

EIR

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The next phase of Volcker's austerity
What the U.S. tactical nuclear doctrine means
Reagan outlines inter-American strategy for the 80s

**Will the Democratic Party
survive the Carter nomination?**



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EIR

From the Editor

James Earl Carter won the Democratic Party nomination last week in one of the most fraudulent spectacles ever witnessed by the citizenry of the United States of America. As a result, the Democratic Party has begun to fragment as the constituency machines that make up the traditional backbone of the party face the reality of what a Reagan landslide in November could mean.

However the Carter team tries to talk about party unity, it is clear that even the Carter delegates who were threatened, blackmailed and bribed to stick with Carter have little enthusiasm. And the Kennedy and uncommitted delegates have even less.

Our Special Report this week, "Will the Democratic Party survive the Carter nomination?" brings you inside the convention to answer this question. What will the increasingly anti-Carter Democratic voters and candidates do?

We detail Carter's trouble spots—the disenfranchised constituencies—labor, blacks, Hispanics, and farmers who now have no candidate. We show you how the convention really was run—the behind-the-scenes talk on the floor, at parties and in hotels. And we review the real issues facing the American voters, Carter's depression and limited nuclear warfare defense posture, which are identical to the policy orientation of the Reagan team.

Our reporters take you into the state delegations where dark horse candidate Lyndon LaRouche presented a fight for an open convention and, after the rules vote lost, made a bid to lead the rebuilding of the party.

I personally directed the convention coverage with a special team including Konstantin George, Peter Ennis, Barbara Dreyfuss, Lonnie Wolfe, Tim Rush and Vin Berg.



EIR Contents

Departments

- 48 Dateline Mexico**
Think tankers and Iranization
- 49 Middle East Report**
Will Sadat chuck Camp David?
- 62 Energy Insider**
The domestic 'oil boom'
- 64 Editorial**
PD 59: short fuse
for November

Economics

- 4 Business Briefs**
- 6 The next phase of
Volcker's austerity**
A preview of *EIR*'s latest
econometric projections for the
U.S. economy, assuming the
consensus for lowered
consumption were to go into
effect.
- 8 Who's behind
the world oil glut**
Saudi Arabia is boosting the
supply side for European, political
reasons. On the demand side:
conservation enforced by
austerity.
- 10 The 'Information Age'
and its friends**
Architects and spokesmen for the
postindustrial society talk about
the economy, space programs, and
'knowledge.'
- 15 Foreign Exchange**
Stepwise dollar diversification
- 16 Gold**
Central banks stabilize price
- 17 Trade review**

Special Report



The renominated candidate and the party regulars at the Democratic convention.
Photo: UPI

18 Will the Democrats survive the Carter nomination?

The issues at stake are strategic national and international ones.

21 Closeups from the convention

Kingmakers, armtwisters, and regional leaders talk behind the scenes.

24 Disenfranchised constituencies

What they say about the convention and the future.

28 Rebuilding from the ground up

Interview with a LaRouche strategist

29 LaRouche talks to the caucuses

32 Platform planks on the depression

International

34 International Intelligence

36 What the U.S. tactical nuclear doctrine means

It's already been in effect, but its official announcement at this time is a new threat.

Documentation: Commentary from *Le Figaro*, the London *Guardian* and *Observer*, the *New York Times* Paris bureau, and the U.S.S.R.

42 An American mission to China

An analysis of the Defense Department's military 'consultations' with the People's Republic.

44 EIR spurs investigation

Law enforcement agencies and national newspapers are following our Muslim Brotherhood exposé leads.

National

50 National News

52 Reagan advisers outline inter-American strategy

Their approach for the 1980s—documented in their new report—has a lot in common with Castro's, reflecting some shared influences.

58 The real stakes in Billygate

From the Aug. 8 national television address by Lyndon LaRouche on 'where the body is buried' amidst the scandal, and who must take responsibility for American foreign policy.

Business Briefs

Real estate

NAR rejects Volcker cuts

The National Association of Realtors has recommended limited but important measures to expand personal consumption as part of the recovery.

To reverse the 50 percent drop in housing starts since Volcker initiated his credit squeeze on the Columbus Day weekend of 1979, the NAR has proposed: "Slow the growth of federal taxes by one-fourth by initiating \$25 to \$30 billion in tax relief now, to offset the effects of inflation for all taxpayers, giving each household about \$200 more spendable income during the next 12 months; to encourage a substantial increase in personal savings; to stimulate investment for plant and equipment to increase productivity, slow inflation and improve living standards; to revive investment in housing to improve the quality of life for ourselves and our children."

The NAR measures will put the real estate and housing industry into a head-on clash with Volcker, who told a group of thrift institution bankers three months ago, that housing would not get funding until the 1990s.

Public policy

Lord Kaldor attacks monetarism

Lord Kaldor, the former head of British National Oil Corporation and a former top adviser to Prime Minister Harold Wilson, denounced the "curse of monetarism at an economics symposium in Mexico last week. Kaldor attacked monetarism as an "intellectual disease" that "has grown like a new California cult."

Monetarism, he said, is "extremely superficial and inadequate, but with a great attraction for those who seek only their personal interest and for semi-edu-

cated people whose success would enormously aggravate social tensions."

Monetarism has been the guiding economic philosophy of the present British administration under Prime Minister Margaret Thatcher. Kaldor added that financing the deficits of non-oil-producing Third World countries, which has occurred so far primarily through lending by large private U.S. and European banks, is becoming more precarious. This could lead in a few years to a worldwide banking collapse, a predicament which "signals the end of monetarism."

International credit

Euromarket lending to LDCs picks up

Euromarket borrowing by non-oil-producing Third World countries appears to have increased in the third quarter after an extremely depressed first half. Some of the more developed countries are winning easier credit terms, with European, Arab and Japanese banks dominating the lending consortia.

Four Arab banks were involved, along with three Japanese banks, in a \$100 million syndication for the Philippines central bank. Japan's Finance Ministry allowed the Japanese banks to take up 23 percent of the loan, waiving a rule restricting Japanese participation to 20 percent when Japanese banks have a lead role.

Taiwan currently seeks a 10-year loan of \$200-\$250 million for the state Taiwan Power Co. on terms some banks have rejected. Taipower's finance VP, Lan Chang, reports, however, that he can get the terms he wants through smaller loans from single banks, mostly European "newcomers to the island." Other major loans in the past two weeks include a \$1.8 billion jumbo credit for Venezuela, led by Citicorp, and a \$250 million loan to Argentina, which won a spread of only half a percent over Libor for the first four years of the eight-year credit. Leaders include Deutsche Bank, Credit Lyonnais,

Industrial Bank of Japan, Manny Hanny and Toronto Dominion. Ireland has negotiated a \$114 million multicurrency credit line at only 0.375 percent over Libor from a syndicate led by Midland Bank, which competed against nine other syndicates to win the loan.

European Community

Gaullist spokesman blasts EC farm policy

Michel Debré, a senior Gaullist leader and current candidate for the French presidential elections in 1981, characterized the agricultural policy of the Brussels Commission of the European Community (EC) as "Malthusian" in a *Le Figaro* interview Aug. 7.

"We are told that Europeans are producing too much wheat, too much milk, and too much meat. . . . On even days we get speeches on aiding starving people, on odd days a speech against surplus and for Malthusianism. . . ."

"If we had a reasonable conception of Europe, we would develop certain sectors of agricultural output and an agrobusiness industry under the double banner of political generosity and the nutritional independence of our continent," Debré declared in the interview. Europe's "butter mountain" and other farm surpluses have been the target of controversy for years.

Transportation

Railroad rate bureaus to be dismantled

The Interstate Commerce Commission struck down the right of the nation's railroads to meet and set freight rates collectively through rate bureaus Aug. 13. This is the ICC's biggest step so far toward the deregulation of the rail industry. Such deregulation will cause a shake-

Briefly

● **LEADERS OF SIX** national organizations concerned with the housing sector decamped from the Democratic Convention this week for a private meeting at a New England resort to discuss "survival strategy" against the Fed's tight money regime.

● **EDWARD HEATH** the former British prime minister, is the likeliest candidate to succeed Robert McNamara as president of the World Bank, the London *Sunday Telegraph* reported Aug. 10.

● **MARGARET THATCHER** is "flying blind," the London *Financial Times* charged in a Aug. 9 op-ed, reviewing the report that British money supply jumped by a staggering 5 percent in the single month of July, despite official monetary stringency.

● **ROBERT TRIFFIN** suggested that the European Monetary System might be the vehicle for introducing the Soviet bloc's "transferable ruble" into Western markets, at a recent financial seminar in Dubrovnik.

● **SAUL STEINBERG**, Reliance Corporation chairman, astonished Wall Street analysts by his decision to liquidate Reliance's thrift institution, Imperial Corp., when sale of the institution would have netted more.

● **GEOFFREY HOWE**, Chancellor of the British Exchequer, has privately circulated to the 25-member National Economic Development Council a report by the U.K. ambassador to Japan. It concludes that Japan's technological challenge threatens to reduce Britain to "one of the late 20th century minor industrial states." Unlike Japan, Britain is neither developing its own technology nor buying it from abroad, the report emphasizes. In electronics, computer-assisted production, and industrial robots, Britain is far behind on the investment scale.

out that will enable the larger railroads to buy out their competitors.

By a five-to-two vote, the ICC ruled that "collective rate-making tends to inflate rate-levels through setting of uniform rates acceptable to a majority of carriers, including the less efficient. It creates an atmosphere of consensus that discourages the establishment of innovative price and service options by individual carriers."

In the first phase of the deregulation, the larger railroads, such as the Southern Railroad, which is connected to Energy Secretary Duncan, will first force the smaller rail companies into bankruptcy and then buy them up a nickel on the dollar. The rail companies are anticipating a large boom based on the increased use and shipment of coal. The bigger companies, if the ICC rule is allowed to stand, will pick up lucrative coal routes by forcing the smaller rail companies to merge after deregulation first pushes them toward bankruptcy.

Agriculture

Crop output sharply reduced

The Agriculture Department announced this week that based on Aug. 1 field conditions, the corn and soybean crops would be much smaller than earlier predicted. The corn crop is projected at 6.65 billion bushels, 14 percent below last year's harvest of 7.76 billion. Soybean output was put at 1.88 billion bushels, down 17 percent from last year. The winter wheat harvest, on the other hand, most of which was completed before the heat and drought set in in July, appears to be a record-breaker at 2.32 billion bushels.

Great uncertainty has surrounded crop estimates this year, with private estimates for corn ranging from 5.7 billion bushels to 6.6 billion bushels. The USDA estimates are still preliminary and are only the first to reflect the drought. But if they hold, the harvest of corn and other

feedgrains will fall 15 percent short of anticipated consumption requirements. This will require a drawing down of current stocks to about 600 million bushels, or about a one month supply by fall 1981 when the next crop comes in.

The crop reduction announcement has already had the effect of boosting prices on the commodity markets. The most serious effect will be on the livestock sector, where feeding margins will be severely reduced, rebounding in turn on cattle producers ability to begin rebuilding herds.

Comecon

Germans, Arabs in loans to Poland

West Germany's stake in détente prompted German banks to provide a \$15 million loan to Poland, troubled by an adverse payments balances due to high debt-servicing requirements to Western creditors.

The loan, for seven years, was "a particular satisfaction—and relief—for the West German Chancellor, Herr Helmut Schmidt, who will be meeting the Polish Communist Party leader, Mr. Edward Gierek, in Hamburg next Tuesday and Wednesday.

"Herr Schmidt is known to have a particularly high regard for Mr. Gierek, not least for the Polish leader's efforts over the last few months to help contain East-West tension . . ." a London *Financial Times* correspondent reported Aug. 13.

In a separate development, a consortium of Arab banks lent Poland an additional \$300 million. The great political importance of the two loans is indicated by the confusion among the London-based consortium of Poland's British and American debtors.

Earlier, the London group had considered pressing the Gierek regime to make major concessions to workers' protest groups—an intervention in Poland's domestic affairs Bonn considered extremely dangerous.

The next phase of Volcker's austerity

by David Goldman

Next week, *EIR* will release our aggregate economic forecast for the second half of 1980 and 1981. The premise of the forecast is that the economic track prescribed by both Carter and Reagan's leading economic advisers will prevail, namely, the attempt to shift the American economy into lower consumption patterns through the 1980s.

The argument presented by the American Council of Life Insurance in a book-length report to be reviewed in our next issue, and subscribed to by most Fortune 500 corporate economists, is that too large a portion of America's capital resources has been devoted to consumer durables, and a greater portion must be shifted into investment at the expense of the consumer durables sector.

Since all production is, in a basic sense, a multiple of the volume of consumer goods production—the means of sustenance of the goods-producing labor force—it stands to reason that a reduction in the volume of consumer goods production, freeing real and financial resources for other purposes, provides a certain kind of boost to productivity, providing that the number of manhours spread over this volume of consumables remains the same. That is an artificial and temporary boost to productivity, since lower living standards tend to depress demographic conditions which enhance productivity.

Assuming that the current 13.5 percent per annum

rate of fall of personal income prevails throughout 1980, we programmed the LaRouche-Riemann model to project a higher productivity through 1981. However, the model tells us that the current burden of non-productive overhead costs is so oppressive that the one-shot boost in productivity so obtained does not bring about lasting recovery. On the contrary: the economy barely regains half the ground lost since Jan. 1, 1980, before turning down again in mid-1981.

We will demonstrate at some length in next week's economic survey that the economic scenario propounded by the Council of Life Insurance and others is foredoomed to fail, and that the United States faces the gravest economic crisis in its history if policy remains fixed in this direction. In a May 6 survey, *EIR* warned that the United States had little time left to reverse course before reaching a "point of no return," after which the American economy would not be physically capable of making sufficient investments to even maintain its capital and labor stock at existing levels of efficiency.

In fairness to Mr. Reagan, he has objected in many public statements to the notion that a fall in living standards is any form of solution to our economic dilemma. Many of his advisers, including Jack Kemp, Prof. Arthur Laffer, and Jude Wanniski, are committed to a tax cut plan that would increase available personal income. However, it is our current estimate of the Reagan camp, and the overwhelming expectation in the business

community, that the policies represented by Paul Volcker will continue, with Volcker at the helm at the Federal Reserve, and austerity proponents such as William Simon, Alan Greenspan, and George Schultze will take major positions with a Reagan administration. Far greater political convulsions than the straitjacketed convulsions of the Democratic Party in New York this week will be required to unseat this latter group from the commanding position in the Reagan camp, no matter how much Reagan prefers the electoral appeal of the Kemp approach between now and November.

Credit conditions

Between now and November, we are headed for an interest-rate disaster. It is not merely that, as various bank economists forecast, the pressure on securities markets will continue to push rates up during the next two months. The external side of the American fixed-income securities markets may push matters much further than domestic conditions, as such, would ever warrant.

Long-term rates and also short-term Treasury securities rates have crept up during the past two weeks. What Fidelity Bank economist Lacey Hunt said in his July 30 forecast appears entirely accurate. Hunt wrote: "Several factors could lead to a setback in intermediate and long-term bond prices in August and perhaps September. First, a large corporate bond calendar of approximately \$4 billion will be issued in both July and August. Second, about \$5 billion of intermediate and long-term Treasury securities are to be offered in the July refunding. Also, we expect a worsening increase in the producer price index and continued gain in retail sales for July to be reported in early August. According to our projections, the yield on long-term Treasuries might rise from a monthly average of 9.9 percent in June to 10.44 percent in September."

The prognosis for output during the second half is negative; as the United League of Savings and Loan Associations points out, this level of interest rate increase will draw \$17 billion of deposits away from the thrift institutions, aborting what little recovery potential remains in the housing markets. Particularly since banking "deregulation" has ended the differentials favoring savings over commercial bank time deposits, the housing markets have nowhere to go but down.

In the case of industrial output, the continued rise of the inventory-to-sales ratio through the June inventory period, to 1.52 months' worth of stocks, will mean a further slide in production.

All this is fairly well reported in the financial press. However, there are two situations that bear special concern, because they will tend to adversely affect total economic conditions in a way not anticipated by most

American businessmen or economists.

The Interstate Commerce Commission has jumped the gun on the compromise deregulation bill signed into law by President Carter earlier this year, breaking up the motor carriers' rate bureaus, and throwing open routes to any comers. Because the old route certificates held by trucking companies made up a fair portion of their capital, worth hundreds of millions in aggregate resale value, the ICC's illegal aggressiveness in this field has wiped out a great deal of the motor carriers' capital, and, in many cases collateral for bank loans. Several major bankruptcies in the industry have resulted, including the 2400-employee Johnson Motor Co. in North Carolina. The ICC action has coincided with the industry's worst year since regulation came into effect, when freight volume between May 1979 and May 1980 dropped 22 percent nationally and 36 percent in the industrial Midwest.

What remains of the industry is being turned over either to the railroads, which are building up their own road haulage subsidiaries, and to the independent truckers, who will work at a comparative wage scale of roughly half that of unionized Teamsters, with many times the accident rate. Large trucking companies are leasing their rigs to independents, and bankrupts like Johnson are likely to come back only as leasing services for independents. The industry, which was one of America's best functioning, is in ruins.

Since transportation time is a productivity-determining feature of any economy, this is a disaster. An *EIR* survey published in November 1979 estimated that trucking deregulation would cost the American economy 1 percent of productivity per year over four years. That is a time bomb for the economy as a whole.

Food prices

When the July producer price index becomes available on Aug. 15, we will see to what extent the spectacular rise in food prices on the wholesale market has filtered down to official indices. Between April and the end of July, wholesale spot market prices for food commodities rose 21 percent. The prospect over the next several months is for continued such increases. As *EIR* has reported, the sharp dropoff in grain availability this year is not merely a function of adverse weather conditions, but also one of the most immediate results of the Volcker monetary policy, which has wiped out substantial portions of farm credit. The entire array of administration policies has been a disaster for the farm sector. Beef prices will show the most spectacular rise, due to slaughter of herds.

Since the improvement of the inflation rate from the near-20 percent levels scored in the first months of the year is almost entirely due to the mitigation of the rate

of food price increase, the resurgence of food prices threatens to bring the economy right back up to the inflation levels that caused near financial panic.

Most threatening, however, is the foreign side of the securities markets. It has been clear for some months that the rest of the industrial world viewed the electoral choice of Carter, Reagan and Anderson as the worst disaster that had befallen the Atlantic Alliance in the decade.

There is no confidence whatsoever in either the Carter or Reagan economic strategies, for one overriding reason: both approaches are founded on a Malthusian attitude toward the developing sector. Europe believes, and its leaders have stated publicly at every available pretext, that the industrialization of the developing sector is not merely the key to the industrial world's future economic growth, but a precondition for world security. Combined with European judgment of the quality of American economic management, justified foreign repugnance toward the American government's Malthusianism has brought confidence in the United States to a postwar low.

Fed to crunch again?

Various European institutions (see Foreign Exchange) are poised to act on the conviction that the United States headed towards the sinkhole, liquidating large volumes of fixed-income dollar securities. This is not merely a short-side play on the market, but a decision to reduce exposure for the indefinite future. The results for the dollar and American interests rates are potentially disastrous.

The probable response of the Federal Reserve to all this will be to further tighten the monetary situation, partly to draw short-term funds back into the United States, partly to further reduce American consumption. This will only worsen the vicious circle that brought us here in the first place.

Little noticed in the American press, but splashed over the front page of the London *Financial Times* Aug. 11, was a report issued by Sen. William Proxmire's Senate Banking Committee. The Proxmire report 1) commended Volcker for his policy actions thus far, and 2) demanded stricter monetary targets to be set for the next several years. This is a page from the book of Reagan campaign guru Milton Friedman, from the pen of one of the most liberal Democratic senators. With this political encouragement there is not much room for Volcker to choose courses alternate to the one he apparently prefers.

With these pitfalls in view, we consider our economic forecast a *best-case scenario*, because credit market disruptions could make matters a great deal worse very quickly.

Who's behind the world oil glut?

by Judith Wyer

Following the December 1979 OPEC cartel price-setting meeting, Saudi Arabian Oil Minister Ahmed Zaki Yamani vowed that his country would reverse the tide of anarchic oil price increases by flooding the world markets with Saudi crude and outstripping demand. Eight months later, the Saudis have succeeded in this objective.

"There's an unbelievable oversupply of oil out there," observed a Wall Street oil analyst, "and yet the Saudis just keep pumping their 9.5 million barrels a day of crude. . . . The basements of the corporate headquarters of the major oil companies must be full of crude now, I don't know where else they could put the stuff."

Saudi Arabia's record-high production level, coupled with a marked decline in world consumption, has forced a number of OPEC price hawks, most notably Iran, to begin to shave their prices. In the industrialized countries refiners have imposed cuts in the market price of petroleum products, including gasoline during the summer months when gasoline is normally in peak demand.

Riyadh's goal is to force the pricing militants in OPEC to reunify the OPEC price at the upcoming heads of state OPEC summit in Baghdad in November. This will require a number of OPEC producers to lower the price tag for their crude, which goes as high as \$37 a barrel, down to the Saudi benchmark price, now at \$28 a barrel.

Riyadh hopes to then force the cartel to accept a plan worked out by the Long Range Planning Committee headed by Yamani to stabilize world oil prices by imposing small quarterly oil price adjustments pegged to the rate of world inflation.

Last week, Saudi Arabian Foreign Minister Saud al Faisal gave a press statement affirming that Saudi Arabia would continue its present oil producing and price policy through 1980. A well-informed Mideast observer remarked that the Saudis are "regaining the upper hand in OPEC and they are going to play very nasty to renew pricing discipline."

Saudi Arabia is not acting independently in this effort but has the support of the nations of Western

Europe which, along with Riyadh, is fearful that continued price hikes will put such strain on the poorest developing nations that default on their debts could blow out the monetary system.

The European angle

The building Euro-Arab cooperation being led by the governments of France and West Germany on the one hand, and Saudi Arabia and Iraq on the other, aims to consolidate Phase II of the European Monetary System. The purpose of the EMS is to provide new economic support for the developing nations without the backbreaking conditionalities that accompanied International Monetary Fund aid.

Recent developments indicate that even London, which has been opposed to the EMS, is now making a bid to jump on the Euro-Arab bandwagon. London intends to get in on the economic gains which the Euro-Arab axis is offering through the recycling of petrodollars and new development contracts.

One indication of this has come in the form of hints from Britain that oil prices must be subject to international discipline. A Lloyds Bank report published in the July 20 issue of the London *Telegraph* called for world oil prices to drop to the level of Saudi Arabia. About that time certain North Sea oil transactions began to register a drop in value. The Aug. 12 *Financial Times* reports that the North Sea producers may soon lower contract prices. One key indication is the slashing of North Sea crude prices on the spot market to as much as \$3 below the official \$36.25 price. It is reported that a number of refiners that take North Sea crude are arguing that the British National Oil Company should be the first Western company to trim contract prices.

Rotterdam spot market 'in the red'

Unlike this time last year when the speculative oil spot market was booming to prices as high as \$50 a barrel and setting the pace for OPEC prices, the spot market prices now are below long-term contract level. North African crude, the most expensive in OPEC, has gone for as much as \$4 below contract level on the European spot market, prompting both Algeria and Libya, traditional pricing hardliners, to lop off expensive premiums on contracted oil. Saudi Arabian light crude, one of the highest-demand crudes in the world, is fetching \$32 a barrel, a marked drop from spot values even two months ago.

A Wall Street oil analyst noted that for the first time in a long time, the Rotterdam spot market is "in the red." The Aug. 13 *New York Times* reports that Shell Oil Company is now subsidizing some of its distributors that have been negatively affected by the sagging spot prices.

Across Europe the price of gasoline is also dropping. Recently, the Netherlands, whose government controls gas prices cut 20 cents a gallon off retail gas prices. In West Germany, the major oil companies have reduced gas prices by 10 cents a gallon.

The U.S. is presently experiencing the worst decline in uncontrolled petroleum prices since the mid-1960s. This is not only a reflection of the worldwide glut, but also a record postwar decline in consumption, the product of the economic austerity programs of the Carter administration. Gasoline consumption is down a full 8 percent over the first six months of 1979. A number of U.S. producers are cutting prices. Standard of Ohio reduced 250,000 barrels a day of North Slope crude by a full \$4 a barrel last month.

An executive with Morgan Guaranty has begun to campaign for a policy of international discipline with respect to oil pricing policy, and has called for no more than a 3 percent price hike per year for fear that anything more extreme will bankrupt the developing

Saudi Arabia's record-high production level is designed to curb the price hawks and keep the world credit markets from a blowout. Even North Sea prices may come down. Another factor is the Carter administration's overkill against oil demand.

nations and bring down the monetary system. Morgan Guaranty has until now been a staunch advocate of high oil prices to make exotic alternative energy sources, such as gasohol and synfuel "economic." The Lloyds Bank report similarly chastised those pushing high prices as endeavoring to make synfuels affordable.

Perhaps these sentiments reflect a turn of thinking in Anglo-American financial circles who now see that exorbitant fuel costs plus backbreaking austerity could undermine the Bretton Woods system. It is these London centered financiers that are now flirting with the EMS.

Recent public statements from British Foreign Minister Lord Carrington and Lord Kalder, both speaking in Latin America, on the need to the loosen IMF conditionalities and find new ways of recycling petrodollars would indicate they have no other alternative.

The 'Information Age' and its friends

Part II of Mark Burdman's report on the Toronto World Futures Conference and related perspectives for industry.

In testimony July 24 before the House of Representatives Space Science Applications Subcommittee of the Science and Technology Committee, White House science adviser Frank Press declared that the United States would not have an Apollo Project-scale space program again until "well into the next century." Press cited budgetary constraints and other economic priorities as necessitating a decades-long postponement of U.S. participation in the space race.

Press's declaration in Congress was not relayed to the attendees of various seminars on the space program at the First Global Conference on the Future across the border in Toronto, Canada. Yet at the same time these attendees were being systematically conditioned to the "reality" that an ambitious U.S. space program may never occur again because of scarcities on earth.

This was also the week the Soviet Union had launched a Vietnamese cosmonaut into space and circulated information that it was nearly ready to launch into space a permanent 12-man station, the first of its kind.

The juxtaposition of these events, and the further reality that the Soviet Union may soon be literally light years ahead of the U.S. in space exploration, research, and military-related applications of space technologies, challenges the American population to take a harder look than ever at the reasons for this country's economic, scientific and technological regression.

Given the roster of eminent corporations that sponsored the Toronto conference and the abundant display of kookery at the event, either we must conclude that the corporate boardrooms of IBM, Xerox, General Motors, and many banks and oil companies have been infiltrated by KGB moles successfully boring from within against Western capitalism, or we must find a better explanation.

Deployment against NASA

At bottom, what the Toronto Conference brought out is how extensively North American policymaking

elites are entrapped in their fascination with the notion of a "postindustrial" or "information" society.

These parallel notions were developed during the 1960s by the North Atlantic Treaty Organization command, and circulated primarily through the Malthusian Club of Rome International and the Sussex, England psychological-warfare Tavistock Institute. During the 1960s and 1970s, many corporate elites, especially in the communications-electronics field, disseminated "postindustrialism" throughout the Anglo-American command structure.

In Toronto, the ascendancy of the Club of Rome's founder and executive director, Aurelio Peccei, was complete. Conference chairman Frank Feather of the Canadian Association for Future Studies identified Peccei as the "inspiration" for the entire event. Two of Peccei's Club of Rome cohorts, Sol Linowitz (former Xerox chairman and now Carter administration special envoy) and Michael Michaelis (of Arthur D. Little), sat on the Board of Directors of the World Futures Society, the sponsoring institution for the conference.

"Postindustrialism" was created explicitly as a counter-operation to the NASA space-program, which catalyzed an unprecedented interest in advanced science and technology among broad layers of the American population.

The "postindustrial" advocates put forth the lunatic notion that breakthroughs in American technology associated with the space program had propelled the United States into an era in which the pursuit of industrial growth would no longer be a desirable goal. The contrary view saw NASA as the best agency for a new scientific-industrial revolution that carried untold promise for all nations.

For the "postindustrial" advocates, NASA would strictly be the catalyst for a new range of communications-related technologies that would help usher in a "society based on information."

“Postindustrial” theorizing has always gone hand in hand with Aquarian kookery. Most obviously, this is so because it seeks to undermine what for most adult Americans is an unstated but stubborn commitment to industrial growth. “Postindustrial society” becomes synonymous with turning the world into a cross between Marshall McLuhan’s neo-feudalistic “Global Village” and Aldous Huxley’s *Brave New World*. The predominant media/communications-related interests encourage an attitude of trivial pleasure-seeking and general irrationality that undercuts the “work ethic” commitment of an industrially and scientifically advancing polity.

“Postindustrialism” is also justified by convincing people that “industrial society depletes resources.” By contrast, an “information society” is affirmed to be “resource-efficient,” since manufacturing microelectronic products requires relatively little energy input.

Phasing out capital formation

In the words of slow-growth advocate Robert Hamrin, a White House and Environmental Protection Agency economic adviser who spoke on the theme, “The Management of Economic Opportunities in a Time of Constraints”: “The influence of industrialization and capital-intensive production should be lessened in the upcoming information economy.”

Hamrin is not exactly a household word, but his views are significant. In 1974-78, as staff director for the Joint Economic Council, he oversaw the multivolume study on the U.S. economy for the decade 1976-1986, which promoted the “information age.” He has also been funded as a Rockefeller Foundation fellow, and is now on leave from EPA as a leading staff consultant for the President’s Commission on the 1980s.

The oddball theory comes full circle when it redefines the very notion of a “resource,” which is no longer the raw material input for capital formation and labor power. “Just as capital and labor frame the problems of an industrial society,” Hamrin writes in his new Club of Rome-recommended book, *Managing Growth in the 1980s: A New Economics*, “information and knowledge will frame the problems of postindustrial society.”

From here it is a small step to equating capital formation with “looting Mother Earth,” as many Aquarian ideologues are wont to do.

“It is likely,” Hamrin writes in his official Toronto conference paper, “that in the 1980s traditional, routinized manufacturing, such as the textile shipbuilding, steel, shoe, and small consumer appliance industries will be ‘drawn out’ of the advanced industrial countries and become centered in the new tier of rapidly developing countries, including Brazil, Mexico, South Korea, Taiwan, Singapore, Algeria, and Nigeria.”

Similarly, conference speaker Felix Kaufman of the Michigan-based Science for Business Inc. consulting firm labeled the blue-collar worker a “dying breed,” since “the 1980s will see a great shift in manufacturing to poorer countries with large numbers of low-wage workers” and “there are so many factors against construction of traditional factories in countries like Canada that it doesn’t make sense to build them.”

A variant on the same theme was enunciated by Herman Kahn, the Hudson Institute think tanker whose reputation is that of a growth advocate, but whose function seems to be to serve as a convenient foil, or devil figure, for the Aquarians. In one plenary presentation, Kahn expressed his sympathy for the “limits-to-growth” beliefs of youth in the advanced sector “since they are already wealthy,” but stated that this concept was not workable in the developing sector, which requires growth. Anybody who has seriously confronted the shortage of skilled operatives and advanced scientists and technicians in crucial sectors of the U.S. economy knows that what Kahn is saying is asinine.

The turn toward hedonism, drugs and Aquarian irrationality by thousands of young potential scientists and engineers over the past 15 years has had a devastating effect not only on the United States but on the Third World, which requires high rates of U.S. capital formation and the development of skilled operatives to provide the necessary materiel and manpower training programs required to escape famine, drought, and desertification during the 1980s.

Kahn, Hamrin, et al. are essentially propagating a variant of the “British disease,” a disease lauded in Bernard Nossiter’s 1978 book, *Britain: A Future That Works*, written when he was *Washington Post* London bureau chief.

The survival of a human skyline is another aspect of the British choice, on insistence that things must not always take pride of place before people. It is not inconceivable that other post-industrial states will make similar choices. As a matter of economic strategy alone, they are likely to leave conventional industries more and more to developing peoples in other parts of the world. They are likelier to pursue energetically the new knowledge-arts-entertainment sector. . . . In the same way, post-industrial nations . . . too may find that some jobs can be humanized only by doing less of them, either by working at a slower pace or abandoning them entirely. As rich societies insist on more satisfying work, they are likely to reflect on Britain. Then, instead of serving as a warning, Britain will teach a lesson, serve as a model of sorts in tomorrow’s world



Earth Day April 1980

Willis Harman on postindustrialism

Stanford Research Institute social-theorist Willis Harman, a disciple of LSD cultist Aldous Huxley, outlined to the Toronto Futures Conference his interpretation of what the concept "information society" would mean for the development of the U.S. economy. In his July 22 speech, Harman stressed the ascendancy of "quality of life" thinking over capital formation and upgraded standards of living.

Harman's speech takes on interest from two standpoints. His systems analysis work on "alternative lifestyles" was what initiated the Aquarian Conspiracy in the 1966-73 period, and Stanford University was the origination center for much of the early work on a new "information age." Harman's speech was entitled: "The Information Age."

... When phrases like "the information age" are used, often people have very different pictures in their minds which can be given three different names: the "information society," the "knowledge society," and the "learning society."

A familiar argument for the "information society" goes like this: Originally, every industrial country was agrarian, with the largest number of workers on the land. After the Industrial Revolution, the fraction of workers involved in industrial production increased steadily, and the fraction of agricultural workers decreased. Then, more recently, the fraction counted in the "services" increased and came to predominate over the production fraction. Now we are moving into a period when the largest fraction of workers will be classed as "information workers." ...

But there will be limits to this type of society. There will still be a high correlation between economic development and use of resources and between resource use and the environment. Planetary constraints have to be taken seriously. ... Also, a lot of people

will say, "I like sanity more than technology," and there will be consumer resistance to omm aspects fo the information society. ... The knowledge society will recognize the planetary limits to production. There will be a "re-rationalizing" of the economy: quality, not consumption will be the key. ... There will be an appropriate technology emphasis, typified by the hand-held calculator and the well-made hand tool. Work sharing will bring increased leisure to all, and much of this leisure will be used in the pursuit of knowledge. Informal gift and barter economies will flourish and decentralization will be the order of the day. ... Mindless consumption will rank low. ... There will be more local self-reliance, and work will be a scarce commodity that has to be rationed."

The "learning society" is based on the term used by Robert Hutchins [former University of Chicago president and founder of the Aspen Institute for Humanistic Studies] from his book, *The Learning Society*.

In this society, there will be a renaissance of interest in things transcendental, a re-spiritualization of our institutions. We see this in the new interest in "consciousness research" and "transpersonal psychology." ...

The recent historical model for this is the Freemasonry of the Founding Fathers, symbolized by the eye on top of the dollar, which means work in the service of the divine intellect. ...

The evolution of ideas like this demonstrate to me that now we are not in an economic recession, but in the beginning of a transition period with some institutions collapsing and others building. This will have some rather disruptive aspects. ...

Of these models, the momentum is toward the "information society," and many are made anxious by the thought of departing from "a parth that has worked." However, there has been a significant social counterforce arising in the form of social movmments, e.g., "conserver society," "appropriate technology," "voluntary simplicity," "holistic health" in the industrialized countries and "alternative development" in the developing countries. A strengthening voice from the Third World insists that a just and sustainable global order will require that the rich countries drastically reduce their consuming tendencies. There is a growing sense around the globe that somehow the industrialized world will have to become much clearer on man's relationship to the natural living and life-support processes and on his spiritual connections with the total environment.

Photo: Linda Ray/NSIPS

According to Hamrin, the "information society" is not a model or a future, but a present and developing reality. Fifty percent of the workforce, he claims, is currently engaged in "information-related" activities, while only 20 percent are involved in industry. Furthermore, he notes, a document no less prestigious than the 1976 President's Report on National Growth and Development has already officially acknowledged the phenomenon as the prevailing vector of the U.S. economy by declaring: "The U.S. 'post-industrial society' is coming to be recognized as a services economy in which the dominant feature is information." The President's Report, Hamrin added, "singled out computers and communications as vital growth industries now spawning an economics of abundance in our information resources rather than the economics of scarcity that tends to characterize energy and other natural resource sectors."

With the White House propagating such ideas, what is left for the U.S. are several "tasks" to be carried out "in the new information economy era," including: "To rechannel the present narrow thrust for growth and its associated materialistic ethic" and "to foster economic policies and practices centered around stewardship toward nature."

A commensurate "change in our energy budget" toward soft technologies, Hamrin stresses, would "reverse the decision in the Hamilton-Jefferson debate that actually went in Hamilton's favor, not in the political arena, but by the dominance of the fossil fuel era of the past 150 years." By choosing soft-energy paths over nuclear, he notes, there will be a return to a "Jeffersonian scale," in which "by comparison to today, communities would be smaller. There would be less need for mobility. Smaller technologies would tend toward more generalized ownership and therefore more distributional equity. More labor-intensive production, lower consumption, and emphasis on durability, repair and recycling. The focal point of social organization would necessarily return to a Jeffersonian scale centering on the individual, the family and local communities," Hamrin writes.

The United States has been socially engineered in this direction already: "When people truly become satisfied with less or with staying where they are, then we will experience an effective type of social limit [to growth]. . . . What the social limits concept is really saying is that the more immediate limits the United States faces are limits of demand rather than supply. . . . The consensus that has arisen in such a short time on the dominance of social limits to growth and their impact on growth beginning in the 1980s is so complete that it almost smacks of conspiracy."

The upshot is that an "information economy" can-

not coexist with a workable space program or with such promising future energy options as thermonuclear fusion power. Unquestionably, the Toronto Futures Conference was organized on the basis of foreclosing exactly those future paths which present the most promising and challenging goals for mankind.

In the case of fusion, its potential was dismissed by the conference organizers. Of the scores of speeches made in energy-related panels, only one, that of Professor Mohammed Abdou of Argonne National Laboratory in Illinois, dealt specifically with fusion, and the conference organizers made sure that Abdou was "balanced" by an antinuclear soft-energy advocate—who received all the publicity in the next day's "Future Focus" conference newsletter.

Similarly, only one out of the approximately 25 plenary and keynote speakers even mentioned nuclear fusion. This was Marvin Cetron of Forecasting International Ltd. in Arlington, Virginia, who spoke at the last day's plenary, declaring: "We need fusion power! It's the best energy source potential for the future around. That's where we should spend our money. We should put our money into an area where there is a payoff, and I'm talking about fusion." Cetron was immediately followed by World Bank economist Mahub al-Haq, who dismissed Cetron as ignoring Third World realities, and no subsequent speaker even mentioned fusion again.

Such conference gurus as "alternative futures" writer Hazel Henderson actively lobbied against fusion. In an interview with *EIR*, Henderson proudly identified herself as a "veteran of the fusion holy wars," launched into a diatribe against Princeton Laboratory tokamak director Dr. Melvin Gottlieb, and dismissed fusion as an "exotic technology."

The conference operations against the space program were somewhat more subtle, since space exploration is very popular in "futurist" circles and an anti-space program attitude as such won't get very far. What was done instead was to deploy social science and related quacks to use the Rand Corporation's "Delphi" technique to manufacture a "compromise" between the NASA people in attendance and the soft-energy advocates, who oppose the space program as too "centralized" and "wasteful of resources." By the time this process was completed cumulatively in a series of seminars, any hope among conference attendees for an Apollo-type project was deadened.

The Delphi technique

How this process operated in Toronto was most evident at three panels on the U.S. space program.

At the first, on July 20, an architect of the U.S. space-shuttle program, NASA scientist Jesco von Putt-

kamen, was preceded by a mock dialogue between LSD guru Timothy Leary and "cornucopia" futurist Herman Kahn. What began as a presentation of differences between the two ended up with them finding areas of commonality, or, in the words of the moderator, "conflict resolution between false polarities." The resolution in part revolved around the space-exploration program, with self-professed "hedonistic pagan" Leary leaping out of his seat to cry, "A space program would galvanize and harmonize Americans and solve the problem of reindustrialization," and Kahn answering, "I would be prepared to spend \$10 billion on the space program to turn people on."

Three days later, at a forum on "Long-Range Space Goals," matters got even worse. Following a sane attack by retired NASA rocket scientist Konrad Dannenberg on President Carter's "inadequate" space program and a factual presentation on the Spacelab program by European Space Agency representative Jan A. Bilvoet, University of Alabama sociologist Donald Tarter proceeded to give a ranting 30-minute presentation on how "Malthusian realities" on earth such as increasing population, scarce resources and inflation could well force the triaging of the space program altogether! To nary a whimper of protest, Tarter concluded: "We must acknowledge earthly limits and constraints. Pro-space groups should increase the awareness of their members of limits. At the same time, the Malthusians and neo-Malthusians should work with Herman Kahn. . . . Technology is on trial with the public after Three Mile Island. There is fallout from Three Mile Island on Huntsville and Cape Kennedy [NASA installations]. Let us be cautious. Let us not let dreams outpace reality. Let us work with the opponents of the space program to deal with the limits that imperil the space program."

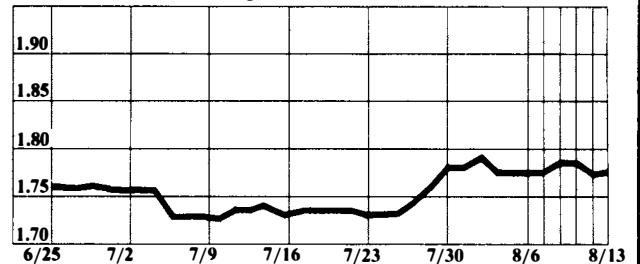
Tarter's presentation occurred the day before Carter science adviser Frank Press's declaration in Congress that the space race would be sacrificed in the face of growing economic problems. Tarter's Delphic "unity of opposites" presentation was social conditioning to cushion the impact of Press's policy statement.

Similarly, on July 24, on a panel on "Space Industrialization," space affairs expert Charles Chafer of the Public Affairs Council in Washington responded to the question, "How do we deal with advocates of a decentralized soft-energy path when we are arguing in favor of a centralized space program?" by stating: "Tailor your arguments to their bias. Decide it on a technology-by-technology basis. Not all the technologies of the space effort are adverse to the desires of the soft-energy advocates. This is a form of conflict resolution, developed at the Department of Energy, under the name of environmental mediation, to work with the environmentalists."

Foreign Exchange

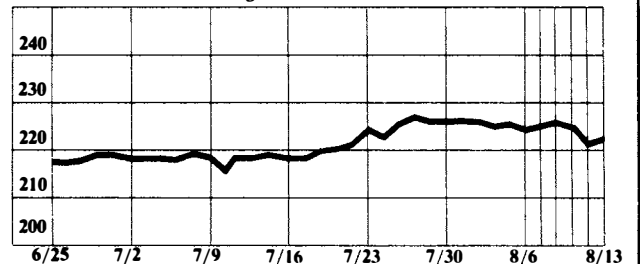
The dollar in deutschemarks

New York late afternoon fixing



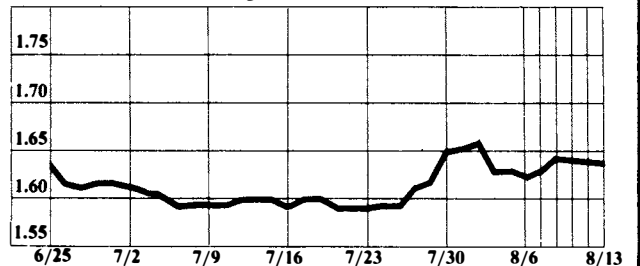
The dollar in yen

New York late afternoon fixing



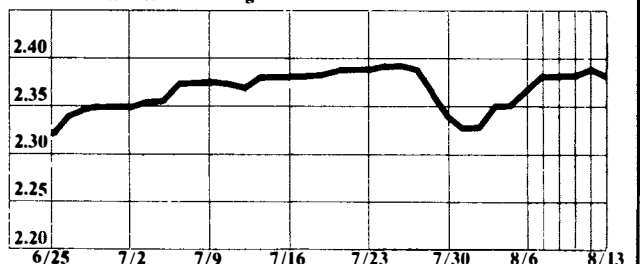
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



Stepwise dollar diversification

Is a long term shift out of dollar portfolio investment abroad in the works?

Eurobond dealers are reporting a steady trickle of European sales of dollar securities, part of a decision to diversify out of long-term dollar fixed-income investments. European fund managers have no intention of selling off large volumes of securities at once, and may stay in the dollar market if interest rates head back toward the lucrative 12- to 13-percent range of earlier this year. But there has been a basic loss of confidence in the dollar credit markets, with possible adverse consequences for the dollar's parity in the near term.

The dollar stood at deadline at DM 1.78 and \$2.37 against the pound sterling, about the same levels as last week. According to Western European foreign exchange operators, the main support for the dollar is not so much the ascending American interest-rate situation, as the possibility of a blowout in the Middle East affecting oil supplies, which would hurt Europe more than the United States. The short-term outlook for the dollar is impossible to judge due to these political factors.

However, the reasons often cited for the dollar's predicted strength during this year are entirely fallacious. For example, Chase Manhattan's newsletter *International Finance* Aug. 4 predicted that the American current account would be in surplus during 1981, mainly due to a surplus of \$39 billion in "invisibles," mainly income from American foreign investment,

outweighing a projected \$29 billion trade deficit. The current account surplus is often cited, e.g. by Morgan Guaranty Trust in its July monthly survey, as a reason for dollar appreciation.

However, the current account by itself tells nothing about the likely behavior of the dollar in the markets. Investment income earned abroad is automatically counted into the plus column of the current account, and, if it is used to buy additional assets abroad in foreign currency, automatically deducted from the capital account—and no one tries to project the behavior of the capital account.

The capital account of the balance of payments, however, most closely reflects expectations concerning the long-term viability of the American economy. During the second quarter, foreign securities investment in the United States fell back sharply, and, according to European fund managers, probably did not rise during July and August. The Europeans have stayed out of the present stock market boomlet. And the virtual panic in Europe concerning the state of the American political situation has set the Eurobond market on the edge of a run out of dollar paper.

It is generally expected that Federal Reserve Chairman Volcker will permit short-term interest rates as well as long-term rates to continue rising for both domestic considerations (i.e., stifling a possible recovery in consumer purchases of

big-ticket durables) and international reasons, i.e., support of the dollar.

However, interest-rate policy in defense of currencies is always double-edged. If rising dollar rates further unsettle the American securities markets in the course of the Treasury's monstrous financing requirements during the remainder of this year, it could well convince the Europeans that the last good chance has come to get out of the market for the duration.

On several occasions during the last few years, a rise in interest rates has had the perverse effect of pushing more funds out of long-term holdings in the dollar bond market into other currencies than were attracted into short-term investments in the dollar. Commercial bank analysts are, for the first time in months, worried that this is a serious possibility. If the interest rate rise triggers a major runoff of portfolio investment in dollar paper, the consequences for the American market could be intolerable. The dollar credit market structure has existed only on the sufferance of our allies. The motivation to continue to circulate these IOU's, at some inflationary cost to foreign economies, is largely military and political.

However, in an environment dominated by Presidential Directive 59, Europe is no longer confident that continued humoring of American blunders will do anyone any good. The prospects for disruption of dollar markets are so awesome that commercial and investment bankers are now talking seriously about exchange controls for the first time since they were lifted by former Treasury Secretary George Schultze in January 1974.

Central banks stabilize price

Europe's gold reverses continue to boost the EMS base for credit expansion.

European and Arab central banks were behind the secret rebound in the gold price, according to a reliable source at a major West German bank. The central banks have effectively placed a \$600 floor under the gold price, much to the dismay of some New York speculators who had expected gold to fall below that level.

On Aug. 11, gold for August delivery fell \$24 on the Comex to \$603.20 an ounce, its lowest level in four weeks. On the following day, however, the bears were knocked off their feet by a wave of heavy buying, which many attributed to Swiss banks.

"The Swiss don't just buy for themselves," the German source said. "They simply execute orders that the central banks have placed with them in advance to buy at a particular level. For example, a central bank may leave orders to buy, say 10 tons, when the price comes down to \$600." The central banks stop short of fixing a trading range, however; they set floors, but they do not attempt to establish a ceiling. The next move in the gold market, this source said, could be to the \$650-700 level, at which point the central banks may decide to make \$700 their new floor.

This new report of central bank trading activity confirms what *EIR* has been saying for over two years; namely, that the major continental European governments and some oil-rich Arab nations are committed to the restoration of gold's role in the international monetary sys-

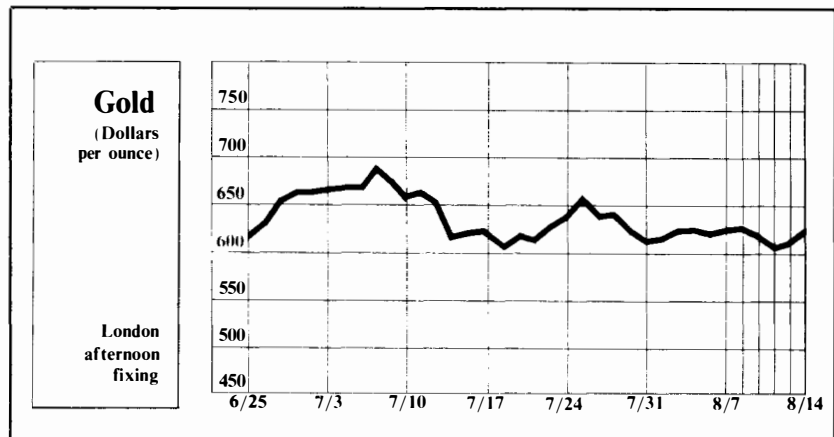
tem. Although the West Germans and French are reluctant to confront the U.S. openly on this question, they have been quietly intervening to steady the market so as to preserve the value of their gold reserves.

With the creation of the European Monetary System (EMS) in 1979, the Europeans set up a mechanism which conveniently translates these gold reserves into new liquidity without necessitating central bank gold sales. As part of a revolving three-month swap agreement, the central banks deposit 20 percent of their dollar and gold reserves with the EMS, and receive in return European Currency Units (ECUs). The gold component of these reserves is revalued every three months based on market prices, so that any increase in the gold price is automatically translated into increased holdings of ECUs.

As a result, the total ECU hold-

ings have mushroomed to some \$60 billion. The existence of this gold-ECU mechanism permitted Belgium this year to obtain the funds required to support its weak currency, enabling the country to avoid a trip to the International Monetary Fund. The second phase of the EMS, the creation of a full-blown European Monetary Fund (EMF), could turn Western Europe into a major supplier of credits to the developing sector, free of the stringent conditionalities associated with the IMF.

Many New York analysts, including the well-known gold bug James Sinclair, have become increasingly pessimistic about gold in recent weeks. Ignoring the central banks' role in the market, these analysts argue that the election of Ronald Reagan will find favor with European investors and boost the dollar by maintaining the Fed's commitment to tight monetary policy. Under these conditions, they say, gold will either collapse or stay flat for the next 12 months. In reality, many European government and business leaders are horrified at the prospect of Reagan, viewing him as an inexperienced "cowboy."



Trade Review

Cost	Principals	Project/Nature of Deal	Financing	Comment
NEW DEALS				
600 mn.	Spain from U.S.	International Harvester will invest \$200 mn. in a new tractor engine plant in Spain and \$400 mn. in buying into EN-ASA truck builders, whose vehicles IH will distribute worldwide.		Final deal to be signed in September.
122 mn.	Iraq and Somalia from England	Massey-Ferguson has received orders for 6,000 two-wheel drive tractors for Iraq and 660 four-wheel drive tractors for Somalia, all to be built in England.		
76 mn.	Iran from Hungary	Hungary has signed separate deals selling transformers and steel wire to Iranian concerns.		
60 mn.		Lord Carrington offered southern Brazilian coal companies £25 mn. credits for purchase of British coal machinery. Carrington made offer at end of his week-long visit to Brazil.		Brazil plans to spend \$5 bn. to up production of its high-ash coal.
4.5 mn.	Australia from Spain	Spanish govt. steelworks ENSIDESA will invest in 5 percent share of Oaky Creek coking coal consortium. Spain reportedly chose Australia over nearer U.S., Canada, and Colombia because of superior rail and port facilities.		
4.3 mn.	Jamaica/Cuba	Two-way \$4.3 mn. trade credit lines opened, renewable after one year.		Note small size.
	China from Britain	Pilkington will build 4,500 ton/week sheet glass factory in China.	Eisenberg group	Said to be biggest joint venture with West.
	France/U.S.	Mack announced it will assemble Renault industrial vehicles in the U.S. and sell Renault cars there, while Renault will make major usage of Mack components in Europe. Renault is controlled by the French government.		Renault is gradually buying 20 percent of Mack.
CANCELLED DEALS				
	Japan/Europe	Three trading houses associated with major Japanese steel firms are pulling out of European steel fabricating ventures which they set up in the early 1970s to process and market sheet steel imported from Japan. The Japanese say that oil price increases have effected ocean freight costs so much that Japanese steel costs \$50 per ton more than local steel in Europe. Marubeni, Sumitomo and Mitsubishi are selling their European fabricating interests to steel companies in Belgium, Holland and West Germany, respectively.		

Will Democrats survive Carter's nomination?

The Democratic National Convention's renomination of James Earl Carter in New York last week confronts the nation with two potential disasters in the weeks ahead. Even now, a splintering of the party is in progress across the nation, and could lead to the destruction of the Democratic Party and the two-party system as it has existed for the past century. Second and even more pressing, Carter's renomination shored up and strengthened those White House policy advisers who effected an official change in U.S. nuclear warfighting doctrine only two weeks ago. This could lead to the destruction of the United States itself.

Of the many issues never raised at the convention—because almost every issue would have been an embarrassment to the President—the most fundamental strategic issue was the Carter administration's adoption of so-called "limited nuclear war" as official policy under Presidential Directive 59 (PD 59), issued by the office of National Security Adviser Zbigniew Brzezinski. The convention did indirectly reflect this issue in the much-publicized debate over the MX missile, a weapons system devoid of military value except as a first-strike capability in what Brzezinski and Defense Secretary Harold Brown believe will be a "limited nuclear exchange" with the Soviet Union.

Nevertheless, the issue is not the MX, but the lunatic "limited war" or "counterforce" doctrine itself.

The PD 59 theatre doctrine makes nuclear war more likely. But add to that the impulses of an underdog President to provoke an international crisis between now and election day, and it becomes clear how close general war looms.

PD 59 has already caused an international uproar, with almost daily denunciations from the Soviet Union, and from America's own European allies. But the closest the Democratic Convention came to challenging PD 59 was in Kennedy "Minority Report #23," which stated: "The Democratic Party will oppose accelerated development of the land-mobile MX missile system and conduct a complete and impartial analysis of all feasible alternatives. . . ."



Photo: Carlos Wesley/NSIPS

Given the gravity of the issue, how could Jimmy Carter have put through a travesty of policy like PD 59 without even the semblance of debate? The answer is the same as to the question of how Jimmy Carter got the nomination: thuggery and cowardice.

In what one newspaper described as “the biggest guns ever seen on the floor of a convention,” the Carter campaign pulled nine cabinet secretaries out of Washington and into New York to “work over” the state delegations. Hundreds of delegates were pulled off the floor and shunted to hastily convened “briefings” on the platform by Defense Secretary Brown and NSC chief Brzezinski. Only hours earlier, Carter had made a sudden phone call to pull Brown out of a conference with defense commanders in Norfolk, Virginia, demanding he come to New York and intimidate the Democrats “to help turn the tide.”

A threatened revolt of Carter delegates in the Minnesota caucus was ironed out by a series of telephone exchanges between State Attorney General Warren Spannaus and Walter Mondale. White House staff, Brzezinski and Brown met with other caucuses, and every delegate was shown a handwritten letter on White House stationery signed by the President. Any delegate not complying with the administration position was “guilty” of not being “committed to defending our country.”

The AFL-CIO, under Trilateral Commission member Lane Kirkland, aided the administration by endorsing the MX missile as a “jobs program.”

When all the pressure and coercion was done, Carter won the vote 1,873 to 1,276. All real debate on the most

fundamental strategic question facing the nation was eliminated.

Jimmy Carter’s renomination was inevitable by the end of the convention’s first day. The most unpopular incumbent president in history—within his own party—rammed through a set of bind-and-gag rules that forced delegates to vote for him. Carter’s renomination thereby effectively disenfranchised the farmers, labor and minority constituencies who have traditionally given the Democratic Party its strength, but whose living standards have fallen by 13 percent in the last year alone. It also set up the Democratic Party for Republican scandalmongering over the notorious Libyan connections of the Carter family and administration.

Had the “Billygate” affair been pursued forcefully in the weeks before the convention, Carter’s renomination would have certainly been killed. But Reagan and Anderson forces, both effectively controlled by the Trilateral Commission, held back in their revelations until after they could be sure that fellow Trilateral Commissioner Carter muscled through his renomination. That accomplished, an explosion of revelations about administration links to “Islamic fundamentalism” and terrorism in coming weeks could set the stage for even greater fracturing of the Democratic Party than Carter’s renomination has already caused.

That means a constitutional crisis, or a sure Reagan victory in November. The likelihood of these results, even without Billygate, has already prompted many to begin restricting their attention solely to local races, or even deserting to the Anderson or Reagan camps.

An open convention steamroller began to take shape over the final few weeks before the convention, uniting representatives of the Kennedy campaign, Henry Jackson, Lyndon LaRouche, and uncommitted delegates, in particular among farmers. The McGovernite wing of Senator Kennedy's campaign effectively sabotaged the drive. Lacking leadership from a "white horse" figure other than the broadly discredited Kennedy, and lacking a unified will to push programmatic issues, the open convention movement was picked to pieces by the heavy thuggery and bribery wielded by Robert Strauss and the Carter campaign generally.

One could say that it was Ronald Reagan who gave Jimmy Carter the clout to keep the convention closed. Numerous Democratic officials in a position to know have asserted that the Reagan campaign provided millions of dollars to the Carter campaign for political payoffs. Thousands of dollars per delegate were spent when necessary—often in the form of needed help with college tuition, hospital bills, and so forth—to ensure that Carter won the crucial Monday-night rules vote.

Even so, up until Sunday night the Carter campaign was unsure of its ability to control the convention.

The open convention fight

But while the Kennedy campaign, especially Kennedy himself, fought until the end, and the LaRouche campaign, which had taken the lead in the open convention fight months before, addressed more than 30 delegations on their "real moral commitment to exercise the informed judgment of citizens of a republic," the delegates could not hold out against Carter pressure.

Several last-minute developments might have saved things. Secretary of State Muskie, prior to his appointment, had pledged to quit the administration if ever he were bypassed in important policy deliberations the way Cyrus Vance had been. Muskie was in fact excluded from the crucial PD 59 policy shift.

At the time, Muskie was already being mooted as a third candidate. Had he resigned on the eve of the convention, not only would PD 59 have been thrust forward as a major issue, but Muskie himself might have intervened as the needed alternative to Carter's renomination. Otherwise, either a nod to LaRouche by powerful Democratic Party fixers, or prominent leadership by Henry Jackson might have swung the situation. Neither came to pass.

The McGovernite wing of the Kennedy campaign significantly weakened the open-convention drive. With the all-important rules fight underway, they diverted their attention to their "special interests"—"homosexual rights," the Equal Rights Amendment, and voting rights for Washington, D.C. This helped prevent LaRouche from obtaining the number of signatures re-

quired under the Carter rules for a presidential nomination on the floor. Had he done so, the noted economist and presidential candidate would have had the right to address the convention for 15 minutes.

In the end, everyone knew the Carter nomination victory was a sham. His acceptance speech was the most poorly received in the party's remembered history. Carter won the nomination, and lost the convention. Carter won the nomination, but lost the Democratic Party. His speech on themes of austerity, sacrifice and conservation proved that he can never deliver on his "deals."

The coming debacle

The President's own men admit readily, if privately, that unless Reagan "blows it," Carter has absolutely no chance. All see a debacle.

This was highlighted by the boycott of the convention by 51 of 59 Democratic senators, 232 of 274 Democratic congressmen, and nearly every Democratic governor. Many other state and local powerbrokers who normally appear at conventions chose to "sit this one out," staying home to focus on Congressional, state and local races.

The convention's emotional response and tremendous applause for Senator Kennedy's Tuesday night address was an anti-Carter outpouring from hundreds of delegates who were not Kennedy supporters, who would never want him nominated, but "have had it" with Carter. Offered a Jackson, a Muskie or a LaRouche to vote for, they would certainly have bolted from Carter on the crucial rules vote. But without those names in nomination, and with the full powers and largesse of the White House to police delegates, Carter was able to win.

Carter will run for re-election, and after November that will be the end of Carter. The big question on every Democrat's mind is, what happens to the party?

The big emphasis will be around the Congressional and state races, with the overall goal being the re-election of as many Democratic officeholders as possible under the circumstances. Every wing of the party is maneuvering to position itself for 1982 and 1984. That is Kennedy's clearly visible gameplan.

The McGovernite liberal-radical wing of the party, whose presence as a powerful current within the Kennedy campaign did more than anything else to wreck the Senator's effort to secure the nomination, are embarked on a project reminiscent of their 1972 operations to dismember the party as much as possible, and use the remainder as an ultraliberal slingshot. They have to confront the LaRouche wing, which intends to create a "safety net" for November and vastly strengthen the party's constituency machines among labor, farmers and minorities.

Closeups from the convention

Ninety percent of the convention activities were conducted in the countless cocktail parties, receptions, caucus meetings and just plain lobby button-holing that dominated New York's major hotels. EIR dispatched a network of reporters to these sometimes very informal affairs.

Carter thuggery

It was on Saturday, Aug. 9 that the convention delegates began to arrive in New York in large numbers. Even as the delegates checked into their hotels, the word began to spread that the Carter campaign was applying unheard-of pressure on its delegates to hold them in line for the crucial rules battle scheduled for Monday night.

California, the largest delegation, was the scene of much pressure. One young Carter delegate known for his independence summed up the situation this way:

“Virtually every Carter delegate is being closely watched. They are holding hands everywhere we go. This is the heaviest political babysitting I have ever seen.”

For another Californian, the pressure started even before the arrival in New York—it began on the plane. This woman, a longtime political activist who was not a delegate but rather a guest of the delegation, expressed her preference for LaRouche, to the dismay of the Carter forces. Hoping to shut her up, California Democratic Party chief Richard O’Neill threatened to have this loyal Democrat fired from her job, and ordered the delegation to not talk to her. She commented: “In the past, we have had heated fights and disagreements in the party, but at least we could talk about it. Now, it’s a conspiracy of silence.”

Every delegation reported feeling the Carter heat, in particular the Southern delegations that were supposed to be Carter strongholds. A black alternate delegate from Texas, who was scheduled to take the place of an absent delegate, was seen being forcibly taken from the convention floor after expressing his preference for an open convention. And delegates from Mississippi and Georgia, where most were Carter delegates but many were leaning toward voting for the open convention, also reported blatant blackmail and intimidation from the young “delegate hunters” of the Carter campaign.

A leading black member of the Mississippi delegation said: “I’m going to work to defeat Carter—not Reagan, Carter.”

* * *

For many delegates, the pressure from the Carter campaign was a rude awakening to the way Carter’s boys viewed them. However, even a reporter who expected this kind of Carter action was a bit taken aback by the words of Robert Strauss, voiced to one of the leading New York supporters of the President. “Bob,” he said, “you’ve been too abusive to the delegates—you’re alienating people.”

“You don’t understand,” Strauss replied. “That’s my job. We’ve got to keep Kennedy in this thing. We know how he thinks—and we can’t have him going after some third candidate—so we’re pricking him.”

“But Bob, you’re going too far! You’re overdoing it.”

“Now look here,” replied Strauss. “You’ve got to stop thinking like a delegate. We’re the leaders of the party. We tell ’em what to think. Don’t go soft now—we have this thing locked up.”

* * *

Money—lots of money—also did Carter’s talking.

A leading party broker reports that millions of dollars arrived in New York City Sunday night and were liberally distributed to Kennedy and Carter delegates alike to keep them in line. Some of the leading mayors and other public officials of the United States were on the recipient end of Carter’s green stuff. (Observers of these transactions noted the thinly veiled significance of the Carter campaign official color being green.) On top of direct dollar bills, there was many a scholarship awarded Sunday night for children of the delegates, and many long-stalled local economic projects pushed ahead as well. There are even reports that the administration promised to change its position on one of the most controversial land conservation programs in the country—all for the allegiance of wavering Carter delegates.

In the end however, it was the Carter pressure on

the Texas delegation that caused the most controversy and came closest to sparking an anti-Carter backlash. The target was the leadership of the American Agricultural Movement, which sent a team of delegates to New York committed to opening the convention.

The controversy began when Mr. Reagan Brown, the state commissioner of agriculture of Texas and a leading Carter supporter, warned AAM leader Clifford Hamilton to get some "burial insurance ready" when he returned home. Several other encounters also took place in the lobby of the New York Hilton Hotel, as Brown got increasingly angry that Hamilton and the AAM refused to buckle under.

As a matter of precaution, Hamilton reported the death threat from Brown to the New York Police Department. As word began to spread of the Carter/Brown heavy-handed tactics, John White, the national chairman of the Democratic Party and a native Texan, felt obliged to intervene and prevent the situation from backfiring against the Carter campaign. White ordered Brown to immediately leave New York and return to Texas.

Top Carter officials tried to downplay the significance of the incident. Caught in the lobby of the Sheraton Hotel, the Carter convention headquarters, Secretary of Agriculture Bob Bergland said: "Oh, you know how it is with Texans, a lot of hot air. Pinch a Texan and you get hot air." Later on, however, the delegation from Puerto Rico, Bergland was overheard talking with a leading party insider: "Listen, I've been talking to people in the Texas delegation and they are pretty angry about your policy on parity. They are saying there is a lack of help from the administration to the farm sector."

"Oh," Bergland said, "the farmers that don't like our policy are the fat cats. And we are not going to help the fat cats. They are the ones demanding price support parity. We're not going to change that policy. We're not going to give in to the fat cats. The problem in the Texas delegation is that guy Meek and his crew. Meek and his friends are really working for Reagan. That's why they're against us." Marvin Meek is the president of the AAM.

* * *

As a sidelight, it should be noted that it was not only the Carter forces that did heavy lobbying before the rules vote Monday night. The Kennedy forces did some as well, but the effectiveness of their work is certainly questionable.

On Sunday night, leading Kennedy supporter Mayor Jane ("Byrne the Witch") Byrne of Chicago flew into New York to work over the Illinois delegation. At the time she arrived, there were thirty-two Illinois delegates leaning toward voting for the open convention. How-

ever, when the final tally was taken, only twenty-six delegates from Illinois sided with Kennedy—and Mrs. Byrne tried quietly to slip out of town.

* * *

For the overwhelming number of delegates, the question of opening the convention boiled down to a practical problem: the only "realistic" choice was between Carter and Kennedy. Many of the Carter delegates, being conservative, could not bring themselves to side with Kennedy and his liberal views on anything, so they stuck with Carter in what appeared to them to be their only choice. As one leading senator from a Midwestern state said, "The problem for the open convention is that there are only two candidates." Even more to the point was a comment from a delegate from New Mexico: "I'm probably going to be a charter member of the LaRouche in '84 Campaign Committee. But right now, I see this convention as an opportunity to rid our party of the Kennedy liberals once and for all."

* * *

Once the issue of the open convention was settled, most attention turned to the fight over the party platform, and in particular, the question of reducing unemployment.

While few were genuinely enthusiastic about the Kennedy proposal for a \$12 billion "make-work" jobs program, the proposal took on a symbolic significance. It was a challenge to the Carter administration depression policy. And rather than deflect the challenge, Carter confronted it, rejecting the Kennedy proposal. The reaction was immediate outrage, from labor and blacks especially.

In the Sheraton Hotel lobby, a leading Democratic fundraiser was talking with a top labor official. "I can't understand why Carter is so stupid," the fundraiser said. "Why couldn't he say specifically that he endorses the jobs minority reports?"

"I know, I know," the labor official said. "I can't understand it, why is he so stupid?"

Albert Shanker, seen at the Sheraton Hotel, summed up the labor response: "I have to wait and see what he actually comes up with."

A leading black official from Ohio said: "The Carter people are not really capable of being winners. The whole convention was the process of forcing Carter to deal with reality."

And it was not simply Carter's rejection of the Kennedy jobs proposal that irked the labor and minority blocs—it was his method of rejection. Afraid that labor would vote against him if the issue was put to a roll call, Carter revoked the floor passes to the convention for the "whips" giving direction to the labor

delegates. Lane Kirkland is reported to have placed an angry phone call to Carter on this one.

* * *

There are many cases of striking divergence between the way the media covered the convention, and what actually occurred. But there is no greater area in which this is the case than the LaRouche factor at the convention. Certainly, everyone in any way associated with the convention was struck by the apparent omnipresence of LaRouche campaign representatives and literature. A couple of the hundreds of comments made on this point during the convention suffice to make this clear.

The leaders of the Illinois state delegation, talking to each other shortly after LaRouche addressed their delegation, said: "If the convention opens up, LaRouche will be placed in nomination. It's important that we bring Kennedy in to speak to psychologically balance off the LaRouche speech."

Jesse Unruh, state treasurer of California and head of the Carter caucus, talking to a delegate. "Jesse, you know that if this convention opens up, even LaRouche will be nominated. That means 15 minutes on national television for him."

"I know, I know," Unruh said, frowning.

One hundred and thirty delegates signed LaRouche nominating petitions. Under the 1976 rules, in an open convention, 50 signatures would have meant that LaRouche would be nominated.

One of the more revealing aspects of this convention was the opportunity to watch Carter hatchetmen—Hamilton Jordan and Jody Powell.

Hamilton Jordan could be seen jogging around the lobby and outside perimeter of the Sheraton in pink shorts, blue sneakers and a blue polo shirt. When he was finally cornered in a candy store and asked about reports from several cabinet members that AFL-CIO chief Lane Kirkland had endorsed Carter, Jordan said: "Don't you know never to listen to a cabinet member about politics?" In fact, Kirkland had only endorsed the party platform. Powell spoke with similar disdain about the cabinet. "Well, you know these people shoot off their mouths and sometimes misunderstand things."

* * *

Overall, delegates left New York with a sick feeling in their stomachs. Many were too demoralized to say much. But others were fighting mad. One delegate commented on Carter and his speech: "Last night [Thursday] I was embarrassed to be an American. To see the man who is supposed to be President groveling on national television for support. And from a loser like Kennedy, no less."

'Kennedy can hold Congress'

The following is an interview with Governor James B. Hunt of North Carolina, Southern Regional Coordinator for the Carter-Mondale Campaign. It took place after Kennedy's rousing convention speech Aug. 13, and before his perfunctory podium appearance with Carter.

Q: What will Ted Kennedy's speech mean to the election?

A: No one would have believed possible events over the last 48 hours. Carter's people have virtually assured Kennedy of the 1984 presidential nomination—and he deserves it. We'll be picking up 20 percent in the polls based on that speech. I'm a Southerner; I'm a Carter supporter and I don't like the Kennedys, but I was stirred to my bones by that speech—every person in that hall was moved. We now have a three-man ticket—Carter, Mondale, Kennedy.

Q: But Ted Kennedy is not a factor in the South and all the polls show that Carter is in deep trouble there—
A: I think we can win. And now we will definitely hold the Congress. The key to holding Congress is Kennedy.

The South, there are a couple of seats in jeopardy, but the Republican base in the South is weak, and only based upon the hope that the Republicans can take the Congress. If they can't deliver the Congress—the majority control of it—they can be routed in the South because the South believes in "constituency politics"; it gives nothing for nothing. Carter is a far more effective campaigner than he is a president.

Q: What about the Kennedy people threatening to walk out?

A: Let 'em walk, those people are not Democrats anyway, they're *kooks* [sic]. I don't think that labor will walk out. I've spoken to friends like Lane Kirkland, I spoke to Doug Fraser. . . . Carter people tell me they had firm assurances that if the convention went as it did with Ted, then the AFL-CIO would be 100 percent behind the ticket.

Q: Will Kennedy be on the platform tomorrow night?

A: If he wants to be in the White House in 1985, and he does.

Disenfranchised constituencies

1. Labor

As the Democratic Convention concluded this week, top labor officials met in the suite of rooms in New York's Sheraton Centre Hotel to assess the damage. Their conclusion: labor has no presidential candidate it really backs in the November election.

While union leaders such as the AFL-CIO's Lane Kirkland and the United Autoworkers' Doug Fraser say that they have no trouble choosing Jimmy Carter over Ronald Reagan, they have nothing from this convention to tell their members who blame the White House for the current depression. It is not just that Jimmy Carter is an unpopular, uninspiring candidate. The Democratic Party platform, said one AFL-CIO union president, is "nothing to write home about. It doesn't offer much hope on the economy."

Kirkland has been in constant touch with the White House for some time. About two weeks ago, he and top White House aides hit upon a formula for an economic program that the AFL-CIO president thought he could sell to the membership: the so-called Carter plan, an as yet unspecified scheme for economic revitalization that is to be the centerpiece of the Carter domestic program. Putting aside the merits of the proposal, which stresses energy conservation as a "growth industry," the Carter plan was not even really mentioned at the convention. Instead, there was debate on several minority platform planks authored by the Kennedy camp. Kirkland worked feverishly with Carter campaign aides to put together a series of concessions on the key planks that would at least give the impression to rank-and-file union members that the Carter administration was interested in stopping the depression its previous policies had created. This debate, which one labor leader termed an "organized charade," was the closest the convention came to debating real economic issues, and it was not very close at all.

Kirkland also made sure that there would be no real debate on foreign policy questions, and sold the MX missile program as a way to get more union jobs.

Kirkland issued a terse two-sentence acceptance of Carter's statement on the minority planks, which Carter

campaign officials jubilantly held up as "labor's endorsement."

But the showmanship on the convention floor and backrooms aside, labor's strategy for the election campaign calls for trying to minimize the "Carter problem" and emphasize the "Reagan problem." Said one top AFL-CIO official, "We are not campaigning for Jimmy Carter, really. We are going to go like hell against Ronald Reagan and hope for the best."

Only the week before, Kirkland had effectively kicked off the campaign against Reagan with a speech before the United Steelworkers convention which ripped into Ronald Reagan and the GOP economic program, without once praising anything that the Democrats had done over the last four years.

"There is a problem with what we are doing," Saul Miller, the AFL-CIO public relations director, said privately. "There are a hell of a lot of people who have been thrown out of work during the Carter term in the White House. How the hell do we blame that on Reagan?"

Plans now call for the AFL-CIO executive board to pass a recommendation to endorse the Carter/Mondale ticket when it meets Aug. 20 in Chicago. Kirkland will then ram the endorsement through the full AFL-CIO general board meeting in Washington early next month. In the meantime, Labor Secretary Ray Marshall plans to issue the "Carter plan" before the General Board meets. Marshall says that it will emphasize the use of tripartite—labor, management, government—boards to manage key sectors, such as steel and auto, and key depressed areas. There will be talk of a massive coal development program requiring "millions of jobs" to build ports, railroads, and other new facilities to handle it. But even Marshall admits that labor "doesn't believe anything that we tell them until they see it through Congress. . . . we don't have a great track record."

Over in UAW President Doug Fraser's rooms, there was a similar pall. Fraser was a Kennedy backer, but people close to him say that for the last four months he had been quietly building bridges to the White House. Carter people identified Fraser and UAW Secretary Treasurer Ray Majerus as having long ago struck a deal with the White House. The UAW president several weeks ago agreed to give the nominating speech for Mondale.

Fraser has been in touch with Kirkland and both were working "together" on Carter. Fraser was consulted on the drafting of the Carter response to the platform.

But the UAW, which has 300,000 of its members out of work, cannot sell Jimmy Carter to its members. Like the AFL-CIO, the UAW strategy calls for going after Reagan and hoping for the best.

Ironically, it was labor that could have played a key role in efforts to open the convention for a third choice other than Carter or Kennedy, who only a few dreamers really saw as having a chance of winning in November. Kirkland reportedly put the word out that he did not back the idea of an open convention, since he saw no real candidate capable of beating both Carter and Reagan. This pulled the rug from under efforts of nearly three dozen union leaders, some backing Kennedy, others backing Scoop Jackson, Ed Muskie or Walter Mondale, to push for an open convention. Fraser, meanwhile, despite his support for Kennedy, did not back the Kennedy-sponsored minority report on rules that would have opened the convention. Without labor's backing, the convention stayed closed.

Leaders of COPE, the AFL-CIO political arm, and CAP, its UAW counterpart, are worried. They know that they have "no deal with content" to show the rank and file. They are talking about a low turnout from their members in November—which will mean certain defeat for Carter—and threaten to give the Congress to the GOP. The convention leaves key labor-backed seats in real jeopardy, said a COPE leader. "We're in trouble across the board."

COPE leaders say they expect most labor unions to line up behind the Carter ticket against Reagan. The possible exceptions are the Teamsters, who may go for Reagan or remain neutral, and William Winpisinger's International Association of Machinists.

"We are going through the motions and this time I don't think that it will work," said a state AFL-CIO head. "Face it, we don't have a candidate."

2. Blacks

Despite the fact that the 1980 Democratic National Convention had the largest representation of black voters of any previous convention, most of the 481 black delegates and 297 alternates left the convention without either a candidate or a platform that they can sell to their constituents back home.

Representing the section of Americans worst hit by the Carter administration economic policies, many black leaders were determined to see an open Democratic convention in the hope that a candidate other than Carter would be chosen as the party's standard-bearer. One of

the leaders of the open convention drive was Congresswoman Shirley Chisholm of New York, who formed part of the leadership of the Committee to Keep the Convention Open. Five black congressmen joined Chisholm and Dr. Ralph Abernathy, former head of the Southern Christian Leadership Conference, in issuing a call several days before the convention started for an open convention. The statement, signed also by Congresswoman Cardiss Collins (D-Ill.), head of the Congressional Black Caucus, and Representatives Walter Fauntroy (D-D.C.), Louis Stokes (D-Ohio), William Clay (D-Mo.), and Augustus Hawkins (D-Calif.) declared: "We have fought long and hard for voting rights. But if the delegate's freedom is choked off, what will an open party mean? What will fair representation mean? Black people need a free voice and a free vote. That is what we marched for and worked for and sacrificed for in the 1960s."

Congressman Ron Dellums (D-Calif.) declared himself a presidential candidate on Aug. 11 in the hopes of winning more votes to the open convention. Dellums declared that only an open convention would allow for discussion of the crucial problems facing the nation and the selection of a presidential candidate based on his ability to solve these problems.

"I'm coming before this convention because the crucial issues facing this nation have not been addressed during the primary process and unless something is done immediately these issues will be ignored by this convention as well," Dellums said in his speech to the floor Aug. 12. "As early as March 1979 I publicly expressed my concern about the policy that this administration is imposing in terms of domestic economic policy and foreign affairs. I offer my candidacy in order to make possible an open discussion of the issues and an open consideration of candidates."

These black congressmen, as well as many other of the black delegates, were looking to Senator Ted Kennedy as a candidate who could reverse the depression that President Carter has created. A number of other blacks, including several key southern delegates and northern urban leaders, back the candidacy of Lyndon H. LaRouche, because he has detailed an economic revival and development policy for the United States as well as the Third World.

Two days before the convention began, Hulan Jack, former Manhattan Borough President and the unofficial mayor of Harlem, went on national television to declare his support for Mr. LaRouche. Mr. Jack and several dozen black convention delegates expressed their determination to ensure that America uses its technological resources to begin a major development of the Third World, by attending a policy forum on Aug. 14 sponsored by the LaRouche campaign, on exactly how such a global development plan could be implemented.

Not surprisingly, both black and white congressmen were in the leadership of the drive for the open convention, fearing that the Democratic Party would lose numerous congressional seats in November if Carter heads the ticket. Black congressmen are particularly concerned about losing local state legislative races as well, since state legislatures this year will reapportion congressional districts based on the 1980 census. Of the 20 districts showing the greatest population loss, and thus requiring redistricting, nine are held by black congressmen. Republican legislatures will obviously seek to redistrict to win a Republican Congress.

Fight on economic policy

When the fight for the open convention was lost with the delegates' vote to accept Carter's rules binding them to the candidates they represented, the focus of black anger became the party platform. Although no one at the convention podium presented the party and the nation with an actual program for the high technology development of the United States, many angry blacks used Ted Kennedy's call for a \$12 billion jobs program, and demands that inflation not be halted through unemployment, as the basis of their fight against the Carter administration-caused depression.

Speaking on behalf of these programs, Congresswoman Shirley Chisholm declared to the convention that jobs must be the primary concern of the next administration. Chisholm warned the delegates that for every 1 percent unemployment, \$20 billion is added to the federal budget deficit.

Although the convention voted up these proposals, Carter refused to specifically agree to the details of the program. The convention's black caucus demanded a meeting with Carter. Carter refused, sending his campaign manager Robert Strauss and United Nations Ambassador McHenry instead. Angered, the caucus leaders threatened a walkout Thursday night. "Carter can't win without the black vote" declared caucus leader Newhouse, an Illinois state legislator.

Although a major walk out during Carter's acceptance speech did not materialize, blacks left the convention without a presidential candidate to represent their interests. "The problem for blacks this fall is very 'serious'" one Midwestern congressman said, "indicating that the job for blacks now is to strengthen their local machines to force changes on a national level. 'Carter is not really capable of being a winner. The whole convention was the process of forcing Carter to deal with the reality. Carter has a rose garden mind, is not in touch with the way people think. If he makes more mistakes even our hatred of Reagan won't save him. He must show that he understands how constituency politics works. It is a mess. Don't believe this unity garbage.'"

3. Hispanics

The country's rapidly growing Hispanic population has traditionally been the most solidly Democratic constituency in the country. Upwards of 85 percent of Hispanic voters vote Democratic at the presidential level.

Yet, coming out of the New York convention, the talk was that this proportion could fall as low as 60 percent in November. Many Hispanics are looking at the Anderson option; and others are eyeing the Republicans, who beefed up their Hispanic Office at the Republican National Committee this year and are mounting an aggressive selling job in this formerly closed-off territory. And many plan on not voting for President at all.

On traditionally Kennedy turf, Carter came into the convention looking fairly good. Of the 204 Hispanic delegates—four times the number in 1976—he had secured some 90. Most of them were party regulars and elected officials, brought in on the basis of deals rather than commitment.

As the open convention drive gained force, Kennedy strategists particularly targeted this bloc. They hoped to pick up delegates not only because the deals were premised on an increasingly unlikely Carter victory in November, but because many of the Carter Hispanics depended on pro-Kennedy local machines for their own political careers.

The day before the convention opened, Kennedy in fact stole the show at the Hispanic American Democrats (HAD) conference, an organization painstakingly built up as a Carter reelection vehicle over the preceding two years. The day before, LaRouche Hispanic representatives had kicked up an anti-Carter storm at the same conference.

But the deals stuck. During the roll call on the rules vote Monday night, the states with significant numbers of Hispanic delegates—including California, Arizona, New Mexico, Colorado, Texas, New York, New Jersey, Florida and the Commonwealth of Puerto Rico—showed little if any slippage. In Texas, one of the areas under the most intense Kennedy pressure, and where the 30 Hispanic delegates split 17 to 13 in Kennedy's favor, there was none at all. Hard-courtied Miami Mayor Maurice Ferre likewise held.

The vote could not hide the generalized concern among both Kennedy and Carter Hispanics, however, that much more needed to be done to address the economic and social problems battering their communities.

In the fallout from the vote, angry Kennedy Hispanics attempted to introduce Arizona Lieutenant. Gov. Roberto Mondragon into nomination in a parallel

protest action to Ron Dellums's move from the black delegates. But Mondragon fell some 150 signatures short of the 330 required. Other Kennedy Hispanics, such as State Senator Paul Moreno of Texas, walked out. Texas, one of the major Hispanic states, shows the deepest split. The talk was rife of letting "the Carter people get out there campaigning on the sidewalks if they like Jimmy so much. We'll work for our local candidates."

California's Hispanics seemed to keep a strong "unity" profile, in part because key patronage machines span both camps, like that of David Lizarraga, chief honcho of the East Los Angeles Community Union.

Puerto Rico is a special case where there will be no reconciliation. Its delegation was evenly split between the island's two major parties.

4. Farmers

Marvin Meek, the president of the American Agriculture Movement, arrived in New York backed up by a motorcade of tractors and a team of AAM organizers on Aug. 10, the day before the start of the Democratic National Convention. What follows are some of the team's comments at a press conference Aug. 14 at the Statler Hilton Hotel. Meek made it clear that the AAM will organize against President Carter's reelection, principally because the Carter administration has refused support of anything like 100 percent farm parity, the prices agricultural producers must gain at market if they are to meet the full costs of production, capital investment, and upkeep.

Q: What has been your chief complaint against the Carter administration?

Meek: He has lied to us. The biggest lie that he told was in his campaign promises. It was, "I will never tell you a lie."

He campaigned for parity for agriculture; he promised us parity agriculture. Not only did he *not* do that, but he worked against parity legislation. In 1977, we had the flexible parity bill that he worked against and killed singlehandedly.

Q: The Democratic platform—it removed the concept of parity?

Meek: Well, they took parity out because it's embarrassing to have it in there and work against it. That's why they wanted it out.

This year he has kept his mouthpieces there in Congress, trying to keep HR 6815, which is a 65 percent parity bill. In other words, farmers would get 65 percent of what we really ought to have, instead of 100 percent. It would be like you working for 65 percent of what

you're making right now. You wouldn't do it, and you wouldn't back a President who made you do it. That's why I'm not going to back Carter. That's why I'm going to campaign against him.

Q: Why does the dairy industry have a significantly higher parity rate?

Meek: The only reason that dairy is on parity is because we got an extremely bad dairy industry condition back when they initiated the parity talks, and they were trying to stimulate additional dairies because we were getting into a short supply situation on milk. If they hadn't done this, milk would probably be \$5 a gallon right now.

You know, dairy is a dirty job, it's expensive and highly technical. So people wouldn't risk money without quite a bit of incentive financially. When they found out that there was no other way to stimulate the dairy industry, they had to come in and set a floor for dairy prices. They did, and it's worked beautifully for the dairy industry; it's worked beautifully for the consumers. It assures you first of all of good quantity and quality too, at a reasonable price, and it stays constant.

Q: Why do you emphasize the "owner-operated" farm?

Gerald McCathern: I would really like to declare war on those multinational corporations who would like to place agriculture in a situation they control. They realize that the most important thing in the world is food. I think that the big multinational corporations would like to have a stranglehold on our industry, including agriculture.

I will tell you why I think that's true. Cargill, an American company, is one of the world's largest international grain dealers; it is the only American one of the five major international grain companies. In my part of the country today, it buys up all of the cattle feed lots. They are also buying up the large packing houses. All they lack in having a total integration of the meat industry is the farms where we produce the grain. I'm convinced that they would like to see a corporate structure in agriculture the way they have it in every other industry.

Kissinger made a statement in 1976, I believe, that said to get control of a nation, you've got to control the food, the energy, the monetary system, and the guns. Well, they've got control of the money industry, and they've got control of the energy situation. . . .

Q: If the farmer is doing as poorly in the market place as you say he is, why are food prices so high?

Meek: We're spending 3 percent less on food than we are on recreation, per family. And that shows you how cheap food is. The United States has the cheapest food in the world, at 17 percent [of disposable income]; many nations spend as high as 90 percent.

EXCLUSIVE INTERVIEW

Rebuilding from the ground up

The following interview was conducted with Steve Romm, top aide to Lyndon LaRouche's campaign manager, Kenneth Dalto, shortly after the close of the Democratic convention.

Q: What impact did the LaRouche campaign organization have on delegates and others during the course of the convention? Where does LaRouche go from here?

A: Our impact on delegates and party officials at all levels was enormous—I do not believe that we or they yet realize the full extent of our influence on the way Democrats around the country are now thinking.

This was a convention in which all issues were kept out. It was a convention in which delegations were literally bludgeoned into renominating a man who represents a disaster for the nation and the party. It is only because LaRouche was there, at a convention that was a disaster from the standpoint of the democratic process and the issues facing the nation, that people came away with some hope that a political machine can be put together nationwide to rebuild the Democratic Party despite Carter's nomination and probable defeat by Ronald Reagan.

LaRouche personally addressed seven state delegation caucuses. In addition, senior policy people for the LaRouche campaign addressed another two dozen caucuses.

So, in all, nearly 30 state delegations heard from LaRouche and his aides directly. What they heard was substantive: how and why the economy must be reindustrialized, how and why nuclear energy must be pushed through, what must be done to ensure renewed development of American agriculture, why the "China card" must be dumped.

They heard nothing about this from any other candidate—and that in itself had an impact.

Moreover, people saw that LaRouche not only had good ideas, he had a machine. LaRouche literature and organizers were at every meeting, every caucus, every

reception; LaRouche organizers were in every hotel lobby; when delegates woke in the morning or came back at night, they saw LaRouche organizers. That means that when LaRouche said he means to rebuild the Democratic Party, they know he means it and he can do it.

The main thing we've done is given hope to conservative Democrats, to the traditional base of the party in organized and unorganized labor, entrepreneurs, the urban political machines, blacks, Hispanics and other minorities.

LaRouche is the part of the party that promises a future that includes them as productive citizens.

I think it is summed up by the words of one delegation's chairman who came to us to apologize. Because of the thuggery and threats of Carter representatives, he said, he was unable to have LaRouche address his caucus. He apologized for that, and then said he was very impressed with the job we had done, and very glad that the Democratic Party has in it an organization as dynamic and committed as the LaRouche organization. This is the same feedback we got from calls and talks during the convention with the majority of very important Democrats who stayed home, stayed away from Madison Square Garden.

Q: How did delegates react to the way LaRouche raised the issues?

A: I think that to every delegate or official who heard LaRouche in person at a caucus meeting, he was perceived as the only candidate with any answers. Of course, every issue that might have been raised on the convention floor itself was suppressed, since every issue would have produced an embarrassment for the Carter administration.

But in the caucuses, delegates hearing LaRouche suddenly found themselves being addressed as citizens, not merely as votes. LaRouche put to them the real, tough problems that are facing this nation—facing them personally.

For example, in the Florida caucus, LaRouche addressed over half of his presentation to the problems of the elderly and on the mistreatment of the elderly in the United States.

He didn't just express "concern" and serve up platitudes. He laid out a concrete program that could solve those problems rapidly.

The effect this had on the delegates could be seen on their faces. It just picked them up, restored their morale. Somebody had a program or knew how to get things done. Their minds began to work again. LaRouche took them seriously. They began to take themselves seriously again.

In that sense, LaRouche and his organization's work gave a lot of people the strength to survive the ordeal

they were put through by both the Carter and Kennedy campaigns.

That will have a lasting effect. Believe me, when people came away from caucus meetings saying that LaRouche was the best speaker they had ever heard, that means that when they go back to their local areas, and people ask them about the issues, LaRouche is the man who will be discussed, LaRouche and his program.

Our post-convention plan to rebuild the Democratic Party starts with that. Its first phase is going to be carried out in that way by the delegates themselves.

Q: How will Mr. LaRouche continue campaign between now and November? What is his goal?

A: Between now and November, we're going to campaign on the bottom half of the ticket. In other words, LaRouche is going to throw his organization to the aid of key Democrats in congressional, senate, mayoral and other races who are in trouble because of Carter on top of the ticket.

First, we're going to provide intelligence to local candidates and local campaigns, the kind of intelligence on national and international events that they are now denied. For example, the real facts of the Carter administration's responsibility for the genocide through famine and starvation now threatening 30 million people in Africa. The real facts of the Justice Department's cover-up for terrorists. What the local candidates need to have is intelligence of global political significance, and how it relates to local needs.

Second, we're going to provide them program: the need to expand the port of Mobile, Alabama; the need to build a nuclear plant; the need for water projects for the Western states. What must be done, and how it can be done, is the kind of information we will make available to local candidates so that they can turn to their constituencies and frame solutions to problems that are clear and correct.

In addition, the LaRouche machine itself will go into these local situations, campaign with people, contribute manpower and organizational support. Our goal is to see to it that the Democratic Party does not lose control of the House and Senate in a Reagan landslide. Key Democrats must be reelected, to form the backbone of a rebuilt party whose leaders are accountable to local constituency organizations and local political machines—not to the Trilateral Commission.

In this way, LaRouche is going to develop a network of local political machines that will put the Democratic Party back together as the representative of the majority of Americans—and that will be a very dramatic turnaround from the sort of Democratic Party that went into this convention: a wholly owned subsidiary of the Trilateral Commission.

LaRouche talks to the caucuses

Throughout the convention week, Lyndon LaRouche and his representatives addressed more than two dozen state delegations to the Democratic National Convention, including those from Missouri, Florida, Illinois and Texas. A leader of the open convention fight, LaRouche consistently urged the delegates to look past questions of procedure or personal political loyalties to the larger issue of their moral responsibility to the nation.

four delegations on August 10-13: the Pennsylvania delegation, Wisconsin delegation, North Dakota delegation, and Alabama delegation. In the first two, LaRouche spoke following a Carter administration spokesman, campaign manager Robert Strauss and Agriculture Secretary Bob Bergland respectively. Included is an excerpt from LaRouche's reply to a question from a North Dakota delegate.

North Dakota

Q: Mr. LaRouche, I'm Ed Smith, past president of the North Dakota Farmers Union. You're a newcomer to me and I wonder how you expect somebody to really go out and support a candidate who is not known to the public. Too many times I've had to support dark horses. I'm not ready to support another one, this is my problem. I like your philosophy, I think you're talking about the things we need to be talking about. But the first I ever heard of you was two months ago.

A: The problem is not mine. The problem is a problem for this nation. We as a nation have become so glued to our television sets and the average length is about five hours a day, per person—we have become passive, entertainment-oriented. We don't go out and talk to our neighbors; we get lies in the news and we don't pay any attention.

Because of my position against the drug traffic, and my position in exposing the leading financial interests involved in the international drug traffic, as well as my monetary policy, which some of the forces in New York are opposed to, up to now the major press has blacked me out. If Carter is Trilateral Commission, Anderson is Trilateral Commission, Bush is Trilateral Commission, and Reagan is being run by Henry Kissinger who is Trilateral Commission, you have no choice from the major media except three Trilateral Commission candidates who all have the same policy.

Now you, the American people, are the ones that are cheated. I've been the only candidate outside the Trilateral Commission crowd who's bucked the game. Everybody else gave up and ran away. So the question of whether you choose a dark horse is the question of whether you're going to choose dictatorship—just one of the three clowns who's running for the Trilateral Commission—or whether you're going to pick your own candidate who represents your policy.

The problem in this case is that we have lost the power of self-government. We do not choose our candidates any more. We choose among the lesser of three meatballs. And the problem is not my problem, it's *your* problem *and* my problem. We've got to get to know each other. We have to deal with the problem of taking this party over, not for us, but for all the constituency groups that belong to it, and start to get congressmen and Presidents that represent the party and represent the people and not choose some bottle of detergent that shakes hands and has a recorded message in his head.

Pennsylvania

I wish to directly rebut Mr. Robert Strauss [on the question of the open convention]. . . .

Your first commitment, your oath as an American citizen, is to uphold the Constitution of the United States. And when Ronald Reagan—who probably is personally a humane person—is running for President on the Republican ticket, with a program worse than that of Genghis Khan—it behooves the Democratic Party to defend this nation against such disaster (applause).

We defend the Democratic Party and the nation simultaneously, by getting a combination of candidates and constituencies down to the precinct level that can carry the election the way Roosevelt beat Hoover in 1932. We have to reject this so-called Carter anti-inflation program, which has driven inflation even higher and put us in a depression. This party has got to insist that we strengthen our currency, which our allies in Europe are willing to work with us to do, insist that we generate credit, the way Roosevelt did in the 1930s, to provide credit at low cost to local banks and credit institutions to get business moving again. We've got to move ahead with a basic tax reform, which increases the per capita exemption for household incomes, and we've got to have tax incentives which encourage investment in job-creating industry. . . . It is your duty as delegates, it is my duty as a member of the party, to vote your conscience here, understanding that our first commitment is our oath to uphold the U.S. Constitution and defend this nation against disaster. If we do not go by

that rule, if we go by other rules, then we are playing games with the fate of our nation. . . .

Wisconsin

The Republican Party has had its convention, and has nominated a person who as a neighbor or a household guest would be perfectly acceptable, but a man who's incapable, on record, of understanding anything abstract, that is, anything having to do with national policy, and who is completely blind and foolish on questions of international policy. Mr. Reagan has been taken over on domestic policy by Mr. Milton Friedman and that crowd . . . and on foreign policy he's been taken over by what some intelligence experts call the Gang of Four—Henry Kissinger, [William] Casey, [Richard] Allen, and [William] Van Cleave.

Now, this Gang of Four would get us into a war—a war by miscalculation. Some of the people in that crowd are talking about “guns, not butter.” The last time we heard that was from Hermann Goering, back in Nazi Germany. We don't need that here.

We are now in a depression that is totally unnecessary. And if Mr. Reagan does not have a competent adversary, and the party does not have a competent policy, people are going to desert the Democratic Party and go for Reagan—*and then where is this nation?*

That's the question before us. This is not a game—it's not a horse race—it's not a prize fight—it's the fate of our nation we're deliberating here. . . . The way to solve all of our problems is to develop a capability to solve them. And that is to make ourselves once again a great industrial power. We've got to mobilize credit, and get projects going, like credits to local agencies and private agencies, rebuild our steel industry, get our transportation rebuilt, rebuild our ports. We also have emergency things to do, which I want to stress right here. Some of you are farmers, and you know about it. You know that 30 percent of our manufacturing in this country is in the automobile industry, and that's going down 25 percent right now. Most of you may not know that agriculture buys 40 percent of the product of industry. And agriculture is in the process of collapse right now.

If we do not turn this thing around, if we do not rise above petty games and put the interests of this nation first, and stop this depression and stop this weakness, then the whole thing *is* a game. And I propose to you, that that's the issue. Think about our nation. You are delegates elected by people who had confidence in you. Use your best judgment. Use your conscience. Weigh all your commitments, including your commitment to this nation.

Thank you (applause).



Lyndon LaRouche addresses the Wisconsin delegation at the Sheraton Centre Aug. 12.

Photo: Laurence Hecht/NSIPS

Alabama

Billygate is going to explode," LaRouche told the Alabama delegation in New York Aug. 13. "We are in the middle of a disaster." He added that he could not predict exactly when or how the new revelations about the administration's relationship to "Islamic fundamentalism" would surface, but asserted they would occur during this fall's campaign.

"We have got to defend the Democratic Party," he insisted, saying that he would do everything in his power to achieve that goal. The first step, LaRouche outlined, was to "pick out key places and key candidates" which the party must carry this fall, and carry them against a combined opposition he described as "Reagan, Anderson and a fruit salad" of minor party candidates.

Reflecting on the present state of the party, LaRouche added, "When an army is caught in the middle of a disaster, a catastrophe, the first thing that has to be done is to rebuild the army."

LaRouche said he and his political friends and associates would pursue this effort on two levels. First, he said, on the state and local level, policy committees would be established to aid in developing programs and assisting candidates. He alluded briefly to the Republican Party's expenditure of major resources on an effort to sweep the statehouses to gain control of the 1981 redistricting process, and to the need for Democrats to **take up** that challenge. Second, LaRouche continued, a national-level committee on policy would be created.

LaRouche also indicated that he would make available to interested Democrats information capabilities generated by his activity as chief executive of a private, political intelligence news service—information not available through the national press and broadcasting outlets. He cited expertise on international terrorism, energy and economic issues as potentially useful, stressing that he and his associates had developed "the only economic model that works under present conditions."

As an example of developments about which the American people are generally uninformed, LaRouche referenced the starvation conditions currently facing up to 100 million people in Africa, with the likelihood that from 10 million to 30 million people would die this fall.

"This is happening because of the policy of the two Kissinger administrations," said LaRouche, "and the present administration is doing nothing to reverse it." This is genocide."

Continued United States allegiance to the IMF conditionalities policies of the International Monetary Fund and World Bank, he emphasized, would produce further genocide. "These people make Hitler look like a human being."

LaRouche concluded by again underlining the importance of rebuilding the Democratic Party as a unifying force to pull together farmer, labor, and minority constituencies into a political machine to reverse such policies.

"I'm not going away, I plan to be around" to participate in rebuilding the party for that purpose, he said.

Platform planks on the depression

We present the economic planks of platform proposals, contrasting the approach taken by the Carter-Kennedy compromise platform, and that of LaRouche.

The central issue of the 1980 general election is without doubt the economic crisis, which has brought us hyperinflation, with unemployment and production collapse reminiscent of the 1930s. Both platforms devote their major attention to economic policy; but the similarities end there.

The Carter platform

With great reluctance the Carter platform acknowledges that the United States is now in a recession. It then proceeds to defend and propose the extension of the very same fiscal and credit policies which have precipitated the current drastic economic collapse.

"We must continue to pursue a tough anti-inflationary policy which will lead to an across-the-board reduction in interest rates on loans," the platform states. The key word is "continue." Carter is proposing to maintain the Volcker policies.

As a defense, the platform claims that interest rates are now coming down faster than any time in history. What it fails to mention is that such reductions have done nothing to resuscitate consumer industries such as auto or homebuilding, or to build up consumer credit.

This defensiveness is combined with a series of evasions which function as lies. By choosing statistics between 1977 and sometime in 1979, the platform magicians manage to calculate figures that show that real after-tax income per person in the country is up 10.3 percent; that industrial production is up 14.8 percent; and that non-farm exports have leapt by 50 percent.

The Carter administration congratulates itself that 8.5 million new jobs have been created. True enough, but in fact the unemployment rate is officially over 8 percent, and is actually rising to between 10-15 percent if one includes individuals now statistically removed from the calculations because they've stopped looking for full-time work. The nominal gain cited by Carter for after-tax income ignores the reduced buying power of constant dollar, after-tax income. And since Oct. 15, 1979, even the official statistics show a drop in that real income at a 10 percent annual rate.

The Carter platform totally ignores the effect of his international monetary policy on the U.S. economic situation. The dollar's precipitous decline over the past three years has been a deliberate aim of the Carter administration, which insistently tries to put the U.S. under International Monetary Fund controls, and destroy the European Monetary System France and West Germany set up in order to save the dollar and world trade.

The LaRouche platform

The LaRouche economic platform begins from the standpoint that the Volcker "anti-inflationary" measures were predictably and deliberately aimed at collapsing whole sections of U.S. industry and American living standards. LaRouche's central point is this: *Carter's depression was, and is unnecessary.* Right now, the physical plant and skilled workers are available to restart production, while the necessary investments are being made that would bring our productive capacity up to the level where we can export \$100 billion worth of high-technology exports, like nuclear plants, per year, and meet the need for industrial and military investment while increasing consumption and education.

That means negotiating with the European Monetary System, to establish a new international discount facility that would have gold backing, and absorb the trillion-plus Eurodollars into gold-backed bonds. These bonds would be absorbed at 2 to 3 percent interest by institutions such as the U.S. Eximbank, which would then issue credit at 4 to 6 percent interest for long-term development contracts. Combined with the reorganization of debt in the developing sector, and the shutting out of the International Monetary Fund and World Bank, these measures would provide the basis for a U.S. export boom, in concert with a similar boom in the other major industrialized countries.

Instead of merely citing Roosevelt's past achievements, LaRouche proposes a mobilization of labor and resources for the moral purpose of industrializing the world—along the same lines that Roosevelt mobilized our resources to fight the fascist evil during World War II, and in pursuit of wiping out the vast regions of British colonial poverty as Roosevelt had aimed to do.

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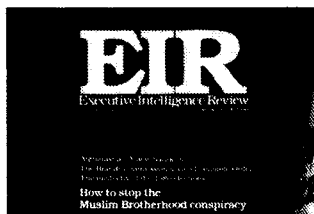
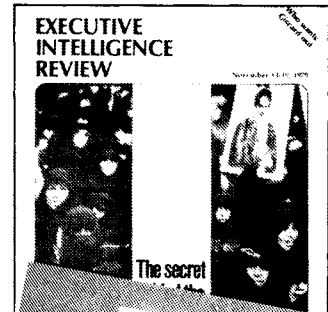
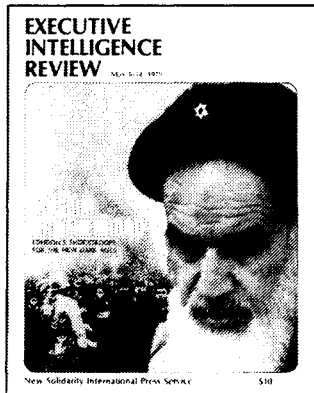


In 1978, in a confidential memorandum to the Shah of Iran, **Executive Intelligence Review** presented the exact nature of the Anglo-American intelligence network behind Ayatollah Khomeini and the Muslim Brotherhood, and their plans to topple the Shah. If the Shah had listened to EIR, Khomeini would be in exile and Iran would be producing six million barrels of oil per day.

In 1979 and 1980, EIR presented security reports to police departments, the FBI, and private agencies on the terrorist capabilities of the Khomeini regime and the Muslim Brotherhood in the United States. If information provided by EIR had been acted upon, Khomeini opponent Ali Akhbar Tabatabai, murdered in Maryland July 22, would be alive today.

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International Intelligence

Cambodian extension of Vietnam war

New evidence of U.S.-Chinese collaboration to destabilize the Thai-Vietnamese border appeared in the Aug. 1 issue of the British weekly *New Statesman*. The magazine's Asia correspondent reports that a special group operating out of the American embassy in Bangkok, called the Kampuchea Emergency Group (KEG) is running the Khmer Rouge-Pol Pot operation under the cover of refugee relief operations.

The KEG group is controlled by the State Department, the U.S. Agency for International Development, the CIA, and Ambassador Morton Abramowitz, who is considered a Pentagon China specialist. The KEG chief is reportedly Col. Michael Eiland, who in the late 1960s served as operations officer for a clandestine special force responsible for Vietnam war deployments inside Cambodia.

The *New Statesman* pointed out that the Carter administration's current policy has been borrowed from Henry Kissinger's "destabilization of Vietnam. . . . This is the Brzezinski strategy for the 1980s. There is no reason to doubt that it will be the Reagan strategy."

Rumania attempts new Middle East initiative

Rumanian President Nicolae Ceausescu, visiting Paris, said on French television this week that "greater daring is required" to reach a comprehensive Middle East peace settlement, probably entailing a conference with the U.S., U.S.S.R., Palestine Liberation Organization, and European Community. He called for "an independent Palestinian state" and an end to "the policy of faits accomplis pursued by Israel."

According to Lebanese press reports, Ceausescu is coordinating this initiative with French President Giscard after discussions between the two in late July. Giscard reportedly will back the effort

only if the Arab states support it. Ceausescu has also met with Jewish leaders and according to the Israeli newspaper *Yedioth Aharnot*, quoting the Grand Rabbi of Rumania, a close friend of the Grand Rabbi of Britain, is involving American Jewish leaders in the process. Ceausescu has met with PLO leader Arafat late last month in Rumania, with Leonid Brezhnev Aug. 4 in the Crimea, and with the Egyptian foreign minister this week in Belgrade; he visits Jordan Aug. 17 to sound out King Hussein on the new initiative.

Uproar in Europe over PD 59

The official announcement that counterforce and "limited nuclear war" are U.S. military doctrine continued to generate opposition in Western Europe this week. Former Bundeswehr General Gerd Bastian, interviewed by the *Frankfurter Rundschau*, predicted that the "misperception" of a possible limited nuclear war "could have devastating consequences for the world and especially Central Europe, in the future." Bastian resigned his post in the West German army in protest against the December 1979 decision to install NATO medium-range missiles on European territory. He added that the Soviets will react to the NATO modernization program in the same way the United States reacted to the U.S.S.R.'s positioning of Soviet missiles in Cuba in 1962.

The West German press is playing up continuing charges that Harold Brown inadequately briefed the Allies on the Soviet capability in Europe while the Eurormissile decision was being made. The Atlanticist weekly *Die Zeit* attacked PD-59 in two articles, the first noting that the U.S.S.R. would retaliate against a "counterforce" attack with a fullscale attack on the U.S. The second asks "what other surprises" Carter has in store.

On the Soviet side, TASS issued a further attack on PD-59, calling the U.S. decisionmakers "nuclear maniacs" with a "mad, misanthropic and very danger-

ous concept." TASS stated once more that "there can be no local nuclear wars in our era. . . . Any attack by one state on another would mean . . . the threat of universal nuclear holocaust."

Libya tries to mediate Cyprus dispute

Libya has appointed itself a mediator in Cyprus as of late July, when it announced plans to host talks in Tripoli between Cypriot President Kyprianou and Turkish Cypriot leader Denktas "some time in the future" under the aegis of the U.N. According to insiders, Libya wants to partition the island into two loose confederations, with the Turkish state an outpost of Libyan extremism; Denktas maintains close ties with Libya.

Libyan mediation was reportedly first suggested by Greek socialist leader Andreas Papandreou last year. Following Denktas's trip to Libya this June, the Libyan foreign minister arrived in Cyprus to meet with Kyprianou and pressure Greek Cypriots. In late July, Libya's information minister arrived in Cyprus. Kyprianou has balked at Libya's role, but over the past several weeks the Greek Cypriot opposition has mounted a propaganda effort accusing him of stonewalling a settlement.

Terrorists target President Marcos

Benigno "Ninoy" Aquino, a former Senator in the Philippines, has in effect threatened President Ferdinand Marcos with new terrorist action against his government. Speaking before the Asia Society in New York, Aquino predicted plots to kidnap, bomb and assassinate public officials in order to "bring President Marcos to his knees." Aquino pointed out that "They [the terrorists] have received not only moral encouragement but material assistance," then referred to the violent "Light a Fire" movement and

declared, "More are coming, better trained and better prepared." Aquino came to the U.S. last May for heart surgery; since then, he has reportedly been sighted in Libya, Syria, and Europe.

Philippines military prosecutors have charged 20 terrorists involved in the "Light a Fire" movement of having smuggled explosives from Seattle and San Francisco in order to kill President Marcos, Imelda Marcos, and six cabinet ministers.

An industrialist formerly active in the Philippines and domiciled in San Francisco, Steve Psinakis, has been accused by the military prosecution of acting as a key figure in the "Light a Fire" movement. Psinakis, an American, is the son-in-law of exiled Filipino politician Eugenio Lopez.

Shin Beth case linked to West Bank policy

David Halevy, a reporter for the *Washington Star*, faces a possible 15-year jail sentence in Israel. Halevy had dispatched an Aug. 8 story from Tel Aviv reporting that the head of Israel's Shin Beth internal security agency, Avraham Achituv, had resigned his post in protest against "deliberate obstruction" of Shin Beth efforts to crack a Zionist-fundamentalist group on the West Bank suspected of terrorist bombings.

Under Israeli law, it is forbidden to publicly name the head of Shin Beth. Halevy, an Israeli citizen, is being indicted on these grounds.

Halevy's story has created a political storm. Achituv has issued a strongly worded formal denial of the report. Begin has personally likened the Halevy article to a "blood libel," the accusation shrieked by rampaging anti-Jewish mobs in medieval times that Jews were drinking the blood of Christian children.

A well-informed Middle East source reported to *EIR* Aug. 13 that "Begin is particularly frantic because he is about to launch a repression campaign that will

terrorize many Arabs into leaving the West Bank. This will occur between now and the end of the year, since Israel's evaluation is that the U.S. is in a state of paralysis because of the elections."

Italian neofascists' 'French connection'

Investigations of Mario Affatigato, the neofascist suspected of the Bologna station bombing in Italy two weeks ago, have led French and Italian authorities to pursue French neofascist organizations.

Affatigato, who was arrested in southern France, is a leading organizer for the FANE (European and National Action Group), which has close ties to Italian and other rightwing terrorists. The FANE leaders proclaim themselves to be followers of the "New Right" headed by Louis Pauwels and Jean-Marie Benoit, publishers of *Figaro* magazine and propagators of sophisticated racial supremacist theories, Wagnerian music and modern art. Pauwels introduced MK-Ultra drug and counterculture experiments to France, and is a specialist in the creation of cults.

The inquiry has led to Paul Durand, a leading FANE member who recently toured the neofascist centers of Italy, including Bologna. Police discovered that Durand was working in the Renseignement Generaux, the French equivalent of the FBI, and at one time had been in charge of security protection for VIPs including France's Grand Rabbi, Jacob Kaplan.

Affatigato's friends in the FANE and the openly fascist Ordine Nero are predominantly former members of the OAS, the secret French organization created to set up a Rhodesia-style regime in Algeria and assassinate Charles de Gaulle. They also include members of the Corsican mafia. Corsican separatists are trying to gain international respectability while their terrorist wing, the FLNC, has launched a wave of bombings and shootings inflicting millions of dollars worth of damage.

Briefly

● **MUSLIM STUDENT** Association leaders based in the U.S. and Canada have deployed to the Middle East to seek Iranian and Arab financial support for their terrorist activity. MSA Secretary-General Mahmoud Rashdan is currently in Teheran. Another MSA leader is in Kuwait fund-raising for "prisoner support work," a euphemism for recruiting hit squads from American jails.

● **THE INDIAN** government has banned a conference of the youth wing of the fundamentalist Jamaat-e-Islami on Aug. 22 in Kashmir. Libyan money is flowing into the region to "liberate" its Muslim inhabitants through Iran-style revolution.

● **FADHEL MASSAUDI**, a leader of the anti-Qaddafi Libyan exile movement, told the Milan daily *Corriere della Sera* Aug. 13 that the movement is unifying to step up operations. A Soviet move to dump Qaddafi cannot be excluded, he said.

● **JESUIT GENERAL** Father Arrupe is seeking to resign, the first General to do so in the 439-year history of the powerful order. Arrupe has come under pressure from the Vatican. Sources predict a shift by the Society of Jesus from left activism to right-wing fundamentalism if Arrupe, an advocate of the "Christian-Marxist dialogue," steps down.

● **EGYPT** has declared a national state of emergency to fight an invasion by tens of thousands of disease-carrying rats. The Health Ministry reported this month that 102 villages had been "conquered" by vermin in the Nile Delta, destroying crops and orchards. A plague potential is also cited.

● **U.S. DRUG** Enforcement Administration offices will be shut down in Bolivia following the coup.

What the U.S. tactical nuclear doctrine means

by Susan Welsh

A shift in U.S. military doctrine, leaked to the press with great fanfare Aug. 6, gives official presidential endorsement for the first time to the idea of waging “limited” nuclear war. The new doctrine, known as Presidential Directive No. 59, has evoked alarmed opposition around the world—from the Soviet news agency TASS, which called it “an insane step,” to the *New York Times*, which editorialized Aug. 13 that a limited nuclear war policy “may actually increase the risk of nuclear suicide.”

PD 59 specifies that Soviet military objectives and the political leadership of the U.S.S.R. would be the prime targets in a nuclear war, although U.S. forces would still be able to destroy Soviet cities and industrial facilities, as specified under the older U.S. doctrine of deterrence through “Mutually Assured Destruction.” The directive, according to press reports, envisages the possibility of fighting a prolonged—but limited—nuclear war, lasting for weeks or even months before one side finally gives in.

From the standpoint of military doctrine, PD 59 contains little that is new, as Secretary of Defense Harold Brown correctly stressed in his Aug. 8 communication to the defense ministers of the NATO countries. The directive formalizes a policy that has existed in basic outlines since James Schlesinger’s tenure at the Pentagon in 1974. And even Schlesinger’s infamous “limited nuclear war” theories were essentially an amplification of the strategy of “flexible response” developed by Robert McNamara during the 1960s and adopted by NATO in 1967. Secretary Brown himself has regularly affirmed a doctrine of

targeting Soviet military objectives—“counterforce” targeting—in his annual Defense Department reports.

The decision to make this strategy official through a President Directive was wrapped up in June by National Security Adviser Zbigniew Brzezinski and a handful of Pentagon and White House aides, according to the Aug. 13 *New York Times*. Brzezinski pushed for the idea in May 1979, following President Carter’s decision to approve the development of the MX missile, but lack of support from Harold Brown and others led Brzezinski to shelve the idea.

Political motivations

The decision to obtain such a directive now must be seen in the context of developments in the Middle East, Europe, and, of course, the U.S. presidential campaign.

Carter is seeking to convey the image of a tough-guy President who would not hesitate to initiate use of nuclear weapons against Soviet forces in the Persian Gulf or elsewhere. Limited nuclear war is a live policy option at the present time for the Carter administration. The circumstances in Iran and the collapse of the Camp David agreements, together with the increased deployment of U.S. forces into the Persian Gulf and the Middle East define a situation in which the unstable Carter and Brzezinski may opt to test their “limited nuclear war” theories. A Pentagon report prepared for Harold Brown earlier this year recommended that “to prevail in an Iranian scenario [such as a Soviet takeover—ed.], we might have to threaten or make use of

tactical nuclear weapons," according to the *New York Times* of Feb. 2.

Second, the flaunting of PD 59 is intended as a political weapon directed against Western Europe, to force Bonn and Paris to abandon their independent foreign policy based on East-West détente and Third World development. Continental Europe's refusal to back the Camp David agreements; the European Mid-east initiative with a role for the Palestine Liberation Organization; the July summit meeting between French President Giscard and West German Chancellor Schmidt, where the two launched cautious but unmitigable steps toward independent military cooperation—these moves galvanized Carter and his National Security Adviser to launch a "show of force" against the allies.

Finally, Carter hopes to out-Reagan Reagan by providing executive authorization for a certain kind of arms buildup "in width." A "counterforce" targeting strategy requires weapons powerful and accurate enough to knock out Soviet missiles in their hardened underground silos.

A counterforce capability is in practice the same thing as a first-strike capability, which accounts for the vehemence of the Soviet denunciation of Carter's doctrine. PD 59 will provide the authorization for accelerating programs that meet these requirements, like the mobile MX missile, the Trident I submarine-launched missile, satellite reconnaissance and the various targeting devices known as "smart bombs."

In addition, if a serious "counterforce" doctrine is to be implemented, programs will have to be launched for 1) a new manned penetrating bomber, 2) a second-generation Trident missile more accurate and powerful than the Trident I, and 3) improved stockpiles of strategic nuclear materials for building warheads, according to high-level military and congressional sources cited Aug. 11 by *Aviation Week and Space Technology*.

The sum total of these policies now boils down to the Republican Party platform adopted in Detroit in July. The GOP endorsed a "counterforce" strategy, roundly denounced the foreign policy initiatives of our European allies, and called for an arms buildup along the lines Carter is proposing.

Kissinger consensus

The convergence of the two platforms is aptly illustrated by former Secretary of State Henry Kissinger's comment in an Aug. 12 speech that he agrees with Carter's policy, but thinks the timing of the announcement was foolhardy.

"I do not believe that the middle of an election campaign is the appropriate moment to announce a new strategy for conducting nuclear operations, a subject of extraordinary delicacy and profound conse-

quence to the Soviet Union, to our allies and our own people," Kissinger said. "Many of us have been concerned about the existing strategy. But I do not believe that it is possible at this moment to engage in a major alteration when nobody knows what the exact purpose is, when there are no new forces being announced or created, and no objectives either for diplomatic or for military forces related to it."

Limited nuclear war is a live policy option at the present time for the Carter administration. The flaunting of PD 59 is intended as a political weapon against Western Europe's independent foreign policy . . . The sum total of these policies now boils down to the Republican Party platform adopted in July. The identity of the GOP and Carter programs has shaken certain policymaking elites who think the limited nuclear war policy is insane.

The identity of the GOP and Carter programs has shaken those policy-making elites who think the limited nuclear war policy is insane. This grouping includes some members of the New York Council on Foreign Relations, the London International Institute of Strategic Studies, the McGovernite wing of the Democratic Party and the State Department crew around Cyrus Vance, Edmund Muskie and Leslie Gelb.

Many in this anti-Brzezinski group are alarmed at the prospect of the "China card" policy going too far and provoking Soviet military retaliation. Two Defense Department weapons experts will go to China in September to inspect ICBM installations and assess the prospects for U.S. direct or indirect military assistance. The Republican Party has made it clear that the "China card" policy would be pursued with equal vigor by a Reagan administration.

Vance, Muskie and their backers therefore have two presidential candidates to choose from, each committed to policies that make World War III very likely. The only option that remains, in their view, is to try to destabilize the advisers to Carter and gain control over him. They would then pursue a similar program in a

more “moderate” form, and attempt to reinstitute the “arms control process” that would induce the Soviet Union to restrict its own development of military technology.

Is Brzezinski on the outs?

This grouping was apparently responsible for “leaking” PD 59 to the *New York Times* and the *Washington Post*. The doctrine was not scheduled to be announced until Aug. 20—after the Democratic National Convention—in a speech by Harold Brown at the U.S. Naval War College in Rhode Island. Instead, the controversial issue became part of the factional brawls around the “open convention.”

In July, sources close to the Kennedy campaign predicted that a major attack would be launched against Brzezinski on the floor of the convention, and that Carter would receive Kennedy’s support if Brzezinski was ousted. The sources predicted that Brzezinski would be fired between November and January, assuming that Carter won the election.

Now, Secretary of State Edmund Muskie is publicly enraged because he was not informed about PD 59. Columnists Rowland Evans and Robert Novak reported Aug. 13 that “Muskie is so furious about not being fully briefed that he talks about demanding that President Jimmy Carter fire his national security adviser Zbigniew Brzezinski. . . ‘Muskie is thinking of going to the President on a “him or me” basis,’ said one well-informed Democrat in New York.” The *Washington Post* focused Aug. 15 on Muskie’s “exclusion from the deliberations” around the directive. “Nothing like this is ever inadvertent,” the *Post* quotes an official as saying.

Leslie Gelb, who was State Department Bureau of Politico-Military Affairs chief under Secretary Cyrus Vance, told a reporter that Brzezinski repeatedly excluded Vance and himself from deliberations on the selection of nuclear targets in the Soviet Union, according to the Aug. 13 *Baltimore Sun*. “It’s a very serious matter when the President is denied possible alternative points of view. We were rejected by the NSC,” Gelb said.

The Vance-Muskie grouping is terrified that Carter and Brzezinski will force the Soviet Union to go to war. Senior officials quoted by the *Baltimore Sun* expressed the hope that the Soviet Union would realize that PD 59 is really not a change in U.S. doctrine, and that Washington does not seek a first-strike capability against the U.S.S.R. “A message to the Russians was due to be sent: that this country is moving in a more militant direction,” one official said. “But the way this has come out in the press gives the appearance of lurching. *We have to watch out for the kind of Soviet miscalculation that led to their invasion of Afghanistan.*”

Europe responds to PD 59

Le Figaro: “Carter directive means NATO must strike first”

Paul-Marie de la Gorce, a leading commentator in France’s Le Figaro newspaper, wrote an analysis Aug. 12 titled “New American Nuclear Strategy.” De la Gorce’s views frequently reflect the unofficial opinion of the French government.

. . . We are not about to minimize that which is new and major in the deployment of the Soviet SS-20 rockets: following the publication of a study by General Gallois [Pierre Gallois, a leading Gaullist military strategist] in a specialized journal, we were the first in the French press to undertake an analysis of the whole situation and to show that due to the invulnerability which their mobility affords, their weak explosive power and their extraordinary precision, they render NATO’s whole military apparatus vulnerable to a first strike and its whole strategy obsolete. But it must be realized that the United States already possesses—albeit in lesser quan-

Cabinet warfare revived

Presidential Directive 59 rejects the doctrine of “Mutually Assured Destruction” in favor of what purports to be a “war-fighting” doctrine: either that new accurate and powerful U.S. missiles could knock out Soviet military objectives in a surprise first strike, or that the two countries could wage limited nuclear war leading to the victory of one side, since the other would not launch its full nuclear arsenal because that would then mean “mutually assured destruction.”

This new insistence on a war-fighting doctrine for the United States reflects a 2 to 3 year debate in the defense community over the implications of the facts that 1) Soviet doctrine insists that nuclear weapons do not invalidate the principle that wars are fought to be won; and 2) Soviet military power is steadily growing,

tity—intermediate-range nuclear weapons capable of striking the European part of Russia, namely their forward base system: the F-111 air bases in Great Britain, the missiles and strategic airplanes deployed on ships of the American Mediterranean fleet. What does “Presidential Directive 59” add to this?

It would permit the use in the same way, that is to say in a counterforce strike, of part of the strategic (long-range) weapons of the United States. There is nothing theoretically impossible about that.

But what should be well understood and not lost sight of is that all this makes sense only if one strikes first. Only in this case could one hope to destroy all the fixed military objectives of an adversary: if it is he who takes the initiative, his forces will already be in motion, his depots, barracks and bases empty or relocated, and a counterforce nuclear strike against objectives of this nature would lose most of its effectiveness.

The question remains whether it is plausible that a Western country would take the initiative in a conflict. General Gallois, who first studied the doctrine of use of new medium-range nuclear weapons and has done the best job, believes that this is unlikely and that the Western leaders are all convinced that they would never be the aggressors. But it is obvious that the potential enemy cannot rely on guarantees of a moral nature. . . .

This directive, so far as the American press has presented it, envisages that the objectives of American strategic nuclear forces would not be only cities, but also transmission centers, communications networks, command posts, etc. The least that could be said about

this “information” is that it is rather disconcerting. For many years the United States has had more than enough nuclear warheads to destroy all the principal economic and demographic centers in the U.S.S.R. They actually have about 10,500 (and the Soviets less than 6,000). One need only consult an atlas to see that the number of Soviet cities that would be significantly destroyed is infinitely more limited than that. For a very long time, planned targets have been diverse, according to what is called an “enlarged countercity strategy.” And this is probably already the case in the French strike plan. . . .

But it is generally insisted in the United States that, in view of the new threat, the application of “Presidential Directive 59” would be directed against silos housing Soviet ballistic missiles. And therefore this directive is presented as inaugurating an era of strategic counterforce, substituting for the countercity strategy. . . .

In order to destroy underground objectives, it is necessary to use what is called a “crater effect” and therefore, unlike other nuclear strikes, the explosion must take place at ground level. In this case, the radioactivity released is at a maximum and its effects are enormous. A one-megaton explosion produces six million tons of radioactive earth. The Soviet Union has 2,200 ballistic weapon silos. Two megatons would be reasonably required to destroy each one of them. Thus the effect would have to be multiplied by 4,400 to measure the results of this “counterforce” strike. This means quite simply that the Russian population would be in large part exterminated. And the Soviets would achieve the same result if they acted that way. An

while that of the U.S. has eroded in depth to the point of possessing very little except for nuclear weapons. The “war-fighting strategy” that both Secretary Brown’s staff and Ronald Reagan’s advisers have come up with is a parody of Soviet doctrine. According to analyst Richard Burt in the *New York Times* Aug. 6, “over the last three years, Mr. Brown, Mr. Brzezinski and other senior national security aides gradually reached the conclusion that Moscow did not accept Washington’s concept of mutual deterrence and that the United States needed to be able to fight a small-scale nuclear war.”

The Soviet doctrine to which these gentlemen are purporting to respond foresees the use of nuclear weapons *only* in a case in which the vital interests of one or both superpowers are at stake, in which full-scale thermonuclear would be unavoidable. Nuclear weapons would be used as one component of *total*

war, with infantry forces moving in afterwards to hold territory that had been “swept” by nuclear bombardment. A first strike by U.S. missiles against Soviet missile silos would find those silos empty, unless complete surprise could somehow be assured—an impossibility under present technologies. Even a “limited” nuclear war in Europe would mean the total destruction of the continent, as European analysts point out (see accompanying article on European reactions).

The only really new feature of PD 59 is the bizarre notion of targeting Soviet “political structures” along with military targets. The author of this idea, Colin Gray of the Hudson Institute, proposes selected strikes against the bunkers protecting Politburo members, against KGB headquarters, and against sensitive ethnic areas in Central Asia and Eastern Europe. This, he hopes, would destroy the political cohesion of the Soviet state and its will to continue fighting.

American study has shown that one single strike against the Minuteman bases in Arkansas would cause between 6 and 16 million deaths. It is perfectly clear that any attack of this type would provoke a counterattack by nuclear weapons which had not been destroyed, that is, minimally naval and submarine-launched weapons. And thus one would return to "Mutually Assured Destruction."

The truth is that at this level there is no counterforce strategy which would not be a countercity strategy.

The Guardian: "Has Mr. Carter subtly changed nuclear rules?"

An editorial in the London Guardian Aug. 9 commented on Presidential Directive 59:

The move is open to several interpretations. It means, for example, that the U.S. does not base its deterrent immediately on the morally offensive threat to annihilate a large part of the Russian population. It also means, however, that the U.S. is preparing for the eventuality of a limited nuclear war. It means that the unthinkable is being seriously thought about. . . .

The notion of limited nuclear war is not as novel as Mr. Carter's announcement would make it appear. It has for many years been engaging strategists in the U.S. and, one may be sure, the Soviet Union. Secretary of Defense, James Schlesinger, set out the options in 1974. . . .

Mr. Carter's announcement of the new strategic doctrine will not therefore take the Russians by surprise. It need not add to Soviet-American tensions. But it is bound to add to the new mood of anxiety in Europe about what the two superpowers are playing at. . . .

The theory of deterrence is that no one shall suffer, in Russia, Europe or the United States. The theory of limited nuclear war must be quite different. Russia and America would suffer a little but would not Europe, and certainly Britain, be as totally ravaged as in a full scale ballistic exchange? . . .

The Observer: "Directive 59 increases risk of nuclear war"

Ian Mather, general correspondent for the London Observer, filed a story in the Aug. 10 issue, writing from Strategic Air Command Headquarters in Omaha, Nebraska:

A reappraisal of the nuclear strategy by the Carter administration has produced a decision which critics claim could make nuclear war more likely. . . .

The new Carter policy, which its supporters like to think of as substituting surgery for mass butchery, has already been criticised for making nuclear war more likely by making it more "thinkable."

The Observer: "A war Russia will not fight"

The following guest commentary by Mark Frankland appeared in The Observer Aug. 10:

The Russians . . . have to assume that a European war would involve western, "European" Russia. It is not surprising that their military doctrine has rather little to say about limited wars. True, it allows that there may be conventional wars and "conventional" periods during a nuclear war. But the essence of Soviet thinking is that any war between East and West will probably become global and that nuclear weapons will be decisive in it.

This is the war that the Soviet armed forces are trained, in the words of their military manuals, to "fight and win." . . .

The notion that the Russians might be ready to weaken themselves by fighting just in Europe, and leave America (let alone China, Japan and other possible new centres of military power) intact, makes no sense.

Why is it almost inevitable that this limited European war would in fact spill over into western Russia? . . . It is incredible that NATO, fighting for its life, would not attack the rear areas, supporting the Soviet armies. . . . What is more, NATO would be able to threaten some of the Soviet strategic missile sites without the Americans firing off a single one of their Minutemen intercontinental missiles.

But a European war that involved the Soviet Union in this way would make no sense from Moscow's point of view. It would leave it, at the end of it, at a disastrous disadvantage to the United States. It would have achieved none of its war-fighting aims. American strategic nuclear forces would be untouched. . . .

A Soviet Union, after this sort of war, would be at the mercy of America. Even if its troops had occupied part of West Europe they would surely not be able to hold on to it. It is easy to understand, then, that the idea of a limited European war cannot seem realistic to the Soviet leaders let alone desirable. . . .

New York Times: "An intensely risky notion."

From an Aug. 15 New York Times column by Paris correspondent Flora Lewis, "Old Strategy or New Risks?" relaying European questions:

. . . It was James Schlesinger, when he was at the Pentagon, who worked out the doctrine for designating military targets as a deliberate intermediary step before the ultimate "countercity" decision. That used to be called "counterforce." Presumably, Secretary Brown renamed it "countervailing strategy" because he didn't want it to sound as though the United States were planning a surprise attack on the Soviet Union. . . .

But what kind of military targets does the “counter-vailing strategy” now envisage? We haven’t been told, nor have the Russians. If they are “soft”—bases, depots, arms factories—the doctrine is indeed a simple evolution adding Presidential options short of MAD, and doesn’t require MX. But if they are “hard”—the Soviet missile silos that other weapons can’t be sure of hitting but MX probably could—Moscow could feel it had reason to fear a U.S. first strike and decide to launch in anticipation of such a strike. . . .

Credibility requires an arsenal enabling the United States to retaliate, but deterrence now requires a balance assuring Moscow that the United States doesn’t imagine it would win a nuclear war.

A second policy question raised by the latest White House directive is the inclusion of “command and control” targets. One constant of nuclear strategy has been the understanding that, contrary to conventional doctrine, the enemy’s command should be left intact so that there is still someone capable of stopping action with whom to negotiate before escalation becomes automatic and unconditional for humankind.

Is this axiom being abandoned? Some American officials say not necessarily but that the U.S. President should have the choice of liquidating the enemy’s leadership if he thinks there is someone more amenable around to take charge. That is an intensely risky notion which can do nothing to stabilize the balance with Moscow or enhance deterrence. . . .

It’s the sort of thing that makes friend and foe alike complain of inconsistency and uncertainty in the White House.

Soviets respond

The Soviet news agency TASS has issued its analysis of the Carter administration mandate for “limited nuclear war” known as Presidential Directive 59. “The American administration is methodically pushing the world toward a nuclear catastrophe,” said TASS on Aug. 11.

“Only rabid militarists who have lost all touch with reality and are prepared to push the world into the abyss of nuclear holocaust . . . can conceive and sanction such plans now.”

The official Soviet news agency characterized PD 59 as “insane” and warned that “the Soviet Union will have to draw the necessary conclusions. . . . It would be naive to think that the Soviet Union will stand idle while nuclear weapons are being perfected in the United States.”

In a separate TASS release dated Aug. 8, the Soviet military made itself heard on PD 59 as well. Lieutenant General Sergei Radzievskii, Deputy Director of the Institute of Military History, stated to TASS the essence of the Soviet doctrine which renders PD 59 worse than useless as military strategy. “The question of using military strength,” explained Radzievskii, “is envisaged in Soviet military doctrine only in a situation where the aggressive struggle becomes a real fact, when the Soviet Union has no other way out but to *launch all its military might at the enemy to crush it completely*” [emphasis added].

In other words, the U.S.S.R. will not fight a “limited nuclear war” with the United States. It will fire its missiles on North America, both at military targets and population centers. And given Soviet superiority in in-depth convention backup forces, it will be in a good position to win World War III.

Doctrine not new

The doctrine of “counterforce” targeting for a nuclear exchange which the Carter administration projects could be delimited by negotiation without its burgeoning into all-out conflict, is no surprise to Moscow. Throughout 1980, specialized Russian publications have reported on the ongoing elaboration of this strategy as a refined version of James R. Schlesinger’s “limited nuclear war” doctrine instituted in 1974.

Nevertheless, the Soviets responded with one of the most toughly worded attacks they have aimed at Jimmy Carter during his term. The reason is that Moscow deems the international strategic situation to be at an extreme of instability. There is evidence of debate inside the Kremlin over whether a détente policy can make any impact at all on the danger of war, even with a commitment to saving the peace on the part of the continental European NATO members.

In recent articles in Soviet Communist Party publications as well as at party meetings, political allies of Soviet President Leonid Brezhnev have gone to great lengths to defend his attempts to keep détente alive, apparently responding to criticisms from the military and other political circles. The announcement of PD 59 can only strengthen the hand of those in Moscow who believe that nuclear war is inevitable given the policy commitments of either a Reagan or Carter administration.

A Soviet commentary on the Democratic Party convention, reported in the Aug. 13 London *Guardian*, predicted that Jimmy Carter might launch drastic actions overseas to boost his reelection chances. Between now and November, the Soviet commentary said, Carter could engineer “political crises” in order to “distract public opinion” and turn the tide in his favor.

An American mission to China

Daniel Sneider uncovers the kind of military goods and expertise the Defense Department is sending to Peking.

For two weeks in the middle of September two of the nation's top defense technology specialists in strategic nuclear weapons systems will be the guests of the People's Republic of China. Where they will go, who they will see, even what they will discuss has not been revealed yet by either the authorities in Peking or Washington.

The two men are Dr. William Perry and his assistant Dr. Gerald Dinneen. The former is in fact the Undersecretary of Defense for Development, Research and Engineering; the latter is Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

Both joined the Defense Department with the Carter administration in 1977, but both are also longtime members of the upper echelons of what is referred to as the military-industrial complex—they are specialists in the most advanced areas of defense technology, in the electronics systems that relate to missile guidance, to electronic detection of missiles, and to electronic intelligence gathering.

'Ongoing consultations'

While the Defense officialdom will say no more at this point than to acknowledge the fact of this visit and the time of its occurrence, the State Department adds that this is part of ongoing consultations between the U.S. and the PRC on defense matters and on transfer of defense-related technology to China. Dr. Dinneen in fact is the key Pentagon official in charge of the transfer of technology to China, and his boss, Dr. Perry, controls the Defense Department's entire research and development program.

According to official sources, the visit is a product of the growing defense contacts between China and the United States.

The exchange took off with the visit of Defense Secretary Harold Brown to China last January. Next, Chinese Vice Premier and defense chief Geng Biao

visited the U.S. in the spring. Following Geng Biao's visit, when the sale of U.S. defense technology to China was unveiled as a new policy, the Chinese invited Perry and Dinneen for a visit.

Since then little has been said about what is actually involved in these discussions or even what U.S. policy is toward sale and transfer of defense technology to China. In late June, Assistant Secretary of State for East Asian Affairs Richard Holbrooke visited China, just preceding the Hua-Carter talks in Tokyo. Although little was said about what happened during that visit, the Japanese news agency Kyodo reported from Peking that an agreement had been reached to hold regular quarterly defense consultation meetings with the Chinese, the first in Peking in October.

It appears that the Perry-Dinneen visit, which also surfaced as news at the same time as the Holbrooke visit, will be the first meeting in the series of consultations.

The quiet before the storm

What is amazing about this visit is not simply that the men most responsible for defense technology related to the most advanced elements of strategic nuclear weapons systems are going to China to discuss "transfer of defense technology." The Carter administration has undertaken a major shift in U.S. policy toward China, a shift toward a military alliance whose scale and character remain largely unknown and in fact are likely to have proceeded far beyond the bounds many Americans imagine still exist on such cooperation.

All this has taken place without a single significant statement of what U.S. policy is from any senior official of the U.S. government. A policy shift is accelerating that could mean war or peace for the U.S., and the vast majority of government officials and Congressional representatives, not to mention the public at large, have been kept completely in the dark. Will we wake up one morning and read on the front page of the *New York*

Times, courtesy of a leak from Dr. Brzezinski, that there exists a Presidential Directive No. 60 which commits the U.S. to a strategic nuclear alliance with the People's Republic of China?

Nowhere does there exist in the public record any discussion by administration officials of the effect of their new defense policy with China on the Soviet Union. Even if one were to accept the standard premise that the PRC relationship can be utilized to grasp concessions from the Soviet Union, there is no evidence that this works.

On the contrary, the evidence is that each step by the U.S. toward providing China with enhanced military capacity, particularly if that involves strategic nuclear systems, only increases Soviet aggressiveness and potentiality for direct U.S.-Soviet thermonuclear conflict.

Holbrooke states the policy

The closest thing to a policy statement during this past year was a controversial speech by Holbrooke June 4 on U.S.-China policy, a speech pointedly delivered right after the Geng Biao visit. As was noted at the time, Holbrooke declared that "triangular diplomacy" was "no longer an adequate conceptual framework in which to view relations with China" and that relations with China would be developed "on their own merits."

Holbrooke enunciated some vague "principles" on which China policy would be based. One of those was a clear commitment to buildup of China's defense capability, on the dubious premise that a strong, "secure" China "enhances stability in the Pacific and on the Eurasian landmass and therefore contributes to our own security and that of our allies." Holbrooke at no point mentioned the Soviet Union directly, but he used several phrases that, as one defense expert remarked, "amount to perhaps the most threatening statements this administration has dared to make to Moscow."

The sum total of those references is the threat to elevate the verbal notion of "friends" and "parallel interests" (the usual descriptions of U.S.-China ties) to a strategic alliance. As Holbrooke put it at one point: "In short, relations with China are not a simple function of our relations with the Soviet Union, although the pace of their advance has been and will continue to be influenced by changes in the international environment. . . . In the absence of frontal assaults on our common interests, we will remain—as at present—friends rather than allies."

These points were made in testimony delivered by experts before a hearing conducted on U.S.-China policy by Lester Wolf's House International Relations Subcommittee on Asia and the Pacific. The hearing, first of a series on this subject, in part reflects growing

unease on Capitol Hill and among foreign policy makers about just how far U.S. relations with China have gone and are going. While for the first time many people are at least asking some timid questions, few have really taken stock of the impact of merely continuing a strategic policy shaped under Henry Kissinger.

The nuclear technology issue

The White House, the Defense Department and the State Department have attempted to portray the decisions on transfer of defense technology as moderate and limited in character. While it is readily admitted—in fact eagerly admitted—that items now licensed or potentially licensed for sale to China are well beyond anything considered, even in the past, for sale to the Soviet Union, the attempt is made to allege that a certain line has been drawn.

The definition of that line, however, is such as to make it meaningless in terms of its strategic impact. Supposedly the key limitation is that the U.S. will not sell actual arms and arms systems to China. What is permitted is what is called "dual-use technology and defensive military support equipment." Computers, radar systems, trucks, helicopters, jet transport are given as examples of such equipment.

Such a definition ignores the rudiments of modern warfare, the kind of technology which is in fact vital to conduct of warfare, particularly strategic nuclear warfare, and which rarely appears in the form of direct arms systems. That gray area known as "dual-use technology" is not a keyhole through which small items can be slipped but an open door big enough to drive a Mack truck through.

Nuclear weapons systems

The crucial issue for the Chinese, for the Soviets, and for the U.S. is the enhancement of Chinese strategic and tactical nuclear capability.

This not only involves the construction of the bomb device and the rocket delivery systems which the Chinese have demonstrated. It involves highly sophisticated electronic technology which performs functions like guidance of missiles, use of satellites for precise targeting, electronic counter systems, telemetry communication and encoding, communications systems of various kinds, not to mention the complex radar systems, early warning systems, satellite detection and surveillance systems, and variety of other hardware and expertise which are all part of modern nuclear warfare.

All these aspects of a strategic nuclear force Peking necessarily lacks, due to the poor quality of its scientific and technological base, with the exception of the aging corps of U.S.-trained scientists who made their way so easily to China in the 1950s. All this can easily be

transferred to Peking under the vague guidelines already set out by the administration. And all this, delivered and installed by China, would be considered in Moscow a direct and vastly different threat to the national security of the Soviet Union.

Has anyone in Washington, inside or outside the administration, considered what the Soviet response must be to such a perceived threat, particularly one supplied by Washington?

One answer was given in somewhat confused fashion by Michael Pillsbury, a Reagan defense adviser who testified before the Wolff committee and has in the past been an advocate of U.S. arms and defense technology transfers to China. Said Pillsbury in an interview with *Newsweek* April 21: "The Soviets, who are obsessive missile counters, exaggerate the importance of Western arms transfers to China. This is a dangerous situation, which could lead to a pre-emptive Soviet strike on China." Pillsbury does not go on to consider what the U.S. would do in such circumstances.

Back to Perry and Dinneen

With this in mind it is useful to return to Messrs. Perry and Dinneen. If they are going to China to discuss something relatively innocuous like sale of trucks or helicopters, they are a bit overqualified for the job.

Take Dr. Perry, for example. Before joining the Defense Department he was director of the Electronic Defense Labs of the Sylvania Corporation in California, where he directed work on analysis of missile systems and electronic reconnaissance systems.

He was on the scientific advisory committees of the Defense Department and the National Security Council; joined a special panel evaluating the famous "Missile Gap" in 1960; worked on SALT verification problems; and finally, advised the Defense Intelligence Agency on electronic intelligence regarding satellite data and so forth.

Dr. Dinneen has a parallel record of expertise. He was director of the Lincoln Labs at the Massachusetts Institute of Technology, a highly classified defense contract or which specializes in radar, electronic guidance for missiles, and missile system technologies. He has been with the Lincoln Labs since 1953, and was the vice-chairman of the scientific advisory committee of the Defense Intelligence Agency and the Air Force. His present job is concerned with electronic detection, surveillance, and communications systems, especially as they relate to strategic nuclear warfare.

Not even the itinerary of the Perry-Dinneen visit to China is yet public. But at the least, grave questions must be raised about what is going on here, before the answers are found out the hard way.

The Muslim Brotherhood story

EIR spurs investigation

by Robert Dreyfuss

Nearly two years after the *Executive Intelligence Review* began the series of exposés which gained it international recognition as the leading authority on the Muslim Brotherhood, the American press and law enforcement authorities have themselves begun a serious campaign to investigate the activities of the Muslim Brotherhood in the United States and abroad.

The July 22 assassination of Ali Akbar Tabatabai, which was recognized generally as a conspiracy that began in Teheran, was the catalyst for those investigations. The trail led directly to the Brotherhood and its various arms.

Since that assassination, *EIR* has been contacted by the press, police departments, and other agencies requesting briefings and detailed background reports concerning the Muslim Brotherhood, the Muslim Students Association, and the activities in the United States of Savama, the secret police of Ayatollah Khomeini.

That process was accelerated by reports of an interview with Farah Diba of Iran, the wife of the late Shah, who declared to the West German magazine *Bunte*, "To understand what has gone on in Iran, one must read what Robert Dreyfuss wrote Nov. 13, 1979, in the *Executive Intelligence Review*."

Thus, on Aug. 8, the *Washington Post* reported that the presumed assassin of Tabatabai, David Belfield, employee of Bahram Nahidian, was also a protégé and devotee of Said Ramadhan, an Egyptian who is a leader of the Muslim Brotherhood and who now lives in Geneva, Switzerland. The *Post* reported that Belfield spoke with Ramadhan by telephone two days before the murder of Tabatabai and then again two hours afterward! That same day, the *Post* said, Belfield escaped by jet to Switzerland. The *Post* reported that Ramadhan was a leader of the Brotherhood in Egypt—echoing reports first published in the *EIR* more than a year ago.

Other newspapers, including the *New York Times*, have also begun to cover the Tabatabai assassination and the activities of pro-Khomeini organizations here from the standpoint of a conspiracy, although so far only small pieces of the puzzle have been published outside

the pages of the *Executive Intelligence Review*. The *Times* reported Aug. 8 that federal authorities are preparing a case for a Chicago grand jury that will investigate an alleged "conspiracy" behind pro-Iranian groups in the United States, including illegal money flows and major violations of the Foreign Agents Registration Act. On Aug. 15, the *Times* covered law-enforcement investigations of a trip to the U.S. by Khomeini's security chief, Gen. Hussein Fardoust, reported two weeks earlier by the *Executive Intelligence Review*.

A few press extracts concerning the unfolding story of the Muslim Brotherhood investigation are presented below, along with an interview, and a statement from the Iranian opposition.

Washington Post covers terrorist funding flows

The following are excerpts from an Aug. 8, 1980, Washington Post front-page article entitled "\$5 Million Sent to U.S. by Iran to Back Protests." The "New York banking concern" responsible for conduiting money to Iranian terrorists referenced in the article is the First Gulf Bank and Trust Company run by Dr. Cyrus Hashemi—information first published several weeks ago by Executive Intelligence Review. The story behind Bahram Nahidian, the Washington, D.C.-based terrorist controller, is also an EIR first.

Law enforcement investigators say at least \$5 million has been funneled into the United States from Iran to support Iranian Moslem revolutionary protest and propaganda efforts here.

Funds have been sent here from Iran through diplomatic pouches, international couriers and foreign banks, and also raised through the sale of hashish and heroin brought into the United States, informed sources said. . . .

According to the law enforcement sources, the collecting point for much of this money is a New York banking concern that has its principal banking facilities in the Caribbean. They said that at least several hundred thousand dollars have been funneled through this bank.

Other funds have been sent into the country in Iranian diplomatic pouches sent through the Iranian interest section at the Algerian embassy here, and through the sale of narcotics smuggled here, the law enforcement sources said. . . .

Law enforcement sources also say they are convinced that one of the chief local disbursers of funds and the key coordinator of Moslem protests here, is Bahram Nahidian, a Georgetown rug merchant and the most prominent Khomeini supporter in the country.

Nahidian, according to law enforcement officials, has

been recruiting black American Moslems to the Khomeini cause. His chief lieutenant, they say, was Daoud Salahuddin, who is accused of murdering the leader of an anti-Khomeini Iranian faction at his Bethesda home last month. Salahuddin, who is now reported to be in Iran, was paid between \$500 and \$1,000 a week while working for Nahidian, law enforcement sources said yesterday.

The group that Salahuddin belonged to, according to these sources, is known as the Islamic Guerrillas in America (IGA). According to one IGA flyer, the group espoused the destruction of its enemies "by any means, whether lawful or imperfect." . . .

The umbrella organization, they say, is the Moslem Students Association, (Persian Speaking Group) which is the group currently demonstrating in front of the White House, and whose members made up the 192 arrested here July 27. . . .

Police say they are concerned with violence between Moslem groups and within the last week have warned two moderate Moslem leaders that they have been reported to be on a list of people targeted for assassination.

Washington Weekly charges Carter White House

The following is from an article by syndicated correspondent Sarah McClendon in the Aug. 12 special Democratic Convention issue of Washington Weekly:

Iranian terrorists working directly under orders from Iran have been reorganized since the last Carter press conference, when their presence in this country was mentioned in a question to the President.

The President quickly denied allegations by *Executive Intelligence Review* of 304 West 58th Street, New York City, that the terrorists of Iran's secret police, Savama, were being allowed to operate in the U.S. against Khomeini's enemies—as a bargaining plan to free U.S. hostages before the November elections.

Since then, the story has begun to unfold by big and small pieces in the *Washington Post*, *New York Post*, Channel 5 and Channel 9 in Washington. Much more is to come. The story is far bigger than the Billy Carter story. . . .

With the facts all known, this could have considerable bearing on President Carter's nomination for reelection and certainly in his campaign against Ronald Reagan. . . .

It was concluded by the Iranians that Bahram Nahidian, the Washington rug dealer who financed the demonstrations, was too hot to continue as key man in the network of negotiations between the Iranian government

and the Carter administration (including the State Department, Justice Department, and the National Security Council). Word went out to cool it for Nahidian. The man now calling the orders for continuing and more violent demonstrations in this country—at the Democratic National Convention in New York, in and on the West Coast, is Hossein Fardoust, leader of Islamic Guerrillas and their network of terrorism in the U.S. . . .

The *EIR* has tapes of conversations between officials of the U.S. government on accommodations being arranged for protests to continue and for the Iranian demonstrators to be released without undergoing the usual stringent immigration rules on deportation of violent aliens. The denials of the U.S. State Department that it never entered into such agreement, (saying that the Washington police did not understand the “goals” of foreign policy) show that Secretary of State Ed Muskie, working with the Carter White House, gave his approval for this special favorable treatment of the terrorists completely outside immigration law and outside laws that protect U.S. citizens and property.

Powerful media organizations in this country, with many reporters working on the question, know what is going on. But will they reveal it in time for the public to know before the votes at the Democratic Convention?

Mexico City's El Heraldo cites EIR exposé

The following is excerpted from an Aug. 12 column in Mexico's newspaper El Heraldo by Leopoldo Mendivil entitled "Cartergate."

New York—If you think that by winning yesterday's battle for the Democratic nomination Jimmy Carter's headaches are over, don't be too sure. For there are already new forces and currents looking to break open a scandal baptized “Billygate.” . . . This is a conflict that involves many interests and figures and most likely goes beyond the globe-trotting lad to perhaps reach his brother, the President of the United States himself.

If this happens, “Billygate” could turn into “Cartergate.”

The accusations being made against President Carter include having lent himself to negotiations with the Iranian ayatollahs Khomeini and Beheshti in an attempt to get the U.S. hostages released, for electoral purposes, in exchange for facilitating the operations of terrorists trained to act against members or supporters of the late Shah Reza Pahlavi in the United States.

That is not all. It is held that the entire plot involves the Libyan government as well as the leaders of the Muslim Brotherhood and prominent heads of the inter-

national mafia including Robert Vesco, who was involved in Watergate and for that reason left the United States.

While at this time the whole affair has not gone beyond the point of accusations by various figures belonging to leading organizations, it is likely the matter will become part of the material to be cleared up during the legislative hearings on Billy Carter's activities.

The following was taken by this reporter from the *Executive Intelligence Review*, a limited circulation publication claiming to base its allegations on facts proven by various international intelligence services: [There follows a long paraphrase of *EIR*'s exposés of the Carter ties to Robert Vesco, the Sicilian Mafia, and international terrorism—ed.]

Iranian exile opposition demands official action

A leading member of the anti-Khomeini Iranian exile community, who was himself a victim of an attempted assassination ordered by Khomeini's secret police last week, called Aug. 13 for an end to "the Carter administration's alliance with Islamic fundamentalism and with the Muslim Brotherhood.

Kambiz Shahraies, Director of GAMA (Movement for the Independence of Iran), and several of his colleagues signed the statement, which was addressed to delegates of the Democratic National Convention. On Thursday, July 31, the home of Mr. Shahraies was attacked by an armed assailant who escaped after shooting and seriously wounding a colleague of Mr. Shahraies, a young Iranian. On July 27, Mr. Shahraies had acted as a spokesman for the Iran Freedom Foundation's demonstration in Washington, D.C.

The founder of the IFF, Ali Akbar Tabatabai, was himself assassinated in his Maryland home July 22 by agents in the employ of Khomeini's regime. GAMA co-sponsored the July 27 rally with the IFF.

The text of the statement from the GAMA leaders is as follows:

To the delegates of the Democratic National Convention

The Carter administration's continued commitment to a policy of alliance with Islamic fundamentalism has now resulted in conditions of catastrophic proportions.

Since the overthrow of the government of the late Shah and Prime Minister Shapour Bakhtiar, U.S. National Security Chief Zbigniew Brzezinski's public proclamation of support for Islamic fundamentalism as the Carter administration “bulwark against communism” for the Middle East has not only resulted in the institution of a barbaric regime rivaling that of Pol Pot's

Bahram Nahidian blames LaRouche

The following is excerpted from an Aug. 11 interview with A. Bahram Nahidian, made available to EIR. Nahidian is the Washington, D.C. senior operative on behalf of the Khomeini regime.

Q: What causes remain for further Iranian student demonstrations in the U.S.?

A: There have been many media slanders against the Islamic revolution which anger religious students. The story that Ayatollah Khomeini has ordered all Catholics and nuns out of Iran is totally irresponsible. It is these sorts of lies that cause the students to demonstrate.

Q: What channels do you think can be established for communication between the U.S. and Iran?

A: You must understand that I do not care about the government of Iran, only Islam. To the extent that Iran is within the boundaries of the Islamic world, I am concerned about events within its borders. Sometimes we have been able to work with the present U.S. government, but it was necessary to demonstrate against U.S. imperialism when Henry Kissinger became involved in a coup against Iran.

Q: What might cause further demonstrations at this moment?

A: Many of the students are asking, how can we be quiet if our brothers are in prison in London at this moment? Still, it took 11 days to free the 191 student prisoners in the U.S. and it has only been 10 days in London.

Q: How would a decision like that be made with the current differences in Iran between President Bani-Sadr, whose base used to be the students, and the Ayatollah Beheshti?

A: I believe that the Ayatollah Beheshti is one of the greatest spokesmen in the Islamic world today. He is a man to whom I owe allegiance so long as he serves the interests of Islam.

Q: Why do you think you have been such a target of the media?

A: This I do not understand. I have lived in the United States for 20 years. I went to school here in Washington, D.C. And sometime ago I set up my rug shop to be able to talk to people. My current activities have been the same for the last 12 years. No one has ever complained before. Not the D.C. police, who make such an issue about me today, nor the federal authorities.

Q: It is not just the police who are making an issue about your activities. Did you see the half-hour broadcast by Lyndon LaRouche, a Democratic Party candidate?

A: No, I did not, but my friends told me about it. This is absurd, this idea that the Carter administration and the Muslim Brotherhood are collaborating together in some kind of plot. Such a man is dangerously mad.

Q: Most of the U.S. press ignores him. Why are you worried?

A: It is an embarrassment to the United States that such a man can run for President. Because of his *Executive Intelligence* journal, even the *Washington Post* has begun to talk about the Muslim Brotherhood.

Cambodian horror and the seizing of American citizens, but threatens the entire Middle East with regional war and instability with the great potential for superpower confrontation.

The recent Billygate revelations indicate just how firmly the Carter administration is wed to the Muslim Brotherhood and its puppet dictators like the Ayatollah Khomeini and Libya's Muammar Qaddafi.

Unless this alliance is immediately repudiated, Khomeini's assassins have a virtual license to kill their opponents here and abroad. We, the publicly an-

nounced targets of these assassins, urge you to repudiate the doctrine of an alliance with Islamic fundamentalism, which does not represent the true tradition of Islam. We urge you to support a crackdown on the Muslim Brotherhood and its agents.

GAMA (Movement for the Independence of Iran)
Kambiz Shahraies, Director of GAMA,

Los Angeles

Cyroos Azermy, Associate Director, Oklahoma
Sarbast Jaff, Associate Director, San Diego

Think tankers and Iranization

Some interesting things popped out when the cream of U.S. and Mexican think tankers got together.

Several weeks ago, this correspondent took a short trip to the beautiful and historic city of Guanajuato, 300 kilometers northeast of Mexico City, to seek out the news behind an interesting meeting of liberal Mexican, U.S. and Latin American academics.

The four-day meeting took place from July 28 to Aug. 1. It was organized by the U.S. Studies division of Mexico's Center for Research and the Teaching of Economics (CIDE), an institute of postgraduate studies attended by broad strata of the Mexican state bureaucracy.

The imposing name of this particular conference was "Mechanisms of Decision-Making of the U.S. Government."

While such U.S. luminaries as Bob Bond of the New York Council on Foreign Relations and Abe Lowenthal, director of the Latin American division of the Woodrow Wilson Center in Washington, D.C. canceled at the last minute, other able representatives of the so-called liberal foreign policy establishment in the United States were very much on the scene.

What I found out right away is that these think tankers live, sleep and breathe the issue of "destabilization." Riordan Roett, reigning Brazilianist star of John Hopkins, showed up to predict that "Guatemala will fall" within four to five months.

Susan Kaufman Purcell, Latin

American specialist on the State Department Policy Planning Staff, casually dropped the bombshell that "there are some who have told me that the government of Saudi Arabia will fall in nine months." A few of the more knowledgeable Mexicans in the audience, aware of the Carter administration's record of undermining the Saudi regime since the Saudi refusal to join the Camp David pact, recognized that this was no unwitting remark. And they feared for Mexico.

Purcell went on to pledge that if destabilization occurred in the Persian Gulf, the State Department policy was not to turn to Mexico for making up the lost supplies of oil. "The State Department is very clear that a high level of oil production would produce a high rate of inflation that would destabilize Mexico."

But in the same breath she urged the establishment of a "special policy arrangement" with Mexico, a phrase immediately understood as a call to lock Mexican energy resources into U.S. strategic needs.

Ms. Purcell only made matters worse when she tried to correct herself: "I don't mean to say that. . . . I don't want to say that we should have a 'special relationship' with Mexico. . . . Well, we could use different words, but they would mean the same thing."

Purcell is no innocent in such matters.

A long-time profiler of Mexico's political command structure and particularly of Mexico's crucial presidential selection process, Purcell has done research service for both the Council on Foreign Relations and the Woodrow Wilson Center before moving into her State Department post.

Later Richard Lucco, a think tanker based at Williams College, declared to the audience without the least hesitation that "the Schlesinger shock created Heberto Castillo."

According to Lucco, Castillo—a prototerrorist leader of the opposition to the Mexican government's energy development policy—"was a nobody" until Schlesinger, during his tenure as Energy Secretary, sabotaged the U.S.-Mexico gas agreement. After the Schlesinger move, Castillo was converted overnight into a "nationalist" hero with the slogan "Hide the oil under the bed."

During the recess, Lucco indicated to me that Heberto Castillo's brand of Mexican nationalism now had to be "viewed as an independent variable" in estimating possibilities for internal political conflict in Mexico. "A la Khomeini," I thought to myself.

And the leading Mexican think tankers present, such as Carlos Rico of CIDE and Jorge Bustamante, government-sanctioned guru on immigration issues were indistinguishable from their U.S. colleagues. Rico exhaustively outlined how Central American instability can be imported into Mexico.

This column was contributed by Mexico City EIR correspondent Hector Apolar.

Will Sadat chuck Camp David?

Saudi Arabia signals that the Arab world is prepared to welcome Egypt back into the fold.

A well-organized movement has begun to shape up to reconcile Egyptian President Anwar Sadat with his fellow Arabs. At the forefront of the operation is Saudi Arabia. In an interview with the *Washington Post* last week, Saudi Foreign Minister Saud al-Faisal declared in the first public signal to Egypt since the Camp David process began two years ago that "we are making efforts to bring Egypt back into the Arab camp." Working with the Saudis to resolve "the Egypt problem" is Iraq, whose president, Saddam Hussein, just made a lightning visit to Riyadh to hammer out the details of an emerging Riyadh-Baghdad axis.

Camp David is a dead letter in the wake of the Begin annexation of East Jerusalem and Sadat's subsequent freeze on autonomy talks. Faced with this reality, Sadat finds himself with few options but to pick up on the Arab initiatives.

Morocco, a close ally of Saudi Arabia, is making parallel overtures, with a promise to Sadat that if he takes a firm stand on the question of Jerusalem, Morocco will work to restore Sadat to Arab favor.

According to Arab sources, there is little doubt that a process of reconciliation is going on between Cairo and Riyadh, opening the way to unify the Arab world. Sadat is reported "in retreat" on Mount Sinai, where he is mulling over his next step and refusing press inter-

views or conferences.

Last week Egyptian officials dismissed Israel's call for a return to the Camp David autonomy talks as "ridiculous." In his Aug. 2 letter to Begin, Sadat declared further Israeli-Egyptian talks to be "virtually impossible" because of Begin's stance on Jerusalem and the West Bank, and expressed concern over the "deterioration" of relations between the two countries.

The unifying element of the drive to reintegrate Egypt into the Arab world is the growing—and increasingly vocal—Arab opposition to Muslim Brotherhood extremism à la Khomeini. In recent days, the Moroccan ulema, or clergy, the Grand Ayatollah of Iraq, the Grand Mufti of Egypt, the Muslim World League in Saudi Arabia, and religious leaders in Tunisia, have all exposed Khomeini as a false prophet and blasphemer. In a special religious edict, the Moroccan ulema condemned Khomeini for placing himself above the angels and the Prophet Mohammed and for his pretensions to be a "mahdi," or messiah, having greater power than God. "Such pronouncement is contrary to the monotheistic faith and is deplored by every Muslim," the Moroccan ulema declared.

The ulema called upon other Muslim religious leaders to take a stand on Khomeini's heresy.

A well-placed Arab diplomat told *EIR* this week that these denunciations have "started the ball

rolling" against the Muslim Brotherhood in the region, and against the covert alliance between the Brotherhood and the backers of Camp David. The Arabs are kicking the door open to the Europeans, whose initiatives for an overall peace approach have already been well received.

Sadat, who himself has unreservedly attacked Khomeini in recent months, is thus well positioned to return to the Arab cause. In planning his next move, Sadat has been in consultation with both French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt. Symbolizing Sadat's new European connection, a secret \$500 million loan by France to Egypt for the construction of a Cairo subway system and an expanded communications system has just been made public.

In addition, Egyptian envoys are being sent to several world capitals to negotiate a post-Camp David strategy. Minister of State for Foreign Affairs Butros Ghali has been dispatched to Rumania, whose president, Nicolae Ceausescu, appears to be initiating mediation efforts for the Middle East. Ceausescu will host Jordan's King Hussein over the weekend, and has recently held summit meetings with Giscard and Soviet leader Brezhnev. Ceausescu has reportedly also been conveying messages to the Palestine Liberation Organization concerning possible shifts in Egyptian policy. Other Egyptian diplomatic missions include the dispatch of Vice-President Mubarak to several Western European nations at the end of this month and the sending of special envoys to both West and East Germany during the next several days.

National News

Compromise plan for India fuel sales

Congress has postponed consideration of nuclear fuel shipments to India until after the Democratic Convention. Most observers agreed that the sale would have been defeated in the House had it come to a vote, although the Senate outcome was unclear.

Rep. Jonathan Bingham of New York, Democratic sponsor of a resolution disapproving the sale, agreed to postpone the issue pending study of a proposal made to the House Foreign Affairs Committee by Joseph Nye, Jr., a Harvard University political scientist and former Undersecretary of State.

Nye proposed that Congress allow the administration to proceed with a first shipment of enriched uranium to India's Tarapur facility, but delay a second sale for about two years, when India will need replenishment of the fuel. Before the second shipment the administration would have to certify to Congress that it had no evidence that India was preparing new nuclear explosions or attempting to build nuclear weapons.

Congress has 60 days to override presidential authorization of the sale, made June 19 under the State Department verdict that otherwise India will turn to the U.S.S.R., France, or its own reprocessing.

Right to die case spurs lawsuit

An \$80 million lawsuit was filed July 31 in the Superior Court of Franklin County, Mass., against Lyndon H. LaRouche, two medical professionals, and eight employees and two administrators of the Holyoke Geriatric Authority. The suit stemmed from the defendants' efforts to save 83-year-old Earle Spring, a resident of the Holyoke center, from court-ordered euthanasia.

The case made national headlines in

January when attorneys for LaRouche, a candidate for the Democratic presidential nomination, rallied international pressure and overturned a Jan. 19 Massachusetts probate court order terminating kidney dialysis treatment for retired pharmacist Spring. Spring's treatment was restored and he lived until mid-April. On May 13 the State Supreme Court upheld the original order that Spring "die naturally" of uremic poisoning.

In a statement following the announcement of the lawsuit by attorneys on behalf of Mrs. Spring, LaRouche said that no invasion of privacy had occurred through his involvement in the case, since it was already a news feature in the press, and that more importantly, he intervened after Spring had clearly stated that he wanted to live. LaRouche added that the new lawsuit challenges the right-to-life principles shared by the U.S. Constitution and the Catholic Church.

Billygate heats up again —against Jimmy

Attacks on Jimmy Carter's role in the Libyan scandal were renewed Aug. 13, partly motivated by an attempt to undercut the Democrats as well as the President. In a *New York Daily News* column, syndicated muckraker Jack Anderson charged that Attorney General Benjamin Civiletti "stepped back, withheld funds that had been requested for the Libya investigation, and rejected a proposal to appoint a special prosecutor to conduct fullblown investigations. . . .

"The Justice Department had a team of undercover agents working on the Libya investigation" who accumulated stacks of incriminating evidence showing Robert Vesco and Mansur Kikhia, Libya's U.N. ambassador, "secretly recorded as they engaged in conspiratorial discussions with middlemen about multimillion-dollar payoffs for members of President Carter's inner circle, including Billy Carter, Hamilton Jordan, and Democratic Party Chairman John White." All are charged with accepting payoffs from Vesco and Libya in connec-

tion with Billy's Charter Oil Co. dealings.

ABC-TV reported Aug. 13 that Vesco may be extradited from his Bahamas retreat to testify against the Carter White House. ABC also reported that Libya's Qaddafi government was caught funneling large amounts of money to unnamed administration officials to "halt the influence of American Jews over U.S. Middle East policy." Such charges will not endear Carter to megastate voters in New York, Illinois, or California.

'Dump Brzezinski' pressure grows

Leslie Gelb, former head of the State Department's political-military affairs bureau under Cyrus Vance, told the *Baltimore Sun* Aug. 12 that he and Vance tried "more than a dozen times" to join nuclear targeting discussions but were excluded by Zbigniew Brzezinski. "It's a very serious matter when the President is denied possible alternative points of view."

Another senior official said he hopes the U.S.S.R. will not view the new Presidential Directive 59 doctrine of limited nuclear war as a first-strike doctrine. "We have to watch out for the kind of Soviet miscalculation that led to their invasion of Afghanistan."

Gelb told a reporter that one of the big problems with PD 59 is that "this kind of decision ought to result from discussions with our European allies, and I'm virtually certain we have not consulted with them on this one."

A growing "dump Brzezinski" move includes pro-Kennedy elements from the American Committee on East-West Accord.

Committee member Meyer Berger, a top Kennedy fundraiser, told a reporter that the group is circulating a petition against Brzezinski. "PD 59 is a crazy doctrine to begin with," he said. "There is no such thing as limited nuclear war. And we make a big mistake forcing the Europeans to emplace the nuclear missiles in Europe—it just provokes the Soviets and alienates Eastern Europe."

Briefly

House narcotics panel threatened

The House Select Committee on Narcotics may not survive as a committee after this year, Capitol Hill sources report. The five-year-old panel, which does not have permanent status and therefore requires House approval for its continued funding every two years, does not have enough votes lined up to ensure operations beyond this year.

According to staff members, the Select Committee may be killed by the Democratic Caucus between August and December. If the Democratic majority refuses to include the committee in its list of items to be brought to the floor of the next session, it will not even be brought up for a vote of the full House. This will automatically abolish the committee.

House speaker Tip O'Neill and New Jersey Rep. Peter Rodino, also a Democrat, are quietly telling colleagues that while they are not "against" the continuation of the Select Committee, "budgetary" considerations may make this impossible. They argue that narcotics matters can instead be handled by the House Judiciary Committee.

Armed forces aptitude results revised

A Department of Defense study submitted to the House Armed Services Committee reveals that the number of least qualified recruits in the U.S. armed forces during the last fiscal year was far larger than originally estimated. Fully 30 percent of recruits scored in the lowest category of aptitude ratings, as compared with the 5 percent figure originally announced.

The study showed that 46 percent of Army recruits were in the lowest category, not 9 percent. The Marine Corps had 26 percent, not 4 percent; for the Navy, an 18 percent figure replaced 4 percent, and in the Air Force, which had reported

no recruits in the lowest category, the new result was 9 percent.

The Department of Defense has ordered such test scores deleted from servicemen's records, arguing that they do not adequately predict performance. The quality of recruits in the armed forces has been the subject of several House and Senate hearings, with Sen. Sam Nunn, Democrat of Georgia, particularly outspoken on the need for upgrading.

NASA spokesmen assail Carter space program

Past and present administrators of the National Aeronautics and Space Administration (NASA) took issue with the Carter administration's lack of long-range policies and goals for the nation's space program in hearings held July 24 by the Space Science and Applications Subcommittee of the House Committee on Science and Technology. Speaking for the administration, presidential science adviser Frank Press stated that no \$25-100 billion Apollo-style space programs would be initiated until "well into the next century."

Current NASA director Dr. Robert Frosch dissented, calling himself "not as pessimistic"; former NASA chief Tom Paine testified that "we are on the threshold of a new era in space made possible by the space shuttle," but "the bold initiatives of the 1960s stand in stark contrast to today's irresolution and drift." Former NASA administrator Pocco Petrone attacked as "self-defeating" those who fail to arouse public support and then blame the lack of program goals on Americans' indifference. The NASA administrators stressed that the program's main problems are not simply budget-cutting sprees but the lack of such long-range goals.

GOP candidate Ronald Reagan has made no firm or specific comments on his plans for NASA. On the campaign trail, George Bush commented earlier this year that if elected he would not increase NASA funding but review every part of it.

● **JOHN WHITE**, Democratic national chairman, was asked on his way out of New York's Sheraton Centre Hotel this week about his strategy for preventing heavy Democratic congressional losses this autumn. "Strategy for congressional races? There is no strategy. It's every man for himself."

● **STU EIZENSTAT** top White House domestic adviser, was rushing around Carter headquarters when *EIR* inquired about the prospects for a Carter win in November. Caught off guard, he muttered, "Things are bad—really bad."

● **A BRITISH M.P.**, his bony knees showing beneath his green and orange kilt, watched the assembled delegates to the Democratic Party's national convention during a morning reception for President Carter. He turned and began a lecture on the advantages of the British parliamentary system over the American presidential system. Asked why he, a member of the Tory Party, would attend a Democratic convention rather than the Republican one, he grinned. "We have a lot in common with the Democrats," he said "After all, we are not extreme fascists."

● **HENRY KISSINGER**, in New York during the Democratic Convention, spent time hobnobbing with well-placed Chinese officials who accompanied the Peking Opera troupe.

● **HUGH CAREY**, governor of New York, told Walter Mondale Aug. 13 that the Carter administration should declare a battle against drugs, which he claimed are being shipped through Afghanistan by the U.S.S.R. to destroy American society. A crony of the Bronfmans and a former executive of the Carey family's oil company, the governor knows who really runs Dope, Inc.

Reagan advisers outline inter-American strategy

by Dennis Small

"In continental Latin America. . . [there are] non-Europeanized indigenous Indians who maintain pre-Colombian, traditional life styles and languages. Too frequently, efforts to improve these peoples' standards of living and to integrate them into the modern economy of their countries proceeds from a premise of either latent or explicit cultural imperialism."

If this quotation reminds you of Nicaragua's radical culture minister or of Fidel Castro's other friends who see industrialization and progress as a Yankee threat, you are not far from the truth. The author of these anti-imperialist lines is one of Castro's current political allies—not Mexico's "Red Bishop" Méndez Arceo, not a member of the Nicaraguan Junta, but a group of Ronald Reagan's top policy advisers for Latin America which includes the notorious Roger W. Fontaine of the Jesuit Georgetown University.

The fact of the matter is that the strangest of de facto political alliances has emerged over the past months between revolutionary Fidel Castro and conservative Ronald Reagan. They are *both* operating under the policy orientation for Latin America designed by the Society of Jesus, whose "left" and "right" branches are both run out of such Jesuit deployment centers as Georgetown University, and in particular its Center for Strategic and International Studies (CSIS), which Henry Kissinger directs. The Jesuit strategy is: 1) create a superpower showdown in the Caribbean, using Cuba as the most convenient flashpoint; 2) reduce the entire subcontinent of Latin America into a replica of the medieval Dark Ages, whose sole purpose is to produce

drugs and vital raw materials for the American market.

Castro over the recent months has acted out his part of this scenario to the hilt. In the course of 1980 his degeneration has proceeded from endorsing Puerto Rican terrorism, to supporting Khomeini's fascist "fundamentalism" in Iran, to calling for playing the same "religious fundamentalism" card in Latin America. In a speech delivered in late July, Castro lectured that communists and socialists should form a "strategic alliance" with the Jesuit Liberation Theology radicals across the continent, and that this alliance should organize for "revolutionary armed struggle."

Reagan, for his part, has been fed the "right" version of this identical Jesuit script to destroy Latin America. The Reagan policy document quoted above calls for :

- 1) a global American alliance with China to stop "Soviet expansionism" in Latin America and elsewhere;
- 2) launching "a war of national liberation against Castro" to reverse Cuban influence in the area;
- 3) supporting military putsches like the recent "Cocaine Coup" in Bolivia;
- 4) establishing an American nuclear umbrella over the entirety of Latin America, in the guise of a refurbished Monroe Doctrine;
- 5) using food as a weapon against "potentially hostile states";
- 6) strengthening the hand of the International Monetary Fund; and
- 7) using this new body to oversee the conversion of Latin America into a "hemispheric strategic reserve" of oil and other vital raw materials for a fortress America.

It must be underlined that this is not just a scenario for Latin America. First, it is a global policy that is already being implemented by the Jesuit and other powerful forces now in control of the Reagan campaign. It defines America as at war with the rest of the world, and places us on a paranoid course of strategic provocations which will lead either to thermonuclear holocaust, or to our massive strategic humiliation in one regional hot spot or another.

Second, this policy is off the drawing boards and in the implementation stage—as signaled uniquely by last month's military coup in Bolivia.

Who, one rightfully wonders, could have concocted for Governor Reagan such a perfect recipe for combined genocide and war?

The committee of Santa Fe

Reagan's new script was written for him by a group of five experienced "Latin America hands" working out of the Washington-based Council for Inter-American Security, a "right-wing" think tank which is a close cousin to the Jesuit, Kissinger-directed Georgetown CSIS. The five, including Reagan-adviser Roger Fontaine (until last month the Latin American Director of CSIS), constituted themselves earlier this year as the "Committee of Santa Fe," and prepared a strategy document for the Reagan camp entitled "A New Inter-American Policy for the Eighties." Project editor Lewis Tambs, a professor of Latin American history at the University of Arizona, told this writer one week ago that it was "100 percent guaranteed" that its recommendations were being adopted by Governor Reagan.

Professor Tambs's participation in the project is particularly significant. Tambs is one of America's leading "geopoliticians," a self-avowed follower of the lunatic theories of the turn-of-the-century British empire-theorist, Halford Mackinder, and of his leading protégé, Karl Haushofer—Adolf Hitler's geopolitical strategist. Tambs in turn has influenced a whole generation of Brazilian and Argentine geopoliticians, who now spew out local versions of the Mackinder-Haushofer doctrine. The insanity of this geopolitical school of thought is best displayed in the opening sentences of the Reagan Report itself:

Nations exist only in relation to each other. Foreign policy is the instrument by which peoples seek to assure their survival in a hostile world. War, not peace, is the norm in international affairs.

Detente is dead. Survival demands a new U.S. foreign policy. America must seize the initiative or perish. For World War III is almost over. The Soviet Union, operating under the cover of increasing nuclear superiority, is strangling the Western industrialized nations by interdicting

their oil and ore supplies and is encircling the People's Republic of China.

Latin America and Southern Asia are the scenes of strife of the third phase of World War III . . .

The crisis is metaphysical . . . For though foreign policy and national strategy are based on the triad of climate, geography and the character of the people, it is the latter—the spirit of the nation—that ultimately overcomes.

The solutions proposed by Tambs et al., however, are far from metaphysical.

The Reagan Report starts from the premise that both Europe and the Middle East are permanently lost to "communism," and that a needed "worldwide counter-projection of American power" has to be based on the New World lined up as a fortress of power against the Old World. To extirpate Cuban or any "foreign" influence in Latin America, the report calls for strengthening the Monroe Doctrine and the Rio Treaty mechanism—originally adopted as a hemispheric collective security pact in 1947—by making sure that they "operate under the nuclear umbrella afforded all the Free World." In other words, Reagan's advisers are recommending with a straight face that America be prepared to launch *nuclear warfare* over Cuban—or Western European—influence-peddling in the Caribbean and Latin America.

A nuclear Monroe Doctrine

The report's authors are quite explicit regarding the fact that they fear not only Cuban intervention in the area, but also that of the nations of the European Monetary System:

The Monroe Doctrine, the historic cornerstone of United States-Latin American policy, recognized the intimate relationship between the struggle for power in the Old World and the New. The three great principles of that doctrine were: 1) "no further European colonization in the New World"; 2) "abstention" by the U.S. from European political affairs; and 3) opposition by the United States to European intervention in the governments of the Western Hemisphere . . .

The Committee of Santa Fe therefore urges that the United States re-proclaim the Monroe Doctrine . . .

The Reagan camp's fear of Europe is well taken. Over the past weeks, France has taken an active role in organizing Latin America around the EMS development perspective, working in conjunction with the Lopez Portillo government in Mexico.

In addition to this overall hemispheric arrangement,



Fidel's slide into fundamentalism

Fidel Castro's early training by the Society of Jesus has taken its toll over the last year. In a major late July speech, the Cuban President called for a "strategic alliance" across Latin America between Christians and Marxists, arguing that "there is only one road, that of revolution, of revolutionary armed struggle" for the troubled nations of Latin America.

The predictable outcome of such a strategy would be a head-on collision with the United States—precisely the policy Ronald Reagan's Latin American advisers prescribe from the opposite side.

With this redefinition of Cuba's strategic orientation, Castro placed himself in the camp of those who, also like Reagan's advisers, would use Christian fundamentalism in Latin America the way Khomeini has used Islamic fundamentalism in Iran—to destabilize the entire developing sector and drive it back into a new Dark Age.

Castro's adoption of a policy of forging a "strategic alliance" with the Liberation Theology movement marks the latest, lowest step in his slide into full-fledged fundamentalism. As recently as one year ago, at the Non-Aligned summit in Havana, Castro did a constructive job of organizing the developing sector behind a policy of rapid industrialization in cooperation with advanced sector nations. This approach laid the basis for positive relations between "North" and "South," and opened the door to broader collaboration with the pro-development forces behind the European Monetary System.

But even at the Havana summit there was a dangerous element present in Castro's strategic perceptions: he viewed the Iranian Revolution as a laudable example for the developing sector, and its anti-technology terrorism as a viable form of "anti-imperialism."

In March 1980, Castro sank to the level of fully supporting the four unrepentant Puerto Rican terrorists who U.S. Attorney Benjamin Civiletti freed. He endorsed their declaration of war against the United States.

Then in May 1980, during the weeks following the aborted American rescue mission in Iran, Cuban Foreign Minister Isidoro Malmierca offered the Iranian government Cuba's full "moral and material support" against the United States. Castro even went so far at the time as to call on Iraq—a pro-development Arab nation violently opposed to Khomeini's glorification of backwardness—to end its hostility towards Iran and stop trying to overthrow the Khomeini regime.

And now Castro has taken his support for Islamic fundamentalism and generalized it to its Latin equivalent: the Jesuit Theology of Liberation.

Fidel Castro today probably remains *personally* committed to the necessity of industrializing the developing sector, and of using the best that modern science and technology have to offer to develop Cuba. But he has cast his lot with the Theology of Liberation radicals who are totally hostile to any form of science or modernization for Latin America, radicals who have hypnotized Castro with their "leftist" jargon and promises of alliances with mass Christian movements.

It is this near-total support for the "left" side of the Jesuit scenario of confrontation for Latin America that has made Castro Ronald Reagan's strange bed-fellow.

Photo: United Nations

the Reagan Report also calls for strengthening regional military blocs, like CONDECA in Central America and SATO in the Southern Cone, by linking them up to the NATO apparatus.

Perhaps the biggest red herring in the entire Santa Fe study is its unremitting polemic against the Carter administration for having created the conditions of declining American power in Latin America that they argue must now be remedied. They blame Carter's human rights policy and his mistreatment of our neighbors to the South for virtually handing the region over to the Castroites. "The Caribbean," they protest, "is becoming a Marxist-Leninist lake."

But what authors Fontaine et al. are sweeping under the rug is the documented fact that the Carter administration's Latin America policy was traced out in an early 1977 study, sponsored by Nelson Rockefeller's Critical Choices Commission and entitled "Latin America: Struggle for Progress," which was co-authored by none other than Roger Fontaine—the same Fontaine who is now Ronald Reagan's Latin America adviser! Even at that time, Fontaine was already calling for an adventurist holy crusade against Cuba: "The long range goal of U.S. policy towards Cuba should be the reintegration of a democratic Cuba into the Western Hemispheric system. . . . Neither the Soviets nor the Cubans are likely to alter their course until they are sometime confronted by the United States."

Economic policy: raspberries for Guatemala

What makes the Reagan Report's attacks on Carter all the more hypocritical is the fact that it comes out for the same genocidal economic policies which Carter has executed in Latin America for four years.

Under the Carter administration, and its support of the antigrowth International Monetary Fund, whole sections of the developing sector have been reduced to rubble. Upwards of 50 million Africans are at this moment enduring conditions of extreme hunger; close to 20 million may die of starvation by the fall. In Latin America, the IMF has driven a half dozen countries—including Peru, Jamaica and Bolivia—into solving their extreme debt-repayment crises by resorting to massive drug exports.

The Reagan Report fully endorses such IMF activities in Latin America, and in fact calls for strengthening the monetarist institutions by "creating an autonomous Latin American capital market . . . a Latin American Monetary Fund, all to the purpose of assisting development."

The report goes out of its way to convince the reader that such development means the "transfer of technology" from the United States to Latin America. But what the authors are referring to by this is the transfer

only of "appropriate"—i.e. backward—technologies.

The construction of highways, hydroelectric plants or steel mills is not nearly so helpful to these people as is the installation of simple potable water systems . . . These people need simple technology and techniques. . . . helping people help themselves within their given situation."

Reagan's advisers conclude their economic argument with the standard Jesuit justification for maintaining backwardness, as cited at the beginning of this article: progress means "cultural imperialism." It is here that the Reagan arguments are totally indistinguishable from those of the "leftist" Jesuit networks throughout Latin America that are calling for a halt to progress—and that are Fidel Castro's strategic allies.

Just how colonialist is the Santa Fe Committee's outlook is best seen in their urging that impoverished Latin American nations like Guatemala cease producing subsistence food, and turn instead to exportable cash crops—like raspberries! Lest the reader accuse us of exaggeration, we cite the relevant section of the report:

U.S. agricultural trade policy with Latin America . . . (should) encourage shifts to the production of cash crops . . . Small farmers in Guatemala or Nicaragua could receive greater return by converting (from corn and beans) to the production of such cash crops as asparagus, raspberries, etc., for sale to the United States, and by buying corn imported from the U.S."

Although it is of course nowhere explicitly stated in the report, under the Carter administration the "cash crops" that the IMF has encouraged Latin America to produce to meet its debt payments are *marijuana* and *cocaine*. Peru, Jamaica, Bolivia, Colombia—in fact the better part of the whole continent—are rapidly being converted into one large drug plantation as a result.

What makes the report's discussion of "cash crops" all the more astonishing is the fact that it is preceded by a brazen statement of how Reagan plans to reactivate Kissinger's old idea of using food as a weapon—against precisely those countries that have been forced to import basic staples.

Food is a weapon in a world at war. Four of the globe's seven surplus agricultural producers are in the Western Hemisphere—Canada, the U.S., Brazil and Argentina. In league with the Pacific producers, Australia and New Zealand, the Americas could exert powerful pressure on potentially hostile states by holding their food imports as hostage, and thus redress the balance between the New World and the Old.

Within this global framework, the Committee of Santa Fe urges that three Latin American nations be singled out for special treatment: Mexico, Brazil, and Cuba. The choice of countries by the Reagan crew is appropriate; but every single policy they recommend for implementation will only worsen the situation in Latin America.

Take the case of Mexico. Fontaine, Tambs et al. correctly charge Carter with having driven U.S.-Mexican relations to their all-time low point, through the application of Presidential Review Memorandum 41, which premises U.S.-Mexican relations on ensuring that our southern neighbor is not allowed to industrialize. Yet the Reagan policy is a retread of the same PRM 41 policies. The Santa Fe document calls for:

- Encouraging the importation of Mexican goods only if they are from labor-intensive industries. Mexico's stated national goal is to foster *capital*-intensive industrial development.

- Seeking to import two million barrels per day of oil from Mexico by the early 1980s. Mexico has systematically refused to increase oil exports to the U.S. unless it receives in return massive transfers of advanced technologies.

- Fixing a strict quota of migrant labor allowed to enter the United States from Mexico. Putting the lid on the border in this way will lead to social convulsions in Mexico.

- Holding "interrelated talks on energy, immigration and trade." Mexico has repeatedly refused to have the migrant labor issue be used as blackmail to obtain more oil.

Although the Reagan Report loudly disavows that it is attempting to link Mexico, the United States and Canada into the "greater North American common market" scheme that Mexican President José López Portillo has time and again attacked, the fact of the matter is that it does call for establishing "long term supply agreements on gas and oil" that would turn Mexico into an American "strategic energy reserve." Even more, the document actually proposes converting the entirety of the Western Hemisphere into America's private raw material preserve, which can be relied on for the coming battles of World War III and as total instability engulfs Western Europe and the Persian Gulf.

It must be made clear that over the next two decades, the Americas must learn to depend on their own natural resources, especially energy, if the hemisphere is to remain economically healthy. The two largest nations in the Americas, Brazil and the United States, are dangerously dependent on foreign—that is, extrahemispheric—oil sup-

The men who make Reagan's Latin policy



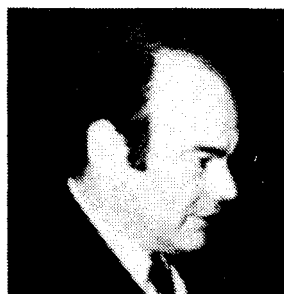
Roger Fontaine

Former Director, Latin American Division, Georgetown University Center for the Study of Strategic and International Affairs.



Lewis Tambs

Professor, Arizona State University



David Jordan

Professor, University of Virginia



Lt. General Gordon A. Sumner (Ret.)

Former chief of the Inter-American Defense Board



Francis Bouche

Executive Vice-President of the Center for Inter-American Security, sponsors of Nicaragua's Somoza government.

pliers. These same suppliers are extremely unstable and too near the Soviet Union to be considered reliable in the future.

It is only a matter of prudence that our hemisphere become energy independent in the next decade. It can be done. Not only are Mexico and Venezuela presently energy-rich; virtually every nation in the hemisphere—including the United States—possesses as yet vast and untapped sources of gas and oil.

This view of Mexico as America's private oil depot is guaranteed to raise each and every hackle in official Mexico. U.S.-Mexican relations under Reagan will make the current Carter disaster look like the heights of bilateral bliss by comparison.

In the case of Brazil, we get a glimpse of some of the broader consequences of implementing the Reagan proposals. The policy document understandably criticizes Carter's sabotage of Brazil's search for nuclear technology, and calls for "encouraging appropriate and reasonable acquisition and use of advanced technology by Brazil, including peaceful uses of nuclear energy." The authors elsewhere explain exactly what they mean by this:

The United States should adopt a strategy of technology transfer similar to that which is currently in effect with Israel.

This is an unmistakable reference to the way in which Israel was hand-delivered nuclear weapons technology by the crowd around the Nuclear Club of Wall Street. Israel has used this technology to become a nuclear policeman in the area, and to *prevent* other nations—such as Iraq—from obtaining nuclear technology.

The Reagan advisers also give their full blessing to the supposedly anti-American recent "marriage" of Argentina and Brazil, after a century of traditional rivalry and hostility between the two Southern Cone countries.

The United States should actively encourage the Argentine-Brazilian rapprochement that opens fresh possibilities for the Southern Cone's rapid economic development, a development that will help stimulate growth in the Cone's periphery countries—Bolivia, Paraguay, and Uruguay."

The first product of this new alliance, and of the Reagan camp's blessing of it, occurred in mid-July with the violent military coup d'état in Bolivia. The takeover was directed by 200 Argentine military advisers, and with the acknowledged complicity of the Brazilian military. The putsch—designed to safeguard Bolivia's one billion dollar per year cocaine trade—is already being referred to as "the first Reagan coup" in Latin America.

The broader implication of the Argentine-Brazilian alliance is the establishment of a NATO-linked South Atlantic Treaty Organization, or SATO, which would also include the armed forces of South Africa. In fact, the co-author of the Reagan Report who has the best connections in Argentina and Brazil, Professor Lewis Tambs, is currently on a three week trip to South Africa.

It is in the case of Cuba that the full depth of the Reagan advisers' dangerous insanity is manifest. Just as the Carter administration this week declared a nuclear "counterforce" or "first strike" doctrine to be in effect in the United States, despite Soviet reiterated explanations that they will never tolerate such a strategic principle, so does the Reagan camp indulge in infantile rage and bravado against Cuba, proclaiming its commitment to topple the Castro government. Despite recent reiteration by Soviet President Brezhnev himself that Cuba is under the Soviet nuclear umbrella, and that the Carter administration should keep "hands off Cuba," the Reagan crowd is emphatic in its intent to play a nuclear "chicken game" with the Russians. The sections of the Santa Fe document dealing with Cuba are the ones that display the most psychotic of suicidal impulses:

The United States can no longer accept the status of Cuba as a Soviet vassal state. Cuban subversion must be clearly labeled as such and resisted. The price Havana must pay for such activities cannot be a small one. The United States can only restore its credibility by taking immediate action. The first steps must be frankly punitive. Cuban diplomats must leave Washington. Aerial reconnaissance must be resumed. . . . The U.S. must offer the Cubans clear alternatives. First, it must be made absolutely clear to the Cuban government that if they continue as they have, other appropriate steps will be taken . . .

Havana must be held to account for its policies of aggression against its sister states in the Americas. Among those steps will be the establishment of a Radio Free Cuba. . . . If propaganda fails, a war of national liberation against Castro must be launched."

One need not have extraordinary insight to deduce that the composite effect of the the implementation of the Santa Fe Committee's Latin American policies under a Reagan administration will quickly drive the entire subcontinent into economic blight of the sort now sweeping Africa. And it will bring the United States and the Soviet Union to the very brink of nuclear war in the Caribbean.

It is this that the Jesuit-run Reagan camp and Fidel Castro have in common today.

Address to the nation

The real stakes in Billygate

by Lyndon H. LaRouche, Jr., Contributing Editor

At midnight on Aug. 8, Democratic presidential candidate Lyndon H. LaRouche, Jr. delivered the fourth of his nationally televised broadcasts to the American people scheduled before the Democratic Party's National Convention. An edited transcript of LaRouche's address follows:

I had planned to speak to you tonight about the effect of my nomination on international developments—and it would have a prominent effect. I shall still speak about that, but I shall speak first about a dog and pony show that was performed this week in Washington, D.C. I refer to that fraud under which Jimmy Carter and his backers pretended to “tell all” to clear up the Billygate case.

Billygate is so big that I couldn't tell you what I know about it, in terms of hard fact, in several hours of broadcasting. But I'll indicate a couple of things to show you what the problem really is.

There is a game being played. The game is being played in part by the backers of John Anderson and in part by some people who are among backers of the candidacy of Governor Ronald Reagan. These people believe—and rightly so—that were Jimmy Carter to be nominated the presidential candidate of the Democratic Party, Mr. Reagan would probably win the election by a landslide. In fact, if Mr. Reagan were running against Mr. Carter, and Mr. Anderson weren't involved, it would be assured that the Democratic Party would face a defeat far worse than what Herbert Hoover and his party faced in 1932.

With the introduction of Mr. Anderson, however, who, like vice-presidential candidate George Bush and like Jimmy Carter is a protégé of the Trilateral Commission, we'd have three Trilateral Commission candidacies, since Henry Kissinger, in a sense, is controlling Reagan's

policy at this time. Anderson would get, probably, a significant number of states, if not more votes than Jimmy Carter.

That would mean that the convention wouldn't mean anything. It would mean that Congress would have to make up its mind next January 10 or so as to who they thought the next President and Vice-President of the United States might be—a general crisis, a constitutional crisis beyond anything we've faced in this century.

Therefore these people, including some Democrats who feel they have a fall-back option in making a deal with Mr. Reagan, and those who are planning to rush off and join Mr. Anderson if Mr. Carter is nominated, have said “Let Billygate be postponed for a while until after the convention.” And Mr. Carter and his immediate backers, of course, have gone along with that.

The real Billygate

What Mr. Carter said this week is totally irrelevant to Billygate. The problem is not, as many people believe, that Billy Carter did something that somehow did or did not implicate his brother the President in an “Abscam” case, an influence case. It's exactly the other way around.

Billy Carter—and I have direct, personal knowledge of this—was drawn into an operation which originated with the White House. The problem is not that Billy Carter did or did not take Arab money to influence his brother's policy. The problem is that the Carter administration is running a very filthy operation, and at one point in the operation people around the White House decided it would be a cute trick to bring in Billy Carter, the President's brother, as part of the operation for manipulating certain Arab circles.

The key thing Mr. Carter has avoided was raised in

part by a senior correspondent in Washington during the course of the broadcast this past week. Mrs. Sarah McClendon, who is a well-known senior correspondent, a most responsible figure, asked Mr. Carter—referring to some of the material my associates have put out—whether the White House, or the administration, had not in fact been covering up for a key figure of the Khomeini intelligence service in the United States—a rug dealer, Nahidian, based in Washington, D.C. Mr. Carter said he preferred not to comment on that with a simple “No” at that point; that’s one of the big frauds.

In point of fact the Carter administration *knows* that the Nahidian circle—and Nahidian is actually a resident agent of Khomeini’s Savama—is the key conduit for supplying drugs to and controlling a group of assassins allied to Khomeini. They have killed one prominent figure in the United States in recent weeks already, have attempted an attack on another prominent figure, and have a very long hit list of people they intend to kill.

Regular law enforcement agencies have been obstructed from pursuing known criminals involved in these assassinations and attempted assassinations. They have been prevented by the State Department, by Civiletti’s Department of Justice, and by the White House. In other words, the Carter administration, on this count alone, is involved in cover-up and obstruction of justice involving a wave of murders within the territory of the United States.

That’s the issue. And everybody on Capitol Hill involved in the investigation of Billygate knows that this is a key part of the paydirt.

Brzezinski’s Islamic card

Many people involved in the Billygate investigation also know that the hostage situation has been manipulated by the White House, by the State Department, from the beginning. That is, most people in the intelligence community, in military circles, as well as in leading political circles in this country, know that last summer Secretary of State Cyrus Vance issued a memorandum over his signature to relevant stations. The official view of the State Department, as set forth in a memorandum signed by Secretary Vance, was that if the Shah of Iran were brought back into the United States, it was probable that the Khomeini dictatorship would take American nationals hostage.

Having had that appreciation, the Carter administration, under pressure from Mr. Henry Kissinger and his traveling checkbook David Rockefeller, did conduct a phony medical investigation, contrary to all the other medical findings which had been made in the Shah’s case. The peculiarity of this medical finding was that Henry Kissinger’s doctor said the Shah had to be brought back into the United States for medical treat-

ment he couldn’t get in Mexico.

That happens to be a lie. But the Shah was brought in; he was brought in by the Carter administration under Kissinger’s pressure, knowing that this would lead, in all probability, to the taking of U.S. nationals hostage by the Khomeini dictatorship. That was done; it was done without any precautions to protect our embassy and consulates; it was done without any alternative measures to defend American nationals whose lives were put in jeopardy.

I proposed, at the time the hostages had been taken, directly to the Carter administration that a certain operation should be conducted to get the hostages free; it’s the only thing that would have worked. The Carter administration turned this down directly, through Jody Powell, saying the reason they would not run this operation was because they were determined to maintain the Carter administration’s alliance with the Muslim Brotherhood—the entity which took the hostages. The exact phrase used by Mr. Jody Powell was, “Mr. Brzezinski is deeply committed to Islamic fundamentalism.” Islamic fundamentalism is a code-word for the Muslim Brotherhood.

Now this crowd, the Muslim Brotherhood—of which I could tell you a great deal more, but for the sake of time I shall not—is actually an intelligence operation which was created by British intelligence in 1929. It is connected among other things, to a circle in Italy called the Circolo Rex, which is a bunch of very fruity old aristocrats who are very wealthy and powerful and do a lot of conspiring.

Billy Carter came into this picture through a gentleman called Michele Papa. Michele Papa is a politician in Italy, a Sicilian politician who is associated with something called the Sicilian Separatist Movement. This movement is funded in part by Qaddafi.

What happened was Billy Carter was simply used—because Arabs place a great value on family—as the President’s brother to reinforce Carter administration alliances with the Muslim Brotherhood, through its Libyan branch, and with the assistance of a drug-infested, international terrorist-linked operation, based in Sicily. As a matter of fact, this is an operation which is tied in to the recent bombing of a railroad station in Bologna, Italy, in which an estimated 80 people were killed and more than 100 seriously injured. So, the poor Billy Carter was simply drawn in, used as a tool by the people that run Mr. Carter, as part of an overall operation which involves the dirty connections of the Carter administration to the whole hostage situation in Iran.

That is what the boys in the back room, who have moved to temporarily play down Billygate, have done. As I indicated earlier, some are supporters of Reagan, though I don’t blame Governor Reagan for this in

particular, and some are supporters of the Anderson option and have said "Let Carter get the nomination; that will ruin the Democratic Party; that will increase Reagan's chances to run against this discredited Carter and it will increase the power of the Anderson option."

The media question

I propose that you as citizens, and you, particularly, as delegates, have to face this reality. Now, as to what will happen were I to be nominated—and I think at this point I'm the only person visible who is either running, or who might be put forward by some concerned Democrats, who is qualified to be President of the United States in this period of crisis—let me indicate to you some of the things that would tend to happen.

First. Many of you know that I have done more broadcasting, person to person, to nationwide audiences of citizens during the course of this election campaign than any other candidate. I have spoken to more of you directly than any other candidate in the course of the campaign. And yet, many of you are astonished that, apart from a wave of libel published against me in major news media during the fall of 1979 into February of this year, there has been virtually not a stick of coverage of my campaign in the major news media, that is, in papers like the *New York Times*, the *Washington Post*, and so forth.

Many of you wonder: why is it that a candidate whom you see on TV in a series of half-hour broadcasts nationwide, why is it that on a figure who is running such a campaign, who seems to have such impact and influence, the media has a policy of blackout?

It should occur to you that the people behind this don't consider me an unimportant figure; they don't consider me an eccentric fringe candidate. Some of the people who influence this policy consider me very dangerous to their interests. Which indicates to you perhaps, that in some circles of the world I am very well known, and that my policies are very well known, and that some people are for them and some people are against them.

I don't know exactly what the Chancellor of West Germany, Helmut Schmidt, thinks of me personally, nor have I ever spoken directly to President Valéry Giscard d'Estaing of France. But most of the leading figures of most of the nations of the world have studied my policies, many of them agree with my policies, and I am, of course, well acquainted with circles which influence these governments. These governments, most of them, regard Governor Reagan as a disaster for the world, in particular, for the alliance among Western European allies. They regard Carter as a disaster. They regard Anderson as a disaster. While they refrain from intervening in the internal affairs of the United States, I can tell you frankly that many of the governments of

our allies, and the governments of some leading Third World countries, would rejoice if I were nominated as the presidential candidate for the Democratic Party this coming week.

What would happen? First of all, if I were nominated as candidate of the Democratic Party, our friends in Europe would move aggressively—*aggressively*—to put into place phase two of the European Monetary System. That is, my nomination would indicate that there is sufficient force behind the desire for a new gold-based monetary system within the United States, that Western European governments would consider themselves in a position to tell Carter to go fry—they're going ahead with the gold-based monetary system, the system that the Carter administration has tried to prevent.

International allies

The government of India—I helped, together with my associates, to devise a development program for India which friends of Mrs. Gandhi are pushing actively in India—would respond, on the basis that there was hope in the United States, and they would begin to act independently, on the assumption that a powerful portion of the American population wanted that kind of policy.

The government of Mexico would immediately change its policy on many questions, assuming that, at last, there was hope from the United States, that a significant number of the American people wanted a President who would mean true cooperation between Mexico and the United States.

And the same is true of governments throughout the world.

Ten million of the people in Africa are now facing death by starvation by November, partly as a result of policies imposed not only by two Kissinger administrations, but the policy of the Carter administration. Those U.S. administrations are responsible for the present situation in Africa, which is now genocide through famine, epidemic, and social chaos. If our government had had the right policies, and had been willing to work with France and West Germany on these policies, the present genocide in Africa through famine, epidemic, and social chaos would never have come about. Those people will have hope.

People in Europe, who might be able to move to help these starving people in Africa, might be encouraged to act independently to try to stop this genocide—where they would be afraid to move independently, or deterred at least, if, say, a Carter or some other unacceptable candidate were nominated on the Democratic ticket and if Reagan continued to be run by people like the "Gang of Four" around Henry Kissinger, Richard Allen and so forth.

That would mean changes. It would mean around

the country apart from what it means overseas—that many of you who represent what we used to call constituencies—black minority groups, farmers, trade unions, entrepreneurially-minded small-to-medium size businessmen who want to get the country moving again, and even some people in the ranks of the larger corporations who may presently be going along with these jokers I'm opposing—would realize that support for my nomination means that a powerful force has been pulled together in this country for a reindustrialization of the United States. A powerful force for the kind of tax policy that most people would rejoice over, and for making us again a great industrial power, respected among other nations, and able to exert leadership among other nations.

I don't know exactly what the reaction would be in the Kremlin; I have some well-known enemies there who have been responsible for running operations against me over the years and who have been publishing libels against me over a period of years. But the fact that I were nominated would mean a change in the Kremlin policy. They have studied my policies intensively, we know that, and it would mean that they would respond realistically to the kind of United States that my nomination would mean is coming into existence.

Therefore, your nominating me and your work to nominate me, means that the Anderson option will not work. Most of you—including those of you who have not voted in recent years—want an end to drugs; want an end to the decay of this society; want schools and you want an end to debedding of hospitals. You want our honorable agreements to social security recipients to be met; you want us to have the production, the means, to meet those things and you want peace and security. You want these things, and if you nominate me, you're not nominating me in the sense of honoring me, you're pulling yourselves together as a united force which is capable of shaping the future of this country.

Rottenness in America

I would like as many of you as possible to get in touch with my people, to find out for yourselves, not merely for the sake of this convention, but over the coming period, what Billygate is all about, what kind of an evil is involved in this thing.

This involves not just the Democratic Party, it involves many things, cutting across party lines. For example: William Casey, who is a key figure in the Reagan campaign, was a partner of Robert Vesco, during the period in which Vesco allegedly performed the frauds for which he is wanted. John White, the chairman of the Democratic National Committee, has got a little explaining to do when it comes to Robert Vesco. You remember Stans and Mitchell, under the

Nixon administration. The thing that got them was manipulations of the Republican Party, or the Nixon administration, through Mr. Vesco's operations. Mr. Robert Strauss has some explaining to do when it comes to Vesco. Mr. Ramsey Clark has a great deal of explaining to do as to why he, a Carter administration agent, helped to bring Khomeini to power in Iran when the Carter administration *said* we must try to prevent a destabilization in Iran. Mr. Ramsey Clark has to explain how it is that he, one of the most famous defenders of international terrorists—including the Baader-Meinhof gang and the Red Brigades in Italy, including defenders of organizations which are committed to causing riots in the United States—with his track record, became a Carter administration agent.

Mr. Civiletti has to explain why, since he's become Attorney General, he has turned loose four unrepentant Puerto Rican terrorists, who announced that they were going to go out and incite terrorism, and did! He has to explain why his administration turned loose a friend of Mr. Ramsey Clark, Philip Agee, a man who is responsible for targeting agents of the United States for assassination. He has to explain why the Civiletti administration of the Justice Department dropped prosecution charges against the Weathermen at a time when this country faces a new wave of terrorism, and at a time that international terrorism has gone ahead.

This involves not merely this or that Democratic administration or Republican administration; it involves a rottenness within the command structure of our society, a rottenness which it is time that we clean up. And it is for this reason that some of these powerful and rotten people, who control not only the Trilateral Commission in the United States, but who have influence in the *New York Times*, who are allied to that military-industrial complex that President Eisenhower referred to—that of General Medaris and Roy Cohn and their friends, who are allied to many of the news media in this country.

We have to clean our nation out. It is not a partisan matter. Mr. Carter has simply, like administrations before him, permitted himself to become in large part an accomplice and a tool of this rottenness. And the reason they black me out is because they know that I know where the body is buried. I know how to clean it up. I know that once you, the average citizen, at the least the three-quarters of you whom I know to be sound in moral commitment, are given the facts, and once you are given the support of a President who unites you as a force, you are going to support the necessary forms of action to reestablish our nation as a constitutional republic that is accountable to the people; reestablish our centralized government as, not an alien thing, but as an institution of self-government of a well-informed and morally committed citizenry. Thank you.

The domestic 'oil boom'

'We have only just begun,' says geophysical expert Frank Pitts of Dallas.

One of our readers has asked me to comment on an analysis in the July 8 *Wall Street Journal* titled "Running Dry: Despite Big Oil Hunt, U.S. Crude Output is Likely to Keep Sliding; Higher Prices Spur Drilling But New Oil is Lacking And Old Fields Yield Less; Firms Win Praise For Trying." That's a whopper of a title for a newspaper article, but because it is from a paper as prestigious as the *Wall Street Journal*, it warrants comment.

First, let's look at domestic crude oil exploration and production activity. According to industry estimates, U.S. drillers will complete an all-time-record of 59,000-plus wells this year. The previous high of 58,160 was set in the heyday of domestic production back in 1956. Drilling rigs active in the continental U.S. were up at the end of June a whopping 33 percent over last year to 2,901 according to the Hughes Tool rotary rig count. A new record for total footage drilled, indicating both the increased number of wells and the trend to very deep drilling.

The domestic petroleum industry, belying the general economic recession, has budgeted a record \$50 billion for exploration this year. This is a 26 percent increase from last year and the third increase in a row. The phenomenon has forced every major industry authority to revise upward its estimates for drilling activity this year.

Some features of this situation

are worthy of note. By all accounts, as one seasoned independent producer in South Texas told me a few days ago, "decontrol of oil prices has spurred this." As the carrot for his \$227 billion stick, the so-called Windfall Profits Tax, Carter began phased decontrol of various categories of domestic oil last June, to be completely lifted by October 1981.

With world market prices over \$13 per barrel after 1974, domestic producers could get only \$5.03 per barrel for oil from wells drilled before controls and \$10.13 for "new" oil. Part of the result of this brilliant strategy was that the multinationals vastly increased their activity in the more profitable OPEC countries. Domestic exploration plunged.

The question, especially in light of the Windfall Profits Tax bite, is whether this increased domestic drilling is a short-run boom. At present, a measurable amount of the surge in drilling is the reworking of old wells now made economical or development wells in previously drilled areas. A good bit of this, in areas such as eastern Oklahoma and Texas, is shallow wells.

The present oil exploration increase can be potentially one of the most important economic developments in recent years, *if* it is combined with a reversal of government and Federal Reserve credit policies to spur an overall industrial and agricultural growth.

Let's consider the following for

a moment. As I pointed out in my Aug. 5 column, the United States has an estimated 210 billion barrels of oil equivalent over and above the present 27 billion barrel proven. But, in order to get that, we must have a 400 percent estimated increase in our national drilling rate over the next several years. The present boom, therefore, is only a relative boom. We are only now resuming levels of more than a quarter century ago!

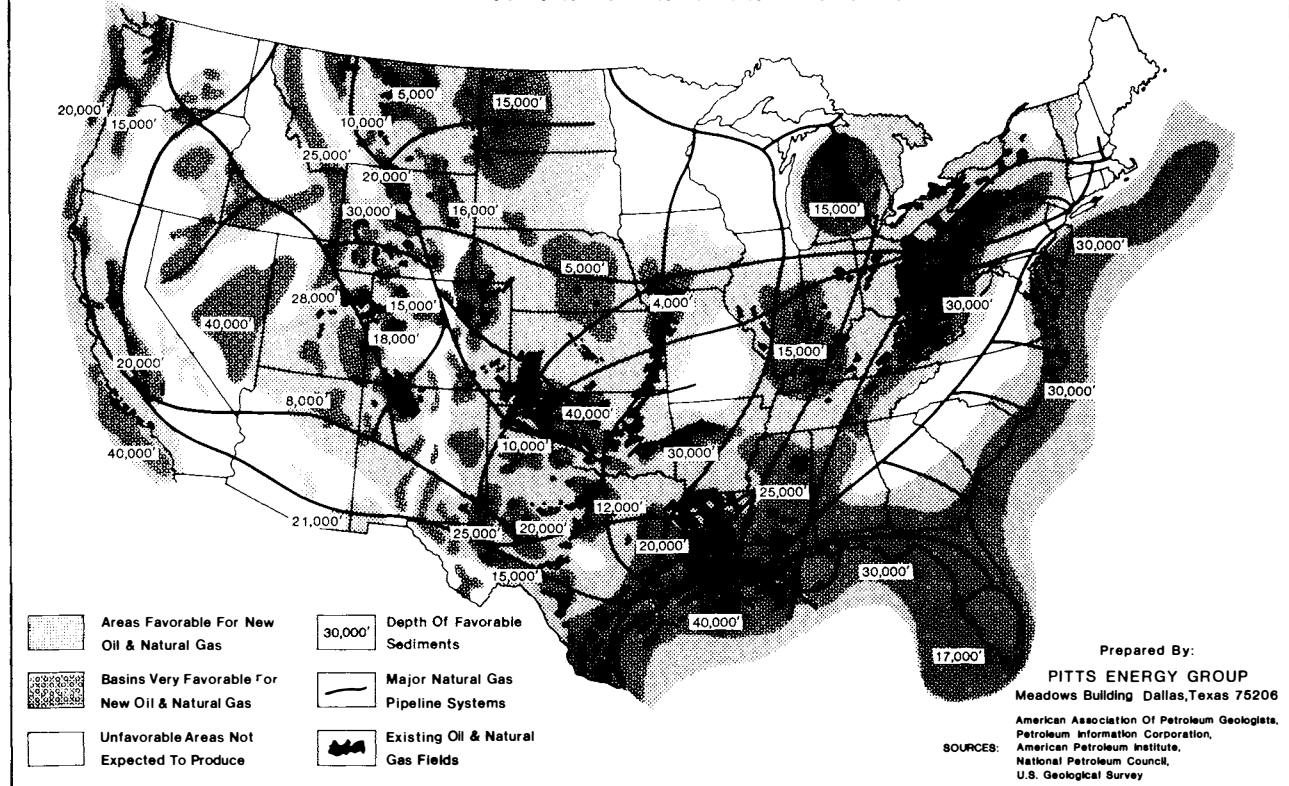
I want to draw your attention to a valuable map given me by Frank Pitts during a recent discussion of this question. A Dallas-based independent producer who commands considerable respect in the industry, Pitts has drawn on some 37 years of international geophysical experience to refute Schlesinger's doomsday prediction. As Pitts puts it, "Our nation's day of oil and gas production is not over. We have only just begun."

Based on sources including the U.S. Geological Survey, the American Association of Petroleum Geologists, the National Petroleum Council and others (with the notable exception of the Department of Energy, whose experts are still trying to determine what a hydrocarbon is), Pitts has prepared this remarkable document. Its conclusions are well worth looking at.

The areas which will yield some 210 billion barrels to our national reserves if we continue the accelerated exploration now underway are 98 percent unexplored. In over a century of domestic oil development, as Pitts points out, we have touched only 2 percent of prospective sediments with drilling.

One authoritative geologist, Wilson Laird, believes that so-called "old basins," deep geologi-

U.S. Potential Oil and Gas Reserves



cal areas, may yield as much oil and gas in future years as the total consumed since the first well was discovered in 1859 in Titusville, Pennsylvania.

Currently, many of these deep areas produce oil and gas from shallow wells. With prices controlled, it has not been economical to drill deeper. As Pitts notes, drilling costs are not a linear function of depth. "The cost of drilling doubles every 2,800 feet drilled," he explains. "A well 2,800 feet in depth might cost \$42,000 to drill . . . where a well six times as deep, say 16,800 feet will cost \$2,646,000—63 times as much." Whereas until now the average well drilled was to 5,000 feet, Pitts emphasizes that "no basin is fully tested until it has been drilled to granite."

The astute statisticians at the Department of Energy and their

colleagues at such statistically-minded agencies as the CIA openly admit basing their gloomy predictions on linear extrapolations of data from a period of depressed domestic prices and hence depressed rates of domestic exploration. This I know for a fact.

Let's look at the natural gas side of the picture. The Texas Gulf Coast region of Texas and Louisiana alone contains an estimated 105,000 trillion cubic feet of gas (tcf). Current gas consumption nationally is about 20-25 tcf per year. If we more than doubled this to 50 tcf/year, only 10 percent of this region alone could supply the nation for 200 years. It is in high pressure areas under hot salt water at depths of 8-25,000 feet.

Other vast areas now being locked up to protect grizzly bears, economically deprived Eskimos

and Indians, not to mention all sorts of vegetation, contain huge amounts of hydrocarbons. These are in public lands. Such policies have presently locked off from possible development a land area equal in size to 25 of the 27 states east of the Mississippi River.

So, as you begin to see, statistics of the amount of oil and gas are subject to vastly different methodologies. If we take a competent approach, we realize that not only is the present "boom" in domestic drilling modest, but if we are to fuel a rapidly growing economy, the diversion of \$227 billion in capital away from the domestic oil industry will greatly debilitate us. It is not domestic oil and gas reserves that are running dry. It is the quality of information being circulated by sources such as the *Wall Street Journal*.

PD 59: Short fuse for November

Readers of the *EIR* should be apprised of two special features of Presidential Directive 59, the document which commits the United States military to a policy of retargeting the country's ICBM force for first-strike limited "counterforce" use against preselected Soviet "military" targets.

First, PD 59 was signed on July 25, when the multilayered pre-combat military deployments of the United States and China in the Persian Gulf and in Southeast Asia were completed.

Second, PD 59 seems to have a very peculiar bearing on the future course of the presidential election campaign. For over 10 weeks now the ominous report has persisted in the intelligence circles in the United States, Western Europe and the Middle East, that President Carter, once he secures the Democratic nomination, will push forward for a major strategic confrontation with the U.S.S.R. for the purpose of rallying the electorate.

According to current estimates, such a pre-meditated strategic confrontation, a "Carterflash," might occur sometime during the first two weeks of October. The location of the confrontation is likely to be either the Middle East/Persian Gulf area or Indochina. The United States has completed a three-tiered naval deployment in the Persian Gulf which could move into combat with up to a maximum of 20,000 ground combat troops.

This conventionally indefensible force is generally expected to draw an overwhelmingly superior Soviet deployment, which the White House expects to frustrate by means of tactical nuclear weapons already deployed in the area. It is expected that at this point the Soviets will assume that PD 59 is operative and they will draw their conclusions accordingly.

The situation in Indochina is similar. United States and Chinese forces, with the participation of Thailand, have completed a combined land and

naval deployment against Vietnam, involving an unusual U.S. naval deployment in the Sea of Siam. These forces are confronting a powerful Soviet-Vietnamese land-air-sea deployment which can be effective up to a point before it resorts to punitive strikes against inland Chinese targets. The area, if it erupts into actual warfighting, will answer the important question facing military authorities: is China protected by a U.S. nuclear umbrella?

The signing and public announcement of PD 59 was meant to address these two situations. The question is this: Is such a confrontation planned to be a "feint" in which the contestants will pull back in the last minute, or will it get out of control and blow us all up?

Available evidence so far indicates that such a confrontation, if in fact it gets off the ground, will be out of anybody's control, primarily because there are too many players participating in it. President Carter and the President's men, principally Zbigniew Brzezinski and Harold Brown, are in it to a large extent as a reelection ploy; ironically, numerous pro-Reagan principals hold various threads of the scenario, especially in the Iranian anti-Khomeini opposition, which is assigned a special role in triggering off the opening moves of a Persian Gulf end-game; pro-Reagan controllers are also evident in the Indochina theater of confrontation. The situation gets further complicated if one considers that the Begin-allied Mossad, the Israeli secret service, is also involved in various aspects of this crisis deployment.

Our readings in various capitals indicate that the governments of Western Europe are treating the situation with the utmost gravity. The Soviet government is also functioning in an emergency mode. It is very likely that Western Europe may take steps to administer some sort of effective shock to the Carter administration.