

# China threatens war on Vietnam

*Teng calls for "punishment" of Soviet ally*

Evidently bolstered by the *carte blanche* provided by the Carter Administration for Peking's anti-Soviet provocations, Chinese Vice-Premier Teng Hsiao-ping used the occasion of his unofficial visit to Japan last week to threaten war against China's southern neighbor and USSR ally, the Socialist Republic of Vietnam. Vietnam should be "punished" for its aid in the overthrow of the murderous regime of Cambodian dictator and Peking client Pol Pot, Teng blustered before the Tokyo press on Feb. 6. "We've warned (the Vietnamese) on countless occasions (that) ... the Chinese are a people who act on their word."

Teng's threats were backed up with a reported massive Chinese military build-up on China's southern border with Vietnam. According to well-informed sources, some 10 Chinese divisions (100,000-150,000 troops) are massed along the border, and the Chinese are feverishly constructing airfields and logistical infrastructure in preparation for a possible attack. Heavy artillery, tanks, and jet fighters have been moved into the area and a top Chinese general, a veteran of the Korean War, has been announced as the commander of the southern forces.

Vietnamese diplomatic sources indicate that they fear a strike into Vietnamese territory. For the moment, however, they believe that the Chinese activity is calculated to add "increasing pressure" on Hanoi. China's "pressure tactics" against Vietnam have included daily incidents of Chinese armed incursions into Vietnamese territory, and attacks against small Vietnamese villages and military positions along the border. The Vietnamese sources said that they are "ready for the worst" and indicated their forces have been placed in a state of total mobilization and preparedness for a Chinese attack.

## **Soviet counterdeployment**

In the view of seasoned observers, the Chinese leaders, and Teng in particular, were so bolstered by American acquiescence to their aims that they may well risk an adventure in Vietnam. The Chinese may only be restrained by the fear of a Soviet countermove in defense of their Vietnamese allies. Reportedly, two Soviet naval task forces have been deployed into the waters off Vietnam, one placed off northern Vietnam and the other, which includes heavy cruisers, off the southern coast. A buildup of Soviet forces in the border areas with the Chinese province of Sinkiang has also been reported. Sinkiang is the heart of China's nuclear weapons facilities.

No doubt Peking is still stinging with

the humiliation of China's ouster from Cambodia. The Vietnamese have proved to be a tough obstacle to Peking's designs to dominate Southeast Asia as "China's natural sphere of influence." Vietnamese sources reveal that Teng himself traveled to Vietnam following the 1965 U.S. escalation there, and told the Vietnamese that if they cut off all ties to the Soviet Union, China would take care of them. The Vietnamese pointedly refused this "offer," although it was repeated several times, backed up by Chinese-U.S. collusion to force a settlement creating a *de facto* permanent division of Vietnam with an anti-Soviet, and pro-Chinese, 'neutralist' government taking over South Vietnam.

## Isolation of Khomeini crucial to world peace

With the return of the religious opposition leader Ayatollah Khomeini to Iran, the political crisis there enters a new and delicate phase. If Premier Bakhtiar is not successful in his intensive efforts to split Khomeini's camp, which is officially opposed to the Bakhtiar government, and reach a peaceful compromise with moderate opposition elements, Iran will soon be embroiled in a brutal civil war. Coupled with the serious instability in Pakistan following the upholding of the death sentence against former Prime Minister Zulfikar Ali Bhutto and the war build-up between Vietnam and China, the so-called "arc of crisis" surrounding the Soviet Union which U.S. security chief Zbigniew Brzezinski has been promoting would become

an awesome reality.

The response of the Soviets toward Carter foreign policy since the visit here of Chinese Vice Premier Teng Hsiao-ping\* has been verbally hostile. The announced departure of U.S. Defense Secretary Harold Brown to four Mideast countries this week to discuss a pro-Western military alliance against "communists" has only further blackened the image of Washington in the eyes of our western allies and Moscow. The first ever trip to the Mideast by a U.S. Defense Secretary, Brown is seeking military alternatives for maintaining the U.S. military dominance in the region that it once had in Iran.

**The potential for peace in Iran**  
A series of far-reaching initiatives have

been taken by Bakhtiar over the last week to overhaul Iranian foreign policy as it was determined by the Shah. Bakhtiar announced Iran will withdraw from the British-established Central Treaty Organization (CENTO), a non-functional military alliance with Pakistan and Turkey. He has dramatically trimmed Iran's \$12 billion military budget and announced a full takeover of Iran's mammoth oil industry from the British Petroleum-dominated consortium of oil companies. He also announced that the hated secret police SAVAK has been dismantled.

Such moves are hints of the policies a democratic republican government analogous to that of the former Premier Mossadegh will enact if there is a peaceful compromise worked out be-

tween Bakhtiar and Medhi Bazargan, Ayatollah Khomeini's chief negotiator and newly named premier for the Ayatollah's Islamic Republic. Well-informed Iranian sources report that Bazargan and Bakhtiar are lifelong friends who are working closely with moderate religious leaders and military leaders to reach a peaceful solution and, probably, form a new government. The key figure in such a strategy is the powerful General Djam, who could command the respect of the restive Iranian military.

If Djam accepts a role in a new compromise government based on the 1906 constitution, the chance of its surviving is good, and the economically troubled Iran could then begin pumping its oil into the world markets. But if these

delicate negotiations fail, and the radical elements around Khomeini gain the upper hand, chaos will ensue. The current situation is to a great extent being shaped by two contending factions of French intelligence. Bakhtiar and Bazargan are working closely with the traditional prodetente Gaullist faction, and Khomeini's "maoist" radicals such as Abdul Bani Sadr and Ibrahim Yasdi are working with a French intelligence network controlled by British intelligence and traditionally linked to terrorist controller Jean Paul Sartre.

The coming days should reveal which of the two wins out, and what is the future course for Iran.

— Judith Wyer

## Wall St. Journal feeds dollar panic

The Wall Street Journal, self-proclaimed champion of truth, justice, and the American business way, this week emerged from its telephone booth showing its true colors: the shocking pink of the London Financial Times. In its Feb. 6 lead article, "Skeptics Abroad: Dollar Defense Moves Fail to Allay Doubts of Some Foreign Aides," the Journal fights bravely — to create a panic run on the U.S. dollar, based on its claim that America's foreign allies are all ready to sell the dollar down the river.

Trouble is that in a tour of a dozen foreign finance ministries, the Journal's staff was unable, despite insistent questioning, to solicit exclamations against the dollar. "Generally, their answers were carefully phrased to avoid shaking the market confidence" in the U.S. currency, the unsigned article complains, confidence "that unexpectedly developed during much of last month.

But even so, their replies were perceptibly heavier on hopes than on predictions," the Journal staff says wistfully.

For example, the best the staff could elicit, after intense harassment from West German Finance Minister Hans Matthöfer was an irate "I never say anything detrimental about the dollar." The Journal was forced to print this, and call it defensive; they were quick, however, to totally delete Matthöfer's recent hour-long speech to the New York Council on Foreign Relations which we reported last week. Before a stunned cross section of New York's banking elite, Matthöfer staunchly supported a global version of the European Monetary System for the Eurodollar market, to make the dollar, which he repeatedly referred to as "undervalued," the **currency of international development.**

The interviewers left no stone unturned — ignoring statements by the Swiss cen-

tral bank and the office of West German Chancellor Helmut Schmidt that the U.S. "fully recognizes its obligation" to defend the dollar, but they did find a dollar detractor in Saudi Arabia: Morven Hay, at the Saudi National Commercial Bank. The Journal editors pointed out, however, that he was a British national.

Undaunted, the Journal interviewers went to the extreme of dragging into print the one actual government official whom they could find willing to go on record against the U.S. currency: M.G.R. Sandberg, Chairman of the Hong Kong & Shanghai Banking Corp, central bank for the import of drugs into the U.S. on behalf of the British Crown Colony of Hong Kong. Sandberg, who has not permitted his quotation in the press in 30 years, was staunch: the dollar's recent strength is only a product of "self-feeding optimism," he warned.