of neutralization of the country, were worked out with India as a realistic offer to the Soviet Union. The proposal recognizes fundamental realities: a) Afghanistan has been and will remain in what one can term the Soviet sphere of influence, and b) that a status of nonalignment for Afghanistan under these conditions depends on the end of Chinese-led operations based in Pakistan (something which the Indians are interested in for their own national security's sake).

Germany has quietly, but effectively, supported this



Secretary Cyrus Vance with Chancellor Schmidt, who last week told his cabinet that Carter administration policies were "incalculable."

idea, aware that "this affair is leading to fundamental changes in the world." It is clear from repeated Soviet suggestions, particularly Brezhnev's recent speech on Afghanistan, that the Soviets will indeed withdraw their troops in return for some major reciprocal action on the part of the United States, NATO or U.S.-allied nations. Broader and secret negotiations are therefore underway not only on Afghanistan, but on the Middle East and Central Asia as a whole between Europe and the Soviet Union.

Chancellor Schmidt and Austrian Chancellor Kreisky alluded to this by hinting at the link between Afghanistan and the Mideast. Schmidt analyzed the situation in the following way Feb. 28:

"We consider the independence of the third world as a contribution to world peace and stability. The BRD will support those countries to stabilize themselves economically and politically. We support regional cooperation. We will give economic help to Pakistan, but no military aid. ... This not merely because of the restrictions on our arms exports, but also as we do not want to create a new crisis between India and Pakistan. India plays a very important role in the nonaligned movement and we will take this into account in our policy. We have urgently to settle the Middle East crisis. The condemnation of the Soviet intervention into Afghanistan at the Islamabad conference was only possible in conjunction with the resolution—proposed by Saudi Arabia and Iraq—which condemned the Camp David treaty."

It is of course clear that most developing sector nations and Europe would find such a general solution to the Afghan crisis viable. As far as the Soviet side is concerned, this type of quid pro quo is realistic. It remains to be seen in this specific case whether Israel would be ready in return for security guarantees to be made part of such a deal or whether the U.S. would even consider it.

The model of negotiations is clear. A similar logic of negotiations could apply and does for the soon-to-be-deployed Pershing and cruise missile systems, the Chinese threat against Vietnam, the Cambodian problem, and South Africa.

The U.S. administration has based the totality of its Iran and Central Asian policy on continuous political and military escalation against the Soviets. Now it is confronted with initiatives it cannot ignore, or ignore only at the price of international isolation. The hypocrisy of the administration's behavior over Iran, over Islamic fundamentalism and the U.S. hostages in Teheran, its thoughtless and alarming lurch toward Yugoslavia only days after the news of Tito's health problems, have already pushed Europe to break from the United States government.

If it ignores the offers and furthers the escalation the region will explode. If one is to believe Defense Department spokesman Thomas Ross, the U.S. would be ready to deploy nuclear weapons against the Soviet Union in Central Asia, Iran or the Gulf.

Europe's recent initiatives have not solved the crisis, but have contained the fiery effect of Washington's provocativeness—at least for the time being.

Giscard: 'The goals of France, not of NATO'

On Feb. 26, French President Valery Giscard d'Estaing presented his view of France's foreign policy and then answered questions on French television's "An Hour With the President." An edited text of Giscard's speech and answers follows as translated by our Paris bureau.

When one talks about France's international action, it should not be imagined that its end is to react to events or to locate ourselves in reference to the actions of other powers. France's international actions aim at reaching our own goals, goals that are the goals of France according to the idea we have of our country.

That is, first of all, to defend the interest of France, particularly its security. This is obvious but should always be kept in mind.

The next aim is to seek to maintain peace. First, France is a peaceful country which has no territorial demands on its neighbors, which has no imperialist will concerning any party of the world whatsoever and finally it is a country which suffered on its soil the ruins of the last two world conflicts and which witnessed the birth of these world conflicts and which knows that before the confrontation there is a kind of resignation to the unavoidable confrontation that sets in.

The third aim of our policy is to restore Europe, that is to the group of European countries in its influence over world affairs, an influence Europe had until the last war, but lost and must regain.

And, finally, its fourth goal is to contribute to an organization of the world that would take into account new realities and would correct injustices. These new realities, are the emergence of new powers in the world. The are also the importance of the nonaligned countries in world politics.

Q: On...Afghanistan...Franco-U.S. relations... the Atlantic alliance, it is difficult to both belong to the alliance and pursue an independent policy, what about the criticism of French policy as being fuzzy or hesitating...?

Giscard: No, I don't think so, but here again I think something has to be made clearer. One thing is for me completely clear, but it might not be the case for the Frenchwomen and Frenchmen who are listening. France is part of an alliance. This is nothing new. It has been part of this alliance since 1948. ...But on the other hand, *I believe that the purpose of this treaty has been somewhat*

forgotten. This is why I brought with me this text and I am going to read its central provision.

Reads point 5 of treaty.

This is what France signed in 1948. It is an alliance. That is to say a treaty defining what France's course of action would be if there was an armed attack against one or the other European or North American country. And of course France will respect this commitment.

Therefore, to have an independent policy while having endorsed the provisions of an alliance, this is the normal situation of France. Let me add that we have an alliance, that we pursue an independent policy, that we also have solidarities. For France is not a country which does not have a political system or which is not located anywhere.

France is first of all a western democracy. And thus France feels in solidarity with democratic regimes, with the regimes of freedom throughout the world, Among others of course the western democracies, in America and Europe, but also the free democracies where they exist in Latin America, in Africa or in Asia.

France has links with a number of countries throughout the world, either countries where its language is spoken, or countries that belong as it does to the Latin tradition, or countries with which we had links in the past. We do intend to keep on feeling and demonstrating this solidarity, especially toward African countries to which we intend to contribute to their development and their stability. You can thus see that the international situation of France is that of a country which has an alliance, which has an independent policy and which feels solidarities.

Q: On Afghanistan...Iran...could not French solidarity in the alliance have been more immediate?...On de Gaulle and Cuba crisis...

Giscard: I am not going to draw comparisons between situations that are far apart timewise and that are very different. French action first consisted in saying what we thought about what had happened in Afghanistan, that is, about the intervention of the Soviet armed forces. We said that we thought this intervention to be unacceptable. This word, unacceptable, has a very precise meaning, that of a situation which cannot be accepted. We do not accept the *fait accompli*.

Q: It has been said...that was not strong enough...too late...

Giscard: We shall come back to it. France does not lead a policy of the theater stage. I do not believe diplomatic action consists in multiplying shattering and purposeless declarations. This is not the image of the French head of state I have the intention of giving.

So let me get back to the main problem: is the

withdrawal of Soviet forces from Afghanistan a realistic solution which can be taken into consideration? Well, I would say that the question is not one of finding a new solution to a problem: a previous situation has to be reestablished. It is my view that this situation has to present three features. First, the withdrawal of foreign military forces from Afghanistan. Second, the right of the Afghanis to decide for themselves their own affairs. This is a universal right. The third feature of this situation is that Afghanistan must not represent a threat for its neighbors and this, by ensuring that it does not become the stake or the instrument of the rivalry of superpowers. (...) Now then, it is obvious that by keeping open communication channels with the main concerned parties, principally with the Soviet Union, that the possibility of finding bases for such a solution can be measured.

'Solidarity or else' not the best method

Following are excerpts from an editorial in the West German daily Die Zeit written Feb. 21 by its publisher Theo Sommer, known in the past as a staunch defender of the NATO alliance.

In 1956, Konrad Adenauer resisted the "new look" of the Radford plan which changed the NATO strategy of defense of Europe into an early use of tactical nuclear weapons.

In 1966, when Federal Chancellor Erhard wanted to touch the defense budget to readjust his general budget, President Johnson intervened—thus, Erhard's overthrow was preprogrammed.

The American Vietnam war—backed by the Europeans at its beginning—soon poisoned the transatlantic relationship. Washington did not hesitate to demand deployment of Bundeswehr units to Indochina. As the war was being financed by printing money, world inflation was incited.

In August, 1971, Richard Nixon made the western industrialized states shiver when he raised a 10 percent import tax and decoupled the dollar from the gold standard which gave the world currency system of Bretton Woods a blow from which it did not recover again.

The so-called good consultations in the alliance never worked by themselves, writes Sommer, but had always to be worked out in a process of hard negotiating. For example:

The label of "incalculability" has been placed on Carter not in order to put him on a level together with the leaders of the Kremlin (whose Afghan venture wasn't

that incalculable in reality), but to term the leaping character of his acting, which not only raises doubts in his talent for diplomatic business, but also in his reliability.

It is this method of the Carter team to first hit, and then think about it, to first act, then to inform, to first create fait accomplis, then demand solidarity—in other words: submission—which is creating embarrassment in Bonn, and not only there.

If the Soviets would launch a storming of the status quo as fixed by treaty agreements, they would find us ready for resistance and counteraction. As long as they don't do that, we should have no reason for provoking them to attack Europe.

Therefore, it is not cowardly, but wise to think thrice about the American demand for trade war against the Soviet Union. Is it not that trade sanctions can turn into a boomerang which does certain Western countries more damage than the Russians? It is also not decisive that in view of the much denser West German and French trade with the East bloc there can hardly be any imagination of "equality of sacrifice" between continental Europe and the United States. What is crucial is the idea that economic cooperation is in fact bearing hopeful perspectives for the future.

What is the sense of, for example, rejecting cooperation in the energy sector, which is helping us to cover our own demands for natural gas to a larger degree, with the Soviet Union, only because that would help the Russians explore the huge Tjumen oil fields with western money and western technology? Mustn't it be in our own interests...to drill more oil in the Soviet Union and to also deliver the Soviets the needed equipment to prevent them from appearing as buyers or invaders in the oil fields of the Orient in the 1980s—which is a horror vision inside the CIA.

By the way: Do the Americans really intend to force us to become a breaker of contracts by demanding us to cut the Hermes guarantee for businesses with the U.S.S.R.—while they themselves are punctually fulfilling their contract obligations? The Federal Republic has agreed by treaty to endorse cooperation. How can we push for aggravation, therefore?

Sure, when the chips are down—we have to join the Americans, be it trade sanctions or Olympic boycott. ...But it is as sure that enforcing solidarity by military order from the White House is not the right method to promote the stability of the alliance. Carter cannot treat Schmidt like Brezhnev does Honnecker. And he cannot treat Giscard like the Soviet ruler does Ceausescu. The western alliance is based on tuning of interests, not on submission...and the Americans cannot claim a monopoly in political wisdom, not at all under a President Jimmy Carter.



Italy

The following is an on-the-spot report of the national congress of the ruling Italian Christian Democratic Party (DC) which ended Feb. 20. The congress was divided into roughly two factions, with a crucial swing moderate grouping in the center characterized by the "Dorothean" faction of DC president Flaminio Piccoli. Through the entire conference, the opposed factions were attempting to capture this grouping for their side.

On the one side was the alliance of former Prime Minister Giulio Andreotti and DC General Secretary Benigno Zaccagnini. On the other were arrayed Senate President Amintore Fanfani—a nominal right-winger—and various assortments from the nominal party "left," including the noted faction leader Donat Cattin and others. The latter Fanfani grouping had behind it the solid support of the Jesuit order. In our last issue, the *Executive Intelligence Review* had published an interview with the leading Jesuit political strategist in Milan, Father Macchi, who strongly emphasized this support and

hinted at various Jesuit-initiated maneuvers to ensure Fanfani's victory at the congress.

The dispute between these two sides of what is nominally a single political party reaches down to fundamentals of political and economic orientation. The Andreotti-Zaccagnini faction views itself as part of the Franco-German alliance, in opposition to the current policies of the Anglo-American axis. This means, for example, a tough commitment to detente and peaceful relations with the socialist countries, including through close economic cooperation. It is in this context that Andreotti and Zaccagnini both strongly supported government collaboration with the Italian Communist Party in their speeches at the congress.

On the other side, the Fanfani-Jesuit grouping is confrontationalist in foreign policy and for zero or negative economic growth in economic policy.

Since the DC is the unquestioned majority, ruling party in Italy, the victors of the party congress would be the individuals to determine the future shape of the new government and of that government's policies. These were the stakes at the gathering, whose final outcome will not be truly known until the first week of March, when the party national committee will finally elect the leadership, from DC president to the new general secretary, and so forth.

Andreotti breaks up the Jesuit spider-web

by Umberto Pascali

There is no doubt among the most informed circles in Italy that the real loser at the national congress of Italian ruling Christian Democratic Party which ended Feb. 20, was the Jesuit order. As expected, the Jesuits played all their cards before and during the congress to isolate and write off the strategy of former Prime Minister Giulio Andreotti aimed at reestablishing a solid government based on Italian Communist Party participation. The Jesuits and their spokesmen, such as President of the Senate Amintore Fanfani, had the declared intention of closing the congress with a formal unanimity in favor of an alliance with the Italian Socialist Party, the only way to keep Italy in the Anglo-American camp.

What broke the rules of the game was the refusal of Andreotti and allied DC Secretary General Benigno Zaccagnini to make any compromise with the Fanfani forces. Officially the congress, one of the most violent in the history of the DC (including fist fights during the



Former Italian premier Giulio Andreotti is coming out on top of the ruling Christian Democratic Party again.

debate) ended up with a split between a "minority" around Andreotti and a 57 percent "majority" around Fanfani who formally succeeded in capturing the conservative Dorothean current. But despite the appearance, Fanfani didn't really get a majority. Immediately after the vote, Antonio Gava, the spokesman for Dorothean leader Flaminio Piccoli, declared that the Dorotheans do not consider themselves to be part of any majority. On the contrary, they want to negotiate an agreement with Andreotti-Zaccagnini.

What happened at the DC congress in reality reflected the fight going on inside the Vatican, at this very

moment, between the Jesuits and their historical enemies, a fight that is taking into account not so much Italy in itself, but the international strategic situation. The aim of the anti-Jesuit forces in the leadership of the Catholic church is to go for a second condemnation of the “American Heresy”—as one high-level source revealed—meaning breaking the Jesuit-Zionist control on the U.S. church.

How the Jesuit plan was defeated

For anyone who participated in the congress, the situation of the forces in fight was immediately clear. In the large room of the Rome Palasport, Andreotti sat without leaving his chair for the entire six days of the debate, silently taking notes of any intervention, refusing to participate in the usual “corridor discussions,” and just consulting from time to time with his men involved in the fight. In front of him, in the tribune reserved for journalists, sat Father Antonio Caruso, the specialist of the Jesuit organ, *Civiltà Cattolica*, in constant contact with the headquarters of the paper where a special team of political analysts was following all the reports of international press and any news concerning the congress 24 hours a day. On this basis the Jesuit apparatus was making its decisions.

The plan of the company, as *Civiltà Cattolica* had anticipated one week before, was to terrorize the conservative Piccoli. The message, made clear during the debate, was: “If you stick to Andreotti, we will denounce you as a ‘Communist’ and we will disorganize your rank and file.”

After the introductory speech of Secretary Zaccagnini, calling for a national unity government, Fanfani deployed his people, starting with Gian Aldo Arnaud, in a series of violent, personal attacks against Zaccagnini. The scenario included the deployment of a “Catholic” Soviet refugee and of German CDU president Helmut Kohl, who, an invited guest, delivered a raving anti-Soviet, anti-Communist speech, a speech applauded enthusiastically by the clique organized by Fanfani. The “public” accused anyone mentioning the word “national unity” of being “Communist.” At this point the secret card of the Jesuits, Antonio Bisaglia, the second leader of the Dorotheans jumped on the podium and delivered a furious demagogic speech of the “never with communists” variety. Bisaglia, we learned, had concluded a pact earlier with Fanfani.

After this first round, which confused the Dorothean delegates, Arnaldo Forlani, the “spiritual” son of Fanfani and the Jesuits’ candidate for the secretariat, calmly approached the microphone, Forlani played the “mediator”: yes we can talk with Communists, but what we need now is a government with the socialists. Various delegates, like Marcora and Bassetti, formally a member of the Zaccagnini faction, but, in reality (as top Milan Jesuit

Angelo Macchi declared in an interview two weeks ago), fully in the pocket of the Jesuits released public declarations in favor of Forlani’s “mediation.”

But then on Feb. 19th, the day after the “triumph” of Forlani, organizers of Partito Operaio Europeo distributed a leaflet before the congress, denouncing the “Jesuit Plot Against DC.” That day Andreotti delivered his speech. The situation in the tribunes, reserved to the public was drastically changed. Andreotti supporters had arrived en masse. From the beginning of the speech it was clear that Andreotti had abandoned the line of Byzantinism. “Politics is not a technical question,” he said, “but is based on the knowledge of history.” To show what he meant, Andreotti took up immediately the issue of the Jesuits. “Some say that the Jesuits are keeping their distance from the DC, but I see that *Civiltà Cattolica* praised the DC because the party brought the masses to democracy. Unfortunately De Gasperi cannot be here. He never received such praises.” The reference was understood by the congress. Alcide De Gasperi, the founder of the DC and the political teacher of Andreotti, was in the beginning of the 1950s, the victim of a ferocious campaign by the Jesuits, who even tried to brainwash his wife when De Gasperi opposed the Jesuits’ push for an alliance between the DC and the fascist party of Rome’s black nobility, MSI.

Andreotti continued his speech, presenting a conceptual history of the DC: the party that educated to democracy the peasant masses otherwise condemned by their bestiality. “Now,” he said, “a dialogue with PCI is necessary. In my past experience in government, I never would have succeeded to do what I did without the collaboration of the PCI, in the fight against economic crises and against terrorism; I challenge everybody to come here and to say that this would have been possible without the Communists.” But the key issue is that the PCI agreed with the DC’s foreign policy, a policy for detente in the context of the Atlantic alliance.

“There is a divine will above us,” Andreotti concluded, “but it’s up to us to concretely implement it.”

The day before, the PCI General Secretary, Enrico Berlinguer, a strategic ally of Andreotti, spoke in Florence before a crowd of 200,000 people for the “day of peace.” He said: “We call from Florence—that is the center and the heart of the highest expression of Italian civilization, the city that had been able to make a synthesis of different worlds in a common push for peace. We call all the Italians to a great fight for peace. We do this from Italy, the center and the seat of the Catholic church and where one of the biggest Communist parties fights and lives. From here it can come, it must and it will be a powerful and intelligent contribution to the history of peace.”

Forty-three percent of the DC now strongly concurs. It is clear what the Jesuits are afraid of.

International Intelligence

MIDDLE EAST

Iraq plan wins Arab, European backing

An Iraqi plan to establish a "Pan-Arab Charter" that would oppose the creation of foreign bases on Arab soil and the presence of any "foreign armies, troops, or forces" on the territory of any Arab country has won the backing of virtually every Arab country, the Arab League and the Palestine Liberation Organization.

The Iraqi plan is expected to win the formal endorsement of the Arab world at a soon-to-be-convened meeting of the Arab League. It has been termed the "Hussein doctrine," after Iraqi President Saddam Hussein, in opposition to the so-called Carter doctrine for putting a U.S. military umbrella over the Persian Gulf.

Several Western European countries have also endorsed the proposed Iraqi charter, including Spain, whose premier Adolfo Suarez lavished praise on the Iraqi idea when he visited Baghdad earlier this month. France and West Germany are also reported to be enthusiastic about the Iraqi proposal.

EUROPE

Giscard's foreign policy address echoes de Gaulle

The policies pursued by French President Valery Giscard d'Estaing are not mere reactions to events or other powers, but are pursued "in accordance with our specific idea of our country," said Giscard in a major foreign policy speech this week. The phrase was de Gaulle's, and the speech owed much to Charles de Gaulle in both concept and specific terminology.

Giscard termed NATO "an alliance"—but nothing more. NATO is a treaty defining French response to an attack on Europe or North America—but which has no bearing on French policy or national goals, he stated. The first goal is national security and the second is peace. "France is a country which makes no territorial demands on its neighbors, which has no imperialist will...which suffered on its soil the ruins of the last two world conflicts, and knows that before the confrontation, there is a kind of resignation to the unavoidable which sets in."

"The third goal," said the French president, "is to restore to Europe its influence over world affairs...and finally, its fourth goal is to contribute to an organization of the world that would take into account new realities..." The president referred specifically to the importance of the nonaligned nations.

In response to Afghanistan, Giscard said that it does not require a "new solution," but rather, that "a previously existing situation must be re-established." This, he adds, requires "keeping open channels of communications with the main parties concerned, principally with the Soviet Union. ..."

Brandt won't be 'mediator' in Afghan crisis

Willy Brandt, Social Democratic Party chairman, has been asked by President Jimmy Carter to mediate in discussions around Afghanistan between the United States and the Soviet Union. However, West German Chancellor Helmut Schmidt has apparently refused to allow Brandt to serve the Carter administration in that role.

According to a report appearing in the latest edition of *Der Spiegel* magazine, the request from Carter came during Brandt's Feb. 15 visit to the White House to unveil proposals for restructuring the world economy along lines of the old British Empire—the report of

the "Independent Commission on North-South Relations," of which Brandt is chairman.

In a press briefing Feb. 27, government spokesman Claus Boeling laid further speculation to rest by announcing that "Mr. Brandt and Mr. Schmidt," the West German Chancellor, "agree that the Federal Republic is too small a power" to play such a "brokerage" role in the current global crisis.

SOVIET UNION

Soviets denounce Bilderberg, Trilateral Commission

A Soviet magazine has denounced the Bilderberg Society and the Trilateral Commission as "Invisible Centers of Real Power" in the capitalist world. In an article under that headline, *New Times*, a Soviet weekly, accuses these agencies of creating Jimmy Carter, devising the "China card" and related war-provoking policies of the Carter administration, ordering the murder of Aldo Moro, and orchestrating numerous attempts to overthrow former French leader Charles de Gaulle.

The unusual and striking exposé draws upon a recently published book by Luis Gonzalez-Maia, formerly attached to the Spanish Secret Services, who details the history of Bilderberg and the Trilateral Commission. The Bilderberg Society, as *EIR* has confirmed, is an elite, secretive policy-making body controlled by the British aristocracy and European "black nobility." The Trilateral Commission is an overlapping body that emerged out of the New York Council on Foreign Relations in 1973, is principally controlled by the British intelligence headquarters, the Royal Institute for International Affairs, and in turn staffs and controls the Carter administration.

New Times identifies the membership as drawn from the "Rockefeller, Morgan and Rothschild financial groups," calling the agencies a "shadow cabinet."

New Times continues: "Small wonder, therefore, that at their meeting in Mont Tremblant, Canada in April 1968, the Bilderberg Club reverted to the question of 'de Gaulle's anti-Atlanticism' and considered how to use the aggravation of the social situation in France against the recalcitrant General. A week later barricades appeared in the streets of Paris and then other French cities and anarchistic-minded leftists and all sorts of shady characters issued a call for 'revolution.'"

New Times quotes the Spanish author on the origin of the current American government. "An obscure provincial politician, a peanut producer and dealer who preached in his spare time, was 'discovered' by the directorate of the Trilateral Commission, and 'catapulted' by means of a masterly publicity campaign into the White House."

LATIN AMERICA

U.S. embassy awaits attack in El Salvador

The U.S. Embassy in El Salvador now resembles a fortress, with thick concrete walls recently installed and gun emplacements located strategically atop the roof. The embassy is expecting a Tehran-style attack, from either left-wing or right-wing extremists, according to reports carried in the Washington Post. The expectation is reportedly based on the fact that El Salvador faces an imminent coup, followed by a civil war.

Ever since a U.S.-backed coup several months ago by "centrist" or moderate military leaders, who invited civilian leaders of El Salvador's Christian Democratic Party to join the govern-

ment, the country has been torn by both left-wing and right-wing violence, political assassinations and persecutions. At present the moderate government is faced with a coup d'etat by extreme right military officers in alliance with the country's oligarchy of elite families, for the most part allied politically with the European black nobility and its intelligence service, the Jesuits.

However, counterintelligence specialists report the fact that the Jesuits—nominally a Catholic order—are firmly in control of the "Marxist guerrillas" as well; while the U.S. has threatened sanctions if a rightist coup occurs, the scenario actually being pursued by the Jesuits does not envisage a right-wing oligarchical government as anything more than a provocation for civil war. The result of such a civil war would not only be the death of tens of thousands of El Salvadoreans, but spreading chaos and warfare throughout Central America—a Jesuit "Dance of Death."

U.S. seeks military base in Uruguay

Wire reports filed in Buenos Aires, Argentina state that the United States government has solicited the use of Uruguayan territory to build an American military base, which would be used "in the event of a global conflict with the Soviet Union." The Uruguayan military is reportedly seriously split over whether or not to grant the U.S. request, with the faction favoring approval threatening to stage a coup d'etat if necessary to achieve their goals.

The American move is part of longstanding Pentagon and National Security Council policy to pull together a "South Atlantic Treaty Organization"—an extension of NATO for the Southern Hemisphere—to coordinate Cold War strategies with Argentina, Brazil, and Uruguay.

The Argentine and Brazilian governments are reportedly firmly opposed to the latest U.S. plan.

Briefly

● **HELMUT SCHMIDT**, The West German Chancellor, stated to the nation's parliament Feb. 27 that France and West Germany would increase political cooperation with the Gulf countries and particularly Iraq as part of an effort to find an urgently needed solution to the war-danger in the area. Schmidt's remarks paralleled those made earlier by French president Giscard d'Estaing on the need for an "independent" European peace policy. Also like Giscard, Schmidt stressed the importance of India in attempts to settle the Afghan crisis.

● **AN OLIGARCHY**, not a president, rules the United States according to a Soviet theoretical magazine. The journal *Kommunist's* January issue describes the American "military industrial complex"—which the Soviets have usually attacked as the center of power—as no more than a pawn of "a financial oligarchy" whose "general staff" is the New York Council on Foreign Relations, which has come to dominate U.S. policies. The journal traces the influence of the Morgans, Rockefellers, and their associates like Brown Brothers Harriman, and Kuhn Loeb, etc. "But of all the institutes and organizations of the American financial oligarchy ... the unofficial Council on Foreign Relations in New York is the citadel of this oligarchy. It is here that the basic strategic doctrines of American imperialism" are formulated.

● **LIBYA's** Col. Muammar Qaddafi threatened last week to kill President Giscard d'Estaing of France. In an interview on Tripoli radio, Col. Qaddafi said that if Giscard "dares" to visit the Middle East, he will "bomb his plane." Giscard visits the Persian Gulf in March.

Fraud in New Hampshire: A case of 16,000 votes

by Vin Berg

The all-important New Hampshire primary was held Feb. 26, and every on-the-scene observer concurs that it was the crookedest election on record. At minimum, 16,000 votes were stolen from one Democratic candidate, New Hampshire-born Lyndon H. LaRouche, Jr. What may have been as much as 23 percent of all voting citizens were disenfranchised, as their preferred candidate, LaRouche, was credited with a mere 2-3 percent of the total, 9 out of 10 votes for him simply disappearing in the final count.

Official returns credited Jimmy Carter with 51 percent, Senator Edward Kennedy with 36 percent, and California Gov. Jerry Brown with 10 percent. Hard evidence—from poll-watchers and legal observers who reported “dirty tricks,” and from both pre-election and post-election polls and canvasses of voters—establishes that LaRouche received between 20 and 23 percent of the vote, and Kennedy on the order of only 20 percent.

In a different manner, the LaRouche campaign's charges of fraud are confirmed by Gov. Ronald Reagan's landslide victory over the Trilateral Commission's George Bush. As the *Wall Street Journal* noted the connection in an article the day of the election, Reagan could have defeated Bush by such a margin only under the condition that the LaRouche campaign had an impact on the ideas of the voters far greater than the 2-3 percent vote credited to LaRouche would indicate possible.

The *Wall Street Journal* observed that Bush had been forced to campaign with an explanatory statement of his membership in the Trilateral Commission carried in his pocket. Another questionable membership—in the vot-

ers' minds—was in Yale University's “Skull and Bones” cult. In both cases, LaRouche had vociferously exposed and denounced the Bush-associated organizations. Thus, the saturation of New Hampshire by LaRouche's campaign against the Council on Foreign Relations and Trilateral Commission shaped the market of ideas in which Reagan could appeal to the electorate. It was LaRouche's impact that provided Reagan with the impetus for such a wide margin of victory as he enjoyed, making his vote a vindication of the Democratic candidate.

The media fix

The “fix” occurred through collusion between the Carter and Kennedy campaigns nationally, and extended through the Democratic National Committee to the Democratic Party state organization, down to the level of corrupted town clerks who ‘lost,’ miscounted and misprocessed ballots en masse. But the “fix” began with the national media.

Anyone in New Hampshire will tell you that LaRouche's name and campaign workers were everywhere. His effort dwarfed that of every other candidate, and by election day, even Kennedy and Brown campaign workers were conceding whole wards—and others were conceding whole cities—to LaRouche.

But throughout the campaign period, the national news media blacked-out LaRouche, on the stated principle that most voters would not vote for someone they did not perceive as a “winner.” The media alone, stated one ABC executive, can determine whom the voters will perceive as a “winner.” The sole exceptions to the black-

out policy occurred in the form of slanders, conducted from national media into local press, who began branding LaRouche everything from “Nazi” and “antisemite” to “Communist” and “CIA agent.”

On the day of the election, the News Election Service, jointly owned by ABC, CBS, NBC and AP and UPI, received returns directly from town clerks who were being paid for this service. They received additional information from an “exit poll” questionnaire of voters that pointedly omitted LaRouche’s name. LaRouche, required to pay for advertising to get any media time, as the election approached, was refused even paid time by the national networks, except for CBS which offered him ½ hour—the day after the election.

LaRouche, who has already committed himself to waging primary fights in Illinois, Connecticut, and Wisconsin, has issued a call for immediate action by the State Attorney General and the U.S. Attorney General to press criminal charges against the officials responsible for the fraud. LaRouche’s evidence includes a list of 18,000 voters—identified by name, city and ward—who cast their ballots for him on election day, many of them prepared to sign an affidavit to that effect. Given the exceptional gravity of the case, he has also called for a special prosecutor and grand jury. Falsifying returns on even one ballot is a Class B Felony; fraud on the scale it occurred in New Hampshire is “a threat to the republic,” he has stated.

The Kennedy fix

The overwhelming preponderance of evidence suggests that the votes stolen from LaRouche were used to inflate the tallies of Senator Edward Kennedy. According to a spokesman for Citizens for LaRouche, “On election eve, not counting ‘undecided’ voters, the indicated minimum vote for Carter, Kennedy, LaRouche, and Brown was 33,000, 20,000, 23,000, and 6,000 respectively. Kennedy would have gained only that portion of the ‘undecided’ which was vacillating between Kennedy and Brown, with Carter expected to take up to 60 percent of the ‘undecided’ and LaRouche between 25 and 40 percent. Those assessments of canvas results compare with the 2-1 preference for Carter over Kennedy in other polls. They also signify that any significant increase in the Brown vote, over 6,000, must come at the expense of Kennedy’s potential in the pre-election ‘undecided’ category. ... Thus Kennedy turns up with 18,000-20,000 more votes than the laws of the universe indicate to be possible, whereas almost the same amount of LaRouche vote has been proven stolen.”

“The Kennedy machine,” continues the statement, “had the in-depth vote-fraud capability statewide, which the Carter organization did not. It was the Kennedy machine which conducted an escalating deployment of

unlawful and other ‘dirty tricks’ against the LaRouche campaign over five months, and which controls the Boston-area points through which a number of moderators are known to have been ‘bought’ to perpetrate vote-fraud against LaRouche. This also coincides with eyewitness evidence of vote-fraud being performed against LaRouche and for Kennedy at specific polls.”

As many as 281 LaRouche votes were stolen in a Manchester ward; 50 to over 100 votes were stolen in major ward after major ward around the state.

In one instance a poll-watcher reported seeing a town clerk tear up 50 paper ballots that had been cast for LaRouche. When the poll watcher, perplexed, approached the clerk to explain the action, the retort was: “Pencil damage.” The same clerk, some minutes later, was spotted making out ballots in the name of Edward Kennedy, one after another.

In a ward in Manchester, both Brown and Kennedy campaign workers on the scene reported their mid-day opinion that LaRouche had won the ward. In the official count, LaRouche got very few votes in the ward, finishing last. In another instance, poll-watchers reported that 70 fewer votes had registered than votes cast as of 1:00 p.m. A few hours later, the same polling place had registered 300 more votes than actually cast, according to the poll-watchers’ head-count.

Why?

As *EIR* has repeatedly stated, a major show of support for LaRouche’s candidacy and its program of a new gold-based monetary system, nuclear energy development and an end to the drug traffic would destroy the game-plan of the New York Council on Foreign Relations to put a Republican “strongman” in the White House in 1981. LaRouche himself stated at a wrap-up campaign rally Feb. 23 that even a 20 percent vote for him in New Hampshire would ensure his capturing the Democratic nomination and defeating any Republican in November. Therefore, even though 20,000 voters know that they voted for LaRouche, even though implicated national, state and local officials know that every European capital was watching the New Hampshire results in hopes of seeing a significant break in the Council on Foreign Relations policy of “controlled disintegration of the world economy,” they ignored that spotlight, and committed massive fraud.

LaRouche isn’t quitting. The only thing Democrats have to choose from, in the memorable phrase of *Manchester Union Leader* publisher William Loeb, is “stupid,” “the coward,” and “the flake.” Loeb termed LaRouche “the dark horse.” “The Carter administration is falling apart, and the boys thought they could stop me in New Hampshire,” declared LaRouche as the vote returns came in. “But the only thing that can stop me is a bullet.”



The media fix

How the 1980 election is being rigged

by Nancy Spannaus and Jeffrey Steinberg

There was perhaps never such a well-planned election as this presidential election of 1980.

It was 1973 when the New York Council on Foreign Relations, a dependent offspring of the British Special Intelligence Service, began its Project for the 1980s, designing the program for the U.S. President in the context of their One-World dictatorship. Despite the fact that the vast majority of authors of the Project went into the Carter administration, the CFR had no assurance that this administration would succeed in forcing their program of "controlled disintegration of the world economy"—a total reversal of the American System of scientific and economic progress—on the American population. To assure victory, they had to make sure that no alternative to their program became the only option for the American voter. They had to have total control over the media.

Thus it was that shortly after Carter's inauguration, the Twentieth Century Fund joined with the Aspen Institute in creating the Taskforce on the 1980 Presidential Debates. Headed by Douglass Cater, a longterm British intelligence operative who edited *The Reporter* magazine until 1964, the taskforce brought together the three television networks into a policymaking body dedicated to ensuring a CFR victory. The Taskforce has produced a 120-page report recommending a streamlining of publicity in favor of chosen "major candidates." More importantly, they have begun to determine both federal government rulings and network practice to the

point that only the anointed candidates of the CFR will become "practical" candidates in the eyes of the American voter.

A trail of lies

The media, especially television, has an awesome power in American life. Whatever does not appear on it, especially whatever politicians are not covered by it, simply do not exist. Without constant television exposure, there is no way a candidate can convince the population to vote for him. By manipulation of television coverage, candidates can be wiped off the map.

The coverage which the television networks have given or sold to the Democratic and Republican presidential candidates during the 1980 campaign demonstrates their commitment to creating a presidential race between Carter, Kennedy, and George Bush. The central issues of the campaign are to be jingoistic alternatives to the U.S. foreign policy debacle and the "lack of leadership" in the country. Challenges to this approach—especially requests for half-hour policy addresses by certain candidates—have simply been refused.

The fraud begins with the news coverage of the election. Despite the fact that the New Hampshire primary has signalled the winning presidential candidate in every election since 1956, when this election was only 11 days away, the major TV news was still not covering it regularly.

This is in shocking contrast to the networks' role in

the Iowa caucus meetings of January. Capitalizing on the fact that the caucus meetings are not bona fide elections, but rather vote-packing sessions, media personalities like Walter Cronkite of CBS simply moved in to orchestrate the result. Through creating the impression of a groundswell for Carter and giving bad coverage to Reagan, the networks in fact created the winners! And now in the eyes of millions of Americans, because Cronkite says that George Bush and Carter are the most popular candidates, they are in fact potential winners in real presidential primaries.

Why not the same tactic in New Hampshire? Because in New Hampshire there is an actual campaign organization being run by Lyndon LaRouche, a new contender within the Democratic Party who is proposing to save the party and the nation with his programs for a new world monetary system, eliminating drugs, and starting a massive startup of nuclear power plant construction and export. Media coverage of the actual campaign in New Hampshire would put the issues before the population. And that is not in the CFR script.

There is no other way to explain the fact that LaRouche, who has been on the ballot since December, been the second Democratic candidate to qualify for federal matching funds, and finally succeeded in buying two half-hour spots on national television, has been covered no more than a handful of times on TV network news. The only documentable instance of his coverage was a CBS broadcast announcing his receipt of matching funds on Dec. 28.

Is it not news that a presidential candidate addresses the nation on how the lying, incompetent Carter administration is leading the U.S. straight into world war? Is it not news that leading French spokesmen for the right-to-life movement and pro-growth industrial circles have come to America to campaign in support of LaRouche and his ideas? Is it not news that LaRouche is increasingly under threat of assassination as shown by a broad-sweeping libel campaign against him as "antisemitic" and a "Nazi" and coordinated personal threats by known terrorist supporters?

Yes, it's news. But it doesn't fit into the script.

It is an ill-kept secret that the major television networks do have plans to do special programming on LaRouche. ABC's 20-20 Show made a major investment of time, if not money, to set up a slanderous show about LaRouche during December/November. Donald Hewitt, executive vice-president of CBS News, has admitted similar plans on the part of 60 Minutes. Both shows were postponed until a national climate of scandal might be created around LaRouche through the broad repetition of newspaper slanders against LaRouche, especially focused on his so-called antisemitism and financial support. Back in the fall, they felt the national coverage

would necessarily rebound—creating more interest in LaRouche and confirming LaRouche campaign charges that they were complicit in assassination efforts against him.

But an open attack—even a scurrilous, slimy smear such as that planned by ABC—would be more honest than the current blackout on the LaRouche campaign, and the virtual total blackout on discussion of real policy issues in the 1980 campaign. To ensure such a blackout, the national TV monopoly has put all the muscle it can behind the policy of refusing access to the airwaves for political discussion. It has been their stated, and hard-fought policy, to refuse to accept *paid political advertising*—not only from LaRouche, but from Kennedy, Conally, Brown, Reagan, and even Carter himself!

The issue was first joined in October 1979, when ABC, CBS, and NBC all refused to sell a 30-minute prime time spot to the Carter-Mondale Committee. The networks, who were later brought to court by the Carter-Mondale Committee, argued that it was too early in the campaign to provide such long chunks of advertising, that selling time to Carter would lead to inundating them with requests from the entire field of more than 13 Democratic and Republican candidates, and that presidential contenders were being adequately covered in the news programs of the networks for this period of the campaign. Those were the "practical" considerations they raised.

But even the arguments of the networks show that they were motivated not by practical constraints, but by the deliberate intention to have Big Brother-style control over how candidates are presented to the public. First, the networks, led by the most egregious pointman NBC, argued that since primaries occur state-by-state, they have no obligation to cover them as national issues. In coherence with this states' rights position, NBC further argued that it cannot bind its local affiliates to run national programming, due to their so-called independence. These arguments, however insincere, do reflect intended practice by the networks. They have determined to present the election as an aggregate of opinions and prejudices from local constituencies, rather than a debate on the economic and foreign policies that will determine the future of the nation.

More arrogant and fundamental was the statement by the broadcasters that the presentation of political programming is at the discretion of the networks, not of the candidates. In blatant disregard of the current Federal Communications Commission regulations concerning "reasonable access" of presidential candidates to the air waves, NBC declared its demand that the law be changed to allow "reasonable (sic) limits to the forced disruption of program schedules (necessary) to present candidates in which the public has little or no interest."

They were backed up by the National Association of Broadcasters (NAB) who said that it is of the "utmost importance that the reasonable access provision be interpreted ... in light of a standard which gives great weight to the editorial discretion of broadcasters."

In other words, a national candidate can win the support of thousands of people in order to raise the money to meet FEC regulations, get sufficient petition signatures to get on the ballot in dozens of states, or even currently occupy the Oval Office, and still be determined less important than NBC's star attractions—Little House on the Prairie, BJ and the Bear, or Henry Kissinger.

If, in fact, the television-watching population does have "little or no interest" in political programming, that simply points to two problems. One, the quality of the formating or actual content of the programs put on by those candidates who usually can afford to purchase prime-time television; and two, the political demoralization of a population that has been denied real and substantive political debate for decades—in large part due to the networks themselves.

In fact, the current regulations of the Federal Communications Commission are geared to facilitate the maximum access of the public to political issues, and calls for "federal candidate's decisions as to the best method of pursuing his or her media campaign (being) honored as much as possible under the 'reasonable' limits imposed by the licensee." But the networks don't intend to let that bother them. Operating through the Taskforce on the 1980 Presidential Debates on the one side, and the CFR's inside-media men within the administration, such as Hedley Donovan and the presidential reelection committee on the other, the networks intend to send the FCC and the philosophy of open, substantive political debate and access on which it is based down the tubes.

The center of the current conspiracy to fix the 1980 election lies with the Taskforce on the 1980 Presidential Debates. Working with Douglass Cater on the taskforce are: CBS's Frank Stanton and Richard Salant; NBC's Lester Crystal and William Small; and ABC's Richard Wild. Other members include Herbert Schmertz, Norman Lear, Lee Mitchell and Newton Minow—all of whom are active workers in the Kennedy presidential campaign. Taskforce member Douglas Bailey is the current director of media for Howard Baker, and is slated to run the entire postconvention Republican media campaign, as he did in 1976.

The explicit aims of the taskforce, stated in their report, are two. One is to utilize the "great promise of television as a means of informing—and involving—potential voters ..."

The second is to correct what the taskforce calls "restricted robust debate." But instead of approaching the solution to this restriction—which is indeed the

case—by increasing appropriate political access, the Aspen taskforce calls for an elimination of the provision of the Federal Communications Act which allows for equal time!

What the taskforce wants to set up instead is an apparatus that will decide—independent of the candidate's ability to meet criteria such as politically significant ideas, raising money, and getting on ballots—what candidates should get significant access to the media.

First as Minow and Mitchell proposed in a recent article in the Chicago Tribune, the ability of the candidate to raise money to purchase time would become irrelevant. The federal government would pay for, and thus control, a series of 30 minute prime-time appearances which would be called "voters' time." Thus the federal government would "solve the conflict" between

'The people who control television's content are the people who founded Friends of the Earth, an institution dedicated to reducing the population of the world by 1-2 billion people... Do you really expect people with that goal to be concerned about honesty in the media?'

candidates and media by simply taking over the decision as to who should get time, not on a case-by-case basis, but far in advance. The key word as Minow and Mitchell present the plan is "nonadversarial," i.e., with the government eliminating any challenger to the policies they have chosen in advance.

Secondly, what the Asp-enites are leaning toward is an extragovernmental "impartial board" which would have the regular authority to decide all the ground rules for media coverage. The fact that the FCC was established to play precisely this public-interest function does not impress them, since the FCC is not playing according to the restrictions of CFR politics. One suspects that this board would take on the character of the "board of impartial umpires" proposed by Cater in his 1958 book on "The Fourth Branch of Government," the press. Since "frequently policies depend for their life or death on the publicity that can insure the public support and the funds from Congress to make them operable, and conversely, vital policies can be killed without trial or verdict by the National Security Council simply because of failure of publicity," Cater wants to have a board to

pass on secrecy questions and ensure that the right policies are promoted. Unfortunately, he concludes, such a policing apparatus may be impossible in peacetime.

The model Cater and Aspen have in mind is most closely approximated in the experience of the American population as the wartime controls of the press through the branch of the British-controlled Office of Secret Services known as the Office of War Information (OWI). Cater himself is a veteran of the OSS, as was William Paley of CBS, who was deputy chief of the psychological warfare division of the allied command. Under this model the press is no longer simply an instrument of influence, but the direct bludgeoning, terrorizing arm of a Nazi-like police state.

Cater's perception of this is once again revealed in his book on "The Fourth Branch of Government":

... The President must suffer torment as he watches the reporters seize his phrases and rush in a mad stampede to the telephones outside the conference room where, in a matter of seconds, they transform these phrases into the bulletins that create headlines all over the world. For a brief time, the President is exposed. He knows his moment of truth as clearly as any matador.

The Aspen Committee on the 1980 elections aspires to be the new OWI. Already weighted with Council on Foreign Relations member Stanton and London International Institute of Strategic Studies (IISS) member Richard Wald, the committee is fully integrated into the central policymaking center of Aspen and the Council on Foreign Relations. Aspen has just opened a new branch at the Wye Plantation on the Eastern Shore of Maryland, 90 miles outside of Washington, D.C. Donated to Aspen by the Houghton family, prominent figures in the CFR and owners of the Corning Glass Company, the Wye Plantation will function as a control center for the 1980 effort. Its co-directors are Cater and Henry Kissinger. Kissinger wears hats from all the major institutions involved in the 1980 election fix—a special consultant to Aspen Institute, CFR member, director of the North American branch of the Trilateral Commission, and a fellow of the Georgetown University Center for Strategic and International Studies.

The 1980 committee has not yet been credited with any public policy coups, but its composition alone tags it as the policymaking group for the media's current secret police operation against the LaRouche campaign. Carefully coordinating with the Federal Election Commission, the newspaper media have been caught in an intensive harassment campaign against publicly listed contributors to the LaRouche presidential campaign, so to better generate slanderous copy for the media smear campaign against LaRouche.

Through other frontline committees, however, the Aspen Institute—itsself a key apparatus of the British Secret Intelligence Service—has proven its mettle as Media Thought Police. The one accomplishment publicly credited to it is the so-called Aspen Ruling, imposed on the FCC in 1976, which removes political debates sponsored by such supposedly nonpartisan institutions as the League of Women Voters from falling under the "equal time" provision of the FCC regulations. The unspoken corollary of this ruling is that from now on institutions like the League will be the only ones sponsoring national political debates among important candidates. By treating these debates as strictly "news" and eliminating any "adversary" proceedings as to who will participate, CFR-controlled groups such as the LWV will determine who is a viable candidate.

The cabal at Aspen Institute has other accomplishments, however, that it would not be so anxious to broadcast. Since at least 1970 this thinktank of zero-growthers has taken over as the unsung Führer of all news media, the journalism schools, and major press smear operations. It would be no exaggeration to say that Henry Kissinger and Katherine Graham owe a considerable debt to Aspen for their cold coup over the U.S. government—Watergate!

The Aspen record

The Aspen Institute was founded in 1949 under the principal initiative of Robert Maynard Hutchins, then Chancellor of the University of Chicago and soon-to-be policy director of the Ford Foundation. Aspen has been at the center of creating both the World Federalist movement and the environmentalist movement. The thinking of its founder still permeates its activity. Hutchins was a diehard proponent of his close friend Sir Aldous Huxley's project for massive drugging of the population with LSD-25 and other deadly psychotropic drugs, for one lurid example.

Aspen deploys its \$10-20 million official annual budget into three major areas: 1) executive seminars; 2) "Thought-through-Action" programs in areas such as environmentalism, communications, geopolitics, etc.; and 3) the activities of its several hundred affiliated members.

There is no need to guess where the inspiration for Aspen projects comes from. Its president Joseph Slater and its chairman of the program committee Lord Allan Bullock are both affiliated with the Royal Institute of International Affairs of London. Its executive board reflects the high level of policy input which it has on an ongoing basis in key U.S. institutions. Besides the two above, they include:

- Henry Kissinger—who besides previously stated

affiliations, is also a special consultant to NBC and the Chase Manhattan Bank.

- Robert Strange McNamara, president of the World Bank and Kennedy advisor.
- Thornton Bradshaw, President of Atlantic-Richfield Co. and director of RCA Corporation, founder of both NBC and ABC television and radio stations.
- Barbara Ward (Lady Jackson), chairman of the International Institute of Environmental Development.
- Douglass Cater
- Thomas J. Watson, Jr., U.S. Ambassador to the U.S.S.R.; former chief executive officer of IBM Corporation.
- Douglas Fraser, president of the United Auto-workers.
- William Gomberg, Tavistock Institute of London, Professor of Management Relations, Wharton School, Philadelphia.

Aspen began its operations in the media field in the fall of 1970—within 72 hours of Vice President Spiro Agnew's declaration of war against the "Eastern press." Slater, Cater, Edward Barrett (the recently retired head of the Columbia School of Journalism), and Sig Mickelson (former president of CBS News and vice-president of the Encyclopaedia Britannica) were present. What came out was a new "Thought-through-Action" program—the Program on Communications and Society.

If the term "Thought-through-Action" sounds like mind control to you, you have got the idea. Aspen knows what *action* it wants when it starts any of its programs—to stop nuclear power development, to ensure freedom for the CFR-controlled press to run dirty tricks and destroy politicians at will, to foster Islamic fundamentalism as a vehicle for destroying the fruits of industrial progress in the developing sector. What they need to do is to control the thoughts of key corporate and political leaders, labor leaders, and the population as a whole in order to accomplish these action goals. Nothing could be more crucial to controlling the thoughts of the general citizenry than the mass media, especially television and radio. The 1938 CBS radio broadcast of H.G. Wells' *War of the Worlds*—when CBS was early in its apprenticeship to the British psychological warfare divisions—was only a foretaste of what mass brainwashing effect the evil oligarchical elite wants to create.

By 1975 the Aspen Communications and Society program had established a "concentric circle" of over 500 leading executives in the field of media, ranging from FCC commissioners to deans of virtually every significant journalism school in the country, to the top hundred editors and producers of nationwide news. Aspen established a clearinghouse for CFR-approved syndicated news material, and a separate clearinghouse for material

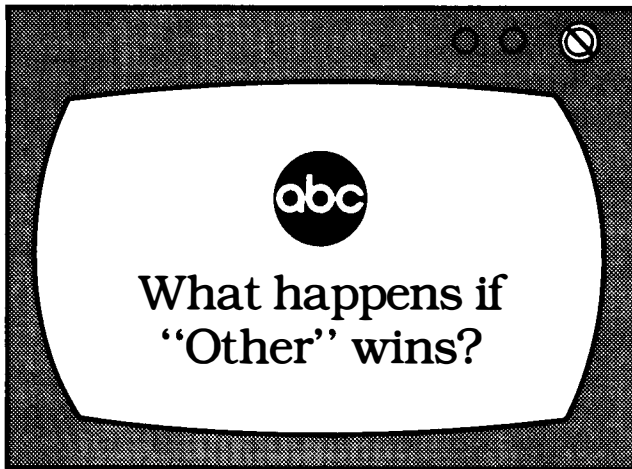
specially screened for use on public broadcasting networks. Dozens of journalists and editors had a one-year direct training course at Aspen.

Aspen also joined with the Twentieth Century Fund and the Massachusetts Institute of Technology in establishing the National News Council, an in-house policing agency intended to insure that no future administration ever set up an external investigation of media activities. Cater had personally been responsible for legislation which allowed the creation of the Public Broadcasting Corporation, which is modelled in content as well as form on the liberal brainwashing techniques of the British Broadcasting Corporation—itsself an acknowledged arm of the British Secret Intelligence Service.

You have Aspen to thank for the proliferation of "educational programming" on the dangers of nuclear power, on the glories of do-it-yourself medicine and sexual counseling, as well as "entertainment" geared to make the degraded depths of drug-use and homosexuality an accepted model of life. The people who control television's content are the people who founded the Friends of the Earth, an institution dedicated to reducing the population of the world by 1-2 billion people—in the interest of "quality of life!" Do you really expect people with that goal to be concerned about honesty in the media?

The Aspen Committee played a very significant role in rigging the 1976 elections. Not only did its Aspen Ruling leave the other major candidate, Lyndon LaRouche, out of the series of Carter-Ford debates—thus setting up a choice which led over 50 percent of the American voting-age population to stay at home on election day and a climate in which Carter's machine could rig the election. Even more important is the fingertip control which the television media has over the course of the voting on the election day itself. Guided by the central clearinghouse, TV Election Control coordinates with local political machines to create a media "landslide" phenomenon for the candidates it wants to promote, and to wipe out candidates they feel will challenge the results they want. They correctly presume that, like sheep, the American voter will decide to "go with the winner."

This method of media vote-fixing is already underway in preparation for the upcoming New Hampshire primary. In some areas TV and local election boards have decided to withhold the vote totals for LaRouche in hopes of holding down what is now projected to be a 10 to 15 percent vote total. This is less likely to work in New Hampshire, which is supersaturated with LaRouche media ads. But the major networks are still committed to playing God along the lines Henry Kissinger does: "LaRouche does not exist."



In an interview made available to EIR, John Thompson, General Manager of ABC-TV's "Political Unit" in New York, declared that ABC News would not report the vote for Democrat Lyndon LaRouche, who is expected to make a very strong showing in New Hampshire, but only the vote for Carter, Kennedy and Brown. LaRouche's vote will be buried under an "Other" category, even if that vote reaches 20 percent. In the following interviews, other networks' spokesmen reported that same commitment to keep candidates other than "Carter, Kennedy and Brown" out of the news, no matter what. "If he takes 20 percent of the vote in New Hampshire, it's irrelevant," says ABC's Thompson. The text of the interview with the ABC executive follows:

Q: I'm calling about an article that appeared in a New Hampshire newspaper about the News Election Service.
Thompson: I'm on the board of directors.

Q: How will you be using the News Election Service in New Hampshire and other primaries? The article mentioned "bell-weather precincts." Will these be used to make projections?

Thompson: The News Election Service has nothing to do with any projections. The NES is a cooperative organization ... It collects all the vote ... projections are done by the three networks individually, and each of them has their own similar but different system of projecting at the earliest possible time who has won an election. In my case, I have a number of key precincts in each state individually ... New Hampshire, Florida, Illinois ... which I have selected. I based my selection upon my research and study going back many years ... which enables us without waiting for all the votes to be collected, to tell us who has won.

Q: Can you tell me which precincts in New Hampshire?
Thompson: No! Of course not, absolutely not. It costs thousands of dollars and hundreds and hundreds of

manhours have gone into this ... What kind of demographic, population density, economic, religious ...

Q: Can you tell me how many precincts are on the list?
Thompson: Over 50 ... Two lists, one is Republican, one Democrat. We don't use NES for key precincts. We just use NES to tabulate what the total is at any given moment.

Q: You use NES for the statewide totals only?
Thompson: Yes. In the key precincts we have our own duplication of the NES reporters... Take Manchester, Ward 1. NES will have a reporter there, and if it's one of my key precincts, I will also have a reporter there, and he will phone not NES but my computer.

Q: You have your own separate computer?
Thompson: Of course, separate. We depend on NES for what we call the raw vote and we have our own set up to handle the key precincts. Projection, that's the key word. We take a little vote and project it to the entire state. Now, if NBC and CBS also selected Manchester Ward 1 there may be four reporters there.

Q: Could you give me a few examples of key precincts?
Thompson: Manchester Ward 1 is one of mine, and ...

Q: Democrat or Republican?
Thompson: I use them for both... Nashua Ward 1, Concord Ward 3 ...

Q: Which ones for Berlin or Rochester?
Thompson: No, those are a little dicey, they aren't as obvious as the ones in Manchester.

Q: What time will you make your projections?
Thompson: That could be anytime from 8 o'clock in a very obvious race to later ... When it's close, nobody is able to make a projection.

Q: How many of the key precincts do you need in to project?
Thompson: It's a matter of human judgment... It has to do with what I had for dinner that night. You weigh so many factors in deciding whether or not you make a projection. Say all the ones that come in first are from cities... What the hell, it would look like Kennedy is winning easily... Then, when your rural vote comes in, you see it's gonna be close as hell.

Q: Do you have breakdowns in the area where one of the minor candidates might do really well ... Jerry Brown in one of the University towns ...

Thompson: No, we don't report those individually. We're more apt to do it that "Kennedy is running strong in all the cities in New Hampshire ..."

Q: What about the other minor candidates ... in terms of your own judgment?

Thompson: What others?

Q: What percentage will Lyndon LaRouche take, do you think?

Thompson: LaRouche is insignificant. He's not important. He won't take anything.

Q: Well, suppose he takes his hometown of Rochester. Suppose he were to take it big. How would that be reported?

Thompson: That's news, we might cover that. But as a "sidebar," no more, a minor item.

Q: Might that city show up as something influencing your projection?

Thompson: No. We'd average it in with the others. He'd be insignificant.

Q: I'm very surprised. People up there are saying he might take a very significant percentage of the vote statewide, which would certainly affect the projection, wouldn't it?

Thompson: Look, suppose he takes 20 percent of the vote in New Hampshire. He's irrelevant. It doesn't matter, he has no chance of taking the nomination. He'll never get to the convention

Q: So, even if LaRouche gets 20 percent of the vote he's irrelevant?

Thompson: Yeah, as far as being the Democratic nominee for president.

Q: But didn't everybody once say "Jimmy who?"

Thompson: Carter in 1976 was a hell of a lot different than LaRouche in 1980. My point is that even though he might get some votes from his home town in New Hampshire, what's that gonna do to him in Florida or Illinois or Wisconsin or Texas or Kansas or Oregon.

Q: But wouldn't a big vote in New Hampshire make him nationally known, like Carter became, very suddenly? And LaRouche does intend to campaign in those states. Is it fair to decide in advance that it's totally impossible for him to take the nomination?

Thompson: Of course, it's impossible, absolutely, absolutely. There's a few things in politics I'd bet on but that is one that I would ... listen, I don't think he will come out with 20 percent of the vote, but I said if he should get that many in his home base I don't think it would mean a damn thing anywhere else. I think that the following

How media control the vote count

The following article, "Computers to Speed Primary Tabulation," by Steve Taylor, appeared in the Thursday, Feb. 21 edition of the Keene, N.H. Sentinel.

As candidates hustle around New Hampshire, searching for votes in next Tuesday's presidential primary, major news organizations are gearing up to gather and tabu-

late election results. Computerized systems for collecting vote totals have grown more sophisticated in the past few years and elimination of the bed-sheet ballot, a New Hampshire voting form which listed scores of candidates for convention delegates in addition to the presidential hopefuls, is expected to speed the process of finding out who's won. Two organizations will gather election results independently in the state, with each serving as a backup for the other.

One is the News Election Service, the cooperative owned by the three major commercial broadcast networks, ABC, CBS, NBC and the two wire services, the Associated Press and United Press International. News Election Service hires peo-

ple to cover each of the state's 299 voting precincts, and this year will have a checks and balances system with two separate groups of precinct-level reporters collecting totals and feeding them into the cooperative's computer center in New York.

New Hampshire's town clerks have reported results to News Election Service in the past eight major New Hampshire elections, and will again call totals into New York next Tuesday. At the same time young people from 4-H clubs will cover city wards and many towns. The 4-H Club members have worked for News Election Service in several cities in past elections, but this is the first time they'll cover all cities in the state.

week in Massachusetts he would disappear into nothingness ... He'll never take the nomination; the political establishment of the Democratic party would never allow it.

Q: But if he got 20 percent in New Hampshire, wouldn't he start to get support from elsewhere and huge financing?

Thompson: Well, look, John Connally has had money coming out his ears and he can't get out of fourth place no matter how hard he works ...

Q: You say the political establishment of the Democratic Party would not allow him to win?

Thompson: And the voters would not allow it?

Q: What do you mean by political establishment?

Thompson: The people who run the party and who influence votes. Why, one of the strongest things Carter's got going for him in New Hampshire is that the governor of the state is working like hell for him ... How many governors ... or senators or people like that has LaRouche got or could he get ... I've known a lot of these people.

Q: Have you talked to any of these people about LaRouche?

Thompson: He's not interesting enough to be talked

about by people such as myself; he's just one of those things that clutters up things on election night ... Nobody would waste their time thinking about it ... The guy cannot do it. Call me back in a couple of months and tell me where Mr. LaRouche is then.

Q: But if he should take Rochester, New Hampshire, say, you will report the fact?

Thompson: We would mention it on the air, that this kook from never-never land could carry a place the size of Rochester. It wouldn't be big news ... If LaRouche carries one small city or even a couple, that'd be just a sidebar ... It would just be mentioned.

Q: But then you'd melt that vote in with the others so that it wouldn't show in terms of projections, even if its projection would be 20 percent for LaRouche?

Thompson: Yeah, of course. Right.

Q: Could you refer me to some of your local people in the key precincts?

Thompson: Well, they don't know anything. Frank Reynolds doesn't care. I'm the only one... How I sample them for projections is my job ...

Q: Could you tell me who you're counterparts are at NBC and CBS?

The second system has been set up by the Concord bureaus of the Associated Press and United Press International, and uses New Hampshire newspaper and radio reporters to gather totals from communities and report them to a pool based this year in a Concord church rectory. That in-state pool will report results of Constitutional amendment votes as well as the presidential primary.

A phone bank in the Concord rectory is used to take reports which are fed into a computer system provided by a Falmouth, Maine firm, which also tabulates results from the wire service bureaus in Maine. The two tabulation systems trade their data throughout election night, each backstopping the other,

in case one system fails or one communications network is disrupted. Neither organization projects winners of elections; they provide only raw totals for the news organizations which control them. These reporters and news reporters and politicians hope this year's shrunken primary ballot will permit a rapid vote count, giving the public a fairly clear idea of the winners for the 11 p.m. news election night.

In the past, scores of delegate candidates were listed on the presidential primary ballot, and local election officials worked into the wee hours of the next day tallying all the votes to see who won. Now, delegates to the party conventions will be apportioned on formulae based on the total votes a candidate

receives. Both vote tabulating organizations have written computer programs to figure out delegate apportionment summaries, in addition to candidate-by-candidate vote totals. Meanwhile, broadcast networks will keep track of several bell-wether precincts in an effort to speed up the determination of who won ...

In a close race, the news organizations will ride solely with the News Election Service and the in-state pool operated by AP and UPI. Poll workers in most precincts in which paper ballots are still used plan to sort presidential ballots into stacks by candidate, then count the stacks and announce the total, a process that should greatly speed up the tallies.

Thompson: Warren Mitofsky at CBS, and at NBC, it's Roy Wetzel.

Q: I spoke to a friend at CBS and he said that aside from having reporters at each poll, they're going to have questionnaires for voters, in addition to just taking totals from town clerks.

Thompson: Yes, that's what we call "exit polling"; all three networks do it. That's not for projections, that's for analysis purposes. Questions are asked of people as they leave the polls just to simplify: Who did you vote for, would you make the reasons you voted for him clear on this list? Then we go on the air and explain why.

Q: Can you outline the questionnaire to me? Or is it private also?

Thompson: Sure it's private. All of them are.

Q: Are you going to have all 47 candidates' names on it?

Thompson: Well, only the major ones I think, only the ones who are really in the race.

Q: Who would that be? Carter, Kennedy, Brown and Other?

Thompson: Yeah.

Q: So, if they voted for Richard Kay, let's say ...

Thompson: We wouldn't be interested because he won't get enough votes to make it worth putting on the air.

Q: But if they voted for Kay, they would have to write it in on the questionnaire, instead of just checking it off?

Thompson: No. All the candidates are on the ballot.

Q: Oh, they are. So on the Democratic side, all five of them will be on the questionnaire.

Thompson: Yeah, we've gotta give them the option.

Q: I thought you said that only the major ones ...

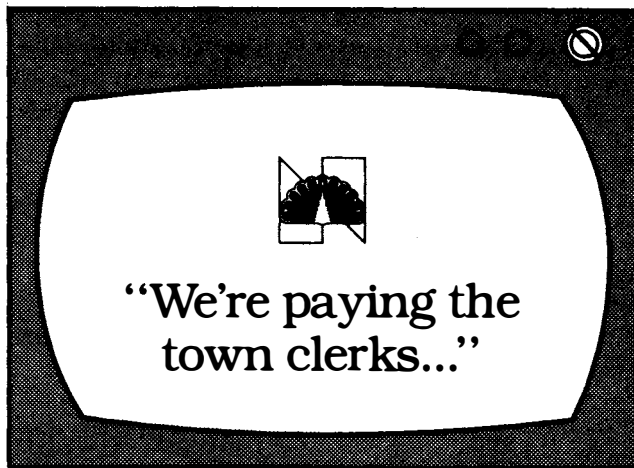
Thompson: My point was there wouldn't be enough of them to pay attention to them ... I'm just saying, thinking ahead to the ones that would make news ... The stuff that gets on the air is only the stuff that makes news.

Q: Which means only the three major ones?

Thompson: Yes, that'll make news. In other words, I don't expect Kay or LaRouche to make news.

Q: So, if you have a situation in which, say, Carter and Kennedy are running neck and neck, and LaRouche wins big somewhere where Carter or Kennedy were hoping for a big vote, you still won't report it or take account of its effect on the projected outcome?

Thompson: That's right, exactly. Because it's not making news. Everything is relative.



The following interview was made available to EIR. Roy Wetzel is the General Manager of the Election Unit at NBC-TV in New York.

Q: Are you employing the News Election Service in the New Hampshire primary?

Wetzel: Yes. NES collects the votes. The votes we will display on the air will be from them and no one else. They staff precincts, collect the vote from individual precincts, and telephone it to an NES center in New York where it's entered into a computer.

Q: Is it a separate company that has its own computer?

Wetzel: It has its own computer. It doesn't use any of the network computers or the UPI computer.

Q: Do the town clerks, say, in New Hampshire, actually get on the telephone and call NES?

Wetzel: No. NES people do that ... to gather the vote.

Q: Do they wait until the poll closes and get the total?

Wetzel: That's right.

Q: An article in the Keene, New Hampshire newspaper, the *Sentinel*, says that town clerks themselves will report the vote right into ...

Wetzel: Well, some of the town clerks may be doing that. They may be paying some of them to do it.

Q: Election News Service pays the town clerks?

Wetzel: Sure. They pay whoever gets the votes.

Q: You mean in some cases the individual they have hired to call them in the vote is also a town clerk?

Wetzel: Right. The clerk may also be the person getting the vote for NES.

Q: So you're directly linked to the town clerks? ...

Wetzel: That's all there is to it. Once they get it into their

computer, they pass it from their computer to our computer and we display it on the air electronically.

Q: How long has NES been doing this?

Wetzel: Since 1964. Richard Eimer, the NES Executive Director, has been there since the beginning. He was an Associate Press bureau chief ... in various places.

Q: What if in a place like Rochester, Lyndon LaRouche were to get a large part of the Democratic vote? Will you be reporting regional votes?

Wetzel: We'd be very surprised. The history of voting in the United States does not suggest that people are likely to vote for a candidate of minor parties or who have been involved with minor parties, or who they don't perceive as likely winners.

Q: Well, suppose John Anderson took Laconia. Would you be reporting it?

Wetzel: It's possible.

Q: What history do you refer to?

Wetzel: Just go back and look at the pattern of voting over the last 25 years in the U.S. primaries. One of the most important considerations in an election campaign is the perception on the part of the voters that the candidate is a winner.

Q: How did people come to know Jimmy Carter as a winner?

Wetzel: They read about it in the newspapers and heard about it on television. In Iowa, he went to a dinner in October of 1975 and won a straw ballot and the *New York Times* wrote an article saying he's very strong in Iowa. A fellow named Apple wrote it, and that started Carter ... He then got publicity that helped him win in the actual caucus in Iowa.

Q: R.W. Apple.

Wetzel: Yeah.

Q: And if R.W. Apple decided that he wasn't going to say someone's a winner, then they aren't?

Wetzel: Sure. Carter won the straw ballot, but it was R.W. Apple reporting on it that put him on ...

Q: So, if LaRouche, say, got a chunk of votes in Rochester ...

Wetzel: Look, what I mean is that if you look at the voting patterns over the last 25 years, what you'd ascertain is that the lesser known candidates don't do very well.

Q: So even a big vote for a minor candidate, if the press didn't cover it ...

Wetzel: Well, it wouldn't be suppressed, but we wouldn't pick it out and make a big thing of it on national television.

Q: LaRouche has been making a lot of noise up in New Hampshire. You don't perceive he has any chance?

Wetzel: Nope.

Q: How many key precincts do you use?

Wetzel: We don't talk about that.

Q: Key precincts?

Wetzel: No. We stratify them by looking at, say, the percent of the vote that Reagan got there last time ... He's the only one among the people running this time who ran last time. Then we pick a random sample ... On the Democratic side, the only person running this time who ran last time is Carter, so we use Carter as one of our stratifying forces.

Q: Do you take election day polls?

Wetzel: Yes, we do have an election day poll ... Some call it an "exit poll."

Q: How is it set up? Do you list all candidates?

Wetzel: We have a category "Other" ... I think it's just Kennedy, Carter, and Brown. Nobody cares much about others.



CBS interviewed

A similar interview with Warren Mitofsky, General Manager of CBS News's election unit, was made available to EIR. Mr. Mitofsky, like his counterparts at ABC and NBC, said that the News Election Service would be used to estimate early returns, and employ an "Exit Poll" that deliberately omitted the name Lyndon LaRouche. "I'm looking for something in the 10 point range" between Carter and Kennedy, he predicted. Asked about other candidates, he said that he expected Jerry Brown to get as high as 10 percent. LaRouche might get 5 percent, he said flatly.

Mitofsky was told that LaRouche's machine was "big and very visible..." If he wins in his home town of Rochester? "Well, that's obviously not going to have a big impact statewide..." What about all the undecided voters at last count? "They'll vote uncommitted," said Mitofsky. But there is no uncommitted slate in New Hampshire. "Oh, that's right. Well, we'll see what happens... LaRouche won't get a big vote."

The Carter-Kennedy health plan— legalized murder

When a government adopts a policy of economic austerity, zero growth, and energy conservation, the near-term result is the institution of fascist social policies. This is the case for Nazi Germany in the 1930s and 1940s and it is increasingly the case for the United States today.

The Carter administration has systematically implemented a policy that has weakened the U.S. dollar and nearly destroyed the nation's high-technology industry and agriculture. It has called for sacrifice. It has acted against the development of nuclear energy in favor of conservation, solar power, and other expensive, renewable resources. And now it has refused to intervene in a Massachusetts court sentence that is tantamount to euthanasia, a policy which the Nuremberg Tribunal denounced as a "crime against humanity."

The case in court involves Earle Spring, a former pharmacist from the Springfield, Massachusetts area who has said "I want to live," but who was condemned to death so that he could "die with dignity." National and international pressure forced a decision by a higher court to place Spring back on dialysis treatment.

The following report is taken from a Special Report, published by *Executive Intelligence Review*, entitled "Stop the Carter-Kennedy Policy of Murdering our Elderly." Commissioned by Contributing Editor Lyndon H. LaRouche, Jr. The report presents the case of Earle Spring and how the government's policy of "chiseling" against the living standards of Americans—in particular Social Security and Medicare benefits—is the result of its economic and energy policies, and the basis for President Carter and Sen. Edward Kennedy's National Health Plans. Both plans would legalize euthanasia.

Kennedy's legislation, as this report documents, would cut the health budget, place cost-effective ceilings on all treatments, and mandate the provision of hospice services where those deemed "terminally ill" are left to "die with dignity."

Carter's proposal, while more piecemeal than Kennedy's sweeping "reforms," would do the same thing, using as its base the Veteran's Administration health system. Carter has gutted the VA system, forcing it to operate on a cost-cutting basis, thereby lowering the quality of care.

Thus, the case of Earle Spring is a case with national policy implications.

Attempted euthanasia

The case of Mr. Earle Spring

In the first case of attempted legalization of the Nazi practice of euthanasia in the United States, Massachusetts Probate Court Judge Sanford Keedy ordered January 18 that 78-year-old Earle Spring be removed from the dialysis treatment, medication, and special diet necessary to his survival—so that he might "die with dignity."

Later, after Spring had already missed four dialysis treatments and was beginning to show the effects of uremic poisoning, Keedy refused to reverse his decision, even when the court-appointed guardian for Spring pro-



'No man has the right to terminate his own or other lives because that life has been savaged by illness and pain. We lack the power to know what another smile of lovingness might contribute. We have no right to practice euthanasia against the sacred mind of a single living person, even if those mental powers have been reduced.'

—Lyndon H. LaRouche, Jr.

tested that no thorough medical or psychiatric examination of Spring had taken place in over a year.

Later that day, Massachusetts Supreme Judicial Court Judge Francis Quirico, after much national and international pressure had been mobilized for Spring's behalf, ordered that he be placed back on dialysis. Quirico acted on the basis of an affidavit presented by a doctor and a nurse who had spoken to Spring at the Holyoke Geriatric Center.

The nurse's affidavit said: "I asked him if life was good. He said, 'Yes.'

"I asked him if he wanted to die. He thought for a moment and said, 'No.' "

The affidavit of Dr. Nelson Gillet said: "He was able to make a weak expression of his desire to live. My supposition is that his state may have been worsened by the lack of dialysis and medical treatment."

Earle Spring does not want to "die with dignity."

In 1946, the Nazi policy of euthanasia—killing off the elderly, the useless eaters—was declared a Crime Against Humanity by the Nuremberg Code under which the Nazis were prosecuted. A brief examination of the Spring case leaves no doubt that it represents the first attempt to set a precedent for the same Nazi policy of "legalized" murder today.

The case first came to court one year ago, when lawyers for Spring's family petitioned that he be taken off dialysis. They argued that if Mr. Spring were mentally competent, he would want to die with dignity. Keedy's decision is "probably the biggest step toward euthanasia so far," said Richard Roland, coordinator for the Massachusetts Association of Older Americans. "It has grave social implications for potentially thousands of elderly

people. The part that frightens us is that there are many cases like this in nursing homes where somebody has been ruled not competent."

The Spring case threatens to put to death the 30 percent of all Massachusetts nursing home residents who have been ruled incompetent for the crime of senility.

But Earle Spring had never been ruled incompetent. The first protest against Keedy's decision came from nurses at the Holyoke Geriatric Center where Spring lives. The nurses had asked Mr. Spring if he wanted to die. He had said no. In a letter to the *Holyoke Press*, the nurses declared: "We had to state our feelings. The point we're trying to make is he's a person, he's not a vegetable.

"Our patients are like a second family and we strive to do all that is possible for each and every one. ... To us, he is a unique person with feelings, wants, and needs. We are appalled over the recent court decision to stop his dialysis treatment and we feel helpless and frustrated having to abide by the court decision. We are the ones who are going to watch Earle deteriorate and die. It saddens us to think that a life can be snuffed out so easily."

"We don't want to have a death watch," Frederick Mues, administrator of the Holyoke Geriatric Center told the *Boston Globe*.

The *Boston Herald American* further questioned visitors to the Center who said they "were disturbed by Spring's plight.

"I think they should allow Mr. Spring to continue on dialysis," said Frank Grzelak of Chicopee.

"Yes, I think that would be best," agreed his wife!"

Mr. Grzelak added: "He's a nice friendly old man. I say 'hi' to Mr. Spring and he gives me a 'hi' back. He

looks good. . . . He doesn't seem like the type that somebody would want to let die."

In other words, Mr. Spring is a human being who does not want to die and who has the mental competence to decide so. Keedy's decision was a sentence of murder as the establishment of a court precedent to condemn to death countless elderly people who can be put forward as lacking the "competence" to decide if they want to die.

In effect, that precedent has not been swept aside by Judge Quirico's decision either. The new court hearings on the Spring case are expected to focus on judging the question of Mr. Spring's mental competence. Even if he is found competent to decide that he wants to live, and he is permitted by the court to do so, the implication is that it is now legal to force the mentally "incompetent" to "die with dignity."

That is Nazi euthanasia.

There is no law, no constitutional imperative in the United States for the "right to die," for the right to "death with dignity." There can be no such law. The Nuremberg law entitled Crimes Against Humanity under which euthanasia is outlawed states:

Namely, exterminating, enslavement, deportation, and other inhumane acts committed against any civilian population before or during the war: . . . *regardless whether or not in violation of the domestic law of the country where perpetrated.* (emphasis added)

Today in the United States, Senator Edward Kennedy's Right to Die Movement, the Hospice Movement, the Death with Dignity advocates promote openly what the Nazis dared do only secretly.

The Nazi euthanasia program was enacted with a *secret* law in 1940. The mentally deficient, the crippled, the aged were murdered quietly by injections. According to the evidence presented at the Nuremberg International Tribunal on July 27, 1946:

In July 1940, Bishop Wurm was writing to (Reich Interior Minister Wilhelm) Frick: "For some months past, insane, feeble-minded and epileptic patients of state and private medical establishments have been transferred to another institution on the orders of the Reich Defense Council. Their relatives, even when the patient was kept at their cost, are not informed of the transfer until after it has taken place. Mostly they are informed a few weeks later after that the patient concerned has died of an illness and that owing to the danger of infection, the body has had to be cremated. . . ."

"This fact is causing a particular stir in our small province. Everybody is convinced that the causes of

death which are published officially are selected at random. When, to crown everything, regret is expressed in the obituary notice that all endeavors to preserve the patient's life were in vain, this is felt as a mockery. But it is above all the mysteriousness which gives rise to the thought that something is happening which is contrary to justice and ethics and cannot therefore be openly defended by the government. . . ."

In September 1940, an official in the Euthanasia Program told Martin Bormann: "The text of the notifications to relatives is being variously worded, as I was once more assured yesterday; naturally, however, it can happen sometimes that two families living close to each other receive letters with exactly the same text."

Today in the United States, the Hospice Movement, the Right to Die advocates, with aid of the liberal press, have succeeded in creating a climate in the country in which families assent to the murder of their parents and grandparents.

Senator Edward Kennedy's Hospice Movement is the same as the Nazi euthanasia methods of 1940. In 1978, Kennedy was the keynote speaker at the First Annual Convention of the Hospice Movement, Inc. in the United States, itself modeled on the hospice program in Great Britain. In St. Christopher's Hospice in London, however, those deemed terminally ill are not merely left to "die with dignity." They are fed what is called the Brompton Mixture—composed of heroin, cocaine, chloroform water, alcohol, and tranquilizers—every three hours until the patient dies.

Nazi economics

In every case, the basic argument offered by the advocates of the "right to die" movement puts forward precisely the same rationale as the Nazis did: cost-cutting.

On January 20, the *Boston Globe* hailed the Keedy order to take Earle Spring off dialysis: "Individuals can legally stipulate in advance that they agree to the withdrawal of medical care if it should become clear that they have lost the capacity to recover from a debilitating condition. But many are understandably reluctant to enter into an agreement that runs counter to the impulses of essential hopefulness that prevails in mankind. Given that reality, the courts will in many cases become the final arbiter in decisions involving the right to die. The decision in the Spring case marked a humane step on that difficult course."

Dr. John Shear, Earle Spring's attending physician, was more explicit. Upon hearing of the Quirico decision to return Spring to dialysis, he said: "This will totally bottle up health care and escalate costs. People will have

to be kept in ICUs indefinitely with incredible implications.

“The decisions about stopping treatment are made perhaps hundreds of times a day in Massachusetts. It is a very, very common thing. People get in situations where you can prolong life in a variety of ways: tubes, ventilators, pacemakers, all kinds of things can be done today. At times you have to make quality of life decisions. Patients do this when they are competent.”

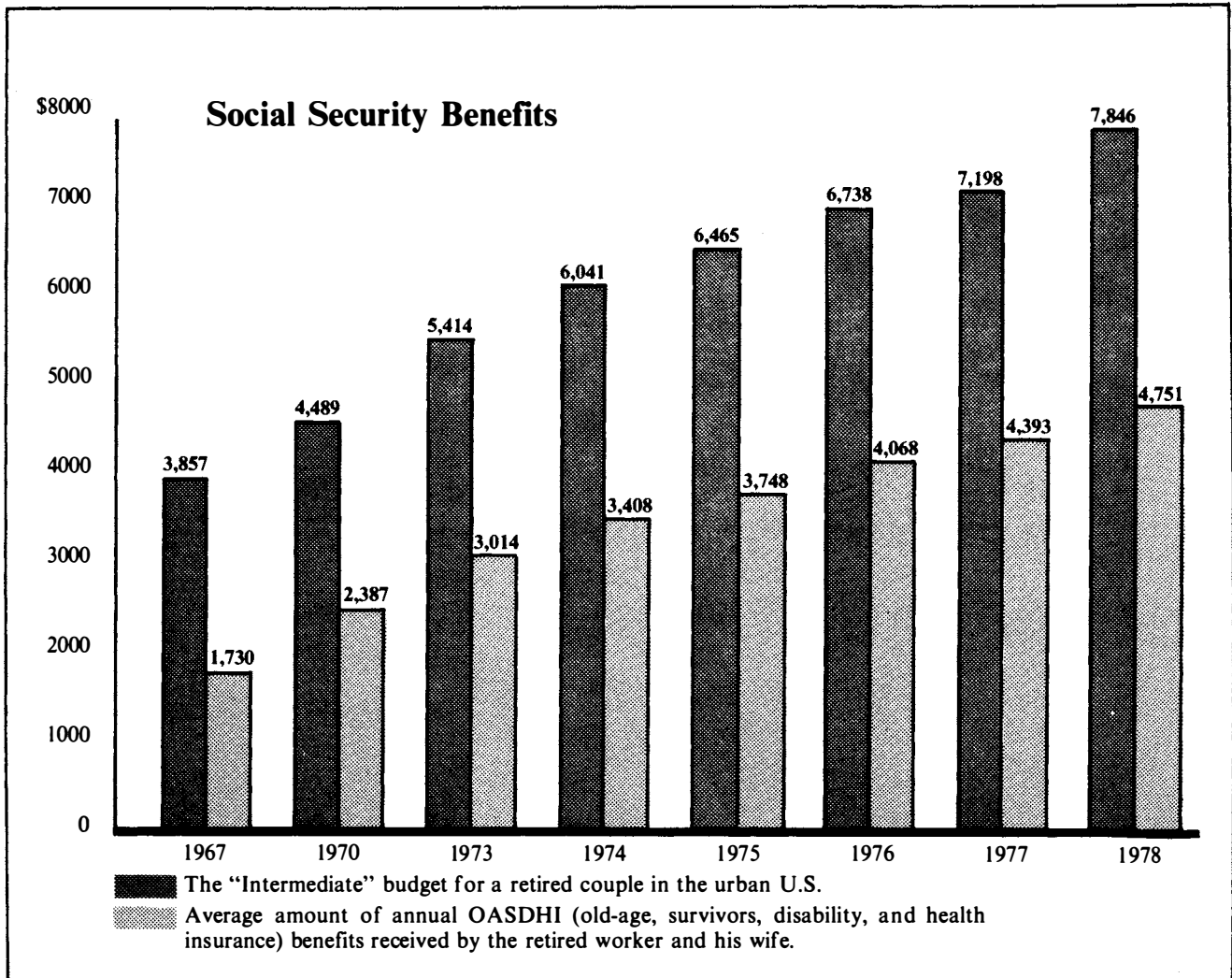
In hearings Jan. 24, the attorney who had pressed for Spring’s murder, Ms. Marguerite Dolan, complained to the court that the placing of Spring on a dialysis machine the previous night—as Judge Quirico had ordered—was “an extraordinary practice,” when there is, she claimed, a recognized shortage of dialysis machines. She protested the court decision had inconvenienced the dialysis center. Judge Quirico reminded the attorney that had Mr. Spring not received dialysis that night, he would in all likelihood have died.

Chiseling the elderly

“They’d be better off if they’d die quickly”

The Earle Spring case is a case of an elderly person who was sentenced to death by a court. But how many other hundreds of thousands of elderly, driven to destitution by the Social Security system and driven to despair by illness have been left to silently die? Euthanasia is the end to which federal government policy now leads.

When a person retires at the age of 65, he receives Social Security benefits. On the face of it, Social Security has kept up with inflation. Since 1976, the Consumer



Price Index has risen 35 percent; Social Security benefits have risen 37 percent.

However, no one could survive on Social Security. It covers about half of what the Bureau of Labor Statistics designates as the minimum for a retired couple to survive. In 1979, the BLS put this figure at \$8000 for a retired urban couple. Social Security covers \$4,751. If a retired couple does not have a pension, savings, or other income, they are already at the level of extreme poverty.

The retired couple generally has more medical expenses than a younger couple. At the age of 65, a person is eligible to receive Medicare benefits. When Medicare started in the 1960s, the elderly person was paid hospitalization costs for everything over \$40. Today an elderly person pays \$180 in hospital costs before he gets Medicare. Last year it was \$160. Thus, while Social Security benefits have kept parity with inflation; so have the elderly's share of expenses for Medicare.

In order to receive Medicare benefits for medical care outside the hospital, the retired person must pay insurance at the rate of \$6-9 a month. And then Medicare pays only a portion of the bills for doctor visits, drugs, etc.

For special treatment, such as dialysis, the retired person pays on a co-insurer basis of about 50 percent of the cost. Thus, unless the retired person has other sources of income— his family or savings—it is not possible to receive these treatments.

For hospitalization, Medicare pays up to the first 60 days after the first \$180. After 60 days, Medicare pays only half the hospital costs; after 90 days Medicare pays

nothing. Thus, after a certain point, the sicker the elderly person becomes, the less help he or she receives.

Furthermore, Medicare benefits now go through a case by case review process. When an official at the HEW office in Buffalo was asked why elderly cancer patients were being cut from Medicare benefits, he replied: "Most of these old people would be better off if they died quickly. They have cancer and they are sick, but that doesn't mean they need a hospital."

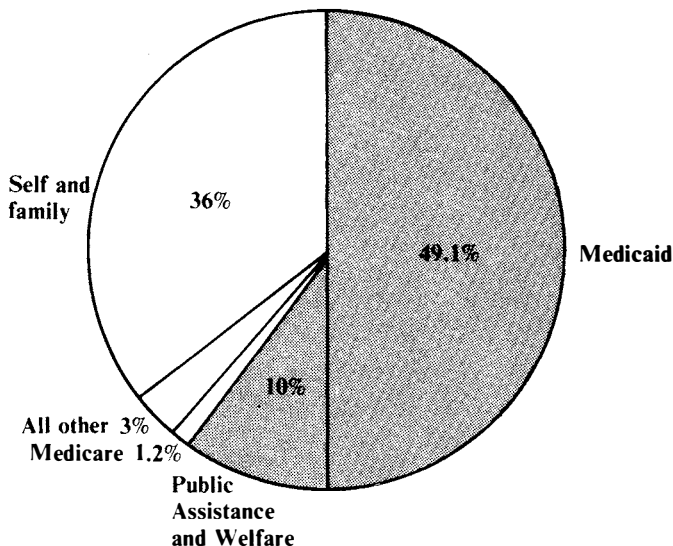
As the elderly person becomes older, his situation becomes more desperate. Medicare pays only 1.2 percent of the national bill for nursing home residency, and even then, only after the patient has been in a hospital first for a prescribed amount of time.

Yet, there are 1 million Americans in nursing homes today. Who pays? The elderly person or his family pay for 36 percent of the national nursing home bill. Almost 60 percent of those in nursing homes today are on Medicaid or Public Welfare assistance.

What does that figure mean? It means that 60 percent of American citizens in nursing homes today have been reduced to absolute penury. Approximately 30 percent of these people are ruled incompetent, and are thus placed in immediate danger by the Earle Spring case.

But what kind of treatment do they receive when they fall ill at a state-funded nursing home? The continuing waves of nursing home scandals appearing in the daily press are but one reflection of a hideous process of malicious neglect of our aged. How many of our aged have been left to "die with dignity"?

Who Pays for Nursing Home Care? (1973-1974)



Chiseling the veterans

“The most anti-veteran President in memory”

The policy of the Carter administration toward veterans, returning to the United States after fighting for their country abroad, is as vicious as the policy that relegates our aged to misery. “Jimmy Carter is the most anti-veteran President in the memory of any living veteran,” said the head of the Washington legislative committee of the Veterans of Foreign Wars. For the American men who were sent to fight in Vietnam, Carter has rewarded them with a policy of putting them on the scrapheap.

For three consecutive years veterans on the GI bill to get a college education have received no cost of living increases. For 1981 they are designated to get a 10 percent increase, but officials estimate that it would take a 30 percent increase for veterans to catch up. The policy means that no Vietnam veteran can go to school on the GI bill without holding a job at the same time.

Veterans compensation received only a 7.8 percent increase for 1980, when inflation is rising at a rate of 14 percent.

Since he came into office, Carter has consistently attacked the nation's veterans as a “special interest group.” He attempted, so far unsuccessfully, to remove the federal preference for employment of veterans. He attempted to disband the Veterans Administration by placing its compensation programs under welfare in the Department of Health, Education, and Welfare, and distributing its programs throughout other departments. So far, these attempts have been warded off. But if Carter's version of the Kennedy health plan goes through Congress, the VA health system will be dissolved to become the base of a national health system.

What Carter has perpetrated against the VA system shows what his national system would look like.

Today there are waiting lists for veterans to be admitted to VA hospitals; veterans with injuries or illness that are not service-connected are likely to be denied treatment. In 1979, the federal budget cut 5200 beds from the VA system; last year another 1600 were removed. The hospitals, many of them old, are still operating, but entire wards have been closed down.

Since 1979, 7000 doctors have been cut from the VA health system. Twenty years ago, VA doctors and hospital staff were paid on a relative parity with doctors and

staff in civilian hospitals. Today pay for VA doctors is so low that most VA doctors work only parttime, since they can make twice as much money outside the system in private practice and civilian hospitals. The turnover rate for VA doctors is 2000 a month.

Orderlies and nurses attendants and other para-professionals earn less at a Veterans hospital than the maintenance personnel at the same hospital. According to an official of the National Organization for Paralyzed Veterans, most orderlies and staff leave the VA system for menial jobs in other hospitals, where they are paid a better wage.

The VA system has been forced by the Carter administration to act on a cost-cutting basis, with the result that care has been diminished in quality and veterans are turned away at the door. Now Jimmy would like to extend this disaster to the rest of the citizenry.

Chiseling everyone

Legislating death, quickly, cheaply

If the Kennedy national health insurance plan is passed by Congress, cost-cutting will replace saving lives as the priority for the U.S. health care delivery system.

Kennedy calls his bill the Health Care for All Americans Act. But what kind of health care will Americans receive when the health budget is cut by 15 percent, when hospitals are closed, when every medical procedure is scrutinized by a cost-cutting gestapo of technocrats; when hospices replace the supreme effort to save or prolong the lives of the seriously and terminally ill? There can only be one result of the Kennedy health bill: people are going to die. The process will work in the following way.

1. Cutting the national health budget.

The Kennedy health bill begins by mandating that the national health budget must not exceed the rise in the Gross National Product. In 1980, GNP is projected to fall by 1 percent.

Within this zero-growth restriction, the Kennedy health bill adds new costs to the health system. It would bring into the national health system nearly 15 percent of the population, which is currently left out of the system.

Second, its enforcement apparatus adds billions of dollars of bureaucratic costs to a system that is already overburdened with red tape.

The result is that the actual delivery of health care will suffer a severe budget *cut* and the quality and intensity of health care will diminish.

2. "Cost-effective" ceilings on all treatment.

The national budget, state budgets, hospitals, and other facilities will be capped with limitations on expenditures. In addition, every type of treatment will be standardized with set fee schedules.

The effect of this provision is to put a maximum cap on treatment. It would constrict vital clinical research and innovations in the treatment of disease. Patients would not be offered the options of using new methods of treatment, since they would not be available.

The value of various services and treatment will be evaluated from the following standpoint according to the bill: "(1) the time and effort required to furnish the service; (2) the level of skill required in performance of such service; (3) the cost (including indirect costs) to the provider of such service; and (4) *the relative cost-effectiveness of providing such services.*" (emphasis added)

This ruling effectively mandates that there will be no improvement in health care; treatments will be judged by their relative cheapness instead of their effectiveness in curing disease. Within the budget of the bill, this puts particular pressure on disregarding those costly but high-technology methods of diagnosing and treating disease.

3. The Gestapo enforcement apparatus.

The Kennedy bill creates a National Health Board that will run the national health system and State Health Boards which determine the state budget within the limitations defined by the National Health Board. These boards take the medical system out of the hands of doctors and place it in the hands of technocrats. "At least two members of the board shall be individuals who represent the interests of employers or, labor unions, or other major purchasers of qualified health plans; at least one other member shall be a consumer."

In addition, the National Health Board shall appoint an "Inspector General" who, among other duties, "shall promote economy and efficiency. . . in the national health insurance system."

The National Health Board will have final review of all budgets, and treatments.

The cost of this bureaucracy is astronomical. For example, the Kennedy-sponsored monitoring agencies already in existence, such as the Health Services Agencies (HSA), have added \$50 to the average base daily rate of hospitalization in the United States. That is an increase of 33 percent. Hospitals in New York State are required to report to 163 different monitoring agencies, most of

which have been set up in the past 15 years, like Kennedy's HSAs, to impose cost-cutting controls!

The state of Colorado dismantled its hospital cost-control agency several months ago because it cost more than it saved, even in the short term.

With their blind emphasis on short-term accounting, these agencies have also contributed to rising costs by blocking the introduction of new technologies. For example, more than half of the hospital requests nationally for CT scanners (computerized X-ray machines) have been turned down in the past three years by the HSAs.

This is despite the fact that the CT has proven to more than pay for itself within several years by speeding diagnosis of such problems as head injuries, and thereby saving physicians' time; by frequently eliminating dangerous and expensive tests such as brain air studies and arteriograms; and by saving the lives of patients who would otherwise be misdiagnosed.

But for the Kennedy machine cost-cutters, bureaucracy is not too expensive; saving lives is.

4. Closing down the nation's hospitals.

This is an intended result of the Kennedy bill.

The process is already well underway. First, under the already passed National Health and Resources Development Act of 1974, the Hospital Financing Administration has eliminated 10 percent of the municipal hospital beds in the United States.

Kennedy's Hospital Cost Containment Bill introduced into Congress in 1978 further proposes that hospitals place a 9 percent ceiling on their total spending, resulting in a 5 percent cut in hospital services annually, given Jimmy Carter's hyperinflation.

The Kennedy bill will speed the process. The budget caps imposed place a particular strain on voluntary hospitals, many of which operate under an extremely thin margin, and would simply be driven out of business.

The bill establishes a Health Resources Distribution Fund whose first purpose is to grant funds for "the conversion or closure of health care facilities, where such conversion or closure would improve the efficiency of such facilities in the area." No mention is made in the fund's functions for the improvement or for the building of new hospitals.

The bill further mandates a decrease in admission of patients into hospitals, particularly for the elderly. The bill calls for a "demonstration project" to establish ways in which to keep the elderly at home rather than hospitalized. The proposal is deadly. Precisely because of the increased hospitalization afforded the elderly under Medicare since 1965, 2.1 years have been added to the longevity of those over 65 years of age. Keeping the elderly out of hospitals means denying the aged the

Kennedy: We don't need any doctors

Speaking at a conference on Medicine in the Third World in Washington, D.C. in February 1979, Senator Edward Kennedy put forward his view of health care for the developing nations and for the United States:

American industrial, high technology for the model of health care has hurt medical care in the United States, and we cannot allow it to be established elsewhere. ... We need primary care facilities; facilities that will be run by local people to solve local problems. We need simple basic systems constructed from the ground up by people...with a simple, basic drug list to meet local needs.

We produce 25,000 pharmaceuticals in the United States; we cannot and should not export these. These drugs do not meet the needs of these people any more than costly diagnostic equipment does. They are simple people with simple problems. They have pain which should be alleviated and it should be alleviated without using procedures or equipment that will frighten them. We must develop a list of essential drugs: aspirin, penicillin, malaria pills, as well as local herbal medicines that people can feel comfortable with.

In the United States...

We would do better to close down centers. That would provide for basic needs as well as contain costs. You don't need a physician on duty; paraprofessionals can tend to most problems, particularly in our urban poor centers. They can provide palliative care and appropriate drugs at a reasonable cost.

intensity and competence of treatment that saves lives.

The move to close down the nation's hospitals will not only affect the elderly. Only hospitals can provide the high-technology, high-intensity health infrastructure upon which all clinics, family practices, and other services must ultimately rely. To gut hospitals is to destroy national health care.

5. Genocidal alternatives.

The Health Resources Distribution Fund will carry out projects "for the stimulation and support of health maintenance organizations, community health centers, migrant health centers, and other cost-effective health care delivery systems." What does this mean? In the urban areas across the country—as in the ghettos of New York City—this means closing the hospitals and their replacement with low-grade walk-in clinics, manned mainly by paraprofessionals, not doctors. According to the Kennedy-funded Georgetown Health Policy Center, one of the designers of the Kennedy bill, the purpose of the Health Maintenance Organizations is "to eliminate the second visit, that is, to make sure the patient doesn't come back." Primary screening and diagnosis of patients would not be performed by doctors but by paraprofessionals and nurses.

In addition, the "National Health Board shall provide for the conduct of demonstration projects to evaluate the feasibility of providing hospice services as part of basic covered health-care services." Euthanasia is mandated by the Kennedy bill as national policy. The terminally ill, the old will simply not be treated at all.

In summary then, the Kennedy bill provides for a health care system that is capable of providing minimal services for the most common, medium-level diseases. The seriously ill, the terminally ill, the old, and the young with serious diseases are left without hope.

6. No provision for basic research.

Kennedy's attitude toward advances in medicine is adequately reflected in his Kennedy-Javits bill for a Pharmaceutical Revision Reform Code of 1978. The bill would deprive pharmaceutical companies of their research and development capabilities through a divestiture of drug patent rights after a 60-month period.

To solve the nation's number one killers, heart disease and cancer, requires serious basic research. It requires an Apollo program-style project in basic biology, including in such areas as genetics, embryology, the immune system, neurophysiology, and in-depth research into the area of degenerative diseases and aging generally.

Second, to find cures for the major killer diseases requires widespread trials of new treatments in hospitals and clinics across the country. The early diagnosis of these diseases requires the creation and use of high-technology methods.

None of these basic steps are provided for by the Kennedy bill. Instead, the Kennedy bill acts to minimize diagnosis and treatment of these diseases. It is not the purpose of the Kennedy bill to eliminate disease or to save lives. What is its purpose? To provide Americans with a quicker, cheaper way to die.

Administration pulling plug on CIA charter?

CIA Director Stansfield Turner stunned the Senate Select Committee on Intelligence on Feb. 21 when he voiced strong opposition to more than a half-dozen sections of the National Intelligence Reform Act of 1980, and then said that the administration has been holding back more information from congressional intelligence committees than its members had previously suspected.

Turner's testimony visibly surprised committee chairman Birch Bayh (D-Ind) and the bill's author, Senator Walter Huddleston (D-Ky) who had both just finished saying that they thought differences with the administration had been narrowed down to just two points and that compromise was easily reachable. Huddleston, who has spent several years drafting the bill, which would give the CIA a legislative charter for the first time, said that the hardened administration position could jeopardize the entire measure. While the number of points of disagreement was unexpected, the central point of dispute remains the issue of prior notification to the Congress of all significant intelligence undertakings. The proposed charter would incorporate the "advance notification" requirement embodied in Senate Resolution 400, but Turner stated that, while in large part, he had had no trouble in complying with that resolution, he did not want it codified into force of law. Turner then told the committee members that they were not correct in their assumption that the administration had been notifying them in advance of

all covert actions and other undertakings of significance, and the administration instead wants a policy of "timely" or after-the-fact notification of the congressional committee. Such a policy would in fact place the CIA outside of effective congressional oversight.

While Turner tangled with Bayh, Huddleston and Sen. Adlai Stevenson (D-Ill.) over the issue of congressional notification, another faction on the committee took a very different posture. Led by Senator Henry Jackson (D-Wash.) a hard-line grouping went on record opposing any charter whatsoever for the CIA. Jackson, citing the British Intelligence Service as a model, declared "I have deep reservations about any kind of charter which tries to proscribe do's and don't's for the agency." Jackson was backed up by Malcom Wallop (R-Wyo.) and to a lesser degree John Chafee (R-R.I.), who is a long-time associate of Stansfield Turner. Capitol Hill observers noted that the end result of the administration's intransigence on the "prior notification" issue may be, in fact, no charter at all—precisely the position of Jackson and his allies.

Fusion bill has 130 cosponsors

The Fusion Energy Research and Development Act, H.R. 6370, now has 130 cosponsors in the House of Representatives. Introduced by Rep. Mike McCormack (D-Wash.), chairman of the Sub-

committee on Energy Research and Production of the House Science and Technology Committee, the bill has an "Apollo-mission" orientation, mandating the production of energy from a commercial fusion reactor before the end of the 20th century, and would authorize as much as \$20 billion to achieve that mission. The legislation gets its first hearing before a congressional subcommittee on March 4, when McCormack's subcommittee takes up the 1981 Department of Energy authorization. H.R. 6370 calls for an increase in the 1981 fusion budget of \$100,000,000 over the administration request, and the March 4 hearing is being looked to as a litmus test in terms of both Congressional support and administration reaction.

House Minority Leader John Rhodes, a long-time proponent of an Apollo-style fusion program and a cosponsor of H.R. 6370, underlined his support for the bill in a statement in the February 21, 1980 Congressional Record. Rhodes noted that while one major scientific breakthrough is often looked to as the rationale for program funding increases, the fusion program has scored quiet, consistent breakthroughs which now necessitate funding for an engineering test facility. H.R. 6370 mandates funding for such a facility.

H.R. 6370 still lacks a sponsor on the Senate side, although GOP Presidential candidate Senator Howard Baker (R-Tenn.) is reportedly interested. Capitol Hill observers note that the backing of Senator Henry Jackson (D-Wash.), chairman of the Senate Energy Committee, is crucial to the bill's success in

the Senate, and report that efforts are underway among political and scientific layers in Washington state to convince Jackson to introduce the bill. Four Washington state legislators have introduced a memorial urging the state to go on record supporting H.R.6370

Senate & House committees hold hearings on trucking deregulation

Hearings were held in the Senate Commerce Committee and the House Public Works and Transportation Committee during the last two weeks in February on S. 2245, the Motor Carrier Reform Act, and its companion House version. Both bills are dangerous first steps toward the expensive and unsafe policy of deregulation of the trucking industry.

While testimony from major groups opposing the bill or calling for substantial modifications of it such as the Teamsters and the American Trucking Association, respectively, have yet to be heard, it appears clear that the prevailing forces on the committee will be in favor of further deregulation. Senate Commerce Committee chairman Howard Cannon (D-Nev.), while trying to hold a middle line, is under the shadow of one of the FBI's "Brilab" scandals for allegedly getting favors from the Teamsters. He is therefore expected to "prove" that he is not beholden to the Teamsters and will bend further in the direction of deregulation.

Interstate Commerce Commis-

sion Chairman Darius Gaskins, Jr. said he was "personally disappointed" that the legislation does not go further toward deregulation. Transportation Secretary Neil Goldschmidt said that the administration would like to toughen the bill further and would be "extremely disappointed" to see the deregulation thrust of the bill weakened. And the ranking Republican on the committee, Bob Packwood (R-Ore.), has also stated that he sees S. 2245 as just the first step toward deregulation.

Calls for austerity gain momentum on hill

Testifying before the Senate Banking Committee on Feb. 25, Federal Reserve Board Chairman Paul A. Volcker declared war on the productive underpinnings of the U.S. economy, and defended the actions of speculators in international markets. Reaffirming that the Federal Reserve Board's high interest rates and tight money policy will continue unabated, Volcker called for brutal austerity measures to be imposed against wages and cost-of-living increases for those on fixed incomes. At the same time, he went on record saying "We cannot simply rail at 'speculators' in foreign exchange, or gold, or commodity markets if our own policies seem to justify their pessimism about the future course of inflation."

In addition to high interest rates and budget cutting, Volcker proposed the following:

- Further curtail our dependence on foreign energy, "even at the expense of increased costs in the short run,"
- Deregulation of certain industries,
- Curtail cost-of-living increases, including social security,
- "Resist pressures to protect industries from foreign competition, particularly those industries with relatively high wage structures and wage settlements."

In a related development, 43 senators introduced a resolution on Feb. 27 to seize the initiative in fighting inflation by slashing federal spending. The bipartisan group, led by Sen. William Roth (R-Del.), sought to force the Senate to cut some \$26 billion from Carter's \$616 billion fiscal 1981 budget by limiting expenditures to 21 percent of the Gross National Product. That would result in a \$1-\$10 billion budget surplus next year, as opposed to the \$15.8 billion deficit proposed by the President. Roth has vowed to filibuster if necessary to get a vote on the spending ceiling. "We cannot have business as usual," he said.

Supporters of the spending limitation plan, who range on the political spectrum from liberal Sen. Gaylord Nelson (D-Wisc.) to most of the "Reagan" Republicans, foolishly view congressional budget slashing as the necessary complement to Volcker's high interest and tight money policies. They feel that Volcker has done all he can, and that the Fed's failure to thus far curb inflation with high interest rates is a result of the federal budget deficit.

Former CIA official says Carter caused Afghan crisis

A former deputy director of the Central Intelligence Agency and a former science advisor to President Dwight D. Eisenhower have co-authored an article appearing in the *Boston Globe* Feb. 28 charging that Carter administration actions are directly responsible for the "hard-line" shift in the Soviet Union's political-military posture as reflected in the Afghanist invasion.

The authors of the article, Herbert Scoville (CIA) and G. B. Kistiakowsky, argue that "in reality, it was actions by the President designed to appease his hardline political opponents at home that destroyed the fragile balance in the Soviet bureaucracy between those advocating the brutal use of military power and those urging restraint. In reality, neither doubling our defense budget nor even more direct military threats would have kept the Russians out of Afghanistan, their vassal in revolt."

"The arguments that stilled the voices of the Kremlin moderates grew out of the approaching demise of the SALT II treaty and the sharply anti-Soviet drift of Carter's policies. His increasing propensity for accepting the views of National Security Advisor Zbigniew Brzezinski led to the Kremlin's anticipation of dominance in the United States by the hawks for many years to come," they write.

Scoville and Kistiakowsky single out Brzezinski's "China card" policy as a special type of war provocation. "While Brezhnev was being scheduled to come to Washington for the SALT II treaty signing planned for February 1979, a visit of Chinese Vice Premier Deng was arranged for January. On arriving here as a guest of the United States, Deng

made harsh anti-Soviet remarks and threatened to punish Vietnam, a Soviet ally, without any disavowal by American officials. Not surprisingly, Brezhnev's visit was cancelled and the signing of the treaty was delayed."

"Well before the Afghanistan invasion, an announcement was made that Secretary of Defense Harold Brown would go to China," say the authors. That was "an event without parallel in all our postwar relations with the Soviet Union. Not unreasonably, Soviet analysts may have concluded that a military understanding if not an outright military alliance between the United States and China was in the making."

Scoville and Kistiakowsky conclude: "While Carter is creating a tough-guy image of himself, our country is being led into a protracted Cold War, perhaps to the brink of hot war. There is a policy alternative—we should be putting steady but quiet pressure on the Soviet Union while seeking the reversal of the present dreadful slide to nuclear disaster toward a modicum of peaceful co-existence. Common sense demands no less."

Democrat secures recount in New Hampshire

Representatives of Citizens for LaRouche secured a signed agreement from Secretary of State Gardner in Concord, New Hampshire Feb. 28 to hold a recount of the Democratic primary vote, held Feb. 26.

Although candidate LaRouche is presently claiming only 18 percent of the primary vote, sample indications in a number of key areas of the state suggest the LaRouche vote exceeded 20 percent, say spokesmen. They explain the discrepancy between their claim and the official returns, which gave LaRouche only 2-3 percent, on the basis of vote-fraud. "Hard claims" are based

on a 35,000 name listing of persons who are known to have voted for LaRouche through name-by-name recanvass after the election.

At present, they say, they have no hope of recovering more than a portion of the votes for LaRouche cast by persons not on their computer listing.

The statisticians aiding the LaRouche campaign trace the majority of the stolen LaRouche vote to the large totals reported for Senator Edward Kennedy. However, according to LaRouche spokesmen, a study of the latest, upward-adjusted tallies for Gov. Jerry Brown of California has led them to conclude that Brown must have received a lesser portion of the LaRouche vote than that distributed to Kennedy.

They conclude that Carter ran two-to-one over Kennedy, and consider it probable that LaRouche's true vote may have equalled or exceeded Kennedy's.

Mexican press reports New Hampshire fraud

Mexico's largest daily newspaper, *Excelsior*, in its story today on the New Hampshire presidential primary, reports Democrat Lyndon LaRouche's charge that the election returns were massively falsified.

"The electoral computation center was installed by the ABC, CBS, and NBC television networks, to process the results of the primary election and to disseminate them immediately," the article says.

"Democratic candidate Lyndon LaRouche charged that the elections were a fraud, based on a sampling of his own computerized list of 30,000 individuals who had expressed interest in the LaRouche campaign. 'Sixteen percent of the total vote was for LaRouche,' said an advisor to the candidate. Extraofficial counts are giving him only 4 percent."

Another major Mexico daily, *El Sol*, covered the story this way:

"For its part, the committee of Citizens for LaRouche, which promotes the candidacy of Lyndon H. LaRouche within the Democratic group (although he belonged to the Liberal Party), [sic] denounced irregularities in Wards 11 and 12 of Manchester.

"They noted that everything indicated that electoral fraud had occurred, because LaRouche had the lead—recognized by the other participants—in the French-American wards. Gerard de Grace, ex-official of Hillsborough County, told electoral officials that what was occurring was 'the biggest case of electoral corruption that has ever been seen.'

"According to house-to-house sampling, LaRouche was expected to achieve about 23 percent of the vote, or about 30,000. However, despite the fact that he qualified for federal matching funds and for inclusion in the primary, the big television networks have refused to cover his candidacy."

Kennan: Carter exaggerates Soviet threat

The Carter administration has greatly exaggerated the possible threat to Persian Gulf oilfields or to Pakistan posed by Soviet forces in Afghanistan, according to George F. Kennan in testimony before the Senate Foreign Relations Committee Feb. 27. Mr. Kennan described as "an emeritus diplomatic specialist in Soviet American affairs," was once American ambassador to the Soviet Union.

In statements delivered last week, he called for the U.S. to stop playing the "China card," which is the real cause of Soviet action in Afghanistan; he also proposed that Jimmy Carter fire Zbigniew Brzezinski, the architect of the

policies that have led to Soviet military action.

Mr. Kennan also told the Senate committee Feb. 27 that the "overriding national interest" was to keep the "disturbed situation in western Asia" from degenerating into war with the Soviet Union. He called for "considerably more restraint in official public utterances" about military steps and the possibility of conflict.

There is "very small likelihood" that the Soviet Union intended to follow its move into Afghanistan with an attempt to seize the oilfields of the Persian Gulf.

Kennan was not only critical of the U.S. for attempting "too much" in the case of Afghanistan, but attacked the administration for doing too little to free American hostages in Iran. He proposed that the U.S. should have declared a state of war with Iran, interned Iranians in the United States and then offered Iranian internees in exchange for the hostages. Mr. Brzezinski has been behind a policy to actually ally with the Iranians against the Soviet Union.

"If we temporize too long," Kennan said, "our country's concern for their safety may be deprived of much of its meaning." He said that the longer the hostages are held the greater the risk they will suffer major psychological damage.

Kennan also attacked the press for its handling of Iran and Afghanistan. Officials and journalists were talking too much and unnecessarily about war and military buildups, he said. This sends "misleading signals" to Moscow, representing "conjuring up, by warnings or loose speculations, of dangers the reality of which has not been clearly demonstrated." He ascribed the Soviet intervention in Afghanistan to a desire to quell instability in an adjoining nation, and recommended against given military aid to Afghan rebels or engaging in other covert action in the region.

Briefly

● **HAROLD BROWN** admitted to the House Budget Committee members hearing his testimony on the defense budget that the U.S. was giving arms to rebels in Afghanistan. Brown insisted however that "it is the Soviet invasion, the Soviet involvement, the Soviet intervention that causes the deaths and the turmoil... There are Afghan insurgents, there are Afghan refugees who do go back and forth across the border and they may very well get arms from Pakistan." Those arms, in turn, are supplied to Pakistan by the United States.

● **FELIX ROHATYN**, the Lazard Freres banking executive who supervised the bankruptcy of New York City warned Feb. 28 that the nation's economy was headed for bankruptcy if it did not take such measures as a 12-month wage-price freeze and a Federal Budget cut of at least 20 percent. Rohatyn also called for a 50-cent-a-gallon gasoline tax, a "dialogue" with oil producers on "alternative means of payment" for oil, and a National Economic Commission representing all sectors of the nation to draft "an integrated economic strategy, both domestic and international".

● **SEN. LOWELL WEICKER** has questioned George Bush's competence to lead the nation in a time of crisis, according to a report in the Feb. 29 *Washington Post*. Weicker raised questions about the ethics of Bush's behavior during the Watergate affair, when he reports that the current presidential candidate, then Republican Party chairman, called him to inquire what to do with a list of financial contributors. Bush said "What do I do, burn them?" Weicker does not say that Bush acted illegally, but questions how he would handle himself when confronted with a potential public embarrassment.

The case of Hans Enzensberger

Answering the question "Who is Hans Magnus Enzensberger?" has uncovered a connection between Murder, Inc. and international terrorism.

An investigation into West German radical poet Hans Magnus Enzensberger, who was in the U.S. during the week of Feb. 11 for a series of high-level meetings, has uncovered a network of interconnections between terrorist controllers, international terrorist groups, and organized crime elements.

Hans Enzensberger is 51 years old, a well known West German radical poet and author. His association with international terrorism can be traced to the early 1960s when he was chief editor of the "new left" magazine *Kursbuch*, published by Kursbuch-Rotsbuch Verlag based in Berlin. This publisher is known to German law enforcement as the publisher of Baader Meinhof literature as well. Associates of Enzensberger at *Kursbuch* were:

- Noam Chomsky, leading U.S. "leftist" controller directly tied to the Italian Red Brigades by Italian police. Chomsky, based at the Massachusetts Institute of Technology, is in touch with the Iranian terrorist underground.

- Peter Bruchner, a Baader Meinhof defense lawyer, charged with giving refuge to fugitive terrorist Ulrike Meinhof during the early 1970s.

- Stanley Aronowitz, the leading U.S. defender of jailed Red Brigades controller Toni Negri and leader of the Washington D.C. based terrorist think-tank, the Institute for Policy Studies.

- Daniel Cohn-Bendit, the

leader of the Paris 1968 student riots and a close collaborator of the late leader of German SDS Rudi Deutschke.

- Von Plottnitz, a member of the group of lawyers who took responsibility for the defense of the Baader Meinhof, known as the Gollwitzer lawyers collective.

Reliable sources within the law enforcement community report that Enzensberger's recent trip to the U.S. had two purposes. First, to participate in the creation of a new international terrorist apparatus, and secondly to profile a 1980 presidential candidate, Lyndon LaRouche, in preparation for a terrorist assassination attempt. This profiling was to be carried out by Enzensberger under the cover of Enzensberger's position as chief editor of a yet to be published magazine called *Trans-Atlantik*.

Reporters from the twice monthly intelligence report, *Investigative Leads*, determined from an interview with Enzensberger that *Trans-Atlantik* will be published by Newmag, which is based in Munich, West Germany and is owned by three individuals: a Dutch citizen named van Nouhuys (a.k.a. Heinz Losecaat); a West German named Christina Schmidt; and an American citizen, Robert Gutwilleg. Newmag is best known in Europe for its publication of the French pornographic magazine *Lui* and the West German pornography magazine *Quick*. *Lui* maga-

zine is edited jointly by van Nouhuys and his associate Jacques Soustelle, identified by both Swiss and French authorities as the team leader of several of the assassination squads that were deployed through the right-wing Secret Army Organization (OAS) against French President Charles de Gaulle in the 1960s. These hit teams launched 26 known attempts on de Gaulle and were known to be deployed from the top by the assassination organization known as Permindex.

Permindex was based in Montreal and was known to be directed by Major Louis Bloomfield. New Orleans District Attorney James Garrison's investigations into the November 1963 assassination of President John F. Kennedy also implicated Permindex. In brief, Newmag has been documented by European authorities as one of the key fronts for Permindex's Murder, Inc. networks in Europe.

The U.S. owner of Newmag, Robert Gutwilleg, is known to travel considerably and is in frequent contact with van Nouhuys in Europe. He was an executive of the Los Angeles Times Mirror Co. book publishing subsidiary, The New American Library, and is still in close contact with *Los Angeles Times* Washington, D.C. editor Jack Nelson. Gutwilleg traveled to New York City to meet with Enzensberger during the week Enzensberger was in the U.S. During that period, he also introduced Enzensberger to Jack Nelson.

The full extent of Enzensberger's activities in the U.S. are still being investigated. He is known to have met at length with terrorist controller Ramsey Clark, who is currently coordinating the terrorist Muslim Brotherhood networks.