

EXECUTIVE INTELLIGENCE REVIEW

July 10-16, 1979

Tokyo summit adopts
new world depression

Time's Up For Terrorists



Italy questions Socialist Party leaders in Moro murder

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EXECUTIVE INTELLIGENCE REVIEW



Is the bell finally tolling for terrorism in Italy? It may be, as Italian counterterror units have extended their explosive investigation and are now implicating figures in the highest levels of parliamentary politics, banking, industry, and even the nobility, as the forces behind the terrorist Red Brigades murder of former Prime Minister Aldo Moro. One career threatened is that of Socialist leader Bettino Craxi, only recently touted as a possible Prime Minister. This week's COUNTERINTELLIGENCE section describes how the method first put forward by the European Labor Party in their now famous dossier "*Who Killed Aldo Moro?*" has aided police and the judiciary in flushing out the terrorist support network in Italy. It threatens to unmask their supposedly respectable counterparts internationally as deeply involved in international terrorism. **Page 16**

IN THIS ISSUE

Tokyo summit adopts new world depression

Dangerous concessions to the International Monetary Fund by the leaders of France and West Germany during last week's Tokyo economic summit threaten to plunge the Third World into an era of starvation and disease, says U.S. Labor Party Chairman Lyndon LaRouche in the lead report in our INTERNATIONAL section. LaRouche analyzes the devastating effects on the economies of both the advanced sector and the underdeveloped countries that the backroom bargaining—and blackmail—which led to the official communiqué from the summit will produce. Also in our report: the alternative, a new era of growth for industrialized nations and a period of development for the Third World through investment of oil revenues posed by the moderate OPEC nations at the cartel's price-setting meeting—and ignored by the West. Page 28

Dumping the dollar?

Can the dollar be dumped so that the pound sterling can replace it as a reserve currency? The Bank of England poses this question in a secret memo obtained exclusively by this news service outlining plans to collapse the U.S. dollar. The memo envisions a world economy dominated by competition between the Commonwealth countries and the Soviet Union leaving the U.S. a dumb giant out in the cold. Can this farfetched strategy work? See this week's ECONOMICS section. Page 7

EXECUTIVE INTELLIGENCE REVIEW

THIS WEEK

From Tokyo to Sarajevo 5

ECONOMICS

A sterling proposal ... and why it will not work 7
London starts the gold rush, 1959-60 14
How the dollar-gold link was severed, part II
Foreign Exchange .. 8 Agriculture 11
Domestic Credit 9 Trade 12
Britain 10 Commodities 12

COUNTERINTELLIGENCE

Time's up for terrorists 16
Question Socialist Party leaders in Moro murder
The significance of the crackdown on terrorism 16
U.S. terrorist backers scramble to free Negri 20
'Neoplatonic method against terrorism' 22
The PSI: Italy's party of terrorism 24

INTERNATIONAL

Tokyo summit adopts new world depression 28
The final communiqué of the Tokyo economic summit 30
OPEC meeting stresses dialogue, Third World development 34
The OPEC communiqué 34

MIDDLE EAST

Israel aims war machine at OPEC 37
Begin threatens to hit Palestinians 'at any moment and at any place we choose'
The Ayatollah Khomeini is a Savak agent 39

U.S. REPORT

- Congress stampedes to okay government
by crisis management 41
Alexander Haig is off and running 43
Campaign 1980

ECONOMIC SURVEY

- The impact of the \$100 billion
EMS investment program 46
*Part II of the EIR's survey of energy and the
world economy*

LAW

- FEF *amicus* brief explodes Schlesinger's
H-bomb hoax 50

LATIN AMERICA

- Colombian agrarian leader tours U.S. 55
*Calls for international antidrug coalition,
Third World growth*
U.S. rearms Nicaragua 58
*Weapons pour in to rescue National Guard
from Somoza*

COLUMNS

- Congressional Calendar 44
Labor Periscope 61
Energy Insider 62
Facts Behind Terrorism 63
World Trade Review 64

LaRouche model evaluates the EMS scenario

Recovery of the world economy and an age of economic prosperity is possible! This week's ECONOMIC SURVEY uses the Riemannian Economic Model devised by 1980 presidential candidate Lyndon LaRouche to demonstrate how the revenues of oil price rise, if invested in technology, would transform the global economy. **Page 46**

Colombian peasant leader blasts dope on U.S. tour

"Use of the herbicide paraquat is not a violation of human rights, but encouraging pot smoking is!" said Fausto Charris, leader of Colombia's peasant organization, the FANAL, in a speech before the New York-New Jersey Anti-Drug Coalition recently. In a nationwide tour of the U.S. to organize for an international coalition to stamp out worldwide drug traffic, Charris has presented a program, detailed in our LATIN AMERICA section, whereby the U.S. can export nuclear technology to the Third World so those countries can grow food, not dope. Also: a report on U.S. arms trafficking to Nicaragua's Anastasio Somoza. **Page 55**

<p>EXECUTIVE INTELLIGENCE REVIEW September 23, 1978</p> <p>Why the World Bank Pushes Drugs</p> <p>Richard Brown examines the impact of the World Bank's drug control program.</p> <p>New Solidarity International Press Service \$10</p>	<p>EXECUTIVE INTELLIGENCE REVIEW November 7, 1978</p> <p>Saving the dollar—</p> <p>—without a recession</p> <p>Leadership in international trade and investment in the world market.</p> <p>New Solidarity International Press Service \$10</p>	<p>EXECUTIVE INTELLIGENCE REVIEW November 14, 1978</p> <p>Japan exports the EMS</p> <p>Will any other country be in the same position?</p> <p>New Solidarity International Press Service \$10</p>
<p>EXECUTIVE INTELLIGENCE REVIEW November 28, December 4, 1978</p> <p>The oil giant next door</p> <p>New Solidarity International Press Service \$10</p>	<p>Don't miss another opportunity — subscribe to the EIR now!</p>	<p>EXECUTIVE INTELLIGENCE REVIEW December 12, 1978</p> <p>The new monetary system — it's official!</p> <p>New Solidarity International Press Service \$10</p>
<p>EXECUTIVE INTELLIGENCE REVIEW December 19, 1978</p> <p>China plays the 'America card'</p> <p>New Solidarity International Press Service \$10</p>	<p>EXECUTIVE INTELLIGENCE REVIEW December 19, 1978</p> <p>Europe races to stop the Crash of '79</p> <p>New Solidarity International Press Service \$10</p>	<p>EXECUTIVE INTELLIGENCE REVIEW December 19, 1978</p> <p>The Presidency 1980</p> <p>Who's the man to lead America into the EMS?</p> <p>New Solidarity International Press Service \$10</p>

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From Tokyo to Sarajevo

Not by coincidence, a rash of newspaper commentary advocating early use of a U.S. military strike force to occupy Mideast oil fields appeared this week just as General Alexander Haig returned to the United States from his former post as NATO's commander-in-chief in Europe.

Haig, the principal undeclared candidate for the U.S. presidency, is a disciple of Great Britain's Royal Institute of International Affairs, the U.S. Council on Foreign Relations, and the International Monetary Fund. He is an open champion of U.S. military intervention in order to maintain the hegemony of Anglo-American financier-aristocrats over a world now being subjected, by their deliberate design, to "controlled economic disintegration." Soviet efforts to maintain detente and economic cooperation with Europe and Third World nations are an obstacle. In a July 4 speech in Philadelphia, Gen. Haig again called Europe and the U.S. to install "a post-Vietnam leadership that will not recoil from confronting the Soviet Union."

Whether Haig is personally responsible for the rash of rug-chewing, go-get-'em editorials or not, it is in that policy that one locates the essence of the Haig campaign. Looking at the world in the wake of the Tokyo economic summit, it is obvious that Tokyo was a great boost for Haig's candidacy. The willingness of France, West Germany and Japan to compromise with the British-dominated Carter Administration and the IMF "to buy ourselves some time" has only accelerated the frenzy in Washington and improved the chances that one of the numerous "hotspots" will explode into a Sarajevo, escalating rapidly into World War III.

In the Middle East, as we go to press, reports of troop movements from Israel, Syria and Iraq underline the possibility that the secret clauses in the Camp David agreements could produce a fifth Middle East war overnight. In Central America, barely covert Carter administration support for the discredited Somoza forces threatens to precipitate a chain reaction producing a Vietnam-style 30-years-war phenomenon in the U.S.'s own "backyard." Southeast Asia, scene of the continuing China-Vietnam conflict, reminds us of how close we have already come this year, with the Chinese invasion of Vietnam, to the threshold of total war.

As for the United States, President Carter's systematic leaks of his plan to go public with a massive synthetic fuels program modeled on the example of Nazi Germany have done nothing to restore public confidence in his administration. Cart-

er's abrupt decision to cancel at the last minute a scheduled July 5 television address produced new cries of alarm and a floodtide of oratory on the need for a "strong leader" who could ram an economic austerity-cum-military buildup policy past an angry and volatile citizenry. For the moment the Europeans' Tokyo "success," an apparent admission from the U.S. that nuclear energy expansion is vital, has been quickly coopted by such Haig cronies as West Germany's Franz Josef Strauss, whose commitment is only to maintaining a narrow high technology base for a war economy, while destroying the Third World under IMF rule.

For Americans, Europeans, Arabs, and the socialist bloc countries, the time for time-buying is over, and the time for a new world economic order is overdue.

—Don Baier

The Week in Brief

Soviet Academy of Sciences President Anatoly P. Aleksandrov warned in an interview with the *Washington Star* July 4 that without rapid expansion of nuclear energy, the struggle for dwindling fossil fuels will lead to war.

Aleksandrov, a member of the Soviet Central Committee, explained:

"You know that all gas and oil deposits are likely to run out in 30 to 50 years ... but in 30 years it is impossible to reorganize the world in terms of energy from coal.

"We must therefore build nuclear power reactors in all parts of the

world, otherwise wars will one day be fought over the remnants of oil and gas deposits. And they will be capitalist countries, because the Soviet Union will have concentrated on the production of nuclear power and be ahead of everyone else."

For the first time, a top Soviet official directly intervened against what the Kremlin can see is a U.S. course for an antinuclear, war-threatening policy:

"All people with common sense should realize that by the end of the century, the United States will be compelled to create new nuclear pro-

duction facilities, possibly nuclear fusion plants, otherwise she will find herself short of energy. There is no other way to preserve the modern way of scientific development."

Aleksandrov commented on the U.S.A.'s Three Mile Island incident:

"There was no serious danger and whatever danger might have existed was exaggerated."

* * *

Former West German Defense Minister Franz Joseph Strauss was named this week by the Christian Social Union as their candidate to oppose incumbent Chancellor Helmut Schmidt in the 1980 elections. Strauss opened his campaign July 3 with a speech in the parliament attacking Schmidt for his refusal to acknowledge the Tokyo summit as a failure, and for his failure to compel the Willy Brandt faction in his own Social Democratic party to support nuclear energy.

A personal friend of British Prime Minister Margaret Thatcher and NATO's Gen. Alexander Haig, Strauss has adopted a pro-nuclear profile in an effort to win support from labor and industrial constituencies now backing Schmidt. Taunting the Chancellor, Strauss reminded him, "When a close collaborator of yours says that in Kiel the SPD is against nuclear energy, but is for it in Bonn ... then this is an incredible act of irresponsibility."

* * *

One week after the Carter administration, acting on Great Britain's initiative, put the issue of Southeast Asia's "boat people" on the agenda of the Tokyo summit, the European Economic Community Commission has voted a cutoff of food and medical aid to Vietnam.

EEC member governments are reportedly following suit, and naval vessels from Italy and West Germany are patrolling off the coast of Vietnam.

The Deputy Chief of Staff of the Chinese army, the man who led Chinese troops in their invasion of Vietnam earlier this year, is now in London for a 12-day visit at the invitation of British Chief of Staff Neil Cameron. On a 1978 visit to Peking, Cameron toasted a U.S.-Chinese alliance "against our common enemy, the Soviet Union."

China's government, backers of the deposed Pol Pot regime which murdered an estimated 3 million Cambodians, has consistently refused to accept refugees from Vietnam, most of whom are of Chinese ethnic origin—and whom, at various times, the Chinese leadership has openly incited against the government of Vietnam.

* * *

The Soviet Union has reacted sharply to U.S. Defense Secretary Harold Brown's announcement that a 110,000 man "quick strike" force had been formed for use in any global hotspot outside the European theater. The Soviet government daily *Izvestia* on June 27 branded Brown's remarks "a completely naked bellicose statement."

Several days later, on July 1, the Soviet military newspaper *Red Star* published a detailed report on the strike force. "Such a stake on armed intervention inevitably leads to the undermining of detente, the creation of new hotspots of tension ..." wrote commentator Capt. V. Pustov. The United States has threatened to use its intervention force against the oil-exporting nations, since "the creators of American policy fear the possibility that the states of the Persian

Gulf and other regions, not taking account of the interests of the foreign monopolies, will decide for themselves how to allocate their natural resources. ... The Chatter about 'Soviet military threat' is nothing more than a propoganda camouflage hiding plots and plans to use any means, including the force of arms, to perpetuate American imperialism's exploitation of the natural riches of other countries and peoples."

* * *

The following item was printed July 5 in the *New York Times*, under the headline, "U.S. Is Chided for 1776 'Fiasco'".

LONDON, July 4—In an editorial titled "The Fourth of July Fiasco," The Guardian observed today that if the British Empire had not been dissolved, the West might now have a good deal more oil than it has, and gently blamed "our cousins" in the United States for having started the trend in 1776.

"By proclaiming themselves independent, the Americans set a fashion which they must now regret," the newspaper declared. "Had they not given the signal for the dissolution of the British Empire, most of the major oil-producing regions of the world would today be under British control."

The Guardian conceded that George III was "in some ways a deficient monarch," but it argued that ... "today Americans observe Independence Day when they have never been so dependent in their lives."

"Although it is too late now for harboring regrets and although we wish our cousins well on their national day of rejoicing or atonement," the editorial continued, "it is hard not to feel that a less abrupt course of action 203 years ago would have stood their country in better stead."

A sterling proposal ... and why it will not work

This week's meteoric rise of the British pound sterling to a three-year high of \$2.25 had its genesis well before the late July OPEC and Tokyo economic summits that are widely held responsible for the U.S. dollar's concomitant weakness. As early as June 11, *Executive Intelligence Review* has learned, senior advisor to the Bank of England issued the latest of his "blind memoranda," excerpted below, to the Chancellor of the Exchequer and Bank of England Governor. He sees sterling as the new world reserve currency:

"It would seem likely that the tendency for foreign funds to flow into the U.K. would continue and insure

foreign exchange traders that without the muscle of "the dumb U.S. giant" to enforce its operations politically, the International Monetary Fund (IMF), Britain's main chosen vehicle for establishing British hegemony in world credit markets, will remain unable to police any but the weakest of nations. If that is so, the current rise of sterling means we are in fact heading not for a new British Commonwealth world order but for a disintegrating monetary world of weak currency blocs—the hypothesized sterling bloc included. Provided, that is, the U.S. continues its political decay.

"1979-80"

The memo, entitled "1979-1980," has as its major projection that the U.S. and the postwar world with it are to undergo political implosion which only Britain will survive.

"Southern Africa is degenerating into chaos due to lack of international leadership on Rhodesia. The only thing which can deter economic chaos is for the new British Conservative government to end the sanctions and stabilize the situation. ... Camp David has brought no semblance of peace in the Mideast ... frictions there are the worst in 30 years. The U.S. has abandoned the area, starting with its only ally, the Shah ... the flow of funds from the Gulf to Sudan has ceased because of their support of Sadat, and Libya has troops there ... It is well known that the senior members of the Saudi royal family are trying to build up conciliation with Russia ... other members of the family are taking actions against the royal family ... Saudi oil production cannot avoid this difficult domestic consideration ...

"It is probable there will be no international price of oil by fall because producers will sell to the highest bidder, not to any fixed OPEC price. It is impossible to suggest a price, but based on current activities in Rotterdam it would seem over \$30 per barrel.

"... The only countries in this condition with the means of surviving would be the U.K., Canada, Australia, and others who are self-sufficient in energy resources ... America seems likely to suffer a series of misfortunes with political consequences ... and the resultant confusion will have unfortunate economic and social consequences ... a fall in production, higher

INTERNATIONAL CREDIT

that sterling remains a strong currency. ... the U.K. has a new government which shows every intention of dealing with inflation and restoring Britain's international standing with the aid of its unique situation of being self-sufficient in energy ... in this context we must re-examine the role of the Commonwealth...

"There is no hope of the restoration of the fabric of international trade through the IMF or EMS as America is unable to lead the world until 1981 at the earliest. The Commonwealth might provide the example. They have the means to organize a currency with a metallic convertibility that would help restore some belief in money ..."

Origins and prospects

We would not argue that the British oligarchy's belief in magic has been vindicated by events. The memo also "forecast" the real cause of the sterling boom, which was effected quite scientifically by the anglophiles of the Carter administration: the total collapse of U.S. domestic and foreign policy, leading to popular chaos, Iran style, in this country and in Europe, the Middle East, Africa, and Latin America.

But just this fundamental decay of Washington and its allies means that the Bank's scenario itself is doomed to failure. It is the estimate of leading bankers and

unemployment, with insoluble political consequences ... The longer the White House remains impotent the greater the possibility of violent public reaction against the government.

"... Western Europe ... in these circumstances cannot remain prosperous ... it may live off the fat for a time but eventually production will fall and unemployment problems must rise."

Sources say the Bank definitely means gold—not uranium or coal, as some pundits speculate.

This thesis is reinforced by the London *Financial Times* Lombard column analysis July 3 of "Why the Dollar has been Weak." Samuel Brittan writes that the post-November dollar recovery was a "myth" which is now giving way to a "downward movement" with no bottom for the dollar because the U.S. has not had the political will to implement Thatcher-style British austerity programs.

"The sterling dilemma"

Why none of this will work was graphically laid out in turn by the *Financial Times* in its July 3 editorial, "The Sterling Dilemma." The rise in sterling means "an obstinate recession" in Britain because ramshackle British industry can't compete overseas without a falling pound, and the domestic economy offers zero business prospects. The *FT*, recognizing this, proposes that stepping-up the plans for sterling as a world currency

can solve the problem. "Dismantle exchange controls now!" they cry, so that sterling will be kept from rising too high by a massive outflow of sterling investment funds into foreign currency loans, third-country trade finance and foreign direct investment.

What neither the *Financial Times* nor the Bank of England's chief advisor recognizes, however, is the fact that without the IMF and/or the U.S. State Department to watch effectively over such an international sterling loan structure, the Bank of England will be totally over its head. The world economic climate implied by a terminal dollar crisis—necessary for sterling renaissance—would be negative economic growth and capital formation. Once sterling liquidity builds up to any extent outside Britain within that context, it would fall over of its own weight unless the Bank of England is prepared to raise its minimum lending rate not merely beyond its current 14 percent, but indefinitely, at increasing rates. At that point, borrowers would cease to borrow in any case.

Furthermore, reaction to the sterling renaissance idea in continental Europe implies that the EMS nations, led by West Germany and France, see the entire exercise as an amusing, if unwieldy, dinosaur. "Sterling might hold up as long as North Sea oil does," said one German banker, "for a year or two. But is there enough oil in the North Sea to displace even the German banks as lenders in Europe? I doubt it."

—Kathy Burdman

FOREIGN EXCHANGE

Dollar rescue policy in the balance

Over the three-week span between June 14 and July 5, the dollar sank over 4 percent against the deutsche-mark, over 4.5 percent against the Swiss franc, about 2 percent against the Japanese yen, and over 5 percent against the pound sterling. Gold hit \$288 an ounce. Toward the close of July 5 trading, the dollar rose on the White House announcement of intent to move fast on oil-import controls. Meanwhile, no central bank intervention was evident, except for the Bank of England tempering the pound's upward climb.

Since draconian energy measures can only hasten the wreckage of the U.S. economy and thus the dollar, the question remains, as we reported last week, whether France and Germany, which set up the European Monetary System a year ago to protect themselves and the U.S. from currency catastrophe, will throw in the towel—and if they do not, whether their rescue attempts will succeed. One of the best-informed West German investment bankers said privately this week that despite Bundesbank president Otmar Emminger's professed intent to keep raising West German interest rates (which tends to dislocate EMS fixed parities while pressuring the U.S. to tighten fur-

ther) he expects Bonn to "force a deal" with Emminger to maintain the EMS. Yet Washington's incompetence means it will become harder and harder to keep the dollar out of trouble, he added.

The recent OPEC summit, meanwhile, resolved, according to *Oil & Gas Journal* and other sources, that if the dollar loses more than an additional 5 percent of its value, OPEC will consider recasting the oil reference price into "a basket of currencies." Whether to include gold in the basket would then be deliberated.

—Susan Johnson

Credit and synthetic fuels

At senior levels of the Brookings Institution, Hudson Institute, and the Wharton School, it is generally admitted that the so-called synthetic fuels approach to "energy independence" is totally impossible without a total, top-down reorganization of the U.S. credit system.

Legislative proposals for synthetic fuels propose funding of between \$40 and \$200 billion, with the understanding that the upper range of such figures barely begins to reach the level at which synthetic oil and gas production could, presumably, make a dent in the American supply situation. Most of the proposals would create a Reconstruction Finance Corporation type of authority to issue Federally-backed bonds in that amount. In other words, it is proposed to double the current level of federal off-budget financing, at a point where the credit powers of the Federal government both at home and abroad are at an extreme ebb.

Plainly, this will not work under current criteria. The Hudson Institute's current draft, under the Institute's consulting contract to the Department of Energy, proposes to make the new Federally-backed bonds "indexed" according to the cost of living or some other measure. That borrowing from the financing methods of the Brazilian government implies—for obvious reasons—the indexation of the entire American economy. Since the price of synthetic fuels obtained under methods now proposed, e.g. hydrogenation, is above the \$25 per barrel equivalent oil price, the inflationary effects of such a policy would push the economy and credit system in that direction in any case.

Speaking in general terms, the cost of the synthetic fuels program would be so large as to displace the entire current profile of federal off-

budget financing, almost all of which funds construction and real estate activity, through such agencies as the Federal Home Loan Board, the GNMA, the FNMA, and so forth. Construction is the single largest sector of the U.S. economy and the most supported, in both the primary and secondary markets for new structures, by federal discount facilities for the insurance companies and savings banks who provide the bulk of construction finance.

On the part of the insurance companies, according to interviews with company officials, there is little objection to the switchover to a form of RFC paper, especially if the change includes the availability of indexed as opposed to fixed-income paper, again for obvious reasons. However, the transformations that would have to occur in the American economy to correspond to this "financial" change are staggering.

First, the entire present structure of consumer credit, which has been sustained at middle-income levels through mortgage financing, would cease to exist. Secondly, the construction industry, whose gross revenues are barely double the level of construction-related off-budget financing, would have to transfer its activities to the construction of coal mines, slurry pipelines, synthetic fuels plants, and so forth.

The entire exercise would remove a large portion of the productive part of the economy, and replace it with an "energy" industry which produces less than the same volume of fuels consumed by the economy from existing sources at much greater cost. The Hudson Institute is not incorrect to assume that inflationary implications would be so staggering as to make indexation not only desirable but indispensable.

When Nazi finance minister Hjalmar Schacht developed an identical policy to produce synthetic fuels and armaments, centering on the off-budget financing powers of the *Me-*

tallforschungsinstitut (Mefo-Institut), he had two "advantages" which his present imitators do not have. First, the German economy had gone through two thoroughgoing bankruptcies in the previous ten years, namely the inflation of 1923, and the Reichsmark and banking collapse of 1931. Those sectors of the economy that, in the present-day parallel, compete for available credit and resources, had already been bankrupted, under conditions in which unemployment exceeded 30 percent.

Second, and equally important, Schacht was in a position, due to help from the Bank of England, to make the Reichsmark inconvertible and run Germany as an autarky, subsidized by looting rights against the economies of Eastern Europe. Schacht did not have to deal with the implications of a reserve currency, investments in which would fast become worthless due to vast amounts of unproductive spending in that currency.

Currently, one of the determining questions concerning the health of the American government's credit is the foreign standing of the dollar as a reserve instrument, since holdings of dollar reserves are mostly invested in American Treasury paper. The present collapse of the dollar makes the remainder of the year's federal financing requirements considerably more uncertain. The uncertainty has a great deal to do with the fact that some \$800 billion in deposits are located offshore, and are the most volatile, short-maturity section of the entire dollar credit sector.

In formulating plans for synthetic fuels, the State Department has taken this into account by proposing an international authority whereby foreign governments would invest a portion of their reserves directly into American coal-related synthetic fuels projects. This proposal fell flat at the Tokyo Summit. Related efforts by Washington to get such discussion into the Executive Board of

the International Monetary Fund in preparation for next September's Fund-World Bank Annual Meeting have also fallen flat, due to opposition principally from the French and Germans. In other words, the foreign exchange side of the problem,

which Schacht covered so effectively in the 1930s, in hopelessly uncovered now.

Unless the advocates of synthetic fuels under hydrogenation technology propose to address these questions in a format that promises to

reinstate the full array of Schachtian preconditions for their policy—rather than burying the implications in obscure reports—all their statements on the subjects must be viewed as mostly bluff.

—David Goldman

BRITAIN

British oil customers get the shaft in the aftermath of Tokyo

Upon her return from the Tokyo summit, British Prime Minister Margaret Thatcher blithely declared that the decision to set national oil import quotas for EEC countries would have "no effect" on the U.K., which is in any case aiming for zero net oil imports between 1980-85. North Sea oil production is expected to make Britain energy self-sufficient by 1981.

However, unless new fields are found, supplies will reportedly start to dwindle in little more than five years, leaving Britain again dependent upon foreign supplies. And, as recent government action indicates, even Britain's current domestic energy needs cannot be met unless supplies are diverted from foreign customers of the state-owned British National Oil Company (BNOC), which controls North Sea oil production and distribution.

BNOC is one of the biggest crude oil trading companies in the United Kingdom sector of the North Sea, thanks to the 51 percent stake in virtually every company operating offshore which it gained from the state participation deals brought in by the Labour Government. Despite rising production, Britain remains about 6 percent short of oil overall—worse off than some non-oil-produc-

ing countries within the EEC. The U.K., with no "downstream" or refining operations of its own, keeps only 45 percent of its production for the home market, exports the remainder and makes up the difference from the Middle East.

To ensure supplies for Britain, the government has told BNOC to revise the terms of its supply contracts with the 20 or so small American and European companies who buy 75 percent of BNOC's oil. These mostly American companies, who export North Sea crude without refining it in Britain, will be ordered to export up to 50 percent less to make their own customers and divert supplies to the British market instead.

According to the *Economist*, BNOC appears to be making progress with its demands—even though none of it is in writing. Smaller American oil firms are playing ball for fear of having their export licenses revoked, though they may have to buy at \$35 a barrel on the spot market (instead of \$21 from BNOC) to supply their customers back home, and will be forced to pass along the higher cost.

The British government will also exercise its option to have its North Sea royalties (12.5 percent) in oil rather than cash, putting a further squeeze on oil supplies which would ordinarily be shipped abroad.

The second part of the Government's strategy is to extend the oil-producing life of the North Sea in order to make Britain self-sufficient

well into the 1990s, if not beyond. This will mean a crash effort to discover more oil in the North Sea and the Tories are even prepared to drop the requirement, established by the Labour Government, that all oil companies must give the state corporation a 51 percent partnership before being allowed to look for new fields.

In line with the Tories' new "free enterprise" theme, the British National Oil Company is expected to undergo a major face lift. The most likely possibility is that BNOC's equity assets will be sold off to private companies such as British Petroleum, Rio Tinto Zinc and ICI (Imperial Chemical Industries). North Sea oil assets would then be under the direct control of the British oligarchy. Thatcher's husband Dennis, former Burmah Oil executive, could end up with the chairmanship of the truncated BNOC, according to rumors in the British press.

—Marla Minnicino

White House, GAO revive Kissinger's food weapon

Amidst a flurry of press hype, the "food weapon" is getting top-level White House consideration for inclusion in the nation's foreign policy. Administration officials told the *New York Times* on July 3 that as part of the executive-level search for ways to break OPEC, a special office would be set up to examine the flood of "outside expert" suggestions. One of the first items taken up will reportedly be Zionist lobby Senator Daniel Moynihan's (D-NY) recent demand that the administration make a "sustained effort to break the OPEC cartel" by creating a "wheat export authority" including the U.S., Canada and Australia to blackmail the oil-producing nations.

In fact, the oil hoax is a pretext for sharpening up the "food weapon" for use not so much against OPEC—as even proponents admit—but against the East bloc and Japan, among other targets earlier identified by the scheme's original official sponsor, Henry Kissinger. The other target is the American population, who are being conditioned for war mobilization by the "get tough" propaganda advocating an exercise of the food weapon.

A mass organizing drive has been launched by the American Agriculture Movement (AAM), the farm gang nurtured by East Coast environmentalist-terrorist supporters, to set up a "National Barrel-for-a-Bushel Committee" to rally support for Moynihan's "expert authority" through offices to be set up in every major grain-producing state in the country. At the same time in the Senate, George McGovern has railroaded a mandate to President Carter to create an international wheat cartel through committee.

The full scope for the food weapon's targeting was emphasized by its advocates in interviews with EIR at the time. "Actually, the Bushel-for-a-Barrel isn't aimed directly at OPEC," one spokesman said. "They consume so little grain it wouldn't work. What we really want is to raise the prices for Japan and Eastern Europe. They can afford it..."

The fact that testimony on Democratic Rep. Jim Weaver's "National Grain Board" bill for government control of all U.S. grain exports ran overwhelmingly negative last month has not discouraged the press and organized proponents of the food weapon from continuing to barrage the population.

Food weaponeers hoped to parlay the vastly exaggerated news of Soviet crop shortfall to their advantage. In the *Journal of Commerce's* June 26 editorial, "Food Scarcity Again?", the Ford Foundation's Lowell Hardin and Lester Brown of the Worldwatch Institute are quoted as respectively railing against Soviet emphasis on livestock development and animal protein consumption, and proposing that there is now a trade-off between energy and food.

The Soviets have imported an average of 14 million tons of grain a year over the past seven years, the *Journal* points out. In the year ending Oct. 1, under the long-term purchasing agreement in effect between the U.S. and the USSR, the Soviets may purchase up to 15 million tons of American grain—they've bought 13 million tons so far—but after that anything above 8 million tons requires separate negotiations.

The *New York Times* on July 1 asked, "Is the Year's Grain Harvest A Possible Crop of Trouble?", and repeated thinly veiled censure of the Soviet Union for building up livestock production and thus generating added demand for grains. After citing accurate Agriculture Department statements as to the existence of more than ample U.S. grain sup-

plies, *Times* columnist Seth King concludes pro forma: "Even so, foreign demands could pull down the current surpluses and increase the temptations for Washington to use food as an economic and political lever, something no official since Henry Kissinger had admitted to publicly."

Threats against Mexico

The most specific and outrageous food weapon proposal has been formulated by the U.S. Government Accounting Office and exposed in the July 4 issue of the Mexican daily *Uno Mas Uno*. The study itemizes Mexico's rural poverty, castigates the Mexican government for allegedly denying aid to villages with populations under 5,000, and proposes that the U.S. government "restrict trade with Mexico" until the "unequal distribution of resources" is reduced. Secondly, the GAO charges that U.S. firms in the food sector, 65 of them "powerful multinationals," connive with their Mexican partners to export food from Mexico; these exports should be controlled.

This policy is intended to subvert Mexico's capabilities for maintaining its present exports of fruit and vegetable produce to the U.S. while mechanizing and expanding the grains output whose shortfall is currently made up through imports from the U.S. The GAO policy would (a) force Mexico to follow the World Bank policy of subsidizing the most backward, inefficient, village-economy sector; (b) simultaneously foment Iran-style "distribution of resources" jacqueries among the peasants; and (c) suspend key imports to deepen the chaos. The Mexico recommendations are only one chapter of the report, which is titled "World Hunger."

—Susan Cohen

WORLD TRADE

Administration lies on China trade pact

Until July 3, the Carter Administration had been piously insisting that its interest in opening trade with China was only to ensure equivalent treatment of that nation with the Soviet Union. Under no circumstances, Administration spokesmen maintained, would long-delayed prospects of expanded trade with the Soviets be scuttled in favor of a special U.S.-Chinese trade relationship.

Then on July 3, State Department spokesman Tom Reston publicly confirmed this magazine's warnings that the Administration was lying on this question. Spokes-

man Reston, son of the pro-Maoist Scotty Reston of the *New York Times*, announced that the Administration would be sending to Congress its proposed most-favored-nation trade pact with China before any such pact with the Soviet Union was forwarded.

Reston's announcement did not come unexpectedly. President Carter, who was supposed to have laid the basis for a U.S.-Soviet trade pact while in Vienna for SALT II summit talks with Brezhnev, in fact did nothing on this, again signaling that the U.S. regards SALT II not as a basis for detente, but as an expedient for hoodwinking the Soviets while NATO prepares for war.

U.S. to be flooded with slave-labor goods

A further crucial aspect of the Carter Administration's love affair with China leaked out the day following Reston's press conference. The Administration, it turns out, has accepted up to maximum tariff cuts of 60 percent for women's apparel goods imports under the new GATT ("Tokyo Round") pact provisions. The pact has just been submitted to Congress for approval after two months of cover-up and misleading P.R. by Special Trade Representative Strauss's office.

The 60 percent women's apparel cuts will allow a flood of legal cheap-labor-produced garment exports from China to the U.S. to supplement that country's earnings from extralegal opium exports to the U.S. via British Hong Kong.

The flood of Chinese apparel exports to the U.S. will principally impact New York City's archaic gar-

COMMODITIES

Uranium development accelerates in U.S.

One of the biggest growth areas in U.S. mining today is uranium development. Among the many dozens of U.S. corporations plowing investment into uranium mines and recovery plants are the country's leading oil and chemical firms.

Many Americans who have been caught up in the debate provoked by Three Mile Island as to whether the U.S. should pursue nuclear development will realize how much of that debate run in media outlets is a complete hoax when they learn that major U.S. corporations, equipped with massive political intelligence resources, are presently committed to

substantially increasing U.S. uranium domestic supplies—despite the alleged "backlash" against nuclear power.

A few of the facts we provide here demonstrate that the environmentalist movement has drawn public attention away from the emergence in the U.S. of a widespread uranium cartel apparatus, dominated by oil companies and large chemical producers like Union Carbide.

London projection

During 1976, a leading British investment house published a comprehensive survey of British mining corporations, world mining development and commodity price perspectives. Released as an insider's report for the managers of the London Metal Exchange, it is not surprising

to find that the 1976 report's predictions for 1978-79 prices for copper, lead, and zinc are extremely accurate.

Since these predictions were so closely borne out by recent developments, the report's predictions on world uranium consumption can be taken as an accurate summary of the perspective shared by British-tied U.S. corporations presently engaged in uranium development. The report states:

"Despite the inevitable slippage in nuclear construction programmes, the projected annual growth rate in nuclear power [in the Western economies—RS] over the next decade is on the order of 16 percent per annum.

"Consequently, uranium demand should rise from around 20,000 metric tons in 1975 to around 100,000 metric tons in 1985. Current uranium production capacity is approximately 30,000 tons per year but potential new capacity is sufficient to meet anticipated demand.... Mining

ment industry, in effect shutting that industry down for good.

An alternative and equally unattractive scenario would be the political mobilization of the heavily British intelligence-penetrated International Ladies Garment Workers Union and related unions and "cockroach capitalist" garment shops—to scuttle the Tokyo Round altogether in favor of all-out trade war.

The principal blame for the present situation rests with the Administration's deliberate sabotage of the world export boom that could be secured through a collaborative commitment with the Soviets, West Europe and Japan, and OPEC to industrialize the underdeveloped sector. Tom Reston's announcement that a U.S.-China trade pact will be sent to Congress in advance of a U.S.-Soviet one is instead a further attack on that permanent export-boom concept. Not only does China offer a fraction of the markets that

would be made available by a most-favored-nation trade pact with the Soviets, but the China pact will positively damage U.S. interests under present circumstances: first of all, because the export earnings China gains from flooding the U.S. with its cheap imports will be used principally to purchase Western arms for World War III; second, because the increased Chinese legal exports to the U.S. will be used as a cover for increased opium and heroin exports to this country; third, because the huge influx of coolie-labor-produced goods will be used to reorganize U.S. plant and labor force into a primitive, underdeveloped-sector Maoist model.

Ironically, the *New York Times* justifies spokesman Reston's "China-First" pact by leaning on the demagogic Senator Scoop Jackson, who insists that there be no trade pact with the Soviets till they allow free emigration. This the *Times* con-

trasts unfavorably to the Chinese. The *Times* writes approvingly July 4: "According to Congressional sources, Senator Jackson was told by one high Chinese official, 'If you want one million Chinese in Seattle, we'll give them to you.'"

The *Times* omits to mention that the Chinese have already "given" these unwanted Chinese emigrants to the world in the form of the "boat people"—Peking-controlled and manipulated Chinese ethnics who have fled from Vietnam as part of a destabilization of the entire Pacific basin.

—Richard Schulman

companies with established production facilities will obviously do well over the next five years."

U.S. production on the rise

Thus, it is not surprising to learn that during 1978, the state of Wyoming recovered 12 million lbs. of uranium, compared to 9,850 in 1977. Southern Texas, meanwhile, is the hottest growth area, with oil companies in virtual control of the expanding capacity.

During 1978, Continental Oil Co. enlarged its Conquista Mill from 1,750 tons of ore per day to 2,900. During 1979, this expanded capacity will increase Texas output of "yellowcake" (uranium oxide) by 25 percent. In October, 1978, the Texas Railroad Commission approved a Conti application to mine uranium from 29 open pit locations in the state.

Chevron Corporation's 3,000 ton per day acid-leach mill in Karnes County is also expected to go into operation this year. Mobil Oil, U.S.

Steel and Union Carbide are expanding well fields and other uranium-recovery facilities in southern Texas.

Numerous exploration projects are underway, meanwhile, in several southeastern states to test the uranium content of phosphate rock. Florida phosphate rock, for example, when processed for phosphoric acid, contains approximately half a pound of uranium oxide for every ton of rock.

Uranium exploration will also begin this summer in the Northeast. Union Carbide, the West German firm Urangesellschaft, and Kerr-McGee, among others, have announced plans to prospect for uranium in Maine.

It is clear that these firms are not concerned about *whether* nuclear power is developed; their primary concern is that they exercise top-down control over uranium supplies, for purposes of leverage against nuclear power programs around the world, as well as military purposes.

Other companies also heavily in-

involved in Wyoming uranium development include Exxon, Getty Oil, and Skelly Oil. Getty and Skelly are working together on a joint project, previously run by Kerr-McGee Nuclear which has a daily capacity of 1,500 tons of ore per day. The operation, called UJV, has been closed by Kerr-McGee in 1975; upon its reopening this year, it is expected to generate \$39.2 million in additional Wyoming mineral output values. Exxon's Highland mine in Wyoming is now in its final stages of completion. By the end of 1979, it is expected to produce 800 to 1,000 tons of ore per day.

—Renée Sigerson

London starts the gold rush, 1959-60

How dollar-gold link was severed, part II

This article is the second in a special series documenting how starting in the late 1950s the British oligarchy and their American "Eastern Establishment" allies conspired to terminate the U.S. dollar's convertibility into gold. In Part I, I reported that, as early as December 1960, the London *Economist* floated a trial balloon for gold demonetization in the form of a mock-serious excerpt from the "memoirs of Dr. Per Jacobsson." This week I examine how the British wielded their strategic



leverage over world gold markets to detonate the first major dollar-gold crisis in the postwar period.

October 20, 1960—panic gripped the London gold market. For the first time since the founding of the Bretton Woods system in 1948, the price of gold on the free market had breached \$40 an ounce—\$5 above the official price at which the U.S. Treasury had pledged to redeem dollars for gold.

Although most economic historians describe this onset of speculation against the dollar as an outgrowth of the deteriorating U.S. balance of payments position, the October 1960 crisis was the result of a *political decision* at the highest levels of the Anglo-American elite. True, the U.S. payments deficit was becoming a problem (U.S. merchandise exports had failed to keep pace with our capital exports as a result of the late-1950s recession in Europe), but this was only a necessary precondition for the crisis. The Anglo-American elite was committed, as the early 1960 U-2 incident showed, to wrecking détente and destroying the potential for U.S.-Soviet economic and technological cooperation which had revived under the Eisenhower administration.

Coupled with the renewed Cold War policy was a campaign to strengthen the role of the International Monetary Fund as an arbiter of global credit policy. In

October 1959 Robert Triffin, Yale professor and an agent of the Belgian monarchy, testified at hearings held by the Joint Economic Committee of the U.S. Congress. The world monetary system, he said, was on the brink of a catastrophic liquidity crisis which could only be averted if national governments stopped using U.S. dollars and gold as international reserves and instead maintained balances at the International Monetary Fund.

Triffin's proposal was based on the fallacious argument that the U.S. could not supply the rest of the world's massive capital needs without undermining its own currency. In reality, if the U.S. had chosen to gear up its productive industry for an export drive—both to speed Europe and Japan's development and to industrialize the Third World—our balance of payments deficit would never have existed.

Triffin's plan was a modified version of British economist Keynes' proposal for an international central bank which had been shot down at Bretton Woods because of political opposition in the U.S. Shortly after his JEC testimony, Triffin's plan won effective endorsement from the British Radcliffe Committee on the Working of the Monetary System (they objected merely to Triffin's too rapid phase-out of sterling's reserve currency role). The British Chancellor of the Exchequer also lobbied for a strengthened IMF at the September 1960 IMF annual meeting. Eisenhower's Treasury Secretary Robert E. Anderson, however, lent a deaf ear.

The London gold market

To understand how the British were able to pull off the 1959-60 gold panic it is necessary to backtrack to 1954 when the London gold market was reopened for the first time since Hitler's invasion of Poland. Former Federal Reserve official Charles Coombs writes in his book *The Arena of International Finance* that the 1954 reopening was frowned on by U.S. officials at the time, since it opened up the potential for large-scale speculation against national currencies by private citizens. At

that time, only the U.S. dollar was convertible into gold and even the U.S. Treasury only entertained demands for gold from other central banks.

Despite American objections, the London bullion houses, led by N.M. Rothschild's, went ahead with their plans, and within one year the London market dominated a full 85 percent of the world gold trade, including most central bank transactions. Comments Coombs: "... Restoration of the London gold market was, in a sense, the crowning glory of London's recapture of its historic role as the primary raw material market of the world."

Later, the existence of the London market would permit the Bank of England to cash in dollars for gold at the Treasury window in New York at \$35 an ounce and then sell the gold for higher prices in London—yielding an arbitrage profit which could be excused on the grounds that the BOE was "intervening" on behalf of the U.S. Treasury! This is exactly what happened in 1958-60. According to Coombs, during these three years, the Bank of England claimed \$1.8 billion in gold at the Treasury window—more than the purchases of Belgium, the Netherlands, and France combined.

However, it was not until October 1960 that private speculators got into the act in a big way. During the weekend of October 15, the London bullion houses and their Swiss counterparts put out the word to their top clients that Kennedy was going to win the American elections with "a good majority." Kennedy, they said, was certain to devalue the dollar as soon as he got into office. Swiss money flooded the London market, and by October 20, the free market price had reached \$40. (Kennedy failed to squelch these rumors until October 31, when he announced his support for maintaining convertibility at \$35 an ounce.)

Meanwhile, as the result of what Coombs politely calls "a misunderstanding" with the U.S. Treasury, the Bank of England sat on its hands. The Bank of England

justified its inactivity on the grounds that the Treasury had been "embarrassed" by previous BOE gold purchases. The word in Paris financial circles, however, was that the BOE had deliberately staged the October breakout, especially since British newspapers had reported that the volume of trading on October 20, the most critical day, had been a mere \$20 million—easily containable by the BOE.

Camelot

With the installation of John F. Kennedy as President, the U.S. Treasury emerged as a major bastion of British influence on U.S. policy-making. Although Kennedy's anglophile Treasury Secretary C. Douglas Dillon and his Undersecretary Henry Fowler found Triffin's suggested "reforms" a bit too radical for the American public to swallow, they pursued the same policy objectives as he in a more piecemeal, "evolutionary" fashion. In fact, in February 1961, in a special message to Congress on the balance of payments, Kennedy instructed Dillon to carry out a special study on ways in which the IMF might be "strengthened" and new international reserves (other than the dollar, sterling, and gold) be created.

Later, in 1961, at the IMF annual meeting, the entire world expected the U.S. Treasury to take the British to task for their handling of the gold panic and to demand the closure of the London market. Instead, the Kennedy administration made a deal with the British. A London Gold Pool was formed, to coordinate intervention by all the major central banks acting as a group. The Bank of England, however, would act as the Gold Pool's agent in all buying and selling operations and, as a result of its exclusive knowledge of trading conditions, could and did manipulate subsequent panics.

Next installment: DeGaulle's gold policy.

—Alice Roth

Time's up for terrorists

*Question Socialist Party
leaders in Moro murder*

The Italian Socialist Party, a leading component of the Socialist International led by former West German Chancellor Willy Brandt, is now under police investigation for its ties to some of the most notorious international terrorists: the Red Brigades gang which last year kidnapped and murdered former Italian Prime Minister Aldo Moro after holding him hostage for 55 days.

PSI General Secretary Bettino Craxi, a friend of Senator Edward Kennedy and recently endorsed by the *New York Times* to head Italy's new government, was questioned by the magistracy together with his deputy secretary, Claudio Signorile, on June 27. As events unraveled in succeeding days, the entire Socialist Party leadership has come under suspicion of strong terrorist collaboration and collusion. Leading Italian industrialists such as Gianni Agnelli of Fiat and top politicians

Who controls and deploys terrorism? That question is beginning to be answered by the recent developments in Italy. Leading members of the Italian Socialist Party are being brought before the Italian magistrates for interrogation, bringing to light who, in fact, benefits from terrorism. With the collaborative input of the U.S. Labor Party and European Labor Party, the Italian security forces have been able to determine with precision the origins of terrorism, how it was put together, and how the political networks of the the British-controlled Second International, the Israeli-Zionist intelligence networks and the Italian black nobility formed the command and control structure for running terrorism internationally.

Although there has been minimal press coverage throughout Europe and the United States concerning the dramatic developments in Italy, a major battle is taking shape over whether the results of the Italian crackdown will be applied to those countries where terrorism remains a scourge. The very existence of terrorism as a political weapon to be wielded against sovereign governments hinges not only on the outcome of the Italian investigations, but more fundamentally on whether the security organizations of France, West Germany, and Spain crackdown in a similar manner.

According to both French intelligence and former West German security officials, one of the continuing difficulties in clearing out the terrorist organization

in the ruling Christian Democratic Party (DC) have also been implicated.

In short, the uppermost levels of Italian terrorist controllers—long identified as such by the European Labor Party (ELP) in two special dossiers—have now come under judicial scrutiny.

As the investigation continues, the Italian police will inevitably be led to the international centers of terrorist control and deployment. One of the leading magistrates in the case, Padua Judge Calogero, had said at a press conference two months ago that information then in his possession already indicated that Italian terrorism was but one facet of an internationally controlled phenomenon centered in the Middle East and North America, particularly Canada. Information made available to the magistrates by the European Labor Party—which has worked closely with them in the course of

the antiterrorist campaign—has pinpointed that further, naming as responsible Israeli intelligence and British intelligence working in part through in-place networks located in North America.

The PSI-terrorist interface

The investigation into the Socialist Party leadership was first made public June 23, when the judges in charge of the Moro murder disclosed that PSI Deputy Secretary Signorile was known to have met with "Autonomist" leader Piperno. Piperno is head of that Autonomist movement identified by the police as the above-ground support organization of the Red Brigades and related terrorist cells. Signorile's meetings with Piperno—who is now in hiding from the police after being charged with helping to direct the Moro kidnapping—took

The significance of the crackdown on terrorism

is the political protection that is afforded the terrorists by leading public officials. Last week, in West Germany, Social Democratic Party Chairman Willy Brandt, announced that the environmentalist movement, a known center of terrorist activity, is welcome to join the SPD. Brandt went further in his avowed proterrorist stance by stating that, like the student movement of the 1960's, today's environmentalists represent a necessary political force in society requiring a broader political voice.

Such declarations should come as no surprise as Brandt has been one of the leading spokesmen in the British-controlled wing of the Second International supporting terrorists and supporting the electoral efforts of PSI Central Committee member Bettino Craxi (now being interrogated) before Craxi became too hot to handle.

Basque terror

Across the European map, as a counter to the events in Italy, the clearest point of escalation of terrorism is Spain. The Basque terrorist organizations have been on the rampage there for over a month. One

French intelligence official reported to European correspondents for *Executive Intelligence Review* that the Basque terror represents the greatest threat to both Spain and France, since the French have been intimately involved in aiding the Spanish in their fight against the terrorists.

According to a Spanish journalist, the problem for Spain's security services is not who stands behind the terrorist deployments, but how to piece together the proof that the black nobility, the Second International, and the Israelis work together to foment terrorism. It is a generally well-known fact that the Spanish black nobility runs terrorism—the question remains how to effectively move on it.

Over the coming weeks, what track the Italian investigators take will determine to a great extent how effectively terrorism will be eliminated. If they continue along the lines of investigation already being pursued, then many leading political figures in Italy will be behind bars. The whole structure of the Italian terrorism apparatus will find itself under the threat of or actual investigation by the magistrates.

Then the Israeli intelligence service and many of Europe's leading black nobility families will be exposed for their terrorist operations, bringing the investigation to the top: the British monarchy which currently keeps its distance from the terrorists it in fact has created and controls.

—Paul Goldstein

place during the period when Moro was being held, in April 1978.

General Secretary Craxi attempted to give Signorile political cover by announcing that Signorile had acted with his full support and under his instructions. The ostensible purpose was the PSI's desire to negotiate an exchange of prisoners with the Red Brigades—in complete violation of government policy at that time.

Rather than pulling back as expected, the judges responded by bringing Craxi himself in for questioning. Then when other top Socialist leaders such as Giacomo Mancini and his ally Landolfi attempted to deny that Piperno might be a terrorist, going so far as to call him their "friend," they too were summoned for interrogation by the magistrates. As of this writing, nearly all the top PSI leaders have been summoned by the judges, not excluding Socialist members of Parliament itself.

The lines of investigation

According to Judge D'Angelo, who is heading the PSI investigation, two distinct levels of inquiry are now being pursued by the police. First, the actual nature of the repeated meetings between PSI officials and leading terrorists must be explained. Second, what was the PSI covering up when it chose to hide the fact of these meetings once Piperno had been identified as a Red Brigades leader two months ago? "Very serious doubts" have now been cast on the Socialists' testimony, say the magistrates, following their preliminary investigation. Then, it was learned that PSI chief Craxi had also met at various times with Tony Negri, the jailed professor

from Padua University around whom the State's entire case against terrorism is now centered.

As the *Executive Intelligence Review* has previously documented, citing information made available to the Italian police by the European Labor Party, Negri, in his career as a terrorist leader, was a protégé of PSI central committee member Norbert Bobbio. In this, his case is paradigmatic of that of other leading terrorists and the Italian terrorist movement generally.

Other facts have more recently come to light which both elucidate the manner in which terrorist networks are maintained and the way in which they are interrelated with some of the best-known names and institutions on the peninsula. For example, a "research center" set up by Piperno which functioned until last year, was found to have conducted studies for many years on a subcontracting basis for a public research institute named Formez. Formez was a spinoff of the well-known Cassa per il Mezzogiorno, the public apparatus created by PSI leader Giacomo Mancini for the ostensible, but never realized, purpose of developing Italy's southern region.

Furthermore, the police have revealed that Piperno's outfit received the subcontracts from Formez on the strength of a written recommendation authored by a PSI parliamentarian. The judges point out that this is already sufficient proof that Craxi and Signorile were misrepresenting the case when they testified that the first PSI contact with terrorist Piperno took place last year under the guise of seeking the release of Moro. Also being brought into the growing web of terrorism is the owner of Fiat, Gianni Agnelli, who has been

When Franco Piperno, formerly a professor at the University of Cosenza in PSI leader Giacomo Mancini's southern fiefdom of Calabria, became the subject of an arrest warrant in the investigation of the Red Brigades murder of former Italian Prime Minister Aldo Moro, there arose a flurry of protest, including two articles published in *La Repubblica* on June 26 and 27, from their reporter "on the scene" in Cosenza, Giorgio Bocca.

Giorgio Bocca is an Italian Socialist Party member and a well-known journalist. He is a member of the intellectual circle of the PSI that controls terrorism.

Several other individuals and institutions mentioned but not identified by Bocca in the following excerpts are Renato Curcio, the jailed leader of the

Red Brigades and one of Francesco Alberoni's students at the Sociology Department of Trento University; Franco Piperno, a fugitive connected to the Moro murder, for which Toni Negri and Oreste Scalzone are now in jail (all three are members of the autonomist movement); Morucci and Faranda, two Red Brigades terrorists recently picked up and jailed by the Italian police; Giacomo Mancini, one of the best known national leaders of the PSI, and the "godfather" of terrorist Piperno; Formez, a research

center set up by the Casa per il Mezzogiorno (a center for the development—or exploitation—of the Mezzogiorno), originally created with the aid of Mancini; Montedison, Italy's giant petrochemical company, which has been identified as having funded the Cerpet, a research institute set up by Piperno, during the period when Cefis was Montedison's president.

La Repubblica, June 26:

But what is this terrorism of Cosenza? The southern university sanctu-

La Repubblica reacts to terrorist roundup

revealed to be a cofinancier of Piperno's research center together with the former head of the Montedison giant petrochemical complex, the well-known entrepreneur, Eugenio Cefis.

Eugenio Cefis was set up in business by the in-house Italian representative of the Lazard Freres banking house, Enrico Cuccia.

Fanfani, Agnelli implicated

Of equal significance are the facts which have emerged showing clear collusion between the PSI leadership and the head of the Christian Democratic opposition to Prime Minister-elect Giulio Andreotti: former Prime Minister Amintore Fanfani. Fanfani has now admitted to involvement in the entire episode last spring in which the PSI worked with terrorists Piperno and Negri to "help free Moro." Thus Fanfani has also been pulled into the ongoing police investigations.

The editor of the best-read Italian magazine, *L'Espresso*, and the magazine's top terrorist expert have also been implicated. It has been learned that they helped arrange and participate in the meeting between PSI deputy secretary Signorile and Piperno. *L'Espresso* is published by the brother-in-law of Fiat's Gianni Agnelli, Carlo Caracciolo, the scion of the noble Caracciolo family whose now deceased brother was the leader of the Italian environmentalist movement.

What is emerging are the broad outlines of the network of enforcers and protectors of Italian terror identified by the European Labor Party in its twin special dossiers on the Moro murder. Amintore Fanfani is the creature of Princess Elvira Pallavicini, the major

spokesman of the Italian black nobility closely allied with the British crown and the Zionist workers run out of Israel.

Gianni Agnelli, who personally and through his family dominates a major portion of the Italian press, not only intermarried into this "black nobility," but is himself a spokesman for its professedly Malthusian financial policies. Together these individuals represent the international conspiracy which creates and runs global terrorist activity.

The investigations are continuing. Most recently over the past week Carabinieri General Dalla Chiesa's special antiterrorist unit raided the University of Cosenza in Calabria in an operation closely resembling that of two months ago in Padua which led to the arrest of Negri and about 20 other terrorist professors. Although little information has yet been released by the Carabinieri, it is known that the material confiscated during the raid has opened a new and very important flank for the overall investigations.

The University of Cosenza is the well-known fiefdom of the cited PSI leader Mancini, who otherwise attempted to defend Piperno last week. The police have also followed earlier leads, leading to a new wave of dozens of terrorists being rounded up in the Veneto region over the past few days. The Italian magistrates heading up these operations have pledged that this is only the beginning, and that the information gathered in the course of these operations will be used to add to the evidence needed to put the actual controllers of terrorism behind bars.

—Vivian Zoakos

ary of the armed party, as is said? The refuge of some of its leaders? There is a way of analyzing and reporting that is like a computer: you push a button and instantaneously you get huge memory banks, theorems, sophisms: Andreatta founded Trento, where Curcio studied, and Cosenza, where Piperno teaches. Ergo, the social and progressive universities produce terrorism. Or: Morucci and Faranda were found in the house of Giuliana Conforto, who was at Cosenza, ergo the Red Brigades have a refuge and protection in the University.

La Repubblica, June 27:

Giacomo Mancini is not frightened, and finds a convincing image: "If one cashier who steals is discovered inside a bank, no one dreams of say-

ing that the whole bank is made of thieves. I don't understand why the whole university should be found guilty just because two or three people in it are implicated in terrorism." The electoral response shows Mancini is right: 90,000 preference votes say that he is still a leader with a large following....

The possibility of getting a good degree... is too great a privilege, and the chances outside too small, for the autonomist rebellion to go much beyond writing slogans on walls and trade-union demands made in truculent language. These don't seem to be the kind of youth to criminalize, but to help.

La Repubblica July 1-2:

Regarding the entities that financed

Cerpet by contracting research work from them, Monday's *L'Espresso* adds something about the Formez and Montedison. It says that financing from the chemical industry reached Cerpet "through the Socialist Luigi Mazzillo." As far as Formez goes, the same weekly writes that the study center did research papers that were "printed one after another by the Lericci publishing house. Lericci is directed by Prof. Pedulla, who teaches history of literature at the University of Rome, and is a socialist of the Mancini faction." There's more: *L'Espresso* also writes that the three arrested *Metropoli* editors, Virno, Castellano and Maesano, "besides working in the Autonomy, also worked in cultural institutions close to the PSI."

U.S. terrorist backers scramble to free Negri

Following the arrest of Tony Negri by Italian authorities on charges of being in control of the notorious Red Brigades terrorists who kidnapped and murdered former Italian Prime Minister Aldo Moro, a group of support committees for Negri and others who have been arrested have sprung into action internationally—including in the United States. Taking the name “Committee Against Repression in Italy” (CARI), the efforts to free Negri and keep investigators off the track of the big names deploying U.S. terrorism behind “legitimate” office doors, are being quickly pushed forward by already known terrorist advocates as the Zionist Lobby, Willy Brandt’s Second International, and the so-called Trotskyist Fourth International—all run under the direction and control of British intelligence.

As proven by the recent investigations in Italy, terrorism is not a “natural” sociological phenomenon. Terrorism requires sophisticated logistical support involving large sums of money, safe houses and, as the case of Aldo Moro proves, high level political support. The institutions behind terrorism never operate on the level of gun-toting assassins, but serve as the points for organizing financial support, issuing marching orders, broadcasting targets through the media, and recruitment which is carried out from the safety of college teaching posts, as in the case of Negri.

In the United States, this level of logistical activity is carried out from posts safely nested in such institutions as the Stern Foundation, Rabinowitz Foundation, the Institute for Policy Studies, the United Autoworkers Union and others.

It is the method employed by Italian investigators that has been successful in unearthing terrorist controllers on the highest levels, including the calling in for questioning of prime minister hopeful Bettino Craxi, secretary general of the Italian Socialist Party. But, in pursuing this investigation which led a team of investigators to seek collaboration with authorities in the United States, the entire logistical financial support networks for terrorism in the U.S. has begun to come out in the open.

Stepping into the public light to attempt this cover-up and thus confirming the validity of the Italian investigators’ from-the-top-down roundup, is Wayne State University Professor Martin Glaberman who figures in the Detroit-based intelligence operation centering around United Brands’ Max Fisher. This past month, Glaberman went into court seeking an injunction to stop Oscar Tosi, a scientist from the Department of Audiology at Michigan State University, from ana-

lyzing tape recordings of telephone calls between terrorists in the Red Brigades and the family of the late Aldo Moro. The request for this analysis came from Italian judges who are prosecuting Tony Negri, and who now allege that the “Red Brigade” making the calls to Moro’s family was in fact Tony Negri himself. The tests to be performed by Tosi are established straightforward analyses appropriately understood as electronic fingerprints.

Initially the Michigan court denied Glaberman’s attempt to stop the testing, and rightfully so. An international agreement signed in Bonn last year calls for full collaboration in the cleanup of terrorists. As of this writing, however, the final decision will be made July 10. Glaberman’s incriminating behavior has been complemented by implicit threats of assassination from Negri’s attorney, Bruno Leuzzi Sinischalchi, who has made the “ID format” charge that the voice analysis expert at Michigan State works for repressive governments like Brazil, and has used his talents to free a man accused of heroin smuggling.

Who is Martin Glaberman?

Glaberman, while not considered the biggest brain behind U.S. terrorism, nonetheless qualifies for this wrecking job. He has publicly identified himself as a friend of Tony Negri and dates their collaboration back to the early 1960s. His willingness to free Negri and stop investigation from opening up in the U.S. is explicable.

In the 1940s, Glaberman helped lead a split of the Trotskyist Socialist Workers Party, called the Schachtmanites, who were the modern originators of the “third camp” line: rebellion against any centralized authority and organizers for anarchistic local control of factories and neighborhoods—the belief structure used to drive international terrorists to this day.

When the Students for a Democratic Society (SDS)

was founded in the early 1960s, Glaberman began pulling strings within the group. SDS was the creation of the Socialist Party and was funded by Socialist Party-run United Autoworkers Union, and was directed by the likes of Irving Bulestone of the UAW and Michael Harrington, then of the Socialist Party. SDS was quickly fractured into a number of groups and terrorist formations including the Weathermen and the Maoist Revolutionary Communist Party, among others, many of which are still linked with the Communist Labor Party.

Networks around the *Inner City Voice*, which later became the League of Revolutionary Black Workers, were primarily shaped by Glaberman and the National Lawyers Guild. In fact, Glaberman's networks included one Ken Cockerel, who rose from the leadership of the League of Revolutionary Black Workers to be, 10 years later, elected to Detroit's Common Council. Many members of the league were former students of Glaberman at Wayne State who went on to play a major role in the Detroit riots of 1967.

Glaberman personally arranged a tour of Europe for John Watson, *Inner City Voice* editor, where besides attending a conference of the Italian Socialist Party of Proletarian Unity, he met with Glaberman's friends in Italy (the Negri networks) and others elsewhere in Europe.

Glaberman was also a lecturer at the Free University of Berlin, a major recruiting ground for the Baader Meinhof.

Currently, Glaberman is part of an apparatus in the Midwest, which, along with the National Lawyers Guild and others, has operated the "anti-Nazi" coalition in Detroit responsible for provoking and staging "left-right" confrontations. The coalition enjoys its major funding from the United Auto Workers and political support from alleged organized crime kingpin Max Fisher's forces of the Zionist Anti-Defamation League of the B'nai B'rith—the same Max Fisher who sponsored the May Michigan campaign tour of John Connally and the same Max Fisher who, pertinent to this report on Glaberman's efforts to block the investigation of terrorism, reportedly passes approval on every judge appointed in Michigan.

Glaberman is also credited with the anti-Teamster organization PROD which is, in reality, the International Socialists, the heir to the Schachtmanite split-off from Socialist Workers Party.

Unraveling the web

This brief profile of Glaberman is a case study of a particular level of terrorist control operations that can be repeated again and again for various other Negri supporters. Howard Zinn, for instance, has a nearly identical background, except that the institutions he helped create and run have different names.

Zinn was the godfather of the new left in the greater

Boston area, and his tentacles are evidenced through the greater Boston-Cambridge area through the SDS, SNCC, the Clamshell Alliance, and many others. It is from his position as the former president of the National Lawyers Guild (and funder through the Rabinowitz Foundation) that he has arranged for the National Lawyers Guild to intervene on behalf of Tony Negri, et al.

This summer, two members of the NLG are traveling to Italy to investigate the arrests. The last time the NLG carried out such an investigation was when William Kuntzler and Ramsey Clark went to West Germany to investigate the treatment of captured Baader Meinhof terrorists—and sided with the terrorists.

Nominally directing the CARI defense of Negri is Italian national, Sylvia Federici, a friend of Negri's (and a friend of Negri's friends). She was associated with *Telos* magazine for many years, which functions to this day as a "theoretical" cover to feed marching orders to terrorists. This is one of the sources connected to the jailed professor Negri which says that "terrorism is a sociological phenomenon."

A few years ago, Sylvia Federici and others left *Telos* to set up *Zero Work* magazine. *Zero Work* became the American representatives at a conference in Britain sponsored by Negri and British subject John Merrington.

Italian authorities have already named *Zero Work* as the major American collaborators of Negri. (The magazine has served as a means for *Zero Work's* infiltration into the environmentalist movement.)

Only since the arrest of Negri, have these people come forward publicly as anything resembling a group. Not unlike Glaberman, Sylvia Federici has been sent into explosive public outbursts when asked by other "leftists" why she formed CARI after Negri's arrest and why CARI won't publicly defend other arrested terrorists except the academic level associated with Negri. She explains her problem: the arrest of Negri marks a turning point for terrorism in Italy and marks a "new method" being employed by Italian authorities.

Paul Goldstein of *Executive Intelligence Review's* Military Strategy desk, at a recent seminar in New York on terrorism in the United States (transcripts are available on request) explained the Italian method: "Any proper approach to fighting terrorism, fighting environmentalism, and fighting drugs is identical. The approach is identical though you'll see on the lowest level a disparate set of conditions and networks involved. You approach it in the same methodological way that the Italian police, on our recommendations, have approached and traced upwards the environmentalist networks, drug-running networks, and terrorist networks to key institutions that control the media, that control our leading institutions, that control many facets of American life."

—Ian Levit

'Neoplatonic method against terrorism'

Some weeks prior to the decision by Italian authorities to extend the scope of their investigation into the network of terrorism in Italy and begin questioning high-ranking members of the Italian Socialist Party, the European Labor Party published part two of its dossier on terrorism titled *Socialist Area: The Party of Terrorism*. In it, not only is the PSI's role in the support and control networks of terrorism detailed, but, in an editorial statement, the European Labor Party calls on the investigators to stop terrorism by using the same method which has already gained them significant results. Major portions of that editorial, titled "The Neoplatonic Method Against the Terrorism of the Oligarchy," are printed below.

Despite the profound satisfaction that we felt when the long awaited news of Negri's arrest reached us April 7, it is not sufficient to repeat that we were right. As in the case of any important scientific discovery, what is significant is not only the result achieved but the method of hypothesis which led in a lawful manner to that result. That is, what must be detailed here is not the mere fact that we were right, but why and how we were correct.

Although the European Labor Party (ELP) had supplied the magistracy as well as political forces and the press the names of individuals and organizations involved in terrorism, this was not the fundamental contribution which led to the arrest of Negri. Everyone knew who Negri was, although no one had named him in the context of the investigations around the Moro case. Even Judge Alessandrini knew Negri's reputation before he went to dine with him at the home of Judge Bevere. But, as Alessandrini told us well before that evening, the magistracy cannot move against individuals like Negri without having irrefutable proof of his terrorist activities. What brought about the determining shift in the investigations to the point of overcoming this obstacle was the global contributions provided by the publication of the famous "special dossier" of the ELP, entitled *Who Killed Aldo Moro*.

The shift was a methodological one. It was not that Judges Alessandrini and Calogero had suddenly found "new" overwhelming evidence; what changed was the method with which they defined that which constituted significant evidence. Once they had defined what they were looking for—not only weapons, signed letters, etc., but above all the coherent general political objectives of the terrorists and the organized networks which protected them—they finally began to get results.

... The fundamental premise of the ELP's Moro

dossier with respect to terrorism was that it could not be a "natural sociological phenomenon." Twentieth-century terrorism must be analogous to the various preceding forms of organizations used to obtain specific political ends. The politics laid out in the insane terrorist literature confirm the hypothesis that terrorism is geared to destroying the emerging alliance among the French, West Germans and Italians committed to realizing the Grand Design of economic cooperation between East and West for the development of the Third World.

The assassination in 1977 of Hans Martin Schleyer and Jürgen Ponto, who were engaged in realizing such an alliance, was proof of this just as was the kidnapping and murder of Aldo Moro, precisely when Moro was the key figure in a strategic alliance between the development forces of the Christian Democratic Party and the Italian Communist Party (with its many implications for East-West detent policy). Terrorism was and remains nothing other than an instrument of the broad political-financial interests whose political aim is the destruction of the humanist program for peace and development.

... Who is Toni Negri—founder of *Quaderni Rossi* and other publications, head of that Potere Operaio which incubated the Red Brigades, and of the autonomists, the above-ground terrorist organization? The most significant fact regarding Toni Negri, which the press controlled by the "Socialist" Count Caracciolo has refused to view as other than a "parenthesis," is his family background and his political affiliation. Negri's mother as well as his wife cannot be viewed as part of the parvenu nobility: the Malvezzi family from which his mother is descended is one of the oldest and most evil branches of the Black Guelphs, and his wife is a Venetian noblewoman.

The relations between Negri and the PSI of Padua

were not a "parenthesis." Besides being a leader of that party and a city councilman elected by the PSI, Negri regularly wrote for the publication of the PSI/Padua federation, *Progresso Veneto*. But, someone might object, Negri left the PSI! That is true but, as Calogero specified in speaking of the false dissolution of the Potere Operaio, Negri's departure from the PSI was only apparent. In reality, all Negri's ties from the 1950s through today are with the PSI and its internal networks. *Quaderni Rossi* was an initiative of the PSI, published by *Edizioni Avanti* (publishers of the PSI's official organ, *Avanti*—ed.), consisting of an editorial staff filled with socialists. The same is true for *Classe Operaia* and other editorial initiatives in which Negri took part. The same is true for his university staff in Padua, his sociology colleagues—Alberoni, Bobbio, Vacca, not to speak of Bocca, Galli and Acquaviva (all well known PSI members—ed.)—and for the actual terrorists who are their creatures, indoctrinated in their university classes and supported in the pages of their newspapers. At an international level, as we shall prove in the pages of this document, the Second International and its networks among the "new left" theoreticians constitute the circle in which Negri operated for the past 20 years.

... This coherence between the PSI and the Second International on the one side, and the aristocratic connections of the PSI on the other, together with the organizing elite of terrorism is the fundamental "fact" which must guide successive investigations. Negri's collaborators and friends, Riccardo Lombardi and Bettino Craxi, who are also implicated in the drug traffic from the side of terrorist funding, must be subjected to interrogation. Until the PSI is identified openly for its long-term terrorist responsibility (and activities connected to traffic in drugs, weapons and the counterculture) the entire story will not be understood. In order to stop terrorism, we must stop the PSI and its international networks operating both horizontally and vertically and throughout its entire structure.

What this heterogeneous group has in common, besides their joint sources of financing, is the conception which pervades them, the eight-century-old conception of the Malvezzi, of the Caracciolo. It is the world-view of the financier-latifundists who hate progress and, as such, hate humanity. Dreaming of a return to a pre-industrial hell where the majority of the world population is reduced to the condition of serfs who bow reverently to the land-owning aristocratic elite, Negri's faction fights against every form of social development. The ideology of Potere Operaio, as emphasized in Negri's writings, is against all forms of productive human labor. Negri is declaredly opposed to the development of nuclear energy, which is the only means through which an expanding global population can achieve advanced levels of production and consumption worthy of being human. ...

The coherence of ideas

In order to fight against terrorism we must fight against its ideology—not only the sociological rationalizations for terrorism, but the entire antihumanist, antitechnological ideology of zero growth. We must fight nihilistic counterculture, the drug culture, and the intellectual failures which produced it.

When Judge Calogero explained the methodology which he was following in examining the coherence between the writings of Negri and the terrorist activities of the Red Brigades he was attacked by a host of "democratic" colleagues and supporters who shouted: he is attacking ideas! In fact, from an unassailable juridical standpoint, it was an attack against those ideas which, translated by their creators into material practice, led to the annihilation of individuals and an entire historically valid social system.

The relationship between ideas and fact is precisely the crucial aspect of the issue. Negri and his terrorist-sympathizing lawyers have attempted to maintain that to instigate an armed insurrection against the State in a book or a lecture is to express a legitimate "opinion" in a democratic state. Giorgio Galli, Giorgio Bocca and other Negri collaborators echoed the same standpoint in the columns of their newspapers. At the same time, they demanded of Calogero that he come forward with the "facts," the concrete "factual" evidence to support the accusation against the defendant. While it is confirmed that the magistracy is in possession of the factual proof of Negri's culpability, what is important here is the epistemological question: what is the relationship between ideas and "facts"? What in reality is a "fact"?

For an Aristotelian, a "fact" is an event or concrete thing susceptible of being categorized. When Judge Alessandrini was brutally assassinated in January, that was a fact...

We Neoplatonists define facts differently. The significance of the existence of a "thing" is not in the ephemeral empirical form in which it appears. The reality of truth of the fact is in the process which produced it, in the intention or the motive which caused it to occur. Thus the question arises of "qui prodest": who wanted Alessandrini dead and why? What was Alessandrini doing before he died? Who, historically, is Prima Linea (the terrorist group which killed Alessandrini—ed.), and who generated the propaganda and antecedents which incubated it? What type of jargon does Prima Linea use, and who created it? What is the real aim of all this?

The Platonist takes the individual fact to be the manifestation of an entire process and generates the hypotheses appropriate to identifying that process in its totality....

The PSI: Italy's party of terrorism

Earlier this year, the European Labor Party published part two of its dossier on the Italian terrorist network titled *Socialist Area: Party of Terrorism*. The accompanying flow chart, highlighting the Italian Socialist Party's connection to terrorism, is taken from that document. But perhaps the best explanation of that chart is given by the following excerpt from part one, *Who Killed Aldo Moro*, issued in October 1978: "The sociologist S.S. Acquaviva wrote that what has happened in recent years in Italy is the repetition of the scenario of the French Revolution. First there are the 'philosophers' who propagandize the new ideas, like Marcuse; then the Jacobin Clubs are formed, which would be the various Maoist groups such as Potere Operaio, Lotta Continua, the autonomists, who have sensitized the masses. Presently, writes Acquaviva, we can expect the birth of regional independence movements: Sardinians, Piedmontese, Sicilian, etc. Then, as the final phase—always in perfect parallel with France before 1789—there will be the unification of 'all the clubs' which also control the movement in the countryside. At that point, as history shows, nothing can stop the revolutionary movement."

The "philosophical" phase of Italian terrorism was born at the London Tavistock Institute in the "sociological" section, which produced the "belief structures" necessary to the brainwashing process through which confused, unemployed and frustrated youth are turned into terrorists. This belief structure and its method of application were reproduced in Italy initially by PSI member Francesco Alberoni at the Sociology Department of Trento University—which ultimately gave birth to the Red Brigades.

Renato Curcio, the now-jailed "historic leader" of the Red Brigades was one of Alberoni's students. Another Tavistockian interface in Italy is through the Bertrand Russell Peace Foundation, whose Italian collaborators include Giangiacomo Feltrinelli, Lelio Basso (PSI) and Riccardo Lombardi (PSI). Feltrinelli, who went on to create the terrorist organization GAP, was killed in the process of carrying out GAP terrorist activities.

The "New Left" in the U.S. was created through the use of the same methods. An important link between the U.S. and Italian operations is Eugene Genovese, one of the founding members of SDS. Genovese runs terrorist-sympathizer networks inside the Italian Communist Party through his activities with the Gramsci Institute.

The "New Left" parallel in Italy was run in part through the PSI's project at the University of Padua, Tony Negri. Negri worked on the "theoretical" journal *Quaderni Rossi* under the tutelage of its founder Raniero Panzieri, then number two man in the PSI. QR was printed at the offices of the PSI daily *Avanti*.

In the transition to phase 2, an important grouping is found around another "theoretical journal," *Telos*, the official philosophical review of the University of Buffalo Graduate School, which was founded with the support of then rector Warren Bennis. Bennis was a veteran in the use of Tavistockian methods on Vietnam war veterans at his University of Buffalo psychological project.

Telos, founded by Paul Piccone, became the mouthpiece for every species of proterrorist theorizing, including works by leading PSI member Norberto Bobbio, and the "socialist philosopher"

Lucio Colletti. When confronted recently on this connection, Bobbio stated, "Yes, I am friends with Paul Piccone."

Piccone's credentials include the founding of the Pisa branch of the major "Jacobin club" of phase 2, Potere Operaio (Workers' Power). The Padua branch was founded by Toni Negri.

The Telos-Potere Operaio connection was perfectly obvious to any observer of the 1971 conference organized by Telos at the University of Buffalo. This conference was attended by members of Potere Operaio, and had an important impact on the formation of other extreme left grouplets in Italy. Potere Operaio went through its famous "split" in 1973, over the "organizational" question. One group, led by Toni Negri, Oreste Scalzone (both now jailed in connection with the Moro murder) and Franco Piperno (a fugitive in the Moro case), wanted to prepare for spontaneous violence with broad participation of the "masses." This group became the "above-ground, legal" autonomist movement. The other group favored more "elitist" violence, i.e., terrorist hits carried out by trained commando units—this group became the Red Brigades.

The basic theory underlying the current cleanout of the Padua Autonomi is that this split was fictitious and that, in fact, the Autonomi and the Red Brigades are one and the same thing.

This transition to phase three was paralleled at the University of Cosenza, a fiefdom of PSI mafioso and faction leader Giacomo Mancini. Piperno was one of a nest of "autonomists" at Cosenza, who are to this day being protected and publicly defended by Mancini. "Refusal to work" is a basic tenet of the "autonomist" belief structure. It is a logical outcome of the oligarchist, zero-growth, antitechnology, and basically feudal outlook of the Tavistock creators of the belief structure in general. It leads directly to

industrial sabotage activities and threats to the nuclear industry. As Acquiva explains it:

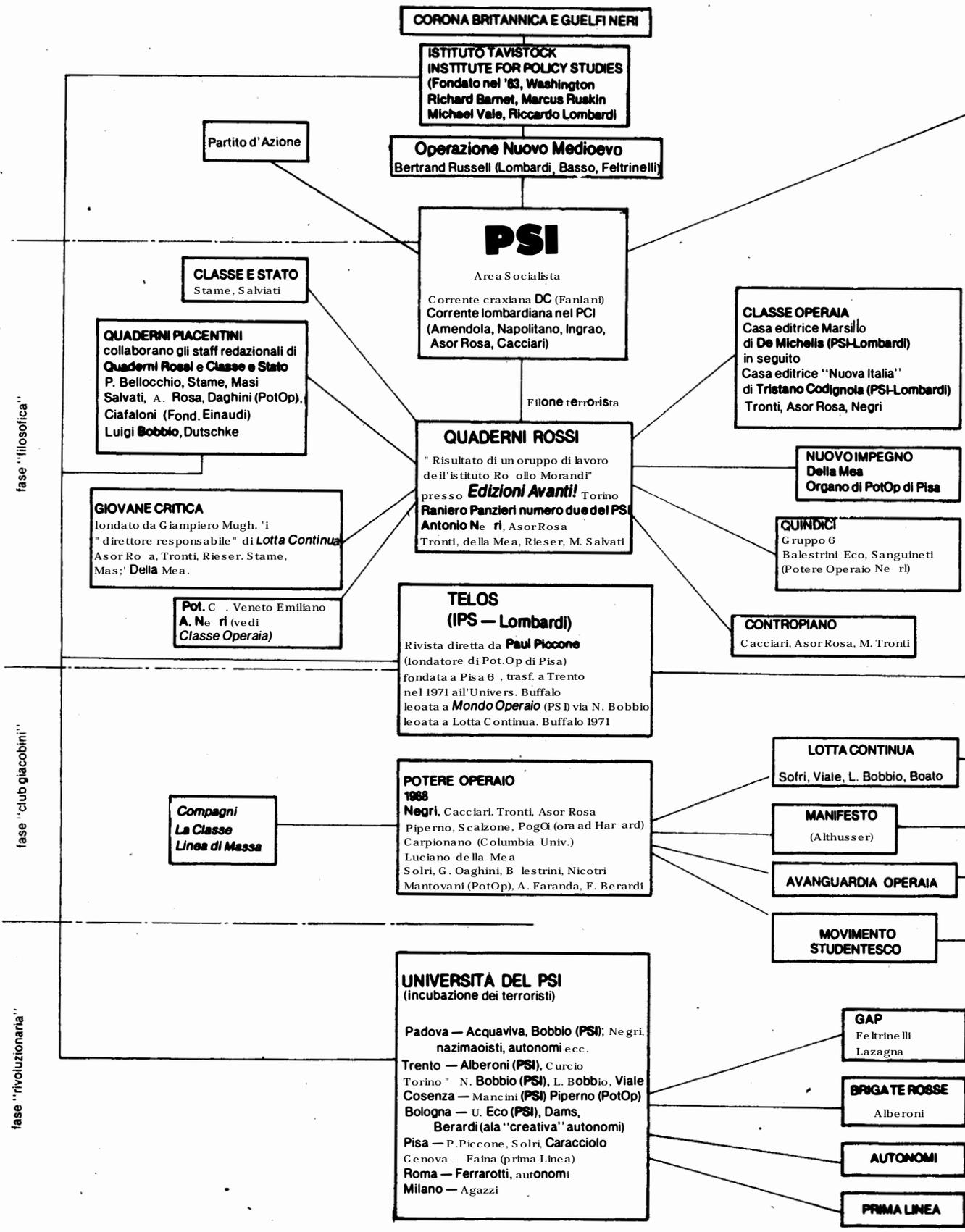
"The refusal to work is a well-known experience in the movement, and at the same time is historical necessity. For Toni Negri, but in fact also for the others, 'the centrality of the refusal to work in a communist program' is reconfirmed. A refusal which opens in two directions, from one side toward sabotage and then armed revolution, from the other side toward self-evaluation, the discovery of the personal as political, the subjectivity of the revolutionary attitude."

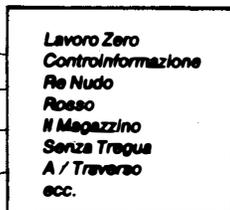
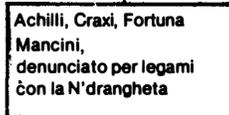
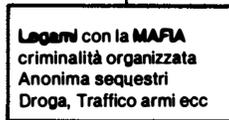
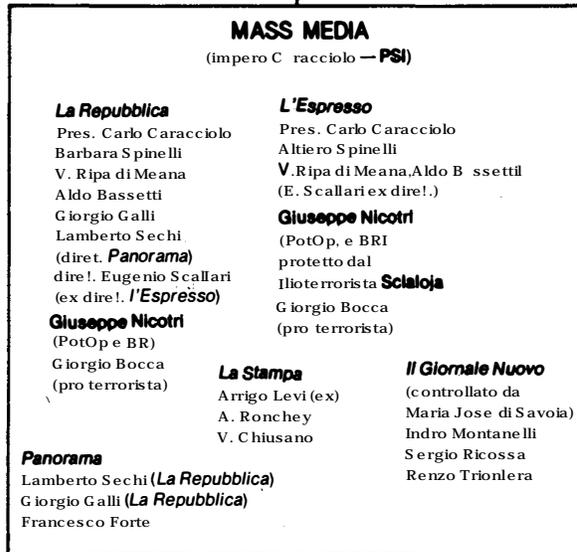
Another quote from Sabino Acquaviva, specifically from his book *Guerrilla and Revolutionary War in Italy*, should clarify the process by which belief structures are imposed on youth to turn them into hardened "urban guerrillas." Speaking of the "arguments in favor of guerrilla warfare,"

Acquaviva says, "First: the ocean exists in which the little fish of guerrilla warfare can grow and become the big fish capable of throttling the State. The ocean is theoretically represented for now above all by millions of students ... The fact that up to now the phenomenon has grown practically by the book, without any really serious political or military errors, leads one to believe that behind it there are persons capable of constructing and reconstructing strategies ... Many (terrorist leaders) are now 30 or 35 years old, capable of managing also the political branch of the armed struggle"

Elsewhere, Acquaviva writes, "Groups of youth have cultivated in the area of the autonomy, of the Red Brigades, of the revolt in general, the space to give sense to their existence ... logically, many say 'no work,' behind, close to, within the guerrilla warfare, there is always a terrorism, a strategy similar to that of the Red Brigades."

—Mary Sonnenblick





The above flow chart of the central role of the Italian Socialist Party in the network of terrorists, their supporters and controllers, in Italy is taken from "Socialist Area: The Party of Terrorism," part two of the European Labor Party's explosive dossier titled "Who Killed Aldo Moro."

Tokyo summit adopts new world depression

Friday's last-day capitulations by France and West Germany at the just-concluded Tokyo summit leave nothing standing in the way of an immediate slide into a new world depression far worse than that of the 1930s.

The immediate effects on Third World nations will be unspeakable. First among the industrial-exporting nations to be hit hard by the effects of Tokyo will be Japan and West Germany, both of which will suffer a painful slide in export levels, and therefore a shrinkage in domestic employment.

The most-discussed features of the summit involved petroleum. On this, France and the Federal Republic of Germany gave away nearly everything demanded by Carter. Carter in return gave less than nothing. Japan was given a range of flexibilities. These agreements will have a disruptive effect of some significance on the continental Western European economies.

The worst features of the agreement are not, however, those dealing with petroleum, but sections seven

and eight, dealing with the International Monetary Fund and the World Bank. Europe's concessions on petroleum issues are short term and correctable, with aid of accelerated nuclear programs. It is the agreements concerning IMF and World Bank policies which are the truly monstrous, catastrophic features of the package.

IMF genocide

So far, even governments as deserving of esteem as those of President Giscard and Chancellor Schmidt, have declined to face the reality, that toleration of "IMF conditionalities" and World Bank "appropriate technologies" policies means the immediate onset of genocide throughout large parts of the Third World.

Although Schmidt and Giscard are unquestionably dedicated to avoiding nuclear war, neither government has so far shown understanding of the direct connection between IMF policies and the pattern of Third World destabilizations which will make nuclear war almost inevitable. On this count, Moscow is far blinder to the realities than Paris or Bonn. Moscow continues to treat the London-versus-European Monetary Fund conflicts of 1978 and early 1979 as nothing but "trade war" and "interimperialist rivalry" matters.

What governments refuse to face in either Moscow or Paris and Bonn is the fact that the World Bank's neo-Malthusian policies and the "IMF conditionalities" are an integral and efficient part of the implementation of the Club of Rome's proposal for genocide. The Club of Rome proposed, for a while flagrantly, that the world's population must be reduced to about one billion persons by the year 2000 A.D. This is also the adopted neo-Malthusian policy of the top think tank for British foreign policy and foreign intelligence services, the Royal Institute of International Affairs (RIIA), otherwise known as Chatham House.

The means for effecting the reduction of the world's population by three-quarters—by three billion during a mere 20 years, are clear: famine, epidemic, and a murderous eruption of social chaos. The development of hard-core famine and epidemic in vulnerable nations such as Zaire, Uganda, Peru, Bangladesh, and other

In this section

Our INTERNATIONAL report this week begins with an analysis of the recently concluded Tokyo summit of Western heads of state by contributing editor Lyndon H. LaRouche, Jr., currently in Europe. France and Germany's capitulation on the issues of the International Monetary Fund/World Bank and energy, as indicated in the final communiqué, means a victory for the U.S. and British delegations who had brought to Tokyo a policy for world depression. The Tokyo summit participants particularly singled out for attack OPEC's decision to raise the price of oil. But as our report shows, the stress of the OPEC meeting was not the price of oil but a producer-consumer dialogue to foster high-technology transfers and Third World development.

cases transforms those nations into breeding centers for old forms of epidemic disease and the emergence of new varieties more lethal than the old.

As diseases spread from such breeding grounds into the weakened populations of adjoining nations, the spread approaches the thresholds for worldwide pandemics of combined new and old varieties of debilitating and lethal diseases. The sharp reductions in not only caloric intakes but especially foodstuffs essential to immunological potentials among many nations is one of the indispensable preconditions for explosions of worldwide pandemics, of the sort which used to be radiated from the disease-breeding center of the South China coastal regions.

Meanwhile, the use of so-called renewable resources programs means a destruction of forests and use of cropland for non-nutritional crops, including the marijuana-growing programs recommended by the IMF and World Bank to various Third World nations. The reduction of fertilizers and related means for maintenance and improvement of cultivated land means ruin of large tracts of arable land through "labor-intensive" or appropriate technologies. The destruction of large tracts of Amazon forest are exemplary of the way in which austerity measures of the IMF and World Bank sort destroy existing weather systems and create the conditions for new deserts, or the transformation of rain-forest soils into laterite.

These stresses applied to the most vulnerable portions of the world mean not only an efflorescence of diseases of people, but also pandemics affecting livestock and wild fauna, plus the eruption of sylvatic pandemics affecting plant life.

The model case of Club of Rome genocide to date is that perpetrated against the people of Cambodia (Kampuchea) under the Peking puppet-regime of Pol Pot. Not only did Pol Pot, working under direction of Maoist advisers, systematically murder what is most conservatively estimated as between one-quarter and one-third of the Kampuchean people. All educated, even literate layers of Kampucheans were singled out for total extermination. There is today almost nothing left of Kampuchean culture inside Kampuchea itself—only one Kampuchean doctor left alive in that nation, and she is the present Minister of Health.

Another model for the Club of Rome-RIIA models of genocide is the ongoing destruction of Iran under the direction of the lunatic, Muslim Brotherhood puppet of British intelligence, the notorious Ayatollah Ruhollah Khomeini. The breakdown of the economy by willful action of Khomeini, combined with the bloody, particularist implications of Sir John Bagot Glubb Pasha's networks, means that the weakened Iranian economy is moving toward the edge of becoming something like Pol Pot's Kampuchea.

Now, all of black Africa is targeted for early realization of Club of Rome objectives. Uganda is destroyed. Under the Camp David secret agreements,

Egyptian military units are to be sent into Zaire, working under Israeli intelligence direction, to police the IMF's genocidal terms imposed on that economy. At last press reports, Zambia has an estimated 14 days grain supply. Chad is in the process of being destroyed. Ghana is moving bloodily in the direction of becoming a new Kampuchea.

In Latin America, once stable Peru is approaching the brink. Accumulated effects of IMF conditionalities have brought the nation to the point at which genocidal effects may begin to spiral, unless relief from the IMF is provided. Nicaragua almost became the trigger for a general, genocidal bloodbath throughout all Central America. The risk of a U.S.-directed intervention to trigger such a horror is not yet removed. Colombia teeters on the edge of a brutal bloodbath, a coup projected to be led by Otto von Hapsburg's admirers in that region of the world.

In India, both the fascist squads of the Hindu RSS and a Muslim group, a branch of the Muslim Brotherhood, are on the verge of triggering chaos in that nation. The RSS is under the patronage of U.S. Senators Edward Kennedy and Patrick Moynihan, among others. The Muslim Brotherhood, although partly based in the U.S.A., is a top-down British foreign intelligence operation.

World bank and nuclear war

Although it is true that a failure to conclude the SALT II agreements would have potentially deadly consequences, Moscow's centrists delude themselves when they assert that such armaments agreements contribute anything positively to the prospects for peace. Not having arms limitation agreements does aggravate the arms race and does worsen the political climate. However, it is a very foolish non sequitur to argue that arms limitation agreements affect anything but arms limitation.

The combined effect of destabilizing the entire Third World and also destroying the economic and political stability of Japan, Germany, Italy, and France, means the early eruption of nuclear world war by the same means through which uncontrolled world wars do erupt—miscalculations contributed to by all sides.

There is only one possible basis for securing the conditions of peace in the world. If East-West and North-South economic cooperation are directed to the effect of enlarging the capacity of East-West nations to generate sustainable high-technology transformation of agriculture and development of industry in the Third World, the general interest in the mutual advantages of such a growth of world trade will develop the sinews of peace.

However, if IMF conditionalities persist, the consequences of this neo-Schachtian and neo-Malthusian IMF and World Bank dictatorship mean the fostering of conditions which must lead directly to war. If Mos-

cow, Bonn et al. fail to take this into account, then the recent SALT II at Vienna was nothing better than a charade for the diversion of the credulous, wishful-thinking children.

Blackmail

The character of press dispatches and corroborating reports through other channels leave no doubt that France's President Giscard d'Estaing was resisting Carter's lunacy up into Thursday night of this week. It is also clear that something occurred between Thursday night and Friday's sessions, something to prompt Giscard and Schmidt to back down to Carter's key demands. U.S. information circuits locate the changes in the overnight working sessions of the underlings. That latter explanation has a certain credibility, but should not be regarded as actually true.

This reporter has had some opportunity to experience the very, very dirty things the State Department did under Gerald Ford, and has been doing, even more shamelessly, under President Carter. Carter is merely a discredited and imminently discarded tool of the New York Council on Foreign Relations. Therefore, to all intent, Carter is a puppet of London. Given the combination of London, Canada, and Carter, plus internal levers controlled by the Anglo-Americans inside France, Germany, Italy, and Japan, one's regret at Giscard's and Schmidt's capitulations does not mean one doubts their personal courage. One must know the nature of the powerful gang of bandits against which they had to contend.

Unless this summit is quickly reversed, the world—or at least most of it—is now plunging into a depression worse than that of the 1930s. Unless the outright disruption of the U.S. economy spreads collapse at a more rapid rate than the Tokyo agreements would otherwise cause, the immediate effect of the Tokyo summit will be a significant drop in the economies of Japan and Germany, followed by a period of downward-sliding stagnation into 1980, with the deep plunge into the depths of the depression erupting during late 1980 or the beginning of 1981.

The most hideous and immediate effects will be witnessed in the Third World.

Turkey is scheduled to be destroyed soon, like Iran. Egypt is obliged to conquer Libya, very soon, according to the Camp David agreements' secret portions. One by one, the nations of North and Central Africa will be destroyed, frequently over a period of weeks. That genocide of the Third World population will accelerate and spread—until wars intervene, or unless nations such as France, West Germany, Italy, and Japan quickly repudiate the Tokyo agreements in one way or the other.

Ladies and gentlemen, from the summit at Tokyo, you have an unimpeded view into the depths of hell.

—Lyndon H. LaRouche, Jr.

The final communiqué

The following is the text of the communiqué issued June 29 at the conclusion of the seven-nation economic summit conference in Tokyo.

The heads of state and government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom and Northern Ireland, and the United States met in Tokyo on the 28th and 29th of June 1979. The European Community was represented by the president of the European Council and by the president of the European Commission for discussion of matters within the community's competence.

1.

The agreements reached at the Bonn summit helped to improve the world economy. There was higher growth in some countries, a reduction of payments imbalances, and greater currency stability.

2.

But new challenges have arisen. Inflation, which was subsiding in most countries, is now regaining its momentum. Higher oil prices and oil shortages have reduced the room for maneuver in economic policy in all our countries. They will make inflation worse and curtail growth, in both the industrial and developing countries. The non-oil developing countries are among the biggest sufferers.

We are agreed on a common strategy to attack these problems. The most urgent tasks are to reduce oil consumption and to hasten the development of other energy sources.

Our countries have already taken significant actions to reduce oil consumption. We will intensify these efforts.

The European Community has decided to restrict 1979 oil consumption to 500 million tons (10 million barrels a day) and to maintain community oil imports between 1980 and 1985 at an annual level not higher than in 1978. The community is monitoring this commitment and France, Germany, Italy and the United Kingdom have agreed to recommend to their community partners that each member country's contribution to these annual levels will be specified. Canada, Japan and the U.S. will each achieve the adjusted import levels to which they are pledged in I.E.A. (International Energy Agency) for 1979, will maintain their imports in 1980 at a level not higher than these 1979 levels, and will be monitoring this.

The seven countries express their will to take as goals for a ceiling on oil imports in 1985, the following figures:

from the Tokyo economic summit

- For France, Germany, Italy, and the United Kingdom: the 1978 figure.

Footnote: Italy's commitment with reference to the 1978 level is accepted in the context of the overall commitment of the European Community.

- Canada, whose oil production will be declining dramatically over the period between now and 1985, will reduce its annual average rate of growth of oil consumption to one percent, with the consequent reduction of oil imports by 50,000 barrels per day by 1985. Canada's targets for imports will therefore be 0.6 million barrels per day.

- Japan adopts as a 1985 target a level not to exceed the range between 6.3 and 6.9 million barrels a day. Japan will review this target periodically and make it more precise in the light of current development and growth projections, and do their utmost to reduce oil imports through conservation, rationalization of use and intensive development of alternative energy sources in order to move toward lower figures.

- The United States adopts as a goal for 1985 import levels not to exceed the levels either of 1977 or the adjusted target for 1979, i.e., 8.5 million barrels per day.

These 1985 goals will serve as a reference to monitor both energy conservation and the development of alternative energy sources.

A high-level group of representatives of our countries and of the E.E.C. commission, within the O.E.C.D. (Organization for Economic Cooperation and Development), will review periodically the results achieved. Slight adjustments will be allowed to take account of special needs generated by growth.

In fulfilling these commitments our guiding principle will be to obtain fair supplies of oil products for all countries, taking into account the differing patterns of supply, the efforts made to limit oil imports, the economic situation of each country, the quantities of oil available, and the potential of each country for energy conservation.

We urge other industrialized countries to set similar objectives for themselves.

We agree to take steps to bring into the open the working of oil markets by setting up a register of international oil transactions. We will urge oil companies and oil-exporting countries to moderate spot market transactions. We will consider the feasibility of requiring that at the time of unloading crude oil cargoes, documents be presented indicating the purchase price as certified by the producer country. We will

likewise seek to achieve better information on the profit situation of oil companies and on the use of the funds available to these companies.

We agree on the importance of keeping domestic oil prices at world market prices or raising them to this level as soon as possible. We will seek to minimize and finally eliminate administrative action that might put upward pressure on oil prices that result from domestic underpricing of oil and to avoid new subsidies which would have the same effect.

Our countries will not buy oil for government stockpiles when this would place undue pressure on prices; we will consult about the decisions that we make to this end.

3.

We pledge our countries to increase as far as possible coal use, production, and trade, without damage to the environment. We will endeavor to substitute coal for oil in the industrial and electrical sectors, encourage the improvement of coal transport, maintain positive attitudes toward investment for coal projects, pledge not to interrupt coal trade under long-term contracts unless required to do so by a national emergency, and maintain, by measures which do not obstruct coal imports, those levels of domestic coal production which are desirable for reasons of energy, regional and social policy. We need to expand alternative sources of energy, especially those which will help to prevent further pollution, particularly increases of carbon dioxide and sulfur oxides in the atmosphere.

Without the expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve. This must be done under conditions guaranteeing our people's safety. We will cooperate to this end. The International Atomic Energy Agency can play a key role in this regard. We reaffirm the understanding reached at the Bonn summit with respect to the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation.

New technologies in the field of energy are the key to the world's longer-term freedom from fuel crisis. Large public and private resources will be required for the development and commercial application of those technologies. We will insure that these resources are made available. An international energy technology group linked to the O.E.C.D., I.E.A. and other appropriate international organizations will be created to review the actions being taken or planned domestically by each of our countries, and to report on the need and

potential for international collaboration, including financing.

We deplore the decisions taken by the recent OPEC conference. We recognize that relative moderation was displayed by certain of the participants. But the unwarranted rises in oil prices nevertheless agreed are bound to have very serious economic and social consequences. They mean more worldwide inflation and less growth. That will lead to more unemployment, more balance of payments difficulty and will endanger stability in developing and developed countries of the world alike. We remain ready to examine with oil exporting countries how to define supply and demand prospects on the world oil market.

4.

We agree that we should continue with the policies for our economies agreed at Bonn, adjusted to reflect current circumstances. Energy shortages and high oil prices have caused a real transfer of incomes. We will try, by our domestic economic policies, to minimize the damage to our economies. But our options are limited. Attempts to compensate for the damage by matching income increases would simply add to inflation.

5.

We agree that we must do more to improve the long-term productive efficiency and flexibility of our economies. The measures needed may include more stimulus

for investment and for research and development; steps to make it easier for capital and labor to move from declining to new industries; regulatory policies which avoid unnecessary impediments to investment and productivity; reduced growth in some public sector current expenditures; and removal of impediments to the international flow of trade and capital.

6.

The agreements reached in the Tokyo round are an important achievement. We are committed to their early and faithful implementation. We renew our determination to fight protectionism. We want to strengthen the GATT (General Agreement on Tariffs and Trade) both to monitor the agreements reached in the MTNS (Tokyo round of multilateral trade negotiations) and as an instrument for future policy in maintaining the open world trading system. We will welcome the full participation of as many countries as possible in these agreements and in the system as a whole.

7.

We will intensify our efforts to pursue the economic policies appropriate in each of our countries to achieve durable external equilibrium. Stability in the foreign exchange market is essential for the sound development of world trade and the global economy. This has been furthered since the Bonn summit by two important developments—the Nov. 1, 1978 program of the United

Le Figaro: 'We are on the brink of World War III'

The following are excerpts of the editorial published in Le Figaro in its June 30-July 1 edition, responding to the Tokyo summit and the OPEC price increases. The editorial, authored by Christian Guery, Le Figaro's pronuclear energy specialist, is entitled "The Brink."

The verdict has come down: the world is condemned to recession and shortages.

To a recession, because the price increase decided on by OPEC can only be paid by the consumer countries through draconian measures against economic growth....

To shortages, since the limitation of oil imports decided on by the Tokyo summit of industrial nations will impose important sacrifices on each of us.

And this is only the beginning. We are on the brink. Because there is nothing to prevent some member of OPEC from implementing, in one month, in three months, new "wild" increases....

In our street cafes, where the sound of boots are already echoing, the solution is very simple: let's go back to the good old colonial days. Let's land in Algeria and our former possessions in black Africa. Let the Americans do the same in Saudi Arabia, and the game is played. No more embargo or excessive oil price increase problems.

We must break the neck of such folly.

We must be convinced that we will be living ... in a world in which oil resources will be running out. We must rapidly develop other energy sources. And we can only do this if our economies are solid enough.

This is only possible if the consumer countries find agreement with an OPEC-become-reasonable, to program the price of oil over a long period so that there be no surprises....

A third world war would thus not resolve anything. Especially since a military invasion could not

States in conjunction with other monetary authorities and the successful emergence of the European Monetary System.

We will continue close cooperation in exchange market policies and in support of the effective discharge by the I.M.F. (International Monetary Fund) of its responsibilities, particularly its surveillance role and its role in strengthening further the international monetary system.

8.

Constructive North-South relations are essential to the health of the world economy. We for our part have consistently worked to bring developing countries more fully into the open world trading system and to adjust our economies to changing international circumstances. The problems we face are global. They can only be resolved through shared responsibility and partnership. But this partnership cannot depend solely on the efforts of the industrialized countries. The OPEC countries have just as important a role to play. The latest decision to substantially increase oil prices will also severely increase the problems facing developing countries without oil resources as well as the difficulties for developed countries in helping them. The decision could even have a crippling effect on some of the developing countries.

In this situation, we recognize in particular, the need for the flow of financial resources to the developing

countries to increase, including private and public, bilateral and multilateral resources. A good investment climate in developing countries will help the flow of foreign investment.

We are deeply concerned about the millions of people still living in conditions of absolute poverty. We will take particular account of the poorest countries in our aid programs.

Once more we urge Comecon (Council for Mutual Economic Assistance) countries to play their part.

We will place more emphasis on cooperation with developing countries in overcoming hunger and malnutrition. We will urge multilateral organizations to help these countries to develop effective food sector strategies and to build up the storage capacity needed for strong national food reserves. Increased bilateral and multilateral aid for agricultural research will be particularly important. In these and other ways we will step up our efforts to help these countries develop their human resources, through technical cooperation adapted to local conditions.

We will also place special emphasis on helping developing countries to exploit their energy potential. We strongly support the World Bank's program for hydrocarbon exploitation and urge its expansion. We will do more to help developing countries increase the use of renewable energy; we welcome the World Bank's coordination of these efforts.

be carried out without disrupting for months, if not years, the oil wells being exploited....

But the constitution of a common front of consumer countries, resolved not to give in to embargo or price increase blackmail, while being receptive to all forms of cooperation (with OPEC) would be a realistic response.

Let's be clear: this week was of great importance for the future of the entire world. It ended on a failure. OPEC refused to act like an adult organization. And so many diplomatic calculations went into the last minute compromises of the Tokyo summit, that there is no reason for enthusiasm on that score. ... The mixture will only become explosive if oil consuming and producing countries insist on continuing their blindness.

There is still time to wake up.

Andreotti: the alternatives are coal and nuclear

The Italian daily Corriere della Sera reported on July 2 the following statement made by Italy's Prime Minister Giulio Andreotti on the Tokyo summit.

... Our problems are serious, and will not be solved by abstract, insufficiently documented polemics like the generic polemic against nuclear energy. The problem of the security of nuclear plants is certainly being dealt with, and with a great sense of responsibility.

... The totality of the efforts we have succeeded in making up to now, for example, to reduce inflation, will fail unless we formulate coherent policies to meet new needs of an international character—such as the need to reduce our dependence on oil and develop substitute sources: coal and nuclear.

OPEC meeting stresses dialogue, Third World development

The process that took place before and during the June 26 price setting meeting of the oil cartel, OPEC, has predictably escaped the pages of the major U.S. press—which instead blasted the “greedy sheikhs” for the oil pricing boost agreed upon at Geneva.

Both the contents of the OPEC communiqué and numerous public statements by leaders of the oil producing nations confirm that the moderate producers, most importantly Saudi Arabia, are against high prices and that the price hike—from a benchmark of \$14.55 to an \$18.50 minimum and \$23.50 ceiling—was the

result of political and market manipulation of the multinational oil companies which want higher world oil costs. The most important aspect of the OPEC communiqué is the cartel's commitment to aiding Third World development and cooperation with France, Germany, and Italy to achieve this goal. As this element of the communiqué indicates, Western leaders at Tokyo sacrificed an important chance to gain price and supply stability when they allowed Britain and the U.S. to quash French President Giscard's “dialogue” proposal.

The cartel not only voted to double the OPEC Fund

The OPEC communiqué

The following is an excerpted text of the communiqué issued by the Organization of Petroleum Exporting Countries at the conclusion of its ministerial-level meeting in Geneva, June 28.

The conference expressed concern for the problems being faced by developing countries, especially in the light of the continued lack of readiness on the part of the industrialized countries to face up to their responsibilities toward the problems of the Third World. For their part, OPEC member countries have in the past proved their strong solidarity with the Third World and have contributed in many ways to alleviate the problems of other developing countries. The member countries of the Organization of Petroleum Exporting countries once again act in accordance with their invariable solidarity toward the other Third World countries by agreeing to step up their aid to them. It was agreed to recommend to the governments of member countries that they approve the further replenishment of the resources of the OPEC special fund by an additional amount of \$800 million. Within the same context, the conference also looked into another proposal for a long-term fund to be set up jointly by the industrialized countries and OPEC member countries to compensate developing countries for imported inflation, on the one hand, and any increases in crude oil prices on the other, and has decided to refer this subject for further

study by the ministerial committee for long-term strategies.

The conference takes this opportunity to invite the industrialized countries to take a more positive stand toward the problems of the Third World countries, whether in regard to grants, aid and other forms of financial support, as well as the restructuring of the international economic order so as to give developing countries a better chance of solving their problems.

The conference expressed its continued willingness to discuss energy matters along with other problems of concern for developing countries of which OPEC is an integral part. It took note of proposals for a dialogue between OPEC and industrialized countries. Some of these proposals, however, seem to suggest that a meaningful dialogue can be carried out only on energy matters in isolation from other global, economical and structural problems. The conference wants to take this opportunity to restate its categorical rejection of any dialogue which does not look into the various problems faced by the world community and especially the developing countries taking into account the problems of development, the acquisition of advanced technology, the financial and monetary reforms, world trade and raw materials, along with the various aspects of the energy problem.

The conference, conscious of the efforts under-

for the least developed countries from \$800 million to \$1.6 billion, but the cartel's economic committee continued meeting in Geneva to study proposals from Algeria and Iraq to establish new funds for the developing nations for their burgeoning balance of payments and for the development of their petroleum resources.

The OPEC Fund and potential new funds of course represent a commitment on the part of the oil-rich producers to other developing sector nations, but, as one New York Arab investor put it, the vast amount of soft loans and even grants to the developing nations has occurred through a proliferation of private funds set up by the producers of the Persian Gulf. The source stated that since the fourfold price increase of crude oil in 1974, the OPEC nations "have done so much more than the industrial nations in terms of financial aid to the Third World. What OPEC is still looking for is the cooperation from the West to expedite Third World development."

The triologue

It is with this goal in mind that a number of OPEC countries are backing a proposal put forth by French President Giscard d'Estaing to establish a three-way dialogue to replace the Conference on International Economic Cooperation (North-South) between OPEC, the Third World, and the industrial nations. Just prior to the OPEC meeting, Kuwaiti Oil Minister Ali Khalifa al Sabah told the press that his country supported the triologue concept. Similarly, Saudi Oil Minister Zaki Yamani has repeatedly stated that producer-consumer cooperation on energy could only occur in the context of solving North-South relations.

Since late 1973, OPEC has viewed its ongoing economic and political dialogue with Europe, known as the Euro-Arab dialogue, as the foundation for creating a new world economic order. The key to the dialogue is gaining European support for an overall Mideast peace and support for OPEC industrialization.

taken individually and collectively by the member countries in cooperating with other developing countries and of the need to inform other countries of the world of the true scope and magnitude of such efforts, as well as of other news of general interest regarding the organization and the member countries, and in order to counteract the manipulation of information by some of OPEC's detractors, has given general support to the idea of establishing an international news agency—OPECNEWS. For this purpose, it has been decided to refer this matter to a committee of experts of the member countries to study the most effective means of implementing this idea, and to submit its report to the conference, through the board of governors.

The conference expressed its great concern over the continuation of abnormal conditions prevailing in the international oil market. Demand has continued to be a source of pressure on the price structure, resulting in several phenomena which generated difficulty for both producers and consumers, especially the developing countries. The conference once again calls upon the major industrialized consuming countries to control their total demand, whether for consumption or stock build-up, so that the adverse effects of the present market situation can be avoided. The conference also takes this opportunity to warn the oil companies of the irresponsible practice of taking advantage of the present situation to reap unwarranted profits and call upon them to play a more constructive role in connection with guarantee-

ing supplies to developing countries, and to prevent price speculation.

In an endeavor to bring some stability to the market, the conference decided on the following:

1. Adjust the market crude price from the present level to \$18 a barrel.
2. Allow member countries to add to the prices of their crude a maximum market premium or \$2 a barrel over and above their normal differential, if and when such a market premium was necessitated by market conditions.
3. The maximum price that can be charged by member countries shall not exceed \$23.50 a barrel, whether on account of quality and location advantage or market premia.

It was also agreed that member countries would take steps to limit transactions in the spot market in a collective effort to stop the present price spiral.

The conference expressed concern on the movement of the U.S. dollar vis-à-vis the international major currencies with respect to eroding the real price of oil, and further reducing the purchasing power of the OPEC barrel, and has decided that should such movement indicate a further erosion in the real value of OPEC revenues, an extraordinary meeting of the conference shall be called upon to decide on shifting to a basket of currencies as a means of compensating OPEC countries from resulting losses and further protecting the purchasing power of those revenues....

Since then, recognition that the multinational oil companies and the financial establishment allied to the companies is the common enemy of Europe and the oil producers has become increasingly public. Like today, in December 1976 both Yamani and the European Economic Community introduced a scheme to achieve "market transparency" and thereby expose the profiteering of the multinational oil companies.

Both the OPEC states and the Europeans—particularly the French and Italians—recognize that unless the stranglehold over world petroleum is broken the goals of the Euro-Arab dialogue cannot be achieved. This is the significance of a recent EEC condemnation of the cartelization of tankers. The OPEC nations of the Gulf have stated that unless they are able to build their own tanker fleet, state-to-state oil sales will continue to be jeopardized by the interests that control the international tanker industry. Similarly, a key component of the Euro-Arab dialogue has been cooperation to build a refinery infrastructure in the Mideast. In so doing the consuming nations could bypass the multinational controlled refineries in purchasing petroleum products. But in both instances success has been slow due to British subversion of the Euro-Arab dialogue from within the EEC, and subversion of Arab OPEC's efforts to create their own tanker fleet by the multitis.

Two-tier pricing system

The politics of producer-consumer cooperation which have developed between the OPEC nations and certain advanced sector consuming nations have produced a sophisticated two-tier pricing system. The oil sold through the multinational companies, according to New York sources, is sold at the higher prices with surcharges attached, whereas OPEC nations are known to be selling crude to underdeveloped nations at lower prices and in real hardship cases, such as Sri Lanka, even to export the oil gratis. A similar case exists with oil sold to state-owned companies. Both sources from the Brazilian state-owned company Petrobras and Indian sources have stated they are getting discounts on oil.

Following the OPEC meeting and the Tokyo economic summit, a meeting was held in London which included Saudi oil minister Zaki Yamani, OPEC president Mani Saeed Oteiba, EEC Energy Commissioner Guido Brunner, and Ireland's Desmond O'Malley, who is about to take the post of head of the EEC Energy Council. According to press reports the subject of the meeting was to further consolidate the cooperation between Europe and OPEC on European energy development. Following the meeting Oteiba, speaking for OPEC, stated that the cartel would invest in Europe's

\$500 billion energy development program—which is heavily weighted to nuclear energy. Brunner in an interview with the Arab newspaper *An Nahar* similarly stated that the EEC welcomed a partnership with OPEC in the development of alternative energy sources for Europe. Yamani himself in an interview with *Newsweek* endorsed nuclear energy, confidently stating that the recent mishap at Three Mile Island reactor in the U.S. would not halt the future implementation of nuclear energy. This segment of Yamani's interview was cut from the printed *Newsweek* interview in the U.S., and was only made public in Europe.

Saudi production increase

Just following the conclusion of the OPEC meeting Saudi state radio announced that Saudi Arabia would increase its output from the current ceiling of 8.5 million barrels a day. The decision by the Saudis to step up production will alleviate the world shortage as a result of reduced Iranian oil output—a shortfall which Yamani puts at about 800,000 barrels a day—and thus alleviate the upward trend in oil prices on the spot market (the across-the-counter market for oil transactions). Similarly both the United Arab Emirates and Qatar have announced much smaller production increases, along with Indonesia.

Saudi Arabia is expected to sell the additional oil on a state-to-state basis. The day following the Saudi announcement a high-powered Japanese delegation will arrive in Riyadh for talks on direct sales. Informed sources expect the Saudis to sell even more oil to the underdeveloped sector, as well as to Europe through their state-owned company Petromin.

But both the Saudis and their European and Japanese partners are worried about the danger of sabotage in their increasing momentum around direct oil sales and economic cooperation. Yamani's recent interview to *Newsweek* clearly spelled out the prospects that radical Palestinians could easily block oil flows from the Persian Gulf by attacking a tanker in the mouth of the Gulf, and set the stage for a U.S. military move into the Gulf. Moreover, there is growing likelihood of a possible Israeli-Syrian confrontation. In both cases, such a development would be the method of operation employed by intelligence networks controlled by the Anglo-American financial empire which directs the multinational oil companies. In this respect the Arab oil producers who aim to use their oil for economic development of both the Third World and the industrial sector are as much a hostage to the blackmail of the multinational oil companies as are the consumers waiting in gas lines as a result of the current oil hoax.

—Judith Wyer

Israel aims war machine at OPEC

Begin threatens to hit Palestinians 'at any moment and at any place we choose'

As Carter administration and U.S. Zionist lobby spokesmen issue calls for "retaliation" against the Organization of Petroleum Exporting Countries (OPEC) for raising the price of oil, the Israeli Army has stepped up its campaign of military intimidation against the nations along its eastern border. This campaign has the purpose of softening these countries up for internal destabilization and eventual occupation by U.S. and Israeli (and possibly Egyptian) special forces of the oil-rich states of the Arabian Gulf.

Israel's military policy guidelines were officially set out at a cabinet meeting July 1, which endorsed the doctrine enunciated by Prime Minister Menachem Be-

Menachem Begin warns European governments that Israel will launch a terrorist bloodbath on the European continent if the PLO is recognized.

gin in a June 28 speech, that Israel will no longer "retaliate" against Palestinian "terrorist action" but will "prevent the murder of men, women and children" by hitting the Palestinians "at any moment and at any place we choose until they desist." This is "legitimate national self-defense" and "the Syrians mustn't shoot down our planes.... If they do, they'll be responsible."

The cabinet's endorsement of the Begin doctrine means that nonstop bombardments into southern Lebanon will continue, and that the Syrians will perpetually be faced with the choice: confront the militarily superior Israelis or back down and be humiliated. Out of the crisis of "choice" faced by the Assad regime in Syria, Israel's leadership calculates, either the Syrians will make a series of miscalculations as did Egypt's Nasser in 1967 and give Israel a pretext for a preemptive strike, or the internal situation in Syria, already worsened by a Muslim Brotherhood massacre of Syrian army men June 16, will worsen to the point of govern-

ment collapse and Lebanon-style chaos and confusion.

Either way, London's strategy to create a crisis in international oil production and distribution, as in the "Crash of '79" blueprint, would rapidly be implemented. Short of effecting that objective, Israel's military brinksmanship is the one sure weapon to break apart the growing nexus of collaboration between the members of OPEC and the nations of continental Europe.

"A possible irrational overreaction"

Israeli strategic thinking was elaborated by the *Jerusalem Post's* military correspondent Hirsh Goodman in a June 29 news analysis. Reporting on Israel's downing of Syrian-piloted MIG aircraft in southern Lebanon last week, Goodman assessed that the "overall repercussions" of this air battle "could prove highly positive for Israel in both the long and short term."

"The downing of the MIGs," Goodman continued, "would undermine the morale of the military in Syria; undermine the tenuous control President Hafez Assad retains in his country, currently wracked by internal turmoil; illustrate to the terrorists that they can expect little from Syria in terms of real protection, and, finally, weaken Syria's position as the spearhead of the Arab rejection front...."

"Assad's power base is still the armed forces, and particularly the Syrian air force. He has consistently, during his presidency, placed great importance on the air force and his power is linked with the prestige of that branch of the armed services...."

"The credibility of Syria's ability to protect the terrorists or even constitute a viable threat to Israel ... has been seriously impaired by Wednesday's incident."

A more chilling version of Israeli strategic thinking was elaborated in the same edition of the *Post* by Yehezkel Dror, described by the paper as "one of Israel's few strategic analysts." In a piece titled, "Time for a Grand Strategy," Dror stated:

"A successful deterrence grand strategy must be based on elements such as (a) a demonstrated capacity to execute graduated military operations throughout the Middle East, ranging from surgical strikes to massive surprise war; (b) the establishment of credible threats to main 'assets' (i.e., oil supplies—ed.) in the

Arab Middle East to offset anti-Israel Arab blackmail against the West using those assets; (c) the maintenance of an ambiguous image of being able to create a variety of troubles, without the need to actually resort to politically problematic direct intervention; and, (d) the projection of an image of reason coupled with the switch to a possible irrational overreaction by Israel if provoked beyond various 'red lines.'

"... Israel should also consider the possible political uses of its military strength, not for delivery of brute strikes but also as a delicate instrument of suasion. Coercion is beyond the will and capacity of Israel, but careful signaling of a possible resort to force and of the potential consequences of conflict can serve as an inducement to the Arabs to be cautious. For instance, realization by Jordan, Saudi Arabia, and the Palestinians of the possible serious consequences to them of another Middle Eastern war fanned by their adamant opposition to the Egypt-Israeli peace may serve to

"Israel is planning a 'war of extinction' against the Palestinians in Lebanon, regardless of the risks of war involved."

mitigate their dedication to disrupting the peace process."

Enflaming terrorism

While developing this policy of blackmailing-the-enemy-with-your-insanity—a war policy first elaborated by Henry Kissinger and California's Rand Corporation in the post-World War II period—Israel is simultaneously building up an international "red scare" climate around "Palestinian terrorism" to justify new military strikes into Lebanon and elsewhere.

In Israel this week, a conference is taking place on "international terrorism" at which the leading lights of the Zionist lobby and the British Tory government are present, all pushing the line that "the KGB is behind terrorism" and that "the KGB works closely with the PLO to foment terrorism." This line followed the cue of outgoing NATO Commander Alexander Haig, who railed against "Soviet backing for terrorists" after having his own car hit by a NATO-run terrorist squad last week.

Keynoting the conference was Begin, "Mr. King David Hotel" and one of the 20th century's most bloody terrorists. Begin called on the "free world" to

band together against the PLO and warned that recognition of the PLO would open Europe to a "terror wave"—i.e., that Israel would launch a continental European bloodbath if European governments decided to open public discussions with the PLO.

At the conference, and harping on the same theme, were U.S. Zionist lobby Senator Henry Jackson, aging British Tory Lord Chalfont, Georgetown University geopolitican Ray Cline, and two former Israeli intelligence chiefs, Gens. Chaim Herzog and Aharon Yariv.

Informed Middle East sources have identified this meeting as the starting-point for a "no-holds-barred" Israeli war against the Palestinians. According to West Germany's *Allgemeine Jüdische Zeit* this week, Israel is planning a "war of extinction" against the Palestinians in Lebanon, regardless of the risks of war this may involve.

Obviously, such a military campaign will only severely *radicalize* the Palestinians, and cause greater shockwaves of destabilization, potentially disrupting the flow of oil from the Gulf. This dangerous scenario was warned about in an interview with *Newsweek* by Saudi Oil Minister Zaki Yamani, who stated:

"Look at what happened this week when the Israelis shot down five Syrian planes over Lebanon. This sort of thing can escalate rapidly. The Israelis are looking for pretexts to avoid facing the inevitability of a Palestinian homeland and withdrawal from the West Bank. The Palestinians are growing ever more desperate, and I wouldn't be surprised if one day they sank one or two supertankers in the Strait of Hormuz, to force the world to do something about their plight and Israel's obstinacy. This would block the channel through which pass 19 million to 20 million barrels daily. This would make the present crisis seem like child's play. Either the U.S. can compel Israel to implement U.N. Resolution 242 and withdraw to the pre-June 1967 borders—or it can't. If it can't, then you must be prepared to face the consequences."

PLO leader Yasser Arafat told the press in response to Yamani's prediction of increased conflict in the Gulf that "Yamani wouldn't have said it without inside information."

One more ominous sign for the Middle East is the presence of former Secretary of State Henry Kissinger in Israel at the same time as the terrorism conference. Kissinger had just come from Egypt, where he huddled with Egypt's President Anwar Sadat for several days. In the view of certain observers, Kissinger's trip to Egypt had the purpose of coordinating a destabilization against oil-rich Libya, to prepare the way for an Israeli-orchestrated Egyptian move into that country and the overthrow of the Qaddafi regime.

—Mark Burdman

Ayatollah Khomeini is a Savak agent

Ayatollah Ruhollah Khomeini is neither an ayatollah or a Khomeini, according to information from high-level Iranian intelligence sources.

For the first time, the *Executive Intelligence Review* is presenting material gathered concerning the true story of Ayatollah Khomeini. What emerges from this exclusive story is that the ayatollah is a product of the Iranian underworld, the secretive Muslim Brotherhood, and Savak, the notorious Iranian intelligence service. Far from being a religious man, Khomeini inhabits the nether regions where assassination, drug traffic, and the hush-hush activities of the CIA, British intelligence, and Israel's Mossad cross paths.

We present that story now, in summary form.

Khomeini and the Mossad

In 1953, the intelligence services of the United States, Great Britain, and Israel collaborated to topple the government of Iran's Prime Minister Mossadegh and restore to the throne the Pahlavi dynasty of the Shah. Although the actual operation to install the Shah was a highly professional, almost surgical military deployment, the credibility for the operation was provided by a synthetic demonstration in the streets by pro-Shah forces. The chief organizers of those demonstrations, small in size but given wide publicity in the media abroad, were the Shiite followers of Ayatollah Kashani and his aide, a mullah named Shams Qanad-Abadi: By paying their sheep-like followers, Ayatollah Kashani and Co. "got out the troops." At least part of the money to sponsor the phony demonstrations was conducted through the CIA's Kermit Roosevelt.

Lost among the perhaps 5,000 noisy agents in the streets who were demanding the downfall of Mossadegh was an unknown mullah named Khomeini. His true name is lost in the early 20th century. What is known is that, in the early 1930s when most Iranians for the first time began using last names, the man who became known as "Ruhollah Khomeini" selected that name for himself; his two brothers chose different last names, one calling himself "Hindi" because of his dealings in British-controlled India. In the early 1950s, the Khomeini-Hindi brothers were put on the payroll of Ayatollah Kashani.

Kashani—who, at first, pretended to support Mossadegh—was very close to the leadership of the ultra-clandestine Muslim Brotherhood, called (in Iran) the Fedayeen-e Islam. The acknowledged leader of the Fedayeen at the time was Ayatollah Navabsafavi. At the time, the Fedayeen had between 200 and 300 members. It had been in secret existence since the early

1940s when, out of Egypt, the British intelligence service created the international apparatus of its Ikhwan al-Muslimun (see *Executive Intelligence Review*, Vol. VI, No. 16, May 8-14, 1979, "Muslim Brotherhood: London's Shocktroops for the New Dark Ages"). In Iran, the fanatic Fedayeen were known almost exclusively for a series of spectacular assassinations, including at least two prime ministers.

In 1953, just before the fall of Mossadegh, Kashani had been operating primarily through Iran's organized-crime underworld. The Iranian mafia is called *chaqoukesh*, which means "knife slayers" in Persian, derived from their trademark of stabbing people to death with concealed daggers. The hunting ground of the Iranian mafia is the bazaar, especially the critical fruit and vegetable markets. They control prostitution, gambling, and especially narcotics. Two lieutenants of Ayatollah Kashani, the kingpin of the mafia at that time, provided the demonstrators against Mossadegh in 1953 on Roosevelt's command. Behind the scenes lurked the Fedayeen.

Still relatively unknown was ayatollah-to-be Khomeini.

After the 1953 putsch, General Zahedi and General Bakhtiar emerged as the enforcers of the CIA regime. General Bakhtiar was the administrator in Teheran of the martial law apparatus; in 1954, that apparatus was institutionalized in the creation of Savak, whose first director was the sadistic General Bakhtiar. From the start, the Savak—which immediately received training and other support from the Mossad, especially the Mossad's torture specialists—put on its payroll the mafia-controlled network of phony mullahs and ayatollahs, who received salaries ranging from \$100 to \$1000 or more per month. One of them was Ruhollah "Khomeini," who, sources say, was paid \$300 per month as a Savak agent! At the time, he held a minor teaching post in Qom, Iran.

In 1955, there were 11 Mossad and Shin Beth agents to organize the Savak. By 1976, over 500 Israeli intelligence personnel were in Teheran, controlling virtually every branch of the Savak apparatus! "There were only two kinds of mullahs in Iran in the 1950s," said an informed source. "Those that were pro-Savak, and those that were in jail." Khomeini was not one of those in jail.

The JFK connection

When John F. Kennedy's British-dominated administration took power in 1961, trouble began in Iran. Kennedy imposed on the Shah, using the Savak appa-

ratus and U.S. leverage, a prime minister who started agitating for reforms. In 1962, the Shah visited Washington for a talk with Kennedy to propose a deal: if Kennedy would allow the Shah to oust Prime Minister Amini, then the Shah himself would implement the resolutions demanded by Washington. Kennedy accepted the deal—and then the Shah, back in Iran, reneged.

So, later that year, Kennedy called General Bakhtiar to the United States. Ostensibly, Savak's Bakhtiar was here for reasons of "medical treatment," but he secretly held a meeting with JFK in the White House—to plot against the Shah.

However, the Shah discovered the plot, fired Bakhtiar, and purged the entire Savak apparatus. The new Savak chief was a moderate, who attempted to control the state-within-a-state that was Savak. Meanwhile, Bakhtiar fled the country, first to Geneva, Switzerland, and then to Baghdad, Iraq. From a secret headquarters in Iraq, General Bakhtiar began inciting riots against the Shah. The chief agent for Bakhtiar was none other than "Ayatollah" Khomeini, who had risen fast in the British-Israeli ranks of Savak. After reactionary riots in which perhaps 5,000 people died, Khomeini was summarily expelled from the country, first residing in Izmir, Turkey, and then traveling to Iraq to be at Bakhtiar's side.

Bakhtiar was assassinated a few years later, probably by an agent of the Shah, and Khomeini was left alone in Iraq, a lonely mullah. There he stayed for 15 years—waiting.

Enter Jimmy Carter

With the inauguration of the Carter administration in 1977, trouble started in Iran again. When Zbigniew Brzezinski began his hypocritical "human rights" drive, the Shah was among the first targets. Overnight, a half dozen human-rights organizations sprouted in Iran, all backed by Britain, Israel, or the U.S.

Khomeini got his start in the following way. Libya's Muammar Qaddafi, always a sucker for an idiotic scheme, passed a check for \$164,000 to Said Ghotbzadeh, a Muslim Brotherhood fanatic who was working closely with Khomeini in Paris. This was 1977. The money allowed Khomeini to begin his propaganda drive, producing the rabble-rousing cassette tapes that would make him famous in Iran.

Prime Minister Amir Abbas Hoveida of Iran—an advocate of industrial growth and nuclear energy for Iran—was watergated, and replaced by reactionary Prime Minister Amouzegar, who reversed Iran's growth policy. Some sources believe that Amouzegar actively collaborated with Khomeini to destabilize the country.

The rest is history.

Today in Iran, Khomeini and Muslim Brotherhood preside over a hell. Even more powerful than Khomeini, the Muslim Brotherhood reigns supreme. Its master is Ayatollah Khalkhali, the mad assassin who controls the Revolutionary Courts, whose firing squads gunned down Hoveida and 300 others. Khalkhali is very close to the exile Muslim Brotherhood networks in Western Europe and London that are the present-day British intelligence operation. In 1969, Khalkhali was arrested in Iran for having had secret contacts with the Muslim Brotherhood in Kuwait. He is also close to British intelligence circles in Dubai, United Arab Emirates.

Now, Khalkhali lives and sleeps inside Teheran's Qasr Prison, where the secret trials and executions by the Islamic Revolutionary Guards take place. Like a sewer rat, he scuttles around in the dungeons. Says one highly reliable source, "When you are arrested and sent to Qasr Prison, you are in the hands of the Muslim Brotherhood. Even Khomeini cannot reach you. You are held incommunicado. They have their own security forces."

The Muslim Brotherhood in Iran, including Ghotbzadeh and Ibrahim Yazdi, Iran's foreign minister, is "above the komitehs," and above Khomeini.

Ghotbzadeh—who received the first Libyan payment—is widely known in Paris, where he lived in exile, as very close to British intelligence. Like Khalkhali Ghotbzadeh is a notorious homosexual-sadist, and he is reported to have been a sexual partner of the Ayatollah Khomeini himself. During their stay in Paris in 1978 together, Khomeini and Ghotbzadeh met a series of intelligence agents working to topple the Shah, including Marvin Zonis, Zygmunt Nagorski of the Council on Foreign Relations, and Middle East specialist Joseph Malone. Ghotbzadeh has strong links with the Muslim Brotherhood in Syria—he carries a Syrian passport—and he is also close to the extremist Popular Front for the Liberation of Palestine (PFLP) of George Habash, who is an Israeli agent himself. Ghotbzadeh may soon be named as Iran's ambassador to London.

Under the rule of these lunatics, Iran is disintegrating fast. Most extreme is the case of the Iranian military. "There are no soldiers left in the army," said a source. "Not one."

He continued, "Most of them have been lost in the ranks of the Shiite demonstrations. They have been brainwashed, and have become 'Islamicized.' Now, what I am afraid of is that when Khomeini collapses, which he must, an Islamic general will emerge to rally around him an extremist Muslim army."

—Robert Dreyfuss

Congress stampedes to okay government by crisis management

The acquiescence of the Europeans and Japanese at the Tokyo summit to U.S. and British demands that they impose strict austerity programs domestically and agree to IMF and World Bank oversight of genocidal economic policies for the Third World has set the stage for a "crisis management" dictatorship to impose such economic austerity measures in the United States.

Immediately upon his return to the U.S., President Carter was told by both his staff and the anglophile press that he must invoke emergency powers to deal with the "energy crisis"—using policies that would destroy U.S. industrial potential.

The rigged energy "crisis" is being used to demand gasoline rationing and federal control over all other energy supplies—giving the Executive finger-tip control over the population and the economy. As well, Carter is expected to move for curtailed usage of energy which will have immediate ramifications in industrial output.

Most significant, the Carter energy program will feature a \$30 billion synthetic fuels package—modeled squarely on the coal gasification and similar schemes used in Nazi Germany to build the Nazi war machine and provide the liquidity to prop up the bankrupt Nazi financial structures. Key backers of this plan include Felix Rohatyn of Lazard Freres investment banking firm, who has previously played a major role in the energy boondoggle-deindustrialization scheme, the Energy Corporation of the Northeast.

Perhaps the most explicit call to Carter was made July 1 in the lead editorial of the *New York Times*. The *Times* declared, "President Carter has been out of synch with events here ... home is where the action needs to be now. There will be no relief ... until the energy shortage is met with wartime fervor, ... as the industrial democracies recognized in their otherwise tortured Tokyo agreement, energy is the battlefield." The *Times* then demanded that Carter "rally the nation to this effort ... leaders of industry and labor need to be recruited for the effort. An emergency council of executive officials and congressional leaders needs the authority to cut through the competing claims of social,

economic and environmental policy. Jimmy Carter has his war. Is he the commander-in-chief?"

Crisis structures

As of July 1 the structures have officially been established for a crisis management government. On that day, the Federal Emergency Management Agency (FEMA) went into existence. It consolidates, under National Security Council control, all existing agencies involved in emergency measures. FEMA, as this magazine has detailed, is the agency that will implement policy dictates in a crisis-management government. The agency itself is run by a coordinating council consisting of the NSC Director Zbigniew Brzezinski, the President's domestic policy aide Stu Eizenstat, Special Assistant to the President for Intergovernmental Affairs Jack Watson, the Director of the Office of Management and Budget James McIntyre, and the FEMA director, John Macy, who has not yet been confirmed by the Senate.

FEMA is already an integral part of a White House Management Task Force on Energy established last week under Jack Watson. This task force, which has a parallel situation center, is monitoring energy and transportation and is the coordinating center for the agencies that would normally handle these issues, such as the Departments of Transportation, Agriculture, Energy, and Justice, and the ICC. While Watson's task force includes representatives from those agencies, it serves to centralize in the White House under the direction of a nonelected official coordination of the major policy decisions on the energy and transportation crisis. Working closely with this group is another task force under Eizenstat's direction, the Energy and Legislation Task Force, which also brings into this White House nexus the work of many other government agencies handling energy issues.

While these task forces are aimed at bypassing bureaucratic structures that would interfere with a crisis-management government's functioning, FEMA, the operational arm of an emergency government ap-

paratus, works integrally with the task forces. "FEMA's role is a standby one. If the nation or a region is faced with total breakdown, an unmitigated, uncontrolled emergency then they have the contingency plans for dealing with it," a member of Jack Watson's staff told this news service.

Carter began a series of meetings July 2 with this executive apparatus to plan out policy. Although Carter delayed the major speech he was to give July 5, the President will still speak to the National Governor's Conference this weekend. The dispute within the administration is over details; the general package Carter is expected to announce will demand massive cuts in energy consumption, gasoline rationing, and a massive \$30 billion synthetic fuels program to bail out leading financial networks.

Reichstag Congress

The U.S. Congress has completely abnegated resistance to this government by decree. Instead it has over the past month functioned in a manner akin to the 1932 Reichstag that legalized Adolf Hitler's seizure of power. That Parliament, like this Congress, passed legislation granting the executive branch authority for complete control over the economy. The Congress has not only been passing "enabling acts" similar to that in the German legislative body, but many members have actually been demanding that the executive branch implement its emergency control powers.

On June 27 the House, by an extraordinary vote of 368 to 25, approved the Moorehead Act, a bill which the *Washington Star* warned "grants the President almost limitless powers" by reclassifying all energy production as military. As quoted from a House subcommittee report on the bill, "The Act redefines defense production as military production and energy production ... under this the President has the authority to suspend the following laws: the Davis-Bacon Act, the Civil Rights Laws, the Anti-Trust Laws," thus gutting legislation that establishes decent living standards for workers. Additionally, the bill establishes a federally guaranteed synthetic fuels program. Not only did this bill sail through the House, but there was a fight over who was going to be awarded the right to first introduce it in the Senate.

Moreover, no one questioned Moorehead's right to use his banking subcommittee to ease the defense and energy bill through the committee structure. Moorehead's legislation was drafted in close consultation with the Koppers Corporation and Gulf Oil, both financial interests of the Mellon family. The Mellons are key funders of such Anglo-American policymaking establishments as the Trilateral Commission, the Aspen Institute and the Brookings Institution. The bill was cosponsored by House Majority leader Jim Wright (D-Tex), who also quadrupled the original \$2 billion funding. Wright is being coached on this measure by former

National Security Council head Walt Rostow. Now based at the University of Texas, Rostow, a holder of the Order of the British Empire, has formally proposed a massive synthetic fuels plan in congressional hearings.

Congress is also scrambling to give the President authority to ration gasoline nationwide. "Carter can have compulsory gas rationing anytime he wants it," declared Washington Democrat Senator Scoop Jackson. Next week Congressman Dingell (D-Mich) will introduce a rationing plan in Congress.

Not one Congressman has yet voiced opposition to the fact that the man nominated—but not confirmed—by the Senate as the head of FEMA, John Macy, is already sitting in on executive policymaking meetings.

While the White House is concerned that it have the legal justification for this emergency control government, it also wants to ensure that it has a suitable climate in Congress for implementation of these austerity policies. Last week the "emergency council of executive officials and congressional leaders" called for by the *Times* in fact started to function.

While Carter will announce sometime in the next two weeks the actual official participants, two White House-congressional task forces on energy and on inflation met last week. The inflation task force meeting included Carter's advisor on inflation Alfred Kahn, Treasury Secretary Blumenthal, Council of Economic Advisors head Schultz and Vice-President Mondale. Their main focus was whether mandatory wage and price controls were necessary now. The congressional members included Representatives Moorehead, Mitchell (D-Md), Gaimo (D-Conn), and Fisher (D-Va), and Senators Moynihan (D-NY) and Proxmire (D-Wis).

The energy meeting included Mondale, Eizenstat, and Schultz, and such key congressional leaders on energy as Moorehead, Dingell, Moffett (D-Conn), Ottinger (D-NY), McCormack (D-Wash), Ashley (D-Ohio), Bevill (D-Ala) and Udall (D-Ariz). The meeting discussed the Tokyo summit and the necessity for a gasoline rationing program and a synthetic fuels policy. The task force members were all handpicked by House Speaker Tip O'Neill, a close Kennedy ally.

So far, Congress has stampeded behind the call for a synthetic fuels program modeled on that of Nazi Germany. A myriad of bills to establish a synthetic fuels industry is being rammed through on Capitol Hill, including Moorehead's legislation, a proposal by Congressman Perkins for \$200 billion in bonds for synthetic fuels, a \$75 billion proposal of Senator Dominici, and a \$3 billion plan of Scoop Jackson that would speed up other alternate energy programs.

At the same time Congress is moving quickly on legislation that would destroy decent wage standards, which is a necessity if the synthetic fuels programs are to be cost efficient. These bills are reviewed in this week's Congressional Calendar.

—Barbara Dreyfuss

Campaign 1980

Alexander Haig is off and running

In what many observers regard as the first campaign speech of his as yet undeclared bid for the presidency, General Alexander Haig kicked off a projected national speaking tour with a highly publicized appearance at Philadelphia Independence Day celebrations.

In a keynote address to a Fourth of July event sponsored by the Sons of the Revolution, Haig, who retired as NATO Commander-in-Chief June 30, set the tone for his candidacy with a diatribe against the Soviet Union. Haig accused the USSR, among other crimes, of sponsoring "international terrorism" and of creating a "climate of violence" through its support of national liberation movements.

Haig reiterated his frequent demand that the United States and Western Europe develop a "post-Vietnam leadership that will not recoil from confronting the Soviets"—a reference to himself—and called for a massive military buildup on the grounds that "whether we have SALT or not," the U.S. will remain militarily inferior to the Soviets unless the necessary "hardware" is developed.

Haig opened his remarks by hinting broadly that the Soviet Union had had a hand in the recent "terrorist assassination attempt" on his life. [See this issue's Facts Behind Terror, pg. 63]. In fact, Haig has been trying to get as much political mileage from the attack as possible; at official resignation ceremonies held in his honor July 3 in Washington, Haig revealed that he planned to maintain his bodyguards in anticipation of similar assassination tries in the future.

Yet even Haig's staunchest supporters are slyly implying that the "miraculous escape" which conveniently thrust the relative unknown into the limelight was just a big publicity stunt. As the *London Observer* remarked July 2: "General Alexander Haig could not contain a boyish grin when telling reporters of the terrorist attempt on his life. As he returns to the United States from Belgium this weekend, it could not have got his ambush on the Presidency off to a better start." And Haig himself smilingly told reporters this week that his old friend Henry Kissinger had telephoned him following the incident and said: "Al, now I know you're a political candidate."

Haig's Philadelphia debut was marked by a rash of media coverage, including a laudatory cover story in the Philadelphia *Inquirer's* Sunday magazine July 1 and numerous radio and television interviews in the area press.

At the same time, the national Haig campaign apparatus, which has been chafing at the bit waiting for the pint-sized general's resignation, is stepping up its operations. A number of fundraisers are in the works, a letter-writing campaign boosting Haig's "presidential qualities" is being planned, and a media blitz is already in operation.

Haig himself has hired a New York public relations firm whose list of clients also includes Henry Kissinger, Ronald Reagan, and former British Prime Minister James Callaghan, to set up a series of speaking engagements for him across the country. Among the institutions that have so far signed up to hear Haig speak on "American Security" are Chase Manhattan Bank (whose chairman, David Rockefeller, is reportedly one of the retired general's biggest behind-the-scenes backers), the International Investors Conference, International Council of the Aerospace Industries, and the Executives' Club of Chicago.

In a move to erase some of the more unsavory aspects of his career, Haig is also reported to be writing a book on the "real story" of Watergate. Sources say the book will portray Haig as the "savior of the nation" during the final days of the Nixon administration, making a virtue out of the de facto cold coup d'etat which Haig, Kissinger and their cohorts mounted over the summer of 1974.

Rumors are circulating on Capitol Hill that Haig will be holding secret meetings with presidential hopeful Howard Baker, where he will offer the Senate Minority Leader the vice-presidential slot on the GOP ticket. Baker's announcement last week that he will vote against the SALT II treaty unless it is amended is being seen as an effort to fit himself into the Haig image.

—Kathleen Murphy

Congressional Calendar

Congress pushing synthetic fuels

The June 29 passage of a modified version of President Carter's "windfall profits" tax bill in the House of Representatives brought with it another potential vehicle for the establishment of a synthetic fuels industry in the U.S. Title III of the legislation creates an "Energy Security Fund" made up of the revenues of the "windfall profits" tax and estimated at about \$30 billion. Title III does not contain specific implementation language, so the House Ways and Means Committee has scheduled hearings at the end of July to discuss precisely how the \$30 billion is to be used. Vice President Mondale hinted on July 1 that the administration will propose usage of the fund for the development of synthetic fuels from coal.

A committee source confirmed that synthetic fuels development was the most likely candidate for the Energy Security Fund's revenues. Asked how this would cohere with the numerous other pieces of fuel development legislation currently pending in the House and Senate, the source suggested that the Energy Security Fund, since it is already legislated, might simply absorb some of the other programs. "Maybe Tip O'Neill might just put his foot down, decide to make order out of the chaos of bills, and lump most of them under the Energy Security Fund," he said.

A glance at the congressional line-up on synthetic fuel lends credence to that prognosis.

- On June 28, Senators Don Riegle (D-Mich) and Jake Javits (R-NY) introduced the Senate complement of the "Moorehead Amendment" to the Defense Pro-

duction Act of 1950 which guarantees the government purchase of 500,000 barrels of synthetic fuel a day by 1984. The legislation, already passed in the House, includes provisions for loan guarantees to the industry and carries a price tag of \$3 billion.

- HR4514 has been introduced by Rep. Carl Perkins (D-Ky), establishing \$200 billion in loans, granting purchasing authority, and bonding authority for the creation of a synthetic fuels industry. The bill has passed the House Education and Labor Committee, and is modeled on the so-called Cutler-Ignatius-Zuckert plan for a reconstruction corporation to finance development of the synthetic fuels. This "New Deal" scheme has been named for three prominent Washington D.C. lawyers who devised it.

- A bill introduced by Sen. Pete Dominici (R-NM), would create a \$75 billion energy development corporation for the development of synthetic fuels from coal, oil shale and tar sands. It is modeled on the Energy Independence proposal of Nelson Rockefeller, with hearings for the legislation scheduled before the Senate Banking, Energy, and Governmental Affairs Committees for the end of July

- The Jackson bill would provide \$3 billion for speeding up existing projects and establishing new pilot projects for the development of primarily synthetic fuels. Hearings are currently taking place in the Senate Energy Committee.

On July 11, the Senate Finance Committee opens hearings on the "windfall profits" tax legislation and the Energy Security Fund. Unlike the House, which will have to pass a second bill to implement the Energy Security Fund, the Senate will in all likelihood pass a single

piece of legislation. Finance Committee Chairman Russell Long (D-La) has previously shown sympathy for using oil tax revenues for the creation of a trust fund which can provide loan guarantees, grants and the authority to float bonds in the private market for developing synthetic fuels.

Much of the legislation now pending in both houses, with the exception of the defense-oriented Moorehead and Riegle-Javits bills, may well end up consolidated under the final version of the Energy Security Fund, with an initial capitalization of \$30 billion.

Administration coordinating youth labor legislation

A spate of "youth employment" bills has been recently introduced into Congress in the context of a major review of all youth manpower programs in the country being undertaken at the White House under the direction of Vice President Mondale. The vice president's Task Force on Youth Employment, established as an interagency group in March, is already circulating its first proposal, called the Equal Chance Plan. The task force is also slated to propose a full legislative packet for the administration by October.

While the Equal Chance Plan's emphasis is said to be on occupational training for "hard-to-employ" youth, the Task Force's Associate Director Kathy Garmezy confirmed that the group is looking favorably at a number of proposals designed to give young people jobs at less than minimum wage, as well as a plan to create national "youth service." Garmezy favors a "military type approach" to solving

youth employment problems. The task force's job, according to Garmezy, is to coordinate all of the proposals, some of them already introduced as legislation, currently in circulation. On Thursday, July 5, the Task Force is scheduled to announce its initial findings when the group will be given more official status within the administration.

Youth impressment legislation under consideration

The concept of a universal nation service wherein American youth would be drafted into compulsory service in such areas as coal or iron mining, road building, and heavy construction was first called for by parapsychology proponent Prof. William James in an essay titled "The Moral Equivalent of War" in 1906. Now the quack professor's scheme is being revived by Rep. Paul McCloskey (R-Cal) whose strategy is to have a concept of a national service mandated for study through three amendments he introduced to HR4040, the Defense Procurement Authorization bill.

The amendments would do the following: 1) require registration of all men and women for military service; 2) advance the effective date of resuming the Selective Service Registration to Jan. 1, 1980; and 3) direct the study of selective service reform authorized in the bill to be expanded to include study of the National Youth Service "alternative."

McCloskey's more comprehensive bill HR2205 is expected to be acted on several weeks after the Defense Authorization bill is voted on later this month. Already it has been cosponsored by 14 other representatives.

The legislation would give 18-year old youth, both men and women without exception, four critical choices:

- "a) Volunteer for two years of military service, with a guarantee of four years of educational and training benefits;
- b) Volunteer for six months of military service, followed by five and one-half years of reserve obligation;
- c) Volunteer for one year's civilian service in a community or environmental capacity, including forestry conservation or work with the retarded, aged or handicapped; or
- d) Be placed in a lottery pool, subject to being inducted for either regular forces or the ready reserves for two years...."

Jobs program outside minimum wage guidelines pending

Two senators from seemingly opposite ends of the political spectrum, S.I. Hayakawa (R-Cal) and Adlai Stevenson (D-Ill), have joined forces to sponsor legislation to allow all youth between the ages of 16 and 20 to work for wages below the minimum wage level. S1107 would give employers the ability to hire youth at 85 percent of the minimum wage, an option which now applies only to full-time students. The bill is now in committee and hearings are not yet set.

CETA to be revamped

Two major bills, HR4465 and S1129 introduced by Rep. Augustus Hawkins (D-Cal) and Sen. Ted Kennedy (D-Mass) into the House and Senate, respectively, are writ-

ten as amendments to Titles IV and VII of the CETA (Comprehensive Employment Training Act) legislation. Both are geared toward limiting CETA programs almost entirely to youth.

The Hawkins bill additionally would do the following: expand into an interagency Committee for Youth the forced work program WIN (Welfare Incentive) which trains welfare recipients to take skilled and semiskilled jobs at below the going rates. It would include representatives of the Departments of Agriculture, Defense, Labor, Interior, and Health, Education and Welfare as well as the Justice Department, Action, the Community Services Administration, and the Office of Management and Budget. Further, HR4465 would mandate apprenticeship programs in specified occupations, and would require that businesses with government contracts employ a set ratio of youth apprentices.

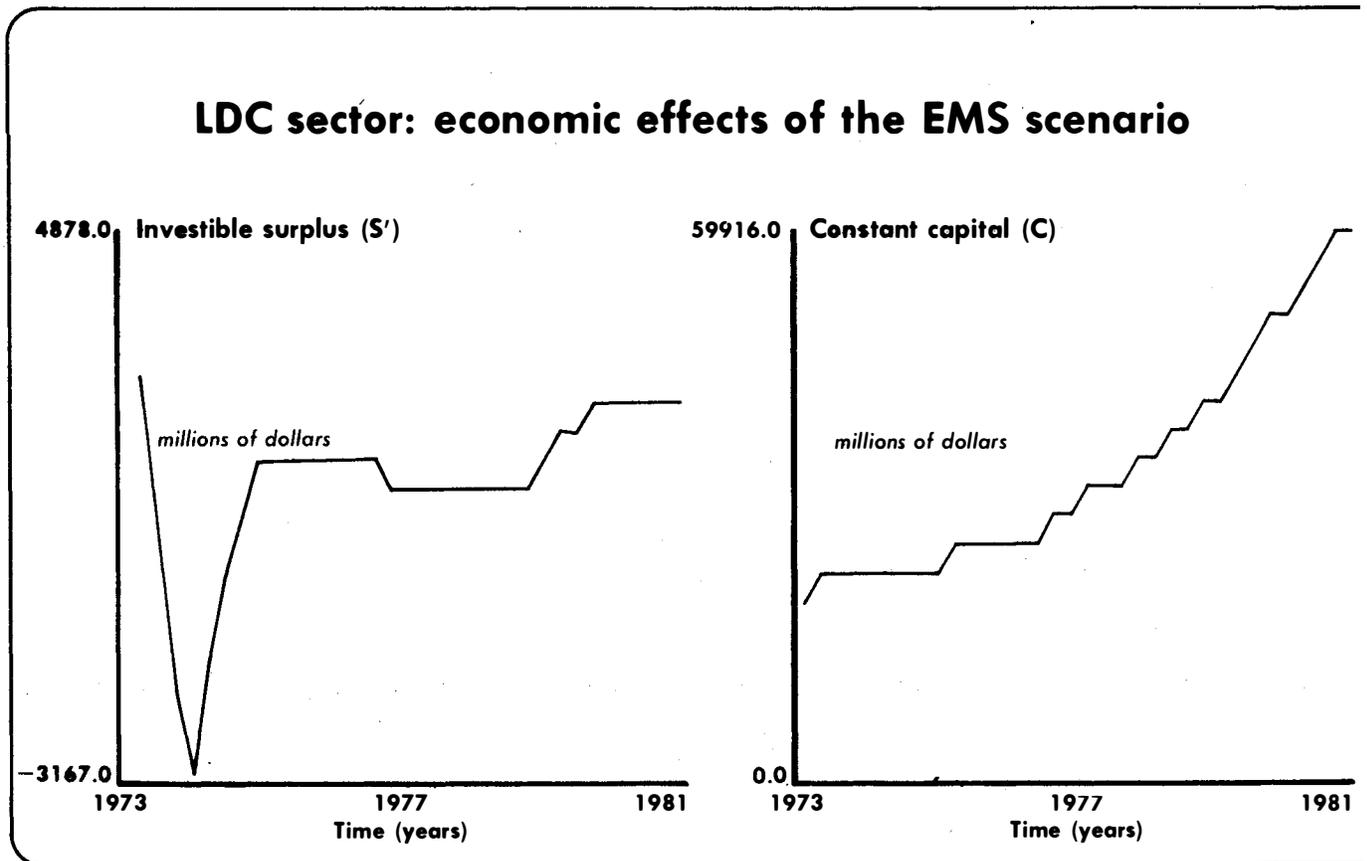
As drafted, the bill would easily serve as a means of displacing older, skilled workers from their jobs.

Rep. Perkins (D-Ky) has also authored amendments to CETA legislation which would create low-skilled, labor-intensive jobs through the establishment of a synthetic fuel corporation. An aide to Perkins said when questioned on how unemployed youth concentrated in the nations' cities could work in rural regions where synthetic fuel plants would supposedly be located: "We've moved workers around before, in the 1930s."

—J. Pierce
and Susan Kokinda

The impact of the \$100 billion EMS investment program

Part II of the EIR's survey on energy and the world economy



The following survey, prepared by EIR economics editor David Goldman, is based on a larger study on the world energy situation, "The Impact of Energy Prices on the World Economy," which is available from Executive Intelligence Review by special order for \$100. The full study includes, in addition to the material presented in part 1 of this survey last issue and the article below, a more complete discussion of the inputs used in the study, as well as data for a larger number of national sectors.

In organizing economic data, the LaRouche model starts from the physical productivity of the economy. The tangible output of each of the economies and aggregates studied in this report, as derived from industrial, population, and Gross National Product statistics published by the Statistical Office of the United Nations Secretariat, is divided into

c—maintenance of the economy's productive facilities, including replacement of machinery or improvements in land, and purchases of raw materials; "constant capital."

v—the tangible output of goods required to maintain the productive labor force at its current living standard, productive labor force defined by goods-producing workers plus agricultural labor force; "variable capital."

d—the economy's overhead cost, including the volume

of tangible goods required to maintain non-goods-producing workers, as well as production that cannot be invested in any productive way, e.g., military production and office buildings.

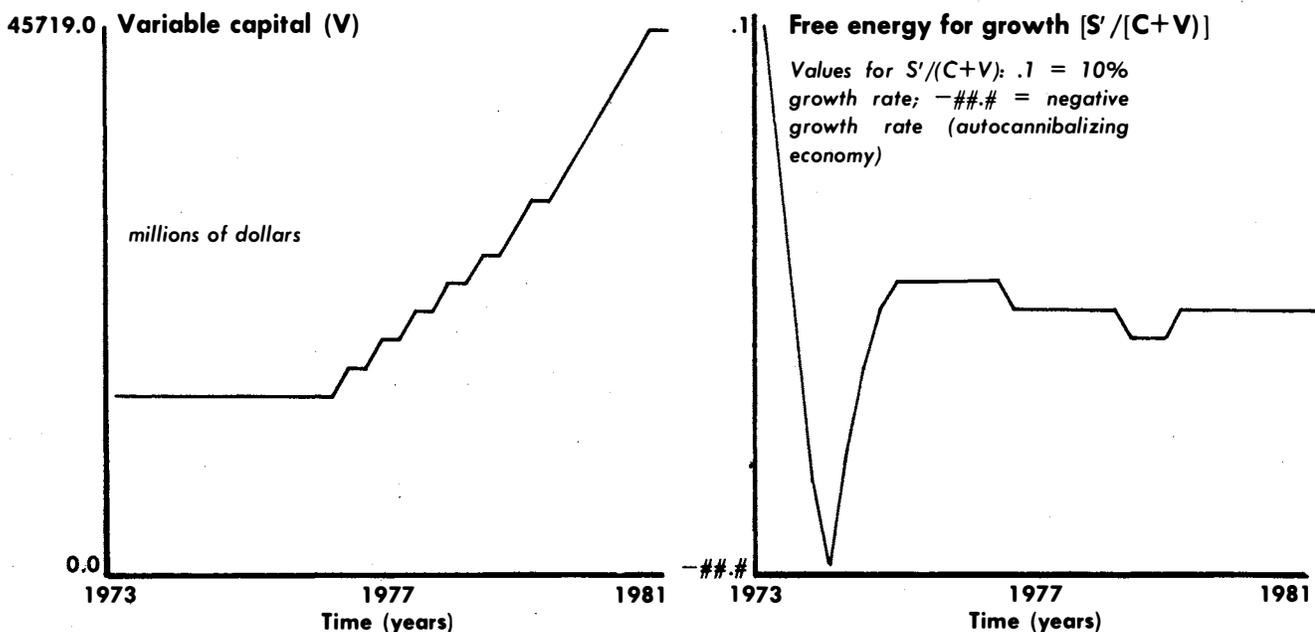
Any output of goods above and beyond maintenance levels is defined as surplus, or s . $s-d$, or surplus minus unproductively employed surplus, yields the productively reinvestible surplus, or s' .

Evaluation of EMS investment plans

In Executive Intelligence Review's last issue, the LaRouche economic model was programmed to show the results of a world oil price increase of the level instituted at OPEC's Geneva meeting, under the assumption that the additional price burden would *not* be financed.

In this issue, we examine the impact of an oil price increase under the assumption that a \$100 billion portion of the OPEC surplus is recycled through a development-oriented international institution of the type of the proposed European Monetary Fund. In other words, it is assumed that the \$100 billion figure represents capital that could mobilize currently underutilized industrial capacity in the advanced sector, for the

(assumes average \$20 per barrel oil prices beginning 1979, but reinvestment of \$100 billion in international industrial development projects as per the European Monetary System proposal)



production of the export goods required to promote economic growth in the developing sector.

It is believed that the addition of this \$100 billion to the investible surplus available to the world economy does not represent a hypothetical scenario in any way, because the surplus capacity does indeed exist to provide an increment of development goods of that magnitude. The accompanying graphs therefore show an accurate trend line for this scenario, if not accurate absolute values.

Other assumptions included in this scenario are:

1) That the additional burden of oil prices will be financed, over and above the \$100 billion increase in development financing. For purposes of the model, therefore, the increment in oil prices, at \$90 billion for the advanced sector or \$19 billion for the developing sector, was treated as an increment to the overall spending requirements for raw materials, or constant capital, rather than—as in the previously published “worst case” scenario—a deduction from the investible surplus of the economy, or “d.”

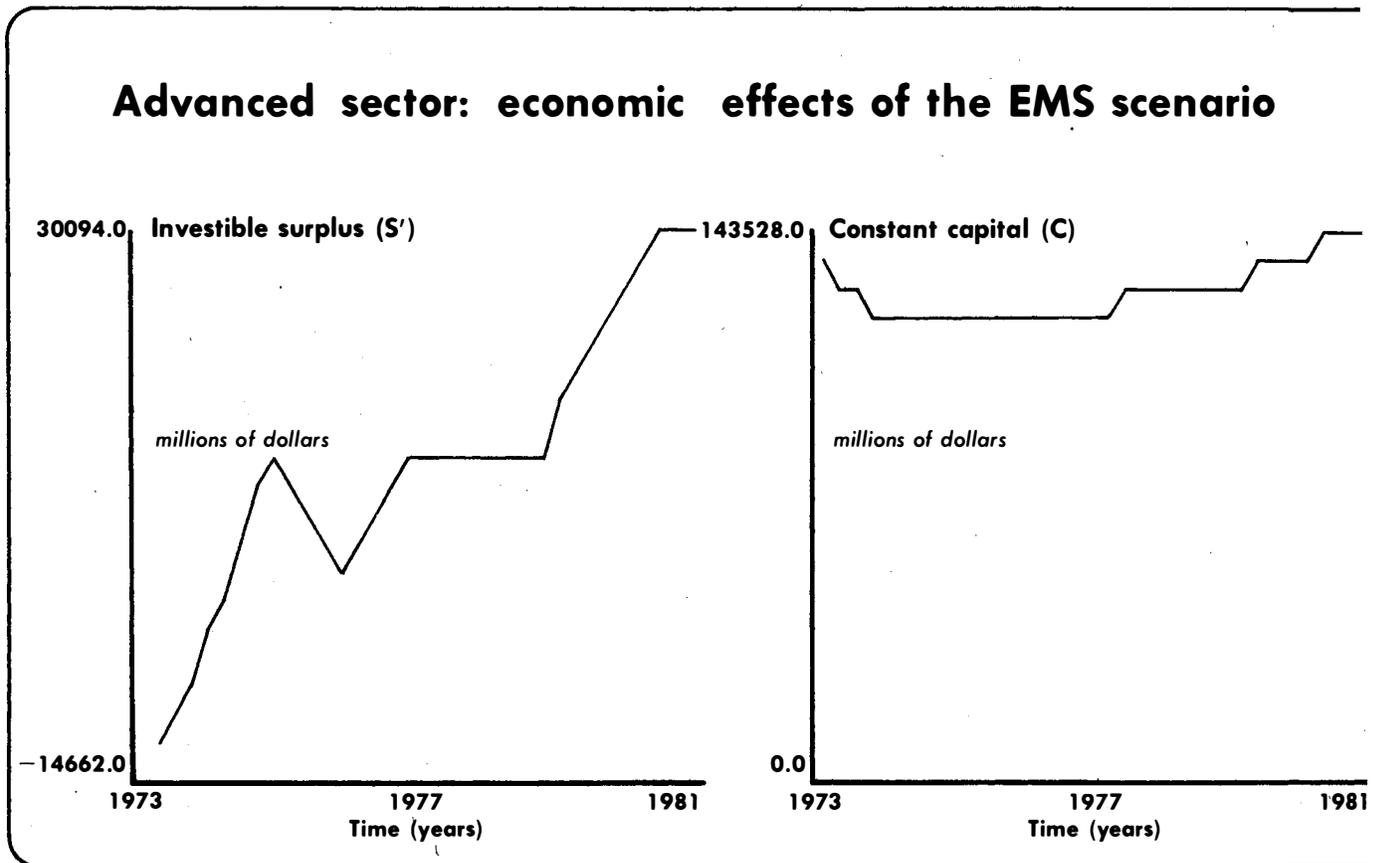
2) That productivity—as defined by the Riemannian model—would rise by 10 percent as a result of this scenario. It must be emphasized that the model’s defi-

inition of productivity is not the standard output-permanhour definition. Productivity is defined by the incremental *surplus product* produced by an additional input of productive labor. Roughly speaking, the curve of productivity under our definition would approximate a first-derivative curve of the function of productivity according to standard definitions.

3) That the basic composition of both the advanced and developing economies would remain constant.

4) That the division of the incremental surplus would be allocated 40 percent to the advanced sector and 60 percent to the developing sector.

Most of these assumptions are self-explanatory. An additional word needs to be said about the productivity question. In the historical data for productivity gathered by the *EIR* economics staff, it is evident that a tremendous collapse occurred as a result of the oil price increase. The delta ratio, which measures the change in surplus divided by the change in productive labor, fell by about 65 percent, much more than in the advanced sector. Empirically, it is believed that this result derives from the massive inefficiencies introduced into LDC economies when they are compelled to introduce economies of an extreme nature. For example, the oil price



increase last time around (and currently) produced such consequences as cutbacks in vital imports of raw materials for industry, the shutting down of essential transport facilities, and so forth. Therefore it is believed that a 10 percent rise in productivity under the definition already stated represents an extremely conservative assumption.

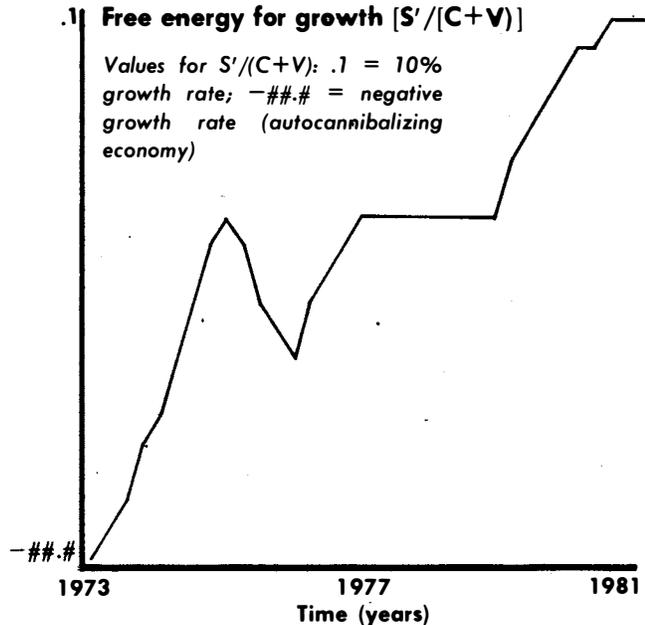
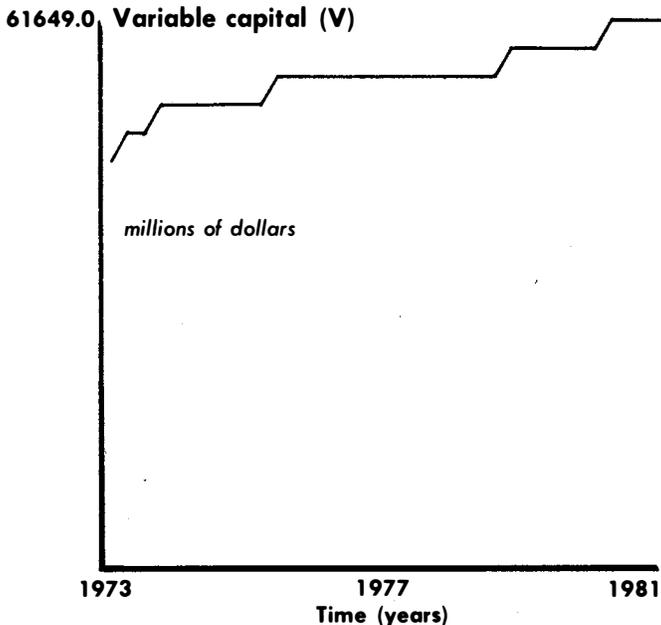
What the graphs show is that the world could not only sustain the oil price increase under what could be called the European Monetary Fund scenario, but that it would sustain an impressive economic boom. The most important special result derived from the computer results is the difference between the behavior of the advanced and developing sectors under this scenario. It is noticed that the increments in constant and variable capital in the advanced sector are relatively small, compared with the very fast rise of both surplus and the rate of surplus production, or "free energy" ratio. That is an intuitively comprehensible result: under the right conditions, small increments in the basic inputs into the world's most productive economies will produce very fast increases in growth potential.

What might not be intuitively obvious is the computer's result for the developing sector: although the

growth of both variable and constant capital, or increments to the productive labor force and maintenance of productive facilities respectively, is spectacular, the generation of surplus and the rate of surplus production are both fairly sluggish. Under the interlinked two-sector model, the \$100 billion in additional surplus is assigned mainly to the developing sector, producing the forecasted rate of increase in variable and constant capital. However, the indigenous rate of surplus production rises much more slowly. That is to say that there has been such a deficit both of expansion and upgrading of the labor force, as well as capital investment, in the developing sector, since the 1973 oil crisis especially, that considerable expansion is required before the LDCs will be able to generate substantial surplus on their own.

What is proven unquestionably is that the policies proposed in the context of the European Monetary Fund do, in fact, constitute a solution to the world's short-term economic problems.

(assumes average \$20 per barrel oil prices beginning 1979, but reinvestment of \$100 billion in international industrial development projects as per the European Monetary System proposal)



FEF amicus brief explodes Schlesinger's H-bomb hoax

Energy Secretary James Schlesinger's scenario to use the *Progressive* magazine "H-bomb" case as a ploy to grab sweeping powers over nuclear fusion research and scientific publication has potentially been derailed by the Fusion Energy Foundation (FEF). The foundation has filed an *amicus curiae* brief in the case of the **United States v. The Progressive et al.**, which should effectively prevent Schlesinger from obtaining a precedent in the *Progressive* case to allow the government to censor the publication of basic scientific information.

The FEF filed its brief with the U.S. Court of Appeals for the Seventh Circuit in Chicago, where the *Progressive* magazine and author Howard Morland are appealing the government's injunction preventing the magazine from publishing Morland's "How to Make an H-Bomb" article.

Last March, the *Progressive* magazine intentionally provoked Schlesinger's Department of Energy into seeking an injunction to prevent the publication. The American Civil Liberties Union and other groups rushed into make this a full-blown First Amendment freedom-of-the press issue. Schlesinger, Cyrus Vance, Defense Secretary Harold Brown, and other government officials offered equally foreboding warnings of the immediate dangers of nuclear proliferation if Morland's article were published.

This controlled environment was only broken when the FEF brief raised the issues of classification of scientific research for the first time in this case, warning that this case must not be used to provide Schlesinger's Energy Department with the legal authority to continue its present practices of classifying scientific information in violation of both the letter and the spirit of the Atomic Energy Act.

While Schlesinger's suppression of information concerning fusion energy research is well known, and is detailed in the FEF brief, the brief also points out that the *Progressive* and many of its allies are also opposed to unlimited dissemination of scientific research. The *Progressive*, for example, had advocated stricter controls on the nuclear fuel tritium—as part of its campaign against both nuclear fission and fusion—and an *amicus*

brief of the Federation of American Scientists asked the court to reserve the power to suppress the results of frontier research such as that involving recombinant DNA.

Not without good reason, the *Progressive* case has been described as a conflict between the two principal factions among "New Dark Ages" advocates—the "pacifist" Russellites who want to ban all scientific progress and technological development, and the Well-sians who want to preserve a narrow arena of science and technology for military and social-control applications.

Legal methodology

Into this contrived legal battle the FEF has intervened, using the same methodology which the FEF and the U.S. Labor Party used in their influential joint *amicus curiae* brief to the U.S. Supreme Court in 1977-78 in the Consumers Power (Midland) case. In both cases, a controversy and the statutes in question are analyzed from the standpoint of the United States Constitution's fundamental commitment to scientific and technological progress. From this standpoint, the significance of the Atomic Energy Act and the criteria for resolving the issues of classification and declassification become absolutely clear and obvious.

For example, the *Progressive* defendants and their *amici* are arguing that the Atomic Energy Act—under whose provisions the government obtained its injunction—is unconstitutionally overbroad. But none of the parties to the case have bothered to discuss the actual context of the 1954 Act and its radical departure from wartime secrecy provisions of the 1946 Atomic Energy Act.

The FEF brief therefore bases its argument on the premise that "the fundamental purpose of the Atomic Energy Act of 1954 was to improve procedures for the control and dissemination of atomic energy information so as to encourage broadened participation in the development of peaceful applications of atomic energy."

Following his historic "Atoms for Peace" proposal

to the United Nations in December 1953, President Eisenhower proposed major revisions of the Atomic Energy Act to Congress in February 1954. Eisenhower's Message to Congress, cited in the FEF brief, declared that the "great progress in nuclear science and technology" that had occurred since 1946 meant that many of the restrictions of 1946 were no longer appropriate. "... these restrictions impede the proper exploitation of nuclear energy for the benefit of the American people and of our friends throughout the free world."

These purposes in accord with "the deepest intent of the Constitution," included among its policy guidelines for the Atomic Energy Commission:

The dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticism which is essential to scientific and industrial progress and public understanding and to enlarge the fund of technical information.

As the FEF brief argues, "the classification policies of the United States government has in effect reversed these priorities as established by Congress in 1954." As an example, the brief uses as a case study the government's present policies regarding inertial confinement fusion research, showing how the results of scientific research regarding laser fusion and other aspects of inertial confinement fusion have been published in other countries but are classified in the United States. In one area, the brief notes, "both atomic (the USSR) and non-atomic nations (Spain) and all those who read the literature of these nations, have access to this material. Only scientists in the United States are deprived. The march of proliferation has not been halted thereby, only that of American progress."

Also discussed in the brief is the case of the Soviet scientist Leonid Rudakov, whose work was classified in the United States after being declassified by the Soviet Union.

Finally, the FEF brief refutes the simple-minded, militaristic notions of "national security" which are being bandied about by both sides in this case. It is clear from the legislative history of the Atomic Energy Act that national security was understood to encompass scientific progress and economic strength as well as strictly military considerations. The entire 1954 Act, with its emphasis on the encouragement of scientific progress, was a dramatic refutation of the "scientific secrecy" school of Schlesinger. "The position of the Act on the larger question of the place that nuclear technologies have in the nation's strategic assessment is clear," concludes the FEF brief. "Peaceful uses of nuclear energy—both fission and fusion—must be encouraged as part of our nation's security."

Argument in the Progressive case has been set for

September 10 by the Court of Appeals. On July 3 the U.S. Supreme Court rejected a motion by the ACLU to speed up the schedule of the case, stating that the ACLU had waited too long to seek expedition. Whether the Court of Appeals upholds or overrules the lower court's injunction against the Morland article, all observers expect that the full case will eventually be decided by the Supreme Court.

—Edward Spannaus

The FEF brief

Introduction

The central question on which everything else in this case hinges is the question of what really constitutes our national security. Both sides in this case seem to take an extremely narrow view of national security, regarding it as a matter pertaining solely to military weapons and secrecy regarding their manufacture. President Eisenhower, who proposed the Atomic Energy Act of 1954, and the Congress which passed it, took no such narrow view. National security was understood by them, and must be understood by us today, as embodying the full scientific and industrial strength of our nation. This is why the 1954 Act placed such a high priority on improving procedures for the dissemination of atomic energy information for the purposes of encouraging "scientific and industrial progress."

Any nation which stifles and impedes basic scientific research will soon relegate itself to the position of a second or third-rate power. It would be disastrous if the outcome of this case were to encourage such a development. Yet such are the direct implications of the present case. The editors of *The Progressive* seem to have gone out of their way to provoke government censorship. Perhaps this was for the purpose of proving some point they wished to make concerning government secrecy. Nonetheless, it seems clear that neither the defendants nor the government share the view that national security depends upon encouraging scientific research and technological progress, particularly with respect to thermonuclear fusion. The present Administration's policy has been to downgrade the importance of nuclear energy in general and it has made drastic cuts in research allocations for fusion energy. And on the other side, a recent issue of *The Progressive* featured an article calling for stricter controls on research involving the fusion fuel tritium.

The issue of prior restraint on publication as presented in this case is therefore inseparable from the issue of national security in its broadest sense. If in fact everything that the government claims in its arguments and supporting affidavits is true, then the Morland

article may well fall within the narrow range of exceptions to the general rule against prior restraint. We would not dispute the right of the government to seek an injunction under the Atomic Energy Act to enjoin the publication of purely military "blueprint" technical information, as opposed to data concerning basic scientific research or civilian applications.

The court below recognized this distinction to some extent when it stated:

The Court is convinced that the government has a right to classify certain sensitive documents to protect its national security. The problem is with the scope of the classification system.

Memorandum and Order at 4. Yet, that Court also believed itself obligated to suppress:

Certain concepts never heretofore disclosed in conjunction with one another ... concepts ... not ... in the public realm.

The problem is exactly that of the *scope* of the classification system. If this court were to issue a blanket rule which explicitly or implicitly gave the government the right to impose a broad ranging censorship of scientific *concepts*, on the grounds that such concepts may have a military application, then our nation's true security interests will have been harmed rather than protected.

To be more specific, the critical distinction which should guide this Court's deliberations is the distinction between basic scientific concepts involving thermonuclear processes, and specific *applications* of such concepts as they affect weapons design and operation. Can the government classify basic scientific research—which has wide ranging civilian *and* military applications—on the grounds that its *potential* military applications require that all discussion of the concepts themselves be prohibited? This is exactly what has happened in the case of aspects of laser fusion, as we shall discuss below. Whatever the outcome of this case, it will bear directly upon the ability of scientists to obtain access to the results of basic scientific research now being conducted in both the United States and the Soviet Union with respect to laser fusion and inertial confinement. Any upholding of prior restraint which does not include a precise distinction of the type we are urging herein will contribute heavily to closing off one of the most promising avenues now open to the human race, that of the

A limited number of copies of the FEF amicus curiae brief and the appendix containing the Eisenhower Message and excerpts from Freedom of Information Act releases on the Rudakov case are available from FEF at a cost of \$10. Send check or money order to FEF, 304 West 58th Street, N.Y., N.Y. 10019.

development of commercial fusion energy as the solution to the global energy and food crises now facing our planet. That this is no hypothetical danger is revealed in the decision below. An amicus, the Federation of American Scientists, asked the court to reserve the power to suppress discussion of *any* frontier research, on grounds that verge on the superstitious. Yet, had the specific technology adduced by that amicus as an example, recombinant DNA research, (see page 13, Memorandum) been suppressed, the soon-to-be-realized cure for diabetes, and nitrogen fixing modifications drastically increasing food crops, would have been lost to humanity. This danger is foreshadowed in the opinion below, where the Court fails to distinguish between *concepts*, and blueprints in his example of neutron-driven fission.

Argument

Section 2014(y) of the Atomic Energy Act (42 U.S.C. 2001 et seq.) has been attacked by the defendants/appellants and their supporting *amici* as unconstitutionally overbroad. This section reads:

(y) the term "Restricted Data" means all data concerning (1) design, manufacture, or production of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to section 2162 of this title.

Section 2162 provides the procedures for declassification of Restricted Data, and is immediately preceded by Section 2161, which mandates the policy of the government with respect to dissemination and declassification:

2161. Policy of Commission

It shall be the policy of the Commission to control the dissemination and declassification of Restricted Data in such a manner as to assure the common defense and security. Consistent with such policy, the Commission shall be guided by the following principles:

(a) Until effective and enforceable international safeguards against the use of atomic energy for destructive purposes have been established by an international arrangement, there shall be no exchange of Restricted Data with other nations except as authorized by section 2164 of this title; and

(b) The dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticism which is essential to scientific and industrial progress and

public understanding and to enlarge the fund of technical information.

In the deepest sense, this statute expresses the deepest intent of the Constitution far more directly than many another law in the statute books. Our Founding Fathers fought a Revolution to free themselves and their posterity from the chains of darkness and backwardness by which the British monarchy was shackling the development of the American colonies. Their most fundamental commitment was to the creation of a sovereign republic based upon natural law, in which the nation and its individual citizens would have the freedom and the power to pursue a course of rapid agricultural and industrial development.

The Revolution was not completed until the fragmentation and decentralization of the Confederation was overcome by the establishment of a constitutional federal republic, whose central purposes were to "provide for the common Defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our posterity...."

It is from this standpoint that we are obligated to interpret the Atomic Energy Act of 1954. There is no better place to start than with one of the most remarkable documents of our time, President Eisenhower's Message to Congress concerning the Atomic Energy Act of 1954.

President Eisenhower presented his historic "Atoms for Peace" proposal to the United Nations in December, 1953. He followed this proposal with a Message to Congress on February 17, 1954 proposing a revised Atomic Energy Act of 1954 (hereinafter, "Message") for "the purpose of strengthening the defense and economy of the United States and the free world" through the following means:

First, widened cooperation with our allies in certain atomic energy matters;

Second, improved procedures for the control and dissemination of atomic energy information; and

Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

The President described the conditions of 1946, when the first Atomic Energy Act was written:

... A new and elemental source of tremendous energy had been unlocked by the United States the year before. To harness its power in peaceful and productive service was even then our hope and goal, but its awesome destructiveness overshadowed its potential for good.

Under conditions of the monopoly held on military applications of atomic power by the United States, this monopoly had to "be protected and prolonged by the

most stringent security safeguards." (*Id.*, p. 2) But, President Eisenhower noted:

Since 1946, however, there has been great progress in nuclear science and technology. Generations of normal scientific development have been compressed into less than a decade....

Many statutory restrictions, based on such actual facts as the American monopoly of atomic weapons and limited application of atomic energy in civilian and military fields, are inconsistent with the nuclear realities of 1954. *Furthermore, these restrictions impede the proper exploitation of nuclear energy for the benefit of the American people and of our friends throughout the free world.* (emphasis added)

The principal changes made by the 1954 amendments (which became known as the Atomic Energy Act of 1954) were provisions for the transmittal and exchange of information with other nations, for the encouragement of commercial development of nuclear power. (As a result of the Act, the first commercial nuclear reactor was completed in 1959.) The President explained the reasons for these policies, and the relationship between military and civilian applications:

... In respect to defense considerations, our atomic effectiveness will be increased if certain limited information on the use of atomic weapons can be imparted more readily to nations allied with us in common defense. In respect to peaceful applications of atomic energy, these can be developed more rapidly and their benefits more widely realized through broadened cooperation with friendly nations and through greater participation by American industry. By enhancing our military effectiveness, we strengthen our efforts to deter aggression; *by enlarging opportunities for peacetime development, we accelerate our own progress and strengthen the free world.* (emphasis added).

President Eisenhower's objectives were totally incorporated into the 1954 legislation as it was drafted and adopted by Congress. The Report of the Joint Committee Report (Senate Report 83-1699), acknowledging the "extraordinary scientific and technical achievements in atomic energy" since 1946, stated:

Technological developments—some promising longer and more richer lives for all privileged to share in the peacetime benefits of the atom, and others posing grave threats to the very existence of civilization—have proceeded much more rapidly than was expected in 1946. As a result, atomic-energy legislation which was once fully responsive to assuring the common defense and promoting the national welfare must now be revised to take account of existing realities....

Congress never lost sight of the fact that the common defense and security was the paramount objective of atomic energy programs, but the concept of national security was clearly intended to encompass "strengthening the defense *and economy* of the United States and the free world" (emphasis added).

This report has already summarized the considerations underlying the stringent provisions of the Atomic Energy Act of 1946 against private participation in atomic energy. It has also made clear that changing conditions now not only permit but require a relaxation of these prohibitions if atomic energy is to contribute in the fullest possible measure to our national security and progress.

To this end, the government was to encourage research and development programs:

We believe, rather, that teamwork between government and industry—teamwork of the type encouraged by these amendments—is the key to optimum progress, efficiency, and economy in this area of atomic endeavor. In other words, our legislative proposals aim at encouraging flourishing research and development programs under both Government and private auspices.

As we shall see in the next section, the government's current classification policies are in direct contradiction to the worthy aims described above. The government's current practices are in no way authorized by the relevant statutory provisions. Nor can they be justified on the grounds that fusion is a different technology and that the 1954 Act was intended only to deal with nuclear fission. This is absolutely clear in the Joint Committee Report:

Sectin 11c: "Atomic energy" is defined to mean "all forms of energy released in the course of nuclear fission or nuclear transformation." This definition includes both fission and fusion reactions.

And also:

Section 51 provides that any material capable of releasing substantial quantities of atomic energy may be found by the Commission to be special nuclear material ... (this) permits the inclusion in this category for the first time materials essential to fusion processes as well as those essential to fission processes.

Current classification practices are harmful to both scientific research and national security

It is almost a truism to say that every area of advanced scientific endeavor will have (usually unforeseen) appli-

cations both in industry and in military areas. This intimate connection among scientific research, industrial technology, and military application is especially clear in areas of high energy density, most notably the two areas of purview of the Atomic Energy Act itself, nuclear fusion and fission.

But, as President Eisenhower's speech and the legislative history of the Act amplify, this connection is extremely beneficial to the national defense: to ensure national security, it is essential to further not just military applications of this scientific research, but equally, the research itself and its implementation in industry. The Atomic Energy act recognizes this and mandates with equal emphasis the *restriction* of military applications and the *dissemination* of information necessary for scientific research and industrial development. Indeed, the Act itself puts two legislative requirements on the administration of the Act; protection by classification of military information *and, of equal importance for the maintenance of national security*, of "dissemination of scientific and technical information relating to atomic energy ... so as to provide that free exchange of ideas and criticism which is so essential to scientific and industrial progress and public understanding and to enlarge the fund of technical information (42 USC 2161).

The conclusion to be drawn from the Act is that any classification or restriction of information which functioned so as to abort scientific or industrial progress would, in fact, hinder the maintenance of national security.

The paradigmatic case in which the distinction called for in the Atomic Energy Act between "blueprint" military applications and basic scientific research has *not* been made is that of inertial confinement nuclear fusion research. Inertial confinement (IC) fusion research, because it began as a militarily inspired project to replicate in the laboratory the conditions of matter inside the hydrogen bomb has continued to be classified in large part, even though the over-riding application of the research is now in the area of civilian electrical energy production....

In the strict sense of the words, the Atomic Energy Act legislated a national policy which is very *pro*-proliferation by establishing the central role that atomic energy must play in the economic and industrial health of the country. Certainly, the Act is careful to distinguish between military proliferation and civilian proliferation of nuclear energy; unfortunately, this distinction has not been clearly made or enforced in the current application of the Act. The position of the Act on the larger question of the place that nuclear technology have in the nation's strategic assessment is clear: peaceful uses of nuclear energy—both fission and fusion—must be encouraged as part of our nation's security.

Colombian agrarian leader tours U.S.

Calls for international antidrug coalition, Third World growth

In mid-June, the State Department attempted unsuccessfully to prevent Fausto Charris, secretary general of Colombia's 120,000-member National Agrarian Federation (FANAL), from entering the United States and participating in a public meeting of the New York-New Jersey Anti-Drug Coalition in New York City. Charris, an aggressive fighter against plans to legalize Colombia's marijuana traffic and a noted proponent of capital-intensive development of the Third World, was officially invited by the coalition to address its June 24 meeting.

The State Department's reversal of an initial decision not to grant Charris an entry visa, made under pressure of a nationwide mobilization of antidrug forces, and Charris's subsequent arrival in New York to begin a U.S. tour has had precisely the effect Washington feared.

Upon arriving in the U.S., Charris called on this country to rededicate itself to its founding principles of progress and to worldwide economic development and to reject the Malthusian policies that threaten the moral fiber and economic survival of all nations. His appeal is not only catalyzing support for the antidrug coalitions being set up across the nation, but Charris's public appearances, as well as the news coverage of his tour,

are provoking a wide ranging discussion of what kind of administration in Washington is required to implement the policies he is outlining.

Charris capped the first leg of his tour, which included stops in New York City, Washington, D.C., Buffalo, and Detroit, with the call for an international antidrug conference to be held later this year in Bogota, Colombia. The conference will announce the founding of an international Anti-Drug Coalition to bring together those forces committed to ending the world's drug trade. Invitations will be extended to elected officials, professionals, labor leaders, and medical experts from several countries to participate in this historic event.

The Colombian labor leader has also endorsed the 1980 presidential candidacy of Lyndon LaRouche, chairman of the U.S. Labor Party. In a statement issued in Detroit on July 2, Charris explained that LaRouche is the only candidate who can assure a return of the U.S. to the dirigist policies of the country's founding fathers and a foreign policy based on promoting global peace and development.

Charris has specified what Colombia needs for an effective marijuana eradication program and economic

Charris backs LaRouche candidacy for President

Fausto Charris Romero of the Colombian National Agrarian Federation (FANAL), yesterday issued the following statement from Detroit, Michigan, where he is visiting as part of a tour of the U.S. The statement is an endorsement of the presidential candidacy of U.S. Labor Party national chairman, Lyndon H. LaRouche, Jr.

The development of the Third World; promoting new sources of energy such as nuclear energy, for all countries; elimination of drugs; and building peace: these are Lyndon LaRouche's fundamental programmatic proposals.

Given that the greatest resource of the United States is the minds of its population, its science and technology, and given that these resources are vital for the development of the Third World, we cannot allow them to be destroyed.

The minds of the American people must be placed at the service of the progress of humanity, and must be understood as "the patrimony of all mankind," the same term Mexican President Lopez Portillo uses to describe his country's natural resources. This is why all of us, but especially those of us who represent the peoples of the Third World, must support Lyndon LaRouche for President. Only LaRouche can guarantee the United States' incorporation into the great universal alliance in favor of peace, against war, backwardness and drugs—for the progress of all people.

Charris to U.S.: intervene with nuclear power

The following are excerpts of Fausto Charris's address to the meeting of the New York-New Jersey Anti-Drug Coalition, held in New York City on June 24.

In the name of the Colombian peasantry I present to the great people of the United States a greeting and a profound wish that the American people continue in their struggle to be in the leadership of progress....

If George Washington were alive today, I would be a disciple of his in the struggle against drugs. Some liars have said that the development of the North American people is based on the underdevelopment of the Third World. That is a lie! The development of the North American population is founded on science and the desire of the American people to progress further. It is founded on continuing the struggle for high-technology development begun by George Washington, Benjamin Franklin, and Alexander Hamilton....

development both in public forums and in private meetings with elected officials, civic and community leaders. In Washington, D.C., Charris met with Reps. Gilman and Biaggi of New York, and the combined staffs of Reps. Beard of Tennessee and Billy Lee Evans of Georgia—all of whom sit on the House Select Committee on Narcotics Abuse and Control. He also met with Rep. Charles Bennett of Florida.

With the exception of Gilman, who disgracefully evaded serious discussion, the congressmen responded seriously to Charris's warnings that the legalization of marijuana in the U.S. would mean "disaster" for Colombia, and to his proposal for intensive use of the herbicide paraquat in a U.S.-financed eradication program. Discussion with members of Beard's and Evans's staffs included a detailed listing of items Colombia would require for industrialization, such as nuclear reactors, tractors and heavy capital goods. Rep. Bennett committed himself to investigating Charris's charges that the International Monetary Fund and World Bank "appropriate technologies" and no-growth programs were forcing the Colombian population to consider marijuana cultivation as a viable economic alternative—as a cash crop export to the U.S.

Following Charris's presentation to the June 24 meeting of the New York-New Jersey Anti-Drug Coalition, he held a series of working meetings in the metropolitan area. Out of these, a New York state assemblyman and a New Jersey mayor who sits on the board of the coalition, have agreed to take Charris's

We know that if North America progresses, Colombia also progresses, and that if Colombia progresses, North America will also move forward.

Wherever drugs exist they destroy the mind, the morality and the humanity of the population. If the drug menace is not contained, it will mean a disaster for humanity as terrible in its consequences as a nuclear war.... We in Colombia are interested in the development of the United States. Nuclear energy must be developed for the entire world....

Nuclear energy is 100 percent positive. Colombia produces a lot of uranium; and we are one of the largest powers in hydroelectric energy in the world. And yet, only 100 yards from the Magdalena River in Colombia, crops are lost for lack of water. If the United States helps us with nuclear energy, we have an area there, now used to grow marijuana, that can feed not only Colombia but many surrounding countries, and can provide vegetables and other foods to the United States....

In Colombia, there is a strong campaign to produce marijuana and stop food production. The organization we direct in Colombia has been a

account of the antidrug fight in Colombia to the U.S. Congress.

No human rights without paraquat

At public meetings, Charris has taken on the arguments of the U.S. "pot lobby" and environmentalist movement, which are demanding that the State Department cease financial aid to countries which use or are considering use of paraquat in marijuana eradication programs—to defend the "human rights" of dope smokers!

At an antidrug gathering at Bronx Community College in New York on June 28, Charris pointed to recent statements by Health, Education and Welfare Secretary Joseph Califano, which suggest that smokers use waterpipes or consume marijuana in brownies to reduce the harmful effects of paraquat. "Califano says there are no human rights with paraquat," Charris said. "Marijuana without paraquat is a violation of human rights ... drugs enter the United States from Central America concealed in bananas. If the environmentalists were consistent, they'd be out there defending the human rights of bananas that (Nicaraguan President) Somoza fills with cocaine."

Charris also told Washington congressmen and state legislators they must confront those interests inside the Carter administration, exemplified by Califano or the Justice Department's Benjamin Civiletti, who support marijuana decriminalization or legalization. "The movement to legalize marijuana is subversive ... It threatens the Constitution, and the sovereignty of any

disastrous victim of the enemies of the Colombian people. An evil cabal has seized the Ministry of Labor and made it the enemy of labor. The wife of the minister of labor has a television program that promotes marijuana.

We are in possession of a letter that implicates the Colombian minister of labor as a friend of Alvaro Gomez. Alvaro Gomez is the leading fascist in Colombia—the friend of Pinochet, the friend of Somoza—who runs the Colombian government through an intermediary called the President of Colombia. That is why the government of Colombia is backing an OAS intervention into Nicaragua.

The solution to marijuana is the same as the means to end the danger of World War III. It is the development of the Third World. We will accept a U.S. intervention in the sense of encouraging that development—as long as national sovereignty is respected. All the Third World wants intervention in that form—the countries of Latin America, of Africa, and of Asia. If this occurs, there will not be nuclear war.

nation.” Failure to challenge these prodrug interests will abet those forces in Colombia led by the fascist oligarch and Somoza ally Alvaro Gomez Hurtado, who want to legalize the marijuana “industry,” and are willing to impose a military dictatorship to do so, Charris warned.

Citybuilding, not marijuana

With the eradication of marijuana and sufficient technological aid from abroad, Colombia will be in a position to begin building the modern cities it so desperately needs, Charris told an audience in Buffalo, New York. While there he called for the construction of “LaRouche City,” named in honor of the U.S. Labor Party’s national chairman, to be built near the border of Panama and Colombia. “Colombia needs citybuilders in the tradition of those who built the United States,” he said. “If the United States allows itself to be engulfed in drug consumption, then the skill levels and mental capacities which helped build this nation will be destroyed ... you can’t let that happen.”

One of the most moving moments in Charris’s presentations was his call to the Bronx Community College meeting for a moment of silence for the great humanist Pope Paul VI, whose encyclical *Populorum Progressio* is an eloquent defense of the Third World’s right to advanced technology and accelerated industrial development. The audience responded with a standing ovation.

To get a firsthand knowledge of the advanced

Stop the drugs at their source

On July 2, Fausto Charris Romero, Secretary General of the National Agrarian Federation of Colombia issued the following message from Buffalo, N.Y., to the Joint Committee of the Georgia State Legislature on stopping drugs at their source.

I have been informed about the fight you are waging to plan the necessary strategy to destroy, at its roots, the drug vice in the world.

In my position as an agrarian union leader in Colombia, I can only extol this great and noble service to humanity. This problem, together with the danger of nuclear war, are the two great terrors confronting us. At the same time, I want to say that, together with the fight to eradicate drugs, the world needs the unprecedented development of all countries, especially the acceleration in the construction of new high-technology energy sources, such as nuclear energy.

Without nuclear energy, drugs cannot be destroyed, because drugs are the daughter of backwardness and vice, whereas nuclear energy is born of the application of science.

We need a world of further generations of scientists and virtuous people committed to progress. There are people who want to maintain the world in backwardness as a way of maintaining their wretched privileges. It is they who promote drug traffic and it is they who want to fabricate a shortage of energy in the United States to impose a reduction in the standard of living of the people of this nation. We have to combat them by promoting the development of the Third World and increasing the supply of energy in the United States.

I wish you success in your deliberations.

technology his country requires, Charris toured the Indian Point nuclear plant outside New York City and discussed with officials of the Con Edison company the feasibility of exchanging his country’s mineral wealth, such as uranium, for nuclear reactors. In Arlington, Virginia, at a dinner sponsored by the Fusion Energy Foundation, Charris elaborated for the audience of businessmen and scientists the absurdity of U.S. Energy Secretary James Schlesinger’s policy of denying nuclear energy to the nations of the developing sector. “It’s time for the population of the U.S. and Colombia to join hands (for development) ... that achieved, we can send the drug pushers like Alvaro Gomez to the moon ... maybe he can grow his marijuana there.”

—Cynthia Rush

U.S. rearms Somoza

On June 21, Secretary of State Cyrus Vance demanded before the Organization of American States that arms shipments to either Nicaragua's Somoza regime or its opposition Sandinista National Liberation Front be stopped. Now, persistent reports from the area indicate that the United States is itself massively engaged in re-arming the crumbling regime.

This seemingly contradictory policy—the increased arms support comes at a time the Carter Administration has two envoys in Nicaragua ostensibly negotiating Somoza's resignation—is geared to buy time for the formation of what the U.S. terms a Reconciliation government. Having made it clear that it will not work with the already constituted National Reconstruction government backed by the Sandinistas and including virtually all of Nicaragua's opposition forces, Washington is now trying to gain the time necessary to place a veneer of credibility over its projected Reconciliation government, which would include elements of Somoza's fascist Liberal Party and be backed by the National Guard.

By keeping the crumbling regime of Somoza afloat, in the face of almost complete opposition within Nicaragua, the Carter administration, ostensibly committed to human rights, is actively pursuing a policy it sup-

ported earlier this year in its silent aid to the genocidal Pol Pot regime in Cambodia.

By propping up the Guard with new firepower, the U.S. hopes to check or even reverse a succession of Sandinista victories. After a temporary retreat from Managua following several weeks of saturation bombing by the Guard, the Sandinistas have advanced and consolidated their positions in other parts of the country. Last week the Sandinistas took the guard garrisons in Matagalpa and Jinotepe, and began the battle for control of Nicaragua's third largest city, Granada. Reports from Mexico indicate that the five-man junta of the provisional government of National Reconstruction may soon establish itself on Nicaraguan soil in Rivas, the key southern city where Sandinista forces have consolidated control in the last few days.

The volume of arms the U.S. government is sending to keep Somoza in power was indicated in a communiqué issued July 3 by the new provisional government of National Reconstruction. The communiqué charged that a U.S. Army Hercules transport plane had landed in Managua July 2 to unload 400 air-to-ground rockets and 80 500-pound bombs, reportedly destined for use against Leon, Nicaragua's second largest city, which has been under Sandinista control for more than two

'The Sandinistas are Nicaragua's humanists'

Father Ernesto Cardenal, a Trappist monk and poet well-known throughout Latin America, recently visited the United States from his home in Nicaragua. An interview with Father Cardenal printed in the June 30 New York Times is excerpted here:

Q: *Many people in the United States know you best as a poet and pacifist priest with a great following in the Spanish-speaking world. You recently declared yourself a Sandinista, a member of the Sandinista National Liberation Front; how do you reconcile your former belief in Gandhian nonviolence with armed revolutionary struggle?*

Cardenal: In Nicaragua today, there is no recourse other than revolutionary violence. What is going on is the exact same thing that went on in Hitler's Germany. Every day in many places in the country young people are being assassinated for the crime of

being young. Somoza's National Guard—and not without reason—imagines that to be young is to be a revolutionary and a Sandinista. And what happens is that a boy leaves in the morning for work, or goes out at night to see his sweetheart, or goes to the corner for a drink, and he never returns home. He is captured by some military patrol. Other times these boys are pulled out of their homes and then their bodies show up in the morgue or in vacant lots by the side of the highway or in garbage bins. Their arms are broken; their eyes torn out; their tongue is cut and they are castrated.

The leader of Somoza's death battalion—the man responsible for these murders—was captured and tried by the Sandinistas. Before his death, he told how his security agents carried out these atrocious crimes. When asked how old were the eldest boys who had been killed, he said 13 or 14 years old. Against this, we realized there was no alternative other than armed struggle...

I am sure that Gandhi would agree with us

weeks. Eleven U.S. combat planes and an unspecified number of tanks were also delivered to Somoza a few days before, according to reports from the Provisional Government, through a "third party" country.

The Sandinistas accused Washington of being the "military oxygen" coming to Somoza by way of El Salvador, Guatemala and Israel in an attempt to bleed the revolutionary forces while they hurriedly try to create a basis for a "Somozismo without Somoza option." "Our people will not forget," the Sandinista communiqué stated, "each death, each wound, each house destroyed ... will be remembered by all Nicaraguans to settle account tomorrow with those responsible."

Israeli role

The level of "covert" rearming of Somoza in fact has become so massive in the past week that all pretense of denying Somoza's resupply routes has been dropped. After months of a rigorous blackout in major U.S. papers on Israel's function as the key "middleman" in this arms traffic, the State Department this week tried to cover itself with the announcement that Washington had "asked" Israel to suspend further shipments to Somoza. Israel then proceeded to admit that "two trawlers" of weaponry were stopped on their way to Nicaragua.

According to intelligence sources in Washington, the Israelis, however, are "still pumping in war material to Somoza. Much of the equipment is arriving on ships owned by the Israeli-owned Maritime Fruit Company,

because he, himself said that non-violent means would not have been possible in Hitler's Germany.... We are making a revolution—yes, through armed struggle. But the Sandinista guerilla is a humanist, not a terrorist, as he is often maliciously portrayed in the international press.

Q: *What kind of relationship do you and the Sandinistas have with the Catholic Church?*

Cardenal: The Bishops, who believe in the traditional doctrine of the Church, have said that the Sandinistas' armed struggle is legitimate.... All of the Nicaraguan bishops have defended the armed struggle.

Q: *What about the Pope saying he was against violent revolution?*

Cardenal: ...It seems to me that when the Pope used the word "violent," he means terrorist violence. And the only terrorists in Nicaragua are the National Guard.

a spinoff of the former United Fruit Company (now United Brands) in the U.S. The same sources noted that most of Somoza's new light arms acquisitions are "NATO-type weapons," especially the Belgian-made FN assault rifle.

China connection

Mexican Foreign Minister Castaneda announced this week that his government has indications that the "third parties" funneling weapons to Somoza are Israel, China and Brazil, traditional black marketeers in arms supplies.

Simultaneously, Latin American press and diplomatic circles denounced last week unprecedented U.S.-backed mercenary activity. The Sandinistas have issued a series of reports documenting the presence of thousands of mercenaries, including relics from the South Vietnamese Army and U.S. Special Forces veterans. Many of these hired troops are leading the door-to-door mop-up operations in the slums of eastern Managua, vacated by the Sandinistas last week, and are participating alongside the National Guard in the execution and mutilation of 13-year-olds.

In New York, U.S. Labor Party investigators learned that networks linked to the Alpha 66 Cuban exile terrorist group are circulating a letter soliciting funds and mercenary volunteers to aid Somoza. Sources report that this operation is claiming it already has 11,000 recruits. At the same time, a Cuban exile named Evelio Estrella, a candidate for one of New York's congressional seats, issued an appeal to all "veterans" of the 1961 Bay of Pigs invasion of Cuba to come to Somoza's aid.

Other reports indicate that Shmuel Flatto-Sharon, the Israeli millionaire and Knesset member wanted by French authorities in connection with narcotics smuggling, has been organizing a unit of 2,000 mercenaries during the past two months through his U.S. contacts. Open advertisements were appearing in Arizona newspapers earlier this year calling for mercenaries to fight for Somoza, while similar activity has been reported in Texas. An "import-export" firm owned by one Warner Wagner, Jr.—who is registered at the U.S. Justice Department as a foreign agent—is reportedly involved in weapons and personnel procurement for Somoza, according to Mexico City daily *Uno Mas Uno*. Flatto-Sharon, not incidentally, is the owner of the Maritime Fruit Company, one of the primary arms conduits to the Nicaraguan National Guard.

Although these activities clearly violate the U.S. Neutrality Act, the Carter administration is turning a blind eye to the affair, much as it did when U.S. mercenaries were sent to Zimbabwe, Rhodesia. However, Washington is cracking down on sources of support for the new provisional government. Despite the massive evidence of recruiting on Somoza's behalf, the Justice Department this week chose the occasion of a

pro-Sandinista rally in Puerto Rico to warn the participants that any effort to solicit volunteers for the rebel cause would be a violation of law.

The climate for intervention continues to be built by a deliberate "Castro" scare media blitz about the Sandinistas. Leading the avalanche of press coverage this week was Robert Moss's "Nicaragua, A Second Cuba?" in the July 2 *Daily Telegraph*. Moss, a top operative of the International Institute of Strategic Studies in London, clumsily tried to link the Sandinistas to various major terrorist operations from the Red Brigades to the Mexican Liga de Septiembre 23.

—Gretchen Small

Mexico's Castaneda: 'we oppose intervention'

In a speech delivered on June 21 to the meeting of the Organization of American States, Mexican Foreign Minister Jorge Castañeda voiced the position of the Mexican government on the policy of genocide pursued by the Somoza regime in Nicaragua and all U.S. efforts to aid Somoza, through the OAS or otherwise. We reprint major portions of that address.

What is happening (in Nicaragua) today has gone beyond the realm of respect for human rights. ... The systematic destruction of towns and cities, showing no mercy for the defenseless civilian population, has revived in our minds the image of the worst days of the Nazi fury.

... What we are witnessing approaches genocide; that is, the attempt to destroy that portion of the population—if not the population as a whole—which opposes the tyrannical, abusive domination of the illegal dictator and his Pretorian Guard.

Essential responsibility for what is occurring in Nicaragua falls upon the Somoza regime. The disgraceful dictatorship, in power for more than 40 years, and the ruthless exploitation of the population could have no result but rebellion.

The bloody repression of the popular uprising has destroyed Somoza's veneer of representation and legality. The people of Nicaragua have done nothing but exercise the sacred right of rebellion against tyranny, just as the Mexican people did 70 years ago. Now in Nicaragua, as then in Mexico, the people are making their revolution alone—through the bloodshed of their own children—spontaneously and massively.

... The armed rebellion of the people is the most genuine expression of the democratic will of a nation. ... The opposition to Somoza is total ... Any suggestion that what is happening in Nicaragua is the result of a conspiracy inspired and organized from outside would

not only be false, but an insult to the noble people who have launched a struggle without quarter to win their freedom.

... Certainly it is not up to the OAS or anyone else to tell them how they should constitute their government once they have defeated the dictator and ended the battle. ... That would be equivalent to imposing on the people of Nicaragua from the outside, conditions and limitations in their immanent right to self-determination. We all desire the cessation of violence and the rapid constitution of a stable and democratic government there; but clearly it would be paradoxical, if not cynical, as the end of the fighting nears, for us to try to impose on a people certain methods for the way they should practice democracy ... when for forty years this same people has not had the opportunity to practice democracy.

... What can the OAS do under these circumstances? What is essential is what it cannot do. The OAS cannot legally, politically or morally intervene in this purely internal affair of Nicaragua.

... For us, the worst and most serious intervention would be to try to impose a solution from outside to Nicaragua's purely internal problem; to try to impede its natural conclusion. We have no authority to decide how these people ought to organize their future. The people of Nicaragua are the only legitimate interpreters of what is best for them. In the best cases, governments imposed from outside are precarious and unpopular, and always offensive to the people which must suffer them.

Therefore, we are categorically opposed, for reasons of both principle and practice, to OAS intervention in any form in the internal struggle of Nicaragua and its political process. By the express instructions of the President of Mexico, we will oppose any attempt by the OAS ... to negotiate with the Somoza government on the conditions under which he should leave power, or with the opposition forces as to how they should accede to it.

This is a general and principled position. But in addition, our estimation is that such an attempt would have the effect in practice—although we are not accusing anyone of such an intent—of allowing the tyrant to retire while leaving in place the structure and base of his oppressive regime. Only the Nicaraguan people can decide if they want Somocismo without Somoza.

Mexico cannot gloss over a collective action that attempts to impose a government on these people ... which casts aside the popular will expressed with clarity and singular courage in Nicaragua's bloody fields and cities during these past months.

We nevertheless are open to collaboration with our sister republics on the continent in the honest search for a solution to restore the much-desired peace in Nicaragua without violating the principle of non-intervention.

Truckers strike fizzles, but fuse remains lit

As we go to press, the three-week-old "shutdown" by independent truckers appears to be fizzling out. Shipments of fuel and agricultural products, which at points over the last few weeks slowed to a trickle, are now moving at near normal levels, according to government spokesmen. Blockades of truck stops along major interstate highways disappeared, as did most of the violence that had terrorized both non-striking independents and Teamsters into shutting down.

Late last week the Carter administration crisis managers made what they termed their final offer of concessions to the independents. Their six-point plan promised additional diesel fuel supplies and pledges to work on other "grievances." Acting according to a 1974 crisis management plan for a truckers shutdown, the federal emergency bureaucracy, under the control of the Federal Emergency Management Agency, created seven "safe corridors" along East-West and North-South interstates, to be patrolled by various state police and national guard units.

The two principal gauleiters of the independent truckers, Mike Parkhurst of the Independent Truckers Association and publisher of the semipornographic *Overdrive* magazine, and Bill Hill of the Truckers Unity Coalition, immediately termed the offer "worthless." They urged truckers to continue the shutdown.

With their final offer, the crisis managers were throwing the ball to Parkhurst and Co. They knew that the level of violence and chaos in the strike did not yet justify—in the eyes of the American people—the activation of the last and final level of the 1974 plan to declare a national emergency and deploy federal troops. By making a final offer, the planners were giving Parkhurst a chance to organize for a final terror-filled offensive.

Parkhurst and Hill continue their bluster and threats. They have scheduled "strategy meetings" to map out "new plans." The majority of independents are paying no heed.

The decision to be made by Parkhurst's controllers is whether to send his "hardcore" terrorist cadre back out on the road for a new escalated, violent spree without "cover." Some government officials—outside the FEMA crew—fear that this may be in the offing. They caution that a few well-placed snipers might scare many drivers off the road.

Meanwhile, Parkhurst is discussing another range of actions. He is reportedly testing the waters for a mass action against Washington itself—an action that would demand immediate deregulation of the trucking industry. Sources on the Hill report that Parkhurst and his people have been in contact with aides and staff of deregulation advocate Sen. Edward Kennedy (D-Mass).

These aides have regarded the shutdown as "an organizing drive" for the Kennedy-Carter trucking deregulation legislation.

An ode to the dark ages

The leadership of the United Mineworkers is doing its part in the efforts to bring the nation behind a massive coal synthetic fuel program.

UMW Vice President Sam Church, the June issue of the *UMW Journal* reports, "is on the road to becoming America's most dynamic recording star." The UMW vice president (who was once described by a former top union official as "if not the dumbest man I know, the second dumbest") spent ten hours in Nashville last month recording two ditties about "coal power." One side, called "Black Gold," attacks nuclear power: "Even the smallest accident and we must evacuate. But it was God's intention, Black Gold should be our fate."

Church is "most proud" of the "A side," "There is no other way": "When you pull into the station and see the price of gas today, don't you wonder if there is a better way. America do you realize gas can be made from coal and it can be converted—we did it long ago. Our miners are not working because of Arab oil. Let's fight for independence—why the hell don't we use coal?"

"I think this should be our national anthem," said a UMW official referring to the song.

Two weeks ago, UMW spokesman, humming the songs, showed up at hearings in Washington to support congressional coal synthetics fuel legislation. "It can be done ... it was done long ago," he said echoing the Church song. "The Nazi war machine ran on gasoline made from coal."

—L. Wolfe and M. Moriarty

Schlesinger allocation plan cuts fuel to oil rigs

The end of June emergency allocation measures for available fuel, as ordered by Energy Secretary James Schlesinger, are making the energy situation worse.

The Department of Energy's Economic Regulatory Administrator, David Bardin, according to an informed Texas source, ensured that gasoline supply would tighten by imposing a ruling that would divert fuel away from the energy-producing sector of the economy and farming as a concession to the independent truckers. Adding to the sabotage caused by the strike of "independent" truckers, Bardin's action has made sure that there is "not enough diesel fuel in Texas to run the heavy pumps on oil rigs," the source said. "The entire allocation system is insane," he said.

On Tuesday, June 27, the Interstate Commerce Commission (ICC) announced that it has declared an "energy emergency" and is now prioritizing fuel to the handling of food, fuel, and military supplies, declaring that the nation's rail carriers do not have enough diesel fuel to carry all freight.

But the Milwaukee Road announced this week that it will be forced to cut back freight shipments to certain regions because of lack of fuel. Standard Oil of Indiana (AMOCO), one of the major architects of the oil hoax, announced a cut of 60 percent in fuel supplies to Burlington & Northern Railway, a key Midwest grain and coal transporter.

Bardin has also mandated that fully 5 percent of the nation's refin-

ery output be stored in emergency state "set-aside" reserves, untouchable by rail, transport, industry and other consumers.

Bardin has played a key role in waging this "moral equivalent of war" against Americans. His background, as uncovered by Congressmen furious over his manipulation of a bogus energy shortage, indicates why Bardin may have been handpicked by Schlesinger to have more control over the U.S. economy than any other single government official.

In the early 1970s, Bardin was Deputy Attorney General of Israel. Given the importance of Anglo-Israeli intelligence in orchestrating the disruption of production of oil in Iran, his current role in imposing policies on the United States that are designed to prepare the way for the United States to break with Arab oil suppliers is no surprise.

Industry spokesmen have called the mandate setting 5 percent of the nation's refinery output in reserves unnecessary and a major cause of the current supply misallocations which have affected the Northeast and Southwest. "Withholding 5 percent from dealers may create shortages where none would otherwise exist," one source put it.

Maryland State Attorney General Stephen Sachs brought suit against Schlesinger's office this week charging that his allocation system discriminates against areas such as the industrial Northeast.

In a recent exchange between President Carter and Energy Secretary Schlesinger, reported in the

New York Times, Carter asked whether the allocation system was fair to the Northeast with its disproportionate share of long gas lines. To Schlesinger's reply, "It's a uniform formula," Mr. Carter suggested he meant it was a formula that "put gasoline where the automobiles are." Mr. Schlesinger, however, concluded that this was not so. In fact "what it does is to put the gasoline where the automobiles are not. It puts it in the rural areas where people are no longer going on weekends."

What Schlesinger and Bardin are doing now, as the peak gasoline demand season gets into full swing, will maximize shortages of gasoline and fuel supplies for diesel users. Refiners are now being told they have to shift to production of home heating oil to build up stocks for next winter.

Schlesinger has ordered the creation of an unprecedented 240 million barrel heating oil stockpile by October. "We've never had a 240 million barrel reserve and I suspect we probably never will," stated one industry expert.

The situation is being further manipulated by regulations under which Schlesinger "encourages" domestic purchasers to buy oil from the unregulated spot markets, where prices are not subject to government ceilings. Gas dealers are mandated to supply customers at the same levels as last year, forcing them to accept the soaring prices of Rotterdam.

—William Engdahl

FACTS BEHIND TERRORISM

Was terrorist attack on General Haig a hoax?

From examination of photographs and other details of the alleged assassination attempt on retiring NATO Commander General Alexander Haig, U.S.-based experts on the shock wave effects of explosives have concluded that the attempt could not have been a serious one.

The June 25 incident, in which a land mine was planted and activated by remote control on the route used by Haig and his security escort car, left a 5 by 12 foot crater in the roadbed, but minimal damage occurred to the automobiles, one of which was carrying Haig.

According to one expert, the only way that such an effect could have been produced by a shape mine, the device allegedly used which directs the force of the explosion in a specific direction, would have been for the explosive to be planted upside down!

Also raising eyebrows is the fact that, after the explosion, General Haig left his vehicle to examine the damage to the trailing security car. Under normal procedure, experts emphasize, the general should have remained in his car and left the scene—a precaution against a further attack.

Immediately following the attack on Haig, a series of high profile stories on his still unannounced bid for the Republican presidential nomination appeared in the U.S. press. Until that point, discussion of Haig's candidacy had been a very popular, but restricted, topic of conversation among leading members of the Council on Foreign Relations.

In March of this year, General William Yarborough, a terrorist expert who worked with British intelligence and NATO in creating phony "Mau Mau"-type terrorist gangs for deployment in political situations, remarked that although a Haig presidency would be "the best thing for the country," the U.S. population would be reluctant to accept a president with a military background.

Yarborough openly stated that a campaign of "psychological conditioning" of the population around a war danger with the Soviet Union and terrorism would be the only effective way Haig's campaign could get off the ground.

Attempting to account for the failure of the operation, official NATO releases have stated that the terrorists used sophisticated materiel, but the job was "apparently done by amateurs." No group has claimed credit for the abortive action, but U.S. intelligence sources report a previously little-known group, the "Committee for Freedom and Revenge" (CFR), was behind the action which, they report, was "planned with military precision." The Committee on Freedom and Revenge is known to include French and Belgian members, with West German terrorists and former American exiles previously involved in Students for a Democratic Society and the American Deserters Movement in Europe.

The American deserter and exile network in Europe is known to include several operations linked

to British intelligence, through Ernest Mandel's Trotskyist Fourth International. One of these key operatives, used for penetration into the East bloc and contact with Soviet dissidents, is one Michael Vale, an American linguist currently operating from the Fourth International magazine *Critique*, based at the University of Edinburgh, Scotland. Vale was a leading organizer of deserters in Europe from 1968-70, whose contact in Paris was Weatherman Bo Burlingham (aka "Arlo"). Among Vale's other contacts in the Paris bureau was Takehashi Takemoto, the mastermind of the Japanese Red Army, who used the American Army deserters to acquire phony passports and infiltration into U.S. Army bases in Europe.

The connection between the Belgium NATO command and European terrorist operations dates back to the immediate period following World War II.

Ernest Mandel, leader of the Trotskyist Fourth International, and key organizer of a wing of the European terrorist networks, was a close collaborator of Belgian diplomat and one-time NATO secretary general Paul Henri Spaak. Shortly before his appointment to the NATO post, Spaak helped Mandel organize the left wing of the West German Social Democratic Party and the British-controlled German exiles movement around a journal called *Sozialistische Politik*. The SoPo network, which included Spaak, Mandel, and Graf Peter von Oertzen (a present leader of the Willy Brandt wing of the SPD) were the creators of the Maoist movement in Germany and the Baader-Meinhof gang. Ulrike Meinhof, the leader of the Rote Armee Fraktion, was a member of the SoPo-backed Peace Union before becoming a terrorist.

WORLD TRADE REVIEW

New Trade Deals

PRINCIPALS	PROJECT / NATURE OF DEAL	COST	FINANCING	STATUS
Third World from Brazil	<p>Brazilian Foreign Minister Saraiva Guerreiro announces June 28 that Brazil was preparing standard contract for transferring nuclear technology to other developing countries, with full respect for IAEA and bi-lateral safeguards. Peru, Argentina, Venezuela, Mexico and Iraq have sought such deals with Brazil.</p> <p>Brazil also seeks tripartite deals in which Brazil would work together with KWU of West Germany in building nuclear plants in third countries. Brazil would provide civil construction, metalurgy and some heavy equipment for the projects.</p>			II
Venezuela from various suppliers	Expansion of steel capacity from 1.2 mn to 5 mn m.t. by Siderurgica del Orinoco (Venezuela state-owned)		\$250 mn Eurocurrency loan	I
Republic of Korea from U.S.	Korean Electric Company (state-owned) order for two Westinghouse nuclear reactors	NAv	\$1.4 bn Eximbank	Winning bid announced
Update				
Argentina and Paraguay from Inter-American Development Bank	Yacyreta hydro-electric plan postponed due to design conflict between the two countries. Deadline expired for \$210 mn credit.	about \$2 bn	almost completed	Postponed

Abbreviations:
 U = Undetermined
 NAp = Not applicable
 NAv = Not available

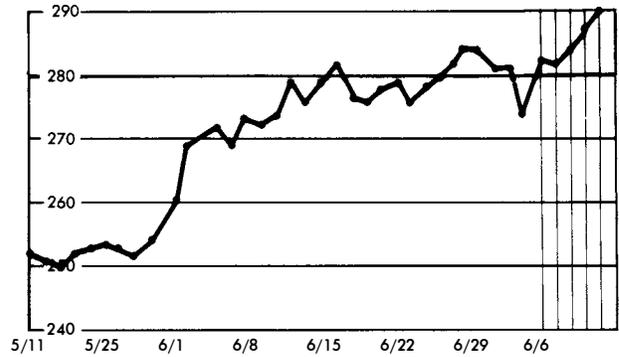
Status:
 I = deal signed
 II = in negotiation
 III = preliminary talks

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Gold

London afternoon fixing

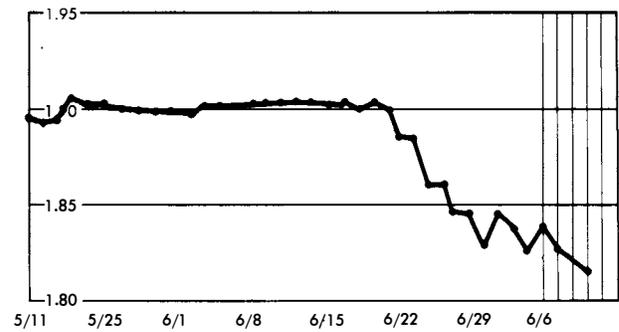
July 2	282.50
3	281.35
4	283.50
5	283.50
6	290.25



The dollar in deutschemarks

New York late afternoon

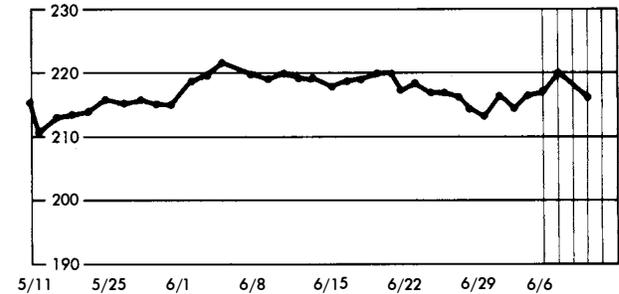
June 29	1.8375
July 2	1.8431
3	1.8382
4	—
5	1.8297



The dollar in yen

New York late afternoon

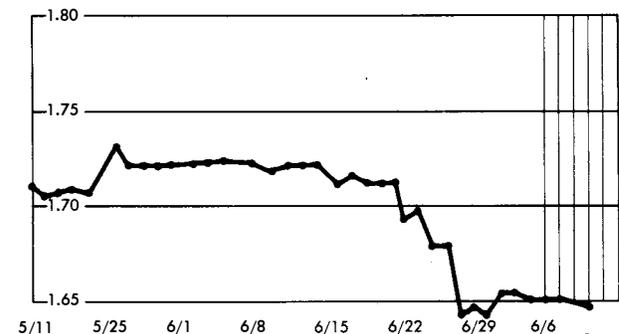
June 29	217.80
July 2	218.20
3	218.70
4	—
5	216.20



The dollar in Swiss francs

New York late afternoon

June 29	1.6560
July 2	1.6565
3	1.6520
4	—
5	1.6495



The British pound in dollars

New York late afternoon

June 29	2.1765
July 2	2.1875
3	2.2065
4	—
5	2.2360

