

EIR

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Europe resists Iran caper manipulation
Why Secretary of State Cyrus Vance resigned
The wreckage of the Carter administration

**The Aquarian Conspiracy's road
to George Orwell's 1984**



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EIR

From the Editor-in-Chief

In the early sixties the U.S. space exploration effort captured the imagination of the population, children dreamed of being astronauts and scientists, and the future of the nation and the individual family was defined by the need for progress and an advanced education for all the nation's youth.

Today an entire generation of youth is addicted to drugs and rock music, and environmentalists, yoga freaks, transcendental meditationists and biorhythm kooks consult their horiscope to determine the future.

And so do many of our elected officials.

Governors take drugs and meditate, mayors are flagrant homosexuals, presidents believe in UFOs, and one U.S. Senator, once an astronaut, has called for a congressional investigation to determine the role of extraterrestrial beings in the injury of cattle in his state.

What happened?

The moral, material, cultural and intellectual decay of the nation is not a sociological phenomenon, but a deliberately induced social crisis.

Our Special Report this week, *The Aquarian Conspiracy's Road to Orwell's 1984*, takes you directly to the controllers of the social engineering laboratories who have used media, drugs and bestialist psychology to destroy the nation in what they now openly call the "Aquarian conspiracy."

Contributing editors Lyndon LaRouche and Criton Zoakos describe what this now "open" conspiracy is really all about: mind control and manipulating the population's "self image" away from a commitment to progress, and ultimately the total destruction of science and sanity.



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A still-shot from the Hollywood rendering of "Hair," heralding the "Age of Aquarius." Photo: UA

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The New Left, international terrorism, the counterculture, the homosexuals, the proliferation of psychotropic drugs—these are not "sociological phenomena," but carefully planned projects of the social-psychology research institutions. Their creators now publicly proclaim them all "a single movement." Patiently and methodically, the population of the United States is being brainwashed.

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Executive Intelligence Review



A Manhattan Project Approach to Economic and Political Intelligence

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Humor and a way out of the mess

Giscard, Schmidt and Carter are taken prisoner by the Iranians, and brought in front of a firing squad. As the gunmen level their sights on Giscard, he, thinking quickly, screams earthquake! In the fray, he escapes.

Back in position, the Iranians take aim at Schmidt, and as usual, following Giscard's lead, he screams "flood!" And in the fray, Schmidt, too, escapes.

All lined up again, the riflemen aim at Carter. Carter tries a repeat performance à la Schmidt and Giscard.

He screams "fire!"

The above story, was narrated on April 29 by the West German daily *Die Welt* and was apparently being circulated around the European Community summit meeting in Luxembourg.

The following day, another West German daily, *Die Zeit*, ran an article entitled, "The Bomb in the White House," by Wolfgang Ebert. "The Americans have the bomb. The Superbomb. It is in Washington. . . in the White House.

"...It makes no distinction between good and evil. That is why we are so afraid. . . The Americans call it tenderly, 'Jimmy'."

"Dr. End-Game" tells us of the bomb: "According to the recent experience with American technology, there is still a certain chance that it might not function when the going gets tough."

This story, which we reprint in full in the International Report, captures an important shift in world politics since Secretary of State Cyrus Vance resigned after the humiliating spectacle of the Iran rescue caper. The humor from the generally "respectful" West German press shows a certain courage, a distancing from the flight-forward insanity of the Carter administration, the capacity to say no, we won't go along with this insanity, not even for the "unity" of the alliance.

The fact that Vance himself refused to back "the first action of World War III" went a long way in allowing the more responsible world leader-

ship to reassert the necessity of a war-avoidance rather than a war-provocation policy. Since then, the EEC has strongly rebuffed Britain's Maggie Thatcher, Helmut Schmidt has decided to visit Moscow, and the U.S. population from the trade unionists, scientists and military on up to the ruling patrician circles have been shocked out of complacency.

Now, having deployed humor, a crucial arm of courage, world leaders must relaunch a war-avoidance strategy. Such a policy was begun in May 1978 when Schmidt last met with Soviet President Brezhnev and both agreed to broad ranging trade and development deals between the two nations. Later the European Monetary System was created with the stated purpose of stabilizing the world monetary system and opening the way for the European Monetary Fund to supply cheap development credits for technology transfer to the Third World.

These first steps of a war-avoidance policy must be taken up again as the basis for the creation of a new gold based monetary system that will redefine the ground rules for detente and end the rule of Malthusian depression economics.

The *Executive Intelligence Review* along with the Fusion Energy Foundation has made such economic and development planning our business. Our LaRouche-Riemann economic model provides the conceptual tools and the program to pull the world out of the mess.

We have held seminars in Washington, Paris, Milan and other cities to present our groundbreaking approach to the science of economic development. Diplomats, government officials, farmers and industrialists have sat down with us to discuss our program for the industrial development of India, or the way to turn around the destruction of U.S. industry and technology. In the coming weeks, seminars on the LaRouche-Riemann model will take place in other cities throughout the world. Join us.

First Penn in receivership, and there's more to come

by Richard Freeman

Perhaps the largest bankruptcy process in U.S. banking history began April 28, as the Federal Deposit Insurance Corporation (FDIC) poured a \$1.5 billion loan and bailout package into the ailing First Pennsylvania Bank. The emergency measure was taken to forestall the biggest collapse since the Bank Holiday of 1934 boarded up U.S. banks across the country. The price tag on the rescue exceeds by far any previous such bailout.

The same day that First Penn was being rescued, in the board rooms of First Chicago Bank a decision was reached that the failures occurring there would best be resolved by a general scapegoating of the bank's chairman, Robert Abboud, who was given the boot. Not far away, in the executive suites of First Wisconsin Bank, the ticker tape reported that First Wisconsin's loans to Argentinian banks, totaling \$1.5 million, might go up in smoke in the general banking crisis underway in that country.

This general atmosphere led the *Wall Street Journal* of April 28, in something of a panic, to report in an article entitled "Behind the Signs at the FDIC", that that august body might lack the funds—currently \$10 billion is in its kitty—to stem a run on U.S. banks.

The FDIC action at First Penn can reassure no one as long as Federal Reserve Board Chairman Paul Volcker is at the helm. Volcker's actions in tightening credit conditions that started in October 1979, have now pushed the banking system to a point of no return. Many U.S. banks have nonperforming assets that outstrip their performing loans, but because of Volcker credit stric-

tures have had to cut back on their bread and butter loans to industry and agriculture, which constitute their margin of profitability. First Penn's situation of watching tens of millions of dollars in its government securities portfolio get wiped out as Volcker's moves took out 20 to 40 percent of their Treasury's face value, is not atypical.

But a banking collapse, while a terrible thing, is not altogether despised in certain quarters of lower Manhattan and Washington, D.C. Such a collapse, so the reasoning there goes, provides a chance to reorganize the economy from the top down along deindustrialized Schachtian lines. Moreover, for every bank failure, there is a golden opportunity for a giant New York City bank to come in and pick up billions of dollars in assets at bargain basement prices. It is for this reason that last month an unholy alliance of ultra-liberal Rep. Henry Reuss (D-Wis.), chairman of the House Banking Committee and bank executives Walter Wriston of Citibank and David Rockefeller of Chase Manhattan joined to ram through Congress the "Depository Institution Deregulation Act." This bill, geared toward crisis periods, is intended to steer the ensuing shakeout in the banking system toward recasting the U.S. banking system along the British model—where five to 10 superbanks, operating across state lines, call the shots on the entire economy. A quick glance over one's shoulder at the wreckage known as the British economy shows how well that works.

The first Penn bailout came as the bank was about to



The Federal Deposit Insurance Corporation was created during the depression, to insure banks against a repeat of the "Black Thursday" collapse. But today, it is an instrument for triage of selected banking institutions.

report \$100 million in losses for the second quarter of this year. As part of the agreement, the FDIC put \$325 million and a consortium of 26 banks put \$175 million into capital debt, for a total of \$1.5 billion. In addition, the 26 banks agreed to put up a credit line totaling \$1 billion.

The terms of this bail-out disclose more than meets the eye. The contribution by the FDIC and 26 commercial banks is being done at a price the "rescuers" are being offered warrants, redeemable in 7 years, for 20 million shares of First Penn stock at \$3 per share. This will give the FDIC and the banks 56 percent ownership of First Penn. The offered price of \$3 per share is one-half the current market price of First Penn's stock and less than one third the stock's book value! Thus the FDIC and 26 commercial banks are being handed majority control of First Penn at a song.

What will the FDIC do with ownership of a bank. The answer is sell it off to another bank, once the dust has cleared. First Penn was not rescued: it was just barely held afloat. First Penn is also getting large doses of money from the Federal Reserve's discount window in the range of \$500 million to \$1 billion. Indeed, what is going on at First Penn is what happened in 1974 when Franklin National Bank was propped up long enough for a buyer to be found.

As for the most likely candidates to purchase a decapitated First Penn, the front-runner is the overly eager Citibank, which made the largest bail-out loan to First Penn of the 26-bank syndicate.

The FDIC is gearing itself up for further operations. Jack Guttentag, the bank expert at the Wharton School of Finance, told EIR April 30 that "the FDIC's kitty of \$10 billion is not large enough for the tasks that lie ahead for it. Currently, people at the FDIC are working with Reuss and Proxmire to expand the credit line that the FDIC had with the Treasury, which is already there and implicit, into an explicit and unlimited credit line."

The cases of First Chicago and First Wisconsin may prove the first banks to be given an FDIC "rescue." First Chicago is a bank that has long been troubled by a poor bond portfolio, and directly affected by the Volcker credit crunch. Through all of 1978 and through the end of the third quarter of 1979, First Chicago's quarterly profits were in the range of \$30 to \$35 million. In the fourth quarter of 1979, its profits plummeted.

Capitalizing on the difficulties at First Chicago, a faction of the First Chicago board with friends in high places and connections to dirty money networks began a reorganization of the bank. Ben Heinemann, the head of Northwest Industries and a long-time member of First Chicago's board, took over control of the First Chicago executive committee, having himself appointed as its chairman. Heinemann then had Robert Abboud, First Chicago's chairman who is known to favor industrial lending, ousted. Heinemann is a crony of both Henry Reuss and Commerce Secretary Phillip Klutznick, who has been implicated in drug-related dirty money networks run from Chicago. He is also the individual responsible for asset-stripping the Milwaukee Road which

his Northwest Industries owns.

At this point, there can be no doubt that if the First Penn's of the U.S. banking system go belly side up, the other smaller regional banks can't be far behind. This is the intention of the giant New York banks which encouraged the passage of the Depository Institution Deregulation Act of 1980, which calls for "survival of the fittest" deregulation warfare between banks. In depression conditions, this always means that the biggest with the best connections to the City of London come out on top. In addition to the already passed banking law, therefore, Citibank's Walter Wriston, who called for "streamlining the banking system" in congressional testimony this month, has supported an emergency FDIC bill, now sponsored by House Banking Committee chairman Reuss and his Senate counterpart Proxmire, to allow interstate banking, and undo the McFadden Act which forbids such interstate banking.

The granting of interstate banking is just the clearance Citibank needs to begin its own reorganization of the U.S. banking system by gobbling up the failures produced by Volcker's depression. New York's Citibank already has banks to spring into operation: it owns a \$1 billion bank in Miami under Edge Act laws; a South Dakota Bank; an option to buy a Chicago bank; and 400 credit card offices in 40 states, which could start doing banking functions if permission were granted.

The bank reorganization has very high stakes. "The First Penn bail-out was just a test-case," said Richard Wanlin, the emergency coordinator at the Controller of the Currency office at the U.S. Treasury. Wanlin is the go-between the Controller of the Currency's office and the crisis management Federal Emergency Management Agency (FEMA), which is running a top-down reorganization of the economy. Wanlin is also connected with the Federal Financial Institutions Examination Council.

This council was set up in March 1979 deriving power from the Financial Institutions Regulatory and Interest Rate Control Act (PL 95/630) and its current chairman is Comptroller of the Currency, John Heiman, who is Wanlin's boss. "We are putting together powers that will bring the banking reform to a high point," he added. "Look at the emergency powers that we have. We can use Emergency Banking Regulation # 1, which was passed in late 1962 during the Cuban missile crisis. Let us say there was a war between Iraq and Iran or the south is bombed. Under this regulation, we can merge banks, shift funds, do whatever is necessary."

Wanlin added that he was in Alabama during the floods there last year, when FEMA was there supposedly to help flood control. "While we were there we ran simulated tests on how to run the Birmingham banks and merge them after nuclear attack." When asked whether his work on flood control was incidental, Wanlin responded quickly "of course."

Argentina's Friedmanite bank collapse

by Mark Sonnenblick

The chain-letter collapse of Argentina's financial institutions could have major ramifications for the international banking system.

On April 25, the Navy component of the Argentine military government forced the central bank to intervene in three banks which were rapidly going under. Banco de los Andes, the largest private bank in the country, was among them.

The current panic was triggered by the March 29 announcement that the central bank was liquidating Argentina's number two bank, Banco de Intercambio Regional. As it became clear that most of the banks which had engaged in a whirlwind of speculation had their portfolios filled with bad debts of clients they had helped to bankrupt, the run began. Depositors lined up for blocks to move their funds from the local banks to less vulnerable state and foreign banks. Some banks reportedly lost 75 percent of their deposit base in a month.

Pressures from military men, many of whom had substantial stakes in the crumbling banks, forced the government to scrap its doctrinaire "laissez-faire" attitude by which the "unfit" would be allowed to die. Just to try to control the pace of the banking collapse, the central bank last week gave peso depositors full FDIC-type insurance and advanced \$1 billion in emergency funds to the stricken banks. Despite the bail-out operation (which is likely to cost the austerity-ridden federal government up to \$4 billion), most Argentines and the respected IBCA Banking Analysis in London expect several dozen other institutions to fold in short order.

At least one uninsured credit union, with 35,000 wheat industry employee members, had failed to gain cash to meet withdrawal demand as a result of its funds being tied up in the liquidated B.I.R. banks and depositors whose money is locked into closed banks are dumping their holdings on the stock market at any price, resulting in stock prices plummeting 30-50 percent over the past six weeks.

Deregulation and bust

Argentina's banking collapse was caused by precisely the same kind of Friedmanite "deregulation" policies exemplified by Wisconsin Rep. Henry Reuss's Banking

Reform Act now pending in the U.S. House. Monetarist Finance Minister José Martínez de Hoz deregulated the banks in 1977 to permit them to borrow and to lend at whatever interest rates the "free market" would bear. De Hoz acted on the basis of classical doctrines of economic liberalism with the justification that it would bring into the country the billions of dollars needed for its "economic reconstruction" from the hyperinflationary break-out at the end of the Peron administration.

Argentina was transformed into a "banker's paradise," sucking in what First National of Boston estimates to be \$4.5 billion in "hot money" from international speculators who clear 3 percent profit per month in the "Argentine banking bubble." De Hoz generously insured the speculators from exchange risk by announcing a year in advance monthly devaluation rates less than half the country's 160-180 percent internal inflation rate.

As befitting a nation run by Friedmanite policies, interest rates became sharply *positive* in respect to inflation, leading the local middle class to jump on board "the Argentine bicycle." The *Times* of London reported: "With rocketing prices and land values, people are selling their houses and taxi drivers their cars to cash in."

The de Hoz tactic worked. The vaunted "savings rate" rose to a 28 percent of GNP. But only 8 percent of the GNP was invested in productive activities.

What made the orgy of usury possible was the desperation of Argentina's once-dynamic industrial sector. The de Hoz team of monetarists sought to turn the country into one big farm by instituting a "free market economy" in which manufacturing would lose its former tariff protection and subsidies and be forced to pay through the nose for energy and other government services. Such policies decapitalized industry, while the speculative credit market drained funds away from long-term investment or direct capitalization. Industrialists had to turn to the legalized usurers and pay the incredible interest rates, just to try to keep afloat.

But, after two years of banker euphoria, the high interest rates and the increasingly depressed economy made the creditors unable to shoulder their debt burden, dragging down the banks with them. The worst may still be to come. Argentina's largest corporate combine, Sasetru, though centered in agro-business, is known to be unable to repay the \$500 million it owes to the banks. With a "severe recession" begun, the pace of failures will undoubtedly escalate throughout the economy.

The crisis goes far deeper than "isolated problems due to financial mismanagement by a few unscrupulous institutions" or "a temporary effect of the rapid decrease in inflation catching a few institutions with high interest liabilities and low interest assets"—explanations offered by defenders of de Hoz.

The *New York Times* targets First National of Seattle and the very shaky First Wisconsin as being among the

foreign banks who lost an estimated \$80 million loaned to the defunct B.I.R.

A specialist who wrote a study of the Argentine banking bubble for the World Bank last August told *EIR*, "these little banks shouldn't be playing in the tropical leagues, because sooner or later you're gonna get burned." This experience could help persuade lenders already queasy about the LDCs' ability to service their debts to stop lending to the whole block of countries.

For example, foreign bank representatives in Rio told the Brazilian daily *Gazeta Mercantil* that "more than 500 banks consulted refused to participate in the \$250 million Petrobras loan syndication headed by Deutschebank and the Bank of America." Brazil, which is conservatively estimated to have to borrow \$14-16 billion to make ends meet this year, was able to float only one \$70 million bond and squeeze through the solitary \$250 million loan during the first third of the year, according to official information leaked to *O Estado*.

While the "public" line of the bankers is that they want shorter terms and a quarter percent more spread, Planning Minister Delfim Netto's trip to Europe last week showed little disagreement there with American bankers' insistence that Brazil submit to IMF conditionalities. The Brazilian daily *Folha* attributes the recent purge of the raving nationalist General Carlos de Andrade Serpa from the Army high command to his expected leadership of military opposition to an IMF-takeover of Brazil.

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Substitution Account killed

The IMF made no progress toward official control of OPEC's surplus or displacing the dollar at their recent Hamburg meeting.

The plan for a Substitution Account was quickly defeated at the April 24 session of the International Monetary Fund meeting in Hamburg. The Carter administration-backed proposal would have officially displaced the dollar as the world's principal reserve currency. "Excess" overseas dollar holdings were to be called in, centralized in the IMF, and exchanged for securities valued in Special Drawing Rights, the IMF's basket-of-currencies unit of account.

The peremptory rejection of the plan was termed "a surprise" by most of the American press. The ostensible stumbling block was the question of guarantees for the SDR assets. The U.S. and IMF wanted the Fund's still-large gold reserves to be appropriated as the guarantee. Western Europe protested that the U.S. Treasury itself should bear the financial burden.

This dispute could have been resolved were Europe and the OPEC governments eager to establish the SDR account. Our report last week that they prefer instead to strengthen dollar operations was confirmed by the Saudi announcement—timed to coincide with the IMF meeting—of an agreement to provide up to \$2.4 billion a year in dollar credits to cover Japan's current accounts deficit. A similar agreement was concluded with West Germany earlier this year.

Behind the scenes, the French

in particular derided the idea of tying up gold reserves to back IMF "funny money" instead of using the gold, as envisioned by the European Monetary Fund framework, to directly back the dollar and the other leading international currencies.

While the Substitution Account has finally died an official death, the question outstanding is control of the \$120-odd billion in annual lendable OPEC surplus revenues. The IMF and the Carter administration want to 1) prevent expansion of OPEC's direct dollar flows to Western Europe and Japan, and 2) to absorb as much as possible of the OPEC liquidity into the IMF and World Bank, so that political and economic conditions can be placed by these institutions on the reissuance of the surplus as credit.

The London *Sunday Times* of April 27 triumphantly announced that "Saudi Arabia has agreed in principle to lend large, though unspecified, sums of hard currency to the International Monetary Fund to help finance worsening payments imbalances." But the 20-member Interim Committee of the IMF ended its meeting April 28 without any tangible results of this sort. According to the final communiqué IMF Managing Director Jacques de Larosiere was simply "encouraged to start discussions with potential lenders" in order to prepare a "growing role" for the

Fund in financing deficits.

IMF sources themselves underscored after the Hamburg meeting that "no commitments were given" by the Saudis or anyone else from OPEC. IMF spokesmen also denied to *EIR* a report by *Le Monde* correspondent Paul Fabra that the Saudis and Gulf states are "especially receptive" to the proposal because they are being offered better-than-market returns on their presumptive loans to the Fund.

"The Arab countries have already expanded their loans to the less-developed countries," said a Franco-Arab banker in New York April 30. "I doubt that the IMF will be given control over the surplus. The Arabs want to keep for themselves the political influence that goes with the loans." The Brazilian industrial city of São Paulo and the government of Turkey are reported elsewhere to be among the recipients of quiet Saudi lending.

This situation—or rather its potential for expansion—enrages the policymakers represented by the *Sunday Times*, which expostulated that "the countries with two-thirds of the population of the Third World, which rely almost wholly on aid from international agencies," unlike the South Koreans and Mexicos of the Third World, will soon have to borrow from the IMF's general loan facilities, "conditions and all."

At the Hamburg meeting, the Group of 24 less-developed country spokesmen vainly demanded a relaxation in IMF lending conditions. The matter was deferred to the autumn General Assembly meeting of the IMF and World Bank.

Pot and pesticides

California's environmentalist-drug lobby is acting to make pesticide production difficult, and getting a permit for its use virtually impossible.

“Hear about it?” exclaimed a knowledgeable source, “I know for a fact that it’s true.” That was the response to this writer’s preliminary effort to confirm the report that Dope, Inc. was financing moves to regulate farm chemical production and pesticide use out of existence.

Under the leadership of the Environmental Defense Fund, the environmentalist lobby conspired to rewrite California’s pesticide regulations program so as to virtually double the cost in time and dollars of developing and using pesticides. The new regulations railroaded through the state’s Department of Food and Agriculture are presently stalled in the legislature. A campaign has been mounted there to deny funding for the farm chemical control program and five bills proposing to do away with it altogether have been fielded.

The agriculture industry nationally is watching the California case closely, fearing that it may be a harbinger of an attempt to shut down farm chemical use state by state. California is known to have one of the strictest farm chemical control programs in the country, to begin with, more than complying with federal Environmental Protection Act requirements. The proposed new regulations in effect preempt federal law.

The redrafting of the pesticide regulations were to qualify them as a “functional equivalent” of the

California Environmental Quality Act (CEQA) certified by Human Resources Secretary Huey Johnson in December. Previously, pesticide use in agriculture had been exempted from the provisions of the CEQA when the California legislature decided that making a farm producer submit a full-dress environmental impact statement every time he wanted to use a pesticide was “unrealistic and unworkable.” Now, Assembly Bill 3765 orders the Department of Food and Agriculture to come up with pesticide regulations that meet CEQA by January 1, 1981.

Everyone in the chemical industry and farm production agree that the measure’s effect will be crippling. Previously growers consulted with their local pest control advisor, decided on the appropriate pesticides to use, and applied to the County Agriculture Commissioner for a permit which. Now the grower must prove to the County Agriculture Commissioner in writing that all “feasible alternatives” have been fully explored and that use of the pesticides does not conflict with any “sensitive area” prohibitions before receiving a permit.

Once the permit is issued, the grower must further prove in writing that additional measures that would “mitigate” the adverse impact of the pesticide have been applied. Further, prior to using a pesticide, a detailed Notice of In-

tent must be filed with the County Commissioner. After all this, the permit is good for only one crop.

The actual authors of the 45 pages of regulations and 120 pages of operational protocol, written in what rational observers describe as “mindboggling legalese,” remain unknown. There is reason to believe that the program was drafted in Huey Johnson’s office. Johnson heatedly denies it.

Others insist that the regulations came word-for-word from the Governor’s office. Others argue the distinction is academic.

Significantly, the same Huey Johnson threatened to throw *Farm Chemicals* editor Gordon Berg out of his office when Berg, in the course of an interview, posed the question to Johnson directly: “What’s more important—pot or food?” Johnson consented to continue the interview only if Berg would turn off his tape recorder. Berg later questioned in print (see the April issue of *Farm Chemicals*) why a man of Mr. Johnson’s stature would become so hysterical, refusing to be quoted on the pot lobby’s role in the farm chemicals’ fight.

It is admittedly shocking, but the “marijuana connection” is one of the best-known secrets in the state. The individuals contacted by this writer were quite specific. “They grow very fine marijuana up along the northern coastal area of California,” one reported, “and want to stop the use of chemicals in the forested areas.” The possibility of pesticide “contamination” cheapens their product, and could presumably put the illegal industry out of business altogether, he explained.

The dollar's deepening slide

An interest rate decline has invited outflows from the U.S. currency, but without reversing the business squeeze.

The past two weeks' drop in U.S. interest rates has sharply accelerated the decline of the dollar. Over this period, the dollar has lost more than 5 percent of its value vis-à-vis other major currencies (with the exception of sterling, classified as a "high-inflation" currency, like the dollar). Unfortunately, this is not a tradeoff between a credit upturn and a dollar downturn. We are looking at the worst of both worlds.

Short-term rates have eased dramatically as the Federal Reserve this week allowed overnight interbank money to dip as low as 10 percent from its recent 20 percent levels. Treasury bills lost about half a percentage point in one day on April 30—spurred by foreign central bank purchases of a whopping \$1.2 billion in U.S. Treasury paper to help bolster the dollar! Private demand for Treasuries, which helped drive down rates this month, also has ironic origins in investors' fear of other placements.

The prime rate for favored corporate customers has been stickier. This week, seeking to reassure the business community that some relief is in sight from impending chain-reaction bankruptcies, the ultraconservative Morgan Guaranty Bank took the lead in lower-

ing its prime rate to 18½ percent. Fortune 500 companies are getting a break, but psychologically geared pullbacks of this small magnitude won't pay the nation's bills. The U.S. lending structure remains locked into the Carter administration's credit crunch for industrial and agricultural purposes.

The recently announced downturns in U.S. loan demand reflect *no decline* in aggregate requirements for funds. Rather, banks have lent up to the credit-corset "base ratios" imposed by Volcker in March. And the obvious effect of lower short-term U.S. rates is to heighten the potential for speculative outflows that will deepen the overall liquidity crisis here.

West German central bank chief Karl-Otto Poehl announced recently that the Federal Republic is out to "attract foreign capital." French and Belgian interest rates began to come down this week in reaction to the U.S. situation. But on April 30, the Bundesbank hiked interest rates. The cost of discount borrowing was raised half a percentage point to 7½ percent, its highest in 10 years, and the lombard rate (on loans from the central bank collateralized by securities) went up 1 percent to 9½ percent.

Unlike the U.S. Fed, however,

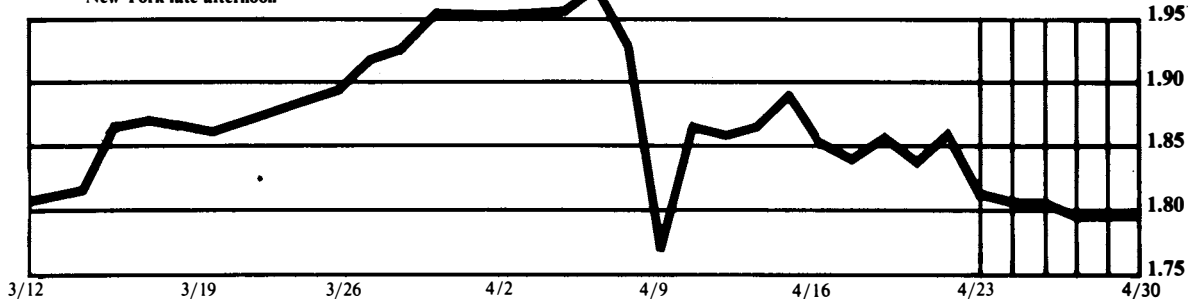
the Bundesbank also cut reserve requirements 8 percent and expanded rediscount borrowing quotas by \$2.6 billion for German banks. The net effect is not a straight tightening, but, as a Deutsche Bank official characterized it for *EIR*, "increased liquidity at a higher cost." The Bundesbank has taken into account the foreign-trade effects of the deutschemark appreciation encouraged by this move. Upward pricing of exports is expected to be outweighed by decreases in import costs, the costs that have most fueled German inflation. Meanwhile, the funds inflow is intended to cover the current accounts deficit.

While the Bundesbank promotes inflows into the mark, the Federal Reserve acted to curb inflows to the United States. On April 22, Fed Chairman Paul Volcker told leading foreign central bank governors to prohibit private banks from lending to U.S. corporations, on the grounds that such lending undermines Volcker's credit cutoffs. The Bundesbank and Bank of Japan replied that they will try to do so; the Banque de France refused, saying it lacks the legal authority.

Outright dollar panic never materialized this week despite the U.S.-Iran crisis, basically thanks to restraint by American allies. However, foreign exchange traders say they see no turnaround coming in the dollar's slide, and no basis for one. As "long" positions mature, they expect increasing movement out of dollars. "The recession is supposed to help the dollar," commented Barclays Bank this week, referring to the conventional wisdom that "recession" will lick inflation. "But that really doesn't make sense."

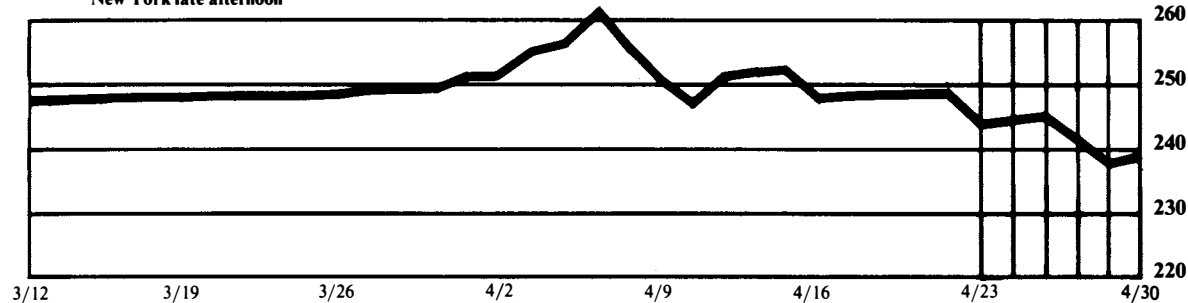
The dollar in deutschmarks

New York late afternoon



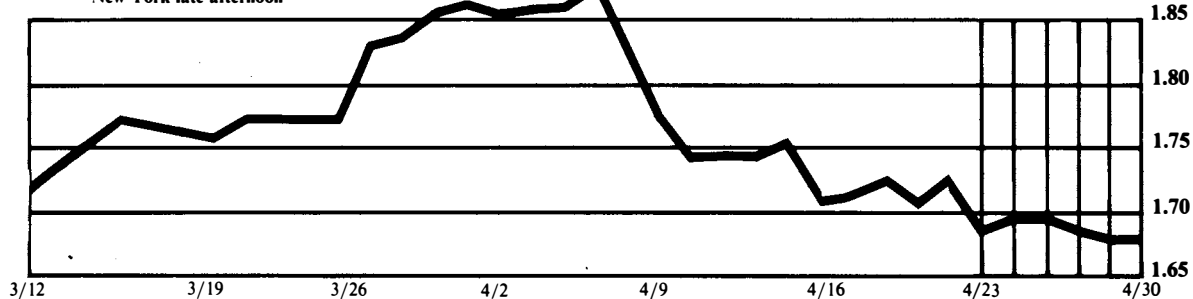
The dollar in yen

New York late afternoon



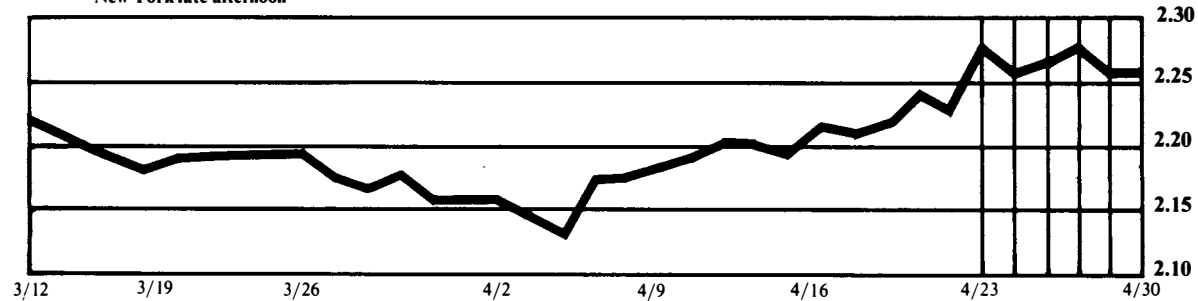
The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon



The end of the family car

Loan guarantee or not, Chrysler Corporation is about to be trimmed down to size and the rest of the industry will be forced to adjust to the standard.

As of this writing the Chrysler Loan Guarantee Board has again postponed its decision on whether to release \$1.5 billion in federal loan guarantees for the ailing automaker. Whether Chrysler gets the loan guarantees or not (it probably will get them in the end) the die is already cast for Chrysler and the U.S. auto industry.

"Detroit has been living too much in the past," Lester Brown, president of the Worldwatch Institute, told a financial reporter last week. "The auto industry is run by an aging bureaucracy. But, fortunately, circumstances are forcing the industry to adjust."

Brown, the ubiquitous environmentalist and doomsayer, recently coauthored the book *Running on Empty: the Future of the Automobile in an Oil-Short World*. Last week, he predicted that with the decontrol of domestic oil prices now underway, "it is quite likely that on Oct. 1 the price of gasoline will be \$2.00 plus—probably closer to \$3.00. You can extrapolate the effects on American driving habits and the automobile industry. There may be ebbs and flows in interest rates. However, a general transformation of the economy is now under way."

Brown added that in testimony before Congress he has repeatedly opposed the placing of any restrictions on auto imports, because in his view the rising level of foreign car imports has had the salutary

effect of forcing Detroit to produce smaller, more "fuel efficient" cars in order to compete.

"U.S. automakers are now beginning to lop off their big car facilities," he commented. "You may have noticed that all the major plant closings announced recently—such as the Ford plants in Los Angeles and northern New Jersey—are big car plants."

As of this week, Chrysler—already in default on some \$601 million in current obligations—will not have sufficient cash to meet its regular payroll. The need for the loan guarantees has become critical. The guarantees have been held out as the "carrot" to get Chrysler to streamline itself into a much smaller automobile company producing much smaller cars. To win approval of the loan guarantees, Chrysler announced within a space of ten days last month:

- A cut-back in its automobile lines from three families to two. As of four months ago, Chrysler hoped to keep five families in production. Now it will maintain only its Omni/Horizon compact model and its new front-wheel-drive "K-car" due out next fall.

- A 20 percent slash in its white collar staff and blue collar support staff (including everyone from janitors to scientists and engineers). The layoffs will reduce the size of these staffs by 35 percent from January 1979 levels.

Last summer, Rep. Henry

Reuss (D-Wisc.) suggested that Chrysler convert a portion of its capacity over to the production of pollution abatement equipment for other companies.

In the new twist of the loan guarantee saga—the Public Citizen Litigation Group, the legal arm of Ralph Nader's Congress Watch, filed a suit in federal district court last April 25 demanding that the Chrysler Loan Guarantee Board conduct its meetings in public. The group, which contends that the board is subject to the Sunshine Act on public disclosure, won a temporary restraining order; all the proceedings of the board's meetings are now being recorded on tape or otherwise pending the outcome of the law suit.

"There is a lot at stake here," an attorney for the group explained. "There is a lot of taxpayers' money involved and some very critical economic issues. We want to make sure that Chrysler is forced to meet federal standards on air pollution and fuel efficiency, for example. We firmly believe that Chrysler is no longer viable in its present size and in its present intentions to remain a producer of a full line of cars."

On the similarity of the group's views on Chrysler to those of many Wall Street investment bankers, the attorney noted that there was a tremendous interest in the suit from Wall Street. "As soon as word got out about our suit we got a lot of calls, including from financial reporters. Judy Miller of the *New York Times* called. She had been talking to people in the financial community who were very interested in our suit. It seems that they share many of our views about Chrysler."

Trade Review

NEW DEALS				
Cost	Principals	Project/Nature of Deal	Financing	Comment
1.3 bn	Rumania from Iran	Iran will sell Rumania 5 mn. metric tons per annum of crude oil		
275 mn	Poland from West Germany	Poland has placed orders for a wide variety of machine tools with a large group of West German engineering firms	Under umbrella of \$1.1 bn. 1977 credit issued by Dresdner bank-led consortium, originally for coal-gasification (Poland cancelled this)	
100 mn plus	Taiwan/U.S.	GM will participate 45 percent with Taiwanese interests in construction and ownership of plant in Taiwan that will produce medium and heavy-duty trucks and buses, and diesel engines.		GM announcement
91 mn	United Kingdom from U.S.	British Airways has ordered an all-cargo Boeing 747 jumbo jet.		
41.7 mn	Mexico from U.S.	Mexico's Comision Federal de Electricidad will purchase 10 gas turbine electric power generators (6 from GE, 4 from Westinghouse)	\$35.4 mn Eximbank credit at 8 percent	
34.43 mn	Argentina from U.S.	Hidroelectrica Norpatagonia S.A. (HIDRONOR) will purchase four 250 megawatt turbines and engineering services for the 1,000 megawatt ALICURA power plant in Nequen province. Winning contractor for turbines is Chalmers	Eximbank credit of \$29.27 mn at 7.83 percent	
33.8 mn	Singapore from U.S.	Northrop Corp is selling six F-5E fighters to Singapore		Approved by U.S. Defense Department; Congressional approval expected
20 mn	India from France	Peugeot will supply manufacturing technology for diesel engines to the Mahindra and Mahindra company. An output of 25,000 engines per year is anticipated.		
11.4 mn	Yugoslavia from U.S.	Iskra Commerce will build a plant to manufacture microelectronic integrated circuits and a compressor motor plant, and will expand a collector motor plant. Supplier is American Microsystems Inc. of Santa Clara, Calif.	Eximbank \$2.8 mn credit at 8.75 percent	cancelled
54.8 mn	Morocco from the Netherlands	Bos Kalis, the Dutch construction co., has indefinitely postponed its contract to build a Western Sahara harbor project—despite Moroccan government opposition to the postponement. Bos Kalis says Polisario guerrilla activity has made the company's activity untenable.		

Construction: how Volcker brought the house down

by Lydia Schulman

When Federal Reserve Chairman Paul Volcker inaugurated phase one of his credit restraint program last Oct. 6, the National Association of Home Builders (NAHB) responded with disbelief and braced for the worst. The association stated that the entirely predictable results of the credit measures would be a precipitous drop in new housing starts down to 1 million units per year—50 percent drop from 1978 levels—and mass unemployment in the construction industry.

Those predictions have come true with a vengeance. Those types of construction immediately related to maintaining and enhancing the standard of living of the U.S. population—the single-family home, middle and low income apartment dwellings, hospital and schools, and nuclear power plants—are in a nose dive.

In March, starts of new private homes fell to a seasonally adjusted annual rate of 1.04 million, down 42 percent from March 1979. The number of construction workers employed in residential construction has plummeted by over 163,000 since a peak last August—a 28 percent drop. No one is pretending that this is a merely “seasonal” phenomenon. Record high interest rates and the collapse of the bond market have been the *coup de grace* for the U.S. nuclear industry. Besieged alternately by unwashed greenie demonstrators and spiraling interest rates, the Public Service Co. of New Hampshire was forced to begin laying off half of the 4,700 construction workers at Seabrook in March. Plans for at least 13 nuclear facilities were cancelled or shelved for the same reasons this past winter.

Industrial and commercial construction have not been significantly affected—yet. In these areas of the construction industry, where projects have long lead times and construction spans several years, builders report that they are still working off contracts that were signed in early 1979 before the Volcker tight money regime began. If interest rates do not come down signif-



icantly below 17 percent by this coming October, these builders report, there will be a sharp ratchet in both commercial and industrial contract construction.

Cutbacks in federal spending since 1975 have leveled public spending on hospitals, schools, and other essential infrastructure. The bulk of the cuts proposed in the Fiscal 1981 budget are to come out of federally funded construction projects: Army Corps of Engineer projects, water resource projects, airport construction grants and road building. But even before these budget cuts hit, the Federal Highway Administration is expected to run clear out of money by this summer, leaving states in the lurch for \$1.4 billion in let contracts.

Housing: a calculated collapse

One of the first calculated consequences of the Volcker credit squeeze was to dry up mortgage money, or, what amounts to the same thing, to price it out of the reach of most prospective home buyers. In the state of California, one of the 24 states without usury laws, mortgage rates were holding firm at 17.5 percent at last count, even though certain other interest rates have come down a bit.

The dizzying rise in mortgage rates this past winter has resulted in an even more dizzying rise in monthly mortgage payments. In January 1979, the median price of a single family home in California was \$79,599, the prime mortgage rate was 10 $\frac{3}{8}$ percent, and the monthly mortgage payment was \$577. In January 1980 the price of the same house was \$97,957, the mortgage rate was 13 percent, and the monthly mortgage payment was \$1,170. (These figures are from an in-house report in preparation by Crocker National Bank in San Francisco.) Over the 30 year life of the mortgage, the homeowner will have paid \$414,000 in interest and principal payments for the \$97,957 house!

In many states mortgage money has simply been

nonexistent. Unpublished figures compiled by the Federal Home Loan Bank Board indicate that the federally insured savings and loan institutions made fewer mortgage commitments to prospective homebuyers this past March than at any time since such statistics started being kept in 1976. In the first quarter of the year the S&Ls had the lowest net inflow of deposits in a decade, a situation which is not likely to improve, because, even if interest rates ebb and flow over the months ahead, high interest rates are here to stay.

The "growth" areas

The Carter administration does have a construction program of sorts—one which is guaranteed to feed the nation's double-digit inflation since it adds nothing to the production of tangible wealth.

In Houston, Texas, in a pattern typical of the oil producing and refining regions of the country, a new "growth" area has opened up for construction in the maintenance and refitting of old oil refineries. At the present time, approximately one-third of the industrial construction workforce in the area—around 10,000 workers—is engaged in the maintenance and revamping of refineries to outfit them to process domestic crude oil with its high sulphur content.

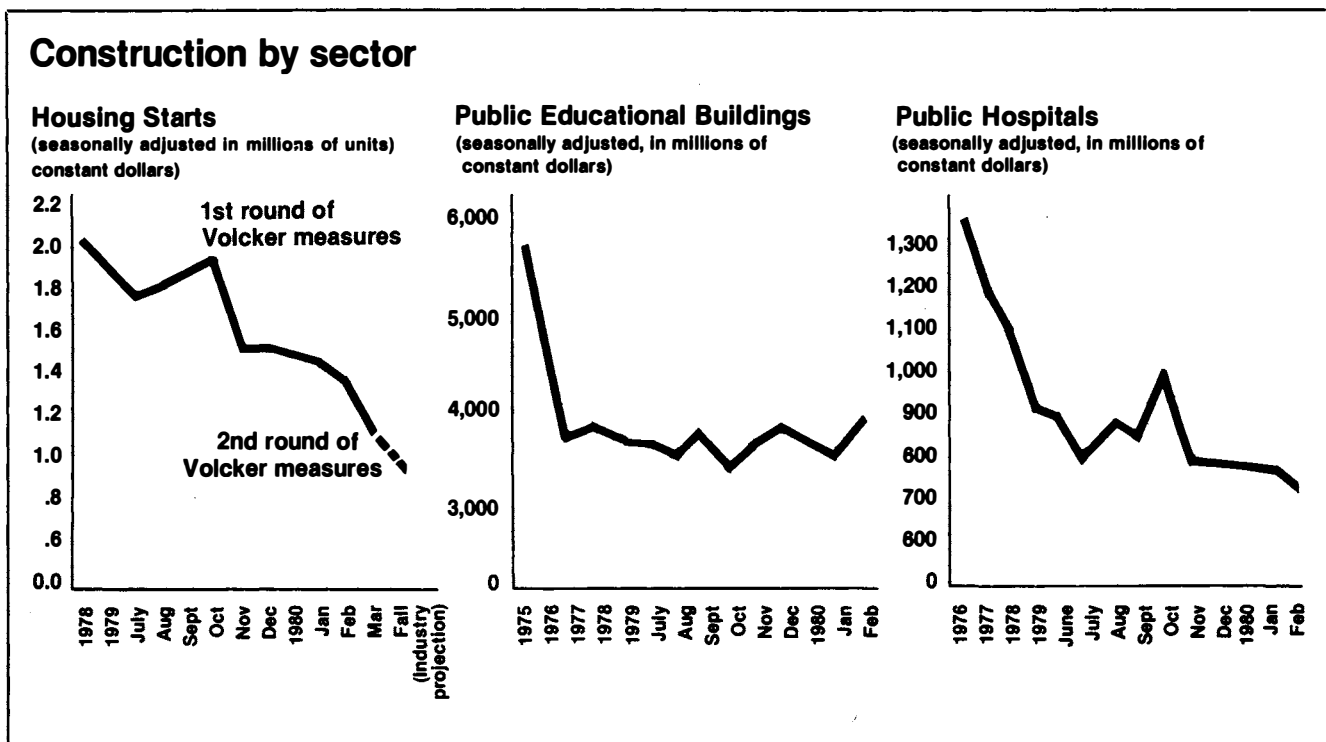
The state of Utah—an open shop state like Texas, has been promised billions upon billions of dollars in future construction contracts related to the production of synthetic fuels and the MX missile system. At the present

time about \$1 billion in synthetic fuel-related construction contracts are in progress or have been let out in what is known as the "overthrust belt," the mountainous region encompassing parts of Montana, Idaho, Wyoming, Utah, and Colorado. This figure could easily triple by the end of 1981, according to area contractors.

Also on the agenda in Utah: construction of the Intermountain Tower Project is expected to start up next year. When completed, the ITP will be the largest coal processing plant in the country. Projected time of the project is seven to eight years and the cost \$4 billion.

The possibility of the \$50 billion MX missile system also holds out the promise of billions of dollars in future construction projects for Utah, according to some. The cost analysis study done by the General Accounting Office on the system indicates that 60 percent of the \$50-to-52 billion in projected costs will be in construction.

The basing of the missile system in Utah has been opposed by forces in the state who do not like the war-preparation implications of the system and who do not want to see their state torn up to house it. The "race-track" design for the system advanced by the Airforce involves the construction of a vast underground railway system in the Utah desert over which the missiles would be constantly moving—ostensibly out of reach of Soviet bombers. Currently making the rounds in Utah is the joke that there is really no need for this elaborate subway system; the Airforce should just give the missiles to Amtrak and then the Russians will never be able to find them.



Business Briefs

Agriculture

Farm prices collapsing

The U.S. Department of Agriculture announced today that farm prices had plunged by 4.6 percent—or a 54 percent annual rate—during the month of April. The April collapse follows a 1.7 percent drop in March, and was led by livestock, corn and wheat. Tight credit has forced the livestock industry to retrench—the price of beef and hogs is falling as producers rush to slaughter animals they can't afford to feed. Bumper crops of wheat and corn this year were turned into a liability for farm producers by the Carter administration's grain embargo and related export policy.

This ought to put an end to Secretary Bergland's attempt to "talk up" farm prices with encouraging propaganda, and just plain lies. Such a precipitous drop in prices could also trigger a break in land prices and the unraveling of the entire farm credit structure.

The price drops guarantee that earlier Agriculture Department predictions of a 20 percent drop in farm income during 1980 will be conservative—and in fact the department is already talking about a probable 25 percent income drop.

There is no way that the farm sector can stay afloat when costs of production are soaring by as much as 50 percent, when loan funds costs have doubled and income is drastically contracting.

In terms of impact on the rest of the economy—already farm equipment sales have plummeted. The Farm and Industrial Equipment Institute, a trade association, reported that sales of farm tractors dropped by 28.9 percent in March, bringing total tractor sales for the first quarter of 1980 to 18 percent below the year-earlier period. Other reports indicate that since at least the beginning of the year, farm equipment manufacturers have been increasingly forced to finance their own sales to get business at all.

What's more, as the Agriculture Department itself pointed out, the drop in farm prices will not help the consumer,

who will continue to absorb inflationary processing and marketing costs. The retail price of food is expected to continue to climb until it "takes off" again later this year when, for instance, livestock supplies snap.

Domestic Credit

Volcker crushing the Hunt brothers

The Hunt brothers may be forced to liquidate much of their silver holdings as a condition for receiving bank financing, Federal Reserve Chairman Paul Volcker told a House Banking subcommittee on April 30.

The Hunts are currently negotiating a \$2 billion loan from a group of banks led by Morgan Guaranty and First National Bank of Dallas which will be used to finance extensive silver-trading debts. It appears that one condition of the bank loan is that the Hunts eventually sell much of their silver. In the words of Paul Volcker, the terms of the loan "will enhance the prospects of that lump of silver being dispersed."

The Hunts have also been forced to mortgage most of the oil and gas properties owned by the Hunt family concern Placid Oil as collateral for the Morgan-First Dallas loan.

According to metals market sources, the Federal Reserve has conducted a near vendetta against the Hunts during the last two months, using its enhanced credit control powers to make it impossible for U.S. banks to lend to the brothers, except on the most onerous of terms. Lamar Hunt complained to the *Wall Street Journal* that the Fed "put a clamp on us" and even put "the strong arm on the major European banks." Since the Hunts were unable to obtain a bank loan themselves, they were forced to borrow indirectly through Placid Oil.

As *EIR* has documented in previous issues, the March silver market crash which took such a heavy toll on the Hunts was stage-managed by Engelhard

Minerals and Mocatta Metals, both of which have close ties to the Anglo-American financial elite, and who coordinated with the Fed and the board of the New York Commodity Exchange. As part of his avowed "controlled disintegration" policy, Volcker is now applying credit controls selectively to break up the Hunt empire and dismantle any other business institutions which may be the least bit independent of the "Groton crowd." According to a rumor circulating in the Chicago financial district, First Chicago chairman Robert Abboud's approval of loans to the Hunt brothers just before the silver shakeout was used as a pretext for his firing.

International Credit

IMF postpones relaxation of conditionalities

The Interim Committee meeting of the International Monetary Fund ended in Hamburg April 28 without concrete action on the Group of 24 less-developed countries' demand for a relaxation in IMF lending conditions. The matter was deferred to the autumn General Assembly meeting of the IMF and World Bank.

The French business daily, *Les Echos* claimed April 28 that "a more attentive ear" is being bent toward the LDCs, however. As part of the effort to expand the IMF's role, even friends of Henry Kissinger's have recently conceded that the Fund "won't fly politically" unless something is done; the *London Times* proposes extending the terms of IMF loans and "improving the supply side" of debtor economies.

The hard-liners on the subject are exemplified by the *Sunday Times*, whose Hamburg correspondent, Malcolm Crawford, wrote April 27: "The IMF has plenty of money outside the Supplementary Financing Facility, which borrowers have preferred (despite interest terms which are virtually at market rates) because the conditions concerning

domestic economic policies are not so tough as on the IMF's general loan facilities. Soon, the developing countries will have to face up to these, conditions and all. The deflationary IMF conditions cannot be relaxed much, because IMF loans are meant to be repaid, not rolled over."

Unlike the South Koreans and Mexicans, Crawford adds, "the countries with two-thirds of the population of the Third World which rely almost wholly on international agencies" are "the most exposed to acceptance of its loan conditions. For the poorer countries, there is no solution except deeper poverty."

Industry

Steel Capacities collapsing

The steel companies now boast that they prepared well for the present downturn by reducing inventories, closing obsolete plants, eliminating expansion plans, diversifying into other, unrelated fields, and suing more productive, foreign manufacturers for "unfair" competition. But when U.S. producers like U.S. Steel find the present slump much deeper than they had expected and, worse, that they are unable to recover those production levels they may desire to fill government defense and synfuel plant construction orders, they may find that they have only prepared their own bankruptcy.

At present, the industry appears to lack even the capacity to produce steel they enjoyed during World War II—more than a third of a century ago.

U.S. Steel reports that in the last three weeks its orders have dropped an incredible 40 percent, while Bethlehem, the nation's number two steelmaker reports a similar precipitous, but unspecified decline. In the first quarter of this year, total steel shipments in the nation fell by approximately 10 percent, largely due to the auto collapse which last week took that industry to the low-point it reached in the 1974-75 recession. Al-

though steel unemployment is heavily concentrated in pockets around steel plants closed because of dramatic declines in orders, the companies must now begin to shut down blast furnaces at major plants, spreading the layoffs.

The question remains, can the industry restore production when orders flow in again? U.S. Steel executives may not find this an interesting question. They may intend to leave the steel making business altogether like the Penn Central Co. left railroads. The remaining companies might then expect enormous profit from the ensuing shortage of steel.

Banking

Exim-OPEC financing plan proposed

The U.S. Export-Import Bank chief John Moore has proposed that the surplus countries of the Organization of Petroleum Exporting Countries (OPEC) participate with the Exim bank in financing projects in the underdeveloped sector. In the past, American private banks have pursued the OPEC nations for recycling their surpluses into joint financing of projects in third countries, but the conservative Arab governments have refused this approach as too risky. Moore argues that since 1934, the Eximbank has generated \$100,000 million in lending, and lost only \$20 million.

The Saudi Arabian government's central bank, the Saudi Arabian Monetary Agency (SAMA), this year has begun to make sizeable loans to certain advanced nations. Saudi Arabia is expected to buy up to \$2.7 billion worth of West German government debt this year. Japan is slated to receive between \$1 to \$1.5 billion from Saudi Arabia. West German Finance Minister Hans Matthofer, upon announcing the Saudi agreement with his country, stated that SAMA, during the first quarter of 1980, will recycle petrodollars into other oil consuming countries in the West as well.

Briefly

● **CITIBANK** last month began to cut back sharply on its loans to consumers. Has the bank now begun to "borrow" money from its customers? One irate Citicard holder reported to us that a paycheck she duly deposited in a "24-hour" Citicard machine a week earlier still hadn't appeared in her account—and this wasn't the first time a check had been "lost in the system." Citibank customer service said they couldn't promise anything. "You could have put an empty envelope in the machine."

● **DISQUE DEANE**, senior partner of Lazard Freres, may intend to ride out the depression on LSD and vitamin pills. Deane is one of the prominent financial community members on the board of trustees of the Huxley Institute for Biosocial Research. The institute, originally founded by Aldous Huxley, eschews costly "classical" psychotherapy, and instead promotes "orthomolecular psychiatry," using hallucinogens, vitamins, and psychotropic drugs.

● **JOHN J. BLASCO**, Vice President for Administration at Mack Trucks, recently returned a copy of EIR's special report, *The Industrialization of India*, "since it does not fit into our current marketing objectives." Given the company's steep sales slump and cutbacks one is inclined to ask Mrs. Blasco, what exactly is Mack Truck's marketing strategy, and does it involve selling trucks?

● **JUDE WANNISKI**, intellectual arbiter of the U.S. tax revolt, wrote a letter appearing in the *Wall Street Journal* April 28 to express his "profound admiration and affection" for pop singer Frank Sinatra, despite his low opinion of Sinatra's latest album. In his book *The Way the World Works*, Mr. Wanniski compares Sinatra to Leonardo da Vinci. "Both have given the world enormous pleasures while using up only trivial amounts of planetary resources, i.e., physical capital."



The Aquarian Conspiracy's road to Orwell's 1984

by Criton Zoakos, Contributing Editor

At present, the Executive Intelligence Review staff is contributing to the preparation of a pamphlet and a book, from whose materials the following Special Report has been compiled. These publications have been prompted by our discovery of the exact manner in which the population of the United States of America is being brainwashed, methodically and patiently, by a large corps of expert social psychologists deployed out of research institutes, the communications media, and government and private agencies.

This is the "Aquarian Conspiracy," as the brainwashers refer to themselves.

Our report is essentially a combat manual. Brainwashing depends on the ignorance of the victim. All Americans not members of the conspiracy perceive their nation disintegrating, and can report the facts in terms of day to day, personal experience. But no coincidences, no accidents are involved. Americans must come to know this as deliberate; they must come to know who is doing what to them, and why. If Americans know what they must for efficient action against the brainwashing process, in the face of the "stressful situations" and "social shocks" directed against them, then the Aquarians, however vast their network and resources, can be crushed.

The central conclusion that you will reach upon finishing the examination of the facts in this report is that the moral, material, cultural and intellectual decay that you are witnessing every day in America's cities and towns is not accidental, not a "sociological phenomenon," not an "act of God," but a deliberately induced social crisis.

Every unwashed environmentalist has come out of a social engineering laboratory. Every drug addict is the product of some government-sponsored or foundation-sponsored brainwashing project. Every yoga-freak, every transcendental meditationist, every biorhythm kook is merely the human refuse that has been excreted from some government-sponsored, foundation-funded project somewhere. There are no exceptions to this.

In the 1940s, the very same group of powerful interests who are today commanding the evil forces of social engineering, then launched an irrational Cold War and a domestic McCarthyite witchhunt. Suddenly, rational argument in policy formulation disappeared from national life. The traditional debate that American citizens historically conducted to determine their foreign policy, i.e., the special moral and practical weight of this nation among the nations of the world, was abandoned and replaced by the unchallenged, axiomatic, pervasive irrationality of the Cold War. The result was that the moorings of national moral purpose collapsed; the citizens who make up the nation and share its moral purpose surrendered to a morally indifferent irrationality.

Armed with this moral indifference and irrationality, young adults entered the decade of the 1950s in pursuit of private goals and petty career concerns. And the children of this generation began growing up without clear ethical moorings. What followed was the notorious "generation gap" and the large-scale manipulations of the social engineering establishment, from the Rand

Photo: A scene from the Broadway version of "Hair"—the Age of Aquarius.

Corporation, the Stanford Research Institute, etc. The "New Left," the Vietnam War and the antiwar movement were all social-engineering projects. Watergate, environmentalism and the slow and deliberate destruction of American technology, as we shall show, were also pre-planned social engineering projects.

What is under assault is the institution of the "nation-state," and the form of republican constitutional government inaugurated in world affairs by the successful conclusion of the American War of Independence. The philosophical, political and economic doctrines embedded in the American Constitution form the basic core of that fundamental conception of human affairs which the "Eastern liberal establishment" that commands the deployments of the entire profession of social psychology regards as its axiomatic philosophical enemy.

A best-selling book was published during February of this year called *The Aquarian Conspiracy* by one Marilyn Ferguson, the publisher of a weird magazine called *The Mind/Spirit Bulletin*. This book boasts that all the various kook outfits in the country, from drug freaks to environmentalists, to yogi groups, Jesus freaks, left radicals, right radicals, libertarians, "cosmic consciousness" groups, etc., are all parts of one, centralized, coherent conspiracy. The book is a fraud in a special sense, though its claim of a conspiracy is, of course, true. It is a fraud because its author merely plagiarized an in-house study of the Stanford Research Institute of May 1974. Ms. Ferguson took the contents of that study, put them in popularized form and put her name under the product. The Social Policy Director of SRI, Dr. Willis Harman had asked Ms. Ferguson to produce a popularized version of their study under her name. The book is part of a massive social engineering program currently conducted by the Stanford Research Institute and others. An essential part of that program is to come out publicly and reveal key aspects of the conspiracy, though not the really important aspects. We shall explain why later.

So, the question arises, what is SRI up to?

Stanford Research is one of the more prestigious subunits of a much larger, integrated network of centers of applied social psychology and social engineering that emerged in the aftermath of the Second World War. Its sister think-tanks include Rand Corporation, the Advanced Center of Behavioral Sciences at Palo Alto, the Institute of Social Research at the University of Michigan, the Wharton School of Business, the Harvard Business School, the National Training Laboratories, the National Institute of Mental Health, the National Institute of Drug Abuse, the Office of Naval Research and many others covering the entire country. The job of all these social research centers is to conduct mass scale social-psychology projects on the entire U.S. population; they began to do so in 1947, approximately, when most of the network was founded.

Tavistock: 'mother' of planned madness

The Tavistock Clinic in Sussex, England is the world's center for mass brainwashing and social engineering programs and activities in the postwar period. During the war Tavistock was the headquarters of the British Army's Psychological Warfare Bureau which, through the arrangements of the Special Operations Executive also dictated policy to the United States Armed Forces in matters of psychological warfare. At the end of the war, the Tavistock personnel took over the World Federation of Mental Health and the Psychological Warfare Division at the Supreme Headquarters, Allied Expeditionary Force (SHAEP) in Europe.

How we know what the Aquarians are

EIR is well qualified to make this report. Lyndon LaRouche, *EIR*'s founder and a Contributing Editor, is considered by many the greatest scientific thinker America has so far produced. By contrast, the "experts" in the Aquarian camp are *kooks*. The principles of science, which the Aquarians oppose and reject, define the evil aspect of their conspiracy, but also their weakness. Their resources far outweigh the institutional resources associated with LaRouche, but the crude, plodding social engineering and social psychology crowds lack the capacity to even comprehend the conceptual weapons LaRouche has thrown against them in a decade of bitter political battle.

In the 1950s, LaRouche made his fundamental breakthrough by successfully applying the conceptions of advanced Riemannian geometry to economic processes. The primary measure of an economic sys-



Tavistock's Eric Trist and the late Margaret Mead.

Tavistock's chief theoretician in America, Dr. Kurt Lewin, organized the Harvard Psychological Clinic, the MIT Research Center for Group Dynamics, the Institute of Social Research at the University of Michigan; Lewin also played a pivotal policy role at the psychological department of the OSS, at the Office of Naval Research, the Strategic Bombing Survey and the Committee on National Morale. Moreover, a large number of influential people at the top policy level were trained in Dr. Lewin's theory of Topological Psychology, which is to this day, the world's most advanced method of behavior modification (brainwashing).

tem is the *rate of growth* in scientific and technological advances, whose principle of causality—creative mental activity—is the *epistemological* equivalent of the *ontological* existence of negentropy as the fundamental law of the universe. The resulting thermodynamic theory of economic systems has massive, direct implications for advanced research in every branch of science, from high-energy physics, to biology, physiology, psychology, and the social sciences including political processes.

The institutions associated with LaRouche have elaborated this knowledge for political battle, to *trigger creative insight* wherever the Aquarians seek to trigger "disassociation." The LaRouche network has employed this knowledge and formidable intelligence and counterintelligence capabilities to destabilize the Aquarian command itself.

Exemplary was the publication in January-February 1974 of two reports under the title, "The Tavistock Grin," which uncovered both the Tavistock network and the methods of brainwashing and psychological warfare then being adapted for application to large-scale social engineering projects. Those and related

Other important colleagues of Kurt Lewin, such as Eric Trist and John Rawlings Rees of Tavistock, as well as H.V. Dicks, W.R. Bion, R. Crossman and others, took all the personnel from the Strategic Bombing Survey, the Committee of National Morale and others, and from this pool, founded the Rand Corporation, the Stanford Research Institute (which produced the Aquarian Conspiracy), the Wharton School, the National Training Laboratories, the National Institute of Mental Health and others. The United States government started contracting multimillion dollar projects with all these outfits. Over a period of thirty years, tens of billions of dollars have been allocated by the federal government to fund the work of these groups; other tens of billions of dollars found their way into these institutions from private foundations. Over the years, these outfits grew and the scope of projects they contracted grew.

Every aspect of the mental and psychological life of the American people was profiled, recorded and stored into computer memories. The personnel of these centers of social psychology grew massively in numbers and year after year it penetrated deeply into every nook and cranny of federal, state and local governments. Their in-house specialists and graduates were called in to develop policies for welfare departments, labor mediation boards, trade unions, the Air Force, the Navy, the Army, the National Education Association, psychiatric clinics, the works.

publications by *EIR's* publisher, *New Solidarity International Press Service*, stretching back to 1968, exposed the "New Left," "international terrorism," and the drug-rock "counterculture," as nothing more than "social engineering projects" created and controlled by "research institutions" identified in the present report.

Also exemplary was the publication of the book, *Dope, Inc.*, by the U.S. Labor Party of which LaRouche was a founder. The heavily documented, primary fact of international drug traffic, proven in that publication, is that the aristocratic English and continental European "noble" families otherwise controlling Tavistock are the principal masters of narcotic and psychotropic drug smuggling internationally. Or, as the book's subtitle reads: "Britain's Opium War Against the United States."

EIR and its editors and staff have played a key role to date in crushing many of the Aquarian Conspiracy's operations, their "movements," and their "social engineering" projects. Now, we are issuing a combat manual to all Americans. We intend to crush the Aquarian Conspiracy itself.

Over the years, close cooperative relations were developed between these think-tanks and the key polling organizations in the country, and between them and the major media. Gallup Polls, the Yankelovich-CBS-New York Times polls, the National Opinion Research Center and others are incessantly conducting psychological profiles of the entire population and share them for evaluation and processing with the ubiquitous social psychologists. What the public sees printed in the newspapers as opinion polls is only an infinitesimal portion of the work that the pollsters really do.

Above this closely cooperating grouping of social psychologists, pollsters and media manipulators, presides the elite of "powerful patrons" the "gods of Olympus" as they delight in being referred to. These are a cluster of corporations and families on top of the electronics, communications and related sophisticated-technology industries. The core cluster consists of the following: ITT, ATT, Xerox, Rank Organization, Bendix, Raetheon, A.D. Little, Eagle Star Group, RCA, Bechtel, Textron, Reliance Group, Prudential Insurance, American Express, Lazard Brothers, Kuhn Loeb, Blythe-Eastman-Dillon (now owned by Paine-Webber), Petro-Canada, Standard Telephones and Cables, and their subsidiary, affiliated and interlocking corporations.

All in all, it is estimated that this group, which on matters of long-term strategy tends to act in a very disciplined and unified way, commands over sixty of the top "Fortune 500" companies in the USA. It has swallowed up all the other, older historical "power groups" of earlier U.S. history, such as Morgan, Rockefeller, Cabot-Lodge, etc., etc.

In the deeper recesses of the intelligence establishment in Washington, veteran intelligence officers refer to this awesome group in hushed tones and mysterious language as the "Committee of Three Hundred." The group prefers to be called "The Olympus." These are the real power in the land, the deployers of our social engineers and social psychologists.

What is "Aquarius?"

What is meant by the "Aquarian Conspiracy" and the "New Age" or "Age of Aquarius" which the entire social psychology establishment is now mobilized to impose upon our society?

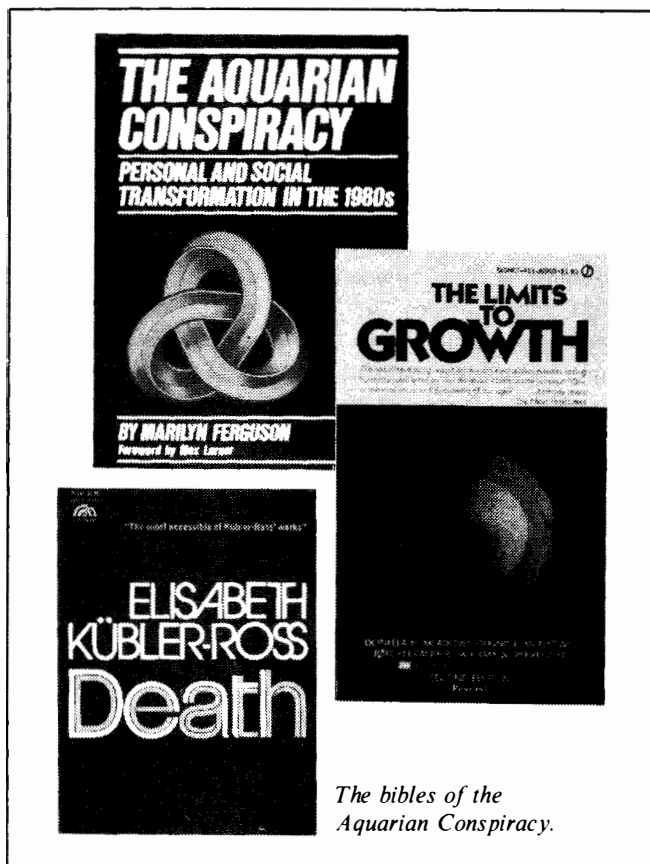
First, let us survey the terrain of physical evidence, what our eyes see and ears hear every hour of the day and night over at least the last fifteen years: Every one of you has heard about sex education programs in which little grammar school children are instructed in masturbation, "alternate life styles", such as homosexuality, transvestitism, lesbianism, prostitution, and so forth. You have seen "gay rights" groups and parades either with your own eyes or in newspapers and magazines. You have heard, or seen, or lost relatives to the Hare Krishna, the

Moonies, and numerous other exotic religious cults. You have seen or heard about the "charismatic movements," "liberation theology," the new religious fundamentalism, the PTL ("Praise the Lord") shows on television, and of course you have "Islamic fundamentalism" coming out of your ears.

You have also, in one way or another heard or come in contact with "yoga," "transcendental meditation," "ying-yang," "sufism," and other cult practices. You have heard about biorhythms, telepathy, ESP, telekinesis, astrology and other forms of kookery. You have heard of or known people who are seeking to gain "cosmic experiences" and "consciousness raising" by means of a wide variety of chemical substances; and of course you are will aware that this country right now is going through the worst drug epidemic in human history.

Fewer among you have noticed that in the 1970s a drastic shift occurred in school curricula at all levels to the point that youngsters are now rewarded school credits for such courses as "TV soap opera," "socially relevant basket weaving," and various environmentalist subjects. An epidemic of cultism, kookery and Sodom and Ghomorra has overwhelmed the country, accompanied by pseudo-science, charlantanism and superstition in our education institutions.

This picture is only the raw empirical evidence side of



the story, the surface impressions that every citizen gets by merely observing what is going on around him. A slightly closer examination of the matter, statistical compilations and so forth, indicate the following: approximately 15 million of our citizens are participating in one active form or another in the outfits of this organized insanity; millions are habitual drug users; millions more claim to have had "mystical experiences" with cosmic forces; millions believe in "faith healing," and so forth. There are literally thousands of "counterculture" newspapers and magazines which proclaim the coming of the "New Age," the "Age of Aquarius."

The President of the United States believes in UFOs. His National Security Advisor, Zbigniew Brzezinski makes speeches proclaiming the advent of the "New Age" and has written a book about it, called the "Technetronic Era." The Joint Chiefs of Staff every morning read so-called intelligence reports on the biorhythm and horoscope status of the members of the Soviet Politburo. Senator Harrison Schmitt of New Mexico is using taxpayer money to conduct an investigation into the possibility of extraterrestrial beings having invaded the South West!

The House of Representatives has established a new congressional committee, the Congressional Clearinghouse On the Future which holds daylong encounter sessions with futurologists and other kooks like Marilyn Ferguson, Elizabeth Kubler-Ross, the death cultist, and Isaac Asimov, the science fiction seer. Congressmen come away proclaiming to the press that they have experienced a personality transformation.

To top all this, in the coming June of this year, a major international conference will be held in Toronto, Canada, under the title "First Global Conference of the Future," which will be attended by over 4,000 social engineers, cybernetics experts and futurologists from all the think tanks we have mentioned above. The purpose of the conference: "The time has come to move from thinking and dialogue to action. This conference will become the launching pad for that important action to occur in the 1980s," said the Chairman of the conference, the multi-billionaire Maurice Strong, Chairman of Petro-Canada, high-ranking British intelligence officer during World War II, one of the Chief executives of Dope, Inc., and former director of the United Nations Environmental Program. One of the chief speakers will be Dr. Aurelio Peccei, Chairman of the Club of Rome, a NATO thinktank on which we shall say more later.

Close investigation of the preparatory activities of the conference participants and the in-house studies of the social-engineering think-tanks that will participate, has confirmed conclusively that the "decisive action" of which Maurice Strong is speaking is nothing less than the mass scale brainwashing of the entire human species. All the kooks of the world are coming out in the most impressive Witches Sabbath yet in Toronto.

Stanford Institute's 'images of man'

The technical study proposing the complete extirpation of mankind's inner sense of identity, the tearing out of mankind's innermost soul and the placement, in the vacant space, of an artificial, synthetic pseudo-soul, was prepared in May 1974 by the Stanford Research Institute. The contents were later used in popularized form in Marilyn Ferguson's book.

The study is entitled *Changing Images of Man* (Contract Number URH (489)-2150, Policy Research Report #4/ 4.74, prepared by SRI Center for the Study of Social Policy, Willis Harman, Director). The 319-page mimeographed report was prepared by a team of fourteen researchers and directed by a supervisory panel of 23 controllers, including Margaret Mead, B.F. Skinner, Ervin Laszlo of the United Nations, Sir Geoffrey Vickers of British intelligence, and others.

The study begins with the argument that the fundamental concept of what mankind is, and the "image" that mankind has of itself, determines the behavior of mankind. To change mankind's behavior away from industrialism into "spiritualism," one must force first a change in mankind's "self image," its fundamental conception of what mankind is. To quote:

Images and fundamental conceptions of human nature and potentialities can have enormous power in shaping the values and actions in a society. We have attempted in this study to:

(1) Illuminate ways our present society, its citizens, and institutions have been shaped by the underlying myths and images of the past and present.

(2) Explore with respect to contemporary societal problems the deficiencies of currently held images of mankind and to identify needed characteristics of future images.

(3) Identify high-leverage activities that could facilitate the emergence of new images and new policy approaches to the resolution of key problems in society (p. xxii)

We use "image of man" (or man-in-the-universe) to refer to the set of assumptions held about the human being's origin, nature, abilities and characteristic, relationships with others and place in the universe. A coherent image might be held by any individual or group, a political system, a church or a civilization ... most societies have an image of man which define his social nature, for example. ... an image of man is thus a Gestalt perception of humankind, both individual and collective, in relation to the self, others, society and the cosmos ... For most, however, assumptions about the nature of human beings are held subconsciously. Only when these hidden assumptions are recognized and brought into awareness is an image of man constructed. *Then the image can be examined carefully and with perspective, to be retained, discarded or changed.*

Then the SRI report proceeds to declare that in our present society, the "image of industrial and technological man" is obsolete and must be "discarded.":

Many of our present images appear to have become dangerously obsolescent, however. An image may be appropriate for one phase in the development of a society, but once that stage is accomplished, the use of the image as a continuing guide to action will likely create more problems than it solves ... Science, technology and economics have made possible really significant strides toward achieving such basic human goals as physical safety and security, material comfort and better health. But many of these successes have brought with them problems of being too successful—problems that themselves seem insoluble within the set of societal value-premises that led to their emergence ... our highly developed system of technology leads to higher vulnerability and breakdowns. Indeed, the range and interconnected impact of societal problems that are now emerging pose a serious threat to our civilization ... if (our) projections of the future prove correct, we can expect the associated problems of the trend to become more serious, more universal and to occur more rapidly.

Therefore, SRI concludes, we must change the industrial-technological image of man fast:

"(Our) analysis of the nature of contemporary societal problems leads to the conclusion that ... the images of man that dominated the last two centuries will be inadequate for the post-industrial era."

Therefore, the image of man appropriate to that new era must be sought, synthesized and then wired into mankind's brains. The SRI report then conducts a summary review of the "dominant images of humankind throughout history" from 250,000 B.C. to now, and it



The Stanford Research Institute: "a new image of man" and a "life-style of the future." Photo: C. Wesley/NSIPS

identifies no less than nineteen "images of man" that dominated in various epochs. From each one of those it extracts such features as are useful in replacing the "industrial-technological image," i.e., totemism and identification with animals in the Upper Paleolithic era is useful for today; the "farmer son of Goddess earth" of the neolithic era is useful; the Sumerian image of submission to ruling elites must be retained in the post-industrial image; the Old Testament image of man having "dominion over nature" is dangerous and must be dropped; the Zoroastrian image needs to "be worked on;" the Indian image of yogi is good, will contribute to the "self-realization ethic;" the Chinese Confucius image will contribute to the "ecological ethic" of our future society; the Greek dionysian/mystical image can contribute to deemphasize material overconsumption; the Greek apollonian image can help combat the "technological ethic;" the Christian image of the New Testament must be reworked; the Christian image of the Gnostic Gospels can contribute a new "self-realization ethic;" but, the image that emerged from the Italian Renaissance, the "economic man," individualist, rationalist, materialist, seeking objective knowledge, this is inappropriate and must be dropped.

Following this, the SRI planners point out that the industrial nation-state is the one supporting the image of "economic man," but:

The industrial state at this point has immense drive but no direction, marvelous capacity to get there but no idea of where it is going. Somehow the breakdown of the old images has seemed to lead more to despair than to a search for new images. Despite the pessimism implied by a lagging dominant image, there are numerous indications that a new, anticipatory image of humankind may be emerging:

- Youth involvement in political processes.
- Women's liberation movement; black consciousness, etc.
- Youth rebellion against societal wrongs.
- Emerging interest in social responsibility of business.
- The generation gap implying a changing paradigm.
- The anti-technological bias of many young people.
- Experimentation with new family structures and interpersonal relationships.
- The emergence of communes as alternative lifestyles.
- The emergence of the conservation/ecology movement.
- A surge in interest in Eastern religious and philosophical perspectives.
- A renewed interest in "fundamentalist" Christianity.
- Labor union concerns with quality of the work environment.
- An increasing interest in meditation and other spiritual disciplines.
- The increasing importance of "self-realization" processes.

These disparate trends do not, when taken individually, signify the emergence of a new image of human being; yet when they are considered collectively, they suggest substantial societal stirrings which may eventually emerge into a new and guiding image.

This was published in May 1974, and the authors were careful not to fully reveal their direct involvement in artificially manufacturing all these hideous, inhuman forms of countercultural zombie-ism. Six years later, however, in February 1980, Dr. Willis Harman, the Project Director of the SRI report, after lengthy collaboration with Marilyn Ferguson, induced her to come out fully into the open and boast that all this Sodom and Ghomorra was from the beginning the work of a deliberate conspiracy.

Crisis management: Aquarius goes public

The ordinary citizens react with horrified incredulity when presented with this situation. They simply refuse to believe that this conspiracy is at work. This in scientific terms is called hysterical reaction formation. On many occasions, for instance, when in past years I have discussed these matters with generally well informed and influential citizens, the virtually universal reaction was "Lies! I don't believe it. I don't accept conspiracy theories. Where are your facts!"

When in the course of time the facts were produced, and the conspirators themselves took to writing books, magazine articles and research papers to publicly proclaim that they have been for all these years engaging in this far flung, multibillion dollar conspiracy, most of our good interlocutors were still speechless.

The decent majority of citizens of the U.S. must force themselves to get acquainted with the facts of the conspiracy. Because the conspirators depend on producing a paralyzing shock-effect in order to succeed. In part, the reason that they have decided to come out and openly proclaim the conspiracy is to produce such paralyzing shock-effect.

The strategic foundation for the current form of the Aquarian Conspiracy were laid down during the 1966-67 period in a series of high level NATO conferences which at the time involved, among others, a famous NATO official, Aurelio Peccei, the then little known Dr. Zbigniew Brzezinski in his capacity as a staff member of the State Department's Policy Planning Group and most of the leaders of those multinational corporations we mentioned earlier. The final decisions of those NATO deliberations were to apply a series of long term policies throughout the Western World for the purpose of inducing a transition to a technologically "steady-state," "zero-growth" "post-industrial society."

The Soviet bloc was supposed to be skillfully induced to gradually evolve toward a similar type of "steady-state" equilibrium system. Dr. Brzezinski, in the aftermath of those NATO meetings wrote his famous essay, the "Technocratic Era" and Aurelio Peccei his famous

"Chasm Ahead." Following that, McGeorge Bundy and the Council on Foreign Relations attempted to start the "inducement process" with the Soviets by jointly establishing the Vienna International Institute of Applied Systems Analysis.

The SALT and "non-proliferation" processes also got underway. The NASA program was gradually terminated and a massive increase in world drug traffic got underway. Aurelio Peccei went to Tavistock Institute at Sussex England and there he launched, the notorious Club of Rome jointly with Tavistock.

The brainwashing specialists of the Tavistock network internationally went to work. The era of government by "crisis management" had arrived. Some basic things ought to be said now about the social-engineering technique of "crisis management."

Kurt Lewin and topological psychology

The technique derives from the "topological psychology" doctrine of Dr. Kurt Lewin, the seminal theoretical influence in the entire field of social-psychology, the patron-saint of all the Tavistock-related think-tanks and the man upon whose theories the psychological warfare battles of World War II were fought.

To summarize the matter of Lewin's doctrine: all psychological phenomena occur in a domain defined as "psychological phase space" or "life space." This space is composed of two interdependent "fields," the "environment" and the "self." Life space is the domain in which human behavior occurs and that behavior depends on both environment and "self" or $B=f(E.P)$ (meaning Behavior is a function of Environment and Person.) This is accompanied by a tremendous amount of misplaced emphasis on mathematical/topological interpretations of psychological relations none of which makes any contribution to scientific knowledge but which is admirably suited for transforming psychological problems into computer-programmable problems, which was promptly done.

The concept of "controlled environment" arose from the common-sensical observation that if you have a fixed personality (one susceptible to being predictably profiled) and if you want to elicit from this personality a particular type of behavior, then all you have to do is control the third variable of the equation and thus produce the desired behavior. This was the standard social-psychology formula used for years in every type of situation from labor negotiations to army counterinsurgency operations, to major diplomatic maneuvers, until apparently some time in the 1960s. From that point on the greater emphasis of social-psychology practice and theory was placed on the problem of using the technique of "controlled environment" to produce not the desired B (behavior) but the desired P (personality) in the equation. It can be speculated that our brainwashers found it

very frustrating to merely modify the behavior of the victim case-by-case and they started puzzling over doing something drastic and permanent like altering the deeper structures of human personalities. Thus, brainwashing moved from the era of "behavior modification" to the era of "identity change."

The theory for this type of activity again relied upon the original formulations of two Tavistock theoreticians, Dr. William Sargeant's theory in his *Battle for the Mind*, and Kurt Lewin's own work on personality regression. Again in summary, Lewin observed that the inner self of individuals displays certain reactions when under tension from the environment. When there is no tension, then the normal "inner self" of a person is well differentiated, balanced, multifaceted, versatile. When a reasonable amount of tension is applied from the environment, then all the various abilities and faculties of the inner self go on alert, ready for effective action. When a intolerable amount of tension is applied, then this geometry collapses into a blinded, undifferentiated "schwarmerei," a primitivization, a regression of the personality occurs. The person is reduced to an animal, the highly differentiated and versatile abilities disappear. The controlled environment takes over the personality.

'Crisis management' theory says we have a 'controlled environment,' so what happens to people when we introduce 'environmental turbulence'?...Disassociation.

From this bit of nastiness emerged the theory of government by "crisis management." The social psychologists reasoned, more or less, in the following fashion: "since we are already in control of a 'controlled environment,' what will happen to the P (person) entrapped inside it when we introduce 'social environmental turbulence'?" The deliberately directed "turbulence" will create tensions for the P (person) and under those conditions we shall examine the effects of directed tension upon the personality and character structure of large populations.

A senior psychiatrist of the Tavistock clinic, Dr. Fred Emery, now at the National University of Australia and formerly a member of President Johnson's Kerner Commission, describes the following symptoms that large populations display under conditions of this sort of

“social environmental turbulence” i.e. the social crises that “crisis management” causes:

There will be three phases of reaction to social crisis.

The first is “Superficiality” in which the threatened population will react by adopting some shallow sloganeering ideals to which, however, it shall not attach any serious “ego investment.” This is a passive “maladaptive” response. Maladaptive because it fails to identify the causes of the crisis and therefore the crisis (tension) will persist. The second phase of reaction, since the crisis continues, will be “fragmentation” in which panic begins to strike, social cohesion breaks down and small social groups try to protect themselves from the crisis at the expense of other small and fragmented social groups. This is also a “passive maladaptive” reaction and, failing to identify the causes of the crisis, it degenerates further into a third phase: “disassociation” the victim turns away from the source of tension, from the induced crisis and goes into a fantasy trip of introspection, obsession with self, the so-called “self-realization” process of the Stanford Research Institute’s report.

Subsequently, Dr. Emery’s Tavistock report adds that these three “passive” maladaptive responses are each accompanied by an “active” but equally *maladaptive* response. Superficiality is thus paired with “synoptic idealism” as its opposite; “fragmentation” with “authoritarianism”; disassociation with “evangelicism.” The report then goes on to summarize the results of the last thirty years of combined applied social psychology and “crisis management:”

In the decade of the 1960s we had the “superficiality” of the New Left movement paired with the “synoptic idealism” of the Great Society.

In the decade of the 1970s we had the “fragmentation” of “community control” movements paired with the “authoritarianism” of the Nixon era.

In the decade of the 1980s we have the “disassociation” of “self-realization,” “transcendental meditation,” drugs etc, paired with the “evangelicism of all forms of mass religious fundamentalism.

So all these scenarios are in the computers of our pervasive social engineering think tanks. The scenarios are in operation at the present time. What is supposed to emerge out of the pair of “disassociation” and “evangelicism” of the present national crisis is the “Age of Aquarius.”

The snag in the whole project is that the brainwashers of our society are counting exclusively on the population responding with only “maladaptive” responses, i.e., responses to the crisis which fail to identify the causes of the crisis or “environmental turbulence.”

Should the population, or even significant minorities of the population, be able to identify what the causes of the crisis are, the whole social engineering operation of the last thirty years will collapse.

Interviews

Willis Harman

‘If you can force changed life-styles...’

Willis Harman of the Stanford Research Institute, mentioned as a leading “Aquarian conspirator” in Marilyn Ferguson’s book, The Aquarian Conspiracy, was the leader of the study group that produced SRI’s 1974 report, “The Changing Images of Man.” This interview was provided to EIR by an investigative reporter.

Q: When did your group at the Stanford Research Institute get involved in this line of study?

Harman: We started in 1967, but we sharpened up our line of analysis in 1969. That is when we issued our first report. By then, it was clear to us that changes were occurring of a very profound nature.

The way it happened was this: the U.S. Office of Education asked us to do a study on “The Generation of Alternative Futures.” We stayed away from computers, since we were analyzing *value* shifts. It was very expensive. We studied how to generate alternate futures. We came up with 40 paths to the future. Among them, there were very goddamned few that anybody would want to live through. We all said, ‘Holy Cow!’ So we looked around for other ideas, and we saw the counterculture, and so we began to input values from that direction.

I can with confidence say that we were the first futurist group that began to talk in these value-change and transformation terms.

For a couple of us, the whole experience was pretty traumatic. It was gut-wrenching. One of the senior researchers at the institute left. He just couldn’t take it!

What we are talking about is much more than just “alternative life-styles.” Only recently have we heard much talk on what really matters: What has to happen on the *institutional* level to meet what the Third World calls a new global order.

Q: This sounds very much like the current direction of work by the Club of Rome.

Harman: There are a lot of groups out there more important than the Club of Rome. For example, there is the Geneva-based International Foundation for Devel-

opment Alternatives. You must understand that there are two foci for this: first, changes needed in the United States; and second, the global order. For the global order, most of the important people are in and out of the United Nations circles. For the United States, they are scattered. Read Ferguson. She has all the groups. She is not tied to us institutionally, but the ties are very close with individual people at SRI.

Q: I have seen a reference to an SRI study on “voluntary simplicity.” What is it about?

Harman: That was a report which has since been picked up by the Co-Evolution Quarterly. It is about life-styles and beliefs, but it is low-key. We have just finished a more important study, for the California Energy Commission. It’s not public yet. It was an expensive study, and deals with the energy situation for the next 70 years. It is the most elaborate scenario yet constructed, cross-gridding energy with economics, lifestyles and values.

It is very critical. We discovered that with even a modest change of values, if held over half a century, you can bring about a remarkable difference! That is, even if less than one-third of the population undergoes a change less monumental than what the counterculture represented, and sticks to that change, there will be a 2:1 difference in energy usage by the year 2050. By then, we can be using only 70 percent of what we use today! With legislative help, this can be accomplished.

The point is that major life-style changes mean absolutely nothing over a year. The question is one of decades. Before then, you can show nothing. By the end of decades, you can engineer a shift in the capital goods base, and change the meaning of what capital formation itself represents, by forcing the use of solar power, and so on.

Q: Is this tied into Jerry Brown’s Novus advisory group?

Harman: Interesting you should mention that. William Whitsun is the key figure, the co-founder with Judith Skutch.

Q: Then you agree with Brown’s contention that California is a test-tube laboratory for new-age ideas?

Harman: There is definitely something to that. Brown is continuing to use Whitsun and Novus. In fact, Whitsun is more than ever a continuing consultant to Brown now that Brown has dropped out of the race. What this tells me is that Brown has good ideas. He’s no flake. He just has trouble in forcing us to get where we have to soon enough. Through Whitsun, we can get Jerry Brown’s collaboration with *anything*.

Whitsun’s idea is to work on alternative defense strategies. He is seeking the ultimate resolution, but not so fast that it is naked. He’s done a paper called, “Alternative Defense Strategies,” which has had a lot of impact into Congress.

Dr. William Whitsun

‘The key is how to attract the energies’

The following interview conducted by telephone with Dr. William Whitsun was made available to EIR by an investigative journalist. Dr. Whitsun is the founder of the California-based institution called Novus (for “New Age”), which he describes as part of the Aquarian Conspiracy. Dr. Whitsun is also the Director of the military and defense policy division of the Congressional Research Service.

Q: Is it true that you are now working full-time to inject “new age” ideas into the presidential campaign?

Whitsun: I and Judy Skutch (of Washington’s Foundation for Inner Peace) have spent a great deal of time talking about this. We are concerned with translating the ongoing shift in values into an institutional framework. This process of change is going on whether or not the candidates want it. Most candidates are looking backward, using the paradigms of the 1930s or 1950s, not the 1980s. John Anderson had this problem until five years ago, but his courage lies in his ability to change.

I worked very closely with Jerry Brown in Wisconsin; many of his ideas parallel those of Anderson. Anderson’s only problem now is that he doesn’t entirely believe what he is saying; maybe he doesn’t fully understand the ideas he’s in fact pushing. I may meet with him the next time I head East.

You should consult the book, *The Aquarian Conspiracy*, by Marilyn Ferguson. Let me lay out some statistics for you: The Gallup Poll of 1979—you can call George Gallup, Jr. at Princeton on this—outlined that 15-20 percent of adult Americans have engaged in mystical disciplines. They have essentially abandoned the rituals of traditional religion, are seeking an inner path, and are not satisfied with the aridity and sterility of traditional religion. Politically, on the surface, this *seems* to be not important. *But:* that adds up to 30-40 million Americans.

We at Novus alone have a mailing list of 100,000 and we have a *potential* mailing list of 2 million. What characterizes these people is they are fed up with the institutions, so fed up that until now they’ve copped out. That is, until now.



Transcendental meditation: millions of government research dollars are going to see if it can stop an ICBM.

To round it out, Anderson is looking for a new constituency. He is really attracting the genuine independent vote. You know, in 1976, the overall vote was way down. Most of these 30 million did not vote.

Pardon me a second, my wife is now bending her keys like Uri Geller [an Israeli 'psychic'—ed.] I have to restrain her when she is under stress.

Where were we? Yes, the independents. You have a 30-million-people boundary line that defines this layer. The question is, how do you reach these people? How do we bring value-structures into the presidential campaign?

There is a new paper on this by Daniel Yankelovich, "Values, Work and the New Breed." He argues that 50 percent of the American population are a "new breed." These are the 18-32 age layer and those in their 40s to some extent. They no longer measure success in material terms. The hallmark of the group is they don't think material rewards are important, and they are dubious about candidates who are concerned with material values.

Another report to be aware of is by Peter Schwartz at the Stanford Research Institute. *Any* company could give it to you. Schwartz is a futurist at SRI, head of the division on American Values and Life-Style Changes. What he has done fills out Ferguson's work.

A central problem for a presidential candidate is to sound coherent. As values change rapidly, there are problems for a candidate in addressing the changes. How can he translate all this into values? He'll sound like a kook if he moves too far out in front on issues like defense, inflation, and taxes. That problem dogged Jerry Brown. It's not easy to formulate a program that can incorporate this. I've travelled with Judy Skutch on the Novus project around the country. We don't have a program, but we tell groups to use their own creativity, their own building ideas. As Novus talks of the process of handling major issues, we say, "A shift is occurring away from macro-management," but we don't impose *one* way that this process can occur.

What this means is that we can appeal both to liberals

and conservatives. In both categories are people who are fed up, who haven't participated in the campaigns. Anderson appeals to both parties; that's why he's important.

Our emphasis is on small groups. Novus, you see, is a network of the networks. That network has already partially organized the 30 million. We take people out of the antinuclear or the anti-abortion movements, and we say, "convert from being 'anti,' be positive." This can converge on Ferguson's idea of the entry-point. We want to link personal transformations with social transformations. When you hit the entry point, you have the personal experience of realizing that there is a lot more to you than you think. We're not just entities linked to a computer with central nervous systems.

This notion is getting around. SRI has physics people involved in crucial psychic research, looking into themselves. There is a group on this at Princeton University under Bob John. Harman at SRI also heads the Institute of Noetic Sciences, which does psychic research. People are realizing that there's another dimension, which is mystical-spiritual.

'Psychic intelligence'

What is now appealing to our government is the stunning accuracy of intelligence derived from this. The government has been involved, investing in "distant viewing." You don't have to be there to see something! This idea is key. As you explore human potential, you realize that if I were to say to you, "Tell me what's on lateral x and longitude y , close your eyes, think. Watch the movie in your mind!" What you could come up with would be remarkably accurate!

This is the angle SRI physicists have been involved in for three years. They've written two books on it recently.

Q: Is this what you refer to by your work on "alternative defense strategies?"

Whitsun: To a certain extent, yes. There is a whole new line of technology coming up which could render defense weapons obsolete. We are already dealing with the people who are making decisions. Consider this: The targeting mechanisms for our ICBMs are on magnetic tape. By an active mind, Uri Geller has already wiped out information on such tapes. What happens if, as a war is initiated, you discover you've lost the guidance program because of enemy wiping out of the key parts of the tape?

Here, too, the key is the process of values, of shifts. It is a matter of shifts in who we think we are. This is like 100 years ago, with the breakthroughs made at the time in psychology.

All this is linked to the politics of the 1980s, because people are disgusted with the old paradigm. Thus, in effect, we have the capabilities for entry points on a wide scale. Read chapter 12 of *The Aquarian Conspiracy*. What happens is that individuals begin to explore their inner

space, and to move away from values of the American Dream.

John Anderson has been working his way around to the same notions as Marilyn Ferguson. He is becoming the social and political expression of that social theme.

There is another book by William McLaughlin, the Brown University historian, who is tracing out the precedent for an Anderson presidency. His book, *Revivals, Awakenings, and Reform*, shows there have been four great awakenings in the U.S., each of 30-year duration. The first was 1730-1760. The second was the Civil War. The third was the 1890-1920 McKinley period. The fourth was the 1960s—and we're right in the middle of that one. All the periods are very similar, and we can clearly see what's now happening in respect to the past.

We are now entering a very violent period. There is no way of avoiding it. It will be a conflict that will have, on one side, the traditional Republicans, along with some Democrats who believe in the old line. In this category, I include the neo-Keynesians. On the other side are the "new economists." A key one is Francis Kelly, who was director of research at Blythe Eastman Dillon. He is excellent. He deals with Ferguson's conspiracy idea from the economic standpoint. They show the power of a few minds being applied to particular problems.

Q: One thing that worries me about this is that if we denigrate basic science and math, the Soviet Union is going to take over the whole show, aren't they?

Whitsun: Not really. What you're leaving out is that the societal transformation is happening very fast over there. They invited me to the U.S.S.R. to discuss some of this in 1979. Curiously, in the Soviet Union, there is funding and support for psychic research. In fact, their athletes, when they train, are brought to the Institute for Yoga in Tashkent. This creates some interesting problems: How can athletes be atheists when they're told to study yoga? You should talk to Michael Murphy over at Esalen Institute. He's writing a novel about a Soviet athlete with psychic skills. He knows about small groups like Novus in the U.S.S.R. They're in Moscow and Leningrad.

A: How many Congressmen do you think have been brought into all this?

Whitsun: There are many very aware Congressmen. They'll see the impact of the Aquarian Conspiracy on them as they meet their constituents in the 1980 elections. There is a transcendental meditation group on Capitol Hill. But the center of the effort there is the Congressional Clearinghouse for the Future. They use futurist technologies such as Harman's ideas. There is also a more important private institution, the Congressional Institution for the Future. It is correct to say that the Clearinghouse is the creature of the Institute. Charles Rose (D-NC—ed.) is a key guy in this.

The whole approach reflects the growing Congressional interest in alternatives. Two years ago, the Joint Economic Committee asked me to study the social dislocations of the 1980s. But I was asked to stop the study when it became too unsettling for some people. I decided to take a leave of absence. I explored the country with Judy Skutch for months. It has been a stunning revelation to do this, to see the mood of the country. You see, Carter was elected as an advance person, in effect, profiting from the kind of spiritual tone of politics. We're right on the eve of a bigger thing now.

Anderson now believes it, or he listens, and is picking up that kind of energy. A lot of Congressmen are now trying to pick up on that energy. In the Congress, a lot of individuals are pursuing a private path, not an evangelical one. Some meet in groups to participate in transcendental mediation. This is neither crazy nor weird. It is just a new version of the old group prayer idea.

You see, the fear in Washington is palpable. Fear of



"John Anderson could be the lightning rod to attract all the energies of the Aquarian Conspiracy."

the Soviets, fear of inflation, and so forth. There is not much *inspiration*. Congressmen are paralyzed by the confusion, by the fear. The same is prevailing in the Executive Branch. Therefore, we must more than ever turn our attention to the grassroots, to the citizens, who can provide direction and guidance.

Novus, you see, is not an organization, but is rather horizontal. It brings into it many "new age" groups: citizens groups, consciousness groups, the California group, Citizens for Economic Democracy, the Oregon Fair Share group, and others. It is happening all over the country: meditation, Werner Erhardt's "est" and others. These groups reflect the search for a better way to solve problems. Novus is the catch-all. We tell all the individual groups: Become coherent by thinking of yourselves as a *movement*. Don't think of violence and confrontation since these are part of the old paradigm.

Q: It amazes me that a military-advisory professional like yourself could be against violence and confrontation.

Isn't that what military strategy and war are all about?

Whitsun: Look, remember what I said about the "awakening" process. In any such process, there is a split, between two groups: Those who say, we refuse to use the old, against those who are against the new. There is a polarization going on. Novus's job is to do the bridging. This means that we see, for example, in the Proposition 9 movement and related phenomena in the Reagan camp a possible bridging into the Aquarians.

There is no Novus *opinion* or *consensus*. There is only a consensus on *the process* of the decision, on the necessity of self-reliance. There is less and less faith in macro-management. This is true among corporate executives, who are thinking more and more of decentralization. Small groups, citizens groups are the key.

The power of the *network* is something that most leaders are not aware of because of the obsession with the macro, with the vertical. Something powerful is happening. McLuhan is right when he sees the medium, the means, as the message. All of this fits together. We have talked directly to 10,000 and are otherwise reaching 1 million. The process of *networking* requires catalysts. That is the importance of the Anderson campaign. Will he be successful as the lightning rod to attract the energies?

By 1982, I can tell you, we will see the impact of all this. Anderson could be the lightning rod for the Aquarian Conspiracy, because we are transcending the two political parties.

Computerized Aquarians

We are eager now to see the same happen in Europe. Do you know the Green Movement of Europe, in France, Germany and England? It, too, is attracting people from the traditional parties. The Greenies are the Novus of Europe. We'll contact them soon to make this more formal. They'll be joined by computer networking. These networks will be linked by a computer.

For example, if you want to know about holistic medicine, you input that request, and you get it out. There is one system already doing this, The Source at MacLean, Virginia.

We are getting into this now so that we can get an inventory of skills and viewpoints. Because of this, we will have quite a valuable campaign mailing list for the new presidential campaigns.

The political parties aren't important anymore. People in both parties are saying that the parties are dead, they're just skeletons. Congressmen no longer feel an obligation to party discipline. This is an expansion of what David Broder wrote in his 1972 book, *The Party's Over*. We have moved much further since then.

The network is pervasive. The next step is the computer link-up. After that, will we form one big group? A third party? I don't know yet.

Q: What corporations would you say are farthest along in pushing the Aquarian Conspiracy?

Whitsun: The best are those corporations modeling themselves after Japan. They are achieving the breakthroughs in productivity. Tenneco is one. Several insurance companies are doing it. A lot is done out of Hollywood and by the film industry. Television, too. Also, good science fiction lays the foundation for change, even if the author is not completely aware of it. You should talk to Dale Phillips of the Public Broadcasting System and ABC. Tell him you spoke to me. He is preparing for 1981-season futurist films, looking to the year 2000. There is also an important book called *Europe 2000* by Peter Hall. Oxford University Press published it.

Q: Which thinktanks are most involved?

Whitsun: Stanford Research Institute is getting into this very deeply. Schwartz and Harman, in particular. Other thinktanks are too hooked on the old paradigm, but SRI is different. The American Enterprise Institute is out of it. Rand only has a few good people. I was there for four years and I don't think much of it.

In terms of military-strategic thinktanks, there is BDM, for Braddock, Dun, and McDonald in Washington. It is doing a lot of work on alternative energies. Another good consulting outfit is Booz, Allen and Hamilton. A third is Arthur D. Little. Jim Gavin (Gen. U.S. Army ret.—ed.) there is very interested in these things. Not so much the new consciousness as such—it's too specific to put it that way. The reality we are in is too multidimensional to put Gavin in a box that way. It is a matter of value structures, institutions. You cannot focus on any one dimension.

It sounds kooky and silly but we are dealing with some very big numbers whose reality has not yet been manifested. The old precedents are being eroded. A typical awakening, remember, takes 30 years of ferment. We are now only slightly more than midway. And the last decade of the awakening is the most tumultuous.

Smug media, journalists, and television men who used to think otherwise will start joining the new wave. Right now in Los Angeles, San Francisco, and Sacramento, things are changing. Reporters I know there are hitting entry-point! Why? The specific catalyst is hard to identify.

The media will change. I just spoke to Brendan Stoddard, ABC-TV's president, and he said: "I'm trying to get spiritual and consciousness-raising themes into shows." This is a powerful guy, who shows little of his intentions to his masters, out of fear of hurting the ratings. But the new show, "It's Incredible," which deals with psychic research and psychic shifts of the mind is at the top of the ratings! It is an awakening program.

Television will make things happen very fast. Television is the major catalyst.

The difference between their science and ours

by Lyndon H. LaRouche, Jr., Contributing Editor

Over the most recent period, the combined intelligence resources of my associates has been conducting probes to determine the extent to which the self-styled *Aquarian Conspiracy* has so far succeeded in transforming business leaders, responsible military officials, members of Congress, as well as others, into deranged kooks.

The preliminary results are horrifying.

More than 100 members of the U.S. Congress are being transformed currently into kooks. Not only is the Pentagon a hotbed of this same sort of brainwashing, but there is a special unit, called the "delta group," which concentrates on transforming the Joint Chiefs of Staff into a deranged group of such zombies.

The Dionysian cult-conspiracy outlined in the book "The Aquarian Conspiracy" is not, unfortunately, some egregiously wild piece of fantasy-fiction. It is not only the drug-ridden, unwashed varieties of "environmentalists" and terrorists whose minds have slipped into the watery coma of the "Age of Aquarius." The topmost command-structure of government and business is being transformed, rapidly, into a collection of such zombies.

Exemplary is the mental condition of former astronaut, Senator Harrison Schmitt (R-N.M.), who is reported to have introduced a proposal into the Congress: *to determine whether injury to some cattle in his state might have been perpetrated by extraterrestrials!* It appears that Senator Schmitt's formerly respectable mental condition has not been exactly improved since his exposure to the notorious controller of Senator Jacob Javits, resident British intelligence "asset," Arthur Ross.

Senator Schmitt's aberration is, unfortunately, typical of the drift toward lunacy among the congressmen and others subjected to the Aquarian programming.

It used to be said, that whom the gods would destroy, they first drive mad. It should be added, with emphasis, that there is nothing extraterrestrial, excepting delusions such as those of Schmitt, in the agencies behind the current spread of lunacy among the leading circles of a doomed United States. The authors of this plunge into Erebus may be Olympians in their delusions; they only imagine themselves also to be gods as well.

The Olympians may play with the world, and so come to delude themselves that they are all-powerful. They have thus ignored the higher order of lawfulness which actually rules this universe.

What are the Aquarians?

The popular book cited above implies that the "Age of Aquarius" is relatively a new phenomenon.

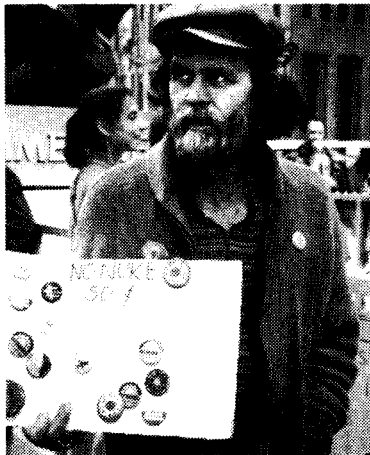
Their argument to this effect, as the book more or less accurately reports that rhetoric, is that recent developments have superannuated the entire sweep to date of Christendom's commitment to scientific and technological progress. Now, they insist, the evidence ostensibly in support of the "neo Malthusian" doctrines of the Club of Rome has put a period to approximately 2,000 years of the Age of Reason.

With that, they propose to usher in the Age of Unreason. In a word, the ancient Manichean doctrine—gnostic guises of the Isis-cult and its Dionysian sub-cult fully in bloom.

There is nothing new in fact in this scheme. It is as ancient as its earlier appearance in Sodom and Gomorrah, the ancient magicians of the Whore of Babylon, the Phrygian cult of Dionysus, the ancient cult of Isis, the cult of Apollo, the Peripatetics, Stoicism, and the Roman Caesar's "mystery religions." In fact, this policy has been the continuing commitment of the descendants of the ancient senatorial families of Rome, as centered in recent centuries in the creation of the pseudo-Christian Isis-cult, the Society of Jesus.

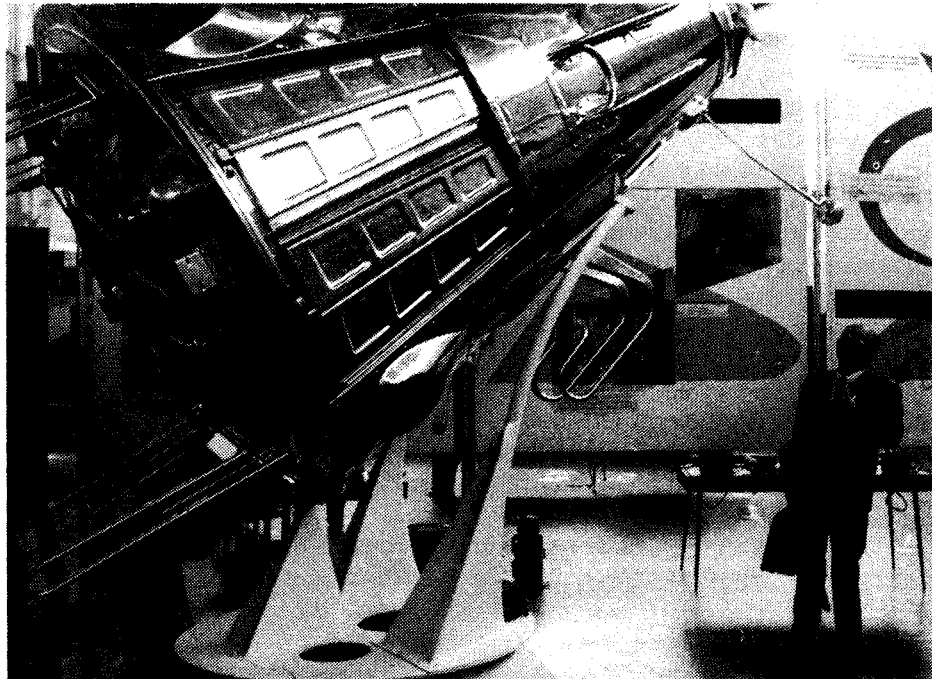
It is not properly astonishing that the centers propagating the Aquarian cults within the United States today are the New York Anglican Cathedral of St. John the Divine and Georgetown University.

Nor is there anything original in their program. The promotion of the combined brainwashing techniques of anti-industrial "environmentalism," "recreational" drugs, rock-like dance-orgies, terrorism, pornography leading into proselytizing homosexuality, and "charismatic" religious irrationalism like that of Jesuit "Liberation Theology," are all as ancient as the identical pro-



In the early 1960s, U.S. space exploration, and the prospect of their children becoming scientists captured the imagination of the population.

Today, through an induced social crisis, a generation has become addicted to drugs, rock music, environmentalism, and horoscopes.



gram of the Phrygian cult of Dionysus.

The most recent of the comprehensive studies of the ways in which this program degrades the moral and mental powers of the credulous is Dante Alighieri's systematic analysis of this in the "Inferno" canticle of his "Commedia," back at the onset of the 14th century.

Unless this Jesuit-Anglican sodomy is stopped cold, here and now, the United States is doomed to die as surely as Sodom and Gomorrah died as a consequence of the earlier version of this Jesuitical program. That doom is not a matter of the long term. It is imminent for the months, or, not longer than a very few years, immediately ahead.

A nation which tolerates this becomes quickly morally unfit to survive, and will not survive.

The laws of the universe

If one comprehends actual Apostolic Christian theology adequately, in opposition to the satanic cultisms of the Jesuits and their kind, one understands exactly how Christianity did save Mediterranean civilization, and doubtless all humanity, from the doom intrinsic to the Roman imperial political order and culture. What Christianity rescued mankind from was precisely what the satanic Jesuits are proposing today—as an "Age of Aquarius."

This is not an opinion, but a scientific, empirically demonstrated fact. The most direct proof of that fact is secured by rejecting the incompetent sort of doctrines taught as "economics" in universities today, for a scientific economics whose ABCs are almost axiomatically common sense in their simplicity.

This analysis leads, step by step, to a conclusive proof

of the nature of those laws of the universe which the Anglicans, Jesuits, and other satanic Aquarians are insolently proposing to violate today.

It is those laws of the universe, so accessible to the informed mental powers of any sane person, which warn unequivocally and undebatably of the doom symptomatized by Senator Schmitt's cited aberration.

What is knowledge?

Take the psychoanalysts, the mystics and the rest of the corrupt lots of fakers to one side. What is the empirical test of a sane mind, the test of which kinds of ideas and beliefs are sane, which delusions?

The question of sanity is a practical question: *What kinds of ideas, developed as beliefs by what method, prove adequate to enable the human species to perpetuate its existence?*

This is not, and could not, be a question of the actual or approximate immortality of the individual qua individual. Civilizations are saved by the self-sacrifice of soldiers. Indeed, the survival of our species, of nations, is a constant activity of self-sacrifice by parents, and by individuals in other ways. It is the survival of our species, of entire human cultures, which is the irreducible, primary fact to be considered in determining what is truth, what is sanity.

The fundamental question of sanity is posed in first approximation by testing which ideas, as the governing features of the characteristic informed conscience of the ruling institutions of societies, enable those societies to perpetuate their populations on at least the same demographic levels and at least a constant level of the material preconditions of existence of such a population? It is the

kinds of ideas which enable mankind to survive which are symptomatic, in the first approximation, of the inter-related qualities of *truth* and *sanity*.

Yet, particular ideas are, generally speaking, outlived over the course of time. This informs us that our first empirical tests for truth and sanity are but a useful first approximation. It is something deeper which is enduring.

As societies progress, the successful particular ruling ideas of yesterday are replaced by a new set of ruling ideas. Insofar as that succession correlates with demographic progress in man's power to survive, this succession of ruling ideas within successful branches of culture reflects something deeper. It reflects an *unfolding method of developing ideas*, in conjunction with that aspect of society's practice which determines the successful production of the material preconditions for survival.

Looking at this matter more rigorously, we comprehend that the pattern described by such a method of ordering progress in particular sets of ruling ideas is what might be termed otherwise a principle of scientific progress. By such "scientific progress" we mean a growing correspondence between the actual lawful ordering of our universe, and man's method, through ideas, of mastering the application of such laws.

It is ideas which are a coherent expression of such a self-perfecting body of scientific progress which are *relatively true*. It is minds which are governed by the principles appropriate to such progress which are *sane*.

All contrary tests of *truth* and *sanity* are *false*. All ideas developed in opposition to such tests are *false*, and the minds which cling to such false methods are *insane*.

This does not mean that no psychiatry is useful. It means that competent psychiatry must begin with the principles of truth and sanity we have summarily identified here. It means that the function of clinical psychiatry is to uncover and neutralize those impulses which cause the victim of such impulses either to act contrary to knowledge of relatively valid ideas (neurosis), or acts upon delusional beliefs (psychosis). It must be stressed that the tests of sanity are not provided by normative tests of beliefs per se; no psychiatrist is competent unless he or she proceeds from comprehension of and fidelity to the principles of truth and sanity we outline here.

Demographic economics

The question of whether or not a society's practice is sane or not is manifest in the most concentrated and comprehensive manner in the varieties of economic analysis which proceed from the sort of demographic criteria to which we have referred above.

We take the society as a whole as our primary unit of empirical study. We examine the society's ideas by observing the way in which the society organizes its practice to produce for itself the material preconditions of survival

of a growing population of at least equal per capita degrees of power over nature generally.

We divide the population's households as a whole into two approximate parts. This need be only a consistent method of approximation, for reasons we shall give below. One part is represented by those households which, as an aggregation, supply the labor-force for production of tangible, useful wealth. The residue represents waste, administration, and services. This residue may perform useful, even indispensable functions, but it does not produce wealth. At best, it merely organizes and services the productive process.

This analysis is properly reduced to the equivalent of modified versions of the accounting categories associated with David Ricardo. There are three categories of output of wealth, as follows:

(1) *Symbol "C"*: the portion of output which must be allotted to maintain productive capacities in the equivalent of *status quo ante*: improvements of land and live-stocks, plant, equipment, machinery, semifinished goods inventories, materials, supplies, and energy.

(2) *Symbol "V"*: the portion of output which must be allotted to maintain all the households supplying the productive component of the labor-force, both actually employed and potential.

(3) *Symbol "S"*: The residue, or gross profit, of total output, after deducting C and V.

All of the overhead expenses—waste, military costs, administration, and services—can be symbolized by "d." The allotments for "d" are secured as portions of S, such that $(S-d)=S'$, or "net profit" of the total output of that society.

The idea of "natural resources" as such is an absurdity. For example, a cubic mile of the earth's surface contains somewhat more or less than a current year's requirement of global mineral requirements. The recycling of junk combined with this would mean an unending supply of such "natural resources." However, a natural resource for a particular economy is defined by social cost of extraction of useful forms of semifinished product. Those sources which cannot be economically exploited are not considered usable natural resources.

So, "natural resources" is actually only a relativistic notion, correlated with a certain backwardness of technological progress. If we can raise the energy flux density of controlled energy sources sufficiently high, at a sufficiently low social cost, everything becomes an economical natural resource.

So, the notion of relatively finite natural resources is merely a way of reflecting the underdevelopment of an existing productive technology. In a "zero technological growth" society, the depletion of the kinds of natural resources correlated with the fixed technology would mean the collapse of the society.

Increased costs of C would deplete S, while the rise in

social costs of overall production would also lower the ratio of *national productivity*, $S/(C+V)$. The resulting shrinkage of S' , toward even negative values, would halt the possibility of population growth, and would lead to a condition of famine, epidemics, and homicidal social chaos. The parameters of demographics would decline, and an absolute spiral of decline toward savage depopulation and savagery would ensue.

Thus, the culture whose ruling ideas directly or otherwise efficiently prevent technological progress is the typification of an *insane culture which has lost the moral fitness to survive*.

The physics of truth

The transformation of productive technologies which correlates with a society's continuing ability to survive signifies both an increasing per-capita energy throughput overall, and also an increase in the flux density of the energy-sources of production (the equivalent of energy-sources of higher temperature equivalent). In secondary school chemistry's language, a twofold increase of this sort is the "reducing power" of the society.

This cannot be the simple energy of scalar primitiveness. The expansion and the energy-intensity of production are to be measured, as combined, indispensable developments, as an "investment" of S' in capital formation, correlating with a secular increase in the capital-intensity ratio, C/V . The simplest expression of the rate at which a society can effect this is the rate of profit, $S'/(C+V)$. Hence, what is required is not only increasing magnitudes of energy at rising energy flux densities. This must be expressed in rising relative hydrothermodynamic values for the "rate of profit," $S'/(C+V)$. The energy-throughput is allotted, as consumed, to S' , C , V .

This cannot be reduced to labor-time equivalents, contrary to Ricardo's and Marx's schemas. The potential for rising productive-power of productive labor correlates not merely with a rise in the equivalent consumption of labor (relative to a preceding interval of production), but with V shrinking as a percentile of the total of S , V , C .

S' must rise faster than C/V .

So, the analysis of this process of improved reproduction of the productive processes of society must be expressed as a problem in hydrothermodynamics.

Therefore, the lawful organization of energy in the universe which corresponds to human survival is of the form of rising values of the ratio $S'/(C+V)$.

This rise is effected as successive forms of technological progress. That succession is defined as the realization of basic scientific progress.

Basic scientific progress is not defined by ordinary discoveries, but only by those special cases of discovery which are commonly described as *crucial-experimental breakthroughs*. The popular, somewhat distorted and

misinformed, notion of such a breakthrough is the transformation of our ideas concerning the lawful organization of the universe through the emergence of the notions of "relativity."

It is the notion of a developmental unfolding of successive, ever higher-ordered *hypotheses*, each advance corresponding to a crucial-experimental breakthrough, which is the proper notion of science, and of *truth*. The transfinite conception which defines a subsumed, ordered sequence of hypotheses corresponding to crucial-experimental breakthroughs, is the proper notion of science and of truth.

This is not a mere opinion, mere alternative "explanation," but is the only judgment which corresponds to the empirical evidence.

Therefore, the ordering of the universe which corresponds to this notion of truth and of science, is the only true, scientific conception of the lawful ordering of that universe. The correlative of science is the ordering of the universe which, itself a transfinite, subsumes rising values for the hydrothermodynamic values of $S'/(C+V)$.

Human practice proves that no other knowledge can be true. This is the knowledge which corresponds to continuing human mastery of the lawful ordering of the universe. It is, otherwise stated, the degree to which human behavior and knowledge corresponds to that lawful ordering that human behavior is in efficient agreement with the lawful ordering of the universe.

Therefore, ideas about the universe and its lawful ordering which correspond to the conceptions just developed are the only conceptions which are real, which represent truth and sanity.

The theology of physics

These are the principles which are to be traced through Leibniz and Carnot's circles into the emergence of the Riemannian physics of the multiply-connected manifold. As conceptions of a more general sort, they are very old, at least as old as Plato's dialogues, and also the characteristic conceptions of Apostolic Christianity. They are also the outlook of Rabbi Philo Judaeus, the collaborator of St. Peter at Rome.

In Plato, these conceptions center around the notion of the "hypothesis of the higher hypothesis," which is the Logos (Holy Spirit) of the Gospel of St. John. The notion of consubstantiality, the central ontological-theological conception of Christianity involves a strictly Platonic conception of physics. The Christian God is not a pagan-like, irrational anthropomorphic providence, but a creative intelligence, consubstantial with the universe as a whole, and also with a lawful principle of continuing creation (enumeration of higher-order domains in a manifold) which is described by the notion of the "hypothesis of the higher hypothesis."

It is from this vantage-point of unequivocal Apostolic

Christianity that we report, with absolute certainty that the cited Jesuits' conceptions are not Christian, but are a nominal, counterfeit Christianity based in the ontological and cultist charismatic conceptions of both the Isis cult and of what St. John describes as the "Whore of Babylon." Theirs is the doctrine of the "fallen angel," Satan, the semitic name for Dionysus.

The Aquarians

The characteristic doctrine of the satanic cults over the millennia has been centered around what is most rigorously termed "the oligarchic model," and known during the middle of the 4th century B.C. as the "Persian model."

The function of the cults, including the cults of Dionysos, Apollo, and Isis, as well as of the Mesopotamian magicians, is to degrade mankind into a lunatic condition in which the oligarchists' slaves will not only accept, but will work to bring into being the "oligarchical model." That model is a "zero technological growth" form of antiurban society, combining what popular opinion would identify with rule by allied feudal and rentier-financier forces, mixed with the sodomic lunacies of Aldous Huxley's *Brave New World*.

Aquarius is but a new name for Satanism, overlapping the Liberation Theology of the Jesuits.

This problem is not only unoriginal in the span of human history. It is not original to this century. The last expression we had of this, until now, was Nazi Germany.

The sort of lunacy which Nazism represented in practice could not be effected by sane people. The Odin and Thule cults are exemplary of the "Aquarian" ideology which permeated the Nazis generally. To transform the United States into a fascist horror, the Jesuits and their Anglican partners had to eliminate the last efficient vestige of the American dedication to scientific and technological progress from the controlling institutions of society.

So, typified by the conceptions of the allies, H.G. Wells and Teilhard de Chardin, the one-worlder Aquarians destroyed first much of the youth of the United States—through the Chardinesque-Huxley "entry point" of drugs, and used the drug-destroyed minds of a youth lured into pornography, disco orgies, and homosexual cultisms, into "post industrial society" antitechnology, hooligan cults, and thence into lurid "sensitivity" cults, "charismatic" forms of satanism, often in the name of Christianity.

The decay of the United States' leading circles is so bad that a mentally unbalanced Carter is tolerated as nominal President, and that a wholesale assault on the very idea of Reason appears almost unopposed in those strata.

Either we end this Jesuit-Anglican lunacy, or we shall not long survive.

Clearinghouse: the 'new age' in Congress

Dozens of Senators and Congressmen are members. Hundreds have attended its meetings. And it is one of the most influential institutions on Capitol Hill, not only shaping specific pieces of legislation, but shaping the very way America's legislators view the world.

This is the Congressional Clearinghouse on the Future, an "Aquarian Conspiracy" organization that, along with the Congressional Research Service, is efficiently brainwashing U.S. lawmakers into supporting the Club's zero growth perspective.

The Congressional Clearinghouse specializes in "images of the future," or "futurology." Its staff and lecturers feature a number of science fiction writers of notoriety—Isaac Asimov, Ray Bradbury, Hal Clement—and such oracles of "a new dark age" as Barbara Tuchman (*A Distant Mirror*), Marilyn Ferguson (*The Aquarian Conspiracy*), and Alvin Toffler (*Future Shock*, *The Third Wave*). They have in common a disbelief in the arguments of science, and a hatred for economic growth and scientific progress, which their "images of the future" seek to eradicate from the minds of Congressmen.

Says Clearinghouse director Ann Cheatham, describing the transformation of elected officials into mystics, "in some way I don't even understand, we have addressed a deep need in Congress to speak to people's sense of frustration and pain, to the awareness that you don't have to pretend you know exactly what to do, because nobody knows what to do right now."

Amid the worst crisis in the history of the nation, over 200 members of the House and Senate, through the seminars, dinners, newsletters, and discussion groups of the Clearinghouse, are now celebrating the fact that they "don't know what to do right now." The crux of the process, however, is that Clearinghouse personnel quickly assume the role of telling Congressmen what to do.

"It is impossible to measure what has happened to the members of the House and Senate who have attended these monthly dinners," says Congressman Charles Rose (D-NC), "but surely we are not the same as we were before we heard them."

Subtly, the Clearinghouse convinces its Congress-

men that they themselves have developed the new "dark age" perspective the Clearinghouse was created to promote. "The key to adaptation is people's perception of reality," reports Arnold Brown, a staffer who developed a program by which Clearinghouse participants arrive at "consensus" decisions favoring precisely what the Club of Rome proposes. "There is no reality, just perceptions. I developed the TEAM approach for the Clearinghouse. TEAM starts from the view that most people fear change—even when it's good. It upsets them and threatens them, because they have to change their view of themselves and the way they relate to the world. TEAM tries to get people to view ideas for change and information as things they thought up themselves. At the Clearinghouse, we get people together from all over Capitol Hill, and help them perceive information they're given as their information, and upcoming changes as their changes. Information becomes non-threatening to them and they believe they have a stake in it."

The Congressional Clearinghouse was created in 1976 by Aurelio Peccei's Club of Rome. Director Ann Cheatham is one of 150 select members of the U.S. Association of the Club of Rome, and she and her entire staff are also members of the World Futures Society.

The World Futures Society is an umbrella association for "futurist" organizations around the nation. These organizations are designed for "raising new states of consciousness" enabling persons to "see new dimensions" in reality. Any "dimension" will do, if it disposes one to passively accept stagnation and decay, death and economic disintegration. The organization is blunt about this objective. Their conference this July in Toronto features panel discussions under the titles, "Death and Dying" and "Friendly Fascism."

The Congressional Clearinghouse, whose entire staff and membership will attend that Toronto conference, turns Congressmen into Malthusians who will view the collapse of the U.S. economy as merely "a change in lifestyle," the spread of psychotic cults as merely "a new consciousness," and the proliferation of drugs and sadomasochistic homosexuality as desirable instances of "mind-body awareness." And recently, when the Clearinghouse held a seminar on "new dimensions in science," the focus was the revival of Nazi race science undertaken by geneticist William Shockley.

"This will influence whether Shockley will be allowed to continue his work," to create a new master race through genetic engineering, explained an aide to Rep. Albert Gore, Jr., now Clearinghouse chairman.

According to Gore, one of the most popular speakers at the Clearinghouse was Marilyn Ferguson, author of *The Aquarian Conspiracy*. After her talk, Ferguson met privately with representatives Gore, Long, Rose, Fancell, Schroeder, and Mississippi Senator Cochran. She informed them that, as in the case of homosexual cultists,

death cultists, environmentalists and witches and devil-worshippers around the country, they, too, are members of "the Aquarian Conspiracy,"

"She was very well received," says Gore.

A wide scope

The effectiveness of the Clearinghouse is indicated by the activity of Rep. Henry Reuss, now a believer in transcendental meditation who sits on the Clearinghouse's advisory board. Chairing the House Banking Committee, from which he launched his "Omnibus Banking Bill" and other legislative parts of his "Reorganization for the 1980s" package, the Wisconsin Democrat has done more damage to American industry than any other figure on Capitol Hill.

Reuss thinks of himself as facilitating "the transition from abundance to scarcity."

In mid-April, with Reuss playing a key role, the Clearinghouse began to orient strongly to determining specific legislation, rather than simply the "friendly fascist" outlook in general. Reuss is directing a series of monthly Clearinghouse dinners featuring leading corporate executives. At the first of these on April 16, Citibank chief Walter Wriston called for complete banking deregulation and elimination of the McFadden Act, which protects regional banks against take-over by out-of-state major banks. Reuss has the legislation prepared.

But the Clearinghouse's target is broader. "This year we are trying to prepare a 'Futures Agenda' for every subcommittee in Congress," explains Congressman Gore. "We are working with all the Congressional subcommittee staffs."

"There are many very aware Congressmen," declared Dr. William Whitsun, director of military and defense policy at the sister Congressional Research Service. A leading figure in futurology circles, Dr. Whitsun is currently doing well-funded research into "psychic warfare"—with the perspective that mind-waves might become an anti-ballistic missile weapon! Says Whitsun, all of the nation's lawmakers "will see the impact of the Aquarian Conspiracy on them as they meet their constituents in the 1980 election. The Clearinghouse is just the center of the effort on Capitol Hill."

The very government structure will be changed by the Clearinghouse Aquarians, say their spokesmen: Last month, the Capitol Hill group sponsored a gala dinner for Barbara Tuchman, *A Distant Mirror's* author. Tuchman stressed the need to rewrite the Constitution, and called for a Constitutional convention. At a Clearinghouse dinner one month earlier, Alvin Toffler declared that the Constitution was written when America was passing through its "agrarian phase." America then passed through its "industrial phase" but is now in its "informational phase." The Constitution is no longer appropriate, in the Age of Aquarius.

The Iran rescue caper

The wreckage of the Carter administration

by Robert Dreyfuss

The resignation of Cyrus Vance in public disagreement with the White House, an almost unprecedented occurrence in U.S. history, has knocked the remaining props out from under American foreign policy and sent U.S. allies and friends scurrying to duck the debris. Domestically, the resignation of the Episcopalian aristocrat has once and for all shattered the illusion of national unity that had been carefully cultivated since the start of the Iran crisis last November.

The news of the Vance resignation hit the summit meeting of the European Economic Community like a bombshell. For weeks, especially since the April 8 Carter announcement of economic sanctions against Iran and the U.S. break in diplomatic relations, America's NATO allies and Japan had been caught in an increasingly uncomfortable squeeze. Knowing that the proposed U.S. measures against Iran would be counterproductive and dangerous, they were also aware that Washington was making their acceptance of such measures a litmus test of their loyalty to the Atlantic Alliance. With Vance's resignation, which reportedly stunned the European leaders only just recovering from the shock of the failed U.S. rescue action, the Europeans felt relieved of any responsibility for what many French and West German leaders considered to be knee-jerk solidarity with the Carter administration. *Le Figaro*, the conservative French daily which often reflects the views of the Giscard

government, said bluntly that the Vance departure proves that not only Europe "but even the American secretary of state" disagrees with Carter policy.

The impetus behind the Vance departure, according to insiders, was the fact that Vance seriously believed that the Carter-Brzezinski policy would lead to World War III. Just before his resignation, Vance reportedly told a friend, "We haven't begun just an attack on Iran. We may have started World War III." Together with a particular Anglo-American faction associated with former New York Governor Averill Harriman and former U.S. Undersecretary of State George Ball, Vance ditched the Carter administration in the belief that the regime was heading over the brink.

In this sense, the Iran crisis and the rescue action were mere ephemerals in a much broader strategy leading to what Ball described this week as a "pattern of escalation." The *New York Times*, in an editorial on Vance's resignation, said what many others were thinking, that much more than Iran *per se* was involved in Vance's decision. "Duty will not be done until Mr. Vance tells the nation what he finds so reprehensible about . . . rescuing hostages," wrote the *Times*. "If Vance so feared the failure of the rescue mission—and perhaps even more the success—it must be because he knows more than the rest of the country about the President's mood and the drift of his policy in these days of frustration."



Iranian soldiers look over the wreckage of a U.S. helicopter in the Iranian desert.

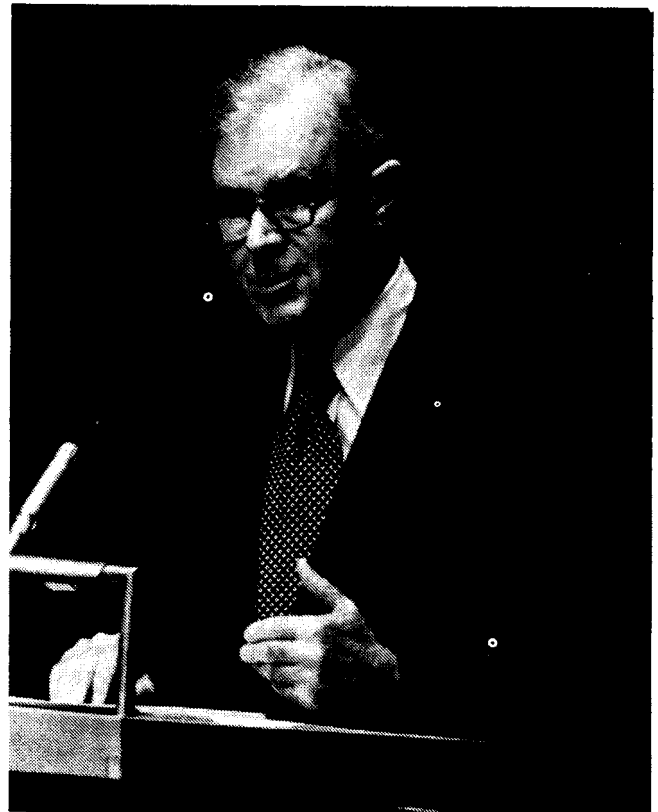
Photo: Sygma

New York Times columnist James Reston, close to Vance ever since the secretary served on the board of the Times company, reported that what Vance sought was the dismantling of the powerful National Security Council and its downgrading from a policymaking to a simple coordinating body.

What is certain is that the failed raid on Iran and the Vance resignation have plunged the country into the most profound foreign policy crisis in this century, coupled with a complete fragmentation and disintegration of political leadership. What is much less certain is the actual course of events in and around the attack on Iran itself.

At this point, what can be said with some assurance, according to *EIR's* sources, is the following:

First, the mission was not aborted because of the failure of three helicopters. Informed military experts assert that the chances of those helicopters failing simultaneously was approximately 1 in 10,000. Further, according to reliable reports, the Soviet Union was involved in direct military action against the U.S. raiding party. During the operation, CIA sources report, a Soviet Mig jet fighter was shot down by U.S. forces. According to other information, the Soviet air force carried out a limited air strike against the exposed U.S. force on the Iranian desert, while one source asserts that the Soviets did not actually attack the U.S. party but simply sent



Cyrus Vance: What does he know?

Photo: U.N.

several Mig-25s over the landing area "and someone in the field command panicked," thus aborting the mission.

Second, several sources, including published reports in the Kuwaiti *Al-Qabas*, claimed that the Kremlin got on the "hot line" with the White House to warn against continuing the attack on Iran. Despite Pentagon denials of such reports, U.S. assertions that the Soviet Union did not know about the raid until the U.S. told them 30 minutes beforehand are not credible, and intelligence specialists agree that Soviet intelligence would have detected the raid even while it was in the planning stage.

Israeli intelligence leaks that appeared one day before the raid, concerning U.S. air activity from bases in Egypt, indicates that the raid itself was no secret to insiders.

Third, it is certain that the U.S. government and Iranian authorities, including Foreign Minister Ghotbzadeh and President Bani-Sadr, acted in full collusion with the United States, as the report below makes clear. Thus, the action could not have been designed in order to overthrow the Khomeini regime—since, in fact, the impact of the U.S. action would have been to

strengthen the grip of the clerical regime by providing a rallying point for them against their growing opposition, much of which is getting powerful backing from Iraq.

To the extent that the operation was a rescue action, it could only have succeeded with the collaboration of the Iranian leadership, many of whose leading figures would like to be rid of the hostages in a manner that will not open them to criticism for having made a compromise with "the Great Satan."

Policy vacuum

The wake of the attack on Iran, has created a policy vacuum in Anglo-American circles. While key forces in New York and London have realized that the Brzezinski White House is heading for war, in both the rest of Western Europe and for the Soviet Union the scenery is dominated by the common understanding that the situation is out of all control. In fact, at this writing, reports continue to come in with evidence that Brzezinski is still building up forces in the area and keeping options open for more military action in the immediate period ahead.

U.S. -Soviet hotline invoked during Iran crisis?

Five top-level European sources reported to *EIR* this week that President Carter and Soviet President Brezhnev were on the "hotline" between Washington and Moscow during last week's Iran "rescue operation" crisis.

This report was propelled into the international press as well by an account in Kuwait's *Al-Qabas*, datelined Paris, that the two leaders had been in "hotline" communication during the peak of the crisis.

The consensus among these sources is that something "much bigger" than a rescue operation was going on last week. While the conventional wisdom from these circles is that the Soviets were irate over the massive dimensions of the U.S. operation being launched, another school of strategic thinking surmises that the Soviets would not "go to the brink" in this way unless they were responding to some kind of

general U.S. strategic alert called during the operation.

While there has been, as of this writing, no *confirmation* of this last hypothesis, reports *have* begun to surface in the international press that the U.S. and the Soviets were very close to World War III last week. According to an account in the May 1 *Al-Qabas*, "When Cyrus Vance was shown the range of options involved in the action, he told Carter, 'Mr. President, you are not carrying out a rescue mission. You are firing the first shot in World War III.' It was at that moment that Vance tendered his resignation."

What aborted the 'rescue mission'?

Three high-level U.S. policymaking sources independently reported their assessments May 1 that the reason that last week's Iran "rescue mission" had been aborted by President Carter and/or the on-site commanders was that the Soviet Air Force moved in force against the planes at their staging-ground, either attacking them or threatening to mount an attack. Once the Soviets made their move, these sources concur, the

From this standpoint, the British intend to take advantage of the very fact of the appearance of a crazed White House in order to attempt to strengthen their own influence in continental Europe. Essentially, the British argument is that the "special relationship" between London and Washington will allow the British—whose Lord Carrington arrives in Washington this week—to represent the interests of all Europe in taming the American monster.

Thus, within the councils of the EEC the British have been arguing, albeit with questionable success, that they be allowed to become the arbiter and spokesman for Europe.

But along with the wreckage of American helicopters and C-130s on the Iranian desert is the wreckage of the painstakingly cultivated U.S.-British strategy for putting cumulative pressure on Western Europe. Whereas only last week the Europeans were caught up in a process of step-by-step capitulation to NATO, since the Iran events, the entire geometry of European politics has shifted. Which direction Paris and Bonn will now take is an open question.

U.S. command panicked and the escapade was called off.

According to one leading New York-based foreign policy adviser to several presidential administrations, "the only information that I have seen that makes any sense at all is that the mission was aborted because of an actual Soviet attack or because of the threat of such an attack."

A Washington-based expert on Iranian affairs provided the following account of the chain of events: "Once the Soviets got wind of the dimensions of the operation being launched inside Iran, they immediately began overflights into Iranian territory in the vicinity of the staging-ground. They sent MIG-25s up there as a warning. When our people realized what was going on, they panicked, they lost their nerve and called a retreat."

One well-informed oil industry source added an important twist to these accounts: "My information is that the Russians probably just blew the planes up. There was a Soviet air strike that wrecked the mission, that caused panic in the command. The Soviet action was not based on hostility to our getting the hostages out; that they can go along with. What they can't stomach is the dimensions of the operation that we mounted—especially with Zbigniew Brzezinski at the helm of American policy."

THE RESCUE RAID

Will Brzezinski try it once more?

The Carter administration's aborted raid into Iran last week has set the stage for gradually escalating, low-intensity operations in Iran and throughout the region, leading inexorably to a follow-up U.S. military adventure that could well trigger a cutoff of oil supplies and a full-blown military confrontation with the Soviet Union.

The first in this series of escalating incidents occurred early April 29, when U.S. Air Force fighter planes attacked an Iranian reconnaissance jet over the Gulf of Oman. Although the Pentagon denied the affair stating that the incident involved only a routine "shadowing" of the Iranian plane, the Iranians claimed that an altercation took place, with their air force successfully repulsing the U.S. jets.

National Security Council chief Zbigniew Brzezinski, the loose nut of the Carter administration, is the architect of Washington's suicidal policy to go to the brink—and beyond—in Iran in the interest of taking on the Soviets "once and for all." In a nationwide television interview April 27, Brzezinski made this all but official by announcing that an aggressive "long reach" policy would henceforth characterize America's posture abroad.

Brzezinski's Operation Long Reach is taking the dimension of the largest military buildup ever by the U.S. in the Indian Ocean-Arabian Sea theater. The U.S. aircraft carrier Forrester has entered the Indian Ocean area and, later in the week, the nuclear-powered carrier Eisenhower will also join the deployment, as the fourth aircraft carrier poised for action in the strategic Persian Gulf. A total of 44 warships are now positioned at the entrance to the Gulf and are reportedly assuming battle formations. In addition, U.S. Airborne troops are being airlifted into Bahrain and other "suitable areas."

In short, everything is primed for a showdown.

The Soviet armed forces newspaper *Red Star* has charged that the United States may try military actions in Iran again. Such actions "will inevitably lead to a further heightening of the danger of hostilities in the Middle East and a further aggravation of the international situation," the paper warned.

There is no doubt that the entire military operation into Iran, including its aftermath, is being coordinated tightly between Washington and the Teheran government. According to well-placed Paris-based intelligence sources, the April 24 "rescue attempt" was plotted in detail at a meeting in Paris of Iranian Foreign Minister Ghotbzadeh and First Secretary Murphy of the U.S. Embassy in Paris. In addition, reports in the Syrian and other Arab-language press attest to the fact that U.S. government officials are conducting intensive, ongoing discussions with the Muslim Brotherhood, the secret society of Islamic fundamentalists behind Khomeini and related revivalist movements in the region.

According to Iraqi state radio, the U.S. attack was "play acting carried out in orchestration between Washington and Teheran." On April 25, when asked about rumors of prior coordination between the U.S. and Iranian officials such as Ghotbzadeh and Iranian President Bani-Sadr, White House Press Secretary Powell answered with a stony "no comment," thus causing CBS to speculate about the existence of a "fifth column" inside Iran. Sen. John Glenn stated explicitly that there must have been a "fifth column in or near the embassy that we have developed."

Coordination between the U.S. and Iran continues. Following the sabotage of the mission in which three helicopters "broke down," the Iranian air force rushed to bomb the U.S. helicopters and the disabled C-130 transport left behind by the Americans. The operation was carried out so fast that two Revolutionary Guards guarding the site were killed because they were not informed of the air force decision to bomb the planes.

The Iranians are now doing their utmost to create the climate for "Take 2" of the Iran invasion. Following the aborted raid, Ayatollah Khalkhali, the head of the Muslim Brotherhood in Iran (the very same Muslim Brotherhood with which the Carter administration is colluding) displayed the charred remains of the dead U.S. servicemen left behind. The display was part of a deliberate effort on the part of the Iranian leadership to play into Carter's attempts to rally the American population around a confrontationist course of action. In his most "anti-Iran" statement since the beginning of the crisis, President Carter "denounced" Khalkhali's actions as "ghoulish" and "horrible," saying, "This has aroused the disgust and contempt of the rest of the world and indicates quite clearly the kind of people we have been dealing with."

A short fuse to civil war

Setting the stage for U.S. follow-up military action into Iran are a chain of violent incidents—all activated by the raid—that have placed Iran on the edge of civil

war. Last week, the first of a series of bomb explosions ripped through Teheran—the first such terrorist actions since the revolution. Several Revolutionary Guards at the U.S. embassy in Teheran were wounded by shots fired from a passing car. The incidents, a first for the capital, mark the degree to which Bani-Sadr and company are losing control over the deteriorating internal situation. Outside the capital, heavy fighting has erupted between anti-Khomeini Kurdish rebels and government forces, which are leveling the Kurdish provincial capital of Sanandaj in an attempt to crush the Kurdish resistance.

The U.S. raid into Iran and the threat of further action are serving to radicalize the entire region against the U.S. and into the arms of the Muslim Brotherhood. As a result of the raid, a number of Arab states are being forced by growing internal pressure from "anti-West" factions to become "more Muslim." The Kuwaiti daily *Al-Aqba* denounced the raid as a "blatant violation of a Moslem state's sovereignty." Expressing Saudi alienation as a result of the U.S. intervention, the Saudi daily *Madina* cited a recent statement by the Islamic Conference against the use of force in Iran or any Muslim country. What is significant about the *Madina* report is not so much the denunciation of the U.S. action but more the adoption of the Islamic Conference position since it is a front for the Muslim Brotherhood.

Iran conspires against its neighbors

Taking ample advantage of the growing polarization in the area—a polarization viewed favorably and nurtured by Brzezinski as the number one weapon against the Soviets in the region—Ghotbzadeh embarked on a tour of the Arab world scarcely 48 hours after the aborted rescue mission. Ghotbzadeh's aim is to stir up Shiite Muslim Brotherhood militancy against moderate Arab leaders in the Gulf. His principal targets are the governments of Iraq and Saudi Arabia.

The operation against Iraq is particularly intense. Coinciding with Ghotbzadeh's Arab tour, Iran media launched a vicious propaganda campaign against Iraq, reporting as fact the outright lie that Iraqi President Saddam Hussein had been killed in a coup d'etat. In a Damascus news conference, when Ghotbzadeh was told that the report had not been confirmed, Ghotbzadeh stated: "Hussein and his regime can go to hell."

Arriving in Kuwait, Ghotbzadeh became the "victim" of a phony assassination attempt, which he rapidly blamed on the Iraqis. The "proof" put forth by Ghotbzadeh that the Iraqis were involved was that a car, purportedly used by the would-be assassins, was found planted in front of the Iraqi embassy in Kuwait filled with arms!

The provocations against Iraq signal an imminent new round of Iran-Iraq clashes.

THE FALLOUT

Why Secretary Vance resigned

The resignation of Secretary of State Cyrus R. Vance yesterday removes from the inner circle of presidential counsel the only Carter advisor who had retained any remnant of sanity on the ways and means by which the United States may avoid war in the short term.

What Vance realizes is that the policies of the Carter administration have brought the United States to the brink of a thermonuclear showdown with the Soviet Union. Vance's sudden departure from the administration has created the conditions in which a break in the psychotic national unity that has bound the U.S. population to Carter's lunatic policies since last November's seizing of American hostages in Teheran may come.

Vance submitted his resignation not only as a protest against Carter's military rescue caper, but also against the general confrontationist bent of administration foreign policy. Although this news service has been Vance's most severe critic on the domestic political scene, we can report that his position, that the Carter administration should take "no military action in or around Iran," was based on an understanding of a reality that Carter, Brzezinski, and other administration officials are constitutionally incapable of understanding: that a U.S. military move into the Middle East region guarantees a thermonuclear confrontation with the Soviet Union, from which the Soviets will not back down, and therefore the very high risk of general nuclear war by miscalculation. As Vance was aware, the very best a U.S. military move into the region could portend was a U.S. back-down to the Soviets, full-scale strategic humiliation, and the threat of a Soviet invasion of Iran.

Vance's denunciation of Carter's lunatic policy course, therefore, has forced into the open the fact that the United States is in the middle of the gravest strategic crisis of its history.

The immediate cause of the national crisis was pinpointed for the American population by Democratic Presidential candidate, Lyndon LaRouche, in an extraordinary half hour national television broadcast on Jan. 27. LaRouche told his audience: "Now, the Carter administration has another feature. We profiled Zbig-

niew Brzezinski some years ago out of concern for what his influence might be on U.S. policy. We profiled Brzezinski as susceptible of a problem, a neurosis which is called in military science 'flight forward'...

"One of the great fears in military science is that this kind of flight forward...might occur at the command level, or the level of head of state.

"That's exactly what's happened. The Carter administration, which has been out-gunned, whose policy has been a failure, is responding to its failure—the bankruptcy of its Middle East and its China policy—by going into a 'flight forward' assault against the forces of the Soviet Union."

The announcement late Sunday of Vance's resignation was but the opening shot of protest within the administration. The first stage of what could be an avalanche of resignations has now begun.

On April 30, Deputy Secretary of State, Warren Christopher, the No. 2 man at State, announced his resignation, also in protest over Carter policies. Highly reliable sources in Washington expect U.S. ambassador to the Soviet Union and former IBM Chairman, Thomas Watson Jr., to resign in protest any hour now. Watson has known Vance intimately for years—the two were codirectors of IBM prior to 1976, and both, along with other prominent figures such as Clark Clifford, Paul Warnke, and just-appointed Secretary of State, Edmund Muskie, are figures who developed in political life as protégés of FDR's former ambassador to Moscow, Averell Harriman. Watson arrived from Moscow today, in a surprise move, citing "personal reasons."

Amidst the resignations, the first calls for the commencement of a "Cartergate" process have surfaced, from individuals and institutions that speak for oligarchic Atlanticist families.

Henry Reuss, long identified as congressional point man for City of London financiers, has called upon Carter to follow in the footsteps of LBJ and declare he will not seek the nomination for reelection. David Broder, columnist for the Washington Post, today echoed Reuss's call with the assertion that only by "ending his status as a candidate can (Carter) gain the freedom of action and credibility he needs to deal with the deepening crisis in Iran."

Following the Vance resignation, the New York Times ran a lead editorial demanding of Vance—a former director of the Times—that he publicly relate the full account of why he resigned; "If Mr. Vance so feared the failure of the rescue mission—and perhaps even more the success—it must be because he knows more than the rest of the country about the President's mood and the drift of his policy ... if Mr. Vance wishes to head off reckless adventure, it is not enough to jump ship ... a defeated statesman speaks his mind."

THE EEC SUMMIT

Europe resists Iran caper manipulation

The two-day meeting of the European Common Market heads of state ended Monday, April 28 with results wildly different from what the British press and spokesmen had been predicting throughout the preceding week. Instead of a newly unified Europe patching up its differences for the sake of Western "solidarity in this time of crisis," the profound rift that has long existed between the Franco-German alliance and Britain was left gaping wide.

Worse yet for the British gamemasters who had planned to emerge from the summit as the anointed "mediators" between continental Western Europe and the Carter administration, well-informed press circles are now predicting that French President Giscard d'Estaing and West German Chancellor Schmidt will be renegotiating the Treaty of Rome, the EEC's founding document, to create a two-tiered Europe: a Franco-German directorate running policy, and Britain and its client states relegated to second class membership status.

That informed speculation is going this far is a clear indication of the state of affairs when the talks ended. After Giscard and Schmidt bent over backwards British Prime Minister Margaret Thatcher refused generous offers to settle disputes revolving around Britain's monetary contributions to the EEC and agricultural prices, Giscard uncustomarily lost his temper. Slamming his fist into the negotiating table, Giscard ended the talks stating: "Under these circumstances, Madam, there is nothing more I can do for you." The French delegation issued a statement calling the summit a failure because of "the English position, characterized by unreasonable intransigence." Giscard added that "I will not allow such a contemptible spectacle in Venice," the next European summit in June.

Giscard did not even attend the concluding press conference, leaving his ally Helmut Schmidt to explain to the gathered reporters that much to their regret, he and Giscard considered Britain's policy a blow against a common European policy.

As for the British Broadcasting Corporation, it described the aftermath: "Britain is alone out in the cold ... it was a hard and horrible discussion."

Maggie Thatcher played the game of chicken, and

lost. It is doubtful she will get a second chance. Schmidt, with the support of Giscard, made the final offer: to reduce Britain's net contribution to the EEC in 1980 from \$2.2 billion to \$750 million. Schmidt later said at a press conference that he would not repeat the offer, and his Finance Minister Hans Matthofer declared that since the proposal would require West Germany to up its own contribution by \$700 million, "Schmidt can't make the offer twice without my agreement ... If I say don't do it, then he won't do it again."

The Commission of the EEC, its supranational body in which the British play a dominating role, is now issuing dire predictions of the Community being "paralyzed" as a result of the failure in the talks.

Shattering the aura of unity

Few signs pointed to such an outcome on Sunday, when the heads of state first gathered in Luxembourg ready to come to terms with Anglo-American pressure on Europe to back President Carter's Iran policy. It seemed that the ongoing fight between the continent and London would be hastily resolved in the name of European unity and solidarity with the United States in a serious crisis period. By Monday evening, however, the tenuous aura of unity had been shattered.

What had happened in the interim was the resignation of Secretary of State Cyrus Vance over the aborted Iran rescue mission. This broke the myth of a monolithic America gathered around its President and demanding the same from the European allies. The French conservative newspaper *Le Figaro's* report April 29 of the impact of Vance's announcement, echoed the rest of the European media: "Cyrus Vance's resignation is in some sense the official confirmation of Jimmy Carter's incompetence ... Americans can no longer ignore this essential fact: for the first time, the President is not just criticized by double-faced adversaries or overly cautious allies afraid of endangering their selfish interests. He is condemned by one of his closest collaborators, the chief of American diplomacy." Furthermore, "with Vance, it is the 'establishment' that is deserting Carter."

The British had been cleverly and systematically using the argument of the unity demanded since the Iran crisis combined with the dangers inherent in Carter's obvious instability, to position themselves in a mediating role between the United States and Europe as a whole. Because of the special Anglo-American relationship dominant throughout the postwar period, Britain argued, differences within the EEC would have to take the back seat because the increasingly desperate Europeans needed the British to help control Carter.

As the London *Guardian* gloated in its lead editorial April 28: "redefine Europe as an entity and as an international force ... Not we the British, or we the Germans or even ... we the French. We the Europeans. Outside

Europe ... we could realistically seek to operate as little more than Washington's cheerleader across the water ... As an entity ... Europe offers an infinite variety of opportunities ... For the moment, in the quaking aftermath of the Iranian fiasco, the potential of a more unified Europe does not need to be argued point by point. It is an obvious necessity."

The signs of acquiescence to Carter's policies that began to emerge when the administration threatened military intervention in Iran if the "allies" didn't tow the line, now appear to be dissolving. West Germany's press, which is by no means known for being disrespectful to the American President, launched a joke campaign at the expense of Carter. At the same time, Helmut Schmidt's maneuvering room appears to have grown. While he has recently painted himself into a corner with electoral considerations, a poll taken by his own office indicates a solid mandate for the independent policy course he had been mapping out. Forty-nine percent of those polled indicated that they think West Germany should be more independent from the United States, with only 29 percent opposed. Sixty percent said they oppose the deployment of more nuclear weapons on German territory.

That very issue, which came to the fore with NATO's December decision to deploy Pershing II missiles in the BRD, is bound to be a top item on the agenda of Schmidt's talks with Leonid Brezhnev when he goes to Moscow this June.

Die Zeit

'The super-bomb in the American White House'

The following article appeared under the headline "The Bomb in the White House" and the byline of Wolfgang Ebert in the April 30 edition of the West German daily Die Zeit.

The Americans have the bomb. The Superbomb. It is in Washington. More precisely stated: in the White House.

When it goes, it will be all over. It makes no distinctions between good and evil. That is why we are all so afraid. A few lonely shepherds in New Zealand, they just might survive it. But even that is not certain. The radius of the effect of the bomb is supposedly very large, and no one can feel safe from it. The Americans call it, tenderly, "Jimmy."

What makes the bomb in Washington so dangerous? It is so incalculable. It is a time bomb, but no one knows when it is set to go off. There is also a version in the form

What the press is saying

The following is an excerpt of Le Monde's editorial of April 30, entitled "The Post-Rome Treaty?"

Can the Community be made to function without London? ... The Germans and the French have in mind a "two-tiered Europe" ... which means—a profound change in the nature of the Community. In fact, this solution—the nightmare of the orthodox Europeans—has always been practiced implicitly. Doesn't the European Monetary System only regroup eight out of the nine member states of the community?

The idea launched by Giscard d'Estaing ... to redefine a new financial mechanism for the Community, based on the heretical rule of "just return," announces a new era, that of the post-Rome Treaty ...

No one really knows whether Giscard d'Estaing and Schmidt aren't just using this weapon as a scarecrow for the benefit of the smaller countries ... (But) one thing is certain: the French and German leaders, are seriously thinking about a reform which would have a certain logic for them ...

The following is excerpted from the lead editorial of Corriere della Sera, April 30, by Alberto Cavallari, Paris correspondent.

All the European capitals tried yesterday to undramatize the collapse of the Luxembourg summit ... But this is a pious lie to hide ... the brutal news that the crisis has reached its lowest point.

... What counts is that the EEC has been reduced to a multinational ship without a rudder; it is entirely paralyzed ...

The very technical solutions advanced by the French and Germans in Luxembourg to resolve the British problem through a new financial arrangement foreshadow the end of (EEC) solidarity, the birth of a "two speed" Europe, the superseding of the Treaty of Rome. But if financial solidarity is abandoned, it will mean the destruction of the cornerstone of Europe ... It is perfectly legitimate to say that the governments of Bonn and Paris, profoundly skeptical about the Community and disillusioned by Community misadventures, are dreaming of a reform of the Treaty of Rome that would put Britain and the smaller countries at a grade B level.

of a missile. The firing ramp for the missile is just in back of the Rose Garden of the White House. Since it is a missile, it can also backfire.

The point is only whether or not we can survive the bomb. That is the point that all the responsible authorities in Bonn are concerned with. Even there, people are shuddering about the bomb in Washington.

Dr. End-Game, as we visit him in his new, and we hope bomb-secured, alarm station, characterizes the bomb as "Bombenerfolg (a bombastic success), that is the bomb in Washington looking around for successes."

"We are in the special department exclusively dealing with keeping the bomb in the White House under observation," he explains to us.

"Is there any protection against the bomb in Washington?" I ask.

"That is what the whole world is working on feverishly. It is a race against time," he tells us. "According to the recent experience with American technology there is still a certain chance that it might not function when the going gets tough." Dr. End-Game nods to himself absent-mindedly and observes a telex machine. "But you can't absolutely rely on that either," he then opines.

"What are you doing concretely against the bomb?"

"We are having it observed and we are continuously informed of any change in its condition," we hear Dr. End-Game say.

"Wouldn't that be easier if it were done from Washington itself?" I ask. "Then if Bonn or anyone else was interested they could be informed that there was a danger that the bomb was about to go off?"

Dr. End-Game laughed: "Surely you mean the much-cited obligation to consult among alliance partners. No, in Washington, they think it suffices if we take co-responsibility for a decision which was made previously without us. Besides, what you suggest would take away the surprise effect. And after all what are radio and television for?"

"Is there a chance of defusing the bomb?"

"What do you think Schmidt and the other allies are continuously trying to do? The problem is that hardly have they managed to get the trajectory which had once again lost its orientation back on course, disarmed it, when a new horror report comes in. Here, thank you," he then said, and took a telex report.

We read: "Insecurity advisor Brzezinski had just entered the Oval Bomb Room with a kalaschnikoff in his hand, muttering 'God stand by us.'"

"Dr. End-Game, one last question: How long do we have to live with this bomb?"

"If we are lucky, only until the end of the year."

"And if we are not lucky?"

"Much shorter."

THE KREMLIN

'The U.S. is on the brink of madness'

The Soviet Union's immediate response to last week's aborted rescue of American hostages in Iran was to describe it as an action "on the brink of madness" which could easily have led to war over the Persian Gulf. The news agency TASS on April 25 blamed Western Europe for failing to prevent Carter's actions.

Soviet spokesmen then began to hint that a much bigger operation was afoot in Iran than a simple surgical rescue of the hostages, aborted due to mechanical failure. While Moscow is not telling everything it knows—and Soviet Foreign Minister Andrei Gromyko admitted that he is bewildered by what the United States is doing—some indications of the larger dimension of the affair have begun to emerge.

TASS issued a release April 27 charging that the raid was intended to spark a coup against the Ayatollah Khomeini, while the Italian Communist Party daily *Unità* reported April 28 that high-level Soviet circles in the Foreign Ministry and the Communist Party believe that the United States was and may still be planning a larger-scale invasion of Iran, using base facilities in Israel, Egypt and Pakistan.

Unità also reported April 27 that the Soviet Union was quite well informed of U.S. moves throughout the period of the military operation, by radar monitoring in Armenia, Turkmenia and Azerbaijan, and that Soviet diplomatic intervention to block the intervention may well have taken place.

Some sources report that Soviet President Brezhnev was on the telephone "hot line" with President Carter during the mission.

Vance's resignation

The first Soviet public reaction to Secretary of State Cyrus Vance's resignation was a TASS comment April 28 that "Carter administration policy will be showing ever more manifestations of adventurism whose symbol Brzezinski is."

A Soviet television commentator said that the resig-

nation "underscores the recklessness of the United States administration's course, which failed to heed his advice." Vance had tried to slow "Washington's slide into an anti-Soviet rut," the commentator said.

Again, Moscow knows more than it is letting on. The stereotyped description of "hawk" Brzezinski vs. "dove" Vance disappeared in the Soviet press several months ago, as *Pravda* declared that both are committed to a policy of confrontation against the Soviet Union. Soviet journals earlier this spring described this confrontation policy as deriving from such institutions of the "financial oligarchy" as the New York Council on Foreign Relations, the Trilateral Commission, and the Bilderberg Society.

Soviet analysts are now trying to piece together in more profound terms what Vance's resignation will mean. Although the Soviet press has not pointed out Vance's specifically British political ties and the fact that Great Britain is now seeking to lead Europe into a new Atlantic consensus in the aftermath of Carter's debacle an article in the government daily *Izvestia* April 26 described Britain's years-long effort to dominate continental Europe. Washington and London both hope "to strengthen the Atlantic orientation of capitalist Europe, to undermine the position of those circles in France and other countries in the European Community which have advocated an independent foreign policy," wrote London correspondent V. Skosyrev.

The article, which described Great Britain as Washington's "Trojan Horse" in the Common Market, declared that, so far, efforts to "relegate detente to the archives" have failed, since West Germany and France "are convinced of how dangerous the adventurist actions of the present Washington administration are for world peace."

Moscow is by no means viewing the prospects for a continuation of detente sanguinely, however. TASS April 25 warned Europe that "It might have been expected that the U.S. allies would try to stop the Carter administration in its reckless action, but quite the contrary happened. ... It can certainly not be ruled out that, following Atlanticist logic, the White House will demand from its allies not only applause, but also the dispatch of British, West German and other military forces to Iran..."

The leaders of the West European countries will not be able to keep silent indefinitely, they will have to determine their position."

Pravda April 27 linked the Iran fiasco to NATO's decision last December to deploy medium-range nuclear missiles in Western Europe: "Can anyone in NATO countries still hope after all that the White House would consult them if it thinks of using the missiles deployed in their territories?"

THE PRESS

Some predictions and post-mortems

The press has played a critical role in the unfolding of the Iran crisis scenario. First the press hailed Europe and Japan's capitulation on the sanctions issue to predict an indefinite postponement of any U.S. military action. On April 25 just such a military action, scheduled to take place, was aborted. Press post mortems, advertising the "madness" of the Carter administration, emphasized the necessity of rallying Europe and Japan around an alliance against the Soviet Union.

Times: European capitulation means no military move

The following is excerpted from a New York Times front page article, "U.S. hints at delay in decision to act militarily on Iran," which appeared April 24.

The United States today welcomed the backing it has received from the European allies against Iran and indicated that the Common Market decision to invoke sanctions next month might defer into the summer or later any consideration of American military moves aimed at freeing the hostages in Teheran....

...The European Economic Community decided to reduce immediately diplomatic ties...and to ban all exports to Iran except food or medicine....

In Tokyo, the Japanese government decided to join Western Europe in imposing an initial phase of economic and diplomatic sanctions against Iran....

A senior White House official said that the timing of the allied moves made it all but inevitable that the "reassessment" of American policy toward Iran, previously set for mid-May, would be postponed. Moreover, the allies, soon to be partners in sanctions against Iran, are expected to press for a delay of as much as several months in any further steps....

A long-term strategy to rally the allies'

The following is an excerpt from an OpEd "Carter's 'Fiasco' in Iran," by Stanley Hoffmann, professor of gov-

ernment at Harvard University, appearing in the New York Times April 26.

In this country, paradoxically, the spectacular demonstration of presidential bungling will, after the ritual rallying around the flag has passed, only reinforce the chorus of simple-minded believers in force as the only solution to international problems—people whose coming to power could provoke the biggest inter-allied crisis ever and bring the world much closer to the nightmare of a new 1914.

This new crisis confirms the flaws of the foreign-policy making process in the administration. Divisions among the principle actors produce paralysis, but secret moves planned by an apparently small group of activists turn out clumsy and rash. It is not only the organization of the government that is bad—the absence of a long-term integrated strategy capable of rallying our allies and of resolving, rather than exacerbating, crises has now become a pattern. It casts a pall over almost all of our foreign policy.

'The madman theory of foreign policy

The following is excerpted from the OpEd column, " 'Where do we go now?' " by Arthur Schlesinger, Jr. appearing in the April 26 New York Times.

The best defense of the Carter adventure is Richard M. Nixon's old Madman Theory. As Mr. Nixon explained to H. R. Haldeman: "Bob, I want the North Vietnamese to believe I've reached the point where I might do anything to stop the war." One of the few voices of approval yesterday came from Henry A. Kissinger, who seems to argue that our adversaries will behave with more circumspection if they think that the President is crazy. This argument is not likely to appeal to our allies, or even to impress the Iranians, who after all are led by a madman of their own. . . .

No one can question the need for rigorous secrecy in such an adventure, but that need does not have to exclude responsible and experienced persons who can be counted on to raise the tough question. . . . Did Mr. Carter call in Harriman, Ball, McNamara, Fulbright, Scranton, Galbraith, Kennan, Yost, and other senior figures with long experience in international crisis?

...When a leadership starts down the road of exploiting international crisis for domestic benefit, this is exactly the kind of mess in which it is likely to end. In a parliamentary regime, Mr. Carter would be finished. Responsible leadership, if any survives in Washington, would throw out the team that conceived this misbegotten adventure and bring in people whose experience and

record would command the confidence of Congress, the American people and the NATO allies.

Financial Times: 'Carter weakened'

Following are excerpts from the Financial Times's editorial of April 26.

The failure has weakened President Carter as a President. It has caused further divisions among the Western allies and it has enhanced the image of the Soviet Union as a power that can—as it did in Afghanistan—demonstrate its strength with success. . . .

...The major task now before the European leaders at this weekend's Brussels summit must be to explore what means are most appropriate and to see how the damage to the alliance and its image in the world can be repaired. . . . The first priority must be to maintain the alliance intact.

...The U.S. preoccupation with the hostages is deflecting attention from the more important strategic issue of preventing the extension of Soviet influence in the region beyond Afghanistan. . . . The issue of the hostages must become one in which policy is set after full consultations with the allies. . . . The hostage issue thus becomes a test of U.S. willingness to submit to the discipline of an alliance.

London Times: 'Lawful, but not wise'

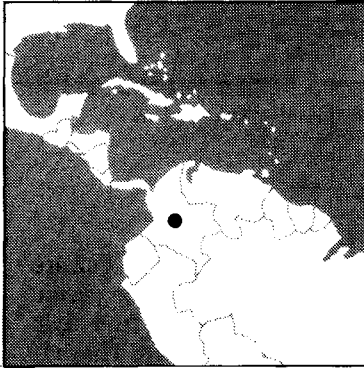
Following are excerpts from the London Times editorial of April 26.

American policy has, or ought to have, two objectives. The first and inevitably more important is to maintain the independence of Iran and to keep the Soviet Union from dominating the oil supplies of the Middle East. The second is to restore the freedom of the hostages and to save their lives. . . .

In their dealings with Iran and with the other Islamic powers, European countries should make two points. The first is not to underrate the United States. . . . The second point is that the U.S. is not a threat to the Arab and Islamic culture and the Soviet Union is. . . .

During the period of danger ahead, while the hostages are still held and American confidence is convalescent, Europe should be quick to settle her own problems, including the fraternal problems between Britain and France. Europe must make herself effective in world terms. . . . The United States is the natural and inevitable leader of the alliance but this is a moment when the rest of the alliance can help her in that task.

... Now that the raid has failed, there is no course left but conciliation; it should be based on understanding. And the effort of Europe should be to improve that understanding.



The Bogota affair

Why the terrorists were the winners

by Cynthia Rush

On April 27, the Colombian terrorist M-19 released the 13 diplomats it had held hostage in the Dominican embassy in Bogotá since Feb. 27. The terrorists had revised their original "nonnegotiable" demands for the release of 311 of their jailed comrades, accepting instead \$5 million. The M-19 released their hostages in Havana, Cuba and then flew on to Austria where they have been granted temporary asylum.

The crisis was resolved peacefully enough. In fact, the M-19 was given a hero's welcome in Havana by the dignitaries of the Cuban Communist Party and, incredibly, was asked by Colombia's President Turbay to return to function as a legitimate political party.

What transpired to give a group which has assassinated leading political and labor figures in Colombia, kidnapped hundreds of others, took over a foreign embassy and threatened to assassinate all the hostages credibility as a major political force within Colombia?

The crisis was in fact an experiment during which a professional "crisis management" team successfully intervened on Colombian national sovereignty and interests to impose "international law." As a result, representatives of the International Red Cross, the Human Rights Commission of the Organization of American States (OAS) and other supranational "human rights" agencies are now, for all intents and purposes, running the government's trial of M-19 suspects in Bogotá under the guise of defending their democratic rights.

At each point in the crisis, the Colombian government, already cowed by the constant threat of a right-wing military coup, succumbed to the methods of classical brainwashing which alternately saw the Turbay government attacked for not moving fast enough to resolve the hostage situation and then rewarded when it made concessions to the M-19. At the same time, the M-19 abandoned its "hard-line" demands and asked instead that the government accept the presence of international "human rights" agencies as observers at the court martials of their jailed comrades and as participants in the negotiations.

In the eyes of the Turbay government, these demands

were far less provocative to the right wing. But in meeting those demands, Turbay opened Colombia's door to international human rights organizations which moved in to help "manage" the crisis.

From the initial two government officials originally involved in talks with the M-19, the number of negotiators swelled to include foreigners and members of the political opposition summoned by the guerrillas.

Dr. Erik Kobel, a Swiss physician who works for the International Red Cross, was given unlimited privileges in Colombia allegedly to ensure that the human rights of the hostages as well as the suspected subversives were being respected. Kobel visited the occupied embassy whenever he wished, held private interviews with the guerrillas and the hostages, and even held "group therapy" sessions with the hostages!

For having cooperated so willingly, the Turbay government is now being warmly congratulated. President Carter sent Turbay a letter thanking him for his "firm and patient leadership" during the two-month occupation of the embassy. Some of the hostages who were most adamant that Turbay adhere to "international law" in resolving the crisis—such as the Venezuelan ambassador to Colombia—are now proclaiming Turbay's "marvelous" behavior.

The evidence of brainwashing of the hostages themselves, however, is the most pathetic aspect of this operation. Upon their release in Havana, several of the ambassadors expressed only praise and admiration for the M-19 terrorists, building up its image as a "nationalist, patriotic" and very Catholic group, seeking only to ensure real democracy for Colombia. The *New York Times* reported April 28 that the guerrillas held a farewell party for the ambassadors the night before their release, and all bade each other "emotional" goodbyes.

While the U.S. Ambassador Diego Ascencio was reported giving a fond goodbye kiss to one of the female guerrillas, Mexican Ambassador Ricardo Galan explained that "in 60 days of living together you learn to admire people as people, if not to admire their ideas ... As people, some of them [the M-19] were excellent."

Kennedy and the Virgin of Guadeloupe

The Massachusetts senator got enough press during his Mexican visit to win some Chicano votes in the southwest, but below the Rio Grande, he is no amigo.

"I don't think Mexico has a very favorable view of Kennedy, since his is a dangerous approach. With a conservative you at least know what you're up against; but with a liberal, let alone a Kennedy liberal, nobody knows what he has up his sleeve."

This was the view offered to *EIR* this week by a Mexican government official charged with monitoring the electoral process in the United States. He added: "But we too are playing our cards in the complex game of U.S. politics."

Candidate Kennedy arrived in Mexico City on April 27 for a 20 hour visit, designed primarily to puff his presidential possibilities in the heavily-Hispanic primary states of Texas and California. The abundant media coverage which Kennedy received, both inside and outside Mexico, may well help him in that regard, but his brief stay in Mexico certainly didn't improve his standing in the eyes of the Mexican government.

The interesting question at this point is whether Mexican leaders will let Kennedy's "amigo" image stand, or if they won't instead decide to "play their U.S. cards" and communicate their distaste for the Massachusetts Senator to Mexican-American layers they influence

in the United States. If the latter is done, Kennedy's 20 hour Mexico stop-over might turn out to be an unexpected boomerang for his Presidential ambitions.

What went wrong?

First, he went straight from the airport to the Shrine of the Virgin of Guadalupe—Mexico's holiest religious center—where he attended mass. Kennedy was undoubtedly trying to remind one and all of his Catholicism, but for official Mexico—which adheres to a strict constitutional separation of church and state—it was a sour opening note. Only three weeks earlier, a 5,000 person march of leftists, homosexuals, and radical priests espousing the "Theology of Liberation" marched to the same shrine to protest alleged repression of political prisoners in Mexico. Kennedy's stop there was widely read as support for the demonstrators, as well as possible affinity with their specific causes.

Second, in the course of his brief allocution before Mexico's Harvard Club, Senator Kennedy made three separate references in praise of the well-known Mexican intellectuals, Carlos Fuentes and Octavio Paz. Although scarcely noticed by most commentators, as *EIR* has

demonstrated, Fuentes and Paz are the country's two leading *enemy* agents organizing for the Iran-style destabilization of Mexico. They violently object to President López Portillo's strategy of rapidly industrializing the country with the use of the most modern technology.

The point was not lost on Kennedy's official hosts—always particularly sensitive to such diplomatic nuances. "It's very simple," one source told us; "if Kennedy is with Fuentes and Paz, he is against Mexico."

Third, Kennedy locked horns with Mexico on the migrant worker question. He chose to repeat in Mexico his long-standing position of calling for "an amnesty for the undocumented (Mexican) workers" who live in the United States. Within 24 hours of his departure from Mexican shores, his direct host and the head of the Mexican Senate, Joaquin Gamboa Pascoe retaliated: "the Mexican government will never support an amnesty for the undocumented workers, since this would be like accepting that they are delinquents." Mexico has always emphatically insisted that the illegal migrant phenomenon must be treated as an economic and social—not a criminal—phenomenon.

There were other significant—if more subtle—rebuffs of Kennedy in the course of his stay. Typical was the sarcastic coverage afforded him by the Mexico City daily, *El Dia*:

"As he left (the Shrine of Guadalupe), the few Catholics that were at church applauded the visitor ... Outside, a deserted street awaited him, free of all traffic, so that Edward Kennedy and his entourage could go to their hotel to rest."

Can OPEC be reunified?

Saudi Arabia and Iraq are acting in concert, which may undercut the renegade price-hawks in the oil cartel.

Recent announcements from the oil exporting giant Saudi Arabia and its newfound ally Iraq to jointly increase their oil producing capacity by 1 million barrels a day by the end of this year represents a challenge to a renegade faction of price hawks within OPEC led by Libya and Iran.

The calculation on the part of Riyadh and Baghdad is that a dramatic production hike by these two largest producers in OPEC will enable them to flood an already glutted market, and in so doing undercut the chaotic price boosts which have for the first time left OPEC pricing unity in shambles. Since last December's oil price setting meeting in Caracas, the cartel's prices have continued to rise on a producer by producer basis leaving the Saudi benchmark far behind.

The pricing anarchy within the cartel erupted during 1979 right at the time when Saudi Arabia was attempting to impose a system of pricing which had been devised by OPEC's Long Range Planning Committee led by Saudi Oil Minister Sheikh Zaki Yamani. According to this plan, the cartel would institute small quarterly price hikes adjusted to world inflation, eliminating unpredictability in pricing and open the door to greater cooperation with the consuming nations. Both the French and West German governments considered the plan a favorable move by

OPEC. Earlier this year the Committee met in London to draw up a series of proposals for the cartel to stabilize both world oil prices and world oil availability.

An extraordinary meeting of the cartel was to have convened on May 5 to consider the proposals, now two years in the making. Suddenly last week Yamani announced that some of the Ministers were unable to attend the meeting.

Informed sources are speculating that the Saudis pulled back from going through with the meeting because of doubt that the Oil Ministers of OPEC would accept the proposals. For Riyadh the acceptance of the plan is something of a test of its traditional dominance over OPEC.

The key challengers to Saudi Arabia's efforts to stabilize world oil markets are the radical governments of Iran and Libya. Both share a strong anti-western Ideology colored by the dominant presence of the secretive Muslim Brotherhood. Both have been responsible for price rises calculated to spark pricing leapfrogging inside OPEC and outside, fed by Great Britain's North Sea oil.

Iran's eccentric Oil Minister Ali Moinfar refused to even attend the Long Range Committee Meeting in London attacking the Saudi plan as an imperialist plot. Following the meeting, Iran enacted a new price hike to over \$35 a barrel. This prompted British Petroleum

and Royal Dutch Shell to pull out of Iran's oil market and shortly thereafter Japan followed suit.

As a result, the Rotterdam Spot Market for the first time in months has begun to show increases in the price of petroleum products and crude oil. According to industry sources just back from Saudi Arabia and Europe, the "mood is clear—we are in for another round of price hikes." "If Europe goes with the sanctions against Iran" the source noted, "hold on to your hat."

The sanctions are slated to be imposed on May 17. The International Energy Agency meets May 24, when sharing the shortage will be discussed by the Oil Ministers of the member states.

Under such conditions, Iraq and Saudi Arabia would make available over the coming months several hundreds of thousands of barrels a day of crude to select consuming nations on a direct sale basis bypassing the multis. Yesterday Iraq assured France that it would get an additional 10 million tons of oil a year. Saudi Arabia announced it will make another 500,000 barrels a day of oil available on a state-to-state basis. Europe, Japan, and certain developing nations are expected to be the beneficiaries of this new oil. While these new arrangements are being made, both Iraq and Saudi Arabia are expected to adopt a breakneck momentum in installing new producing capacity to insure a sustainable output of 16 million barrels a day of oil—over half OPEC's output—by next year. The question is, will these efforts be adequate to turn the tide of the oil price rise spiral and reunify the cartel?

International Intelligence

Europe

Sweden 'shocked' by lockout of entire labor force

Swedish workmen, 770,000 of them, have been locked out of their work places in what the international press is billing as "the end of a long era of labor peace" in the nation. In a country of 8 million, about one quarter of the total workforce was effected. At present, industries completely shut down include shipping, mining, forestry, metallurgy, textiles, and all heavy industries.

The only job categories in the private sector not affected are chimney sweeps, barbers, musicians, and insurance industry employees. Government workers remain on the job. All maritime traffic has stopped with the exception of one ferryboat to Denmark.

Spokesmen on both sides of the dispute say that the shutdown of Sweden's economy will last for five full workdays "at minimum," in the words of an employers' representative. Gunnar Nihlson, a labor spokesman, proclaimed, "The Swedish model is dead," to a rally of 40,000 workmen in Stockholm. "Labor and capital can no longer cooperate in the fine old spirit."

The decision to force a shutdown of the economy was clearly taken some time ago at a very high level, perhaps outside of Sweden. The country has long been treated as a "test-tube" for the mass-scale "social engineering" and "crisis management" projects of the Tavistock Institute in London, the center of the British intelligence psychological warfare division. The immediate cause of the lock-out was labor's anger when Swedish management, remarkably, refused to offer Swedish workers more than a 2 percent wage increase.

The "crisis management" opportu-

nity the shutdown presents to "social engineers" was heralded by the following passage in the May 2 New York Times:

"Many Swedes, who had long regarded their way of life as a model of social justice and the triumph of reason in solving industrial disputes, seemed saddened and stunned by a return to confrontations that they believed they had learned to put aside forever. For some, the strikes and lockouts appeared in the Swedish context almost as a complement of the more threatening big-power rivalries of the times."

French minister calls for advanced R and D

The impact of space programs on medical research, and the spinoffs for speciality steel from work on nuclear breeder reactors, are two examples cited by French Industries Minister André Giraud in a speech at a European Parliament colloquium in Strasbourg April 28. His theme was the necessity of NASA-style crash programs of advanced research for leading nations.

"Planetary ambitions and grand designs are not dead," Giraud declared, despite the tendency to attack them as "gobblers of capital"; they are "motors of industry and innovation" with direct benefits in upgrading the economy, and this upgrading should be accompanied by "a systematic effort to favor the transfer of technology" to developing nations. It would be "a major error," he added, to measure the impact of massive programs by ordinary accounting methods.

Science, he continued, is essential to national independence, strategy, and forums on the "industrial tissue" of an economy. A government must know how to use it as "the vectors of progress

of material civilization." Technology is the key to both working conditions and genuine conservation of energy.

A Zionist lobby for France?

A new Zionist organization was inaugurated in France this month. The "Jewish Renewal," European sources say, is the first step to building a Zionist lobby machine in France to undercut French President Giscard d'Estaing's pro-Arab Mideast diplomatic initiatives. The movement, headed by Haghdim Burg, is allied with Israel's ultra-right wing Herut Party, a faction of the ruling Likud Party, and is close to Israel's ultra-hardliner Yuval Neeman.

The French Jewish Telegraph Agency has released a report challenging the "Jewish Renewal" and another of its key organizers, Avi Primor, for trying to set up a machine which would include an Anti-Defamation League chapter and a B'nai B'rith chapter. The views being voiced by the JTA are reportedly those of the powerful Rothschild family. The JTA release condemned Primor for publicly attacking the Rothschilds, who from time to time have backed a softer policy towards the Arabs than the Israeli leadership.

Mideast

Brown denies Soviet role in raid cancellation

Speculation that there may have been much more than helicopter malfunctions involved in the scuttling of the U.S. Iran mission was fed dramatically Thursday when top Pentagon officials took the trouble to issue a public denial that

Soviet military intervention had played any role in that decision.

According to Defense Secretary Harold Brown, it is a "flat untruth" that the Soviets had forced the canceling of the mission by threatening to send Mig-21 fighters to attack the rescue aircraft. "The way they (the Soviets) found out is that we told them" after it was over, Brown insisted.

Brown's denial did little to stifle the rumors which abounded in Washington and European capitals of a U.S. back-down in a Carter-Brezhnev hotline confrontation. In fact, the failure of Brown to accompany his flat denial with any credible explanation for the precipitous haste of the U.S. withdrawal, during which equipment and documents were left behind along with the bodies of U.S. servicemen, has only fanned the flames of such speculation.

Khomeini militants riot in gulf emirate

The same day that the U.S. invasion into Iran became public, riots broke out in the Arab emirate of Bahrain, a tiny island state just off the Saudi Arabian coast in the Persian Gulf. The riots were led by pro-Khomeini Shi'ite fundamentalists and were sparked by erroneous reports from Radio Israel and then Radio Teheran that the Bahrain government had allowed the U.S. to use its naval facilities to conduct the intervention. The U.S. press similarly misrepresented the facts.

The Shi'ite population which dominates Bahrain and their religious brethren in other Arab emirates that share the Arabian peninsula with Saudi Arabia have been the focus of agitation by Khomeini to overthrow the various Arab royal families ruling these emirates. This agitation, according to Washington sources, could "spill over" into

the Shi'ite communities in Saudi Arabia which work primarily in the Saudi oil fields, not far from Bahrain.

The sudden resignation of the United Arab Emirates Foreign Minister Ahmad Khalifa Suweidi is seen as a setback for the moderate Arab leadership in the gulf. Suweidi resigned as a result of a rivalry with the Prime Minister of the Federation whose state, Dubai, maintains close ties to Iran.

U.S.S.R.

Gromyko attacks Zia for fostering hostility

Andrei A. Gromyko, the Soviet Foreign Minister, while appearing before the French press, delivered a scathing attack on Pakistan's President Zia ul-Haq for allowing Pakistan to be the training ground for "foreign interference" against Afghanistan. Gromyko repeated Moscow's charges that Pakistan is systematically arming and training rebels with the help of representatives from "certain countries"—and he claimed that the U.S. knows who those "certain countries" are. Gromyko also charged Pakistan for continuing "hostile relations" with Afghanistan promoting calculated destabilization of the area.

Gromyko's remarks have no doubt constituted a serious intensification of Soviet criticism of Pakistan's continuing provocation of the Afghanistan situation. Recently, President Zia had turned down Afghan Premier Babrak Karmal's friendly proposal to defuse the crisis and expedite the Soviet troop withdrawal by holding a trilateral talk between Iran, Pakistan, and Afghanistan. The reason behind President Zia's rejection of Karmal's proposal is reported to be the U.S. State Department pressure on Zia to accept a 4-point U.S. proposal to "neutralize" Afghanistan.

Briefly

● **JAPAN'S PREMIER** Masayoshi Ohira and President Carter signed a five-year agreement on direct collaboration in a broad array of basic scientific research May 2 in Washington. No new research or funding for existing research is provided, however. Rather, ongoing research projects in both countries will become joint projects through direct participation of both countries' scientists. The Carter administration indicated that it feels that the most important aspect of the agreement is the provision for "consultations" before the results of the research are commercially applied—give the U.S. potential veto over advances in Japanese applied technology coming from the research stipulated in the agreement.

● **SADEGH GHOTBZADEH**, Iran's foreign minister, said that his country "would not negotiate with terrorists" in response to the raid on Iran's embassy in London where Iranian diplomats are being held hostage. Armed Iranian Arabs seized Iran's London Embassy this week to demand the release of 91 Iranian Arab prisoners held by the Khomeini regime. Ghotbzadeh said that the prisoners would be executed if the siege of the London Embassy was not soon ended. He did not mention the fate of the 53 American diplomatic hostages being held in Iran.

● **A GAS CARTEL** may soon emerge as a sister to the Organization of Petroleum Exporting Countries (OPEC). That's the word from Algiers, where six members of OPEC met last week to draw up an agreement on gas pricing and production policy. The agreement will be submitted to the next OPEC ministerial meeting in June. Gas producing members of OPEC have recently been raising gas prices to bring them in line with crude oil prices.

How *EIR* knew where Volcker was leading

by Vin Berg

In a presentation that stunned the 30 economists, businessmen, and foreign diplomats present, Uwè Parpart reported that the “anti-inflation” policies of the Carter administration are intersecting its “energy conservation” policy to assure that a hyperinflationary collapse of the American economy will occur within three to six months. Parpart, director of research for the Fusion Energy Foundation and a contributing editor to the *EIR*, spoke at a symposium on the LaRouche-Riemann economic model jointly sponsored by the Fusion Energy Foundation and *EIR* April 8 in Washington, D.C.

Parpart, an expert on the work of 19th-century mathematician Bernhard Riemann, based his analysis of the Carter-Volcker measures on the groundbreaking Riemannian economic model employed by FEF and *EIR* and developed in collaboration with economist Lyndon LaRouche. He prefaced his talk by challenging his audience to name “any other voice” raised that had predicted the inflationary effects of the highly restrictive credit policy Federal Reserve Chairman Paul Volcker announced last October.

Analysts working with the Riemannian model were alone in understanding that those measures, as well as the new steps announced by the president March 14, would worsen inflation, not attenuate it, Parpart said.

“How did we know this?” asked Parpart, referring to the climb from 7 percent to an annualized average 20 percent inflation rate since Carter assumed office. “Everyone called these measures anti-inflationary. Mind you, we did not say Volcker’s measures would have no

effect, or that their effect would be offset by other factors. We said that these measures would themselves be a major contributing factor in turning inflation into Weimar-style hyperinflation by February 1980. This has now happened. Did we just make a lucky guess?”

Two kinds of inflation

Two distinct but interrelated phenomena constitute inflation. “First, there is structural inflation,” said Parpart. “The long-term trend in the U.S. economy has been for a shift into ‘service-oriented activity’ away from employment in production of tangible, useful industrial output. Whereas 58 percent of the labor force was productively employed after World War II, only 38 percent are so employed now; the rest, however necessary or unnecessary their service, constitute pure ‘overhead’ costs,” which must be financed.

“If you view the economy as a whole, as a single corporation, and measure the growth of the totality of indebtedness in the economy against the growth of the totality of output, we clearly see the economy heading toward insolvency.”

But this, he said, accounts for only “the single-digit component of inflation,” the rate of inflation obtaining when Jimmy Carter took office.

Parpart directly related a second source of inflation to the decline in the value of the U.S. dollar. “It is fashionable to argue that a lower value of the dollar will increase U.S. exports, by making their price more competitive. On the contrary, it is empirically the case that



India, plagued by backwardness, but the ninth most productive economy in the world. Said Dr. Parpart, the full development of such nations is "the primary task" of the next two decades.

the dollar's decline has occurred because of and in direct correlation with the decline in U.S. exports."

Currency speculation allows dollars abroad to earn profits, he said. But although dollar earnings may grow, there is no connection to reality. "Nothing has occurred to increase production and trade volumes sustained by these dollars. There are nearly a trillion footloose dollars not tied to trade in any way."

The shift from productive to nonproductive "services" must be reversed by a combination of "interest rate and tax policy measures placing the premium on long-term, capital-intensive, technology-vectored investment to increase both industrial output and productivity," said Parpart. "How can this be done under Volcker's policy!?"

At present, Parpart said, "anyone who were to come by some funds must invest them speculatively, to get quick returns in order to cope with the pressure of inflation and high interest rates. Volcker's measures penalize the kind of fixed capital investment needed to end structural inflation, precisely because that kind of investment takes the longest time to mature."

If we restore incentives for U.S. industrial growth, he continued, the problem of inflation is reduced to restoring the dollar "to the kind of currency it was before John Connally took it off gold back in August 1971."

"Gold-backed notes issued by European Monetary System nations, the Treasury, and possibly regional pools of Third World nations could absorb Eurodollars and convert them to useful investment, connecting them

to real trade, and primarily, investment in the Third World." If U.S. industrial output is geared up, then by augmenting the lending capacity of the Export-Import Bank, "U.S. industrial growth can be directly tied to world development through exports."

Why collapse is imminent

The most foolish and dangerous feature of Carter policies, said Parpart, is "energy conservation" in the form associated with the recommendations of two Harvard economists, Hudson and Jorgenson. They propose that the economy will not suffer if human labor is substituted for energy use.

"But if you substitute labor for machinery," Parpart said, "what you do is decrease the energy intensity of the economy and effect a decline in labor productivity. It is that simple. And 10,000 years of human history back up that assertion."

"But what does recovery from inflation depend on if not adjustments in the economy to *increase* productivity? Thus, as Carter and Volcker have pursued short-term policies in the domestic and foreign economic realm producing hyperinflation, they are pursuing an energy conservation policy that is destroying the basis in the productivity of labor for any potential recovery."

"In sum," Parpart concluded, "this economy, as things now stand, without a quick and directed reversal of these policies, will be destroyed within three to six months."

Nunn opens organized crime hearings

The Senate Permanent Subcommittee on Investigations opened up a three-year-long series of hearings on organized crime and its connection to labor racketeering and narcotics trafficking on April 28 with a first round series of hearings on organized crime and its use of violence.

The first day of hearings saw FBI director William Webster and Drug Enforcement Administration director Peter Bensinger discuss the kind of legislative remedies needed for the federal government to fight "organized crime" more effectively. Among the legislative changes they suggested were: amending the tax reform act so that law enforcement agencies can use tax information and work more closely with the IRS in tracking illegal activities; making murder for hire a federal crime; giving judges greater flexibility in their ability to make sentence reduction offers to criminals in exchange for turning government witness.

But those legislative proposals provide a kind of cover for the Investigations Subcommittee to launch another McClellan-style investigation of "organized crime." The second day of the hearings focused on the Justice Department's Organized Crime Division's "definition" of organized crime as largely equivalent to "La Cosa Nostra," or the Italian mafia.

Capitol Hill observers have noted that since the beginning of Nunn's chairmanship of the sub-

committee and his reorganization of the staff, direction of the subcommittee has been toward emphasis on the Italian mafia, so-called, and cover-up of the Zionist elements who sit above them such as Max Fisher of Detroit, and the Jacobs family of Buffalo, and the London-linked financial elements who sit above them. Committee sources have made no secret of the fact that their ultimate target behind the organized crime investigation is labor unions such as the longshoremen, the teamsters, and the constituency-based politicians who support them.

Pressler calls for reduced U.S. support of NATO

Fresh from a trip to London for the Ditchley Foundation's meeting on NATO, South Dakota Senator Larry Pressler introduced a Senate resolution calling on the United States to reduce its commitment to NATO and to Japanese defense by two percent. Introduced on April 25, Republican Pressler's resolution is couched in budget-cutting rhetoric about American taxpayers bearing a higher per capita burden for NATO support than the European members of NATO. Capitol Hill observers pointed out that Pressler's action came on the heels of U.S. envoy Robert Komer's thinly veiled threats to the Europeans to back the U.S. on the questions of Iran and Afghanistan or face a reduction of U.S. support to NATO.

Pressler, a former Rhodes

Scholar trained at Oxford, attended the Interparliamentary Union meeting in Oslo over the congressional spring recess and was one of a select group of congressmen to be invited to Ditchley's annual gathering on NATO. While avoiding attributing a direct linkage between his proposal and his attendance at the Ditchley meeting, Pressler did say that Europe will not voluntarily offer to increase their support of NATO, "if they can get it for free. We may have to force them over the course of gradual talks."

Bank takeovers supported

On April 16 Citibank President Walter Wriston proposed to a closed meeting of congressmen at the Congressional Clearinghouse that the McFadden Act be abolished. The act prevents the New York banking giants from branching across state lines. Under Wriston's proposals, which also called for deregulation of all U.S. banking, the 14,500 regional banks which now serve local U.S. industry and agriculture would be gobbled up if they run into economic trouble, a very live possibility thanks to the monetary policies of the Federal Reserve Board. "We are trying to help along the birth of the brave new world," declared Wriston to the *Journal of Commerce* a day later. Wriston's congressional audience included the members of the House Banking Committee, who had been invited by chairman Henry Reuss (D-Wisc.), a leading member of the Clearinghouse.

The day after Wriston spoke, Senator William Proxmire (D-Wisc.) chairman of the Senate Banking Committee introduced legislation that would allow for exactly this process to occur. According to Proxmire, his bill, S.2575 would "allow a large bank, savings and loan association or mutual savings bank in receivership to be acquired by another financial institution across state lines." The bill, which was also introduced in the House Banking Committee, was introduced at the request of the bank regulatory agencies, particularly the Federal Reserve. The Senate Banking Committee is waiting until their hearings May 21 on the condition of the banking system before they act on the legislation. They will have the heads of all the regulatory agencies, including Federal Reserve Chairman Paul Volcker, testify and make the case for why such legislation is needed.

Trucking deregulation scheduled for House mark-up

Trucking industry sources report that legislation to largely deregulate the industry is scheduled to go into mark-up on May 8 and 9 in the transportation subcommittee of the House Public Works Committee. President Carter met with committee chairman "Bizz" Johnson (D-Cal.) and subcommittee chairman James Howard (D-N.J.) on April 30 in an apparent attempt to ensure congressional passage of deregulation legislation by June 1, as congressional leaders have

promised. Mark-up of a House version of the Senate bill was expected to occur quickly after the April 8 passage of the Senate bill.

Conference committee completes work on Energy Mobilization Board

The House-Senate Conference Committee, working on the Energy Mobilization Board, has just about concluded their work, with only a few remaining technical difficulties to be ironed out.

The Energy Mobilization Board as envisioned would speed up construction of energy projects targeted by the administration, especially synthetic fuel plants and coal programs. The major difference between the House and Senate had been whether the board would be allowed to waive federal laws that held up projects. The conferees agreed that the board could waive such laws. The conference committee will now issue a final report on their work and send the legislation to both houses for final passage.

Shipping bill passes Senate

The Senate unanimously passed the Ocean Shipping Act of 1980 S.2585 on April 24, a bill which was largely the work of Senator Inouye (D-Ha.). The bill is vastly different from the omnibus shipping bill now being reviewed by the House Merchant Marine and Fisheries Committee. The Senate bill is considered a regulatory bill and does not deal with subsidies for ship-building nor

the essential trade routes. The Senate bill legalizes shipping councils and makes the right of independent action by the conference members optional, while the House bill moves toward closed conferences.

The Senate bill also speeds up the regulatory processes of the Federal Maritime Commission. The main focus of the Senate bill is to detail policy for regulating the industry and the bill specifies nine policy objectives to serve as the standards for the Federal Maritime Commission's evaluation of shipping agreements, clarifies and affirms the exemption of concerted activities in ocean shipping from antitrust laws, sets procedures and time limits for FMC approval of agreements and allows greater flexibility in the type of patronage, dual rate contracts offered by carriers and conferences.

The House bill would reopen the essential trade routes, allowing them all to be renegotiated. This has sparked concern that major ports would be closed and shipping seriously disrupted. The House bill also allows for the Secretary of Commerce to review collective bargaining contracts to ascertain if they contribute to the "efficient use" of vessels. The bill also allows shipbuilding abroad to be eligible for subsidies. The House Merchant Marine and Fisheries Committee is receiving much opposition from ship owners, ship-builders and unions. Rep. McCloskey (R-Cal.) one of the prime sponsors of the bill noted it had one chance in five of being enacted in the drastic form it is now in.

Cronkite and Anderson: new Hollywood sitcom?

For those of you who were wondering back in February why CBS-TV's national news anchorman Walter Cronkite seemed to be spending an inordinate amount of time covering John Anderson's underdog presidential bid—the mystery may now be solved.

Cronkite is angling for a vice-presidential spot in Anderson's newly launched independent campaign, according to the latest issue of *New Republic* magazine.

"I'd be so honored to be asked, I wouldn't turn it down," Cronkite said in an interview with Morton Kondracke, the magazine's executive editor. Cronkite—who will retire early next year from his CBS post—told Kondracke: "Well, I don't know. I haven't been asked. I'd like to be asked before I said anything. I wouldn't turn it down. It would be the right party. I've been an independent all my life. ...I admire Anderson very much. He's brought a fresh breeze to the scene."

Another former CBS bigwig, Frank Stanton, has lent his name to the Citizens Party which is running environmentalist Barry Commoner as its presidential candidate.

Reagan: all-out war on unions

Ronald Reagan may have set back his campaign to win the blue-collar workers to his presidential bid when he called for putting trade unions under antitrust laws during a South Bend, Indiana, speech April 22.

Reagan's proposal bears all the earmarks of an all-out union-busting drive. The proposal's author, Murray Weidenbaum, director of Washington University's Center for Business Policy, and newly



named to Reagan's Policy Committee, has long been in the forefront of schemes to destroy organized labor, including the repeal of Davis-Bacon which requires the payment of prevailing area wages for work on all federally financed construction in a given locality.

George Ball endorses John Anderson

John Anderson has chalked up another big name endorsement: former Under Secretary of State George Ball. Appearing on NBC-TV's "Meet the Press" April 27, Ball wound up a gently phrased, but nonetheless scathing indictment of Jimmy Carter's disastrous hostage rescue mission by endorsing Anderson. Asked who he'd prefer to see running U.S. foreign policy—Jimmy Carter, Ronald

Reagan, or John Anderson—a grinning Ball responded: "Congressman Anderson."

Interestingly, Ball had just returned from a European meeting of the secret Bilderberg Society which, according to unconfirmed reports, discussed with much interest the campaign of fellow member Anderson.

Ball's long-time political association with Cyrus Vance has provoked speculation that the ousted Secretary of State might also jump on the Anderson bandwagon sometime soon.

Muskie for President?

Washington political insiders are putting out the word that one reason Jimmy Carter named Edmund Muskie to replace Cyrus Vance as Secretary of State was that he feared the Maine Senator was planning to put himself forward soon as the "compromise candidate" for the Democratic Party's presidential nomination. A liberal with strong ties to the hawkish Jackson-Moynihan wing of the party, chairman of the powerful Congressional Budget Committee, and a former presidential candidate, Muskie was reportedly being persuaded by certain advisers to begin soliciting support for a possible presidential bid. According to one source: "Carter nearly hit the ceiling when he got wind of what Muskie was up to. He figures he can handle Kennedy, but Muskie is another story altogether. So he decided to kill two birds with one stone and bring Muskie on board, knowing damned well Muskie couldn't refuse."

Carter's gambit may well backfire. Muskie's expected high-visibility profile in his new position could well make him even more attractive as a candidate.

Will Carter use Iran to ration?

Iranian oil means virtually nothing to the United States, but since when did the facts influence administration energy planning?

The recent Carter administration operation to heighten tensions in the strategically vital Persian Gulf led me to do some investigation into the possible impact of total and prolonged loss of Iranian crude oil production on the world oil markets.

When the Japanese government obliged the Carter administration a week ago by refusing to buy Iranian crude at record high \$35 per barrel prices, horror stories went out in the editorial pages of the *New York Times* on the prospect of imposing domestic rationing to honor Carter's reputed commitment to make up Japan's loss of Iranian crude.

The spectre of Henry Kissinger's International Energy Agency (IEA) imposing its emergency sharing agreement was raised.

I decided to track down the actual impact of Japan's loss of 500,000 barrels daily of Iranian crude, some 11 percent of Japan's total consumption. At this juncture, the oil producing and consuming world has all but written off Iran as a source of oil. From a high of over 6 million barrels per day during the reign of the Shah, current export is estimated at between 800,000 to 1,500,000 bpd. Total production hovers at a maximum of 2.5 million bpd, down from an average of 3.5 million last fall. Much of this is due to lack of maintenance of pumping equipment and lack of competent man-

power and to sabotage.

The loss of this Iranian oil will mean almost nothing, unless Carter foreign policy under Brzezinski's Arc of Crisis is as successful in Saudi Arabia and Iraq as it has been in Iran in fomenting chaos.

We have just learned from reliable sources that Saudi Arabia has quietly been working at breakneck speed to increase their oil production capacity by a whopping 20 percent over present levels.

Already, according to these reports, the Saudis, OPEC's largest producer, are able to sustain production up to 11 million bpd, up from 10 million some months ago, through improvement of equipment. In addition, a multibillion dollar investment program in new equipment will give them 12 million bpd capacity by the end of next year instead of the original 1985 target. This is a devastating refutation of what certain factions of the royal family have recently called for: reduced output. Recent Saudi production has averaged 9.5 million bpd, making up the entire Iran export deficit of 1,500,000 barrels.

But, what of the other countries? On Iran's border, Iraq lowered its production in recent months to 3.3 million bpd from 3.7 million because of the unprecedented glut on the world oil markets. A recent statement from the Iraqi government indicates they are prepared to increase output by

500,000 bpd "to meet any new demands" in the face of Iran cut-offs. Kuwait recently reduced output by 500,000 barrels per day, although they just agreed to sell Japan an additional 100,000 bpd. Nigeria has also reduced output from 2.4 million to 2.2 million bpd because of the glut, which, by the way, is largely due to the relative economic collapse in the industrial countries. U.S. consumption is down fully 8.5 percent over the same week of last year.

It's quite clear that Saudi Arabia and Iraq would have to be the next target of Islamic "fundamentalism" à la Brzezinski's "Arc of Crisis" if Henry Kissinger's long-dreamed-of IEA energy rationing regime is to be imposed on the U.S., Western Europe and Japan. Otherwise, the Iranian losses have already been "prediscounted" by the rest of the oil-producing world.

In light of all this, the *Wall Street Journal* on April 29 carried an ominous story on how the Japanese loss of Iranian oil is having a "psychological" impact on world oil spot market prices, despite the glut. One of the main reasons now as last year when the tightly controlled Rotterdam spot market led the world price spiral, is Henry Kissinger's International Energy Agency. The spot market price explosion of last year that forced OPEC to up its prices could have been avoided if the IEA agreements among 20 leading industrial nations had not prevented flexible sharing of the increased Saudi production among those hardest hit by the Iranian cutoff. The rigidity forced crude-short buyers to feed at the Rotterdam trough. Are the same forces attempting a rerun amid a record world stockpile?

National News

Pentagon reduces Carib naval maneuvers

U.S. naval maneuvers in the Caribbean scheduled to begin next week have been substantially cut back, according to a spokesman from the State Department. "Solid Shield '80", as the maneuvers are called, were originally intended to include massive deployments in the Guantanamo Bay area, as well as the landing of troops on the beach and simulated evacuation of civilian population centers. The exercises will now steer clear of Cuban waters and center around Florida and the North Carolina shore. Official spokesmen cite "humanitarian reasons" for the divergence of an unspecified number of Atlantic Fleet ships from the war games to aid the Coast Guard in dealing with the refugee problem.

Just days before the Pentagon made its decision to reduce the scope of Solid Shield '80, the Cuban government had issued an official communiqué warning that the maneuvers were intended to cover for a mining of the Caribbean Sea around Cuba preparatory to an invasion of "an island in the Caribbean part of whose population would allegedly request U.S. military aid in liberating itself from foreign domination." The Soviet Communist Party daily, *Pravda* also issued its own warning that "Cuba is not alone," declaring that "the Soviet Union and other countries of the socialist community all declare: Hands off Cuba!"

N.J. "sex life-styles" plan under attack

A controversial program mandating sex education throughout the New Jersey school system was the subject of a legislative hearing before the State Senate Education Committee May 1. The Committee acted to table legislation which would have instructed the State Board of Education to review the implications of the sex-program mandate.

Citizens groups in New Jersey have branded the program pornographic and charged that the curriculum is designed to change the "values" and "life-styles" of school-age children. The program reportedly treats homosexuality, sodomy and prostitution as "life-styles" as legitimate as any other.

Among other measures, children at the elementary school level are to be instructed in "techniques" of masturbation with emphasis on masturbating in front of a mirror!

Strong testimony opposing the mandate was given by the President of the Baptist Ministers Conference in Newark, and by a number of Right to Life groups, as well as Citizens for New Jersey, which mass distributed a leaflet exposing these outrageous features.

The *New York Times* editorially endorsed the program May 1. It is also supported "in principle" by the New Jersey Conference of Catholic Bishops, although this is not interpreted as an endorsement of homosexuality or prostitution at this time.

Enter Lindsay's face in New York Senate race

John Lindsay, the former Mayor of New York City, announced that he will enter the race for the Democratic nomination to run for the Senate seat currently held by Jacob Javits, a Republican. Lindsay made the announcement May 1 at a tavern in New York. His Democratic opponents will be Rep. Elizabeth Holtzman, a creature of New York's Zionist Lobby, and Bess Myerson, a "girlfriend" of current New York Mayor Ed Koch, who is reliably reported not to like girls.

Lindsay could not specify any political differences with his opponents on the Democratic side. Senator Jacob Javits, who is controlled by mobster Meyer Lansky through British intelligence operative Arthur Ross, Lindsay called "a good friend."

Lindsay attacked President Carter as "not providing leadership," echoing Senator Kennedy. He said he opposed

a Palestinian state and the MX missile. But he said he favored President Carter's "mobile strike force" for intervention into Third World "hot spots." Reportedly, his campaign will be run by Wertheim & Co., the investment bankers.

Kennedy worships Guadalupe Virgin

Arriving in Mexico City two days ago, presidential candidate Ted Kennedy made a beeline to Mexico's cult temple: the shrine of the Virgin of Guadalupe. Recently, the Virgin of Guadalupe has been used as a symbol of unity by the radical left and "liberationists" in the Catholic church who want an Iranian-style revolution against Mexico.

Kennedy brought a 50-man delegation to attend mass at the shrine.

Kennedy's high profile visit to Mexico was broadly characterized as an effort to gain the vote of the Mexican-American community. "Uno mas Uno," mouthpiece for the "Theory of Liberation" Jesuits in Mexico was the only paper to give Kennedy an explicit endorsement.

Although the Mexican President agreed to a meeting with the candidate, the Senator was reportedly coolly received.

DEA sees 'worst ever' heroin epidemic in the cards

The United States will be inundated by a heroin epidemic this summer, resulting in "the addiction of millions of Americans," according to prominent drug rehabilitation officials and the federal Drug Enforcement Administration. Investigators of the National Anti-Drug Coalition, who have recently obtained copies of the DEA's confidential intelligence report on the expected heroin

Briefly

flood, report that the DEA predicts an epidemic 2,000 times worse than at the height of the heroin wave of the late 1960s and early 1970s, the worst in the nation's history.

The source of this astonishing threat is the prodrug Khomeini regime in Iran and its Islamic fundamentalist allies in Afghanistan and Pakistan. According to officials, the 1980 opium crop from these three countries alone, which is already being harvested and processed, is 1500 metric tons—almost *ten times* the total opium harvest of the "Golden Triangle" area of Southeast Asia. Before the sudden growth of "Islamic" opium production, the Golden Triangle accounted for approximately three-quarters of the entire world's exportable opium crop.

FEMA plans relocation of U.S. labor force

The Federal Emergency Management Agency (FEMA), created by the Carter administration one year ago, now has on the books a national labor policy for the United States which will fully replicate the Employment Service Board of the Nazi Third Reich Ministry of Labor. FEMA's "National Labor Mobilization Plan," as disclosed to *EIR* by sources inside FEMA itself, calls for the top-down national "retraining, relocation, and certification" of all U.S. workers by FEMA in the event of any national emergency.

FEMA's labor program follows the principle laid down by Adolph Hitler's Finance Minister Hjalmar Schacht when he founded the Employment Service Board: Under conditions when the economy, and the labor process, breaks down, a *central agency*, above popular control, must be established to make and implement decisions on the deployment of labor throughout the economy.

"FEMA and the Department of Labor" said an agency source, "have established a totally centralized program for the mobilization of the U.S. workforce. It covers wage and salary stabilization, determination of critical skills

shortages, restraining of workers for critically short skills and phasing out useless skills, and the recruitment of workers to necessary industries including relocation."

McCormack fusion request victim of austerity fever

The House Science and Technology Committee, bowing to the fiscal austerity ideology of its senior Republican member, scaled down Rep. Mike McCormack's requested \$45 million increase in the Department of Energy's fusion request to \$30 million.

McCormack had proposed that the DOE's fiscal 1981 budget for fusion be increased from \$403 million to \$448 million as the first, necessary step toward instituting an Apollo-style approach to the production of a commercial fusion generator by the end of the century. McCormack has introduced separate legislation mandating such a national effort, but felt that an increase in the FY81 budget was necessary to keep the programs intact and capable of the kind of expansion he envisions. His \$45 million increase passed the Subcommittee on Energy Research and Production, which McCormack chairs.

But on April 23, the full committee voted up an amendment offered by ranking Republican John Wydler of New York which cut back the proposed increase from \$45 million to \$30 million under the guise of "budgetary restraint." Wydler, a self-admitted supporter of McCormack's Apollo-project style legislation, argued that unless the committee itself showed some restraint in the midst of massive and across-the-board budget cutting, it would be imposed on them by the rest of the House.

Sources report however, that further "restraint" is in the offing as the House Appropriations Committee may attempt to scale the budget back to the original DOE proposal, despite Wydler's attempted "self-discipline."

● **A CAMP DAVID** Powwow shaping up with Lord Carrington, the British Foreign Secretary, this weekend? A minimally two day meeting starts Friday between Carter, newly appointed Secretary of State Muskie, and Warren Christopher, to be joined on Saturday by Brzezinski and Harold Brown. On that day Lord Carrington is scheduled to arrive in Washington for talks with Carter.

● **DOUBTS** as to Carter's re-nomination prospects rose following the White House announcement naming Senator Edmund Muskie (D-Maine) as Secretary of State. Following the announcement, Muskie, the object of persistent rumors sweeping the capital over the past two weeks, that he could be a candidate at a brokered Democratic convention, commented; "This job will only be for 8 months." Carter was seen to visibly blanch.

● **NAVY DISGUST** at Carter and Harold Brown is close to open warfare. Chief of Naval Operations, Admiral Thomas Hayward in a recent interview declared that till recently "6 or 7" ships on average were laid up at Norfolk for insufficient crews, and now the total has skyrocketed to 20. Hayward pledged he would fight Carter and Brown's defense policy and budget with "all means" available.

● **THOMAS J. WATSON, JR.** U.S. ambassador to the Soviet Union, may be the next to resign in protest following Vance and Christopher. Watson, reportedly infuriated at being frozen out from any substantive role in U.S.-Soviet relations, is the former chairman of IBM, and a close intimate of Cy Vance. Prior to 1976, he and Vance were co-directors of IBM.

Environmentalists look to Iran

The anti-nuclear movement and all shades of environmentalists are coalescing with the outright terrorist organizations, and the author of the merger is one of the architects of the Khomeini revolution.

The environmentalists and anti-nuclear groups in the United States are merging with the entire spectrum of terrorist support organizations nationwide, to create a mass movement modeled on the "Iranian revolution." The architect of the merger is Professor Richard Falk of New York City's Institute for World Order who has devoted his work in the U.S. to bringing under one unified command all the environmental, cultural and social groupings.

During a recent speech, Falk, who helped create the Iran model for terrorism, explained the "ideology of nuclear energy." The Shah of Iran was so repressive, Falk claimed, because he was dedicated to developing nuclear power for Iran. The same repression caused by nuclear power development will also occur in the United States if it is not stopped, Falk continued.

The central coordinating apparatus bringing the antinuclear movement behind the Iran model is the Mobilization for Survival (MFS). The MFS was created in 1977 by Falk's Institute for World Order as the coordinating center for every environmental group in the country. MFS is composed of over 400 groups, run by the Institute for World Order, Institute for Policy Studies in Washington, D.C., and the American Friends Service Committee. Its modus op-

erandi is to prepare the agenda of activities for the environmentalist movement as a whole, then provide updated information and marching orders to all the local "alliances."

In March 1979, the MFS tested its strength and was able to mobilize virtually every group to hold press conferences and demonstrations within 48 hours of the March 28 sabotage incident at the Three Mile Island nuclear power plant near Harrisburg, Pa. This nationwide mobilization succeeded in building for a May 6, 1979 mass demonstration in Washington, D.C. which drew nearly 200,000 people. The rally had representation from groups outside of the traditional antinuclear movement.

Since the May 6 demonstration the following developments have taken place:

- On Oct. 6, 1979, the Revolutionary Communist Party sent a new front group, Student Coalition Against Nukes Nationwide (SCANN), to the Coalition for Direct Action assault on the Seabrook, New Hampshire nuclear plant site.

- In February 1980, several environmentalist organizers were taken to Iran for training by Norman Forer, including Lucille Gunderson of the New Hampshire Clamshell Alliance, and Randy Goodman of the Boston Coalition for Direct Action at Seabrook.

- From April 24-28, 1980, the MFS and Coalition for a Non-Nuclear World held a series of joint antinuclear antidraft rallies in Washington, D.C. in conjunction with the Coalition against Registration and the Draft (CARD), etc. The demonstrations were planned to end with a "direct action" occupation of the Department of Energy on April 28.

- On May 24, the entire expanded antinuclear coalition will launch a two-pronged assault on the Seabrook, New Hampshire nuclear plant site, with the object of occupying the site and wrecking equipment and sections of the plant already under construction. The Coalition for Direct Action will lead the attack.

- The final phase of the merger will occur at mass demonstrations against the Democratic National Convention in New York City beginning Aug. 11. Environmentalist groups were well represented at the Youngstown planning conference where a Chicago 1968-style demonstration was planned for the New York convention, including the MFS, Black Hills Alliance from North Dakota, and the Coalition for a Non-Nuclear World.

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