

# EIR

Executive Intelligence Review

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Anglo-Iranian maneuvers against Iraq  
Eximbank to push strategic materials hoax?  
A crucial investment: the Tenn-Tom project

**Socialists join Club of Rome  
in an alliance for genocide**



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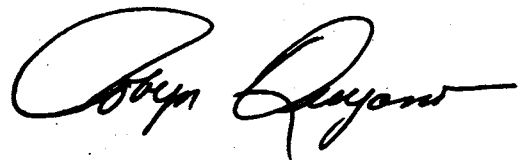
## From the Editor

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**S**trategic openings are multiplying internationally for economic growth policies, I can report as I prepare to leave Mexico City for New York. While I was here in Mexico, the head of the national oil industry, Jorge Díaz Serrano, pledged to beef up Pemex involvement in building the nation's nuclear energy sector, and stated that the government plans bold measures "to prepare the country in its transition from hydrocarbons to the nuclear era." It escaped no one's attention here that this formulation parallels the approach proposed by *EIR* founder Lyndon LaRouche, Jr. during his trip to Mexico two weeks ago.

The second opening, covered in our Economics lead, has been on the front pages in every world capital—except Washington, D.C. or the rest of the United States. At their latest summit meeting, continental European leaders, after a knockdown fight with Britain's Maggie Thatcher, instructed the European Community finance ministers to begin work at once on reducing interest rates "in the framework of the European Monetary System," and in conjunction with the United States.

Strategic dangers are also accelerating. Our Special Report this week lays out the Socialist International's explicit adherence to the Global 2000 policy of population extermination sponsored by the Vance-Haig State Departments. This open pact should help drive home the fact that Al Haig and the other American social democrats are part of a supranational effort against the American system of progress. Our exposé below of the "strategic materials" frenzy is especially important in this connection.



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**Update:** *EIR's* California seminar on "Mexico: America's \$100 Billion Neighbor," will be held on Thursday, April 16 at 2:00 p.m. in Los Angeles. Speakers will include José Quirarte, president, Mexican-American Chamber of Commerce; Frank Endres, Mexico trade negotiator, National Farm Organization, and Dennis Small. Contact Theodore Andromidas at (213) 383-2912 for details.

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## Eurosummit mandates lower interest rates

by David Goldman

Except for a buried report in the *New York Times* March 23, no leading American paper took notice of a unified call by the heads of government of the European Community (except for Mrs. Thatcher) for a reduction in American interest rates. The summit at Maastricht in the Netherlands on March 23 supported, with only British dissent, President Giscard's statement to the press, "It is urgent that we work together with the United States to achieve a progressive lowering of interest rates."

The American media's apparent lack of interest is an index of how powerful the effect of this European call will be in Washington. On several counts, the results of the summit invalidate the usual criteria by which the economic policy debate in Washington is normally judged. The French and German leaders prepared the summit with a demonstrative meeting the week earlier, with the well-crafted intention of offering an alternative to an American White House that knows it cannot rule if the U.S. economy collapses.

Despite the lack of interest in the press, the European viewpoint is a principal topic of debate in Washington at the important policy levels. This began a month ago when Senate Armed Services Committee Chairman John Tower of Texas returned from Europe, after listening to German defense experts tell that country's most prestigious military conference that high interest rates had become a national security issue. A big contingent from the administration heard *EIR* founder Lyndon LaRouche speak on "Europe's Challenge to Volcker" at a well-attended Washington meeting March 20 (see National).

To the extent that the February economic data

warned President Reagan that the Federal Reserve has led him into a monetary trap, he and his leading advisers have begun to look for a way through the closed ring of monetarist advisers. The President will find no answers to the hard questions he is asking at the Treasury, Office of Management and Budget, or Council of Economic Advisers (see interview in this section). But he has a way out through the European initiative.

What Europe has proposed formally is a set of initiatives that *EIR* has covered over the past few weeks, as they emerged in their initial proposal form. First, the finance ministers have free room to negotiate with the American monetary authorities on currency matters. This is to say that the heads of government gave approval to a plan, mooted several days earlier at the meeting of European finance ministers and central bankers, for a powerful currency stability deal with the United States. The finance ministers proposed to centralize all European currency-support agreements with the Federal Reserve into a single superfund with the European Monetary System. This is an apparent prelude to bringing the dollar into a fixed-parity relationship with the European Monetary System, which would create the technical basis for the general reduction of interest rates Europe desires.

Second, the Europeans have suggested an initial phase of interest-rate reductions within Europe as an incentive to the United States to join. If it were true that relative interest rates were the principal cause of currency fluctuations, Europe would fear to do this, because the European currencies would drop against the dollar. But the foreign-exchange markets have responded much more to changes in underlying confidence concerning

different economies' actual performance.

Third—as the Swiss-based daily *Neue Zürcher Zeitung* reported from Maastricht—Chancellor Helmut Schmidt of West Germany asked for a broad-ranging set of contacts with the OPEC countries, in order to ensure oil price stability, a question just as pertinent in Schmidt's view to European economic performance as the interest problem as such.

### **Decline of British influence**

Importantly, the summit marked the absolute nadir of British influence in Europe since its 1973 entry into the EEC. Division between Britain, France, and Germany almost led to the postponement of the summit. At the last minute, the British indicated that they could accept compromise formulations on a range of outstanding economic issues, including fishing policy, steel subsidies, and farm prices. However, Thatcher stubbornly refused to compromise on any of these issues.

At a March 23 press conference, Schmidt declared himself to be “deeply disappointed” in Margaret Thatcher. In return for a promised solution of the fishing dispute, Schmidt had agreed to lower British EC contributions, sought by Thatcher after Britain's public finances began to dissolve earlier this year. Thatcher threw out the compromise at the last minute. “We made that compromise,” the chancellor said, “because we believed that there was trust and loyalty among members of this community. I tell you that I feel personally deceived by Mrs. Thatcher, who promised me to agree to a solution on the fishery dispute.” Bonn's willingness to bail out the failing British in the future is now “definitely exhausted,” he added.

The public assault on Mrs. Thatcher contrasts strongly with the warm reception she received in February in Washington. But Reagan is aware that the Federal Reserve is producing the same consequences in the United States that Thatcher's own monetarism brought about in the United Kingdom.

### **The strategic context**

Europe's proposed monetary program must be understood in the light of Europe's decision to provide an aid package to Poland in excess of \$10 billion—an absolute commitment to maintaining stability on the border with the Warsaw Pact. The Franco-German strategic perspective is still the same one that Helmut Schmidt announced in his July 1978 summit meeting with Soviet leader Brezhnev, namely, that the Soviet leadership can be persuaded to suppress more adventurous elements in favor of an environment for long-term economic cooperation with the West.

An important signal from Moscow came indirectly through the most recent report of the Geneva-based Economic Commission for Europe (ECE), an agency of

the United Nations composed of both Eastern and Western European representatives. In a break from precedent, the ECE's current report, the *Economic Survey of Europe in 1980*, attacks the “monetarist strategy” of the United States and British monetary authorities for provoking a recession inside Europe. The ECE bluntly disputes the notion that a relentless policy of monetary and fiscal restrictions will ultimately reduce inflation and prepare the way for balanced economic growth. In particular, the report singles out for criticism the “high interest policy of the United States.”

Normally, ECE reports are the bland product of whatever consensus might emerge from a discussion between Western European and Soviet economic experts. The fact that the Russians joined the Europeans in denouncing monetarism is a public signal that Moscow wants to see economic growth in the West.

What most American commentators either have not grasped or do not want to admit is that a key player on the world scene is the new Franco-German superpower, whose activity makes nonsense out of what Secretary Haig and Federal Reserve Chairman Volcker are telling the White House. The British-centered Eastern foreign policy establishment, which includes Haig, has a hard time swallowing the fact that Britain counts for very little in Europe now.

In a front-page editorial on the Giscard-Schmidt “pre-summit” to prepare the EC summit, the Swiss *Neue Zürcher Zeitung* commented March 18, “The meeting between the two heads of government did not merely serve to permit discussion of some specific technical questions. Had that been the case, a telephone conversation would have sufficed. The meeting had a certain quality of being a public demonstration. Schmidt and Giscard wanted to make sure that it was understood that a special ‘Paris-Bonn axis’ continues to exist within the Western alliance, and that nothing has troubled their close personal relationship, in contrast to rumors that have been circulating during the past several weeks.”

Washington is still full of rumors, most of them mutually contradictory, to the effect that Schmidt cannot rule; that Giscard will lose the May national election; that Germany is the “odd man out” in the alliance in contrast to Giscard's close ties to the Reagan White House; and so forth. The atmosphere of misinformation, promoted first of all by the State Department, may have had some effects on the President's ability to deal effectively with this new, allied superpower.

The most striking result of the summit is that the wrong perceptions of Europe in Washington no longer have any basis in reality. France and Germany are the potential rescuers of Reagan's economic policy; Mrs. Thatcher is an untrustworthy ally and misleading counselor, and will start to be perceived as such.



## Weidenbaum: 'We are all monetarists and supply-siders'

*The chairman of the President's Council of Economic Advisers, Dr. Murray Weidenbaum, granted the following interview to EIR's Washington correspondent Laura Chasen last month.*

**EIR:** Last December in the Dunkirk memo, Stockman and Kemp stressed that we could not bring the budget deficit into control unless we are experiencing a period of growth. But now we are facing a recession.

**Weidenbaum:** Well, I addressed that in my testimony to the Budget Committee. I have a paragraph talking about the possibility of one or more periods of no or negative growth in 1981—which you would expect with just a 1 percent year-to-year increase in real GNP, which has been our forecast all along.

**EIR:** Then you disagree with Volcker's forecast?

**Weidenbaum:** What's that?

**EIR:** Of a 1.6 percent decline in real GNP?

**Weidenbaum:** My forecast is 1 percent growth—and you notice that that's the standard forecast—if you follow blue chip economic indicators, they have got 1.2 or 1.3 percent increase year to year. In other words, my forecast is within a decimal point of that of the experienced forecasters of the economy, so I feel very good about it.

**EIR:** They've certainly been wrong many times.

**Weidenbaum:** That's right, but at least I will have a lot of company.

**EIR:** Professor Mundell of Columbia, who is considered the inventor of supply-side economics—

**Weidenbaum:** Oh, there are so many "inventors" of supply-side economics that it is hard to choose. And he is not well known as a forecaster.

**EIR:** My question is regarding his criticism of your

program: that judging by the supply-side approach, your program will not be enough to pull the economy out.

**Weidenbaum:** He's free to have his opinion.

**EIR:** Do you consider yourself a supply-sider? And what does that mean to you?

**Weidenbaum:** You may recall when I testified at the JEC [Joint Economic Committee], I said, "To update Thomas Jefferson, 'We are all supply-siders, we are all monetarists.'" I went on to quote the great English neoclassical economist Alfred Marshall, "The twin blades of a scissors: supply and demand."

**EIR:** From where do you economists derive the figure 3 percent as optimal for U.S. money supply growth?

**Weidenbaum:** What do you mean "3 percent"? Whose figure is that?

**EIR:** Well, it is Paul Volcker's right now and that does mean it is the administration's.

**Weidenbaum:** Whoa whoa, whoa—it is Paul Volcker's. That means it is Paul Volcker's. That is all it means, it is Paul Volcker's.

**EIR:** But he controls the administration's monetary policy?

**Weidenbaum:** He doesn't speak for the administration and I do not speak for him.

**EIR:** I want to pursue that. The monetarist economists are saying that there is a set figure that they can set for money supply growth. I want to pursue this, because if it is something you disagree with, I want to hear it. They are saying that there is some standard by which they can set money growth rates, which is not related to the growth rate of the real economy.

**Weidenbaum:** You'll have to explain that. It doesn't ring a bell.



**EIR:** Oh, I agree that it doesn't make sense. But it is what, for instance, Milton Friedman says.

**Weidenbaum:** So ask Milton Friedman to explain it. I spend enough time explaining what I mean.

**EIR:** If you disagree, I would like to get you on record.

**Weidenbaum:** No, no. I do not disagree. But if you want an explanation of what Milton says, ask Milton. I am not going to comment on him.

**EIR:** So what do you think should be the basis for determining the growth rate of the monetary aggregates? It is a simple economic question.

**Weidenbaum:** Our position is very clear. Between '80 and '86, we think the growth rate of money should be reduced by one-half. Now, on the real economy, my forecasts—we have released the administration's forecasts of real growth year by year, so you can know exactly where we stand.

**EIR:** So what is the relationship?

**Weidenbaum:** I don't understand the question.

**EIR:** The day of your appointment as chairman of the Council of Economic Advisers when you spoke to the press, you stressed that the balanced budget is a predicate, but the substance of what we should be doing in the economy is generating growth, and if we do that, everything else will sort itself out.

**Weidenbaum:** Yes, yes. But what I meant is that the big entitlement programs are triggered by what is happening in the economy: you get an expanded economy, lower inflation, and less usage of the entitlement programs. The Dunkirk memo makes the same basic point. We think reducing the government strain on savings, which is what a balanced budget is all about, releases investment funds to the private sector, where we badly need investment funds—and don't forget the regulatory reform. . . .

**EIR:** So what do you tell industry now about interest rates? What in your program will work so rates can come down?

**Weidenbaum:** They are coming down already. Look, they have been coming down; they have been coming down.

**EIR:** Yet Volcker has just announced that his policy will continue to keep rates way up, and you supported him.

**Weidenbaum:** Oh, much higher than we would like but they are pointing the right way: down.

**EIR:** All right, I know your position on that. You support Volcker. How do you reconcile that with your stated emphasis on economic growth as the priority

concern. You say you reject the ideological baggage of the balanced-budget crew, but then you strongly support Volcker.

**Weidenbaum:** Look, I want to bring down those damn interest rates, and here I think the monetarists have taught us all that inflation is what is driving up the interest rates. Volcker and his colleagues have it in their power to bring down inflation via moderate monetary policies. And bringing down inflation is what will bring down interest rates.

**EIR:** Let me ask you about another cause of inflation: the shifting of the labor force from the productive to the service sector.

**Weidenbaum:** The service sector can be very productive.

**EIR:** This shift has an overall inflationary effect.

**Weidenbaum:** I wouldn't say that. For example, if you look at offices, you see a tremendous shift toward automation. What do I mean? Word-processing machines. We are looking at some very substantial increases in productivity.

**EIR:** Looking at the overall shift away from basic productive employment, do you get disturbed?

**Weidenbaum:** No, not at all. You would expect that those rapid increases in productivity in industry enable production to proceed with fewer people so they can be shifted into other areas. . . .

**EIR:** On this same point, what do you think of Alexander Hamilton?

**Weidenbaum:** Gee, he's dead. He's got a statue out there. I never think about him at all except that it is odd that in all my years at Treasury, the entrance with his statue is always closed and the one with Gallatin has always been open. I never gave him more thought than that.

**EIR:** I raise this because Hamilton [the first U.S. Treasury Secretary under Washington] was clear about what the role of our government should be in terms of a positive relationship to the economy. I raise it because what Alexander Hamilton did for the country is what I think Ronald Reagan received a mandate to do last fall.

**Weidenbaum:** Which is?

**EIR:** Have the federal government play a role in making certain that those investments which are critical to the well-being and advancement of the entire nation get taken care of—and if it is a long-term, large-scale investment, then the federal government has got to play a role.

**Weidenbaum:** This gets into a discussion of my philosophy. I really do not think the government should make a large amount of economic decisions. Individuals should make those decisions. The private market is much better

at making those economic decisions than we sitting up here.

**EIR:** What about, for instance, the nuclear power industry. That industry would not have been built without massive government involvement.

**Weidenbaum:** Yes, that's right.

**EIR:** Or take NASA.

**Weidenbaum:** Yes, that's right.

**EIR:** Or now take the fusion program.

**Weidenbaum:** Now, when I say yes, it is like with the Japanese—it means "Yes, I hear you," not "Yes, I agree."

**EIR:** Are you saying that the government should not have played that kind of crucial role?

**Weidenbaum:** I look forward, not backward. . . . Oh, the government played a vital role for nuclear power. But, as I look to the future we would be much better off if the government reduces its future role and frees up capital resources so the private sector can allocate.

**EIR:** The private sector is not going to develop fusion.

**Weidenbaum:** F

keeping fuel prices low. Then reduce those regulatory obstacles. And third, stop the government competition for scarce investment funds. We must reduce the deficit and reduce the off-budget financing, and next we have got to bring down the inflation rate, which is the biggest deterrent to savings. Finally, we need a tax system more conducive to savings and investment. . . .

**EIR:** *EIR* has covered extensively the fact that West Germany's growth rate is high is due to a certain government orientation—which is what I was getting at by bringing up Alexander Hamilton, since he is identified with that kind of approach.

**Weidenbaum:** He's dead. . . .

**EIR:** What is your reaction to the recent statement by the head of the U.S. League for Savings and Loan Associations that there are a number of S&Ls that are about to go under. Do you have anything to say on that?

**Weidenbaum:** No.

**EIR:** Does it worry you?

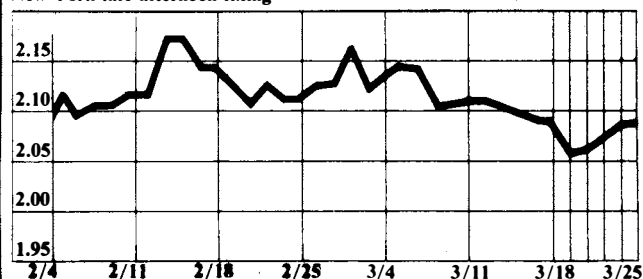
**Weidenbaum:** Oh, I follow all sectors of the economy. If you look at S&Ls, clearly the high interest rates are a special problem for them, and it reinforces the need to bring down high interest rates. The key thing for S&Ls is to bring interest rates down. . . .

**EIR:** We thank you for this interview.

## Currency Rates

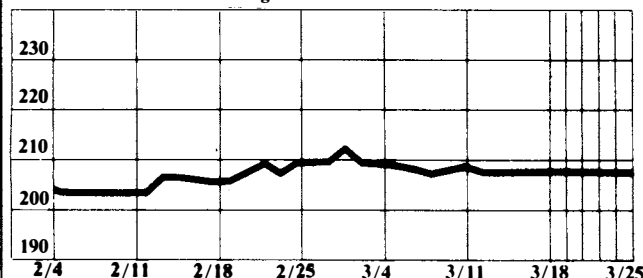
### The dollar in deutschmarks

New York late afternoon fixing



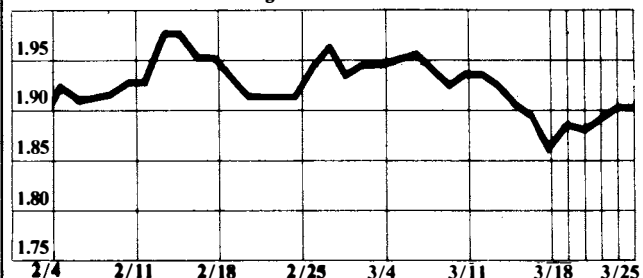
### The dollar in yen

New York late afternoon fixing



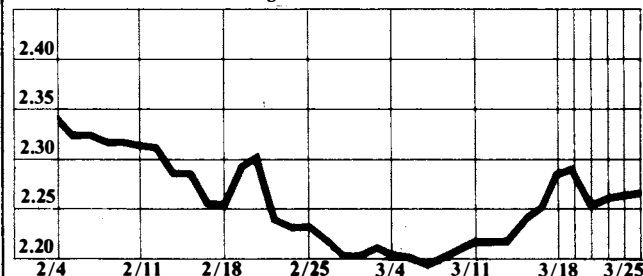
### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



# World Trade

by Mark Sonnenblick

Cost	Principals	Project/Nature of Deal	Comment
<b>NEW DEALS</b>			
\$430 mn.	Peru from Argentina	Trade agreement signed. Includes \$100 mn. Argentine re-equipping of Peruvian railroads over next 5 years.	Terms to be worked out.
\$400 mn.	Brazil from U.K.	Brazil signed a memorandum of understanding with with England which could give British companies \$400 mn. in orders from Brazil's development of its high-ash coal as oil substitute.	Deals contingent on the British providing very generous finance terms.
	<b>Including:</b>		
\$60 mn.	State of São Paulo from Babcock	Babcock won firm deal from São Paulo for 2 coal gasification plants.	
\$40 mn.	Brazil from Klöckner U.K.	British subsidiary of German Klöckner will develop coal mine next to Santa Cruz electric plant. British expect another \$40 mn. in converting plant from oil to coal.	Letter of intent received. Remainder of \$100 mn. job going to Brazilian companies.
\$339 mn.	U.S.A. from Europe	Eastern Airlines has converted option for nine A-300 Airbuses into firm contract and taken option for 26 more.	All with U.S.-made G.E. engines.
\$230 mn.	Israel from U.S.A.	Israel purchased four Boeing 767s and two Boeing 737-200s.	
\$40 mn.	Egypt from West Germany/Brazil	VW is near deal with Egypt for it to assemble cars there. VW will build \$40 mn. plant in joint venture with National Bank of Egypt and Misr Insurance. Immediate assemblage will begin in Arab American Motors plant. Will use CKD kits from Brazil and Germany with only 10-15% local components required after 5 years.	Egypt will prevent other new car plants for 5 years and give tariff protection.
\$5 mn.	U.S.A. from Korea	Gold Star of Korea building plant in Alabama to assemble 400,000 color TVs per year. Annual quota limiting all Korean TV exports to U.S.A. is 400,000 sets. Half of components will be Korean, half American.	Alabama state bonds financing 90% of plant cost.
\$44 mn.	Ireland from U.S.A.	Medford Corp. of Oregon is building medium-density fiberboard plant in Tipperary. Production for European furniture makers.	Irish IDA giving \$14-\$16 mn. grant.
\$120 mn.	Jordan from France	French telephone equipment consortium led by CIT-Alcatel won Jordanian contract. Involves E10 digital exchanges for towns and rural areas.	
\$60 mn.	Iraq from France	Iraq has bought 30 electricity substations from Merlin subsidiary of Empain-Schneider.	Turnkey basis.
\$55 mn.	Iraq from West Germany	Babcock's German subsidiary will expand production capacity by 100,000 tpy in a cement plant delivered to Iraqi govt. in 1977.	

## Haig backs off on 'bilateralism' scheme

*A great gameplan to replace the IMF/World Bank with more efficient instruments of genocide has been scotched.*

**A**t hearings before the Senate Foreign Relations Committee on March 25, Secretary of State Alexander Haig's gameplan for subjugating all U.S. "development assistance" under a bureaucratic arrangement, codenamed "bilateralism," was hastily dumped like a hot potato.

Under recommendation from committee chairman Charles Percy, the Senate body voted unanimously to authorize all funding recommended by the Carter administration for the International Development Agency (IDA), the low interest window of the World Bank, and the African Development Bank, both multilateral institutions challenged by Haig.

The chucking of "bilateralism" is the outcome of a growing rebellion against Haig on Capitol Hill for his advocacy of Global 2000, the policy recommendation authored by the Carter State Department Office of Population Affairs which proposes deliberate genocide as the only viable foreign policy objective for the U.S. in its relations with the Third World.

During the hearings, Haig State Department underling Ernie Johnson made the 180 degree turn on "bilateralism" official, saying that multilateral institutions "do a lot we don't give them credit for."

Most Americans only got a brief glimpse of the fight over development assistance agencies which has been occurring in Washington, when Budget Director David

Stockman challenged foreign aid on the grounds of imperative fiscal cutbacks.

Stockman's attacks on foreign assistance as an abuse of taxpayers' monies was a deliberate hoax aimed at facilitating Haig's "bilateralism" design.

The real issue being fought out in Washington in recent weeks was never "how much" to spend on foreign aid, but how to control what was spent. The importance attributed to this question by Haig's circle is demonstrated by the fact that two top-level policy reviews on "bureaucratic" oversight of foreign assistance are currently under way: one is an Interagency Task Force publicly announced at testimony earlier this month by Treasury official Tim McNamar; the other is a top-secret review being handled by the National Security Council. The concept of "bilateralism" was developed for Haig by the Washington, D.C.-based Heritage Foundation think tank.

Heritage and Haig's clique have put the multinational lending institutions such as the International Monetary Fund (IMF) under fire, because these institutions remain subject to political, nationalistic influences from all over the world, which nobody quite controls. Although the IMF et al. have administered in recent decades programs of brutal austerity that have indeed laid the foundation for Global 2000's program of genocide, Haig and Company view the IMF as

"outdated" and inefficient in executing the task of population elimination.

Based on the old colonial experiences of Britain, and to a lesser extent, France, the World Bank, for example, has been known to finance straightforward economic development projects—such as hydroelectric dam construction—as the "price" for sustaining political networks in the Third World nations it strives to control.

The first signal that Haig was preparing a retreat on "bilateralism" came in testimony by Haig crony James Buckley, undersecretary for security affairs, before the Senate. In a reversal of Haig's assault on funding the "multibanks," Buckley reported, "The cardinal principle of our foreign policy is that we will meet all of our commitments overseas."

By the time of the Senate hearings on the IDA authorization, Haig had made his retreat complete. A State Department specialist in "multibanks" at the Economics and Business Affairs bureau explained the rejection of "bilateralism" as follows: "There are a lot of postcolonial governments which are very suspicious and hostile to multinational corporations" and industrial government bureaucracies. "The multilateral banks can act for us in situations where we cannot act directly. There's a lot of interaction of officials there—actors who are not under anyone's thumb who have formed their own international development community."

This description of the IMF and its like is the traditional British colonial justification for global bureaucracies, the "structure" Haig's bilateralism aimed to replace.

## Beware the money market funds debate

*The savings and loans still don't know their enemy, it appears from their lobbying.*

If we allow the continued growth of money market funds, in all probability it will drive the death nail into the coffin of the savings and loan institutions," Rep. James Leach (R-Ia.) of the House Banking Committee said recently.

The U.S. League of Savings and Loan Associations agrees, and has embarked on a major drive to curb the money market funds (MMFs), the short-term, high interest-yielding mutual funds whose shares are sold to the public like savings certificates. MMFs are invested in as speculative money market instruments, yielding an average 15.3 percent with an average maturity of 33 days in March, according to Donoghue's *Money Fund Report*.

In a major resolution at its 26th annual legislative conference in March, the U.S. League demanded: "The Congress should restrain the disintermediation from the financial system into unregulated money market mutual funds by imposing a statutory reserve on money fund balances [and] placing a ceiling on rates of return paid to investors comparable to money market certificates available from regulated depositories [i.e., from S&Ls]."

Well might the U.S. League protest, for some League sources say that MMFs have bled the thrifts of nearly \$63 billion in potential deposits since MMFs were authorized by Congress in 1978.

Compared with the previous year, new deposits at U.S. League S&Ls were down 29 percent in

1980, and 47 percent during January and February of 1981.

In 1978, MMFs grew to only \$12.8 billion in assets, because they are unregulated by the federal government, uninsured by federal deposit insurance, and not much more attractive than a savings account under conditions of normal interest rates.

When Paul Volcker shot U.S. interest rates into the stratosphere during 1980 MMFs boomed. On average, S&Ls during 1980 paid 8.77 percent, about half of what MMFs paid. By the beginning of 1981, MMF assets stood at \$70 billion, and since then they have leapt by 40 percent, running up to \$104.9 billion, which is one-sixth the amount of all the deposits of S&Ls in the U.S., at some \$630 billion. Henry Kaufman of Salomon Bros., a Volcker mouthpiece, says MMFs will top \$135 billion this year.

This was the deliberate policy of Fed Chairman Volcker, and the liberal Fabians in Congress led by Henry Reuss (D-Wisc.), who authorized MMFs. Both Volcker and Reuss sought to "index" the entire U.S. credit market by setting up MMFs, deregulating banking, and raising interest rates, to encourage speculative uses of money. MMF funds go overwhelmingly into short-term commercial paper, and other nonproductive uses.

This was part of a policy of "sunsetting" traditional heavy U.S. industries like homebuilding.

As I reported last week, Volcker,

budget director David Stockman, and Treasury Secretary Donald Regan are happy to let S&Ls go under in a crisis planned for April. According to a recent Federal Home Loan Bank poll, more than one-third of the nation's S&Ls are discussing mergers to avoid bankruptcy.

After strenuous U.S. League lobbying, Senate Banking Committee Chairman Jake Garn (R-Utah) is formulating a bill to slap reserve requirements on MMFs which would lower what they could pay, regulate them—if not cap their rates outright. Jim Leach introduced a bill in March imposing reserves on MMFs (H.R. 1916), as did House Banking subcommittee on Domestic Monetary Policy Chairman Walter Fauntroy (D-D.C.) (H.R. 2591). Fauntroy's hearings on curbing MMFs are scheduled for April 8, followed by Garn's.

But the debate is on Volcker's terms. MMFs are hyperinflationary and should be done away with, but this legislation won't do it; Jim Leach is a close collaborator of Henry Reuss, and putting reserves on MMFs will only legitimize and institutionalize them.

The problem is the continued refusal of the U.S. League to fight the Volcker and Stockman's deindustrialization plans for the economy. The League's legislative committee's first conference resolution was: "The U.S. League endorses deep cuts in federal spending at the earliest possible time." Resolution 11 also supported the Volcker Fed's adherence to strict fixed monetary reserve growth rates "in a manner which does not exacerbate rate gyrations." Nothing was said of lowering interest rates.

# The 'strategic materials' hoax

*Richard Freeman documents why the U.S. is not dependent on southern Africa, and why there is no real basis for a shortage.*

The loud discussion coming from Secretary of State Alexander Haig, Central Intelligence Agency director William Casey, and their friends in the British Commonwealth oil and raw materials corporations about the "military economic importance" of strategic raw materials in southern Africa is based on a lie.

For the last two months, these agencies have been spewing forth a strategy that dates back to Rome's losing imperial policy: that to be militarily strong and economically sound, the United States must pursue an "international resources strategy." This means, the argument goes, confrontation with the Soviet Union in southern Africa over "raw materials access routes."

Now, a list of 18 critical raw materials upon which the United States is import-dependent is circulating in the Defense and State Departments, the CIA, the corporate elite led by the U.S. Chamber of Commerce, and the press, from the *Washington Post* to supply-side *Wall Street Journal* and *Fortune* magazine.

But there is no objective reason for the United States—or the Soviet Union—or any of their client states or allies to prepare for a showdown over raw materials. The United States and the Soviet Union are the two most mineral-rich nations in the world—with the exception of South Africa—with years of reserves still stored under the ground, untapped.

The Soviets possess gigantic reserves in the Urals and Siberia, to name but two regions.

The United States has stupendous reserves in the far west and Alaska.

As we shall show, there is no necessity for strategic superpower confrontation. The United States need only turn to the task of developing its own resources with many benefits accruing to the nation's entire industrial base.

## The hoaxsters

The argument for a raw materials resource war can be traced back to the companies centered in the British Commonwealth—Britain, Canada, Australia, and loosely affiliated South Africa—and in Belgium, Genoa, and Venice. These firms have "long memories," going back several centuries when they formed the corporate

nexus for the British and Hapsburg imperial resource looting of the world.

Today, these firms are fairly tightly organized into a minerals cartel, comprised of Rio Tinto Zinc, the Oppenheimer, Rothschild, and Bronfman groups, and the Seven Sister oil multinationals, led by British Petroleum and Royal Dutch Shell—the last two being owned by the Royal Households of the Netherlands and Great Britain.

Their strategy is threefold: shut down the mines and mining capacity of the United States, using the environmentalist movement and high-interest-rate warfare; force the United States to become dependent upon resources from southern Africa, itself under the control of the minerals cartel; and buy into the United States, so that U.S. mining capacity comes under its cartel control.

Organizing for this perspective came to public view in Pittsburgh last June with a conference under the strange billing: "The Resource War in 3D—Dependency, Diplomacy, Defense."

The conference was organized by the American Mining Congress, comprised of all U.S. mining firms but controlled from the top by the mining cartel. Presidents of the American Mining Congress are the chairmen of the boards of ASARCO, the giant copper producer. Charles Barber, current president of the American Mining Congress, received his graduate degree from the British at Oxford, England. Another sponsor was the National Strategy Information Center (NSIC), a group of social-democratic defense hawks, who hold "utopian" views about warfare. The third sponsoring group for this event was the Pittsburgh World Affairs Council, an unofficial affiliate of the New York Council on Foreign Relations, led by Pittsburgh leading families and firms, including the Heinz and Scaife families.

Herbert Meyer, associate editor of *Fortune* magazine, summarized the results of the conference. Using terminology that was lifted from the Genoese and British conjured up a situation that dictated a global showdown between the United States and the Soviets. The United

States is direly short of key strategic minerals, cobalt, chromium, and platinum, Meyer said, and must get them from the southern zone of Africa. The presentation was embellished with a map showing Zimbabwe-Rhodesia, Union of South Africa, Zaire, which have large minerals resources, and Mozambique, Angola and Zambia, alleged to be Soviet client states. The Soviets have developing raw materials shortages, too, or want to hoard their supplies and this means, claims Meyer, "The Soviet Union's minerals trading pattern is changing in a way that endangers Free World access to many strategic minerals. Unless we can assure continued access to strategic minerals, both abroad and here at home, our civilization in its present form may not be able to survive."

As the conference concluded, Meyer added: "We are suggesting the need for minerals to become an integral part of our national decision making. We must integrate our [minerals] economic policies with our foreign and defense policies."

According to Admiral Mott of the National Strategy Information Center (NSIC), the June 1980 "Resource War in 3D" conference was then piped into the team running the current administration. "Alexander Haig is the leader of this policy outlook," Mott told a reporter March 24. Haig would have attended the Resource War in 3D conference in Pittsburgh, but he had a heart bypass operation. "However," Mott added, "Haig gave testimony to the House Mining and Mines subcommittee supporting this theme and just wrote me a beautiful letter on this the other day."

"The other person who is a real guiding force is Bill Casey," explained Mott, "who helped make this an issue. During the campaign the American Geological Institute challenged all three of the presidential candidates for their view on mineral and strategic resources. Carter gave no answer, in the same way he messed up the last four years. Anderson didn't know what the subject was. We didn't think that Reagan would even come up with a response, until Casey stepped in. He made sure a policy statement was drafted, and it was a good one. Then Casey helped set up, after Reagan was elected, a task force on raw materials and resources policy. This group just delivered 33 recommendations to the President."

The chairman of the President's task force is Don McMichael, the head of the Pittsburgh World Affairs Council that sponsored the "Resource War in 3D" conference. McMichael is also chairman of the large Scaife family trust. Among the persons he and Casey hired to work on this task force was Robert Keating of the Pure Water Company, a proponent of the Global 2000 doctrine for worldwide population reduction.

Mott added that to make the raw materials policy work, "I am working with groups internationally. There

is the Monde et Entreprise group in France, the AIMS group in England, and the Konrad Adenauer Stiftung in Germany who are coordinating to make the resource war strategy work."

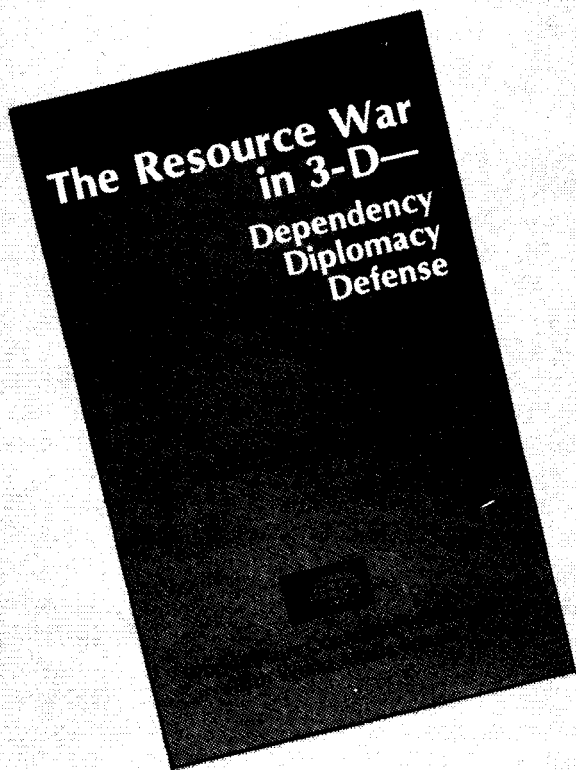
### The basic hoax

Even from the standpoint of defense, the claims of the minerals cartel are a hoax. Militarily, while raw materials are important, they are a third-rate consideration. First, the United States currently has neither the weapons output, the technological commitment, the industrial base, nor the policy commitment for a war-winning strategy against the Soviet Union (see *EIR* March 24). Second, under depressed global economic conditions arising from the Federal Reserve's credit policy, minerals demand will continue to fall.

Nevertheless, it is claimed that the United States lacks critical raw materials and is import-dependent to some extent on the following raw materials: manganese, 98 percent; cobalt, 97 percent; bauxite, 93 percent; chromium, 91 percent; columbium, mica, strontium, 100 percent, and so forth. Many of these minerals are needed for military aircraft engines, wing coverings and so forth because of their high heat resistance, strength, and other properties.

But the U.S. actually has abundant supplies of many of these minerals. We stopped mining and refining them because of the imposition of environmentalist restrictions and the oil hoax shut-offs of 1973-1975 and 1979-1980. As *EIR* has documented extensively the leading institutions of the environmentalist movement are controlled assets of the British-based Seven Sister oil companies, raw materials firms and investment companies. (see *EIR* Special Report, *Profile of the Environmentalist Conspiracy, 1965-1980*). For example, one of the founders of the Friends of the Earth environmentalist group in 1969 was Sir Mark Turner, the chairman until he died last year of the London giant Rio Tinto Zinc, who also directed the British office of Economic Warfare for the Special Operations Executive in World War II.

The environmentalists and their proponents in Congress succeeded in the period immediately after the Seven Sister's oil hoax of 1973-1975 in pushing restrictions on the auto industry, that, combined with the inflated price of oil, forced the auto industry to shift from using zinc for axles to the lighter material aluminum. This produced a downturn in the world zinc price, and U.S. zinc mines and refineries were shut down as unprofitable. Since zinc and lead deposits are mined in tandem from the same ores, lead mining became unprofitable as well. Thus the United States, with the largest combined zinc and lead deposits of any country in the world, lost control of its own industry and began shutting down production. Now, the *United States imports 57 percent of its zinc and 13 percent of its lead.*



*A resource-war handbook puffed by the business press.*

A similar picture developed with copper. The U.S. had heavy copper mine investment in New Mexico, Utah, and Arizona in the 1950s and 1960s, and currently has such enormous supplies that they comprise one-fifth of total world reserves of 500,000 tons. Yet in the last five years, one-fifth of the country's copper production has been shut down. The United States is now an importer, rather than exporter, of this metal.

As we move into the more exotic strategic minerals, the picture is exactly the same. According to the U.S. Department of the Interior's Bureau of Mines *Mineral Commodity Summaries 1981* book, the U.S. is not only not short of cobalt, but at a level of 700,000 tons of resources, it has 12 percent of all world resources, second only to Zaire. The Department of Interior reports one-half of U.S. resources, or 350,000 tons, are immediately recoverable reserves.

Then why hasn't the United States produced any cobalt domestically since 1971? According to Daniel Fine, of the MIT University Mining and Minerals Research Institute, who delivered one of the keynote speeches at the "Resource War in 3D" conference in Pittsburgh last June, "There is a world glut of cobalt. This is true with many of the strategics like chromium and platinum. Therefore, the price isn't high enough to justify investment."

Not only does the U.S. have gigantic cobalt deposits in Idaho and Minnesota, but it has platinum group metals in Montana and chromium (chromite) in Alaska and Montana.

New technologies are also fast reducing the demand for some strategic materials. The U.S. Department of Defense and some mining companies have developed the "rapid solidification process," which reduces the temperature of superheated metals very fast. This enhances the mechanical properties of certain alloys, while allowing them to use less strategic metals.

In the case of cobalt, one superalloy called 718 uses only 10 percent cobalt, where before 30 to 40 percent content was needed. And some superalloys are on line that would reduce the percentage of cobalt needed to as low as 1 percent.

On top of this is the emergence of ceramics—which are able to resist high heats, are strong, and are flexible. The advantage here is that ceramics rely heavily on the rare earth metals—bastnaesite, monazite, and so forth. The United States possesses 65 percent of the known reserves of the world's rare-earth metals.

The United States also has an international strategy open to it for the development of strategic metals. Mexico and Brazil alone could supply half of the U.S. foreign supplies of metals.

Mexico is the world's largest supplier of strontium and has vast reserves of fluorine, zinc, selenium, gypsum, barium, and titanium. Brazil has the world's biggest reserves of manganese, and is a supplier of columbium and tantalum. What is required is only a foreign policy from Washington that would deal with these countries on a raw materials for technology basis.

In the United States, the nation's vast reserves would be quickly opened to it with a twofold strategy. First, it's time to free more than 100 million acres of Western lands currently sequestered by the Department of Land Management of the Interior Department and lift environmentalist restrictions.

Second, the United States can carry out the North American water project (NAWAPA), which would bring Arctic water into the country through Canada. This would create enormous hydropower potential, and water supplies for irrigation and industrial use—two preconditions for efficient mining. The plan constitutes a \$5 trillion internal improvements package for the country.

Hence, in reality, the United States is not faced with a raw materials shortage. It is faced with the potential and opportunity to develop its own resources and upgrade vastly its technological and industrial output; or surrender to a British-dominated cartel that would not only place U.S. mining potential under colonial domination, but put the United States on a foreign policy course headed for disaster.



# Eximbank to fund labor-intensive projects as 'population policy'?

by Kathy Burdman

William H. Draper III, the Reagan administration's nominee as head of the U.S. Export-Import Bank, plans to "reorient U.S. export policy . . . to reduce excess Third World population," Draper aide Sharon Camp confirmed to an interviewer this week. The Draper Eximbank, said Camp, who is director of education for the Population Crisis Committee/Draper Fund, will halt current programs that finance exports of U.S. heavy industrial goods and foodstuffs to the developing sector, "because industrialization means a buildup of population."

Instead, the Eximbank would shift backing to the major U.S. transnational oil and raw materials corporations, to fund their new drive for strategic minerals projects in the Third World. "But I must stress that this is primarily a population policy, not a strategic minerals policy per se," Camp asserted.

This statement is accurate. The corporate backers of the ballyhoo around strategic minerals have little interest in developing raw materials at all.

While the metals giant Allegheny-Ludlum and the defense conglomerate United Technologies (the latter chaired by Haig in 1979-80) have been most vocal in warning that Third World unrest threatens the U.S. strategic materials supply there, the real movers behind the materials debate are the hard-core ideological supporters of Global 2000. According to the Committee for the Year 2000, the support group for Global 2000, Alexander Haig is giving full support to the State Department's Office of Population Affairs in its execution of Global 2000 policy.

## Action for World Development

The lobbying for the strategic materials/population reduction push will be overseen by a new corporate front, called Action for World Development, which is now being formed to "reorient U.S. policy around the Third World population issue," according to Sharon Camp. Originally labeled the "Committee for Global Survival," the group is an official Global 2000 support committee, "formed to deal specifically with advocating Global 2000 kinds of issues in Congress," as Russell Train, head of the U.S. branch of the World Wildlife

Fund and an initiator of Global 2000, put it in a Jan. 23 speech. Action for World Development "will be a committee of distinguished Americans, led by 60 or so corporate executives," said Camp. "We dropped the 'Global Survival' because it offended some people." The official founders include the leading Global 2000 support groups:

- **The Committee for the Year 2000**, the lobbying group for Global 2000, cochaired by Arco's Robert O. Anderson and Russell Train, which includes Cyrus Vance, initiator of the report, which his State Department published in the summer of 1980.

- **The Global Tomorrow Committee**, the new "citizens' committee for Global 2000," with more than 2,000 environmentalist groups in its membership.

- **The Population Crisis Committee/Draper Fund**, founded by William Draper III's father (see box).

- **The U.S. Chamber of Commerce.**

- **The Carnegie Endowment for International Peace.**

- **The United Nations Association.**

Multinational executives slated to join the Action group now reportedly include Robert O. Anderson; George Schulz, vice-chairman of Bechtel Corporation; William Agee, president of Bendix Corporation; J. Irwin Miller, chairman of Cummings Engine; Edward Schlage, president of Caterpillar Tractor; and Robert Fluor, chairman of Fluor Corporation. Incoming U.S. Chamber of Commerce president Donald Kendall of Pepsico is giving "direct support" to the effort, according to Paul Gibson, a San Francisco consultant and U.S. Chamber organizer for the Action group.

David Rockefeller has also called for the formation of such a corporate group. At a dinner for outgoing World Bank president Robert McNamara at New York's River Club last week, Rockefeller called for a "blue-ribbon panel of American opinionmakers" to "reassess" all American foreign aid and credit programs, including the World Bank and Export-Import Bank. Rockefeller "is working with us. It's an idea whose time has come," said Gibson.

Action for World Development plans a high-powered lobbying effort around the Foreign Assistance Act

on Capitol Hill to try to turn the U.S. foreign aid program, including bilateral aid, the Agency for International Development, and the World Bank and other multilateral bodies, into a huge financial pool for this policy. Gibson foresees a major new U.S. program to set up "labor-intensive" construction of mines, ports, railroads, and highway infrastructure.

Robert Keating, a strategic minerals consultant to the Action group, was more explicit. "In order to slow population growth, it will be necessary to provide [labor-intensive] jobs," he stated. A. W. Clausen, the Bank of America chairman who becomes World Bank chief on June 1, can convince the President to accept the facility, Gibson claims. "We're starting our first meetings in Reagan country with people who can talk to the kitchen cabinet and Reagan himself. Paul Balance of the Carnegie Endowment is flying out to San Francisco March 25-27 to brief corporate chairmen" on Action for World Development, and will meet with all the top construction and minerals companies. George Shultz, Robert Fluor, and top executives of Utah International, Kaiser Engineering, Santa Fe International, and the Ralph M. Parsons Company are lined up for briefings, he said. It remains to be seen how many of these corporations will actually join the Global 2000 effort.

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## Documentation

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*Below are excerpts from an interview with Robert Keating, strategic minerals consultant to Action for World Development. Mr. Keating was a consultant to Director of Intelligence William B. Casey, who headed the Reagan transition team's strategic minerals task force.*

**Q:** Action For World Development is organizing corporate support for Global 2000 on the grounds that overpopulation in the Third World threatens strategic minerals. What sort of minerals policy do you recommend?

**A:** The major problem in the Third World is population growth, this is very true. But in order to slow population growth, it will be necessary to provide jobs; that is the way to deal with the population problem. Strategic minerals development in these countries must be more geared to labor-intensive jobs development. Right now in most countries, companies go in and just take out the minerals, which by itself provides very few jobs. And they aren't labor-intensive enough.

Secondly, Third World strategic minerals projects, as they stand now, are too energy-intensive. They use too much energy in mining and in smelting processes. These countries are importing too much energy, and this must be reduced. They must rely on indigenous energy resources, and programs to develop those resources will

also generate the needed jobs. They will have to rely on solar power, domestic hydroelectricity, coal and so forth.

To change the way strategic resources have been developed, these countries must work with the multinational corporations to form international consortia with the U.S. private sector, to build boarder-based infrastructure and domestic energy sectors around the minerals projects, to develop domestic construction industries, and deal with the population problem through this sort of labor-intensive job creation.

*From a recent interview with Paul Gibson of the U.S. Chamber of Commerce in San Francisco:*

**Q:** What is the interest of corporations involved in Action for World Development in the Global 2000 report?

**A:** The U.S. Chamber of Commerce is helping the Draper Fund and the Committee on the Year 2000 to form Action for World Development because we need to mount a major lobbying campaign to support the Foreign Assistance Act and U.S. foreign aid programs for the Third World generally, which are in great danger of being reduced. Now of course I've read Global 2000; it's a very important report because overpopulation is the worst problem in the Third World and threatens the interests of the United States. We fully understand the aims of Global 2000, and I'm a great believer in the report. But I told Sharon Camp at the Draper Fund, "Sharon, don't send that propaganda to the corporations. They don't need the humanistic rationalizations, they're interested in making a buck."

**Q:** I understand corporations interested in strategic raw materials would back Global 2000?

**A:** That's why we're bringing the debate down to earth and lobbying for the Foreign Assistance Act. If this administration wants to have a strategic minerals policy, we can't do without U.S. government support. We don't just need to save the foreign aid program. We need to totally reorient U.S. foreign aid and programs like the Export-Import Bank toward major projects for the extraction of oil and other strategic raw materials like cobalt, titanium, and even copper. The corporations want to go in there and get those resources, and to do this, we need big government money—AID, expanded World Bank, the works. We have to go back to the days when the government went out of its way to help the private corporations.

It boils down to one thing—we can't get at those resources without *infrastructure*. For every ton of copper I take out of the ground, I need to build 10 tons of ports, railroads, highways, hospitals, and other infrastructure to go in there and get at the stuff. This is what the government should pay for, by backing up the World Bank and anyone else who wants to build infrastructure.

I'd go further, and say the U.S. government and the international agencies must start making direct loans, come in on the raw materials projects themselves, and do cofinancing with the private banks.

"Give us the money to play with, and we can take over places like Africa," is our message. . . .

Q: Doesn't shipping capital goods into these countries just aggravate overpopulation?

A: Yes, it does, and we're not talking about building heavy industry at all, steel mills and so on. We're talking

about building mines and the support infrastructure. This means a lot of construction, which can be very labor-intensive. We haven't done this yet. . . .

In particular, we must have the World Bank Energy Facility, because the Third World can't afford to import the amount of energy they need now, let alone what we would need for a new strategic minerals push. They have to stop importing energy, and we should go in there and build them some domestic energy sources, develop coal and soft energy programs, as the proposed Energy Facility would do, using labor-intensive local methods.

## William Draper III argues 'national security'

Approval of the March 18 nomination of William H. Draper III as president of the U.S. Export-Import Bank would be a political coup by the Global 2000 advocates of population extermination. For the past 16 years, Draper—billed as a conservative California investment banker—has served as a board member of the Population Crisis Committee/Draper Fund, a leading promoter of population-control programs and a force behind the writing of the *Global 2000 Report*.

Draper, who heads the Sutter Hill Capital Corporation based in Palo Alto, California, was introduced into the Reagan administration by Vice-President Bush, for whom he acted as campaign fundraising chief in 1980. Draper is also close to California Republicans George Shultz of Bechtel and William Hewlett and David Packard of the Hewlett-Packard conglomerate. All of them are "quite sympathetic with the aims" of Global 2000, claims Draper aide Sharon Camp.

Draper's father, General William Draper, Jr. was a close collaborator of the European oligarchical families who initiated, and continue to support, Malthusian population control theories. After World War II, General Draper ran economic policy in the occupied countries with a determination to keep down population levels. In 1965, he founded the Population Crisis Committee as an offshoot of his family's Draper Fund.

As *EIR* reported at length last week, the PCC/Draper Fund could be called the godfather of Global 2000: it worked closely with Kennedy's Undersecretary of State for Economic Affairs, Lehman Brothers banker George Ball, to set up the State Department's

Office of Population Affairs, which later wrote the *Global 2000 Report*. Last month William Draper III told a reporter that he is ready to continue the family tradition. The United States "must indeed concern itself with overpopulation in the Third World, because it is a national security issue. U.S. foreign policy must consider the effect it will have on either contributing to, or helping to reduce, the population problem."

Sharon Camp elaborated: "Until now, U.S. policy has concentrated too heavily on the sexier types of heavy industry which the developing countries themselves have insisted on. But holdings of industry—look at Mexico City—mean buildings of population. So exporting heavy industrial equipment, just like exporting food, is a bad policy, because it is a bad population policy."

Instead of industrialization, Camp said, under Draper the Eximbank would fund "labor-intensive industries using appropriate technologies," the euphemism for the World Bank's program for the use of sticks, picks, and hoes instead of mechanization. Projects will concentrate on oil extraction and mining?

Draper will tell the Reagan administration that the sheer numbers of Third World population are the major threat to U.S. access to strategic minerals, Camp said. "Bill Draper and [General] Maxwell Taylor, who has just published a report for us called *World Population Growth and U.S. Security Interests*, point out that our most vulnerable national security problem stems from population growth in the Third World. We are totally dependent on them for resources.

"This could cut off our oil and strategic minerals, both by using up minerals, and by causing political chaos in strategic areas of the world. Not only are these populations burgeoning out of control," she continued, "but excess population growth is occurring especially among young people. This is a breeding ground for terrorists. In Nigeria and Venezuela, it could mean a direct terrorist threat to the oilfields."

# Why the Arbatov faction promotes the 'strategic materials' policy

by Rachel Douglas

The Action for World Development Committee, engaged in selling the Reagan administration on Third World population reduction policies packaged as protection for "strategic minerals," has found allies in Moscow. Events during the March-April visit to the United States by the Soviet Union's Americanologist Georgii Arbatov have exposed the workings of a ghoulish alliance running from the Soviet KGB to the strategic minerals advisers employed by Reagan.

Its purpose: secure the support of both superpowers for the strategy known as "Global 2000," the reduction of the earth's population by 2 billion people through deindustrialization, war, famine, and epidemic.

On a stopover in West Germany on his way to Washington, Arbatov told *Der Spiegel* magazine that there should have been Soviet-American talks on crises in Africa three or four years ago. In Philadelphia, an Arbatov subordinate from his U.S.A.-Canada Institute suggested to a meeting of political science professors that détente had failed because Washington and Moscow had no "code of conduct" for the Third World.

The team now in the process of drafting such a code encompasses the Soviet faction represented by Arbatov, the interlocked international networks of the Socialist International and the Club of Rome, and American geopoliticians spanning the Carter and Reagan administrations. Under their Third World regulations, the great power posture toward countries written off to complete collapse will be "noninterference."

Arbatov's announced purpose on his U.S. visit was to promote renewed détente and efforts for disarmament. The International Physicians for the Prevention of Nuclear War (IPPNW), whose conference he attended in Warrenton, Va., is an affiliate of the "Palme Commission" for disarmament, which Arbatov cofounded.

The "antiwar" trappings of the IPPNW and the Palme Commission only thinly cover their overriding aim, the restriction of technology-vectored development policies.

The chief of public relations for the IPPNW revealed that the doctors were proselytizing not only against nuclear war, but against nuclear power. The Global 2000 report drafted in the Carter administration's State Department, he said, was a strategically important docu-

ment consistent with the goals of the IPPNW.

This spokesman for the doctors was George Kroloff, of the Washington public relations firm Ruder & Finn. Kroloff is also an organizer for the Action for World Development Committee, a pivotal group in the attempt to insinuate Third World population control and reduction policies into the Reagan administration, on the grounds that large Third World populations threaten American access to strategic mineral deposits.

Robert Keating, a Washington consultant who guided the Strategic Minerals Task Force of the Reagan transition team, works closely with Kroloff and shares his advocacy of low-energy, labor-intensive projects only for the Third World.

## The Soviet 'one-worldists'

Among those behind the Action for World Development Committee are prominent Russian-handlers Averell Harriman, the American patrician involved in Soviet affairs since World War II; Armand Hammer, the Occidental Petroleum chairman who has Soviet stakes going back 60 years and a more recently developed relationship with Libya; Pepsico's Donald Kendall, and Chase Manhattan's David Rockefeller, the last two leading lights of East-West trade in the early 1970s.

Their strategic evaluation is that the Soviets will not intervene to stop Third World disintegration, especially when the related crises are comfortably far from their own borders, because they lack the wherewithal for extending economic assistance and they welcome instability that appears to hurt the West.

This assessment, as Averell Harriman and the people he has trained know, does apply to a faction of the Soviet establishment, a faction with two guises. It encompasses the international policy think tanks, like IMEMO and Arbatov's U.S.A.-Canada Institute, which overlap with British intelligence through double and tripple-agentry as well as open consultation on global management issues. The faction's second component is the Moscow advocates of radical revolution abroad for the sake of maximum destabilization of the West.

Both these factions are willing—and able—to cooperate with the Global 2000 planners in the West to foment conditions in the developing sector leading

inevitably to the deaths of millions by war and starvation.

The Institute for World Economy and International Relations, known as IMEMO, is a leading source of the Soviet doctrine that technology under capitalism exploits workers, strengthens the West, and is therefore undesirable. Founded in 1956 by networks of the old Communist International, or Comintern, organization, IMEMO is a channel of Soviet liaison with the Club of Rome and the Socialist International. Together with the International Department of the Soviet Communist Party Central Committee and the foreign policy apparatus of the Committee for State Security (KGB), IMEMO-centered forces account for the Soviet input to international environmentalism and terrorism.

Ivan Frolov, deputy director of the Soviet All-Union Institute of Systems Research, typified the IMEMO outlook in a January 1981 article endorsing the "new humanism" of the Club of Rome's Aurelio Peccei. A frequent collaborator of International Department chief Vadim Zagladin, Frolov praised Peccei for moving from a merely "bourgeois" humanism to a global approach and proposed that today's globalism was the road to revolution:

Though international cooperation can, at this time, only help toward a *partial* solution of global problems . . . it is exerting a deep positive influence on the entire course of world development, stimulating the process of internationalization, which in the future will become the very basis of the new civilization. Global problems are today the most powerful *stimulating factor* in the development of the world's material and spiritual life toward communism.

On Feb. 16, this Soviet faction gave qualified public support to Global 2000, in a Pravda article by Academician Yevgenii Fyodorov, a deputy chairman of the World Peace Council and head of the Soviet Committee for the Defense of Peace. In January 1981, Fyodorov had toured the United States under the auspices of the American Friends Service Committee.

Under the headline "Protecting Nature for People," Fyodorov acknowledged Global 2000 as a case of the West's coming to terms with the need for international cooperation on global problems. Fyodorov proposed "global problems and environmental conservation" as prime areas for international efforts.

### Factions dispute development

In the months of discussion leading up to the 26th Soviet Communist Party Congress held Feb. 23 through March 3, it was clear even in the controlled Soviet news media that Third World policy was the subject of a fundamental factional debate. It hinges on the issue

underlying "geopolitical" confrontations: will the future of the underdeveloped sector be industrial growth, or economic devastation and genocide?

Some of the most striking Soviet testimony against global deindustrialization came from journalist A. Bovin in late 1980, when he deplored the ravaging of education and culture under the Ayatollah Khomeini in Iran. Bovin, long considered a spokesman for Soviet President Brezhnev's policies, has since been named to the prestigious Central Auditing Commission of the party.

Bovin called Iran's disaster a "cultural revolution," a reference to the Chinese model. In the weekly *New Times*, No. 2 for 1981, commentator D. Volsky described the Chinese-directed genocide in Kampuchea (Cambodia) as a case of convergence between Maoism and "imperialism"—the geopolitics of Henry Kissinger's and Jimmy Carter's China card policy.

In a guest feature appearing in Kabul *New Times* Feb. 9, Soviet Prof. Mikhail Kiryan attributed the threat of world war to "transnational financial oligarchies"—not essentially capitalist—who pursued a policy of depopulation:

The transnational oligarchies do not always coordinate their activities with the interest of individual states. They plan the establishment of a world government to rule the planet. . . . Having become disappointed with capitalism as a social system, they want to replace it by another system, also to be based on "sacred private property." The transnational oligarchies are turning into totalitarian groups, torn away from their class and nations and dreaming about world denomination. . . . The transnational financial oligarchies make their main stake on world nuclear war which would help them, they hope, solve such global issues as to destroy socialism, *save the planet from "overpopulation"* and clear the way to a new "rational social order" [emphasis added].

The Soviet faction which developed this analysis has a corresponding policy impulse in the U.S.S.R., which would take off from already established Soviet industrialization projects—such as in India—to join the efforts of others for world economic recovery. That is the outlook Brezhnev took to India last year, and to Bonn in 1978 to solicit European trade and investment at the very moment that West Germany and France were forging the European Monetary System with its huge potential for funding Third World development.

Thus Georgii Arbatov, assigned to represent Moscow to the world on matters of "disarmament" but actually running errands for the Global 2000 conspiracy, helps ensure that Brezhnev's most promising initiatives for stability may never come to fruition.

# Bonn-Moscow gas deal on track

*George Gregory debunks reports that interest rates will snag the giant project, after an exclusive interview with a Ruhrgas spokesman.*

The just-concluded trip of West German Economic Minister Otto von Lambsdorff to Washington, D.C., was attended by a renewed round of rumor-mongering, intermixed with a significant dose of yellow journalism, to the effect that severe difficulties are emerging in negotiations over the interest rates on some DM 10 billion financing for pipes and equipment for the 5,000 kilometer gas pipeline from West Siberia to Western Europe.

The difficulties, so go the rumors, are in fact so severe that this single issue could break the back of the European-Soviet natural gas deal planned to bring 40 billion cubic meters of natural gas to West Germany, France, Italy, Belgium, Austria, Switzerland, and other European countries, as of 1984-85.

Extensive discussions with spokesmen for the German companies involved, and especially with spokesmen from Ruhrgas AG—the company that will market and distribute the German share of about 12 billion cubic meters of natural gas—have confirmed the crucial potential importance of the deal.

Ruhrgas told me unequivocally that “this gas deal will never fall apart over the question of interest rates,” and that “without prejudicing ongoing detailed negotiations, we can state that interest rates will step well into the background in comparison to the strategic, political, and economic interests involved on both sides.”

This is the company that *directly* negotiated three successive natural gas deals with the Soviet Union (in 1970, 1972, and 1974) once the channels were cleared by the Bonn government, and is now managing all three deals with termination dates extended into the year 2000.

## Negotiation issues

At present, negotiations are running on three formally independent tracks: negotiations on the price the Soviets are demanding for the natural gas to be turned over to Ruhrgas at the Czech/German border for West European distribution; negotiations on the price demanded by the German companies for the pipes, pump-

ing, measuring, and regulating plant and equipment along the pipeline's 5,000 kilometers; and negotiations on the interest rates demanded by the German banking consortium (with other nations negotiating separately) for financing the pipes and equipment.

Despite the present interlude in negotiations on the interest-rates issue, which will resume in April, the basic agreement still holds that the final package of give-and-take for natural gas/pipeline-and-equipment will carry competitive prices for both sides. At this point, interest-rate discussions are focusing on a sliding formula of ratios of fixed and flexible rates that is capable of satisfying the German consortium of over two dozen banks.

Under conditions where the West German Bundesbank has seen itself forced to increase its domestic capital market rates to stop capital flows out of the deutschemark, and where a differential of 1 percent on the interest rates for financing the natural gas deal can calculate out to as much as 1 billion marks over the term of 10 years (or 13 as the Soviets now want), it is not hard to understand why the detail work many take a month or two longer.

However, since present interest-rate levels are enough to make any banker, European or Soviet, choke, the latest rumor-mongering reports have tended to throw a fake inversion of the “strategic dependency” argument into the game: “Whichever side gives in on the interest rate question will show, by doing so, how dependent he is.”

Fortunately for East-West commercial and political negotiations, the reality is different. The truth is that neither side *needs* the natural gas-pipeline deal, in the sense of having a carrot that just must be bitten. On the other hand, both sides have a fundamental interest in exploiting the immense potential of the deal, bringing it into the completely new dimensions of economic and political relations over the long run. (Board members of Ruhrgas have just returned from the United States,

where they sounded out various spokesmen for the natural gas and utilities industries. They now report that there is no interest from these quarters in developing options in East-West energy cooperation in conjunction with the present set of negotiations.)

For the Soviets, the deal has the following advantages. A total of 50 billion cubic meters of natural gas will be pumped from the newly accessed fields, 40 billion for export to Western Europe. The export volume over a period of 20 years will amount to only 5 percent of total Soviet natural gas reserves, while the Soviets presently account for 35 percent of known world reserves.

Thus, while the new pipeline will contribute to development of important infrastructure in the permafrost region of Western Siberia, involving the solution of intricate engineering and construction problems, export of this volume of gas diverts only a marginal percentage of Soviet energy for export, while earning significant foreign-exchange funds which then become available as a permanent and developable source of funds for broader-based trade and purchase agreements than the present "barter trade" models. Furthermore, in comparison with even grander projects for the economic and industrial development of Siberia, this pipeline is logistically simple, even at present levels of gas technologies.

### The advantages

In short, as a leg into the future of East-West economic relations, the gas deal represents a significantly large line of access to foreign-exchange earnings in line with planned diversification and deepening of trade relations, as well as industrial cooperation options in countries in the developing sector.

For the Federal Republic of Germany, there are the immediately welcome contracts for pipes and equipment, guaranteeing tens of thousands of high-skill jobs for a number of years. Beyond that, however, West Germany is pursuing a long-term (40-year) strategy of source diversification of its energy supplies.

Over the present decade, natural gas input to overall energy consumption will be increased from its present 65 million tons coal-equivalent to 85 million tons, stabilizing long term at about 18 percent of total energy consumption, even as the net volume increases. Oil's share of total energy input and consumption will be reduced continuously from its present level of 47.8 percent.

In terms of energy strategy, this means increasing the energy volume and percentage for total input of natural gas, nuclear energy, and advanced coal technologies. In terms of political strategy, it signifies "relative energy security." German policy is not to take natural gas, for example, from areas where they already take

oil: "We think it ought to be in the strategic interest of the United States not to put so much energy dependency weight on OPEC," commented one Ruhrgas spokesman.

### Strategic dependence?

In fact, the insistence of the Haig State Department on the continuing danger of a "strategic dependence on the Soviet Union" is being viewed here increasingly as bogus propaganda. Ruhrgas points out that a Soviet proportion of 5.5 percent of Germany's total primary energy consumption (up to, but not beyond 30 percent of the natural gas), as envisioned by government studies of the deal, has a counterpoint in the fact that oil imported from Libya alone today accounts for 6 percent of total primary energy consumption.

In the course of discussion with German industrial spokesmen, Alexander Haig was more than once termed "appropriate as a military cowboy, but not as a secretary of state." It is theoretically possible that the Russian gas deal falls through, spokesmen say, but then the alternative is for Europe as a whole to draw more upon OPEC oil for its energy, and with that European vulnerability to Middle East crisis developments increase in tandem.

Europe is determined to develop relations with OPEC on the basis of increased industrial investment in OPEC nations, and OPEC support in financing industrial projects in other countries; but neither OPEC nor Europe has any interest in increasing only one-sided dependencies.

As a measure of whether or not Washington's eventual foreign policy line will be insightful enough to evaluate the Russian gas deal as one component in this complex of issues, observers here are eagerly waiting to see whether the Reagan administration develops an explicit oil-for-technology perspective in its relations with Mexico.

An "American-Mexican oil-for-technology agreement would be viewed here as a groundbreaking precedent. Otherwise, disparities of interest such as those over the Russian gas deal with Europe will inevitably increase, disparities between interests in holding a military alliance together and economic and political interests."

As for the Soviet blackmail potential against West Germany, that argument is not accepted. "Washington now understands that we are no longer in the 1960s when one word from Washington could have collapsed the negotiations overnight. But it has yet to be understood that nowadays it is politically impossible to say 'Germany' without saying 'France-Germany' in the same breath. And the moment you say that, you are addressing the interest of Europe as a whole," says Ruhrgas.

# Business Briefs

## *Fiscal Policy*

### **Chile abolishes social security**

On May 1 the Chilean government of General Pinochet will replace a government run social security system with a private pension system. The "return to private enterprise" strategy recommended by former Chilean adviser Milton Friedman will abolish the present 5 percent employers tax and impose in its stead a 17 percent tax on wages. The wage tax is compulsory but the individual worker is free to choose which private pension fund he invests in.

David Callund of Callund & Co. in London, who advised the Chilean government on the specifics of the "privatization" of pensions declared the reform to be a "revolution." The competition for the 17 percent of all workers' wages is expected to be intense. Lazard Brothers Ltd. of London will run "Plan Vital," a pension scheme, and open 130 offices throughout the country to solicit deposits.

Although Singapore and Malaysia already have privately run social insurance, the Chilean conversion is essentially intended as a model for the United States.

## *Domestic Credit*

### **Volcker: 10 percent inflation through 1982**

Federal Reserve Board chairman Paul Volcker acted to dispel all assumptions that interest rates can drop below 10 percent by mid-1982, when he told the CBS television talk show *Face the Nation* March 22 that he thought it "unlikely" that the inflation rate, as measured by the consumer price index, would fall below 10 percent until the end of 1982.

"If I think of a basic inflation rate of about 10 percent, I think 3 percent down would be a highly optimistic projection . . . but I don't think we have to count on that much."

By stressing his prior commitment to real interest rates above the rate of inflation, Volcker is committing the U.S. to another 21 months of double-digit interest rates, which will continue to wreck the economy.

After increases in money supply for five of the last six weeks, Volcker may be tightening. According to Bear Stearns economist Robert Synch, "Volcker faces two tests. First, he has to keep reserves flat where they are and not increase them even though money supply is increasing and banks would like to turn that extra money supply into loans by getting new reserves from the Fed. This will be a test of confidence.

"Second," Synch said, "Volcker must hold firm to his money targets when the economy turns down, which we project will happen starting sometime in April or May." A tight money supply during a recession will prolong and deepen the U.S. economic plunge.

## *Development Strategy*

### **'Zimcord' conference in Africa is a fraud**

U.S. Agency for International Development (AID) director Peter McPherson arrived in Zimbabwe March 22 as head of a U.S. delegation attending next week's conference on economic development there, which is being dubbed the "Zimcord" meeting by its participants.

Zimbabwe is seeking \$2 billion in loans for economic development from the dozens of countries participating in the conference. On March 23, both the *New York Times* and *Washington Post* ran page-one articles playing up "Zimcord" as the first "test case for [President] Reagan's development policy" for the Third World.

There is ample evidence that Zimbabwe is currently being played by circles around Secretary of State Alexander Haig as a "test case" for Third World policy in an effort to undermine Reagan's interest in Mexico.

An Africa specialist in the Depart-

ment of Commerce explained Zimbabwe's importance to Haig in a background interview. The country is a "special case" in Africa, because it is relatively developed, he stated. During the quarantine against Rhodesia, the white population engineered a number of autarchical schemes, including an array of fuel substitution programs, he said, which Haig's team now wants to use as an example to other Third World countries. The purpose of the \$2 billion loan program now under discussion is to focus all future development around the success of a "synthetic fuels" program based on labor-intensive methods of extracting coal.

## *Transportation*

### **Former Pennsy trustee asks Conrail's demise**

Robert W. Blanchette, head of the Federal Railroad Administration at the Commerce Department, told the Senate Surface Transportation subcommittee March 24 that the 17,000-mile Conrail system should be denied federal assistance and sold off.

Given the fact that Conrail was formed in 1976 out of seven bankrupted Northeast railroads that no other rail system wished to operate, Blanchette's proposal would result in massive abandonment of lines and destabilization of the region's economy.

Blanchette was a leading figure in the bankruptcy of the Penn Central in 1970 and its subsequent eight-year trusteeship. The arrangement netted its financial architects over \$8 billion in real estate and other holdings shielded from bankruptcy proceedings, carry-forward tax credits, asset dispositions, unpaid or reduced local and state taxes, federal subsidies, and the recently awarded \$2.3 billion in proceeds from sale of rail holdings to Conrail.

Blanchette was the general counsel of the subsequently bankrupted New Haven Railroad until 1968, general counsel for the New England Region of the Penn Central Railroad after New Haven-Penn



Central's merger, and counsel to the trustees of the bankrupt Penn Central until 1974 when he became a trustee and then chief trustee of the Penn Central.

Blanchette's bid to abolish Conrail indicates that beyond the lucrative aspect of the Penn Central bankruptcy lay the intent to dismantle the Northeast's main transportation artery and with it, the basic industries of the region.

### Foreign Exchanges

## Monetarism bankrupts Argentina

Argentine Economics Minister José "the Wizard" De Hoz is ending his five-year stint of reforming the country along Milton Friedman lines with a blaze, but hardly a blaze of glory. His one great accomplishment—the buildup of Argentina's foreign reserves to \$10 billion at the end of last year—is being wiped out as panicky speculators are withdrawing up to \$200 million per day from the country.

Foreign reserves plummeted to \$4 billion by March 23 and will drop as fast as the "hot money" crowd can get pesos to buy dollars. That is where De Hoz is making his last stand. He is burning the pesos converted to dollars, resulting in one of the most severe liquidity crises in the country's troubled history. Pesos are so scarce that banks are charging each other up to 500 percent annual interest on overnight peso loans. Business is feeling the crunch on operating capital.

By jacking up T-bill rates, De Hoz has also stimulated interest rates to reach what even he calls "absurd" levels. A ruined industry and a ruined monetary system will be bequeathed to people without a clear notion of how to undo the damage. The new team is praying for a record harvest to carry them through the coming months.

General Roberto Viola's pledge to Wall Street on the eve of his inauguration as the new president that he would uphold De Hoz's monetarist policies did not halt the current panic. And the nationwide surge of revulsion for De Hoz's

deindustrialization strategy—partly reflected in the new cabinet—has given rise to fears Viola will "revive industry" through the peso printing press. In that event, the form of the blowout of the fragile Argentine economy would flip quickly from liquidity crunch into a hyperinflationary mode.

### International Credit

## Loans and drugs overlap in Latin America

In April, a consortium of international banks will sign a debt rescheduling agreement with Bolivia on \$825 million in loans. Since last fall, over \$2 billion in Latin American debt has been put through rescheduling arrangements, as Jamaica, Nicaragua, and now Bolivia admit they can't repay their international creditors.

These three countries, as well as Peru, which was rescheduled in 1979, have been subjugated to an identical economic policy in recent years by their creditors: programs of extensive austerity aimed at reducing consumption under management of the International Monetary Fund; and toleration of a large-scale domestic narcotics crop for export.

On March 25, the *Wall Street Journal* admitted that Bolivia produces \$1.6 billion worth of cocaine. What the *Journal* didn't report is that Peru exported \$1.5 billion in cocaine last year; and Jamaica \$1 billion of marijuana.

Last month, when the bank negotiations with Bolivia began, pressure was exerted on the government to "clean up its image" as a precondition for rescheduling. General Arcejo, an internationally renowned drug trafficker, was ousted from office.

Peru meanwhile is reported to be reentering the international capital markets again after two years of being denied any international loans. Since its 1979 debt rescheduling, Peru has begun producing oil on a scale large enough to become a net exporter of oil. Peruvian oil production is dominated by Armand Hammer's Occidental Oil company.

## Briefly

● **RITA RICARDO CAMPBELL**, who heads demographic studies at the Hoover Institution in California, recently praised high U.S. interest rates for "reducing U.S. population growth rates." Campbell happily boasts that the average number of children per female is down to 1.8 in the U.S., below the population replacement rate. Campbell is a direct descendant of British economist David Ricardo, whose monetarist theories were embraced by population eliminator Parson Malthus in the 19th century.

● **GLOBAL INTEREST RATES** will be the top agenda item at a major conference in London, April 10, reports the *International Herald Tribune*, March 28. Finance ministers from member countries of the International Monetary Fund will meet then to discuss the state of the world economy and interest rates; and the upcoming IMF/World Bank meeting in Gabon which will set guidelines for Third World policy. According to the *IHT*, U.S. Treasury Secretary Donald Regan will also hold separate consultations in London, Paris and Bonn. The *IHT* quotes French and German leaders stating: "there must be a coordinated reduction of interest rates."

● **WESTINGHOUSE** Electric has received approval from the Reagan administration for export of two nuclear power plants to Egypt, the first U.S. nuclear contract abroad since 1979. West Germany's daily *Handelsblatt* commented on the contract: "The U.S. corporations believe that in future they will again have a free hand in international business and are ready for tough competition with Germany's KWU and France's Framatome."

## Club of Rome and Socialists ally for Global 2000 policy

by Criton Zoakos, Editor-in-Chief

During the third week of March, the leadership of the Socialist International from the entire world assembled in Paris to lay out that organization's propaganda and education program for the next 10 years. Readers of our review will recall that the very same group of men and women assembled in Washington, D.C. during Dec. 5-7, 1980 for the purpose of laying out an "action program" for the destabilization of the new Reagan administration. At their Paris convention, the Socialist leaders laid out a perspective even more alarming than throwing the United States into social turmoil and destabilization. They outlined the central themes to be followed in public education, publishing, journalism, art, music and science education by all relevant institutions where Socialists exercise control or significant influence.

Present in the cavernous halls of the Unesco building in Paris were the perennially intoxicated former West German Chancellor Willy Brandt, the chairman of the International; Olof Palme, the former Swedish Prime Minister, a man whose mental breakdowns have made medical history; Austrian Prime Minister Bruno Kreisky; French Socialist head François Mitterrand, one of the world's most influential drug advocates and political protector of the "French Connection"; Jesuit-trained Leopold Senghor of Senegal; Greek Socialist leader Melina Mercouri, the actress renowned for her consummate portrayals of prostitutes on the movie screen; Aurelio Peccei, the head of the Club of Rome and NATO intelligence chief who became world famous for his advocacy of cannibalism as a solution to the problem of famine in the Third World; and many others of similar intellectual and moral credentials.

They gathered to present their thoughts at the Symposium on Science and Culture, whose main theme was how to induce those populations under the influence of the Socialist International to accept a set of policies so that world population at the year 2000 may be reduced by 2 billion people.

The keynote speech of the Socialist International conference, given by Aurelio Peccei, summarized the purpose of the conference with the following sentence: "Men are like insects, they proliferate too much—it is an aberration



*A West German demonstration against nuclear energy.*

of nature to be corrected." To superficial observers and analysts of socialism, this theme will tend to cause surprise, since, on the surface, it seems to represent a drastic departure from standard socialist propaganda for "more" jobs, "more" food, "more" prosperity and so forth. All of a sudden, after one century of propaganda based on "more" demands, international socialism mobilizes its Jacobin horde with demands for "less."

Another irony is that radical Abbie Hoffman has been touring the United States making speeches in support of OMB Director David Stockman's budget cuts; another is that around the world, socialists began opposing national government spending, (and planning), on grounds that the strength of the nation-state undermines their publicly stated intent of establishing a one-world government; and finally, they assemble whoremasters, alcoholics and drug pushers, along with publicly avowed homosexuals and terrorist-controllers, for the purpose of outlining mass educational programs for the youth.

Given that these individuals represent a significant power in the world, including total control over the U.N. organizations and institutions, the mass brainwashing program, its proposed methods and intended purposes, are important to study with a sense of urgency.

Let there be no mistake that the gathering in Paris, whose highlights are reported in the following pages, represents an urgent mobilization undertaken under emergency circumstances. Police files of virtually all the assembled party bosses would supply the reader with a very sobering mass of evidence that all these famous names, down to the man, are kept figures, cheap public

images, puppets held on a string for the purpose of performing grand-scale theater that passes for "politics" nowadays. How the puppets moved in Paris is only significant to examine because it helps us read the mind of the puppetmaster.

The puppetmasters' urgent purpose is to cause a set of political situations around the world which shall have the effect of reducing world population by 2 to 3 billion by the year 2000. Thus the socialist puppets who built public careers based on manipulating ordinary people's wishes for decent employment and prosperity, at the puppeteer's command, turn and preach the gospel of austerity, self-sacrifice, and deindustrialization.

### **The puppetmasters**

The puppetmasters of the Socialist International are the financial oligarchy of Europe, principally Italy, Belgium, Netherlands, and Switzerland, and their financial cousins in London and New York, whose main power base is the accumulated historical family fortunes, or "fondi," now deployed in diversified holdings in real estate, commodity trade, dope trade, government debt (of virtually every nation), gambling, speculation in the Eurodollar market and so forth. Willy Brandt and Olof Palme are controlled by puppeteers from the financial district of the City of London; François Mitterrand is controlled by overseas French financial colonial interests associated with the Orleanist wing of the old French nobility; Bettino Craxi of Italy's Socialist Party is owned by the old Venetian aristocratic fortunes which, to this day, control most of Latin American finances (including

Venezuela, or Little Venice), and the Bank for International Settlements.

These puppetmasters of the Socialist International represent an accumulation of political power and clout far superior to the apparent political clout of their very influential puppets. Their policy, elaborated over the last 15 years, is a mass genocide program which has been presented under the title "Global 2000." Under the Carter administration, the same program was the government report of the Agenda for the Eighties, the official policy orientation document of the State Department. Within the Reagan administration, Secretary of State Alexander Haig, Defense Secretary Caspar Weinberger, and OMB Director David Stockman are public advocates of this policy who have all played a significant role in helping develop its formulations. These officials are publicly and consciously in agreement with the policies of the Socialist International as presented at the Paris *Symposium on Science and Culture*.

The Socialist International, Haig, Weinberger, and Stockman are allied in this policy commitment with a policy faction of the Soviet Union associated with Central Committee members Georgii Arbatov and Boris Ponomarev, and with IMEMO. This combination of forces is an explosive mix in world politics, in which the Socialists have an important special assignment.

To summarize how the world situation is shaped and the Socialists' "educational" role in it: the single most significant policy issue in world strategic affairs today is not the East-West conflict, not geopolitical balances, nor the much touted competition for strategic resources and trade routes. *It is population policy.*

### **How Socialists will deploy**

The thesis presented in these policy-making councils over the last four years is that on a worldwide scale, population growth rates have not adequately declined by "ordinary," "humane" methods of birth control and thus, more "drastic," and "unfortunate" methods are needed for the next five to ten years ahead. These methods, as presented at the United Nations' Unitar and Unesco organizations, at The Population Council, the State Department Office of Population Affairs, and a number of European universities and think tanks associated with both the "right" and the "left," must now urgently include such expedients as deliberately induced civil wars, policies to purposely allow famine, policies to lower the immunological resistance of large populations so as to provoke epidemics, and so forth. Estimates in certain of those institutions, especially around the case studies of Cambodia and El Salvador correlate the exact number of child-bearing-age women that must be killed in various civil-war scenarios to produce a desired level of population decline in 20 years.

Within this overall scheme, the Socialist International has been assigned a specific role by the United Nations organizations that have developed the basic blueprints, Unesco and Unitar. That specific role is twofold. One, to provide political cover for "left" Jacobin rebellions and civil wars in the Third World in association with Jesuit networks of "Liberation Theology" and communist movements controlled by the Ponomarev-related factions in the Soviet foreign policy establishment, factions otherwise inimical to the basic thrust of the Brezhnev tendency. The second assigned role of the Socialists is the specific "educational" program that they announced at the Paris symposium. This program was developed in detail over the past two years in the New York office of the United Nations Institute for Training and Research, Unitar, which, in cooperation with Unesco, proclaims the decade of the 1980s the Education Decade. The purpose of the Unitar program is explained in detail in Aurelio Peccei's new book, *Cent pages pour l'avenir*, reviewed below. Peccei's thesis: in order to lower population, mankind's fundamental cultural values must be changed. Two such fundamental cultural values are singled out: first, man's belief that he can command nature by means of his science and, second, man's belief, fostered particularly by the great religions, that he is made in the image of God, i.e., that he is innately creative.

This thesis, taken up in toto by the Socialist International, is accompanied by the all-important observation that it is virtually impossible to alter the fundamental cultural values of people when they have reached adulthood. Therefore, both the United Nations and the Socialist International argue, during the next 10 years, strategic emphasis must be placed upon the youth.

During the Paris symposium, in the heat of the moment, various Socialist leaders elaborated on what is to be taught to the youth generation of this decade.

Willy Brandt reiterated that only "appropriate [pick-and-shovel] technologies" ought to be taught to the young. Melina Mercouri proposed a large-scale assault against Plato's dialogues; Peccei wanted to teach youth that "a young mother who kills her second child is not a monstrosity"; Maurice Fleuret proposed a general assault against classical music; Leopold Senghor proposed a general dissemination of the cultist teachings of the Jesuit priest Teilhard de Chardin, a founder of Liberation Theology. The symposium further reached a consensus that the youth must be taught to view the nation-state as an obstacle a "rational world order," and that "it is about time to denounce natural science."

Apart from the great numbers of dead that would be produced by the current political deployments of the Socialists and their collaborators, the Socialist International is now menacing those who shall live: the entire youth generation of the 1980s, singled out for behavior modification on the most ambitious scale on record.

# Postindustrial stormtroopers: the goal of the Paris Eurosocialists

by Garance Upham Phau

“Men are like insects, they proliferate too much—it is an aberration of nature to be corrected.” This opinion, expressed by Club of Rome chairman Aurelio Peccei, was the central theme of a “Symposium on Science and Culture” organized by the Socialist International under the aegis of Unesco in Paris on March 19-20.

The practical purpose of the conference was to hasten the mechanisms for reducing world population along the lines of the Global 2000 report. To that end, the participants proposed to unleash against society a new breed of youth movement that would dwarf Hitler’s SA stormtroopers. Organized into a World Council of Culture—Peccei’s term—those youths would then be deployed against every aspect of industrial civilization, aspects denounced one by one in the speakers’ statements.

There was not a single aspect of humanity’s heritage that was not put on trial at the symposium: the physical sciences, which “it is about time to put on trial”; the concept of the nation-state, “obstacle to a world culture”; Christianity, which makes “proud men”; “mercantile society,” which “creates nothing but a dead culture”; classical music, oppressive “signs on paper.”

Most of the Socialist International’s celebrities were there, promoting the candidacy of French Socialist Party chief François Mitterrand, as the electoral race against President Valéry Giscard d’Estaing moves into its final weeks. Because Giscard shared some of those views on zero population growth in his early years, his current rejection of the cabal’s program and his support for nuclear power development and Third World industrialization make him an object of special hatred within the Socialist International.

In attendance were West German Social Democratic Party chairman Willy Brandt, who also heads the Socialist International; Spanish Socialist leader Felipe González; Italian Socialist Bettino Craxi—exposed in his own country for his role in the deployment of the terrorist Red Brigades; Austrian Chancellor Bruno Kreisky; British Labour Party leader Michael Foot; and Leopold Senghor, the president of Senegal.

Also on the scene was the coterie of specialists associated with the Socialist International, including Méndez Arceo, the “Red Bishop” of Cuernavaca, Mexico, implicated last month in protecting terrorists; Dr. Claude Olivienstein, whose French drug detoxification clinics

send brainwashed individuals to the southern sheep farms where terrorist safehouses have been discovered; and economist Jacques Attali, a pre-eminent figure in the Right to Die euthanasia movement.

Mitterrand’s “cultural” project to “transform all of France from 1985 to 1989 into an immense living and animated museum of the French Revolution” for the bicentennial commemoration of that event, is more than rhetorical. It represents a live scenario for Socialist International destabilization of continental Europe, especially the Giscard government and Giscard’s friend and ally West German Chancellor Schmidt.

Already last fall, the Socialist International was making predictions of “social convulsions” in Europe this year and next. Mitterrand’s plans for a new Jacobin terror are very serious.

In 1789, the Jacobin mobs were deployed by the British and Genoese oligarchy to rid France of the republican threat posed by American-allied General Lafayette and his followers. Today, the descendants of that oligarchy who have given us the Club of Rome and the Socialist International now wish death to President Giscard d’Estaing.

These are, again, the same forces who organized the May 1968 destabilization against President Charles de Gaulle. In the 1960s, the Bertrand Russell Tribunal Against War Crimes, often organizing under the cover of Unesco, manipulated the anti-Vietnam War sentiment of European youth to create a radical, anti-establishment environment from which to create the brainwashed terrorists of the 1970s. This writer has unsavory memories of going to a Unesco meeting as a lycée student, only to be handed Mao’s *Little Red Book*, and told to arm in preparation for an impending “fascho” attack on an antiwar photo exhibition. The entirety of the May 1968 rioting was kindled out of such operations.

Thus it was in due course that a former president of the Bertrand Russell Tribunal, Dr. George Wald, who is now raising an international ruckus over El Salvador (“the present-day Vietnam”), delivered a speech to the symposium on the “two kinds of culture.” These are, according to the hirsute Dr. Wald, the “oppressive culture” of “nationalism/communism” versus the “liberating” culture of religious fundamentalism. The Harvard University professor offered Iran as an example of the

liberating category, and even introduced a representative of Iranian President Bani-Sadr to the audience.

### 'Security and disarmament'

Alongside the Unesco symposium, the Second International leaders held a conference on security and disarmament from which Willy Brandt emerged stating that "the Socialist International will do everything possible to prevent the deployment of nuclear missiles in Europe." This was taken to mean both the Soviet SS-20s, which Mitterrand has said represent a dire threat to Europe, and the NATO missiles.

All the makings of a new "ban the bomb" antiwar movement are in place (see article, page 18).

The "concept of a nation-state is a real obstacle to the development of a world culture," Club of Rome head Aurelio Peccei told a journalist at the conference. It was a theme he already had struck in his address to the proceedings, when he said that in the upcoming North-South conference, there "should be no representatives of national interests, but only partners."

Peccei's suggestion overlaps the script of Willy Brandt's World Bank commission, which calls for imposing "appropriate technologies" on the Third World, a policy that means the death of millions from starvation caused by underdevelopment. Perhaps most appalling was to see the president of Senegal, Leopold Senghor, a long-time member of the Socialist International, arrive in Paris from a continent where tens of millions are immediately threatened with extinction from lack of food, and deliver a quotation from former World Bank president Robert McNamara. Senghor declared: "The World Bank says that economic problems can't be solved by ignoring cultural questions"; before a new world economic order can be established, "there must first be a 'new world cultural order.'" Senghor posed Jesuit ideologue Teilhard de Chardin as the source of this cultural order.

### The right to die

The European Labor Party, which has tremendous influence throughout the continent dating back to party chairman Helga Zepp-LaRouche's attack on the Club of Rome at the 1974 Bucharest population conference, disrupted the smooth Socialist International proceedings and caused a stir by distributing a leaflet denouncing the socialists as mass murderers. The leaflet, which the party said had been printed in the tens of thousands, began with a quotation from economist and conference participant Jacques Attali, an adviser to François Mitterrand: "In a democratic society, the right to commit suicide is the most fundamental of democratic rights."

In the world of the Global 2000 planners, as in the concentration camps of Nazi Germany, indeed that is the single right they would leave to man.

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## Book Review

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# Peccei outlines Club of Rome blueprints

by Joëlle Leconte, Paris correspondent

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### *Cent pages pour l'avenir*

(100 Pages For the Future)

by Aurelio Peccei

Economica Publishers, Paris, 1981

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"If a Malthusian policy of population control and limitations on consumption is to be voluntarily accepted by populations," argues Club of Rome director Aurelio Peccei in his new book, "cultural values" must be changed. Since in his view only young people are capable of sufficiently drastic change, Peccei dedicates *One Hundred Pages for the Future* to "those young in spirit or age, the sole hope for humanity's future."

The human species must abandon its blind, vain, and indeed criminal belief in its own powers, insists Peccei. Man is merely some sort of accident within creation.

Similarly, he states that the nation-state must be supplanted by supranational modes of government that will not crush ethnic and regional cultures. In short, the Euro-Arab renaissance tradition must be abolished.

Peccei reports briefly on two forthcoming Club of Rome reports, the first on bio-engineering and informatics, a special preoccupation of his Club of Rome colleagues. "It will give a critical review of relations between microelectronics and society. . . . Major battles are already under way in the biological and genetics technologies. . . ." Another Club of Rome report titled "Dialogue sur la richesse et le bien-être" (Dialogue on Wealth and Welfare) shortly to be issued by Economica, aims at "ascribing [the] economic dimension to the natural environment. The economy and the ecology are inextricably united. . . . A strategy of generating wealth and one of safeguarding this patrimony are opposed. . . . Activities that generate wealth, but destroy the natural patri-

mony even more, create a negative value, or 'subtracted value.' ”

This will be an important document to examine in its entirety: it is the most radical statement to date of the Club of Rome's view that man does not create wealth through scientific and moral achievements in developing the population, but that humankind is an intrinsic drain on pre-existing resources. From this quite logically flows Peccei's endorsement of cannibalism.

### **Mobilizing the shock troops**

The aim of the book is to consolidate that already well-advanced effort by the Club of Rome: to destroy civilization where it is vulnerable—its youth. The Club wants to go further than the already impressive results to be witnessed in the streets every day.

Innumerable initiatives will be required at each and every level, and throughout the world; and the participation of the major centers of communications of society—families, schools, churches, cities and villages, businesses, unions, factories, international organizations, the media, youth centers, parties, sports clubs, etc.—will have to be secured. It is important to get started.

With this aim, the Club of Rome and its friends have drawn up a series of activities that should develop in three principal directions:

- create a movement for apprenticeship-innovation on the broadest possible basis;
- promote the elaboration of the alternative future projects by mobilizing the creativity of the youth;
- provoke a renewal of present-day basic thinking.

In 1976, the Club of Rome promoted one project based on apprenticeship-innovation, the famous “no limits to learning”/“bridging the human gap” approach. What is meant by that? “Apprenticeship must spontaneously spring up and has no predetermined rules. . . . In apprenticeship, manual activities and group activities are essential.” The idea is “to succeed in understanding the others and accept them; to re-evaluate the *communion with Nature and the transcendent*; not to give the future priorities too much below the present; to orient oneself amid the *complexities and reduce them to simple expressions*. . . .”

This is the grand project of the 1980s. Unesco is presently studying, *with the Club of Rome*, research programs and pilot projects, especially in two areas:

One is a multi-annual international research project in neurophysiology, sociopsychology and pedagogy, in order to discover what the processes are that command our learning faculties, and how

to enhance them. It is a very broad project, which should be supported by Unesco and other international organizations, and supported by derived national programs.

The other is creating a series of pilot projects in selected Third World villages that would be transformed into self-managed communities for rural development. . . . Then broader applications could be envisaged.

The education ministers of many nations—from France to the United States, Austria, Spain, and soon several Third World nations—are also conducting studies which they can carry on their own, or that require the collaboration of others. In Venezuela, the Ministry for the Development of Human Intelligence [sic] has implemented several highly interesting programs including the “learning how to think” program. . . . China is closely watching such projects.

In order to foster the initiative of the youth—it would be most undemocratic, Peccei says, that a majority of the world population should not be heeded and have no access to the management of the world—Peccei launched a “Forum Humanum”: the creation of “a network of research, reflection, debate, and proposal centers on the future of humanity, exclusively led by youth.” Such centers “should be located in different points of the world, for the sake of diversity, and would study alternative world societies for the year 2000 and beyond.” Peccei has already pulled together a group of “high-quality young men and women of all nations” ready to commit themselves to that adventure.

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## **Interviews**

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### **‘Socialists are the best ramrod against nations’**

*At the March 19 Paris Symposium on Science and Culture a journalist queried Club of Rome chairman Aurelio Peccei on his relationship to the Socialist International. Excerpts follow.*

**Q:** What is your impression of the symposium?

**A:** I am in sympathy with the idea, the socialist idea is to challenge the future.

**Q:** Don't you think you are interfering in French politics?

**A:** We are a free movement, we try to influence both [the ruling majority and socialist opposition]. Our main preoccupation is the future of the world.

**Q:** You have talked about the nation-state as an obstacle.

**A:** It is necessary to change the concept; nation-state is a real obstacle to developing a world culture, that's why I am in sympathy with the socialist idea. Personally I am a man of the left, and I think that a profound change is necessary.

**Q:** Do you think that with [Socialist Party presidential candidate and Socialist International vice-chairman] François Mitterrand as president of France, there would be some changes in the North-South dialogue?

**A:** The socialists are more open to globalism.

## 'Our youth networks will control the future'

*From a Mexican journalist's interview with Aurelio Peccei, made available to EIR:*

**Q:** Are you satisfied with the meeting of the Second International?

**A:** Yes, it seems to me that it was very good—a panoramic vision of the necessary new activity appropriate to the problems of today, which are much more complex and interconnected and generally much bigger than those of the past. . . .

**Q:** This is not the first time you have participated in a Second International meeting.

**A:** No, I'm an old man; I have been at army meetings here at Unesco, in other places, and with many different parties as well, not only with socialists. . . .

**Q:** There is a special connection, though, between the policies of the Club of Rome and the Socialist International, is there not?

**A:** I will tell you something about the Club of Rome. Right now we are going through a self-critical phase. We are examining the way we have proceeded so far.

In the beginning of the past decade, we thought it was very easy to know what was necessary, and what the problems were. Now, at the beginning of the 1980s, the situation is much more complex and difficult.

The Club of Rome is very small in numbers, but we do have a catalytic potential and other possibilities for action. I think we are going to move in two or three different directions.

The first one, which is fundamental, is to see how we can develop the human being. Even among the lower strata and the marginals, there is a latent capacity that must be developed and used. This, we believe, is the main

problem, the main objective facing humanity in this new decade. It will be decisive in many respects.

We are developing two projects. One, which is already under way, consists in discovering how the human being learns . . . to discover those invisible mechanisms.

The second project aims at developing the means by which the most creative segments of the population, the youth, can be used.

How can we use the creative capacities of youth, a youth whose intellectual background is far superior to their parents? We will hold the first meeting of young people from different parts of the world in Rome at the beginning of April; this project is called Human Forums.

**Q:** What will be the objectives?

**A:** They themselves will decide. They will direct the project themselves.

The objective is the following: if we look at current tendencies, the current orientation of humanity, the future appears to be very obscure, very stormy. What other future can we imagine and progressively create?

We will have a network of small groups in two to three years. They will say to the U.N., to world powers: "The world should go in this direction, not that direction. We must make sacrifices."

## Peccei's solution to resource shrinkage

In a 1974 interview with the leading Latin American daily, Mexico's *Excelsior*, Aurelio Peccei stated: "We are in a far more serious situation than we were five years ago" regarding overpopulation and resource depletion. "But to me, in spite of the darkness surrounding it, there is a small light, man himself . . . one can expect anything, the most diabolical or the most sublime.

"I am an optimist, in spite of my belief that the possibilities for man's salvation are minimal. Let me give you an example that I've thought a great deal about from the moment it happened: the Uruguayan boys who were lost in the Andes when their plane crashed. Why were they able to carry on? Why were they able to overcome almost insuperable obstacles? Because, I believe, this is man's innate condition."

The unfortunate Uruguayans to whom Peccei referred solved their problem of scarce resources by eating their dead companions.



# Eurosocialists deploy Yippies against Reagan

by Joseph Brewda

Abbie Hoffman, the reconditioned Youth International Party (Yippie) leader who emerged last year from his St. Lawrence River hideaway where he was evading federal prosecution for cocaine trafficking, has become a leading organizer for the Socialist International's environmentalist rioting.

The planned confrontations are aimed at softening up the Reagan administration, and the nation, for a heightened drive to implement the genocidal, anti-science perspective of the State Department "Global 2000" report. Hoffman's efforts include an array of activities intended to create a climate for assassination of President Reagan and possibly other leaders.

"We have got to stop science, and scientific progress: This is not what America needs," Hoffman told a Washington, D.C. conference on water policy March 21 sponsored by the elite Environmental Policy Center. The group is run by members of the Club of Rome, one of the control points of the world environmentalist movement.

## Assassination threats

Two days after his appearance before the well-heeled Washington group, the Yippie founder, who orchestrated the New Left riots of the late 1960s, showed up before 100 drugged-out Yippies in New York City's East Village.

The walls of the Yippie headquarters were covered with signs proclaiming "Reagan Is Already Dead!" and "Now is the Time to Kill Reagan." Buttons were handed out to all conference attendees reading "Shoot Bush First."

Intelligence community sources have reported a recent deployment of several professional "hit men" into Yippie circles over the past month, including former Vietnam Special Forces personnel now engaged in narcotics trafficking in the New York City area. This augmented Yippie apparatus, which is actively recruiting among the most degenerate elements of the environmentalist and urban riot circles, is merely one of a wide range of New Left assets being pulled together by Hoffman.

At his East Village appearance, Hoffman reported that he was in the middle of an exhaustive nationwide

tour aimed at both profiling and mobilizing the campus population in conjunction with the already activated countergang left.

"It's now 1963," Hoffman told the audience. "But if a few Americans get killed in El Salvador and the administration sends in a hundred more advisers, we'll be in 1968 within a month."

Hoffman emphasized the importance of El Salvador as the rallying issue around which a coordinated nationwide anti-Reagan mobilization can be built. He reported that he holds weekly planning meetings with Village Voice writer Alexander Cockburn—a second-generation asset of British intelligence networks—and a New York City bureau writer for the *London Times*, in preparation for a nationwide media teach-in on El Salvador scheduled for some time this spring.

Last month, Yippie spokesmen tried to blame a bombing at their New York City headquarters on Democratic leader Lyndon LaRouche, raising fears the anarchist grouplet was also aiming their potential assassination capabilities at LaRouche. New York police sources suggested the publicity-hungry Yippies actually bombed themselves.

## 'The enemy has science'

Yippie leader Hoffman's pitch at the Washington, D.C. Environmental Policy Center conference was aimed at improving the environmentalists' capability to take on the advocates of science and progress. The Policy Center is leading the fight to get Congress to halt the half-completed Tennessee-Tombigbee waterway project, one of the major projects targeted by the Global 2000 report, which sees water development as encouraging population growth.

At the conference, Hoffman described his campaign against the St. Lawrence Seaway and the Army Corps of Engineers.

"We made winter navigation synonymous with the devil," Hoffman bragged. "The Army Corps of Engineers started saying they were against winter navigation, but for seasonal extension. . . ." "This is a war," Hoffman said. "The Army Corps of Engineers sits on the other side of the trenches as far as I'm concerned. . . . They are the enemy. . . . They have an engineering mentality."

"I learned a lot from [Saul] Alinsky," he said, referring to the community organizer who trained Cesar Chavez and the leaders of Chicago's street gangs. "We think a beautiful river is progress. We think we can do light industry with alternative energy," Hoffman said. "Complicated facts and issues—ignore them," Hoffman advised. "Facts separate people. The enemy has facts and science. You can't fall into their trap by using the same language. It's not what moves people to action. An expert is someone from out of town."

## London and Khomeini launch subversion of Iraq

by Nancy Coker

A group of well-known "pro-Arab" Americans, working with British intelligence, are positioning themselves to overthrow the government of Iraqi President Saddam Hussein. Their allies in this operation, which is backed by President Abolhassan Bani-Sadr and Ayatollahs Khomeini and Beheshti in Iran, are a collection of corrupt Iraqi exiles, including former Foreign Minister Talib Shabib and the London-based son of Iraqi Shiite leader Ayatollah Khoi.

Alongside the attempt to bring down President Hussein, a leading proponent of industrial development in the Arab world, plans are in an advanced stage to overthrow Saudi Arabia's Crown Prince Fahd, and to install in Iran a "liberal" anti-industrial Islamic republic under the aegis of genocide advocate Bani-Sadr (see below).

### Oil flows targeted

The goal is a major new crisis in the Persian Gulf. Such a crisis would jeopardize oil flow from the region, drive oil prices sky-high, and force the already precarious world economy into rapid collapse. This is exactly the scenario envisioned by the designers of the now infamous Global 2000 policy, which advocates global deindustrialization and the reduction of the earth's population by 2 billion people by the turn of the century.

Saddam Hussein's government, with its vigorous national and regional development perspectives, is anathema to this Global 2000 policy and, in the eyes of the British and their hangers-on, must be eliminated.

The American operatives involved in the destabiliza-

tion of Iraq are an interlocking fraternity of long-time anti-Israel Arabists, including such types as Joseph Malone of Middle East Research Associates in Washington; Malone associate and Iraqi Baath Party expert John Devlin, formerly of the CIA; Miles Copeland, another ex-CIA agent tied into Mobil Oil; Alfred Lilienthal, a New York-based Jewish anti-Zionist; James Akins, former ambassador to Saudi Arabia; and James Jesus Angleton, former director of counterintelligence for the CIA. The privately stated desire of all of these is to somehow do away with Saddam Hussein, either by assassination or coup, in order to end Iraq's opposition to the Islamic fundamentalist regime in Iran and bring Iraq into line with Iran's no-production, high-price oil policy.

The political command center of the anti-Iraq operation is situated in the corporate boardrooms of Mobil Oil. Mobil executives such as Peter Chase and Jack Hayes work in close coordination with self-described "old Arabian hand" Joe Malone and others, duping gullible Arabs and others that they are working in the best interests of the Arab world.

Malone, a 30-year veteran of British intelligence operations in the Middle East and one of the inside men involved in planning the 1975 assassination of Saudi Arabia's King Faisal, is currently in Iraq to make connections with the anti-Hussein elements in that country, both inside and outside the government.

Like Malone, Alfred Lilienthal and Miles Copeland also visited Baghdad recently to touch base with their contacts.

That Americans are being used by the British to



*Alfred Lilienthal with Billy Carter and Ahmad Shahati of Libya.*

penetrate and destabilize Iraq is not surprising. Given the almost universal suspicion and hatred of the British in the Middle East, American operatives, in contrast with their tainted British counterparts and much to the pleasure of their British intelligence controllers, have been able to achieve comparably more freedom of movement and higher levels of trust in the Arab world, simply because they are Americans.

Alfred Lilienthal is a case in point.

### **The case of Alfred Lilienthal**

Investigations by *EIR* have determined that Dr. Alfred M. Lilienthal, an American Jew who has made a lifetime career out of posing as a crusading anti-Zionist, is a long-standing asset of British intelligence.

Among his most important current assignments, *EIR* has learned, is to aid in the overthrow of the anti-Khomeini, anti-Muslim Brotherhood president of Iraq, Saddam Hussein.

Lilienthal was recruited into the British intelligence network no later than 1945, when he was nominally doing work for the State Department and U.S. Army intelligence in Cairo, a city that was then the command center for British intelligence operations in the Middle East and Africa. Particularly strong then in Cairo were the networks run by Lord Bertrand Russell, Royal Institute of International Affairs research chief Arnold Toynbee, and Sir Harold Beeley, today a top controller of the Center for the Advancement of Arab-British Understanding (CAABU), the main control agency over the Muslim Brotherhood fundamentalist society.

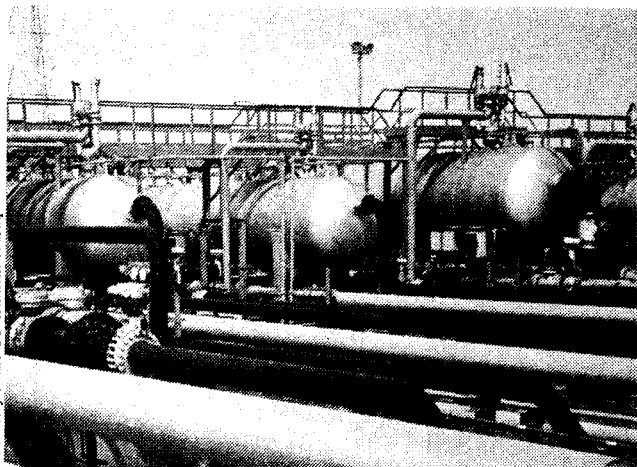
Lilienthal has fulsomely praised all three men in his writings over the years.

In the late 1940s, Lilienthal, from his base in the United States, launched several "pro-Arab" organizations in league with British intelligence-trained CIA agents Kermit Roosevelt and Miles Copeland, according to official U.S. documents obtained under the Freedom of Information Act. Both Roosevelt and Copeland were acting as conduits for British geopolitical strategies within the U.S. intelligence community. One of these organizations was the Holy Land Emergency Liaison Project (HELP), which was set up in 1949.

During the late 1940s and into the 1950s, it is estimated that Lilienthal came under the total control of Sir John Bagot Glubb (a.k.a. Glubb Pasha), the head of the Jordan-based Arab Legion and a senior liaison between the British monarchy and Arab regimes. Glubb Pasha has gone on record praising Lilienthal's "pro-Arab" activism, and Lilienthal's monthly newsletter *Middle East Perspective* has reported fondly on the old and ailing British intelligence asset.

By the late 1950s, Lilienthal turned up in the midst of several destabilizations, including efforts in 1958 to skew Iraq's antimonarchist revolution in a pro-Anglo-American direction. To this end, Lilienthal spent some time in Iraq just weeks before the July 1958 coup.

In the recent period, Lilienthal's alliance with the Muslim Brotherhood is quite open. In addition to being an admirer of the "Islamic revolution" in Iran, Lilienthal is an enthusiast of Libya's proterrorist Col. Muam-



Iraqi oil production.

mar Qaddafi. It was Libya—the only Arab state allied with the Khomeini regime—that heavily funded Lilienthal, including a purchase of thousands of copies of his 1,000-page book, *The Zionist Connection*. When the book was released in 1978-79, Lilienthal's close friend Mansour Kikhia, then Libya's ambassador to the United Nations, sponsored his New York reception. It is widely believed, although not confirmed, that Lilienthal receives regular payments from Qaddafi. Lilienthal's *Middle East Perspective* is known for its frequent praise of Qaddafi, and often runs pictures of Lilienthal with Kikhia, with Libyan foreign ministry director and terrorist supporter Ahmed Shahati, and with Billy Carter, whose attacks on "Jewish control over the American media" were strongly supported by Lilienthal.

### Covering for the British

Significantly, the primary feature of Lilienthal's *The Zionist Connection* is his exoneration of London's role as the main world prop of Zionist activities. While cataloguing U.S. Zionist activities, Lilienthal goes so far as to praise the British as paragons of pro-Arab behavior, quoting Arnold Toynbee, Bertrand Russell, and other British intelligence specialists at great length. It is Lilienthal's thesis in the book that Zionist influence is so strong in the United States that the Arabs can never rely on Washington, and instead should turn to Britain for advice and help. In the same fashion, Lilienthal attacks the *New York Times* for its pro-Zionist reporting while praising the *Christian Science Monitor* for its allegedly balanced coverage of the Middle East conflict, neglecting to specify that the *Monitor* is perhaps the premier outlet for British Round Table thinking in the United States.

Among Lilienthal's close friends are such known terrorist supporters as Mohammed Mehdi, the rabble-rousing head of the Arab People to American People

organization, and dignitaries such as Mansour Kikhia. With such friends, and his anti-Zionist calling card, Lilienthal has made several tours of the Arab world, during which he has built up contacts with a number of well-placed officials in Jordan, Iraq, Syria, Kuwait, the United Arab Emirates, Oman, Qatar, and the Palestine Liberation Organization. In 1980, Lilienthal made a nine-nation tour of the Middle East.

In recent weeks, Lilienthal's activities have included:

- a speaking tour in London sponsored by CAABU and the Islamic Council of Europe, the mother of all Muslim Brotherhood organizations in Europe;
- a speech before the International Progress Organization in Vienna, where he shared the podium with the proterrorist, pro-Khomeini former U.S. Attorney General Ramsey Clark, and with Georgetown University's Hisham Sharabi, another Khomeini apologist;
- frequent strategy sessions in New York with Mohammed Mehdi. Mehdi is an Iraqi emigré who was formerly involved in aiding the early-1970s "Black September" terrorist organization; he recently received a large infusion of money from dirty-money British networks in the Persian Gulf, according to Arab intelligence sources.

Last year, as part of his Middle East trip, Lilienthal visited Iraq, where he met with top officials who are suspected of being key "inside men" in the British-planned destabilization of Saddam Hussein. In interviews with these officials, Lilienthal egged them on to make threatening statements that Iraq was prepared to use "the oil weapon" against the West if its policy demands were not met. Saddam Hussein, a stong opponent of such adventurist nonsense, refused to grant Lilienthal an interview.

This February, Lilienthal's *Middle East Perspectives* issued a direct attack on *EIR* founder Lyndon H. LaRouche, Jr., the former candidate for the Democratic presidential nomination. Lilienthal suggests that LaRouche has recently made "a 100 percent turnabout" away from his former "superficial" anti-Zionism, to the point that LaRouche is now an agent for the Anti-Defamation League of B'nai B'rith.

Arab and European intelligence sources have confirmed that the purpose of Lilienthal's slander is to block LaRouche's considerable influence in European and Arab policy-making circles. Even Lilienthal's long-time aide Harriet Karchmer has questioned the validity of Lilienthal's charge that LaRouche is an ADL agent. "I'm not exactly sure why Alfred went after LaRouche the way he did. Personally, I don't believe that LaRouche is a Zionist or an ADL agent. Alfred must have had a reason, though. What Alfred objects to is LaRouche's line that Israel can play an important role in the development of the Middle East. To Alfred it's like

saying the Nazis could have played an important role in developing Europe.”

The Iraqi exile community is figuring prominently in the operation to unseat Saddam Hussein and bring political turmoil to the Gulf. In early March, at a private, closed-door session at Columbia University's Middle East Institute arranged under the sponsorship of institute director J. C. Hurewitz, Iraq's former Foreign Minister Talib Shabib spoke to a gathering of sympathetic Arabists, including Peter Chase of Mobil, John Devlin, and Richard Bulliett of Columbia.

Shabib, long an adversary of President Hussein, sullenly acknowledged that Hussein's position was currently secure, but pointed out that the Iraqi leader could always be dislodged by an assassin's bullet given the difficulties of building up a constituency-based opposition movement in Hussein's security-tight Iraq.

Having spent years in London at the University of London and later as director of the Arab League office there, Shabib is currently based in New York as director of the American-Arab Credit Corporation. Insiders report that he, along with a number of other Iraqi emigrés, has been tapped to play a key role in the operation to do away with President Hussein and bring about a governmental transformation in Iraq complementary with the installation of a “pro-Western” Bani-Sadr government in Iran that would put a cosmetic face on the Islamic fundamentalists' dark ages policies there.

It is in this context and this context only that Secretary of State Haig has recently begun to woo Iraq, sending out overtures of the possibility of closer U.S.-Iraqi relations. Haig's unstated “price” for closer ties is simple: the removal of Saddam Hussein, to break Iraq's dirigist spirit and extensive cooperation with Europe, particularly France.

It is to this end that Lilienthal, Copeland, Malone, et al. recently surfaced in Iraq. However, with Saddam Hussein still very much at the helm, the outcome of this operation, important for future of the Middle East, is still an open question.

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## Interviews

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### Angleton: ‘Time to get rid of two Husseins’

*The following comments were made recently by James Jesus Angleton, former director of counterintelligence for the Central Intelligence Agency.*

The secret to everything is getting Camp David back on track. Camp David was a genuine and realistic foreign

policy. The big problem is Jordan. But we can get around that one. We can get rid of the Hashemites. We can get the Syrians or the Palestinians to get rid of them. Also, King Hussein is not going to live forever. I don't foresee these changes in the near future, but eventually we may be forced to take that option, if the king does not cooperate. This may just scare the king into cooperation. After all, he does not have all that many friends. His good friend Saddam Hussein is not in such good shape, and the king knows this. I don't have a good reading on Iraq's internal situation, but rumors I hear say Saddam Hussein is in trouble. The Iraqi exiles are playing a big role in this operation.

Will Reagan write Iran off? I don't think so. Reagan wants to get Iran back. The Reagan people are pragmatic enough to know that Iran is a great strategic piece of real estate. They may want to take revenge against the clergy, but all in all they are ready to back Bani-Sadr, as a way to strengthen the Gulf.

### Lubin: ‘The West should forget about Saudi oil’

*Below are excerpts from an op-ed in the March 20 Jerusalem Post by Peter Lubin, a Committee for the Free World member who is connected to former Air Force intelligence officer and Meir Kahane ally Joseph Churba. Lubin was the top U.S. contact man in planning the summer 1979 “international terrorism” conference in Jerusalem that mapped out a wave of terrorist incidents that were subsequently blamed on the Soviet Union. The op-ed was copyrighted by William Buckley's National Review magazine.*

Saudi stability is not intrinsically desirable to anyone but the Saudis. Continued rule by the al-Saud family or the continued existence of Saudi Arabia in its present borders, may or may not serve the interests of the oil-consuming world. . . . It may be that a severe shock to Saudi complacency, or even a sustained effort to keep the Saudis off balance, would serve Western interests better. . . . We should make the distinction between protection of oilfields in the physical sense and protection of a regime or a country.

[If the Saudis seek security protection from the Europeans,] we have the means to obtain European cooperation. In the end, the U.S. could do without oil from the Gulf; Western Europe and Japan cannot. It is to our allies' advantage that the Saudis be brought to heel. . . . The American people may grow weary of safeguarding oil to keep German or French or Japanese industry humming, if those same Germans or French or Japanese make that job more difficult.

## U.S. arms package for Zia unsettles India

by Daniel Sneider and Paul Zykofsky

After a spate of signals from the Haig State Department, it was no surprise when reports were leaked last week in the press that a \$1 billion arms and economic aid package was being prepared for Pakistan. In testimony before the Senate and House on the administration's foreign assistance proposals, Haig and lesser State Department officials emphasized the importance of Pakistan in the geostrategic policies for that region.

On March 24 the *New York Times*, in an obviously calculated "leak," reported that the administration was prepared to offer a two-year package, \$500 million yearly of which \$400 million would be in the form of military credits. This compares to a \$400 million two-year package offered Pakistan by the Carter administration—and rejected as "peanuts"—half of which was earmarked for military assistance.

The news of this massive arms inflow to the shaky military dictatorship of Gen. Zia Ul-Haq in Pakistan has created tremors in neighboring India.

Indian Foreign Minister P. V. Narasimha Rao told the Indian parliament that the Indian government had warned the United States of the destabilizing effect this would have on the region and their view that the weapons would end up being used against India. Rao also took note of the reports that arms flows to the Afghan rebels would be carried out through Pakistan, and pointed out that such a move by Pakistan would violate its non-aligned nation status.

This Indian view is widespread in the press as well. Writing in the Indian newsweekly *New Wave* on March 15 in response to rumors of such a Reagan move, Satchit Anand said, "Memories are notoriously short but not so short as to have obliterated the lessons of what happened when, in earlier years, the United States supplied massive arms to Pakistan for the same purpose of containing the Soviet Union. Pakistan waged three wars against India with these arms. In the process Pakistan was weakened after each war. Far from strengthening Pakistan, American arms supplies created chaos and confusion in the country, and the rulers, when not fighting against India, used the arms to suppress the democratic aspirations of

their own people."

Despite claims from both the previous and current U.S. administration, and the Zia regime itself, that Pakistan seeks assistance because of its "frontline" status against Soviet forces in Afghanistan, there is evidence to the contrary. During this entire period, not one single unit of Pakistani troops has been redeployed to the Pakistan-Afghanistan border area. Approximately 80 percent of Pakistani forces remain stationed in positions aimed at India, not the Soviet Union. The administration faces considerable resistance in the Congress to providing arms aid on this scale to Pakistan. During the Carter administration, the Symington Amendment was invoked to bar such aid to Pakistan on the grounds of the evidence that the regime was carrying out an extensive program to construct a nuclear weapons device.

### Geopolitical arguments

The argument put forward by Haig and others is simply that by moves to reassure Pakistan of a U.S. commitment to their defense, the need for such things as a bomb will disappear. The geopolitical argument was typically put forward by Deputy Assistant Secretary of State for Near East and South Asian Affairs Jane Coon before the House Foreign Affairs Committee. The official told congressmen that "Pakistan is now a frontline state facing 85,000 Soviet troops across its border. . . . Pakistan's strategic location, at the eastern flank of the Persian Gulf, makes it very important that we and our allies undertake a major effort to help Pakistan resist Soviet pressures and to become stronger and more self-confident."

Needless to say these arguments do not admit the anti-Indian content of this policy. The *Washington Post* reported last week that the administration had explicitly decided not to take into account Indian objections in formulating the aid package. The *New York Times* reported that some administration officials feel the best way to deter Pakistan from constructing a nuclear bomb clearly meant for India was to offer to "rewrite its 1959 security pledge to Pakistan, promising to come to Pakistan's defense in case of an *attack by India* [emphasis added]."

The Zia regime will probably never exist long enough to collect its payoff. Its instability, despite numerous press claims that it has weathered the latest heavy storm of internal protest, is undeniable.

This was reflected by the regime itself when, a day before the report of the arms package appeared, Pakistani Foreign Minister Aga Shahi went to great pains in a *Washington Post* interview to make it clear that they wanted the aid to be constructed in such a way that they would not look like "a tool of Washington." Even so, the regime already bears that mark in the eyes of its population and neighbors.

# López Portillo states policy for Salvador

by Gretchen Small

Mexican President José López Portillo launched a renewed push last week toward an effective political solution to end the fighting in El Salvador. Although his efforts were entirely blacked out of the America media, López Portillo has laid out a workable set of parameters for any solution to the crisis that slaps both the Socialist International effort to dominate "negotiations," and the military confrontation plans of U.S. Secretary of State Alexander Haig.

In a meeting with Panamanian President Aristedes Royo, and in an as yet unaired CBS interview addressed directly to the American population, López Portillo outlined the following critical elements to a solution: first, El Salvador must not be defined as an area of superpower confrontation. Central America and the Caribbean are de facto "being converted into a border" between the Soviet Union and the United States, he warned.

Second, the weapons flow to either side must stop immediately, including those from the U.S. "If one side provides arms, the other will also," the Mexican president bluntly stated.

Under these conditions, talks can be convened between the leading Salvadorean figures and parties—and only the Salvadoreans—toward the immediate formation of a Constituent Congress that can freely decide on the future of the country. Mexico's role, as López Portillo defined it, is not to mediate directly, but to ensure a regional environment in which such talks could be productive.

Various "political solutions" have been proposed for El Salvador since the beginning of the year, but most of them, at closer examination, have been shown to be designed to further the goal of "permanent instability" that for years has dominated policy, including that of the United States, toward El Salvador.

Prominent attention was given to the Socialist International's call at the beginning of March for its chairman Willy Brandt to sit down with President Reagan and work out a "deal." That proposal passed into unlamented oblivion, however, when the Mexican government ignored its existence, and the West German government

issued a statement denying the proposal had even been made!

The London *Financial Times* more recently noted that another international mediation team was about to be "appointed," this one to include "one senior U.S. senator, one Latin American political figure, one representative of the West German Social Democratic Party, and one Italian Christian Democrat." While no further word has surfaced on this last initiative, it is presumed to fit into the outlines of Sen. Ted Kennedy's repeated call for the so-called Zimbabwe solution for El Salvador, modeled on the short-lived British-run settlement of the Rhodesian crisis.

Mexico's political prestige and weight in the region gives added effectiveness to its proposals, as demonstrated in the response of Panamanian President Royo. López Portillo extracted a commitment from the Panamanians, who until now lined up with the Socialist International and are widely believed to be one source of arms and financing for the guerrillas, to cut that support. On March 25, following his official talks with the Mexican president, Royo announced that Panama is *not* supporting the guerrillas, in contrast to its policy toward Nicaragua's Sandinistas two years ago. The two presidents then signed a joint communiqué promising cooperation in seeking a solution.

Top on the Mexican president's mind is how to bring President Ronald Reagan into alignment with this crisis-solving perspective, and out of the quagmire Haig has created. The late-April summit between the two presidents is the "deadline" by which general policy agreement between them should be reached.

In an embargoed interview given to CBS two weeks ago and run only in Mexico, López Portillo warned that "no solutions of force" would work in El Salvador, and talk of "intervention" now poses the greatest danger to the area. American cartoons and funny filmstrips used to be made about the coups, uprisings, and rebellions in Latin America, López Portillo noted; now these events have been turned into a question of superpower intervention and "ideology."

When the interviewer tried to present López Portillo as an "idealist" for thinking time was left for a political solution, López Portillo answered: "It is not a question of time, but of will. . . . What we can and must do is use our forums of communication to pose problems. While they are not posed, they will not be solved."

López Portillo ended with a direct appeal to the U.S. population that they understand Mexico's position and implicitly join it: "We are not arrogantly opposing the acts of the authorities of your country. We do not believe in the principle of force but in the force of principles, and in this we have been tenacious and constant. We are not hostile . . . but we think our principles must be defended."

# Central bank mounts blitz against industry

by Marco Fanini

The surprise economic measures taken by the Italian government late Sunday night, March 21 to devalue Italy's currency and raise interest rates are truly extraordinary. The measures include the following:

The lira has been devalued by 6 percent against the other currencies of the European Monetary System (EMS), making a de facto 6 percent devaluation worldwide. The official discount rate has jumped from 16.5 percent to 19 percent (this is the rate the Bank of Italy grants to other banks). Consequently, the prime rate has climbed upward from 21 to 25 percent (a level not yet fixed, but clearly in the wind). And regular interest rates have also climbed, to 30 percent (which means that if a businessman wants credit, he will find it difficult to get at less than 35 percent). Finally, there has been an increase in the monthly reserve level banks must maintain against their deposits, from 15.75 to 20 percent.

## Tightening the screws

The immediate consequences for Italy include a 6 percent rise in the price of petroleum and every other type of commodity imported. In turn, this will mean price increases for every commodity, in the cost of living, and thus in salary levels through the cost of living escalator. The noted exponent of the Trilateral Commission, Gianni Agnelli of FIAT, declared that these measures are useless without a cut in the cost of living escalator for workers. And the central bank, the Bank of Italy, considered by many for some time to be a branch of the Bank of England, has adopted the principal plank of the "Visentini Plan"; that is, becoming a private bank (see *EIR*, Feb. 17, 1981).

The technocrats of the Bank of Italy want to control all the finances of the state, and hence the economy, but without being under any governmental control. This is the plan of the powerful Venetian black nobility, for whom the president of the Olivetti electronics firm, Bru-

no Visentini, is the spokesman.

One does not have to go far to see why these attacks on Italy's economy are being made. The nobility is using its instruments in the International Monetary Fund and NATO to break Italy away from the rest of continental Europe, to make Naples the base of operation for the Rapid Deployment Force, and to make Italy the leading Mediterranean nation, or even better, of the Third World. To that end, for the last 10 days L. A. Wittome, the director of the IMF's European Department, has been in Italy to dictate the above-mentioned measures.

And despite the requests of the Andreotti-linked faction of the Christian Democracy for the government to resign, and the calls for a general strike by the Italian Communist Party, the reaction of Italian patriots has been one largely of impotence, and a failure to understand that the EMS is the real target of all these maneuvers.

But since the government handed down its new austerity decrees, reactions from industrialists' associations and cooperatives, trade unions, banks, and politicians have ranged from shrieks that "this is the end!" to "these measures are crazy, inflation will increase and production will decrease," to "construction and agriculture will be the first sectors to collapse."

## The 'Operto Plan'

The only alternative, which was discussed in a major international conference in Rome sponsored by the Italian Antidrug Coalition March 20-21, is the so-called Operto Plan, named after the secretary of the European Labor Party (POE) in Italy, Fiorella Operto. The Operto Plan calls for the introduction of the "heavy lira" to clean up the dirty money market and permit the generation of the credit necessary for the industrialization of the backward Mezzogiorno region of southern Italy, totally devastated by the earthquake several months ago.

Instituting a heavy lira would not merely substitute one new lira for each 1,000 old liras, but would mean that those people who now have vast sums deposited in Swiss bank accounts, and have otherwise recycled "dirty money" derived from the international drug trade, various fraudulent banking schemes, and tax evasions, would be forced to come forward to turn in their old liras, or risk losing their fortunes as the old currency becomes valueless.

The recent ADC meeting, which some 300 people attended, and which was widely covered in the national press and on national radio, has brought the issue before the whole Italian population. But whether they accept this latest round of austerity measures with any more than a whimper of protest remains to be seen.



# Rome greets a real war against narcotics

by Leonardo Servadio

*On March 21, the major Rome daily Il Tempo reported on the Italian Antidrug Coalition conference held at the Palazzo Valentini, headquarters of the provincial government. The Il Tempo coverage was titled "An International Tragedy," and subtitled "The basis of the discussion going on at Palazzo Valentini is the American project for a total war [against drugs] in all the countries of the world. Il Tempo was one among many newspapers, TV and radio programs which covered the March 20-21 conference of the Antidrug Coalition. The conference was the first stop on a European-wide tour of Colombian Antidrug Coalition President Fausto Charris Romero.*

*Charris's tour intersects heightened organizing drives by the Antidrug Coalitions in Italy, France, West Germany, and Sweden. Charris, a vehement opponent of decriminalization in his own country, plans to help the ADCs push for a Narcotics Enforcement Treaty Organization. A translation of the Il Tempo article follows:*

With the international conference that began yesterday at Palazzo Valentini, sponsored by the Antidrug Coalition, we are getting back to talking in concrete terms of the problem of drug addiction, a subject that seems to have become a bit out of style in past months, at least to judge from the lack of meetings on this issue or of any particular sensitivity to it on the part of political groups.

The meeting going on at the provincial headquarters has a title which finally goes beyond the anachronistic and useless messages of the type "down with drugs," "it's a scandal," and so forth. With "The Strategy for Winning the War on Drugs" the main title of the conference, we are already a step ahead, at a critical point in the analysis of the phenomenon, of what has been done so far and how it is possible to correct the direction of interventions to reach real solutions.

The Antidrug Coalition proposes not only to stop the presence and spread of drugs in schools, factories, and other social environments, but above all to inform public opinion on the danger of the phenomenon and on the national and international forces that are collaborating at various levels to spread drug use.

And to demonstrate the different intellectual approach with which the coalition has decided to give muscle and concrete purpose to its own subject, the conference opened with the reading of a proposal which the American [National] Antidrug Coalition (whose official magazine, *War on Drugs*, has a very large circulation in the U.S.A.) has worked out and presented to President Ronald Reagan for the realization of a "Narcotics Enforcement Treaty Organization," that is to be an international entity.

To this end the Antidrug Coalition proposes that Reagan open negotiations with his main allies in Europe (France, Italy, Germany) and with the leading countries of the developing sector (Mexico, India, Colombia) to carry out such a treaty, which has three main points: 1) the coordination of intelligence and repression of drug-trafficking organizations; 2) the imposition of economic sanctions (embargo and boycott included) against any nation that promotes or approves on its national soil the cultivation, spread, or trade of narcotic substances; 3) the issuance of long-term, low interest credits for those countries in the developing sector so that the drug cultivation fields can be destroyed—through chemical substances like paraquat—and productive agricultural activities can be promoted.

Overly optimistic projects? Perhaps, but it has already been shown that evil should be pulled up by the roots, without a lot of hypocritical niceties and frills. This should be welcomed even if it may be attacked as "childish" by the shrewd capos of the multibillion-dollar business in death by syringe.

Among yesterday's presentations ("Heavy Lira Against the Drug Financiers," by Maria Cristina Fiocchi, president of the Antidrug Coalition, "The State and Drugs," by Dr. Lucio Ciarletta, judge of the Rome tribunal, and "The Activity of the Antidrug Centers in Italy," by Lt. Col. Luciano Rossi of the Command of the Tax Police), we feel it is our duty to draw attention to the report by Fausto Charris Romero, president of the Colombian Antidrug Coalition.

Behind the title of his speech, ("The Drug Cartel and the Drama of the Producing Countries"), there is a true, desperate appeal, a demand for measures to be taken, and an overwhelming denunciation of what is going on in Colombia. "My country is the victim at this time of a vast genocidal intervention conducted by the forces of the international drug traffic," Charris said. "Not to fight for the elimination of drugs around the world means to sanction the rapid transformation of Colombia into a concentration camp. It is not enough to free ourselves of marijuana: we must carry out the development of the rural areas where drugs are now cultivated, and create a labor force within the population to transform the life of a peon."

# Africa: the overlap between famine and geopolitics

by Douglas DeGroot

Freedom House, and its newly created cothinker organization, the Committee for the Free World (CFW), made up of networks from the right wing of the Socialist International, are in the forefront of collaborative efforts with U.S. Secretary of State Alexander Haig to set the Reagan administration on a confrontation course with the Soviet Union in southern Africa. Both social-democratic organizations are actively lobbying to get the Reagan administration to back South African military efforts to topple the Angolan government and get Cuban troops out of Angola.

If they are successful in pressing Reagan to ally with South Africa, the stage will be set for U.S.-Soviet confrontation throughout southern Africa. By drawing the U.S. closer to South Africa, Haig will be providing the pretext for the "class war" faction in the Soviet Union to enter the fray throughout the region by professing Soviet support for "national liberation movements."

The resulting conflict, producing population dislocation, disruption of food production, and disease, will accelerate population reduction in precisely the manner called for in the Carter State Department's Global 2000 report on population and now being carried out.

The anti-Soviet inquisition advocated by the CFW is also intended for the same goals of population reduction, in drought- and conflict-ridden eastern Africa.

The areas targeted for confrontation, eastern and southern Africa, coincide with those already hardest hit by drought and famine, and both have enormous development potential.

The advocating of aid cutoffs and regional wars to cut the African population, and hence its development potential, is a conscious policy. James Harkin, who did development work in Africa's Sahel region during the 1973-74 drought, was given prominent coverage in the March 9 op-ed page of the *New York Times*, where he wrote, "Let there be no mistake about the risk. In Africa's future, there may indeed be a failure of food production for local consumption. The consequences would be horrific. Any relief program would be over-

whelmed. Millions would die in weeks. My guess is that they would go silently to their graves. Then, at least, the problem of hunger in Africa would be solved."

Interviewed by *EIR*, Harkin stated that the big problem in Africa was the nation-state and advocated a return to tribally based village social organization which would produce food only for itself and would be organized together into administrative units smaller than the tiny state of Gambia. He categorically opposed food shipments or any other input from the developed countries that could lead to industrialization in Africa.

William F. May, dean of New York University's Graduate School of Business, who has publicly endorsed the Global 2000 report, has stated that "the World Bank report is right on the mark when it says that all development projects must now take into account the permanent high price of energy. Projects will be scaled down and this will mean greater population control."

Asked how to reduce populations in the Third World, May was explicit. "Populations will spill over borders. Regional wars are going to be fought over scarce resources. This will create more pressure on population and more wars. In some areas of the world this could become a way of life."

This is precisely the kind of scenario being launched in southern Africa. If successful in Africa, where 5 million of a mere total of 400 million population are already refugees (half of the world total), and where the rate of food production is half the rate of population growth, the continent will be destroyed in short order (see below).

Angola has been targeted to kick off this process. Freedom House is sponsoring an upcoming visit to the U.S. by anti-Angolan rebel and South African puppet Jonas Savimbi. Savimbi's rebel guerrilla group, UNITA, was deployed by Henry Kissinger in the latter's attempts to unseat President Agostinho Neto of Angola until the Clark Amendment cut off U.S. arms to Savimbi in 1976 in order to prevent the situation from developing into a major superpower conflict.

Although Savimbi's military capability has been

largely rooted out, South Africa continues to run military operations into Angola under UNITA cover, murdering and terrorizing the civilian population. They are carried out by black South African troops, led by South African officers and mercenaries recycled from the Zimbabwe independence war.

Savimbi's trip to Washington comes on the heels of a formal request by the State Department that the Clark Amendment prohibition on the U.S. arms supplies in Angola be repealed. Savimbi will reportedly meet with State Department officials, to lobby for military support.

### The role of the CFW

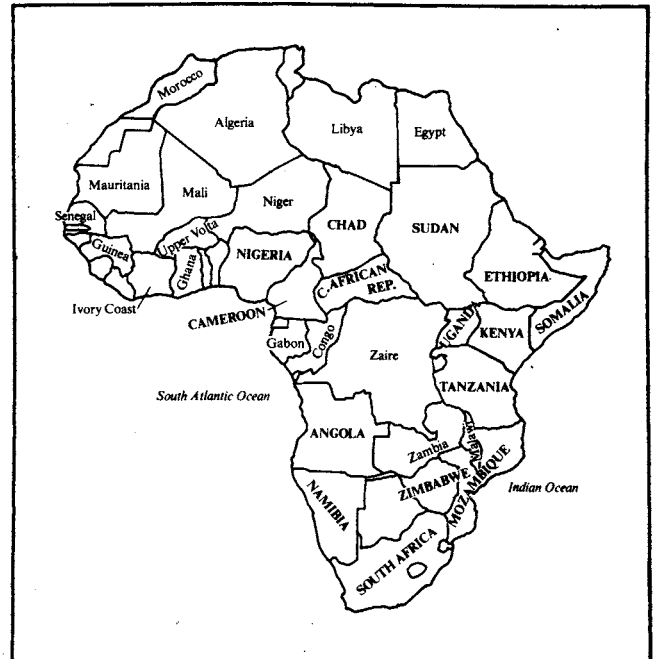
Commenting on the Savimbi trip, a spokesman for the CFW made absolutely clear that the reason for Savimbi's trip was to build UNITA up a pawn to be used against the Soviets. "I strongly back Savimbi," the spokesman said. "He is the kind of Third World leader we need. He needs arms, and we should give him arms so that he can get the Cubans out of Angola."

The CFW was organized last month to induce the Reagan administration to conduct a simplistic "battle of ideas in aid of Western strength in the face of the Soviet Union," he continued. The CFW's executive director is Midge Decker, and the group includes Michael Ledeen and Arnaud de Borchgrave of Kissinger's Georgetown CSIS. Both had previously touted Savimbi's UNITA as a force that could beat the Cubans if the U.S. supported the group. U.N. ambassador Jeane Kirkpatrick, and one of her top aides, Carl Gershman, were also initiating members of the CFW, but had to withdraw because of their government positions.

Gershman coordinated Savimbi's previous visit to the U.S., and Kirkpatrick has provocatively pushed for closer relations with South Africa despite her diplomatic position. She met with South African head of military intelligence Lieutenant-General Van der Westhuizen, when he recently visited the U.S., under false pretenses, along with four of his colleagues from the various branches of South African military intelligence.

Kirkpatrick called for closer ties with South Africa in a speech she gave before the Conservative Political Action Conference March 21. National Security Adviser Richard Allen has also called for closer relations with South Africa. The London *Sunday Times* claims that Reagan and Peking agree that Angola is internationally "the front line" against communism.

If the Reagan administration begins aiding the South Africa-UNITA operation, this will be seen as a go signal by the South Africans for a flight forward mode into Angola. The South Africans have increased their troop strength to 20,000 in Namibia, the launching site of their attacks into Angola.



The CFW spokesman expressed confidence that South Africa would then also be able to avoid making a deal with the Namibian liberation group SWAPO on the independence of Namibia, and can instead install their own puppets. As a result SWAPO leaders now fear "annihilation." "SWAPO may be finished as an effective fighting force within six months," said one SWAPO leader. The extermination of SWAPO would eliminate the significant opposition to South African plans for a puppet government in Namibia, since SWAPO draws its membership primarily from the largest ethnic group in Namibia.

Tanzanian President Julius Nyerere is now openly talking of bringing in the Soviets in response to Haig's provocations. The unrest that could result inside South Africa will have two results that will make the antidevelopment population controllers happy. Refugees from South Africa will flood into Namibia and Zambia, according to the London *Economist*, as well as other southern African countries, exacerbating the existing drought-created problems. South Africa will also step up military raids against her neighbors in retaliation for the unrest, the explicit policy of P. W. Botha. Meanwhile, a Libyan-sponsored destabilization of Sudan would be another flashpoint for superpower conflict.

By pulling the Soviets into the war and chaos operation, Haig, like Kissinger before him, would greatly increase Soviet influence in Africa. In the words of one U.S. think-tanker: "If I were a Soviet hardline opponent of Brezhnev, I couldn't design an American policy that would be more advantageous to me than what Haig is doing now."

# The roster: what destabilization and the IMF have done to Africa

by Cynthia Parsons

Regional wars provoked as part of the larger strategic resources geopolitical fight have placed Africa in the worst crisis in living memory. Famine, disease, floods, pestilence, and drought are now common occurrences in sub-Saharan Africa. The 1973 oil price hike, coupled with the doubling of wheat import prices, crippled the purely agrarian economies and weakened the mineral resources ones. Foreign exchange dried up and many countries wound up heavily indebted to the International Monetary Fund and further subjected to conditionalities. These conditionalities attempt to force the recipient country to become self-sufficient in food production through subsistence farming, to discourage industrialization programs, (except those based on local "linkages" and supplies rather than dependent on imports), and to adopt population control programs.

Numerous "villageization" schemes have brought food production to a halt such that the U.N. Food and Agricultural Organization (FAO) said in February that 47 African countries are facing "abnormal" food shortages and will need to import 2.5 million tons of food aid. Only 27 countries even raised their per capita food output during the 1970s. Sub-Saharan Africa faces the most serious problems since food production there fell 1 percent per year during this entire 1973-1980 period.

This year both South Africa and Zimbabwe have food surpluses. South Africa has already announced that it would use its food as a weapon against black countries. Last year South Africa supplied about 700,000 tons of maize to black Africa, notably Kenya, Zambia, Mozambique, Zaire, Zimbabwe, Malawi, Botswana, Lesotho, and Swaziland. Conversely, black countries could refuse to buy their food. Such sentiments have already been voiced by Tanzanian President Julius Nyerere.

The future is bleak, especially if the U.S. Congress allows food aid to be cut. Then the 250 million who now face starvation will surely die.

## East Africa region

Of the 16 countries in this region only Mauritius, with a per capita income of \$830, is classified as a middle-income country. The remainder average a per capita income of \$250. Life expectancy is about 50 years

and the average infant mortality rate is about 132 per 1,000 births. Even though Malawi, Zambia, and Zimbabwe have substantial urban populations, the region is predominantly rural. With the exception of Zambia, all suffered reduced per capita food availability.

Zimbabwe's bumper crop this year will be the first choice of African countries who can afford to buy food. And Zimbabwe depends almost entirely on the South African railway network to move its exports.

**Kenya:** Serious food shortages, primarily in the cities and northern districts, have plagued the country for the past year. Along with drought, widespread lawlessness has resulted in stealing and smuggling of crops and cattle. Kenya used to be self-sufficient in cereals, but with the failure of the maize crop in the Rift Valley, millions are now suffering from malnutrition.

At least a quarter of the 170,000 people in the Turkana district of North West Kenya are destitute, having lost their herds of cattle, goats, and camels to drought, disease, or raids by neighboring tribes. While famine relief is available, a narrow dividing line exists between starvation and survival.

**Tanzania:** President Julius Nyerere's recent statement that his country is being hit with the "worst famine in 40 years," meaning that many Tanzanians will die this year, indicates the failure of the appropriate technologies policy. More than 90 percent of Tanzania's 18.6 million population live off the land; 80 percent of their export earnings come from cash crops, which suffered a 20 percent decline during the 1970s.

The self-reliance villages, into which 30 million were forcibly relocated, scratch the soil with sticks and hoes to try to feed themselves. This is a testament to the IMF and the World Bank conditionalities, which used Tanzania as a model for their genocidal forced villagization scheme. Conditions are so precarious that adverse weather means starvation. Because Tanzania is an IMF-run economy, food imports are not permitted.

**Uganda:** There has been no Ugandan economy since 1971 and the destruction of the "Pearl of Africa" by madman Idi Amin Dada. His Pol Pot-like regime cleared the country of the educated and literate. Doctors and professionals were killed or forced to leave. The

cities became nightmares, and people fled into the bush only to be attacked by bandits and opposing tribes.

Acute hunger and starvation are the result, especially in the targeted remote areas of the Karamoja in the east and the west Nile regions. Cattle and crops are at the mercy of bandits. Last year 9,000 women and children died over a two-month period due to brigands and drought. Food relief is minimal.

**Mozambique:** Under the pretext that the Mozambique government had expelled several Americans who had been targeted as "CIA agents" by Cuban advisers, the U.S. State Department early last month announced it would cut off \$5 million in wheat aid and 27,000 tons of rice. According to the *Los Angeles Times*, Mozambique is the "hardest hit in southern Africa" by two years of drought, as well as famine caused by alternating drought and sudden flood-producing rainfall. Cereal production is 15 percent below the 1960s' average production. Subsistence production of the two staple foods, cassava and maize, was less affected by the Zimbabwe fighting, but the disappearance of thousands of small expatriate traders who marketed the surpluses from the subsistence farms reduced food supplies to urban areas. South Africa placed pressure on the Mozambican economy when the South African railway refused to send commodities other than oil and coal through to the Mozambique port of Beira through which the latter receives foreign exchange.

Foreign-exchange income has dropped with the reduction of Mozambican workers in South African mines.

**Botswana:** While this country is run by South Africa, which owns and runs its diamond mines, its 820,000 population is hit by drought. The entire country was declared drought-stricken in May 1979 after it received no rain for three years. Virtually everything edible, except beef, comes from South Africa. Cattle are suffering from drought, and hoof and mouth disease, which had been eradicated before the Zimbabwe war.

**Bantustans:** A total of 100,000 people are threatened by drought and up to 30 percent of these may die immediately. Bantustans without mineral resources are mere concentration camps without an economy.

**Angola:** Fugitives from Namibia are straining Angola's already weak economy. An estimated 50,000 Namibians have fled to Angola to escape fighting between South African troops and the Namibian independence movement, the Southwest African People's Organization (SWAPO), a tenfold increase since 1978.

Angola's food production has steadily declined 29 percent since her 1975 independence. Bad weather over the past three years, along with labor and transportation shortages, have made distribution very difficult. This year's maize crop is predicted to be 17,740 tons. The 1978 harvest was 400,000 tons.

**Cameroon:** One hundred thousand Chad refugees alone are in camps in Cameroon, where conditions are dangerously unhealthy. Hazardous sanitation is threatening an outbreak of disease which could occur with the onset of the June rains. Uncertainty over the intentions of Libya's Qaddafi toward Chad increases the possibility that refugees from Libya's attempted annexation of Chad may not return.

## The Horn of Africa

**Ethiopia:** The government has requested \$1.5 billion from the United Nations High Commission for Refugees to repair war damage in Eritrea and the Ogaden desert and to rehabilitate the starving 5 million war and drought victims. Commission officials say that this amount is so large that there will be little chance of its immediate acceptance. About 250,000 Ethiopian refugees will soon be returning from Somalia.

Ethiopia has lost more than 2 million people who have fled during the Ethiopia-Eritrea and Somali wars. More than 400,000 fled to Sudan and another 42,000 have encamped in tiny Djibouti where every five inhabitants is a refugee. The Horn's strategic location, whose ports protected resources entering Africa from the Red Sea and Indian Ocean, has so deteriorated that the area has turned into virtual wilderness.

Food shortages affect a large part of the country as rainfall has been deficient for two years. Per capita annual consumption fell from 106 kilograms to 89 kilograms in 1979. Food production has fallen 20 percent since 1975. Coffee is the most important export crop, but low prices have reduced export earnings.

**Somalia:** Somalia has become a godforsaken land in the Northeast Horn region where some 1.5 million fugitive refugees and even more nomads wait for death in the worst drought (the two major rivers are running dry this year) in 30 years. They represent more than a third of the Somali population. Most of them were driven out of Ethiopia's Ogaden region during the Ethiopian and Somali wars.

There are now 30 camps whose occupants are 90 percent women and children starving to death because there is not enough food. Food is allocated according to height and weight. Seasonal rains are now causing havoc in many camps. Flooding is widespread and makes food distribution impossible. An outbreak of measles in the Hudor camp in the southwest has killed 200 people in the past three weeks, mostly children. In west-central Somalia, officials at the Booco camp have said the situation was "explosive" after camp inhabitants had rioted because of food shortages.

On March 8, the government made an international appeal for nearly 1.5 million tons of food to meet a projected shortfall since "stocks of certain essential food commodities have a reserve number of days."

## Peres's new options key in campaign

*Is the Israeli Labour Party candidate a point-man for a new European initiative?*

**A**s the infighting heats up in Israel for the June 30 national elections, one of the most controversial issues has become the bout of private diplomacy with Arab leaders that has reportedly been initiated by the prime ministerial candidate for Israel's Labour Party Shimon Peres.

On March 19, Peres had no sooner stepped up off the plane from a trip abroad than he was besieged by Israeli reporters asking him about Israeli television leaks that he had just secretly met in London with Jordanian King Hussein's brother Prince Muhammad, and in Rabat, Morocco, with Moroccan ruler King Hassan.

While Peres neither confirmed nor denied the reports, the ruling Likud Party immediately began to try to make political hay out of the leaks which had probably originated from the Likud in the first place. Peres was specifically accused of having offered to make a deal with the Arab states, involving the return of Arab sovereignty to East Jerusalem. Certain Likudniks went one step further and suggested that Peres had committed state treason. Likud Justice Minister Moshe Nissim even coyly commented that Peres "would not be tried" for having held "unauthorized meetings" with Arab leaders!

But in the view of political insiders in Israel, the Likud's efforts of the past days may boomerang: Peres has insisted that he will pur-

sue many other approaches for a settlement with Arab countries, despite the Likud's hue and cry and this may give some new life to Labour's political campaign in the coming weeks.

From indications over the past days, these approaches may involve Peres's playing the role of a point-man for a new round of European peace efforts toward the Middle East that have the overall intention of constructively shaping the unresolved Reagan administration policy toward the Middle East. According to one Labour Party source, this is the reasoning behind Peres's "looking at new avenues for peace."

From this standpoint, the following facts are worth noting.

Before his meeting with King Hassan of Morocco, Peres had made a short jaunt to Europe, as a continuation of his efforts since December to keep open channels to European leaders.

Hassan had also been in France for a hush-hush series of private meetings with French President Giscard which, intelligence sources suggest, may have laid the groundwork for the Peres-Hassan meeting as part of a new Giscard plan for the region.

According to my sources Peres received indications from Hassan that the Saudi Arabian regime would not be averse to discussing terms for peace with a new Israeli government that would replace the

obstreperous and provocative Begin crew.

On March 23, the *Financial Times* of London from Tel Aviv noted "unconfirmed reports" that Peres was actively considering outlines of a regional deal involving Israel and not only Jordan and Saudi Arabia but also Iraq. The possibility of Iraqi-Israeli relations had heretofore been a taboo subject in Israel; for such a thing to be floated some kind of French angle would undoubtedly come into play, given the chill in U.S.-Iraqi relations.

The next day, the *Financial Times*, possibly pre-empting private discussions, headlined their coverage "Schmidt Linked to Israeli Labour Party Peace Plan." The piece suggested that Chancellor Helmut Schmidt of West Germany may soon "play a role" in Saudi-Israeli talks, and that this role could take shape when Schmidt travels to the Gulf in late April.

During the week, the Saudis summarily rejected any suggestion that they would talk to Israel, and on March 24 an official West German government spokesman denied the *Financial Times* story. These statements, however, may be mere deflections, addressing the shadows of a new political geometry shaping up in several Middle Eastern and European capitals.

Peres's willingness to consider such geometries with an open mind may explain why such exceptional efforts are being launched by Anglo-American intelligence favorites in Israel to hem in his candidacy. In particular, the new "third party" efforts of Moshe Dayan, whose only self-professed purpose is to deny the Labour Party a majority in the June elections, should be seen in this light.

## The PRI party shuffle

*Gustavo Carvajal's sudden ouster is being called a 'political earthquake' by the nation's press.*

On March 17 the president of Mexico's ruling PRI party, Gustavo Carvajal Moreno, was suddenly relieved of his post and kicked upstairs to become agrarian reform minister. In his place was named Javier García Paniagua, the previous agrarian reform chief.

Many in the press here are calling the event, surrounded by waves of rumors, a "nine-point Richter scale earthquake." Though PRI presidents are not installed for set terms, the suddenness of the ouster and its timing lent the shakeup special political impact. No party president had ever been relieved before, just six months from the all-important naming of the next PRI nominee for president of the republic, when intense factional jockeying is at its height. The PRI candidate is the guaranteed winner in the 1982 elections for the upcoming six-year term.

### Why the shakeup?

The best information I can give you at this point suggests three immediate factors, among others that are bound to come to light.

Mexican security officials, as I reported several weeks ago, are greatly concerned about pockets of instability where local hotspots are slipping from PRI control. The most important of these is the strategic Isthmus of Tehuantepec town of Juchitán, where the proterrorist Mexican Communist Party won local elections March 1.

A few weeks ago, labor chief-

tain Fidel Velásquez blamed the Juchitán setback on the PRI apparatus—that is, on just-purged Mr. Carvajal. More broadly, Carvajal was viewed as ill-equipped to keep the PRI apparatus in line behind President López Portillo in the turbulent months ahead.

On top of this came the sudden and startling political reappearance of former president Luis Echeverría, who broke the iron rule of Mexican politics that former presidents keep out of the limelight.

Echeverría began serializing his provocative political memoirs in the Mexico City daily *El Universal* in early March and followed with bylined articles in the weekly magazine *Siempre*.

As far as López Portillo was concerned, the move by his close friend could not have come at a more inopportune time. He acidly retorted to a question on the subject by local journalists: "Let's all have a minute of silence for Mr. Echeverría's supersonic rupture" of the political rules of the game.

Carvajal's replacement, García Paniagua, is a López Portillo loyalist who is expected to be tougher than Carvajal in whipping the Echeverría faction into line. In his first statement as PRI president, he avowed that "no shadow will be allowed to cover the president [López Portillo]," in a distinct allusion to Echeverría. But by far the most important factor in the switch may be the future of the powerful mayor

of Mexico City, Carlos Hank González. In the complex political world here, purges are rarely one-sided, and the capital erupted last week with rumors that Hank may be the next to fall.

García Paniagua certainly did little to quell such rumors when, in his politically loaded speech after being sworn in March 19, he insisted that "there will be no personal fortunes which buy posts of popular election."

Hank's personal fortune, probably the largest in Mexico, has been made almost entirely in deals consummated on the way up during his career. The liberal use of his cash in buying both press and political figures is legendary. No one missed García Paniagua's target.

Hank is hardly ceding the field gracefully. He testily told reporters that "people certainly want Professor Carlos Hank González to leave his post. But I think they will have to suffer me for the full term."

Hank's unwillingness to hand in his resignation is becoming something of a battle of wills between himself and the president. But whichever way that tug of war goes, it is clear that López Portillo's ability to keep Hank from dictating the next presidential choice has been strengthened with the García Paniagua appointment. In addition to his role as a "López Portillo man," García Paniagua brings special credentials to deal with one of Hank's favorite weapons, terrorism. He is the son of one of Mexico's most powerful modern military figures, Gen. Marcelino García Barragán, and commands strong allegiance in the military himself, a salutary barrier to Hank's efforts to usurp control from the president in these crucial months.

# International Intelligence

## **Haig holds meeting with Jorge Castañeda**

According to the Mexican press, U.S. Secretary of State Alexander Haig requested a meeting with Foreign Minister Jorge Castañeda March 24 for broad-ranging discussions. After the meeting, Castañeda said one of the issues discussed was the agenda for the late-April meeting of President José López Portillo and Ronald Reagan in San Diego.

Haig's sense of urgency in discussing this agenda has widely been regarded as an attempt to bypass White House control of the President's travel preparations, as established in late March, by Reagan's top adviser Edward Meese. White House aide Michael Deaver arrived in Mexico just before Haig's meeting with Castañeda to coordinate directly with the Mexican side.

Besides bilateral issues such as undocumented Mexican workers, trade, and fishing rights, Castañeda said he and Haig discussed the volatile situation now prevailing in Central America.

## **Haig links auto talks to foreign policy**

Secretary of State Alexander Haig appears to have taken control over the talks with Japan on automobile imports out of the hands of Special Trade Representative William Brock and other cabinet officers concerned with economic policy. Haig took charge of the talks with Foreign Minister Masayoshi Ito on this subject during the latter's March 23-25 visit.

Haig and the State Department generally were known to believe that the automobile issue should not be allowed to create such friction that makes cooperation on defense, the Soviet Union, China and other issues more difficult.

Pentagon sources have already complained of lack of leverage over Japan on

defense and trade friction could exacerbate the problem.

Assistant Secretary of State Robert Hormatz has already begun talks with Japan aimed at achieving a 1.6 million car import drop, from 1980's 1.9 million. In return Japan will be allowed to supply components for the U.S. defense build-up, according to Washington sources.

Hormatz has reportedly been authorized to use Congress's proposed legislation limiting Japan's imports as "stick" to get "voluntary restraints," and President Reagan told Ito that he would find it difficult to veto the bill if Congress passed it.

## **Swann suit is political, says defense lawyer**

If *Nouvelle Solidarité* were to lose the defamation suit against it by Robert Swann, Mme. Beauvillard, and M. Bitterlin, it would be "a crime against the freedom of the poor press in France," said the newspaper's lawyer in court on March 25. Swann and his associates are suing the small French paper for defamation, and demanding a multimillion-franc damage assessment for terming them British agents of influence in the Middle East.

The journal's lawyer said that Swann and the coplaintiffs have received "many millions of dollars" to prosecute from Libya and other wealthy sources. The war chest is being built to "wipe out *Nouvelle Solidarité*" as a political vendetta, he added.

When the judge asked the paper's lawyer what the political differences were, he said, "The plaintiffs support radical terrorists who want to destabilize the Middle East, while *Nouvelle Solidarité* supports the development and stabilization of the region. *Nouvelle Solidarité* has also introduced many important ideas involving Plato, Leibniz, and Avicenna."

The plaintiffs' lawyer essentially admitted his opponents' arguments. He

stressed that Swann, Bitterlin, and Beauvillard were all "liberation strugglers" tied to the PLO and other radical Arab groups. As proof of Beauvillard's "liberationism" he cited her arrest during the Algerian War by the criminal court.

At one point during the proceedings, the judge asked Mr. Swann, a British subject, why he so objected to being called "a British agent."

## **Reagan officials shuffle China card**

Peking lobbyists within the Reagan administration have launched a campaign of public support for the increasingly precarious regime of Chinese strongman Deng Xiaoping. This includes the meeting March 19 between President Reagan and high officials from China's foreign ministry arranged by Secretary of State Haig, and a meeting between Gerald Ford and Deng.

Last week National Security Adviser Richard Allen told the Political Conservative Action Caucus that the U.S. relationship with China "is one that will grow and can indeed become a strategic relationship," i.e., a U.S.-China military alliance against the Soviet Union.

According to reports, Ford said that "improved U.S. China relations are beneficial to the whole world," in his meeting with Deng, diplomatic code indicating his support for the China Card policy. Later in Singapore and Indonesia, the former President denounced Soviet President Brezhnev's peace proposal.

## **PCF shoots down Mitterrand's hopes**

Georges Marchais, general secretary of the French Communist Party (PCF), announced March 23 that he could not, in good conscience, call upon Communist voters to cast their ballots for Socialist



Party presidential candidate François Mitterrand in the second round of the presidential elections in May. His statement virtually ensures Mitterrand's defeat.

Marchais declared that voting for Mitterrand would pose grave problems for his party's voter base, and that he could not ask them to vote for incumbent President Giscard, either. However, he continued, Communist voters have a national responsibility as French citizens, and he called on them to cast "blank" votes.

The PCF commands between 15 and 20 percent of the French vote, and Mitterrand would need nearly all that in the May runoff to have even a prayer of winning. It was only with all the PCF's base voting Socialist that Mitterrand came with 1 percentage point of winning the elections in 1974 against Giscard.

The French press is characterizing the PCF stance toward Mitterrand, who is vice-chairman of the Socialist International, as a "demolition operation, complete with bulldozers."

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## ***Sudan key target for destabilization***

Libyan lunatic Muammar Qaddafi's next target after taking over Chad is the eastern African nation of Sudan, according to Robert Moss in his March 21 column in the British *Daily Telegraph*.

Moss reports that Qaddafi is funding the "Sudanese Liberation Front," run by Former Sudan Finance Minister Sharif el-Hindi, who heads the Khatmia Muslims, reportedly the second largest Muslim grouping in Sudan.

The group is located in the western Sudan region of Darfur, which borders eastern Chad. After taking over Chad in December, Qaddafi is now ideally situated for carrying out such operations in Sudan. Since the takeover, violent incidents have taken place in this Sudanese region, which have cost numerous lives.

After initial strong denunciations by

Sudan of Qaddafi's occupation of Chad, Sudan has re-established relations with Egypt, and has invited the U.S. to build military bases in Sudan to guarantee against destabilization. Qaddafi thereupon called for Sudan to be expelled from the Arab League.

In the event of attacks launched against Sudan by the Soviet-backed Qaddafi regime, a U.S.-Soviet conflict will be touched off in eastern Africa with the U.S. and Egypt moving into support of Sudan.

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## ***Swedish antidrug official joins Charris event***

After a highly successful tour of Italy, Colombian Antidrug Coalition President Fausto Charris Romero spoke to over 100 people in Swedish cities. In the capital of Stockholm, Charris shared the podium with Gunnar Wide, director of the Swedish Customs Police, who has been an antidrug fighter for 25 years.

"Too bad there are no politicians here," Mr. Wide said. "What I have to say relates mainly to them." Wide then proceeded to show that, though current antidrug bills in Sweden's parliament may be well intentioned, they have a common flaw: the bills all claim that the drug problem is one of "attitudes" rather than "profits, which are the driving force."

"You have to attack those who control the drug trade. I don't care what you call them. . . . Somebody runs the show and they have to be attacked.

"There is nothing wrong with the man on the street's 'attitude'—he hates drugs. The only 'attitude problem' we have around here is the politicians' attitude," he said, citing laws that protect dope pushers' "human rights."

Wide reported that in 1967, European authorities seized 150 pounds of heroin. In 1980, they seized 1 ton. One hundred tons have been harvested this year, he said, and unless the laws take the right aim, that heroin will flood Europe.

# Briefly

● **A FORMER MEMBER** of the board of directors of the Iranian Parliament under the late Shah is preparing a brief for a lawsuit against former President Jimmy Carter for his role in engineering the Khomeini takeover in Iran. The parliamentarian, Seyed Jalal Taghavi Larijani, also includes in the suit the U.S. Chief Justice, the director of the Human Rights Organization in New York, and the International Court in The Hague, for their complicity.

● **ROGER SULLIVAN**, the vice-president of the National Council for U.S.-China Trade, forecasts that "China will have zero economic growth in 1981." The council's rosier past projections have collapsed. Sullivan is new to the council, having served on the National Security Council under the Carter administration.

● **CHINA** boasts of having invented Malthusianism a century before Malthus in an article in Shanghai's *Wenhui Bao*.

● **GERMANY'S** Social Democratic Party had heavy losses in the March 22 elections in the key state of Hessen, particularly in districts where SPD officials had taken a strong pro-environmentalist line.

● **KENYAN** Home Affairs Minister Charles Njonjo has been implicated in a plot to overthrow President Daniel Arap Moi, according to press reports. One of the plotters has also charged prominent Nairobi businessman, Andrew Muthemba, with being involved. Njonjo, one of the most powerful men in the Kenyan government, has reportedly opposed Moi's attempts to patch up Kenyan relations with Uganda's new President Milton Obote. Obote and Moi had a summit meeting Jan. 5 shortly after Obote's election victory.

## Policy is at stake in the battle over Haig

by Kathleen Murphy

The battle over foreign policy which broke into the open in Washington last week has resulted in a significant setback for Secretary of State Alexander Haig. Although the latest reports from Washington indicate that Haig has managed to retain his post, at least for the near term, his powers and influence in the foreign policy arena have been sharply curbed, and he has suffered a "public humiliation," as the Western European press portrays it.

Haig, who boasted that he would be "the vicar" of U.S. foreign policy when he was sworn as secretary of state, has now been stripped of several vital functions.

- Vice-President Bush has been placed in charge of the administration's "crisis management" committee, a group charged with handling all major crises, ranging from a terrorist incident to an enemy attack. In January, Haig had tried to get the crisis management function—traditionally handled by the National Security Council staff in the White House—transferred to the State Department. On March 24, Haig told a congressional committee he opposed Reagan's proposal to put Bush in charge, but the White House announced a few hours later that the vice-president would take over the crisis management committee. The White House decision came after Haig had threatened to resign if Reagan went through with it.

- Deputy White House chief of staff Michael Deaver has been put in charge of planning for all the President's trips abroad, including his April 27 journey to Mexico, where he will hold substantive discussions with Mexican President López Portillo.

- White House chief of staff James Baker III and presidential counselor Edwin Meese will jointly take top-down responsibility for overseeing arms-control negotiations.

- Preparations for this summer's Ottawa summit, which will bring together the heads of state of the industrialized sector for crucial talks on interest-rate policy and other economic issues, have been taken away from the State Department and put under White House control. Reagan has assigned Bush overall responsibility for coordinating administration preparations for the summit. Like the vice-president's appointment to head the crisis-management structure, the Ottawa assignment is acknowledged by White House sources to be aimed not so much at bolstering Bush as countering Haig.

### Cutting Haig down to size

These moves to rein Haig in climaxed a struggle that had been raging behind Washington doors for weeks. On Inauguration Day, Haig presented the President with a formal proposal whereby key aspects of international policy handled by Treasury, Energy, and other departments, as well as the crisis-management function, would be transferred wholesale to State. According to reliable sources, Haig's power grab "set off the alarm" among the inner core of Reagan loyalists in the White House—Baker, Meese, and Deaver. "They took one look at what Haig was trying to pull and it smelled too damn much of what Kissinger [Haig's mentor] did to Bill Rogers [Nixon's secretary of state, until Kissinger

forced him out—ed.] and Nixon. They knew they had to put their foot down.”

Haig proceeded in other ways to make foreign policy independent of the White House and the President. There were two areas in particular where Haig's actions finally forced the White House to publicly rebuke him, and led to his present reduced powers. These were President Reagan's trip to Canada in mid-March and the El Salvador war.

The controversy surrounding Reagan's meeting with Prime Minister Elliot Trudeau was the first public sign that tension between the White House and Haig had reached extreme levels. According to confirmed reports, State Department preparations for the trip were so poor and haphazard that Ed Meese was forced to organize an emergency team of the White House staff to work on the trip just a few days before the President was scheduled to depart for Ottawa. “Meese was furious at Haig,” says one source. “A lot of people find it hard to believe that the bungling was pure accident.”

Shortly thereafter, Meese took charge of all the President's trips abroad, placing his long-time associate and Reagan intimate Mike Deaver in day-to-day control. Deaver has already been in Mexico preparing for the Reagan-López Portillo meeting scheduled for late April, while Meese has requested policy memos from all cabinet departments. The new arrangement will permit other key departments, such as energy and agriculture, to have significant influence on foreign policy. With respect to the Mexican trip, they say, this will create a climate far more conducive to a positive alliance.

Former Democratic Party presidential contender Lyndon H. LaRouche and European leader Helga Zepp-LaRouche, returning from a highly productive trip to Mexico, arrived in Washington March 20 to hold a series of private meetings and public seminars on U.S.-European relations and the prospects for a U.S.-Mexican oil-for-technology arrangement. The concept, favored by the Mexican government and by many sectors of the American population, reportedly is circulating throughout the Reagan administration. Haig, however, opposes the idea. Also under consideration at the White House is a bill to create an open border between the U.S. and Mexico recently introduced by several prominent Republican senators, among them Reagan confidant Paul Laxalt of Nevada. The Good Neighbor Act, as its sponsors have dubbed it, would go a long way toward solving the illegal alien problem that has undermined U.S.-Mexican relations.

### **'No' to Haig's geopolitics**

Another major issue that provoked the White House crackdown on Haig is the El Salvador crisis. Shortly after taking over the State Department, Haig unilaterally decided to make El Salvador the number-one focus

of U.S. foreign policy and the “test” of future U.S.-Soviet relations. Without consulting the White House, Haig sent messages to the heads of Europe's governments. Next Lawrence Eagleburger, assistant secretary of state designee for European affairs claimed that the State Department had evidence proving that the Soviet bloc was funnelling arms into El Salvador.

Haig's attempts to pressure the allies into backing up his childish provocation of the Soviets were accompanied by his attempts to scuttle a summit between Reagan and Soviet leader Leonid Brezhnev. Reportedly, Europe—particularly French President Giscard and West German Chancellor Schmidt—conveyed its dismay to the White House, which responded by placing Deputy Secretary of State William Clark in charge of an El Salvador task force. Clark served as chief of staff when Reagan was governor of California, and brought Ed Meese onto Reagan's Sacramento staff. In addition White House press spokesman James Brady pointedly announced that “the President is running foreign policy in this country, not the State Department,” when the question of El Salvador policy was raised at a White House briefing March 17.

The White House actions on El Salvador are particularly worth noting. Despite the clamorous insistence of the Eastern Establishment media that the fight between Haig and the White House is purely one of “turf,” there is ample evidence that major policy issues are at stake. Although we cannot report that the administration has carved out a foreign policy strategy different from Haig's, i.e., one that would truly represent the nationalist impulses that catapulted Reagan into the Oval Office, it is clear that the effects of Haig's policies, including Europe's response to the El Salvador caper, are being carefully weighed.

Another case in point is the grain embargo issue. Reagan campaigned in the farm belt on the promise to repeal the embargo, but Haig stepped in with his anti-communist rhetoric to keep the embargo in place. Reagan was left to contend with a lot of angry farmers, an increasingly tense relationship with the Soviet Union, and a not very happy Europe. In late March, the Republican-controlled Senate passed a resolution calling for the embargo to be lifted, and Sen. Robert Dole, whose wife Elizabeth holds a top White House post, lashed out at Haig for giving Reagan bad advice on the issue.

The point to be made is that President Reagan, his top White House advisers, and a number of his appointees are sensitive to the political ramifications of Haig's policies. They do not share the Global 2000 mentality that rules Haig's actions and dictates his policies. Whether their moves to cut Haig down to size are ultimately successful, though, will depend on whether they take the policy issue head-on.



## The LaRouches' answer to the 'Hooverization' of Reagan

by Vivian Zoakos

Lyndon LaRouche, chairman of the advisory committee of the National Democratic Policy Committee, and Helga Zepp-LaRouche, chairman of the European Labor Party, addressed a seminar cosponsored by the NDPC and *EIR* at Washington, D.C.'s Mayflower Hotel on March 20. The policy analysis they brought to the audience of 150 government representatives, businessmen, and foreign dignitaries, is that Americans must act, as American allies are doing, to prevent Ronald Reagan from becoming the Herbert Hoover of the 1980s, and the U.S. economy from being destroyed.

LaRouche, who with Mrs. Zepp-LaRouche, had just returned from two weeks of meetings with policymakers in Mexico, stressed that the April-May 1981 period is crucial. The April 27 meeting between President Reagan and President López Portillo of Mexico has to result in mutual oil-for-technology commitments. Further, Reagan must accept the "interest-rate disarmament" policy West German Chancellor Helmut Schmidt will discuss with President Reagan in May. "If President Reagan does not make the correct choices of policy . . . there probably will not be a second chance."

### The European viewpoint

Helga Zepp-LaRouche, in her presentation, received an acute, concerned response as she detailed the "healthy turmoil" continental Europe is undergoing in response to the U.S. administration's lethal economic policy. The Americans present, mainly officials from the Departments of State, Commerce, and Defense, the Eximbank, and other parts of the executive branch, were on the whole uninformed about the drastic steps continental Europe has put into motion. This, she said, is "Europe's challenge to Volcker."

A European diplomat attending the conference commented afterward that it was refreshing to hear the European viewpoint so openly discussed in Washington; in general, he said, all one gets are expurgated versions of the continent's thinking.

Excerpts from the LaRouches' presentations follow.

*The following are excerpts from Helga Zepp-LaRouche's address to the March 20 EIR seminar.*

Europe is in a mood comparable to the spirit of 1978, in which the European Monetary System [EMS] was launched and the Schmidt-Brezhnev accords consummated. There is a tradition of ending the neocolonialist, neo-Malthusian philosophy toward the Third World. De Gaulle was fighting passionately for national sovereignty based on international trade and high technology. Third World independence was based on the right to have economic prosperity and economic growth. The Eisenhower Atoms for Peace plan was vital . . . especially with the Rogers plan, but he [Rogers] was forced out of the Nixon administration by people opposed to it.

In the struggle for Third World independence and development in 1974, I suggested critical support for Schmidt, through the Golden Snake and the International Development Bank [proposals for a gold-backed European monetary system and a multibillion-dollar fund for Third World industrialization—ed.]. Over the last five years, Schmidt has worked consistently to bring about the new world economic order. In 1976, at the Colombo [Nonaligned] conference, Fred Wills [former Foreign Minister of Guyana] introduced a debt moratorium from the IMF and World Bank into the U.N.

The next phase Europe confronted was with Carter. Perhaps his one positive role in history is that he forced Europe . . . to formulate an alternative. Détente must be based on the Schmidt-Brezhnev model if it is to work. The State Department has thought about many ways to sabotage the EMS. Congressman Reuss, who pretends to be the friend of West Germany, wrote letters to Carter to bring Europe into line. Between Reuss, Carter, and the State Department, by the fall of 1979, a high interest-rate policy was formulated, mainly as a financial warfare move against Europe. . . .

The original idea of the destabilizations against Europe was to . . . delay Phase Two of the EMS until after the French elections. But now . . . Giscard feels he

will win, plus the fact that Schmidt and Giscard see the quickness of the decay in the U.S., and the . . . destabilization by the Socialist International, and have pushed up the timetable for Phase Two.

There is a faction in Europe around Schmidt, Giscard and France's Gaullists, [Italy's] Andreotti, elements of the Italian Communist Party . . . that is proud of its history and culture and doesn't see any reason for a world depression. Having been involved in two world wars, Europeans understand the connection between world economic breakdown and war. This faction has a common interest with Reagan's constituencies. . . .

The developments of the last 10 days have thrown Europe into a healthy turmoil that touches the most fundamental policy issues, to try to influence the Reagan administration before he discredits himself the way the Carter administration did. . . . The EMS should move into its second phase. The EMF was originally supposed to be the cornerstone of a new gold-based monetary system. After a delay of two years . . . the courage that was lacking has developed, like a horror at what is happening.

When Reagan was elected, Europe hoped there would be a drastic change, as he was elected with the promise of economic recovery. Europe expected predictability rather than the zigzag of Carter and Brzezinski. Now people see Volcker's high-interest policy, which is strangling the European economies, continuing. Schmidt and Giscard have decided to take on the fight against the high-interest policies—otherwise, their economies and industries will go under. . . .

Europe has determined to take on the fight on three issues: 1) high interest rates, by proposing an international interest-rate disarmament conference, and jointly lowered interest rates. 2) Third World development. The State Department has adopted the Global 2000 policy, which pushes genocide like Nazi Germany. [French Foreign Minister] François-Poncet in Venezuela said that Third World development is key for the 1980s, such as the French five-year development plan for Africa. . . . 3) the issue of East West relations.

There is now a violent clash between continental Europe and Great Britain. . . . If the EC summit takes place, there will be a confrontation, and Schmidt has issued Thatcher an ultimatum to either behave herself or get out.

Giscard and Schmidt saw how industry in Britain has collapsed. . . . Giscard and Schmidt realize that there are not many more chances to turn this around. . . .

*Excerpts from Lyndon LaRouche's keynote address.*

The U.S. and most of the world is now sliding into a depression worse than that of the 1930s. The U.S. real-estate valuation is currently \$3 trillion, and our income is

paying debt service on ground rent. If we do what it seems Mrs. Thatcher has induced Reagan to do, at least temporarily, we will have the U.S. economy collapse 20 percent in 1980. . . . If we continue to follow Volcker's policy, this nation will go into a depression and push the world into a recession.

In the midst of this, the Socialist International and Fabian Society in the U.S. have a strange military policy. While we are going to Europe for increased military funding, we and Thatcher are collapsing our economies. It is impossible for the U.S. to adhere to Stockman's policies and compete with the Soviet Union in military technology. . . . We are headed toward thermonuclear war or a situation where the Soviet Union essentially rules the world in the 1980s. . . .

The Volcker measures will increase national unemployment by several percentiles and add \$50 billion in punitive charges to the federal debt. What we have to do, and what our continental allies wish us to be is a technologically progressing power again. It is a very nice myth that the federal debt and government spending cause inflation, but that is not true. . . .

There was one period in postwar U.S. history where the U.S. experienced an increase in production and a high degree of investment in capital formation: 1960-67. There were two thrusts to it. NASA, first of all, and during the same period a tax credit incentive, stimulating production of approximately 7 percent a year for industry and 3 percent for labor force as a whole, and significant net capital formation. . . .

We already have a system which is dirigist. . . . What Milton Friedman objects to is *reversing* the system, to increase investment tax credits, amortization rates, accelerated depreciation, true replacement costs. The federal government should . . . stimulate advanced technology in military and other fields. . . .

Elliot Roosevelt, President Roosevelt's son, has written a book on the World War II period, called *As I Saw It*. It describes two meetings . . . with Churchill. At Casablanca, Roosevelt took out a map of the Sahel and told Churchill how the U.S. would turn the Sahel into the breadbasket of Africa with American methods. We didn't do that. We had the Marshall Plan; it helped the British. Europe rebuilt itself with its own sweat.

There is a basic principle that every intelligent businessman believes in; he wants prosperous customers. He doesn't want to keep them in poverty. He therefore wants to enter into a prosperous division of labor. Germany today has 40 percent of its industrial output going for exports. We have had no export orientation since the postwar period. . . .

Our policy has to be to build up our economic strength and build up allies and create friends—create what John Quincy Adams described as a community of principle among nations allied and friendly to us.

# A crucial national investment: the Tennessee-Tombigbee Waterway

by Barbara Dreyfuss and Susan Kokinda

I intend to take steps to turn around the no-growth policy advocated by the Carter administration in the area of resource development. I will emphasize that federal support of water projects should be viewed as an investment in the future, which provides wealth for that nation as opposed to merely consuming resources as so many other federal programs.

—Senator James McClure (R-Idaho)  
Chairman, Senate Energy and Natural Resources Committee, Nov. 25, 1980

The Tennessee-Tombigbee Waterway, a 232-mile navigation channel running from northeastern Mississippi into southwestern Alabama, will represent, upon its completion in 1984, a major modern accomplishment of the American System, realizing one of the nation's earliest dramas of economic development through internal improvements.

Like the Erie Canal of the 1820s, which linked the Atlantic seaboard with the Great Lakes and the Middle West, the Tenn-Tom Waterway can transform an entire region. The Erie Canal not only provided for a vast increase in commerce between East and West, but triggered a major city-building drive across western New York and into the Middle West. Western New York became the nation's major breadbasket.

The Tenn-Tom, connecting the Tennessee River with the Black Warrior-Tombigbee River system flowing into the Gulf of Mexico at the port of Mobile, will establish the infrastructure for the industrial development of one of the nation's poorest regions, the area where the states of Mississippi, Alabama, and Tennessee join boundaries. In addition, 14 states served by the 16,000 miles of connecting water systems will benefit from improved transportation and increased capital investment which are already following the channel's construction.

Construction on the Tenn-Tom project, begun in 1971, is about 50 percent complete. Seven of its 10 locks are completed or under construction, and over 70 percent of the costs are committed. Despite this, and precisely

because of the benefits that Tenn-Tom will bring, there is now a major effort under way to stop the project.

## Environmentalist objections

The effort to destroy Tenn-Tom is being orchestrated by the networks that created and are promoting the Carter administration's depopulation study, the Global 2000 report. The most noise is coming from the National Audubon Society, *New York Times* former senior editor John Oakes, and the Environmental Policy Center, which boasts on its board a number of members of the zero-growth Club of Rome. The Environmental

## The builders who created U.S. water transportation

Although not actually authorized by Congress until 1946, and not funded for construction until 1971, the proposal for a connecting link between the Tennessee and Tombigbee Rivers dates from the period of the area's original settlement by the French in the 17th century and the policies of the French *Controleur-Général des Finances* under Louis XIV, Jean-Baptiste Colbert.

Colbert made massive road and waterway development a major component of his policies for industrializing France; he had the same perspective for the development of France's colonies in the New World. It was based on this tradition that Jean-Baptiste Le Moyne de Bienville left Quebec to found settlements at Mobile, Alabama at the end of the 17th century. "Bienville was certainly aware of Colbert's policies, as he was around the period that Colbert was active. As an engineer, Bienville had the same concern for the development of natural resources," declared one historian of the period.

Policy Center is also funded by the Ford and Rockefeller Foundations, which helped produce the report.

Industrial growth promotes population growth, these environmentalists lament. They advocate shortages of energy and water supply as two efficient ways to reduce population. A number of federal water projects "do tend to foster population growth," complained Brent Blackwelder, head of the Environmental Policy Center, which held a conference the weekend of March 21 to organize American youth against the Tenn-Tom and similar projects on the grounds that they represent a scientific outlook.

Guest speaker was anarchist Abbie Hoffman, leader of the Yippies. "Complicated facts and issues, ignore them," declared Hoffman. "Facts separate people. The enemy has facts and science. You can't fall into their trap."

The EPC and the National Audubon Society, which filed a court suit several years ago to try to stop construction of Tenn-Tom, both work closely with John Oakes. Oakes wrote an op-ed in the *Times* on Feb. 17 calling on President Reagan to stop the waterway. In an interview, he was blunt about why he opposes the project. "I got most of my information for that editorial from the Global 2000 report. Overpopulation in the third world and overindustrialization in the industrial

world are the gravest threat to our national security. [OMB Director Stockman] recognized that they must be cut for environmental as well as national security reasons."

The March 21 conference, keynoted by New York Rep. Richard Ottinger, endorsed Ottinger's Population Policy Act of 1980, which would mandate zero population growth for the United States.

### Other bedfellows

Now, these environmentalists are being joined by a slew of liberal Democrats who want to kill the Tenn-Tom, because it would allow for population growth and industrialization in order to fund some of the social service programs Reagan wants to cut! The Americans for Democratic Action sent Reagan a letter demanding this type of tradeoff.

But in fact, it is a number of staunch Republican conservatives who are actually leading the Senate fight against Tenn-Tom. Senators Alan Simpson (R-Wyo.) and Pete Domenici (R-N.M.) introduced a measure that passed the Senate Environment and Public Works Committee in early March proposing that the Budget Committee delete next year's funds for Tenn-Tom. The EPC's Brent Blackwelder declared that the Environmental Policy Center is backing the efforts of these

In 1736 Bienville led an expedition up the Tennessee River along the route between the two rivers. A contemporary map shows a dotted line connecting the Tennessee and the Tombigbee, the first known proposal for a connecting link between them. The U.S. Army Corps of Engineers, studying the history of the proposed canal, is investigating whether the map done for Bienville was to indicate a water connection or a roadway with the dotted line.

Even while the region was still a territory of the young U.S. republic, settlers enthusiastically looked forward to the construction of a Tenn-Tom Waterway. Pioneer preacher Lorenzo Dow predicted in 1803 that such a canal system would be built, and would be "the glory of the United States as the trade of Tennessee passes through it."

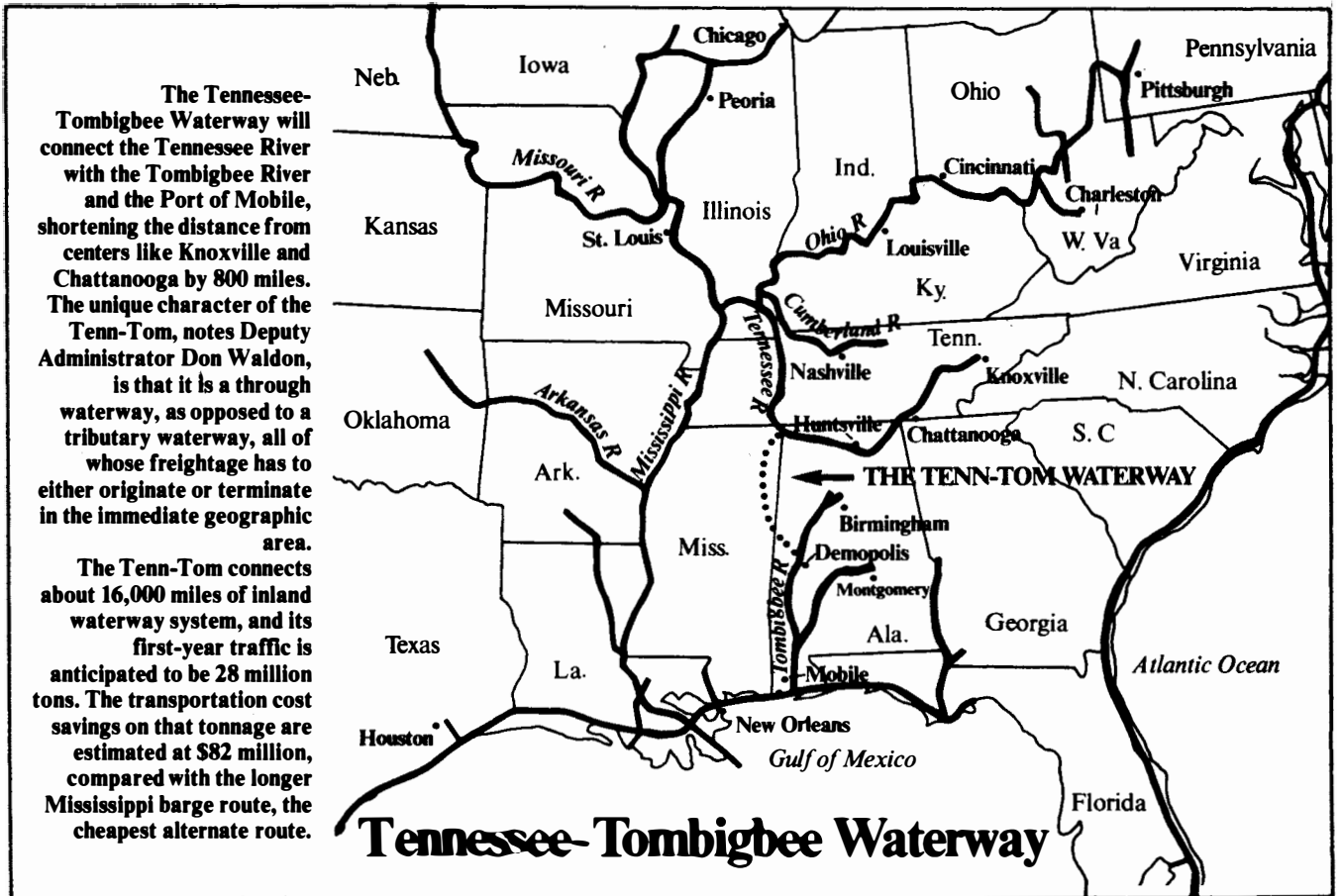
In 1810, a group of citizens in Knoxville, Tennessee petitioned Congress for a waterway between the Tennessee and Tombigbee; and shortly after Alabama attained statehood in 1819, it hired an engineer to survey Alabama's rivers to review the possibility for such a conception.

The first official government study of the feasibility of such a waterway was made in 1874-75 during

the Grant administration. The engineers reported that the canal could be built, but doubted that there would be enough commerce to justify it. Other studies followed, but it was not until 1939 that the Army Corps of Engineers recommended constructing the waterway, seconded by President Franklin Roosevelt.

Throughout World War II, however, no water programs were built by the Corps of Engineers, as the nation's resources were vitally needed for the war effort. But the war pointed out the fact that Tenn-Tom was not only an economic necessity for the country, but a national security requirement as well. During the early years of the war, especially in 1942, many American ships carrying oil from Texas to the defense industries on the East Coast were sunk in the Gulf of Mexico by German submarines, forcing a change in shipping patterns so that oil was brought up the Mississippi River to the Ohio River and then overland. A waterway connecting the Gulf of Mexico to the Tennessee River would have greatly shortened the distance.

The Tennessee-Tombigbee Waterway was finally authorized by Congress in 1946; no appropriation was actually made to begin construction until 1971.



senators. And, undaunted by the fact that he is on the same side of the battlefield as Abbie Hoffman, Simpson now plans to introduce a measure before April 1 to declare the 1946 authorization of Tenn-Tom null and void.

As even the environmentalist and zero-growth advocates acknowledge, the fight to ensure the completion of Tenn-Tom is a fight for the growth of advanced Western civilization. Rep. Tom Bevill (D-Ala.), a leader of the fight for Tenn-Tom told *EIR*, "I am glad that these groups didn't get organized for 200 years, . . . because if they did, we'd not have been the most advanced country in the world, we would not have had the highest standard of living, and we wouldn't have been the wealthiest in the world."

### Economic benefits

The most immediate result of the opening of the Tenn-Tom Waterway will be considerable reductions in shipping costs of water freight throughout the region. A number of northern industrial states, including Ohio, Indiana, and Illinois, which now ship their goods and farm products down the Mississippi to the port of New

Orleans, will be able to save hundreds of miles by using the Tenn-Tom Waterway.

A 1976 study by Kearney Management Consultants under contract to the Army Corps of Engineers evaluated the current traffic patterns on the existing river systems and concluded that over 28 million tons of traffic would use the waterway in the *first year alone*. The savings in transportation costs would exceed \$55 million.

In addition to coal shipments, which would be the major commodity shipped on the waterway, Kearney found that a lot of grain currently transported by rail to New Orleans and Mobile would instead use the Tenn-Tom at substantial savings, mainly wheat, soybeans, and corn. Other commodity producers who would greatly benefit from the Tenn-Tom include pulp and paper products, chemicals, ores, clay and concrete.

Kearney estimated that the Tenn-Tom would save \$2.23 a ton in shipping costs for farm goods, and as much as \$4.38 per ton for chemicals. With the expansion of cheap and adequate shipping facilities, the coal reserves of the Appalachian region could also be developed. Another study for Corps of Engineers, done by



the 3R Corporation, concluded that there are 58 billion tons of reserve coal in the Tenn-Tom region, with an average recovery of 31 percent.

### **Cost/benefit analysis**

The zero-growth opponents of Tenn-Tom try to prove that the project is nothing more than a boondoggle for a few congressmen, by pointing to its low "cost-benefit" ratios. Cost/benefit analysis is a complete fraud for showing the actual worth of a project like Tenn-Tom. Developed by Harvard, Rand and a few other such bastions of linear reasoning, cost/benefit analysis was designed to prove that capital investment does not pay.

Since it deals only with immediate benefits and immediate costs, cost/benefit analysis negates a policy of laying the groundwork for future development. Using such an analytic metric to guide investment, few industries would invest in expansion plans that turn a future profit, but would concentrate on short-term speculation. If cost/benefit analysis had been invented 150 years ago, there would not have been an Erie Canal.

Moreover, the Army Corps of Engineers has been prohibited by law, thanks to the advocates of cost/benefit analysis, from evaluating a project on the basis of its future benefits, and thus can only put forward immediate benefits for Tenn-Tom such as lowered shipping costs. But there are already some dramatic indications of what the Tenn-Tom project will mean to industrial and overall economic growth.

The half-completed waterway has already attracted a flurry of new industrial ventures. In 1973 the U.S. Department of Commerce forecast \$2.9 billion in industrial investment by the year 2000 for the area including Mississippi, Alabama, Tennessee, Kentucky, and Florida. There has already been over \$3.4 billion invested between 1975 and 1979 in the counties of Alabama and Mississippi touching the waterway itself.

Heavy industries like U.S. Steel and Weyerhaeuser have already located near the waterway, as have a number of heavy construction firms supplied by U.S. Steel. Two major auto manufacturers—Volkswagen and Nissan—recently announced they will locate on the Tennessee River in order to use the Tenn-Tom to ship out of Mobile. One already constructed prefabricated steel plant exports to Saudi Arabia, and chose to locate in the area because of the waterway. The state docks at Mobile have an \$80 million expansion program just to handle anticipated coal exports.

Unemployment in the Tenn-Tom area, despite some pockets of high employment, was between 12 and 15 percent prior to 1975. The buildup of construction work and support industries for the Tenn-Tom have dropped unemployment to between 7 and 8 percent.

Tishomingo County, Mississippi, located where the channel connecting the Tennessee to the Tombigbee is being cut, was an impoverished area valued at \$17 million. Now there is \$600 million going into the area for construction alone. Three years ago, construction also began on a \$3 billion nuclear plant at Yellow Creek, which will provide for all of the cities in the Tennessee Valley Authority and the northern Alabama industrial area. Previously a sparsely populated, hilly area unsuitable even for farming. Tishomingo County is now vibrant and bustling with new housing construction, a port at Yellow Creek built in 1975 which turned a profit last year, and major heavy-duty supply companies which have announced they will remain after the Tenn-Tom is completed.

The region's large cities will significantly benefit from the waterway. The steel center of Birmingham, Alabama, for example, has been in decline, suffering from the additional burden of pollution controls which have led to cutbacks in steel production or actual plant shutdowns. The mills have been unable to get the grade of coal at a price they can afford that will enable them to meet the pollution standards. With the completion of the Tenn-Tom, reduced coal shipping costs will alleviate the problem. Birmingham, moreover, will also become a north-south port, greatly expanding its flow of commerce. Chattanooga and Knoxville have also created ports to handle the greater shipping volume which will come with the Tenn-Tom's opening.

All of these prospects, of course, depend on whether the new administration and the Congress reverse the current credit strangulation and related policies which are driving the economy toward a depression. Projections over recent years, premised on only a moderate national rate of economic growth, envision a tremendous boom for the entire southeast region as a result of Tenn-Tom.

Hammer, Siler, George Associates, in a study commissioned several years ago by the Appalachian Regional Council, forecast that in the first 15 years of operation, the waterway could generate an additional 25 percent in employment in the immediate area, increasing the number of jobs by 165,000.

### **Impact by sector**

Hammer, Siler, George included in their report projected benefits of the Tenn-Tom to the major production sectors of the region:

- **Agriculture:** Farming operations in Alabama, Mississippi, Tennessee, and Kentucky would benefit from cheaper transportation, especially for their soybeans and grains, and would have more direct and less expensive access to fertilizers as well. Since the area has the potential for an additional 500,000-1,000,000 acres

of soybean cultivation, Tenn-Tom could mean 20-30 million more bushels of soybean production.

- **Mining:** The waterway will open up the area's vast coal reserves for development, and will provide major saving for coal producers in Illinois, Indiana, and elsewhere who now ship down the Mississippi or by rail. Substantial oil and natural gas reserves are also believed to exist in Alabama and Mississippi, and the Tenn-Tom would facilitate development of a petrochemical center in the area. Large amounts of sand, gravel, and crushed rock now travel on the Tennessee River, and for any new construction projects in the area, the Tenn-Tom will be extremely important for shipping these raw materials.

- **Paper industries:** The four states primarily involved with the Tenn-Tom Waterway presently account for 13 percent of all woodpulp production. This industry could grow substantially because transportation costs are a critical factor in the cost of production.

- **Cement:** The area is already a major producer of cement products, which are particularly dependent on water transportation for any plants that locate along it, which could also take advantage of the large limestone deposits which exist all along the waterway.

- **Steel:** The region is historically an important steel producer, with 66 plants operating in 1972. Tenn-Tom would not only facilitate imports of basic ores and other materials, but provide substantial savings in transportation costs for steel users.

The combined effects of expanding such sectors of productive enterprise will mean not only greater output of agricultural, industrial, and energy products, but would bring the region to a level of capital intensity permitting its qualitative transformation into a more urbanized, modern industrial area. With that development, the longstanding blight of rural poverty and backwardness in the Southeast can be eliminated at last.

## National transportation

The Tenn-Tom Waterway's key function is to expand the infrastructure for the total economy's growth. Some of the project's opponents have claimed it will merely redistribute investment from one area of the country to another. Not only is that argument incompetent from the standpoint of what actually happens when productivity is technologically enhanced, but it is also false even with respect to what the new shipping patterns will consist of when Tenn-Tom is completed.

The charge that the waterway will divert traffic from the Mississippi, depressing that area to the benefit of the Tenn-Tom region, ignores the fact that the Tenn-Tom increases the efficiency of the river systems as a whole. The port of New Orleans has publicly supported the Tenn-Tom project so that some of the pressure on its own facilities will be relieved. The Tenn-Tom Water-

way can handle 8-barge tows but nothing larger, while the port of New Orleans operates most efficiently when handling larger tows without having to shift to deal with smaller ones. The traffic which will be diverted from the Mississippi will be the smaller barge tows.

Opposition to the Tenn-Tom Waterway has come from the railroads, in particular the Louisville and Nashville, which has gone into court to argue that the waterway would cause environmental damage, destabilizing the ecosystem and causing acid drainage problems. Privately, L&N officials make it clear that what they oppose is competition for freight by the waterway. They maintain that with the public subsidy the Tenn-Tom is receiving, they could expand their own facilities to do whatever the Tenn-Tom will.

In fact, there is an important place in America's transportation grid for combining high-speed rail lines and bulk commodity barge shipping. Even if railroads were given assistance to expand and to modernize and upgrade decaying track and roadbed, rail would not replace water shipping, it would complement it.

Barge carriers are bulk freight haulers. One barge can carry 1,500 tons and travels in a tow with up to 20 other barges. The average tow of 15 barges thus carries 22,500 tons, while the average freight car holds 100 tons and a train 10,000 tons—less than half the tonnage of a barge tow. For bulk shipments not requiring particular speed in delivery, water shipping is the most efficient, and is much more fuel efficient as well. Barges get about 514 ton miles to the gallon, while trains get only 202.

The Tennessee-Tombigbee Waterway represents exactly the kind of project which strengthens the economy of the nation as a whole. Even the locality it will serve encompasses 16 states. As West Virginia Democratic Senator Jennings Randolph put it during a 1977 debate on Tenn-Tom, "It is not an expenditure. It is an investment in the area and the country."

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## Interviews

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## Why the Tenn-Tom is an economic necessity

*From an interview with Rep. Tom Bevill, the Alabama Democrat who chairs the Water and Energy Development Subcommittee of the House Appropriations Committee.*

## Coal pact a victory against oil multitis

by Lonnie Wolfe

As *EIR* goes to press, the bargaining council of the United Mineworkers Union has approved a tentative three-year pact with Bituminous Coal Operators Association. Union leaders, led by President Sam Church, will now take the agreement, which calls for a 36 percent total package of wages and benefits, to the more than 160,000 soft-coal miners for ratification. Union sources expect the UMW membership to overwhelmingly approve the pact. Because of complicated ratification procedures, this will not take place before the contract expires March 27. Union tradition of "no contract, no work" will therefore produce a short strike.

Only a week ago, both union and industry spokesman were predicting a long strike—and with good reason. According to sources close to the negotiation, until hours before the agreement was reached early March 23, the BCOA, led by Bobby Brown of Continental Oil's Consolidation Coal, was locked on a strategy of deliberately provoking a long strike. Brown was following orders from the coal-owning multinational oil interests, who control nearly half of U.S. coal reserves. This grouping, which backs the resource and population control doctrines of the Carter administration's Global 2000 report and is led by individuals like Robert O. Anderson of ARCO, sources report, have no real desire to use coal as a major domestic energy source. Their plan is to keep energy prices high, enforce artificial scarcity, and sit on the reserves until the price of oil goes high enough to make synthetic petroleum production profitable. Meanwhile, they have refused to fund programs to develop processes for clean, efficient coal use, like magnetohydrodynamics while Anderson's Aspen Institute deploys environmentalist groups to block coal use.

It was judgment of the coal-owning oil multitis that a long strike would be to their benefit. Sources close to Consol's Bobby Brown report that in his opinion, the UMW, weakened by a decades-long union reform movement that undermined the centralized authority of the national leadership, could be disintegrated by a long strike. In addition, such a strike would bankrupt many of the smaller producers, leading to further consolidation of the industry in the hands of the oil multitis and such interests as U.S. Steel.

**EIR:** Why is the Tenn-Tom important?

**Rep. Beville:** It is getting more important each day because of the energy situation. . . . The demand for coal from the U.S. both domestically and abroad will continue to increase. Now, we can save \$2.60 a ton if we ship by water. Of course, the Tenn-Tom will connect Mobile Gulf with 16,000 miles of inland waterway.

Our farmers can ship and be competitive in foreign markets. They can save 15 cents a bushel on soybean exports. Also, steel shipping will be cheaper. . . .

The Corps [of Engineers] has environmentalists. I'm for it. But that is not to say that you can't build dams, roads, highways. The country has to progress, develop its resources. . . .

I am glad that these groups didn't get organized for 200 years, because if they did we'd not have been the most advanced country in the world. I have never seen as much misinformation as in the press on Tenn-Tom. The *New York Times* copied misleading information. None of the papers bothered to call the Corps. . . . I asked them to come in and testify—we have 800 projects eligible for funding, so if the Tenn-Tom is bad the subcommittee wants to know. Not one of them would come. The opposition all have something in common, they know nothing about the project.

*From an interview last autumn with Don Waldon, deputy administrator of the Tennessee-Tombigbee Waterway Authority and a former deputy assistant secretary of the Interior Department under the Ford administration:*

**EIR:** What will be the economic impact of Tenn-Tom?

**Waldon:** With the price of fuel becoming much more important in transportation costs, the distances saved are more important than they used to be. Much has been said, as Senator Moynihan put it, that Tenn-Tom is a cloning of the Mississippi River. In a way it does parallel the Mississippi, but it does not compete; what it does do is provide the shorter distance for commodities originating or terminating in some 14 states with the Eastern Gulf ports. When we built the interstate highway system, we didn't build just one highway running north-south or east-west.

Right now there are close to 5,000 people working on the waterway—not that many jobs, but keep in mind that the Tenn-Tom is located in the most depressed area of the country. Take a state like Mississippi: what the waterway will do is bring industries that are more capital-intensive and highly skilled, which normally locate along waterways because they need bulk transportation—like chemical plants and paper mills and steel fabrication plants.

Water projects, unlike other programs, have to be subjected to a sort of cost-benefit test that does not include those [overall] 135,000 new jobs.

Our sources report that, up until the final hours, the BCOA negotiating team, led by Brown, was essentially bargaining in bad faith, seeking a deadlock. This is borne out by some facts which have leaked out from the negotiations. The UMW's first offer called for a 51 percent total package, of which nearly 10 percent was targeted to bolster the troubled union pension fund. The BCOA listened to the UMW's extensive documentation and proposed a ridiculous 19 percent.

Last week, the UMW reduced its offer to 45 percent and expressed willingness to discuss further concessions to avoid an unnecessary strike. The night and morning of March 16-17, it appeared that a settlement was imminent. If a contract was reached, any strike—even a short one—could have been avoided. Then in the early morning of March 17, Bobby Brown stormed into the room and presented the BCOA's final offer—take it or leave it—a 20 percent total package. It still demanded that the pension funds be dismantled, and placed on a company-by-company, rather than industry-wide basis. The BCOA further insisted on approval of a continuous seven-day work week—Sunday work—while insisting on retention of an arbitration panel which the UMW says has contributed to costly wildcat strikes. These demands had long since been rejected by UMW bargaining council, and would be rejected by the membership if offered in a pact.

As he presented the demands, Brown led the BCOA on walkout, vowing not to return to negotiations until the union capitulated.

Within a few hours, U.S. Steel, whose Bill Miller sat by Brown's side during the negotiations, fired six workers at one of its mines without reason or provocation. This triggered a series of wildcats that eventually involved more than 13,000 workers in three states. Union officials charged that the BCOA was deliberately trying to create a climate of violence and terrorism while undermining their ability to control the rank and file.

### **Strategic turning point**

Following strategy sessions, the UMW decided that it would make the real target of any strike not the coal industry, but the oil multinationals who were calling the shots. On March 20, President Church issued a six-page statement to the press denouncing the oil multitis for pushing the strike and explaining their strategy. Meanwhile, the UMW leadership planned a national media campaign to bring their message to the American people. Sources report that they were prepared to lead a fight against the high price of oil.

The shockwaves that this action sent through the corporate boardrooms could be indirectly seen in the lack of press coverage of the Church statement. The *New York Times*, which had been churning out column inches to set the stage for a strike, buried a 200-word report of the Church statement on an inside page and

forgot to mention that Bobby Brown was an employee of a subsidiary of Continental Oil.

Late on March 22, Brown suddenly decided to return to the bargaining table. Within six hours, a pact was reached. Brown backed down from his demands on the pension funds and the seven-day week, and agreed to eliminate the arbitration review board.

There is also another factor. Brown and the oil multitis were reportedly in direct contact with budget chief David Stockman and had received assurances of support. But the word is that the White House was in fact infuriated with the fact that the BCOA would push a strike for its own purposes.

UMW officials recognize that they are not out of the woods, since the oil multitis still have no interest in producing coal. The so-called coal boom is a hoax, built up around running up stockpiles for a long strike and on the relatively small export market, 10 percent of total production. There are still more than 100 million tons out of production and almost 20,000 UMW members on permanent layoffs. "We have a contract that we can live with," said one relieved union official. "The oil companies still don't want to produce coal. It is going to be a real battle and we know it."

## **The UMW exposes the plot against coal output**

*The following are excerpts from a statement released by United Mineworkers President Sam Church on March 20:*

It has become clear to me that in many ways the American people have been conned by Big Oil during these negotiations.

I believe that the big coal operators wanted a strike because their masters in Big Oil wanted a strike. They want a strike to break the union. They want a strike to break the smaller coal operators, and they want a strike to give them the opportunity to pick up the pieces of a fragmented and bankrupt coal industry.

We in the United Mineworkers, along with many, many others, are the intended victims.

The American consumer, the independent service station operator, the small coal operator, the small oil refiner or producer, and each and every one of the American people soon will be the complete and total energy captives. We are all going to suffer because of the avarice and greed of the major oil companies. . . . They have all the oil. Now they want all the coal. Every last possible ton.

Sixteen large oil companies hold some 63 billion tons of coal. The large portions of these holdings are owned by Continental Oil which is the parent of Consolidation Coal. The other names are household words: Exxon, Standard Oil, Phillips, Atlantic Richfield, Mobil.

## Justice Department's D. Lowell Jensen blasts drugs and domestic terrorism

*The appointment by President Reagan of D. Lowell Jensen to the important post of Assistant Attorney General in charge of the Criminal Division has been received enthusiastically in the law enforcement community. As a prosecutor in Alameda County, California for 25 years, Jensen prosecuted Symbionese Liberation Army (SLA) leaders William and Emily Harris and Black Panther Party leader Huey Newton, and gave the evidence to the grand jury that indicted Eldridge Cleaver and Bobby Seale. Observers predict that Jensen will help reverse Justice Department policies associated with the Carter administration, which included the release or pardon of 18 convicted terrorists. Mr. Jensen is a longtime associate of Reagan chief of staff Edwin Meese, and worked with Meese in the prosecutor's office before Meese became then-Governor Reagan's legal affairs director.*

*On March 22, the New York Times published an article about Mr. Jensen that cited his support for the Abscam investigations as well as his support for reduction in penalties for marijuana possession. EIR's Freyda Greenberg obtained this exclusive interview on March 24 with Mr. Jensen to clarify the New York Times report.*

**EIR:** The *New York Times* said that you "endorsed the position taken by William H. Webster, the director of the Federal Bureau of Investigation, on undercover investigations similar to that used in the Abscam case involving official corruption." Is that true?

**Jensen:** It's a little early to make judgments about Abscam. I'm not yet in a position to comment. I was at Mr. Webster's speech to the Commonwealth Club, and when I was asked about it, all I said was that I was generally supportive of the tenor of Mr. Webster's remarks. [Mr. Webster had stressed in his address that agents would be strongly cautioned against entrapping suspects—F.G.]

**EIR:** The *New York Times* article referred to your having lobbied for reduction in the penalties for possession of marijuana.

**Jensen:** In my capacity as chairman of the California District Attorneys' Association, I represented the position of the group in opposing an earlier state law regarding the possession of marijuana. The previous law said that any possession was a felony and not alternative as a misdemeanor. The D.A.s' association advocated allowing possession to be alternatively treated as a misdemeanor and redefining small amounts as an infraction, meaning no jail sentence, the latter being treated as a misdemeanor if seen fit. Currently the California state law is about where it should be.

**EIR:** What is the present California law?

**Jensen:** Possession of one ounce of marijuana or less is an infraction but can be ruled a misdemeanor. Sale of marijuana is a felony. Cultivation is a felony. The D.A.s' position was based on pragmatism. The earlier law was unworkable.

**EIR:** There have been some, including Mr. Reagan, who have said that there is little that can be done to stop the influx of drugs. Do you agree?

**Jensen:** I am definitely not one of those people who thinks there is nothing we can do to stop the flow of drugs. Drugs are a horrendous problem in this country. While I can't yet say what I would recommend as far as manpower allocations, for example, we must be able to stop the flow of drugs.

**EIR:** I know you have had considerable experience dealing with terrorists. What is your evaluation of terrorism?

**Jensen:** Terrorism is a tremendously difficult problem, and it is of the highest priority. When I say terrorism I include domestic terrorism. That was what the Symbionese Liberation Army was and the New World Liberation Front, whatever [else] that was. These were clearly domestic terrorist acts.

**EIR:** Do you agree with the evaluation that terrorism is a sociological phenomenon?

**Jensen:** Absolutely not. These are calculated endeavors.

## **H**ouse subcommittee ups fusion budget

The House Research and Development subcommittee of the Science and Technology Committee on March 25 added \$14 million to the Reagan administration's requested budget for magnetic fusion research. The fusion budget had been drastically cut by the administration to \$460 million, even less than the Carter administration request for fiscal year 1982.

The Magnetic Fusion Energy Engineering Act of 1980, the McCormack bill, if adhered to, mandates an expenditure of \$525 million for fiscal 1982. Thus, the magnetic fusion bill will be sent to the full committee with far less money than required by the current law.

In a Senate subcommittee hearing March 24, Sen. Bennett Johnston (D-La.) reiterated his strong support for the fusion program but noted that "in this budget-cutting mania, I don't think it will be possible to fulfill the mandate of the McCormack bill at \$525 million." Johnston was responding to the testimony of Fusion Energy Foundation representative Marsha Freeman, who underscored the deep concern of our European and Japanese allies over Stockman's cuts in the fusion and space research budgets.

Johnston's Senate Energy and Water subcommittee also heard from a National Democratic Policy Committee (NDPC) representative March 25, as did the House subcommittee on Energy and Water. The spokesman from NDPC warned, "It would be a

tragedy for the nation and the world if this subcommittee was forced to choose between the fusion program and the breeder program or between the Tennessee-Tombigbee and some Western water project. If that happens, then David Stockman will have succeeded where Ralph Nader has failed."

## **B**egin push for enterprise zones

Spokesmen for Rep. Jack Kemp of Buffalo, N.Y. report that he and Rep. Robert Garcia of the South Bronx will formally introduce legislation to create "urban enterprise zones" in early April.

The legislation, which has been widely criticized as creating "Hong Kong model" economies, will reportedly receive the backing of the Reagan administration. It will be introduced simultaneously by Republican Senators John Chafee of Rhode Island and Rudy Boschwitz of Minnesota, who will participate with Kemp and Garcia at a kick-off press conference.

Capitol Hill aides acknowledge the "tremendous job" done by the Heritage Foundation and former British Fabian Society Chairman Peter Hall in developing the enterprise zone concept. "We have made great use in selling the proposal, of the idea that it is popular with both the so-called left and right." Hearings are planned for the House and Senate Banking Committees, the Senate Finance Committee, and regionally. The Newark city council, under advice from the Prudential Insurance

Company, recently endorsed the legislation and said that New York's Mayor Koch has been "extremely helpful."

The enterprise zone is going to be sold as the "answer to the depopulation proposals of Carter administration's Commission for an Agenda on the Eighties" according to aides.

But Kemp and the backers of the enterprise zone share the fundamental premise of the Agenda proposal—that urban policy must aim toward U.S. entry into the postindustrial era. "Jack doesn't disagree with that," sources report. "The enterprise zone bill is geared to help the shift. Our tax policy is designed to give breaks to small, innovative business, the local entrepreneurs. We don't want industry in cities unless it is appropriate. Our proposal to create free trade zones are designed to capture only one type of industry—the kinds of low-wage, labor-intensive assembly jobs that you find in places like Hong Kong. These jobs don't require skills, they don't pay very much. But who cares—they are jobs. That is what the enterprise zone is all about."

## **S**enators: open border with Mexico

Senator Harrison Schmitt (R-N.M.) has introduced legislation, S. 47, that would open the border between Mexico and the United States. Specifically, it would allow Mexican citizens to obtain a temporary visa for 240 days during which time they could work at any

job unless the Labor Department certified there are adequate and willing domestic workers. The bill was cosponsored by Sen. Paul Laxalt (R-Nev.), President Reagan's liaison to the Senate, as well as Senators Barry Goldwater (R-Ariz.), Mark Hatfield (R-Ore.) Richard Lugar (R-Ind.), and James McClure (R-Idaho).

In a statement to the Senate March 10, Senator Schmitt declared that his bill, the United States/Mexico Good Neighbor Act, counters the proposals of the Select Commission on Immigration and Refugee Policy set up under the Carter administration which has just completed its recommendations for a very restrictive immigration policy.

"The effect of 'restrictionism,' the policy that underlies the commission's recommendations on undocumented workers from Mexico, will be to seriously hurt an important ally; foster discrimination against our own Hispanic citizens; deprive thousands of small and medium-sized businesses of ready, willing, and able workers; and eliminate many jobs for U.S. citizens which depend on these workers. In short, a policy aimed at closing a border 2,000 miles long, at employer sanctions without discrimination, and at identity cards for workers in a free country, has no relation to domestic or international reality. . . . The President recognizes something that the Select Commission on Immigration and Refugee Policy has reportedly decided to ignore. Reagan has noted the fact that seasonal and temporary migration to this country acts as a 'safety valve' for Mexico.

Schmitt has sent copies of his bill to administration officials. The Judiciary Committee will review the entire issue, probably in early May, when the administration is expected to present a comprehensive immigration program.

Another bill the committee will look at was introduced by Sen. Walter Huddleston (D-Ky.) on March 24. Huddleston's bill, cosponsored by Senators Lawton Chiles (D-Fla.) and Thad Cochran (R-Miss.) would limit immigration to 350,000 aliens a year, including refugees and relatives of citizens. Last year's gross immigration figure was 800,000. The bill would also more than double the border patrol, require employers to verify that all the people they hired were either citizens or aliens legally authorized to work, and impose penalties for hiring illegal aliens.

### **S**enate votes to lift grain embargo

The Senate delivered a stinging attack on the Carter administration's grain embargo by voting up March 25 a Sense of the Senate Resolution to lift the embargo. The vote was 58 to 36 with 44 Republicans voting with the majority to end the embargo. Not one rose to defend the position of Secretary of State Alexander Haig that repealing the embargo would send the wrong message to the Soviets.

Originally Sen. Edward Zorinsky (R-Neb.) had proposed an amendment to the cancellation of the dairy price supports that would have required the President to lift

the embargo by April 15 or explain in detail to the Senate why he did not. However, it was felt that such an amendment would not have passed in the House and the administration was eager to pass the dairy support measure without any encumbrances. Sen. Bob Dole (R-Kan.) then drafted a Sense of the Senate Resolution introduced by Sen. Roger Jepsen (R-Iowa).

Later in the day, Senator Dole told CBS news that the State Department was to blame for the embargo. In a direct slap at the secretary of state, Dole said that Haig in fact has much less authority for issues like the embargo than the Agriculture Department.

### **H**earings on Office of Population postponed

Sources at the House subcommittee on Census and Population report that hearings on the Population Policy Act of 1981 sponsored by Rep. Richard Ottinger (D-N.Y.) will now not be scheduled until at least mid-May. The hearings had been planned for March or April. Ottinger's legislation would establish an Office of Population Policy within the White House to oversee imposition of zero population growth in the U.S. The bill was drafted as an implementation of the Carter administration's Global 2000 report.

The subcommittee is postponing immediate hearings because of vociferous constituency opposition to the bill. "A great deal of opposition has suddenly come up out of nowhere," declared an aide. "We are getting calls. We weren't ready for this."

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# National News

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## EIR's Mexico conference features LaRouche

EIR founder Lyndon H. LaRouche, Jr. re-emphasized the dangers of a North American Common Market approach from the U.S. to Mexico in his remarks at a March 26 session of EIR's conference on U.S.-Latin American relations. Mexico's concept of bilateral relations is appropriate, he said, and should be pursued at the April 27 Reagan-López Portillo summit.

LaRouche sharply attacked both the "left" Socialist International/Jesuit and "right" Kissingerians advising the U.S. administration. He went on to note that "dirigism" built the United States, Japan, and every other industrial capitalist power; dirigistic investment and credit policies, he said, are the key to the apparent paradox that war helps a country get back on its economic feet, even though most of the production is squandered on the battlefield.

Attending the conference were representatives of the White House, Departments of Defense, State, Agriculture, Commerce, and Labor, the Army Corps of Engineers, the Naval Reserve, and the Nuclear Regulatory Commission, along with diplomats from the Mexican, Dominican, Venezuelan, and Soviet embassies, and many business executives and university personnel.

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## CFR conference pushes China arms sales

"The Reagan administration will begin selling arms to China during its first term. It's inevitable," declared one of Henry Kissinger's associates, an attendee at a March 21-22 conference on China at Averell Harriman's former estate in New York, Arden House.

A campaign for selling weapons and weapons technology as part of closer U.S.-China security relations was the

major outcome of the conference, attended by more than 40 individuals from the Reagan and Carter administrations, military, business, and academic circles.

"We are talking about a 15 to 20 percent buildup in which the U.S. supplies the technology, components, and training for China to build its weapons. Its economic program rules out major weapons transfers or some five-year buildup," commented one of the academics.

Asked what security benefits China could provide the U.S., he responded: "keeping Soviet troops tied down, deterring Vietnam, and enabling us to deploy our forces elsewhere without having to worry about Chinese threats to the security of the Philippines et al."

One former National Security Council staffer said the U.S. arms package could "only try to stop the military decline [China] is now undergoing."

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## Italian-Americans oppose possible Raab appointment

According to CBS, the *Washington Post*, and other national media, the projected appointment of attorney Max Raab as U.S. ambassador to Italy is strongly opposed by the Italian-American community. Raab's mooted appointment was first reported by the *New York Times*. Italian-Americans claim Raab is unqualified for the post, since he knows nothing of Italian politics or culture.

Raab is a senior partner of the Warburg law firm Strook, Strook and Lavan, which is also the law firm of Warner Communications. Warner was a leading backer of the 1976 campaign of Jimmy Carter, under whose ambassador to Italy, Richard Gardner, relations with Italy had severely deteriorated.

A Boston-born Republican, Raab is also a leading member of the U.S.-Israel Chamber of Commerce, Hebrew Union College and the United Jewish Appeal.

Equally unqualified, though Italian-American, is another candidate for the post: former ABC newsmen John Scali. Scali's nomination is expected to be

backed by Secretary of State Haig and CIA Director William Casey. Italian-Americans who believe that U.S. interests in Italy lie in promoting the industrial development of southern Italy, have backed the president of the National Italian-American Foundation, Frank Stella, as the most appropriate choice.

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## New York officials destroy geriatric health care

As part of the deurbanization of New York City, the commissioner of the state Office of Mental Health, James Prevost, is dismantling the New York mental health system. Over the past three years, Prevost has replaced the psychiatric medical model with local control and "patients rights," creating bedlams, not hospitals.

The Manhattan Psychiatric Center (MPC), Manhattan's state mental hospital, is being dismantled. One building is to be turned into a prison for the criminally insane; elderly inpatients will be deported to an upstate backwater facility, Harlem Valley. The MPC's Mobile Geriatric Team, a service with a good track record in reaching the most concentrated elderly population in the United States, is to be abolished.

Prevost's description of his program is "a revolution seeking nothing less than a reduction of all conceptual division in society: to reduce differences and enhance similarities."

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## Request visa denial to Wiesenthal

In a memorandum directed to Secretary of State Alexander Haig, the International Caucus of Labor Committees requested that the State Department revoke the entry visa of Austrian citizen Simon Wiesenthal on the grounds that he may have assisted Nazi authorities in the persecution of Jews in Poland, the Ukraine, and Austria. Wiesenthal, head



## Briefly

● **TRILATERAL** Commission members plan to spend a lot of time discussing the efforts of the White House to reassert control over foreign policy when they meet in Washington, D.C. March 29-31. "We will retool the administration," boasted a member of the commission.

● **ROBERT GARCIA**, a congressman from the South Bronx was confronted by a group of angry constituents last week who forced him to reconsider his support for the Ottinger bill H.R. 907 which calls for imposing zero population growth by the year 2000. Responding to the pressure, Garcia denied claims made by Congressman Ottinger's office that he had signed on as a cosponsor of the bill.

● **BENJAMIN HOOKS**, the executive director of the NAACP, said last week in Atlanta that talk of a racist conspiracy behind the killings of black children in that city is "irresponsible," and "only intensifies the trouble and anguish."

● **ROBERT A. GEORGINE**, president of the Building and Construction Trades department of the AFL-CIO, stated March 27 that the antinuclear march against the Three Mile Island power plant did not represent the views of labor. Georgine said that "coal and nuclear offer the only source of energy for the near future" and that "electricity means jobs." The march, scheduled for March 28 was cosponsored by Socialist International elements within the labor movement. The United Mineworkers, originally promised that the demonstration would support their contract demands, have decided not to attend. Now in the midst of contract ratification, one UMW official declared: "We have more important things to do than walk with some environmentalists."

of the Jewish Documentation Center, is a self-proclaimed "Nazi hunter" who plans to tour the U.S. to speak about what he calls a new rise in anti-Semitism.

According to his autobiography, Wiesenthal's war record appears less than unblemished. Although a Jew, and interned in several concentration camps, when brought before several firing squads, he alone was suddenly removed on each occasion. While working at the Ostbahn rail works, Wiesenthal was even permitted to hide two revolvers in the desk drawer of the camp's Oberinspector Adolph Kohrautz. Camp commander Heinrich Guenhardt after the war was invited to Wiesenthal's daughter's wedding.

Wiesenthal, who admits his funding comes virtually entirely from non-Jewish sources, is a friend of the Dutch Prince Bernhard, a former SS officer.

The Justice Department's Office of Special Investigations, which has oversight for seeking out and extraditing Nazis, maintained that Wiesenthal's possible collaboration with the Nazis was "bizarre." According to the OSI liaison to the State Department, Mr. Mausner, such collaboration had to be under "coercion."

### Yorktown Committee invites Giscard

The Yorktown, Virginia Bicentennial Committee has made known to Congress and President Reagan that its plans for a gala commemoration this fall of the 1781 Battle of Yorktown include full participation of the French government, especially President Valéry Giscard d'Estaing. The gala event, which occurs every 50 years commemorates the final battle of the American Revolution. The problem is that President Reagan must extend the invitation which he has not yet done.

The Battle of Yorktown culminated on October 19 after a brief siege and naval blockade executed by General Washington and French Admiral Rochambeau. Their brilliant land/sea strat-

egy had boxed 8,000 British troops in the small area of Yorktown. Their escape route to the sea was cut off by Admiral de Grasse, who drove off a British fleet sent to rescue Cornwallis. Colonel Alexander Hamilton and the Marquis de Lafayette led the combined 18,000 Franco-American land forces to victory in the final assault. Latest word from France is that President Giscard will match Reagan "one for one" in dignitaries, bands, color guards, and warships to help the celebration. No word has been heard from the losing side of the battle, Prime Minister Thatcher and the British.

### New Jerseyans want TMI turned on

Though their activity has been blacked out of major newspapers, New Jersey and Pennsylvania residents have been campaigning for some time to get back the nuclear energy they rely on from the Three Mile Island nuclear plant.

In Forked River, N.J., residents are now planning a petition drive to demand the opening of TMI Unit 1, and the election of a pronuclear fifth commissioner to the Nuclear Regulatory Commission.

Fusion Energy Foundation Director of Nuclear Engineering Jon Gilbertson addressed residents of nearby Toms River last week on the facts and myths of Three Mile Island. "No official group investigating the incident has answered the simple question of who turned off the emergency feedwater valve—whether deliberately or accidentally—that triggered the incident," he said.

Gilbertson, a nuclear engineer, was part of an Independent Commission of Inquiry on Three Mile Island that found good reason to suspect sabotage as the initiating cause of the 1979 accident there. The commission also debunked the wildly exaggerated press stories of dangers arising from the accident. The Toms River meeting grew out of a series of public hearings on utility rate hikes in several Jersey counties served by Three Mile Island.

## Resuming American nuclear exports

*The contradictions must be resolved if the new administration wants to reverse Carter's policies.*

**C**ontradictory is the word that best sums up the administration's moves to undo the Carter disaster euphemistically referred to as "nuclear nonproliferation policy."

As I have documented in this space, there is a strong public commitment on the part of the new President, Energy Secretary James Edwards, and a number of important policy people in various agencies, including the State Department, and even the notorious Nuclear Regulatory Commission (see *EIR*, March 31, 1981), to removing the self-defeating and disastrous Carter nuclear export restrictions in the Percy-Glenn Nuclear Nonproliferation Act of 1978.

There are some encouraging signs. In the last few days, Egypt and the United States signed a nuclear cooperation agreement that could lead to the export of two 1,000 megawatt nuclear power units from Westinghouse, less than a month after Egyptian President Sadat signed the international nonproliferation treaty. The Egyptian-U.S. talks have been stalled since 1976. Egyptian financing will be pegged to oil export revenues.

Simultaneously, several reliable sources report, a top-level negotiating team from a major U.S. nuclear reactor manufacturer is in Mexico holding talks along similar oil-for-nuclear technology lines.

The fight to get the U.S. back into exporting nuclear plants is also taking place behind the scenes in

Washington, according to my sources in the industry.

The reasons are not hard to see. Only five years ago, the United States commanded a full 70 percent of total reactor exports worldwide. The late Shah of Iran alone was negotiating a potential \$35 billion oil-for-nuclear purchase on the eve of his ouster.

Nuclear power plants and related fuel cycle services are the largest item in the U.S. export profile. The freeze on these billion-dollar, capital-intensive exports is the largest single source of trade deficit in the last several years.

Let's take a closer look at this export capability. Present nuclear industry capacity is 25-30 plant per year, according to an April 1979 industry study headed by Deputy Energy Secretary-designate W. Kenneth Davis. Given the ongoing freeze, with prohibitive interest rates and regulatory absurdities, industry optimistically does not expect U.S. electric utilities to resume new orders for one to two years. An immediate resumption of exports is vital to the survival of the nuclear industry.

An in-house study last year by Westinghouse, based on replies of nations to the International Fuel Cycle Evaluation, shows a world nuclear export market (excluding Eastern Europe) potential of 248 nuclear plants of 1,000 MW size. If the U.S. took an average of 50 percent of this, it would conservatively

mean \$124 billion dollars in export earnings. In terms of skilled blue-collar jobs in construction, machine-tooling and fabrication, it would create a minimum of 7.5 million man-years of work. And this is good tax revenue, Mr. Stockman, not leaf-raking makework.

The Percy-Glenn Act, with its obstacles to reliable export of nuclear technology using the bugaboo of the "bomb," is of course one major obstacle to resuming exports; the stalemate at the Nuclear Regulatory Commission delaying export licenses is another, along with uncertainty of U.S. uranium enrichment. These internal obstacles have all but killed this export market.

It is far more than dollars for American industry, however. Nations in the developing sector such as India simply will not be able to industrialize without nuclear power generation. With a population of almost 700 million, India has a total installed electric generating capacity of 29,000 megawatts. The U.S. has 220 million people with some 600,000 MW capacity.

The policy of providing uranium to fuel the Tarapur nuclear plant near Bombay will be an important test of whether the new U.S. administration reverses the unproductive punitive approach of Carter strategists, who favored China over the relatively more advanced India.

It will also be a test for the new nominee to head the U.S. Export-Import Bank, California zero-population growth advocate William Draper, who reportedly wants to shift U.S. export policy away from nuclear exports toward "labor-intensive [strategic] mineral extraction projects."