

# EXECUTIVE INTELLIGENCE REVIEW

October 17-23, 1978

## Is U.S. policy made in Disneyland?



New Solidarity International Press Service

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# EXECUTIVE INTELLIGENCE REVIEW

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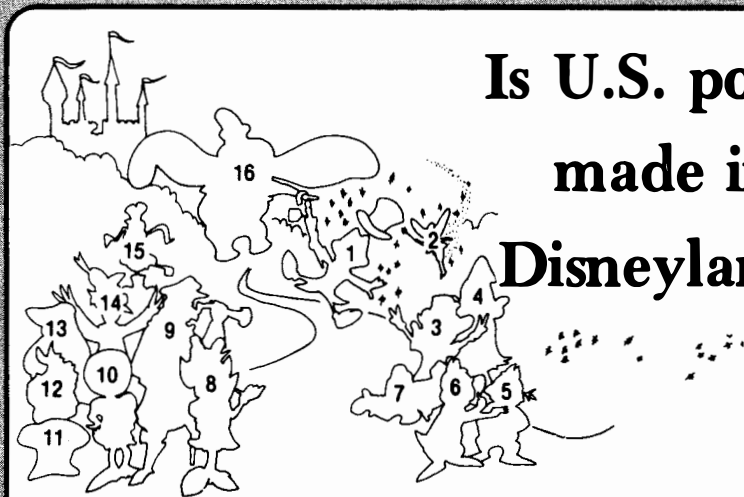
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## Is U.S. policy made in Disneyland?



In his introduction to the U.S. REPORT featured on this week's cover, contributing editor Lyndon H. LaRouche, Jr., the chairman of the U.S. Labor Party, charges that nothing less than a mass psychopathological outbreak has overtaken U.S. politics — and warns of the hideous danger to the whole world if sanity is not quickly restored. And to fill out the story, we present a series of reports from our Economics, Middle East, U.S., and Africa desks — running the gamut of the manifold follies of the U.S. leadership. page 8

On the cover: The cast of characters, as rendered by artist Christopher Sloan — 1. the President of the United States; 2. the President's top media advisor; 3. the Secretary of State; 4. the Vice-President; 5. the press secretary to the President; 6. the President's de facto chief of staff; 7. the Secretary of the Treasury; 8. the National Security Advisor; 9. the director of the Central Intelligence Agency; 10. the Secretary of Commerce; 11. the chairman of the Federal Reserve; 12. the U.S. Special Trade Negotiator; 13. the Secretary of Health, Education, and Welfare; 14. the Secretary of Defense; 15. the Secretary of Energy; 16. and overseeing it all, the Administration's *éminence grise*.

## IN THIS ISSUE

### **Exclusive interview with Turkey's Foreign Minister**

In **THIRD WORLD**, our correspondent at the United Nations interviews Gündüz Okçün, Foreign Minister of Turkey, and reports his rebuff to plans to lure that nation into acting as an anti-Soviet buffer in the region and his rejection of the International Monetary Fund's "straitjacket" on his nation's development plans. Our coverage also includes a background report on how British and other strategists would like Turkey to function as part of a Middle East NATO, and, also exclusive to this magazine, a polemical rebuttal of that strategy from another Turkish government official. **page 32**

### **How does the policy-making establishment think?**

The Carter Administration may be in Disneyland, but certain Anglo-ophile circles have a methodological problem that traces back to far more ancient cults. A clinical profile of the disorder in this issue's **SPECIAL REPORT**, as U.S. Labor Party chairman Lyndon H. LaRouche, Jr. analyzes the New York Council on Foreign Relations and its method of conducting policy debate. Neither the politician nor the scholar can afford to miss this scathing critique of foreign-policy gibberish and its historical roots. **page 45**

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## Begin crackdown on IMF drug trade

Three weeks ago, we reported that Zionist lobby-linked drug networks were preparing to flood the United States with 120,000 tons of Colombian marijuana. Now, there are signs that the law enforcement community is beginning to act to combat the threat. Covered in our COUNTERINTELLIGENCE section, the full picture includes a congressional blast at the "sophisticated" offshore banking networks that support drug trafficking, and tough new measures against drug smugglers by the Colombian government.

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## NEXT ISSUE

•Our promised exposé of the 'black nobility' and its attempts to seize control of the Vatican.

•From our correspondent in Seoul, an interview-packed analysis of the Republic of Korea's all-out mobilization to finally secure its independence — politically, militarily, and economically — that finds Korean criticisms of U.S. business policy there all too true.

•Uncovered: a Zionist bankers' conspiracy — against the industrial development of Israel. The international politics of Zionism's corporate skullduggery, in a true-life crime thriller from our European bureau.

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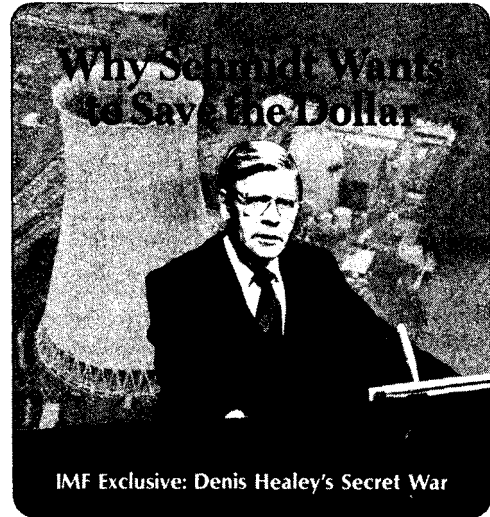
really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world monetary system . . . how the United States can get into this system and out of the depression . . .

## ... REPORTED HOW

fusion energy researchers in the United States achieved the milestone breakthroughs reported in August, 1978 from Princeton, and what other advances are coming in this clean, cheap and virtually unlimited solution to the world energy crisis . . . how and why there was a massive sabotage attempt against the U.S. fusion program, and who's backing fusion now . . . what were Japan's and the Soviet Union's offers in 1978 to the USA for joint fusion R&D.

## EXECUTIVE INTELLIGENCE REVIEW

October 3-9, 1978



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what's behind the world outbreak of terrorism . . . the names of the global networks that deployed both "left" and "right" terrorism to kill Juergen Ponto, Hanns-Martin Schleyer, and Aldo Moro—and plan an even bigger terror wave for the United States . . . Executive Intelligence Review provides the first-hand documentation from the world's press, including accurate translations from non-English sources, showing how continental Europe, Japan, the East bloc, the Arabs and developing sector countries are seeing and acting on events.

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# A Mideast explosion is imminent

*America's failure has opened the region to London's war plans*

On all fronts in the Middle East — ravaged Lebanon, coup-threatened Iran, and the Egyptian and Israeli push for a Middle East NATO — the situation is on the brink of explosion.

On Oct. 13 a series of well-informed European and Saudi Arabian sources issued warnings that Israel is on the verge of launching a major strike against Syria, a strike which could come at any moment. West German Foreign Ministry sources, usually cautious in their assessments, insisted that the situation developing over Lebanon is "extremely dangerous." A high Saudi source in Europe told this news service, "an Israeli attack against Syria is not to be excluded for the coming days."

From Washington comes confirmation of the story — but with a slant that underlines the psychosis dominating policy-making circles in the U.S. capital. "There won't be any superpower confrontation, because the Soviets don't give a damn about Lebanon" said a spokesman for the Senate Foreign Relations Committee. Commented a source close to Henry Kissinger, "Lebanon is a manageable crisis."

## Why London seeks war

Motivating the war drive is the scheduled meeting this week of the Arab nations' foreign ministers to discuss Syria's peacekeeping mandate in Lebanon. The virtually certain endorsement of Syria's role could mean at least a short-term stabilization in the region — and this Israel and its British controllers are determined to prevent.

Fueling London's eagerness for war is the fear that the Soviet Union may contribute to such stabilization. The Oct. 12 London *Times* anxiously reported "Persian Gulf sources' " forecasts that concern over U.S. Mideast policy may push conservative Arab oil states, in particular Saudi Arabia, into encouraging other Arab nations "into the arms of the Soviet Union." And recently Libyan leader Qaddafi told a U.S. delegation to the recent Arab-American Dialogue meeting in Tripoli: "What other choice do we have, than to seek an alliance with the Soviets? . . . Certain Arab states have even asked us to join the Warsaw Pact. If the U.S. takes part in any aggression against the Arabs, we are going to. It is the policy of the U.S. which is push-

ing us toward the Soviets."

On Oct. 11 Radio Moscow took the lid off another aspect of the Camp David process — the secret plans, described in previous issues of this magazine, to split the region into a multitude of manipulable fiefdoms. In a broadcast to the Arab world, the Soviet radio station charged that secret agreements had been reached at Camp David providing for military, economic, and even espionage capabilities, by which Egypt is to act as the United States' surrogate strike force in the Mideast. Right now, the Radio Moscow broadcast warned, U.S. and Egyptian intelligence are coordinating plans to provoke splits inside the Arab world and means of silencing the intense opposition inside Egypt to the Camp David agreements.

## Japan agrees with Schmidt: 'EMF to help the dollar'

After meeting with West German Chancellor Helmut Schmidt in Tokyo, Prime Minister Takeo Fukuda of Japan announced that his country had pledged its "unconditional support for the European Monetary Fund." Schmidt, who specialized in the Japanese economic system as an economics student in the late 1940s, had told reporters prior to his departure that "the number one priority for this trip is German-Japanese

cooperation in putting the EMF together."

Moreover, Schmidt stressed that "the EMF is to help the dollar" and that "Japan can work with Europe" in persuading the U.S. to drop its opposition to the Fund and its associated new European Monetary System and join in its program of expanded East-West and North-South trade and development. (For more on the EMF, including new support for its policies

from the Soviets, see ECONOMICS.)

Clearly Schmidt did win Fukuda's support for this strategy to win the United States away from its suicidal adherence to British economic recipes of austerity and recession. The two leaders affirmed their "trilateral partnership and alliance with the USA," while rejecting antidollar schemes such as Belgian Premier Tindemans' proposal that the mark and the yen become leading currencies against the U.S. dollar.

In the absence of a sane U.S. policy, however, the dollar continued to plummet on the world markets. The dangerous momen-

tum that the dollar's slide is reaching was reflected by the panic-mongering "prediction" of a major dollar crash by early next year that appeared Oct. 12 in the French daily *Le Figaro*. The article, while foreseeing the death of the dollar, also lied that the European Monetary Fund will take as much as two years to come into operation!

But Schmidt and his allies are countering such attempts to derail the EMF with a directly political approach.

On the same day that *Le Figaro* published its antidollar story, the West German business daily *Handelsblatt* ran a statement by Schmidt economics aide Dieter

Hiss emphasizing that the central significance of the EMF is not technical, but political — the political coherence and stability of the European Community.

And in Tokyo, Schmidt opened an attack on the British and U.S. Anglophile strategy of "playing the China card" in the context of his discussions with Fukuda of European-Japanese relations. He wanted "economic, cultural, and scientific cooperation with China," he told his Japanese hosts. But, he said, "I do not count myself among those who see any promise of good to come from present tensions between the Soviet Union and China, either for Europe, or for Asia."

## NSC's trade sabotage scored

*Dean Rusk and Stevenson committee slam Brzezinski*

The National Security Council under Zbigniew Brzezinski has usurped authority and powers that the Constitution and government statutes specifically forbid to it, Dean Rusk told Capitol Hill last week. The former Secretary of State under the Kennedy and Johnson Administrations testified Oct. 11 before Sen. Adlai Stevenson III's International Trade Subcommittee, on the subject of "foreign policy and exports."

The Stevenson hearings are formally devoted to the question of Export-Import Bank lending limitations. But the recent underlying theme has been the disruption of American export contracts by National Security Council introduction of "security threat" or "human rights" prohibitions, whenever those contracts involve sale or transfer of technologies above the rank of pick-and-shovel.

Brzezinski should be specifically prohibited from harming East-West and other trade in this fashion, Rusk emphasized; there are justifiable means to cage him.

"The NSC was statutorily established to act in a staff capacity, not in a line capacity" — it has not authority to make or veto trade policies or any other policy, he said. Moreover, its members have not been confirmed by Congress; it cannot make Cabinet-type decisions. Rusk recommended that Congress legislate the NSC's exclusion from the trade and general foreign policy review-process.

Although Rusk declined to address the topic, the subsequent, probing questions of Senator Stevenson summarized the strategic import of the immediate NSC transgression-issue. How does American export policy, he asked, relate to the goal of "globalization of the world monetary system to encompass the Soviet-Comecon sector. . . ?"

In fact, American exports of high-technology industrial goods define America's potential relationship to the imminent European Monetary System, which has that goal. And Zbigniew Brzezinski's British-aligned opposition to the

EMS is at the heart of the NSC's unlawful "national security" prohibitions against high-technology exports by the United States.

Rusk was only one of the experienced and informed witnesses who, one after another, slammed the NSC before yesterday's hearings. George Ball, a former Undersecretary of State, said that what concerned him most was also the NSC's sudden new power to veto all technology transfers and export licenses. David Packard, of Hewlett-Packard, a former Secretary of Defense, declared that, contrary to the recent case of attempted NSC prohibition of oil-drilling technology's sale to the USSR, "On balance there are very valid reasons to help the Soviets increase their oil and gas production." Packard also cautioned against "using the China card" — a policy associated with Brzezinski — as a diplomatic threat to the Soviet Union. China, he emphasized, is not capable of absorbing exports of American technology. The Soviet Union is.

In truth, the NSC is the only one,



albeit critical, obstacle to the original goal of the Stevenson hearings: rechartering the Eximbank to significantly increase its export-financing ceiling. As a matter of fact, British financial interests recently intervened through inept or suspect American congressmen to secure another in a long list of "amendments" to the Eximbank bill, effectively mangling its purpose, and last week, killing it.

During the first week of October, Democratic Senator Ernest Hollings of South Carolina, with William Hathaway of Massachusetts, introduced an amendment which would exclude American textiles from the multi-lateral trade negotiations (GATT) — an open door for provocative tariff barriers. The amendment both implies sabotage of the General Agreement on Trade and Tariffs, and a veto of the Eximbank bill by President Carter. The amendment is so wholly outside the framework of the Eximbank charter, it at least temporarily kills it.

Why did Hollings do it? The British told him it would be a fine idea. During the floor debate, Hollings reported that "chief representatives of the textile industry were in London and talked with Sydney Rothwell," who is commercial director of "the British Textile Employers Association" in Manchester, England. The Americans, continued the Senator, asked Rothwell if Hollings's amendment would wreck the GATT talks, as special trade negotiator Robert Strauss among others declared it would. Hollings triumphantly concluded: "Rothwell immediately replied 'No!'," and told them they could say he said so.

There was not a murmur from the proud, powerful United States Senate, which proceeded to undercut the best available vehicle for an export-led American industrial boom. By now, all of London must be laughing.

—Maureen Manning

## Drugs and political murder— the Soviets launch a probe

In the last week of August, U.S. Labor Party Chairman Lyndon LaRouche, an *Executive Intelligence Review* contributing editor, indicted British crown drug-running networks centered in Hong Kong and Asia's "Golden Triangle" for the assassination of President John F. Kennedy. LaRouche specified as the salient fact the connections between these Peking-linked British drug networks and British-Canadian creation and control of the American "Mafia."

In the last week of September, Soviet journalist J. Semyonov, writing in the Soviet youth organization's magazine, *Ogonyok*, began a four-part series titled "Capriccio Siciliano." The murder of President Kennedy, Semyonov concluded, was a conspiracy carried out by the Peking secret services in coordination with the U.S.-based drug-running "Mafia."

There was no direct relationship between these two investigations of the JFK murder; the two investigators did not even examine the same realms of evidence. For such reasons, their conclusions do not agree in every detail. Yet they arrived at the same basic conclusion, for one reason: their investigations used an essentially identical method.

That is the enormous value — apart from the actually explosive

revelations — contained in the Semyonov series. For that reason, the *Executive Intelligence Review* will run an exclusive English translation of this four-part Soviet exposé, whose last installments point to the use of the same JFK-murder networks in the death of Italian industrialist Enrico Mattei and others.

What method? Semyonov explains: A conspiracy to murder a figure like the American President can only be investigated by first answering the question: "Cui Bono?" (to whose benefit?). And again: "Who would have done it this way, and not that way?" Et cetera.

"For whom was it useful to prepare Oswald for the role of Kennedy's assassin?" he asks. "To the ultraright undoubtedly. The hawks could not forgive Kennedy his attempts to begin the dialogue with the Soviet Union...But also, the ultraleft could not forgive him this. Was the assassination...not a means to sow the seeds of hatred against the Russians forever in the American people, if the assassination was 'linked' to Moscow?"

"And who in the United States can kill *on order*? The Mafia.

"And what brings the Mafia its maximal income? Narcotics.

"And who supplies the Mafia with narcotics...?"

# Is U.S. policy made in Disneyland?

*Lunacy in Washington threatens disaster, depression and war*

If our nation is not destroyed by a continuation of the policy trends emerging around the Camp David summit, future historians will point to the current episode as among the most extraordinary, and ominous, cases of mass psychopathological outbreaks in modern history.

Not only has the Carter Administration plunged into outright madness, but the same lemming-like lunacy is predominant in corporate, financial, and other leading circles.

Although this madness surfaced to general notice during the course of the Camp David summit's marathon "sensitivity sessions," the turning point is more efficiently dated to mid-August proceedings of the National Security Council. Out of these sessions appeared a Carter *carte blanche* to dollar-wreckers W. Michael Blumenthal and G. William Miller, and a kind of cold coup d'état led by Vice-President Mondale and NSC chief Zbigniew Brzezinski.

The core of U.S. Administration policy at the moment is a proposed "defense" of the U.S. dollar *against continental European efforts to save the dollar from collapse and the U.S. economy from a new, deep depression*. The Carter Administration has put West Germany's Chancellor Helmut Schmidt on the virtual "enemies list," purportedly enraged by both Schmidt's contempt for the Camp David fiasco, and by Schmidt's insistence on defending the value of the U.S. dollar. That is not our own inference; *that is precisely the argument made by key Carter Administration spokesmen*.

The lunacy among key financial and a growing number of industrial-corporate circles follows the exact same lines.

The lunacy is not confined to the suicidal absurdity of the policy itself. In an effort ostensibly directed to saving the appearances of a lunatic policy, a *clinically psychotic policymaking doctrine* has been imposed top down on all foreign-policy aspects of the Carter Administration as a whole. "We have made up our mind: any facts contrary to our policy will be obsessively ignored. We will collectively refuse to hear anything that might threaten to show our policies to be absurd."

One is reminded of an emotionally disturbed child caught stealing. The child covers its ears with its

hands, and screams at the adults: "Stop talking immediately; I can't hear you."

These pathological hues dominated the Carter Administration at the "living theater" performances of Sadat, Carter, and Begin at the Sunday-night TV performance of the Camp David Players. It was appropriate, in a morbid sort of way, that a Disneyland setting should have been chosen as the location for a subsequent display of new, related degradations in Administration policy.

## **Jimmy in Fantasyland**

At the beginning of this month President Carter flew to Disneyworld in Orlando, Fla. to address a 2,500-strong meeting of the International Chamber of Commerce there. As TV and newspaper photographers took pictures of the President posed before Cinderella's Castle, he assured the assembled business leaders that Camp David really was a diplomatic and strategic success. The same week, two highly placed Administration officials, not physically in Disneyworld, nevertheless told this news service that they foresaw "a major problem" if Europe's new monetary system "supported the dollar. . . . There can be no fixed rates. There must not be an attempt to determine the rate of the dollar."

Meanwhile, the business community has announced its embrace of a variety of related "slow growth," "necessary recession" recipes that saner heads recognize will mean both political and economic disaster.

## **Mickey Mouse politics**

On Capitol Hill, the scene might appear to be either a mass outbreak of political transvestitism, or merely some of the Congressmen trying on their Halloween costumes. The centerpiece of this unwholesome exhibition was a combination of drug-pushing Senator Edward Kennedy and a gaggle of Republicans lining up to defeat an override of President Carter's veto of the public works bill.

Days earlier, some of the same Republicans had contributed to a majority for the bill, a majority adequate to override any veto. Days earlier, Carter himself had, admittedly reluctantly, offered a firm promise to make "jobs" a number-one priority.

The broad judgment to be made on the whole spectacle is: *Whom the British would destroy, they first drive mad.*

There is no secret concerning the British monarchy's determination to have Carter out of the White House *before 1981*. The London *Economist*, mouthpiece of the British monarchy's Secret Intelligence Service, shamelessly advertised its determination to have Mondale replace Carter during 1978 among its New Year's wishes. Senator Kennedy occasionally supports President Carter—as the rope supports the hanged. Brzezinski, Schlesinger, Turner, and Mondale are maneuvering President Carter in their own, obvious effort to emulate Kissinger and Haig's "inside operation" in ousting President Richard Nixon.

The general British-Zionist operation against President Carter is exactly as we have indicated: *Drive him mad, and so discredit him.* A comparison of the British intelligence voices in the London press with the mutterings of known British agents and agents-of-influence in Washington and New York shows that this is the conscious intent behind Kissinger and Brzezinski's orchestration of the "Camp David" fiasco and the rest. In London, British circles concede that the Camp David scenario is the road to Carter's undoing; in the U.S., British agents and agents-of-influence are insisting that the U.S. adhere unswervingly to the Camp David line. One looks back to the *Economist's* list of 1978 New Year's wishes, and nods.

### The 'scenario' that fits reality

The Soviets know that if the EMF does not quickly become the keystone of a new world monetary system, then the IMF "conditions" policy will prevail, and that general thermonuclear war during no later than the medium-term period becomes virtually inevitable. This perception subsumes the stated perception that the Zionist networks are no longer to be given the slightest degree of toleration inside or outside the Warsaw Pact alliance, and that Israel's current role in the Middle East must be blocked at all necessary strategic risks.

This does not mean that either the Soviets, or the leaders of continental Western Europe, or Japan, and so forth will react against the IMF-Camp David

combination along the lines of the alternative options defined by the Brzezinski scenario. Every principal nation in the world, including the Soviet leadership, has made clear that it understands the essential reality of Camp David. The USA is currently being run by the enemies of the United States, by the forces of the British monarchy and that monarchy's Zionist stooges. The Soviets, Europe, Japan, astute Arab leaders and others will avoid actions against the United States as Brzezinski imagines. *They will act against the British monarchy and the Zionists.*

For example, we are very close to the point at which the Soviet government may launch a massive crackdown on Zionist networks inside the Warsaw Pact nations. To the clamor of protests they might deliberately provoke in that way, the Soviet reply would be "This is an internal affair of the Soviet Union, which is rooting out nests of British and British-owned Zionist espionage networks." They would probably add something to the effect: "It is notorious that Brzezinski, Kissinger, and Schlesinger are British agents-of-influence in U.S. leading circles, and that the Carter Administration has been taken over by the Zionist lobby. Since the Zionist-influenced Carter Administration refuses to denounce Israeli control of international terrorism and to oppose the war-crimes of the Israeli government's Nazi puppets in Lebanon, a certain question-mark is to be placed on the Carter Administration's competence to judge matters of 'human rights.' "

The worse the situation becomes in the Middle East, the more probable such a crackdown on Warsaw Pact Zionist networks becomes. This must be viewed as a Soviet option for telegraphing its determination to honor its military alliance with Syria, thus attempting to forewarn the Carter Administration of the strategic confrontation implicit in its foolish Camp David policy.

The bulk of the world's nations are reviewing the current strategic reality in terms of the implications of choices between Britain's "IMF conditions" proposals of austerity and war, and the new world monetary system for which the European Monetary Fund is keystone. The problematics created by U.S. Administration follies, by Wall Street lunacies, and so forth, are viewed by the leading forces of continental

Europe, Japan and key developing nations as byproducts of the USA's being reduced for the moment to a brainwashed puppet of combined British-monarchy, "Black Maltese" (e.g., Mont Pelerin), and Zionist forces. The operations of other nations concerning the USA today will be aimed at weakening and discrediting the British, Mont Pelerin, and Zionist forces which temporarily have Wall Street and the Carter Administration in a lunatic, brainwashed state.

That is the "scenario" which corresponds to reality.

In contrast, the Carter Administration constructs its own policy-fantasy on the presumption that it must not acknowledge the truth of its own circumstances, must deny that it is acting as a puppet of Britain and the Zionists. By so denying the essential truth of its own policies, and constructing scenarios based on such hysterical attempts at denying the fundamental, all the scenarios and intelligence estimates produced by the Administration are axiomatically lunacy from the standpoint of the reality to which they are presumably addressed. The Administration is

momentarily incapable of recognizing reality, either in terms of policy or the assessment of any important fact confronting them. They are collectively as a man insane.

The leading forces of other nations are operating on the basis of an increasingly precise understanding of the nature and source of the Carter Administration's specific lunacy. They are acting to bring the Carter Administration out of its presently brainwashed state. It is sophisticated designs of action aimed at producing that result, breaking the brainwashing control over the Carter Administration, which will guide European and other most-sophisticated nations in dealing with the problems cause by British-Zionist takeover of the U.S. government's and Wall Street's policymaking.

If they do not succeed — unless the Administration is freed from its present brainwashed state — the next stop after Disneyland will be Halloween.

—Lyndon H. LaRouche, Jr.

## 1. Economic fantasyland: 'domestic Camp David'

U.S. government and business circles are merrily committing themselves to measures which fall under the rubric of "destroying the U.S. economy to save the dollar." Cases in point are the President's new "tough stance" against "inflationary government spending" and precipitous moves by various Congressmen and business interests to torpedo the GATT talks and foment trade war with our best trading partners and allies.

In the case of Jimmy Carter, it is not hard to chart the evolution of this new phase of irrational behavior. Since the Camp David summit and the "shift in the public opinion polls in his favor," Carter has become more than ever a creature of consensus politics. Carter's visit to Florida's Disneyworld after Camp David also appears to have left an indelible impression on him. He is presently acting out the role of "strong executive squelching inflationary congressional spending," with considerable prompting from the media.

### The public works and tax cut vetos

Within the last week the new Carter vetoed the public works bill and threatened to veto the tax cut bill if House-Senate conferees do not significantly reduce the size of the \$29.3 billion tax cut passed by the Senate 86 to 4 on Oct. 10.

To be sure, the public works and tax cut bills are not the miracle workers that their ardent supporters make them out to be. Their principal effect would be to postpone a new deep recession in the U.S. economy—and give the U.S. some breathing space for

reorienting to the new international monetary system now being implemented by rational world leaders outside the U.S. But in vetoing the bills, Carter is merely following London's script for an early depression in the U.S.A.

"President Carter's impressive performance in sustaining his veto of the inflationary public works bill is his 'domestic camp David,'" wrote the editors of the *Baltimore Sun* Oct. 9. It is on the basis of such media prompting that the Carter White House, under the direction of Carter "image booster" Gerald Rafshoon, is now formulating national policy. "And there will be more anti-inflation vetos a-coming as the President seeks to put himself in the vanguard of fiscal conservatism," the *Sun* editors tell Carter.

The same day *Christian Science Monitor* correspondent Godfrey Sperling, Jr. warned Carter that his rising popularity depends on his performance on the economic front: "Mr. Carter must deal effectively with inflation or he will fail to hold public opinion behind him."

The brainwashing technique practiced by the "Chinese Zionist Monitor" and other British-contaminated press channels involves simply flattering the U.S. President about his new "clout" with Congress, world leaders, and the public following the Camp David fiasco. The tales of the fictitious public opinion polls are having their intended effect of egging Carter on to greater and greater feats of "fiscal conservative" lunacy.

Next week Carter is expected to unveil his new, toughened anti-inflation policy in a besweated

“fireside chat” with the nation. “I’ve been working on the anti-inflation package for a number of weeks,” Carter told a televised news conference Oct. 10, “I think that when the Congress completes its work, then I’ll be able to put the final touches on the anti-inflation program and reveal it to the public and pursue it aggressively.”

Carter’s press conference contained so little real substance and so many warmed-over homilies about the need for austerity that the dollar promptly plunged to new lows on the foreign exchange markets, and gold soared above \$226 per ounce for the first time in history.

Carter is expected to announce specific numerical wage-price guidelines which are supposed to reduce the U.S. inflation rate half a percentage point or so to 7 percent next year. As such the program will be innocuous. However, some Administration officials like Barry Bosworth, director of the Council on Wage and Price Stability, are already telling journalists that the “voluntary” guidelines will not be enough. These officials will attempt to steer Carter in the direction of a major confrontation with the International Brotherhood of Teamsters early next year when the Teamsters’ master freight contract with the trucking industry comes up.

Special Trade Negotiator Robert Strauss, who has tried to steer clear of a direct confrontation with labor, could resign as Carter’s anti-inflation czar at any time, Washington sources say.

On Oct. 6 the *Wall Street Journal* touted Lazard Frères partner Felix Rohatyn as the perfect replacement for Strauss — the same “pain and agony” Rohatyn who, as chairman of the Municipal Assistance Corporation, laid waste to New York City over the last three years.

Informed sources indicate that Carter is going to attempt to bring his “Proposition 13” economics into the international arena in coming weeks. These sources say that the British, having suffered a smashing defeat in trying to stop the European Monetary System, are now revving up Carter to propose a “third way” (neither the IMF nor the EMF) internationally: global fiscal conservatism.

### Interest rates go wild

Members of the Administration who previously had at least enough sense to be critical of Federal Reserve Chairman G. William Miller’s wild interest-rate policy—including Strauss and the President himself, through his Georgia staffers—are now refraining from all such criticism and giving Miller free rein. Miller’s policy at present can only be characterized as “the sky’s the limit.” By Tuesday, Oct. 10 the Fed had pushed the Federal funds target rate—which sets the trend for all other interest rates—up to 8.875 percent from 8.75 percent. The Fed funds rate started off 1978 at around 6.5 percent.

Many money economists are predicting that the

## One voice of sanity

*These excerpts come from a guest editorial in the Seattle Post-Intelligencer by Myron Kayton that appeared on Oct. 9. Kayton is an electrical and mechanical engineer who is senior staff engineer to the manager of systems engineering operation at TRW. His article was titled, “America’s technology falling behind.”*

How has America’s technology fared during the past 20 years? How will its widely publicized decline affect our foreign trade balance and the value of the dollar? ...

We will face strong European and East Asian competition (in the 1980s) in goods that only 10 years ago were high technology: video recorders, computers, communications satellites, aircraft, and nuclear power plants. We will have fewer ways to pay for the imports we consume except by exporting food. The overall picture will be one of our falling behind technologically, as has been widely predicted.

As an engineering manager who has been involved in high technology for more than 20 years, I would suggest at least three reasons for the decline ...

One reason is the shift of federal funds from support of high technology invention to support of the consumption of low-technology products by the recipients of social welfare ...

A second reason for America’s technological decline is the rise of our interest rates from 4 percent in the 1950s to 8 percent in the 1970s, which has forced business to invest in ideas with a short-term payoff ... By contrast, the new technological leaders (Germany and Japan) enjoy 3 percent to 4 percent interest rates and can, therefore, invest further into the future.

A third brake on technological innovation in the 1970s has been the upsurge in regulatory and environmental pressures, and the stricter interpretation of defective product liability....

prime rate will soon be boosted from 9.75 to 10 percent, the highest rate since January 1975. This is inevitable in view of the fact that by Oct. 6 the cost of funds to banks was already significantly above 9 percent, leaving next to no margin of profits for the banks. “The Fed has underrated the dimensions of the problem” of curbing monetary growth, according to Alan Lerner of Bankers Trust. In its latest issue *Business Week* wheeled out talmudic Friedmanite monetarist Jerry Jordan of Pittsburgh National Bank to warn that unless the Fed moves fast now to cut the growth rate of the monetary aggregates (thus throwing the economy into recession), there will be an

even worse recession later. Such are the prognostications on which U.S. economic policy is now being made.

But even worse is the advice being proffered to the U.S. business community by the enemies of a prosperous United States. On Oct. 5 100 top American corporate executives attending a Conference Board-sponsored seminar at New York's Waldorf Astoria listened attentively as a Swiss banker told them that the U.S. Federal Reserve would have to raise its discount rate "three or four percentage points" to halt the collapse of the U.S. dollar on the international markets. The U.S. must "show the world, as the U.K. was forced to do not so long ago, that it means business and that it is determined to put its internal and external house in order. . . . Such a measure would certainly not kill the American economy," sneered Hans Baer, chairman and managing director of the Bank Julius Baer, the largest private bank in Switzerland. Baer also peddled the British-sponsored lie that the European Monetary System will "reduce the acceptability of the dollar" and that OPEC will shortly abandon the dollar as payment for its oil for a "basket of currencies." As a result, Baer "predicted," the present dollar collapse will continue unabated and the entire world monetary system is poised on an "abyss." The Europeans and Japanese

will attempt to compensate for the dollar's depreciation, which raises the dollar price of their own exports, by subsidizing their exports and the U.S. will retaliate with countervailing duties.

### Trade policy: "Jap-bashing"

Following Britain's trade war scenario to the letter, a captive Carter Administration has in recent weeks transformed its "export promotion" policy into an undisguised effort to grab a bigger "market share" for U.S. products at the expense of other nations. Commerce Secretary Juanita Kreps, who led a 140-member mission of U.S. businessmen to Japan, warned at a Tokyo press conference Oct. 5 that Japan had better rectify its trade surplus with the U.S. quickly "if trade is to continue on anything like its present scale." Kreps estimated that Japan will run a \$20 billion trade surplus with the world this year, or \$7 billion more than other U.S. officials have previously predicted.

Kreps demanded that the Japanese government alter its procurement policies to purchase more goods from American suppliers, and then proceeded to cancel meetings with three Japanese cabinet officials due to "lack of time"—a calculated insult.

—Lydia Dittler

## 2. Camp David leaves Mideast policy in ruins

Less than one month after the end of the marathon summit at Camp David, American Middle East policy is in a shambles. Despite President Carter's fantasy-ridden claims that the Camp David accords were a "historic step toward peace," despite the favorable Madison Avenue public relations job, the unstable and unworkable "framework" announced after Camp David has brought the Middle East and the world immeasurably closer to war.

The White House and the National Security Council have imposed a top-down gag rule on the entire Administration in a partially successful effort to prevent any public, or even leaked criticism of the Camp David fiasco. But in the corridors of Washington sentiment is running overwhelmingly against Camp David among Middle East professionals and old U.S. Arabian hands.

They *know* it won't work.

### The record so far

Put briefly, the following is the record of results of the Camp David summit.

**Sadat's position undermined.** President Sadat of Egypt, who was blackmailed into abandoning his insistence on an overall peace, has seen his own domestic position dramatically undermined. In addition,

he has been hermetically isolated from the entire Arab world: not a single Arab nation, not even one of Egypt's closest allies, has spoken out in favor of Camp David.

**War in Lebanon.** The crisis in Lebanon, simmering since the end of the civil war in October 1976, exploded again into full violence. Far from leading to peace, Camp David's deliberate snubbing of Syria and the PLO, and Israel's stepped-up support for the Nazi Falangists and ex-President Camille Chamoun, has set up an imminent Israeli-Syrian confrontation — which Sadat's fragile regime could not survive.

**U.S. interests hurt.** The entire Arab world, from conservative Saudi Arabia and Morocco to radical Iraq and the Syrian-led Arab Steadfastness Front, has united in opposition to Camp David. Because of what the Arabs perceive as a total failure of American will at Camp David in capitulating to Zionist pressure, the political and economic interests of the United States in the Arab world may be irreparably hurt.

**Detente damaged.** The Soviet Union, on the eve of the SALT accord, is at loggerheads with the United States over what it sees, correctly, as a Brzezinski-directed anti-Soviet thrust in the Middle East.

**Rejection by allies.** Finally, America's allies, especially West Germany, France, and Japan, are extreme-

ly worried about the dangerous consequences of the Camp David strategy, and have flatly refused to support an Egypt-Israel pact.

### What went wrong?

What happened to set into motion such an egregious U.S. blunder? The critical period was mid-August, when NSC director Brzezinski launched what one high State Department official called a "cold coup" in the Administration, and all interdepartmental and department-to-President communications were ordered routed through the NSC. That, combined with the virtual elimination of the CIA as a competent intelligence-evaluation organization by CIA Director Turner's purges and Frank Church's scandal-mongering, has created an enormous intelligence vacuum in Washington, enveloping the Carter regime in fog.

The Brzezinski coup set U.S. policy into alliance with Israel, a fact that Sadat quickly found out at Camp David. Brzezinski's overall strategy is to establish an Egypt-Israel alliance as the core of a NATO-style bloc in the Middle East, which would then form close ties with Peking and Peking's Asian allies. This strategy is directly lifted from the geopolitical doctrine and outlook of the British International Institute of Strategic Studies and the City of London's Knights of Malta.

But Brzezinski made two major miscalculations.

**First**, Brzezinski — and Kissinger, the real architect of Camp David — miscalculated on the activation of the USSR's alliance with Syria to resist the Camp David conspiracy. Naturally, Carter, Sadat, and Begin did not overlook Syria at Camp David: instead, they plotted the "balkanization" of the entire Arab East, including Syria, among competing nationalisms and religious animosities; the creation of a Maronite state in Lebanon with Israeli support was to be the first such move against the Arab world.

But immediately the Syrian Army, backed by the USSR, responded to the first Falangist provocations in Lebanon by ruthlessly moving to crush their power and destroy Chamoun. The Administration very badly underestimated the binding force of the Syrian-Soviet axis, and thus did not expect Syria to be able to take such direct and aggressive military action against Lebanon's fascists.

Israel, of course, although supplying men and equipment to Chamoun, is not able to intervene directly without risking the collapse of the Egypt-Israel talks — and probably the overthrow of Sadat. While Israel may yet move militarily into Lebanon to defend its fascist allies, it must take into account not only Sadat's delicate position but also the grave danger that a Syria-Israel confrontation could draw in the USSR and lead to World War III.

**Second**, Brzezinski and Kissinger miscalculated widely on the reaction in Western Europe. While Syria and the USSR might be expected to attack Camp David, the rejection of a bilateral peace by the Europeans and Japanese left the United States little maneuvering room. Syrian President Assad had just made a highly successful visit to Bonn, West Germany, last month, and both the West Germans and French responded to Camp David by supporting the rights of the Palestinians to an independent state and the need for an overall settlement of the Middle East question.

The stand by the West Europeans — except the British, of course, who warmly welcomed Camp David's framework — made it virtually certain that the Arab "swing states," Saudi Arabia and Jordan, would not join in the Sadat capitulation.

More important, the West European stand guaranteed that the Camp David framework would not result in a Cold War-style polarization in the area, pitting the West against the USSR and its allies. This polarization was one of Brzezinski's chief goals, in order to halt the rapid expansion of Soviet-EEC ties, led by Chancellor Schmidt's detente policy.

### The Iraq-Saudi alliance

While the Administration's Mickey Mouses refused to acknowledge reality, both Jordan's King Hussein and the Saudi leadership decisively rejected the offer from Sadat to join him in the stew.

Instead, the Arab world is preparing for a summit of 20 heads of state, excepting Sadat, to be held in Baghdad on Nov. 1. The plans for the summit were discussed last week at a highly unusual meeting between Saudi Crown Prince Fahd and Iraqi Prime Minister Saddam Hussein. Iraq, which called the summit, has put forward an agenda to include the creation of a \$9 billion Arab fund, renewed every year, to include \$5 billion for the economic development of Egypt! The Iraqis have also taken the lead in reconciliation with the Syrians.

Every Arab country except Lebanon has endorsed the Iraqi call, and foreign ministers will meet in Baghdad on Oct. 20 to prepare the summit.

As a result, Sadat's position is declining fast. There are important signs that the Egyptian Army is unhappy with Camp David, including the removal of both War Minister Gamassi and Chief of Staff Ali Fahmi by Sadat: Gamassi, "kicked upstairs" to the post of presidential advisor, has since resigned, and General Ali Fahmi sent a letter to PLO Chairman Arafat denouncing Camp David! Other key ministers, like Education Minister Hilmi, also refused to take part in the new Cabinet, and even Sadat intimate Ashraf Marwan has been ousted or resigned from his post as chief of the Saudi-French Arab Industry Organization.

— Robert Dreyfuss

### 3. Two brands of insanity on SALT and detente

While the U.S. press promised its readers that the Soviets have been overwhelmed by Camp David and the Carter Administration's other foreign policy triumphs, Henry Kissinger and his shadow Zbigniew Brzezinski were out in the hustings attempting to undermine the SALT disarmament accords.

In two speeches never reported in the daily U.S. press, Kissinger and Brzezinski called for a beefed-up NATO and a developed mobile strike force capability capable of intervening anywhere in the world. They also read the riot act to American industrialists seeking trade with the Soviets, charging that such trade "serves Soviet expansion" (in Kissinger's words) and hinted broadly at plans for destabilization operations against the Soviets' Eastern European allies.

Not accidentally, the London *Times* gave prominent editorial-page coverage to its own version of the same theme, making it clear that British policy's hope is to convince the U.S. to keep up the pressure of military competition so that the Soviets will have no choice but to sacrifice economic development to continued military build-up.

Back in the U.S., however, the media continued the

charade of "peace in our time." Not only did Kissinger's and Brzezinski's sabre-rattling go unreported, but columnists and editorial writers insisted again and again that the Soviets and the rest of the world will certainly knuckle under to Camp David and the rest of the Administration's policies, especially now that the SALT treaty is so close to being signed. The same came directly from Disneyland-on-the-Potomac, when Vice-President Mondale appeared on ABC-TV's "Issues and Answers" Oct. 8 to laud Camp David and nonchalantly dismiss Soviet criticisms and any possibility of a Mideast crisis.

What might appear to justify Mondale et al.'s nonchalance is the fact that the Soviets are not responding to the warlike rhetoric of Kissinger, Brzezinski, and the like. But viewed in terms of reality — most particularly the reality of the Soviets' public commitment to the development goals of the European's new monetary system — it is clear that the Soviet attitude is intended to give the U.S. every opportunity to come to its senses. Exactly the opposite is obviously the aim of the game being played by the U.S. media on the one side and Kissinger and his echoes on the other.

#### What the press told the U.S.

The Washington Post *typified the media's "soft Russians" routine. From the Post's Oct. 10 editorial, titled "Cease-fire in Lebanon":*

(The Syrians) are probably less interested in provoking the collapse of the Arab-Israeli peace effort than in leaving open an eventual place in it for themselves. They are poorly placed to challenge, at the same time, the United States, which provides aid and a certain political support, and the Soviet Union, their military patron; and France, a traditional friend. All supported the (UN) cease-fire call (in Lebanon).

Why the Russians? Jimmy Carter personally approached Leonid Brezhnev. Evidently the Kremlin did not want to cause trouble — trouble that could easily get out of hand in a way that could seriously discomfit Moscow — at an otherwise quite propitious moment in Soviet-American relations. . . .

*In the same newspaper, on the same day, columnist Joseph Kraft ran the same line:*

Out of the fog of battle in Beirut comes potent evidence that the Camp David accords are taking hold. For the cease-fire in Lebanon is the work of the two countries supposedly most interested in sabotaging Camp David: Syria and Russia.

That the Syrians and Russians elect to dampen the Lebanese firecracker rather than let it explode shows they would at bottom prefer to be in, rather than against, the peace process now getting underway. So the United States, far from having to pay a high price to win acceptance of Camp David, can afford to lay back a little. . . .

The Russian motive for being so obliging is not doubtful. The Soviets have been shut out of the Middle East by the prospect of a separate Egyptian-Israeli peace. The cease-fire offered them a way to get back on board. So they were agreeable. . . . Certainly there is

no need to stick it to Moscow in the Middle East on the eve of a possible arms control agreement. . . .

#### What Kissinger, Zbig, and London said

*From Henry Kissinger's speech to the International Iron and Steel Institute in Colorado Springs, as reported in the Oct. 5 edition of the French business daily Les Echos:*

The extension of Soviet spheres is a process which must be stopped. But it is helped by free East-West trade. Just as we cannot ask industrialists to make foreign policy, so the Western governments must establish an East-West code in order to stop the escalation which serves Soviet expansion. . . . The Communist countries have not won the battle of economic management. The only area in which they have demonstrated their effectiveness is in the application of technology to military ends.

In the 1950s, the United States benefited from a situation of



monopoly in the field of strategic weapons. . . . In 1980, numerical equivalence will be reestablished, but the Soviet weapons will be more powerful. Under these circumstances, to ask for SALT guarantees would be ridiculous, because in this state of equivalence, military means would be aimed solely at the annihilation of civilians. . . .

It is necessary to redefine the military objectives of the United States. First, to reconstitute our tactical supremacy. Then, to give the United States better means of intervention in cases of local conflicts (Iran, Saudi Arabia, Pakistan, Morocco). What chances do these countries have of surviving without foreign interference? Their freedom is a function of our military capacities: witness, the recent Russian success in Ethiopia, and the coups d'etat in South Yemen and Afghanistan, against which we have no remedies here. . . .

*From the column in the London Times editorial page Oct. 9 by Richard Davy, coming off a conference of the London Institute for International and Strategic Studies: What sort of Soviet Union are we going to be dealing with over the next ten years or so? . . . Western*

policy-makers. . . want to know whether there is likely to be continuity in Soviet policies or whether they are going to be facing some basic re-thinking. For instance, will the Soviet Union's military effort proceed undiminished or will slower economic growth constrain it? . . .

Whatever the answer, it still leaves western policy-makers profoundly uncertain whether there is any real hope of drawing the Soviet Union into a sense of joint responsibility for world order and economic development, or whether all-out rivalry is going to be unavoidable. This will be one of the key questions of the decade and there is simply no answer to it at the moment. . . .

The Russians would like to cut their military spending but will not succeed in doing so to any great extent unless there are big unexpected changes in East-West relations. Arms control agreements could help a little but will not in themselves make a big difference to defence budgets. . . .

*From a speech given by Zbigniew Brzezinski to the Weizmann Institute in Chicago on Oct. 8:*

In seeking U.S.-Soviet detente, we have also attempted to foster

greater American ties with Eastern Europe. We do not believe that our relations with Eastern Europe should be subordinated to our relations with Moscow and we are pleased by the progress we have made in our relations with several Eastern European countries. . . .

The President stressed more than a year ago that we see American-Chinese relations as a major element in our global policy. We believe that a strong and secure China can contribute to international stability. . . .

To be sure, to be globally effective, the U.S. must be militarily secure. Hence the President also ordered in Presidential Directive 18, issued in June 1977, a comprehensive review of U.S. military posture. At his direction we will maintain strategic equivalence, strengthen NATO, develop a more rapidly deployable force capable of defining our major interests worldwide. . . as for example in the Persian Gulf or Korea, maintain an effective military presence in the Far East and the Atlantic and re-examine our strategic doctrines in terms of changed needs of the 1980s. . . .

## 4. Policy disaster in Africa

Not to be outdone by the stupidity of the White House, 27 conservative U.S. Senators hosted the Prime Minister of outlaw Rhodesia for a visit to the United States that began Oct. 7. These duped conservatives have demonstrated their blindness to the danger of U.S.-Soviet confrontation in southern Africa, and turned their back on legitimate American and development interests in the region to support Ian Smith's slave-based economy in Rhodesia.

The State Department and the White House compounded the policy mess by allowing Smith a visa, thereby putting the U.S. in direct violation of the United Nations sanctions against Smith's racist regime.

Then, while Smith declared on U.S. television that he was only following Henry Kissinger's plan for

resolving the region's problems, the Carter Administration found itself simultaneously:

(1) effectively endorsing Smith and his "role in the major confrontation...between the free world and the non-free world," as Smith put it on the eve of his arrival in America;

(2) fronting for Britain's declared plans to intervene in the area, while allowing London — which refused Smith's request for a stopover there — to lay the onus of the entire business on the Carter Administration;

(3) championing a provocatively anti-Soviet "China card" strategy in the region;

(4) and overseeing an International Monetary Fund assault on Rhodesia's neighbor, Zambia, that promises to unleash region-wide war as its immediate consequence.

## **The China card and other blunders**

Ever since a special National Security Council meeting was held on southern Africa Oct. 11, conservative circles have been buzzing with reports that the U.S. will side with Chinese-backed forces in that region, in order to "keep the Soviets out." For the first time ever the Chinese have given support to UN peacekeeping forces — for Namibia — and according to the newsletter of the UN Association, China hopes to take an even more active role. Observers close to the U.S. intelligence community are now saying that U.S. backing to China-allied grouplets in the region would be a means of shutting out Soviet influence.

This is only the icing on the cake, however, for the preconditions for regional war and a U.S.-Soviet faceoff are already in place.

A new Anglo-American plan for Rhodesia has been unveiled which, as the *Washington Post* admits, was devised to tempt Joshua Nkomo, head of the Rhodesian nationalist Patriotic Front, to make a separate deal with Smith.

The new plan, dubbed "Option B," calls for an all-party conference to agree on a "transitional constitution" and a new governing body.

But, as the London *Sunday Times* forewarns, this "Camp David Summit" on Rhodesia may prove "impossible to assemble" or quickly end in failure. "In that case, the only thing left would be the perilous, but perhaps inevitable course by which Britain steps in and administers the colony, probably in conjunction with a UN presence, for a transitional period."

A split in the front-line states or Patriotic Front would aid this British scenario for direct or proxy military intervention into Rhodesia. It would also force the African nations to turn to the Soviet Union for support, setting the stage for confrontation.

Under pressure from the International Monetary Fund Zambia's President Kenneth Kaunda was forced to violate UN-imposed sanctions against the outlaw Rhodesian government and reopen its rail trade link through Rhodesia.

The destruction of the Benguela railway by the UNITA terrorists fighting against Angola left Zambia dependent on the Chinese-built Tanzam Railway

which is incapable of handling the volume of copper exports or fertilizer imports necessary for the country's economic survival.

For a year now, the IMF has been saying to Zambia that it "would be necessary to reopen the southern route" through Rhodesia as a precondition for aid, the London Financial Times reported this week. A team of Zambian officials flew to Washington late last week to tell the IMF that Zambia has met this precondition for another cash disbursement.

The implications of Kaunda's forced move are grave. While Mozambique and the forces of Patriotic Front coleader Mugabe have been the target of bloody Rhodesian raids, so far Smith has refrained from military incursions into Zambia and against Nkomo's forces in the hopes of securing a separate peace. Now the IMF has maneuvered Zambia closer to such a breakaway agreement.

Presidents Nyerere of Tanzania and Machel of Mozambique, who have both condemned the Smith visit to the U.S., flew to Zambia on Oct. 7 for emergency talks with Kaunda. Late reports indicate that the two front-line Presidents were unable to secure a reversal of Kaunda's decision and have reportedly agreed not to cooperate with the transport of goods from their ports through South Africa and Rhodesia to Zambia.

### **'Name the names'**

But the British have yet to achieve their hoped-for split of the front-line states or the Patriotic Front. Speaking before the UN General Assembly yesterday, Tanzania's Foreign Minister Mkapa said it was time to name the names of those countries that are creating obstacles to the realization of the new world economic order.

Earlier, Patriotic Front coleader Nkomo marked the opening of a school in Zambia with an angry denunciation of the IMF, Great Britain, and the U.S. for contriving the economic difficulties which forced Zambia, his principal base of support, to capitulate to the demand for a reopening of its borders with Rhodesia.

—Kathy Stevens

# Britain begs for entry into EMS

*Soviets, Japanese pledge support for system's development goals*

Great Britain has now been reduced to begging for entry into the new European Monetary System (EMS). Appalled by Japanese-West German affirmations that the EMS is no mere currency scheme but part of a global plan for technological growth, the UK has no choice but to try to join. It otherwise faces complete exclusion from the emerging entente among Western and Eastern Europe, OPEC, and Japan detailed below.

This entente represents a formidable combination—and one seeking U.S. participation in order to turn what has become a lattice of transregional crash-industrialization initiatives into a full-blown international development bank arrangement.

As Schmidt's personal spokesman, Klaus Bölling, phrased it to the Japanese press in Tokyo Oct. 11, they are opening "a continuation of the Bonn summit" — the July conference at which President Carter endorsed the EMS before the Brzezinski-Kissinger cold coup in Washington was mounted to countervail this influence.

The EMS is designed to both upvalue the dollar's key parities and relaunch the U.S. economy through the billions of dollars in export orders that will be generated by EMS absorption of footloose dollars and reissuance as credits for industrialization and energy investment. This poses a terrific challenge to Britain's sway over U.S. policy-makers. But it meanwhile poses a terminal problem for the pound sterling parities and London's control of the Euromarkets.

## A map of EMS developments

*The following developments should be at the center of any decisionmaker's map of the world:*

**The Oct. 6-9 Moscow meeting between Soviet President Brezhnev and Italian Communist Party General Secretary Enrico Berlinguer** was a victory for the EMS, both broadly and specifically. Although U.S. press reports simply focused on Brezhnev's approval of PCI participation in the Andreotti government, the meeting's Oct. 10 joint communiqué called for the unblocking of the SALT talks; for a "political, global solution" in the Mideast "which fully recognizes the rights" of the Palestinian population; and for collaboration among the industrialized countries "despite their differences" in order to develop the Third World and create a new international economic order.

The Soviets' first strong, open endorsement of a Communist alliance with a Christian Democratic Party was indeed significant, as an expression of Moscow's support for the Vatican humanists' influence on Prime Minister Giulio Andreotti's wing of the Christian Democrats, and for the EMS participation to which Andreotti has pledged Italy.

**Andreotti himself will meet with Helmut Schmidt** in Siena at the beginning of November, according to an Oct. 7 *Corriere della Sera* article that described the agenda as devising ways for Italy to help pressure Britain to facilitate EMS implementation — and Schmidt's intention to "shed light on the Moro case," that is, the assassination of one of the chief implementors of the Christian Democratic-Communist entente.

**The central bankers of the European Community**—under whose aegis the EMS was instituted in July, against the protests of Great Britain — met in Brussels on Oct. 10. The task was to work out further details of the interim arrangements to ensure adequate EMS credit facilities, even before all the ratifications involved in formal EMS inception are completed. Contrary to their custom, the central bankers openly announced that this was their purpose. The head of the Danish central bank, Erik Hoffmeier, had told this journal last month in an interview that precisely such de facto allocations were being readied.

**Schmidt summarized the EMS goals** on the first day of his Oct. 11-13 state visit to Japan:

- (1) ending the floating-rate currency chaos that not only sabotages trade but, via trade-war pressures, international peace;
- (2) concerted upgrading of advanced-sector labor skills;
- (3) deliberate creation of new world markets;
- (4) substantial new kinds of funding mechanisms;
- (5) "maintaining and expanding détente" as "indispensable for world equilibrium and peace."

According to the authoritative Japanese daily *Mainichi*, Schmidt's "number-one item for his trip is German-Japanese cooperation in putting the EMS together."

As this news service has reported, the background to this is half a year of emergency consultations between government officials and businessmen of the

two nations. They agreed that the Carter Administration's weak-dollar policy would have to be reversed from outside, by a *coup de main* that would start foreign-held dollar recycling in the form of development credits, issued by Europe and Japan, stabilize the dollar, and energize the U.S. opposition to Blumenthal and Brzezinski.

Schmidt himself described the aim of the visit to journalists Oct. 2 as "seeking to improve relations with Japan for the purpose of demanding that the United States fulfill its responsibility as the leading economic power of the world," which, he added, requires straightening out U.S.-Soviet relations.

**BBC commentary on Schmidt's Tokyo speech** was immediate. The Chancellor "omitted crucial

questions on whether the EMS is merely monetary, or as now emerges in discussion, also involves restructuring the national economic policies of the member nations," the British broadcasters complained. If this is behind Schmidt's campaign for the EMS, intoned the BBC, we would only become an adjunct of the West German economy; Britain will not take that road.

**Switzerland is ready to join the EMS**, however. Swiss Economics Minister Fritz Honneger announced "the Confederation is ready to do everything required to be in a position to associate itself with the (European) Community's undertaking," in a statement reported by *Le Figaro* Oct. 10. French Economics Minister René Monory has gone to Berne to pursue the subject, preceded by European Commission President Roy Jenkins. Jenkins is a clamorous advocate of UK membership in the EMS in order to try to weight the system toward International Monetary Fund principles. He may no longer imagine he can make Swiss gnomes a partner in such an effort, given the UK's manifest weakness on the one hand and on the other the increasing mobilization for Schmidt's version of the EMS by West German businessmen, who have real clout in Switzerland when they care to use it.

**The West German banks have lined up** behind Schmidt for the first time since July in a really forceful way. The Bundesverband Deutscher Banken (German Banking Association) placed a large advertisement in the Oct. 11 *Frankfurter Allgemeine Zeitung*, headlined "Those who want currency stability will have to gather all the participants under one hat" — with a sketch of Schmidt's famous Hamburg sailor's cap. "Like every import-export firm, industrial nations like the Federal Republic have a stake in stable currency exchange rates. . . . Because we private banks finance 80 percent of German exports, we know the problems caused by divergent rates. We say: whoever wants stable currency rates has to bring economic policy under one hat internationally" — a timely message from an association which in former times strongly opposed the de Gaulle-Adenauer alliance and the formation of the Common Market. Hermann Abs, senior economic statesman and a key Schmidt advisor, was doubtless one of those responsible for the BDB's new stand.

Another financial-industrial leader and Schmidt supporter, Otto Wolff von Amerongen, has made a series of explicit statements on the policies of the EMS. He told the International Chambers of Commerce gathering at Disneyworld in Orlando, Fla. this month that the order of the day is high technology exports — and concessionary interest rates will soon permit a sizeable expansion of East-West trade and the multiplication of large contracts. On Oct. 11, von Amerongen reiterated on a Süddeutsche Rundfunk radio interview that the basic policy of West German industry is technological advances and high-technology exports. This, not "transitory" interests,

## The Miyazawa Plan

At the beginning of this month, the Tokyo *Asahi Evening News* explained to its readers that the EMS "is a regional variation of what some people call the Miyazawa Plan; this may explain Finance Minister Murayama's comments welcoming the EMS."

Kiichi Miyazawa is a former foreign minister who supported Secretary of State William Rogers's Mideast development effort during the Nixon Administration and now heads Japan's Economic Planning Agency. Miyazawa has been a consistent advocate of "a return to the old system of fixed exchange rates." It was he who proposed right after the Bonn summit in July that the Japanese central bank deposit its excess dollar holdings with Japanese banks and the Ministry of International Trade and Industry, which has, during 1978 thus far, converted them into over \$7 billion in largely long-term, low-interest development loans abroad, according to the Bank of Tokyo.

Just before the EMS was formed, moreover, the Mitsubishi Research Institute published an impressive proposal (translated in full in the *Executive Intelligence Review*, Vol. V, No. 34) for a \$500 billion dollar development fund for global infrastructure, energy, and industrial projects, on the order of "greening" the world's deserts: It was this bold mentality that Schmidt invoked in his Oct. 11 Tokyo speech — stressing that "the dimension of structural change demands new inventiveness and broad financial outlays." A just-released special report on OPEC by the largest West German bank, the Deutsche Bank, reports that the latter alone holds 7 percent of OPEC reserves as deposits — and specifically foresees the Mitsubishi \$500-billion magnitude of international development projects emerging in the near term.

guides our relations with East bloc nations, he said.

The sensitivity of the BBC and other British spokesmen to these affirmations and demonstrations of the EMS's nature was underscored by reports that UK Prime Minister James Callaghan and his Chancellor of the Exchequer, Denis Healey, are about to beg Schmidt and Giscard to let Britain into the EMS. The British press, and Healey, had been haughtily insisting that they would only join if the EMS becomes a helper of pound sterling and the International Monetary Fund. After violent opposition in recent weeks to the EMS on the part of everyone from neofascist Enoch Powell to the Labour Party delegates at Blackpool to Callaghan himself, it is now admitted that overvalued sterling — and thus a good portion of London's political and economic pretensions — cannot survive outside the EMS.

But as the BBC and the *New York Journal of Commerce* underscored, the rules of the EMS make it impossible to prop up sterling within the new system, either. London policy-makers, although mandating certain strategic capacities on British soil, have scarcely given a damn about British industry for over two centuries — hence the pound's fundamental weakness. By treating the UK itself like one of their colonies, the international networks centered in London have enabled their opponents to finally, and seriously, diminish London's own international weight.

—Susan Johnson

## “Britain has failed”

*The Observer of London had this doleful report of Britain's position in the EMS fight:*

**The Observer**, “Jim puts £ into Europe,” Oct. 8: The Prime Minister, the Chancellor of the Exchequer, and other senior Ministers are to hold crucial summit meetings in Bonn and Paris this month to pave the way for Britain's entry into the European Monetary System (EMS) on 1 January. . . . Mr Callaghan and Mr Healey have come to the conclusion that Britain, which at first tried to sabotage the scheme, cannot afford to be left isolated from the new arrangement. . . . The vital economic question is whether the pound will have to be devalued before Britain enters the scheme. . . . At the last meeting with the Germans . . . the British aim was to undermine the scheme. . . . When that failed, Britain tried to turn the EMS to its advantage, demanding all sorts of conditions. . . . But in all these attempts Britain has been outflanked. . . . (Britain) will try to persuade the Germans to revalue their strong D-mark to enable the French and the British to join the scheme with a minimum of devaluation. . . . The dangers of isolation and the consequent vulnerability of sterling are thought to be worse evils than the problems of tying the pound to the

mark and other currencies at potentially non-competitive rates. . . .

*New York's second leading business daily backed the British position and sought to warn U.S. business away from the EMS:*

**Journal of Commerce**, editorial, “Scampering Toward Monetary Union,” Oct. 10:

. . . There is probably nothing all that wrong about the two countries with the most economic power, Germany and France, fixing up a deal. But the spirit in which their proposals are presented to the other member countries doesn't augur well for third countries like the U.S., Japan, or the developing world.

. . . The third largest country, Britain, has been too lukewarm about the proposal and, accordingly, has lost influence. . . . The U.K. has also urged the creation of a system that wouldn't have a deflationary bias, that would support rather than undermine the International Monetary Fund. . . . But a European fund of the same size as the IMF could hardly help but divert attention from the international body. It might even draw members away. . . . A successful system could mean more dramatic swings in exchange rates between the European bloc and the dollar. . . . There are dangers here and the U.S. should be alert to their implications.

*The confidential weekly report of Britain's most influential business magazine posed one way out of Britain's dilemma:*

**The Economist Financial Report**, “New European monetary union,” Oct. 5:

. . . If, say, there were another Middle East oil embargo, then it could be sterling that was right up against the (EMS fluctuation-band) ceiling. . . .

*A West German editorialist summed up:*

**Frankfurter Allgemeine Zeitung**, “English Egoism,” Oct. 10:

The latest trade-union congress in Blackpool showed how utterly hostile a large segment of Britons are against the European Community. Apparently this resistance is one basis for the often so-rude conduct of the English negotiators in Brussels. They indulge in both overblown nationalist demands as well as icy disregard of official Community resolutions.

The same egoistic approach has also become manifest in British statements to date on the planned new European monetary system. Immediately after the Bremen summit meeting British spokesmen demanded the weakest possible conditions, especially lengthy repayment terms for intervention credits. And now London can be heard insisting that at the start of the new currency association the D-mark must be heavily upvalued, to keep devaluation of the British pound and French franc as slight as possible. The best thing would be for the British to stay away from the new system.

# Safeway's British labor strategy spells trouble in U.S.

U.S. businessmen who have looked with horror over the years at the rampant labor chaos in Britain which has become a significant factor in that nation's industrial decline should be more than a little disturbed over giant Safeway Stores' handling of a strike by Teamsters Union members against its distribution centers in California. The strike, which began as a local walkout last July 18 at British-linked Safeway's Richmond, California, distribution center, is emerging as a major test of whether the "British System" approach to labor-management relations will replace America's tradition of labor-management cooperation based on mutually shared profits accruing from technologically based productivity gains.

The immediate issue in the strike is Safeway's demand that it be allowed to make arbitrary work rules changes based on a new computerized productivity system designed at Cornell University. But there are also disturbing signs that Safeway is using the strike to help pave the way for a major

assault on the Teamsters in next year's nationwide Master Freight talks. For decades, the Teamsters have been the major labor obstacle to British-style "austerity programs" in the U.S., and as a result have continuously been the target of puffed up "pension scandals," "racketeering" frame-ups, and Foundation-financed "rank and file" revolts. Moreover, there are abundant indications that the current Safeway strike was deliberately provoked to build up the proterrorist "rank and file" networks in the union over against the responsible national Teamster leadership.

The new productivity system is known as MTM — Measured Time Minutes. It was instituted at the Richmond depot in the summer of 1977 and is presently in operation in every Safeway warehouse across the country. The system is based on a computer program which for every worker takes into account such factors as age, height and weight, sex, the nature of the order being filled, and so forth, and measures the worker's actual productivity against a

## Who's who on Safeway's British board

### W. S. MITCHELL

President and chairman of the board of Safeway. Mitchell is a director of the **Chubb Corporation** and its subsidiary, the **Pacific Indemnity Company**.

### PERCY CHUBB, III

A senior vice president at **Chubb**, his family's firm. Percy Chubb's seat on the Safeway board provides a double interlock between Safeway and Chubb.

Chubb is also a director of **Fidelity Union Trust**, a New Jersey bank close to **Prudential**, the Anglo-Dutch connected insurance company which set up playwright Leroi Jones as the terrorist "Imamu Baraka" in Newark in the 1960s and helped turn Newark into a breeding ground for race riots and terrorist activities.

The **Chubb Corporation** board is filled with numerous representatives of the to-this-day Anglophile Morgan group, including:

- D. Nelson Adams, a member of **Morgan Guar-**

**anty's** law firm, **Davis, Polk and Wardwell**.

- Lewis A. Lapham, retired president of **Bankers Trust**, which has been closely associated with the Morgan bank for decades.
- Robert V. Lindsay, executive vice president of Morgan Guaranty Trust.
- Thomas Rodd, retired vice chairman of Morgan Guaranty.
- G. G. Michelson, senior vice president of **Macy's**, the "Our Crowd" department store.

### ROBERT A. MAGOWAN

A former chairman of the board and president of Safeway, Magowan is currently chairman of the executive and audit committees of the Board of Directors. Magowan got his start in business at **R. H. Macy and Co.** He was a principal partner at **Merrill Lynch, Pierce, Fenner and Smith** until going to Safeway in 1955. Merrill Lynch is the sole investment banker for Safeway and administers its employee stock ownership program.

“computerized average worker.” The computer reveals whether the worker is performing at a 60 minute hour potential, a 40 minute hour potential, or whatever. During the year that MTM was in operation before the strike, more than 150 of 1,200 workers at the Richmond depot were laid off or forced into disability due to harsh working conditions, with similar shrinkage around the country.

In the view of industry experts, the MTM system sums up what’s wrong with the nation’s food industry. The major cause of low productivity in the food industry — and a major contributor to high food prices — is chronic undercapitalization. Notorious in this regard, the food industry suffers from large-scale anarchy resulting from the lack of standardization, containerization, and genuine automation which could enormously simplify the movement of food from producer to consumer. Instead of the needed industry-wide overhaul, the capital improvements introduced by food processors, distributors and retailers have tended toward such gimmicks as the new computerized cash register systems, which can be amortized over a short period of time.

The MTM merely feeds into this problem. Whereas actual worker productivity is based on the individual worker’s relationship to an overall workforce and to the overall capital development in a given industry — a fact well recognized in industries where a high rate of capital improvement is the norm — MTM is based on the glaring fallacy that there is a computer

productivity norm for the hypothetical “average individual worker.” By focusing on speeding up the individual worker — a process which will quickly exhaust its limits — MTM will merely encourage Safeway and like-minded organizations to further postpone necessary capital spending decisions, and preserve the industry’s profile as undercapitalized and a low-wage, low-skill, dead-end employer.

### “Distribution Without Waste”

Safeway has a long history of such scrimping on capital spending while making profits off of rationalization. The company brags that it houses its slim corporate staff not in modern corporate offices, but in a converted warehouse in Oakland, and it attributes its rise to number one — it surpassed A&P as the world’s largest food chain in 1973 — to the policies behind its long-standing motto, “Distribution Without Waste.” As a result Safeway also has a long history of serious labor problems, despite its efforts to instill loyalty to the company.

The MTM system which triggered the latest bout of difficulties was developed at Cornell University, at an extension of the agriculture school, but the system has all the earmarks of the notorious Cornell School of Industrial and Labor Relations. The school was one of the key centers which disseminated the methods of behavior modification and its industrial application pioneered at the Tavistock Institute in London in the U.S. and throughout the Americas. The Cornell School

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### MERRILL L. MAGOWAN

Vice-president at **Merrill Lynch, Pierce, Fenner and Smith.**

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### CHARLES DE BRETTEVILLE

Retired chairman of the board of the **Bank of California** and currently a director of **BanCal Tri-State Corporation.** The Bank of California is the **Rothschilds'** principal outpost in California, with Baron Edmund de Rothschild holding about one-third of the stock, and also Safeway’s principal bank: the relationship between food retailing companies and their banks is traditionally close, because of the large amounts of credit involved in the business. Along with the Republic Bank of Texas and Citibank, the Bank of California administers Safeway’s company pension fund.

De Bretteville is also a director of the **Shell Oil Company,** which is 69 percent owned by **Royal Dutch Petroleum Co.,** the Netherlands, and **Shell Transport and Trading Co.,** U.K.

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### ERNEST C. ARBUCKLE

Beginning as a personnel specialist at Standard Oil of California (1937-41) and various other companies, Arbuckle is presently chairman of the board of the **Saga Corp.,** a food service and restaurant corporation which specializes in “fast food.” He is a former chairman of the board of **Wells Fargo** bank, and is currently a director of **Owens-Illinois, Hewlett-Packard, Utah International,** and the **Stanford Research Institute,** and a member of the **Trilateral Commission.**

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### JOHN F. BOOKOUT

President and chief executive officer of the **Shell Oil Company.**

itself did extensive studies of backward peasant cultures which became the basis for the fascist reorganization of the Chilean economy and for World Bank-imposed labor-intensive agriculture throughout Latin America. The Cornell School also developed the OD ("Organizational Development") system imposed in U.S. auto plants to induce speed up, and it produced such specimens as Victor Gotbaum, leader of New York City's low-wage, low-skill AFSCME union.

### Spawning terrorism

Such "labor relations" techniques, widely in use in England, result in the atomization and social breakdown of the workforce — a situation of individual competing bodies who couldn't care less about effective teamwork or the condition of equipment they are operating. Such working conditions are ideal breeding grounds for the "militant," proterrorist Maoist countergangs, such as the foundation-funded "Teamsters for a Democratic Union" and related "rank-and-file" organizations which are attempting to break the leadership of the Teamsters, and which have further been implicated in international terrorism.

It is not uncommon for a company to encourage a labor strike as part of a strategy of weakening union control over its workforce, and from all indications, this a major aspect of the current Safeway strike.

But there are strong indications as well that the Safeway management is giving direct encouragement to these "radical" split-off unions. This is made all the more likely by the fact that the same Anglo-Dutch financial interests which fund the countergangs, environmentalism, and international terrorism pull the strings at Safeway.

The TDU has been exposed as having promoted proterrorist networks in last winter's miners' strike and preaching "class warfare," and the TDU is in a defacto alliance with PROD and FASH, two other "independent" teamster organizations, to promote the destabilization of the upcoming master freight contract. It was Teamster networks associated with the TDU which helped precipitate the current strike against Safeway, against the wishes of elected Teamsters leaders, and which have at every step of the way encouraged confrontation and violence.

The employment of organized scabs by Safeway represents the "appropriate" "right-wing" counterdeployment against the strike. Hence the strike has been turned into a classical left-right confrontation and rallying point. The net effect of the escalating provocations has been to discredit the national Teamster leadership and set the stage for a violent confrontation. It is no coincidence that the strike has already been marked by the murder of one picket and numerous arrests. The Teamsters leadership has made every effort to cool down the strike but has met

with intransigence of the Safeway leadership. Responsible union officials and others on the scene believe that Safeway management is responsible for the prolongation and much of the violence of the strike.

What this could spell is trouble in next year's nationwide Teamster master freight negotiations. Barry Bosworth, the brash young director of the Council on Wage and Price Stability who nearly provoked a nationwide postal walkout until Labor Secretary Marshall unceremoniously shunted him out of that negotiating picture, has already warned a meeting of the trucking industry's bargaining group held in August to take a hard line in their upcoming bargaining. Blasting the Teamsters for having won significant wage gains in their past three contracts, former Brookings Institution staffer Bosworth threatened government intervention in the freight negotiations to hold down the size of the settlement and set an example for the rest of the labor movement.

### Who runs Safeway?

Corporate boardroom watchers who have studied Safeway's heavily British-slanted group of directors say it is by no means far-fetched that the Safeway management group would deliberately exacerbate the California strike in order to build up the TDU and other violent countergangs to feed a set-up confrontation between the union and "hardliners" such as Bosworth in the master freight bargaining. As a precedent, they cite the current plight of the Ford Motor Co. management in Britain, sandwiched in a wage dispute between the "hardline" stance of a Labour Party government and the "hardline" demands of Labour Party union members.

Anglo-Dutch and related financial interests figure prominently on the Safeway board of directors in the form of interlocks with Shell Oil, the U.S. branch of Royal Dutch Shell; the Rothschild's Bank of California; and the Chubb Insurance Company, which jointly owns Chubb, Ltd. (Hong Kong) with Jardine Matheson & Co., Ltd., the Hong Kong-based trading company which has been implicated in the drug trade since its founding in 1832. The Chubb Corp. is the chief seller of "antiterrorist" insurance in the U.S. to frightened U.S. executives. Chubb's chief of security participated in a conference on the subject of corporate security in Chicago last August, along with John Grant, officially an Edinburgh-based private investigator and "terrorist expert." Leading anti-terrorism experts who analyzed that conference have voiced concern that Chubb, like Lloyd's of London, may be creating a market for its insurance by feeding information gleaned on executive's security arrangements to British-run terrorists to facilitate "hits" (See *EIR*, Vol. V, No. 35, Sept. 12-17, 1978).

—Lydia Dittler



# Another popular mandate for Helmut Schmidt

*The international reaction to West Germany's Hesse elections*

West German Chancellor Helmut Schmidt's political stature received an additional boost from last week's election results in the populous West German state of Hesse. The ruling state coalition of Schmidt's Social Democrats and the Free Democrats easily outstripped the Christian Democratic Union challenger, which had based its campaign on a concoction of scandals directed against Schmidt along with mindless anti-Soviet and pro-Zionist propaganda.

The press in Germany and abroad is agreeing that the residents of Hesse who went to the polls Oct. 8 to vote SPD did so from an underlying awareness of the momentous nature of Schmidt's international initiatives, particularly his launching, with France, of the European Monetary Fund and his recent economic treaty with the Soviet Union. The Soviet news agency Tass broke its usual silence on regional elections in foreign countries to announce the failure of a "plan by reactionaries" in Hesse to "topple the legitimate Bonn government." Schmidt, Tass observed, can now pursue his policies without the domestic restrictions placed upon him up to now. And the conservative West German newspaper *Die Welt* compared the electorate's long-range view of Schmidt's policies to the apparent scorn for the CDU's scandal-mongering and election maneuvers.

The official results show only a modest shift from the last Hesse elections in 1974, with the SPD receiving 44.3 percent of the vote, a gain of approximately 1 percent. In tandem with the FDP's 6.6 percent, this makes a small but viable majority over the Christian Democrats' 47.0 percent, which in turn represents a loss of 1 percent.

But this modest shift must be weighed against the CDU's decade-long pattern of uninterrupted electoral gains in Hesse, including its upset victory in Frankfurt, Hess's largest city, last year. In addition, the SPD has been hit with a series of damaging scandals in the state, one of which forced the resignation of Hesse Minister President Osswald in 1975. Last week's results have immediate implications for elections in other states.

That is precisely Chancellor Schmidt's reading of the situation. "Now I can leave the Federal Republic for Japan with hope and a good conscience," Schmidt said after hearing the preliminary results. "I take the victory of the Hesse coalition as an approval of my government's policy." At the same time, the position of Schmidt's Foreign Minister Hans-Dietrich Genscher (Chairman of the FDP) has also been "significantly strengthened," according to the daily *Die Welt*. Previously, it had been widely predicted that Genscher's FDP would fail to win even enough votes to remain in the state legislature.

## 'The ground would have trembled'

The City of London's plans for weakening the Schmidt government and blocking the establishment of the European Monetary Fund as an alternative to the International Monetary Fund will now have to undergo drastic revisions. The notoriously anti-Schmidt London *Times* mourned in an Oct. 10 editorial that "the ground would have trembled in Bonn" if the Christian Democrats had won in Hesse. Schmidt's coalition with the Free Democrats would have been jeopardized, while the CDU would have gained a "powerful psychological advantage."

But since none of this has happened, the major option to topple Schmidt will now revolve around Franz Josef Strauss, the British agent-of-influence who leads the Christian Social Union in the state of Bavaria. For years Strauss has threatened to break his coalition with the Christian Democratic Union to found a nationwide neofascist, environmentalist party. The London *Times* announced last week that the time has finally come for Strauss to make his move, and predicts that if Strauss "gets his way in the spring, the face of West German politics will be profoundly changed."

In reality, the losses suffered by the Christian Democrats in Hesse are the direct result of that party's willingness to act as a battering ram for policies dictated by the City of London and allied political networks such as the "free-enterprise"-advocating Mont Pelerin Society.

Over the past months the Christian Democrats have passed resolutions condemning the European Monetary Fund, have accused Schmidt of tolerating the "self-Finlandization" of West Germany, and have launched a series of irrelevant scandals which, among other things, have obstructed the government's efforts to apprehend wanted international terrorists.

But what finally turned the stomachs of the Hesse electorate was the CDU's recent defense of the role of Israel and the fascist Lebanese Falange in the Mideast. Helmut Kohl, national chairman of the CDU, went so far as to write a letter to Schmidt accusing him of committing "genocide" against "Christians in Lebanon," because Schmidt is supporting the Syrian government with grants of development aid.

### An electorate with the long view

As an independent analyst pointed out in the newspaper *Die Welt*, it is clear that the Hesse electorate did not base their decisions on "scandals or other election tricks," but rather on the "long-term information flow" provided by Schmidt's collaborators in the SPR. Not the least of these long-

term considerations were Schmidt's pronuclear development policies. Those policies prevailed despite the strong antinuclear current existing within the SPD machine in Hesse, and the European Labor Party's vigorous campaigning for nuclear technology functioned as a crucial countervailing influence in Schmidt's favor.

Schmidt himself has laid out the two alternative political geometries that can emerge "post-Hesse." In an interview with the magazine *Stern*, Schmidt predicted that if Franz Josef Strauss goes ahead with his "fourth party" option, the splitting process within the opposition parties will not stop there. The next step, he said, would be the splitting off of the CDU's left-wing faction, modeled on any number of splinter parties that came into being during Weimar Germany.

Schmidt proposed that a more "politically hygienic" alternative would be for the opposition to lay its cards on the table and make Strauss into their candidate for Chancellor in the 1980 elections. Schmidt knows full well who would win such a contest.

—John Sigerson

## The EAP's program won in Hesse, but its votes were stolen

"The first thing you have to realize about the Hessen election, despite the obvious fact that the European Labor Party (EAP) was robbed of all but 519 votes, is that it was the EAP program of nuclear energy and the European Monetary Fund that won the vote for Schmidt's SDP," EAP chairman Helga Zepp-LaRouche said in a post-election interview Oct. 10.

"Look at how all those parties that ridiculed the EAP program lost. The CDU lost one percent of their base, their first electoral loss in Hessen since 1966. The FDP lost .6 percent of their standing, knocking them down to only 6.8 percent of the total vote. And the environmentalist parties, the wretched GLU and GAZ, together polled only 2 percent, a third of the admittedly poor showing they achieved in the Hamburg and Lower Saxony elections this summer.

"So every party that opposed the EAP program lost votes. But what happened to the EAP's votes? We got 116 in Wiesbaden, 138 in Frankfurt, 43 in Biblis — the site of the Biblis "C" nuclear reactor we campaigned for — and 37 in Darmstadt: 519 in total. Can this be the outcome of four TV and radio broadcasts, hundreds of thousands of leaflets distributed, dozens of presentations to high school classes? What about the tens of thousands of Hessen voters who purchased, and for a good price, EAP programmatic literature?

"We are already investigating several leads in this

fraud," Zepp-LaRouche said. "First of all, after similar fraud in the 1976 federal election campaign, members of the EAP executive were told by a high FDP official that although he knew for sure EAP votes were stolen, there was no way this could be proven in court.

"Second, there is a press connection. The press either ignored the EAP in the closing weeks of the election, or dismissed it as insignificant. But right after the elections, the Oct. 10 *Frankfurter Allgemeine Zeitung* — one of West Germany's most influential daily newspapers — wrote that the EAP 'was not able to convert its relatively extensive election campaign into votes.' Why would the FAZ change its opinion about our campaign from one of neglect into admitting it was 'relatively extensive' right after the voting? Isn't a good showing at the polls usually the proof of an extensive campaign?

"We also know that in the elections this August and September in America, evidence of massive vote fraud against a cothinker of ours, the U.S. Labor Party has been presented in court, specifically in Michigan, and these cases have been connected to Zionist networks that also run drugs and terrorism. In Hesse, we will be investigating Zionist networks in the trade unions, and the Willy Brandt network in the Social Democratic Party too. In the case of the opposition CDU, we will investigate the links between that party and the Black Guelph nobility still running loose in Hesse."

# Begin crackdown on IMF drug trade

*Tighter law enforcement follows congressional blast at int'l trafficking*

Grassroots political pressure, transmitted through the U.S. Congress, has forced the Carter Administration to take preliminary action to halt the tidal wave of illegal narcotics traffic which threatens to overwhelm the United States.

Since the enforced departure of White House drug abuse advisor Peter Bourne this past summer, when it was revealed he had written phony prescriptions for White House staffers and had allegedly used marijuana and cocaine at Washington parties, the Drug Enforcement Agency and its chief Peter Bensinger in collaboration with federal and state agencies, have conducted a modest crackdown on drug traffic. A well-publicized series of busts and Bensinger's own emphasis on the importance of vigorous law enforcement against marijuana traffic followed hearings by a Congressional narcotics committee labeling the activities of "offshore" banking drug-and-crime networks operating through the Caribbean and south Florida "a national disaster" for the United States.

The government of Colombia, a country which is currently a major point of origin in Latin America for marijuana and cocaine smuggling into the U.S., has taken strong action to prevent drug exports, sealing off an entire province where marijuana is a principal crop.

President Carter himself, previously on record as a supporter of the decriminalization of marijuana, has responded to the pressure, stressing to newsmen his "unprecedented" cooperation with Colombia's President Turbay to stem the drug plague.

As yet, however, the Carter Administration remains firmly wedded to the policies of the International Monetary Fund and World Bank, whose emphasis on forcing developing nations to pursue "cash-crop-for-export" economics in the tradition of the British Colonial Office, and opposition to rapid industrialization, is actually promoting "dope economies" in the developing sector.

Moreover, Congress and law enforcement personnel, aware of the connection between drug traffic and certain international financial offshore banking networks ultimately based in the City of London, have yet to crack the British "dirty money" networks at the top. Until they do, London's "war on the U.S. dollar" and takeover attempts against U.S.

banks, financed by the \$100 billion a year drug trade, will continue.

The U.S. Labor Party has launched a campaign to escalate present rearguard actions against narcotics traffic into fullscale investigations, prosecutions, and convictions of the major banks, and political figures who are the ultimate "merchants of death." The party is now preparing for publication a mass of documentary evidence and a political roadmap of the "Drug International" to aid professional law enforcement personnel, elected officials, and citizens groups to nail the criminal "brains" behind these operations.

—Don Baier

## House committee rips drug trade, drug banking

*In August 1978 the U.S. House of Representatives Select Committee on Narcotics issued a report on drug trafficking in south Florida which blasted laxity in Federal enforcement of drug laws and concluded that "sophisticated" off-shore and foreign banking operations are key to the drug trade. Excerpts from the report follow.*

### Introduction

In June 1977, at the urging of the ranking minority member of the subcommittee, Congressman J. Herbert Burke (R-Fla.), the committee began an inquiry into the extent and nature of drug trafficking in south Florida. In the fall of 1977 and again in the spring of 1978 the committee dispatched investigators to the scene.... But the information obtained by the committee's investigators did not adequately prepare the members of the committee who traveled to Florida for the hearings on June 9-10 for the actual extent of the present drug disaster which those hearings revealed.

Marijuana, from Colombia, is dispatched by the ton-load in all manner of vessels, some foreign flag, some American, destined for south Florida. Seizures of marijuana at the Miami airport had quadrupled over the past six months. Almost daily, tons of marijuana

and kilos of cocaine were interdicted, yet it is clear from testimony... that these seizures represent only the tip of the iceberg. Despite dedicated and heroic efforts by Federal, State and local law enforcement personnel, the committee estimates that less than 5 percent of the total contraband coming into south Florida was seized prior to the committee's hearings. The committee found among other things that fortunes were being built on the drug trade... that the drug trade was so pervasive that many millions of dollars in cash were being diverted by the Federal Reserve System to the Miami district in order to meet the demands of the illicit drug trade. The committee discovered that the total gross dollar value of the drug trade in south Florida was at least \$7 billion annually, of which the majority represented sales of marijuana and at least \$500 million sales of cocaine.

Testimony made it clear that illegal drug trafficking had, within the past two years, become the single largest commercial activity in the Florida area. Such a situation not only breeds disrespect for the law but also, as the recent *Miami Herald* editorial puts it, "erodes the moral fiber of the community."

If the Federal Government were to adopt a mistaken policy of overlooking the smuggling of large quantities of marijuana because of an ill-founded notion that marijuana is not "all that harmful" and is being "decriminalized" by several States, grievous harm could be caused. The smuggling of any contra-

band, especially in large bulky shipments, cannot be countenanced because if traffickers are left free to smuggle, they will soon be dealing in arms, explosives, and other terrorist paraphernalia, as is beginning to be the case now....

Law enforcement responses to this horror were even more disturbing than the actual situation. The manpower, funds and material available to Federal, State and local law enforcement agencies were found to be totally inadequate....

Despite the committee's most urgent efforts, it is unable to determine how much marijuana, cocaine and heroin enters the United States through Florida. The state... has 8,425 miles of shoreline and as many as 200 clandestine airstrips... 7,000 daily international travelers enter the port of Miami through its airports alone.... On June 10, 1978 the committee, comparing the south Florida drug smuggling problem to a national disaster, called for emergency action by the Federal Government to alleviate problems of limited law enforcement resources... a telegram was sent... to the White House, State Department, DEA and Customs....

### Summary of testimony

...The regional director of DEA, Mr. Frederick A. Rody, Jr., stated that "south Florida has become inundated with marijuana and cocaine smuggling and trafficking." Seizures by the Coast Guard, Customs,

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## Carter pledges crackdown on drugs

*At a question and answer session with senior editors on Latin American affairs Sept. 22 President Carter was pressured to commit his Administration to international cooperation to stamp out the narcotics trade.*

*Q. Mr. President, in south Florida...we're concerned about the drug traffic, which we seem to be the chief landing point. We also have a feeling that the Carter Administration is not taking all of the steps that should be taken to stop this flow of traffic. And my question to you, sir, is do you have any plans to try to work out some sort of agreement with the countries that are the source of some of these drugs?*

*The President.* Well, we've already done a great deal, never enough in

the case of drugs. When I became President...about 90 percent of the heroin coming into the country was obtained from Mexico...

That's been almost completely eliminated, the heroin sources in Mexico...with aerial photographs, infrared, that shows the location of poppy fields, with the very good cooperation for the first time, really in an all-out effort along with Mexico to destroy the poppy fields once they are found, to try to shift the small farmers in the high altitude regions above 3,000 feet elevation to alternate sources of income, away from the poppies that were formerly used for heroin. This has been successful.

At the same time, we tried to restrict the shift of drug production, not just from heroin to something else but to reduce it overall. We've still got a serious problem with marijuana....

We do still have a problem of co-

caine. As you know, the coca leaves are produced in nations to the south of Colombia. Much of it is processed in Colombia, and that's been a major avenue of drugs. But we've had good cooperation now from the Colombian Government. We are forming alliances with them, actually signing documents that share responsibility. We provide some technical assistance, some helicopter services, a free exchange of information between our authorities and theirs. We've had very good, unprecedented cooperation at the top level.

But narcotics control is a major element of our relationship with the Latin American countries. They all see it as the most threatening source of corruption and even destruction of their own governmental society. And I've had long talks with President Lopez Michelsen and others, in Colombia and Mexico and different countries about this subject.

and DEA, in the past six months, represent "more drugs than were collectively seized by the U.S. Federal law enforcement community during the entire previous year." ...He concluded that the smugglers are better equipped and have more financial resources than the entire drug law enforcement community....

Mr. Robert N. Battard of the U.S. Customs Service and Rear Adm. Robert W. Durfey of the U.S. Coast Guard... made it clear that the total tonnage of marijuana and cocaine... is overwhelming all containment efforts....

E. Wilson Purdy, director of the Dade County Public Safety Department,... and Kenneth I. Harms, chief of the Miami police and Sam Martin, chief of the Hollywood police... stressed that to a great extent the interception of thousands of tons of marijuana... and cocaine is not totally due to the effectiveness of law enforcement, but rather the tremendous volume of drug traffic....

The local police chiefs made it clear that the combined efforts of law enforcement alone will never greatly affect trafficking. The United States must deal directly with the source countries, as it did with Mexico....

...Mr. Atlee Wampler III, Chief of the Miami Organized Crime and Racketeering Strike Force and Mr. Michael P. Sullivan, assistant U.S. attorney in charge of narcotics prosecution appeared before the

committee.... Mr. Wampler testified that no other area of the United States has been inundated with as many organized crime individuals as south Florida. He estimated that there are over 1,000 racketeers... infesting businesses, labor unions, banks and gambling operations....

Mr. Sullivan testified that Florida judges do not impose sufficiently stiff sentences.... The cases Mr. Sullivan tries involve complex conspiracies and large amounts of money....

Mr. Sullivan testified to the financial aspects of drug trafficking. Under Federal banking law, the Currency and Foreign Transactions Reporting Act of 1970, any deposit or transfer in excess of \$10,000 must be reported to the Internal Revenue Service. However, major traffickers circumvent this requirement by using easily obtainable sources of false identification.... In addition, money transferred from American banks to offshore depositories, is virtually untraceable. Traffickers utilize sophisticated international banking services in the Bahamas, Panama and Switzerland where foreign bank secrecy laws protect their illicit profits.

## Findings

3. The success of the paraquat-spraying program in Mexico has contributed to the problems in south Florida. Untainted Colombian marijuana has now

## Colombia declares war on drugs

The government of Colombia, under President Julio Turbay Ayala, has begun a tough law enforcement drive to block shipment of some 120,000 tons of marijuana to the United States. As reported previously in Executive Intelligence Review, London-directed offshore banking and crime networks operating in the Caribbean had planned this "dope invasion" for the fall.

Under decrees issued Oct. 4 by the Turbay government, the region of Guajira, the principal source of marijuana for the U.S. market, is to be "sealed off" from the rest of Colombia and the world at large. Land, sea and air traffic in and out of Guajira has been placed under stringent government controls, policed by the armed forces and

national police as well as local enforcement personnel. Violators are subject to seizure of property and prosecution.

The official statement announcing the crackdown, which will be fully implemented by Nov. 1, said: "There has been an intensification of organized delinquency in some regions of national territory due to the misuse of airports, airplanes, river and maritime transport, and transport vehicles both domestic and foreign; many of these enter the country, violating national sovereignty, to carry out illegal activities such as trafficking in drugs and contraband in coffee in connection with the illicit commerce of arms, which in turn generates other activities. . . . It is the duty of the government to prevent and repress these acts, taking measures which will lead to the reestablishment of normalcy."

The decrees impose stringent restrictions on the movement of all transport to and from the region. "Fines will be imposed; planes, ships, barges, and other vehicles will be confiscated, and there will as well be cancellations of driving, navigation licenses. Anyone cooperating with the intellectual authors of a crime will be given a sentence one half of that given the intellectual author. . . ."

The government stopped just short of drawing the connection between drug traffic, international terrorism, and the plantation-minded families who prefer International Monetary Fund-ruled cash-crop peasant economies to industrialization and improved living standards. Turbay pointedly noted, however, that illegal gun-running was part of the Guajira drug operation, timed to run with harvest and export of the coffee crop.

become the choice of the marijuana abuser, and Colombia is now the major supplier of marijuana to the U.S. Most of this illegal substance enters through Florida. Efforts to decriminalize marijuana in small quantities for personal use have led to increased demand for marijuana and higher profits for smugglers. In the past few years cocaine has become popular with certain population groups in the U.S. Major shipping patterns have been established from Peru and Bolivia to Colombia and on to the U.S.

18. It is obvious that the tremendous narcotics trade is adversely affecting the climate for legitimate business.... There is an enormous flow of cash into the Miami Federal Reserve District, probably as a result of narcotics trafficking. A chart comparing Miami to districts of the same size such as Cincinnati, Dallas, Houston and St. Louis showed that the proportion of payments to receipts in Miami is much higher than normal....

### Conclusions

9. The Federal Government must react to the situation in south Florida in the manner it would if a natural disaster or other grave emergency had struck the area.

## DEA campaigns against leniency towards pot

Peter B. Bensinger, administrator of the U.S. Department of Justice's Drug Enforcement Administration, is rallying the nation's law enforcement community to continue their traditional opposition to relaxed enforcement or scrapping of the United States's laws prohibiting the use of marijuana. In speeches to the Federal Bureau of Investigation Academy at Quantico, Va. on Sept. 22, and to the Annual Conference of the International Association of Chiefs of Police, held in New York Oct. 10, Bensinger focused on the growing threat to American youth posed by the illegal traffic in marijuana, which Bensinger estimated at \$15 billion a year.

Even as the DEA adopts an increasingly tough antimarijuana line — including a soon-to-be issued report which demonstrates the high levels of cumulative damage done to marijuana smokers by "moderate" (five cigarettes per week) use — the "pot lobby" is mounting a more and more aggressive drive for marijuana "decriminalization."

On Sept. 9, Keith Stroup, national director of NORML (National Organization for the reform of

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## Pot condemned as glaucoma remedy

*Dr. John Bellows, Director of the International Glaucoma Congress, condemned the state of Illinois's legalization of marijuana use in the treatment of glaucoma as a dangerous and cruel hoax in a letter to the Chicago Tribune Sept. 29. The text of his letter appears below:*

Gov. (James) Thompson signed a bill on Sept. 9 legalizing the use of marijuana for humane medical treatment of cancer and glaucoma. As an ophthalmologist, I am concerned that this legalization may give rise to unforeseen difficulties for the uninformed glaucoma patient.

The legalization of marijuana for the treatment of glaucoma suggests that it is a valuable therapeutic agent. Though in some patients marijuana may reduce the increased intraocular pressure caused by glaucoma, conventional remedies are far more effective. Marijuana decreases intraocular pressure for only two hours, whereas conventional drugs are effective for eight, 12, or even 24 hours. The short-term effectiveness of marijuana lessens its usefulness considerably; for example, the intraocular pressure would be uncontrolled during sleep. Since glaucoma requires lifelong treatment, the exclusive use of marijuana would require that the patient smoke "pot" for his entire life.

Marijuana is also known to

produce transitory side effects, including nystagmoid movements, impaired focusing, double vision, transitory loss of vision, corneal anesthesia, conjunctival infection, decreased tearing, and constriction of the pupils. In addition, marijuana may alter perceptions of reality, reduce alertness, and impair short-term memory.

The prevention of glaucoma blindness requires the patient's lifelong compliance in using conventional medication and periodic examinations by a skilled ophthalmologist to determine whether the disease is under control.

Marijuana Laws) and an avowed drug user, told an audience in Des Moines, Iowa that NORML has targeted a dozen states, including Pennsylvania, New Jersey, Michigan, and the District of Columbia, for decriminalization legislation. Stroup specified that decriminalization of marijuana for "medicinal purposes, like the treatment of terminal cancer patients," would be considered a "win" for the pot lobby. The week of Stroup's speech Illinois Governor James Thompson signed into law just such a bill — long backed by Illinois's Zionist Lobby Sen. Charles Percy, like Thompson a liberal Republican.

Bensinger's speech, excerpts of which are reprinted here, was the subject of a strong anti-decriminalization editorial in the *Seattle Times* of Sept. 23, and has been covered far more extensively to date by West Coast papers, including the *Seattle Times* and *Post-Intelligencer*, than on the East Coast.

Also included below are excerpts of Bensinger's remarks at the Annual Conference of the International Association of Chiefs of Police. In response to questions from the floor, Bensinger strongly praised the antidrug efforts of Mexican President Lopez Portillo and Colombian President Turbay Ayala. Queried by an NSIPS reporter on the link between international drug trafficking and international

banking networks controlling the funds from drugs, Bensinger noted that the key banks involved are based in the Cayman Islands, Bahamas, and Switzerland — publicly confirming the analysis of drug-banking networks carried in *EIR*.

## Mexico, Colombia praised for antidrug efforts

*In response to a question on international cooperation in fighting drugs at the IACP annual conference Oct. 10, DEA head Peter Bensinger stated:*

The Mexican opium eradication program has been highly successful and has had a marked effect on the US heroin picture . . . I'm also impressed with (Colombian President) Turbay's efforts to stop marijuana smuggling. The Guajira peninsula is a smugglers' paradise; ships and planes can move there easily. However, Turbay has initiated a containment and eradication program and already the first major Colombian naval seizure has occurred, and a number of airstrips have been closed. I recently had a meeting where Turbay told me, "These are your citizens using drugs and your country is the major market. How can we (Colombia) prevent the drug running if your laws are not enforced and your penalties are low?" . . . The current laws are not a sufficient deterrent, are insufficient to discourage marijuana runners from buying and dealing tonnage quantities. The federal laws should be changed. The average sentence for large scale running is three years with most getting out after more than a year.

## Bourne opposes anticocaine fight

*Cashiered former White House drug czar, Peter Bourne, whose ouster in August preceded the current toughening of drug law enforcement, reappeared in the news Oct. 10, as a national wire from New York reported the following:*

Dr. Peter Bourne, President Carter's onetime chief advisor on drug abuse, says it is useless to try to end cocaine use, and the government should not impose stricter laws.

During a two-part, taped interview on the Dick Cavett Show to be aired over Public Broadcasting Service stations Oct. 24 and Oct. 25, Bourne said: It is unrealistic to think that we're going to wipe it (cocaine use) out.

I don't think we need a massive law enforcement crackdown. We can't enforce the (drug) laws that we have on the books now.

I think at the same time legalizing it or even decriminalizing it would compound the problem. We would have more people using it. We would have more problems. I think at the moment we have kind of a standoff. And my personal belief is that the current standoff isn't too bad from a policy standpoint, he said.

The British-born doctor said he never used the powdery drug himself....

## Threat to nation's youth

*Speaking to newly-graduated FBI special agents Sept. 22, Bensinger stressed the threat posed by marijuana to users' health, and to the nation's youth.*

Should we be concerned with marijuana? I think we should. I think there is a myth that marijuana is harmless. I think there is a myth that marijuana is like smoking a cigarette or like drinking alcohol. There are some similarities, but very few, and many very important differences.

Marijuana is comprised of up to 50 different chemical ingredients including THC. Alcohol is made of ethyl alcohol, one chemical ingredient. THC accumulates in the blood supply system and an individual smoking several joints of marijuana will find traces of THC in his or her blood as long as 30 days after use. The effect is cumulative and therefore much more unpredictable. . . .

An individual smoking five joints of marijuana per week will have a greater number of carcinogens in his lung tissue than an individual smoking a pack a day of regular cigarettes. . . .

Pulmonary pathology for marijuana smoking is more severe than that for normal cigarette use. Doctors in several parts of the world have found that chromosomal abnormalities as well as possible brain damage are linked to the use of marijuana, and the Director of the United Nations Laboratory in Geneva, Dr. O.J. Braenden, has expressed his own personal concern to me in this regard.

The net effect of using marijuana on the smoker is that it slows one's reflexes, because it affects the central nervous system . . . Teachers in the schools have found an alarming increase in lack of initiative and responsiveness in their classroom when there is use of marijuana by students.

What are we to do? Some will answer, of course, that the way to solve the problem is by legalizing the crime. Not mentioned, however, is that legalizing marijuana use would break the Single Convention on Narcotic Drugs, 1961, which the United States has signed with 108 countries and which commits this country to restrict and control the use of marijuana and a variety of other narcotic and dangerous drugs. But even if we were to abrogate this treaty around the world, would it make any sense? Well, marijuana would continue to pose a major health hazard, only in much greater scope. Would it really achieve the end result of taking the criminal organizations — organized crime — out of the market? It would do no such thing. . . .

Now the major market for marijuana is not adult smokers, but children — adolescents who do not know any better and whose parents are unwilling and/or afraid to talk to them about the problem. As a result organized crime would move in and simply take over the majority of that market — which would be a black market, illegal, 10-to-18 year-old targeted bootleg operation. This is what is happening today. Marijuana distributors are not youthful teenagers out on a one-time spree. They are part of large, sophisticated criminal organizations that we have investigated.

## Public backlash hits drug decriminalizers

Backed by a substantial portion of the nation's media, the liberal press, and such stalwarts of the "Zionist lobby" and Kennedy machine as Edgar Bronfman and Sen. Jacob Javits, proponents of marijuana decriminalization are making a game show that nothing has changed since the heady days following Jimmy Carter's inauguration in 1977 when 15 leading Democratic congressmen including Sen. Ted Kennedy issued a public call for national legislation to decriminalize "pot."

But at the grassroots of America, there are widespread indications of a massive — and growing — public backlash against the decriminalizers, strong enough to have a significant impact on key electoral races in November, and strong enough to force public exposure of the organized crime and British-linked political networks behind drugs.

The antidrug grassroots action is typified by recent developments in Buffalo, New York. As schools opened, 36 school principals issued an open letter to Erie County (Buffalo) parents detailing exactly how drug use is destroying the minds of their children in the classroom. In the letter, carried by the Buffalo daily papers Sept. 25, they called for firm action against drugs, including re-criminalization of marijuana, reversing the hotly contested decriminalization bill rammed through the state legislature recently by Kennedy-wing Democrats.

The Buffalo principals' action contributed to public pressure which forced press coverage, throughout the state on Oct. 11, of a statewide report by the Office of Drug Abuse showing that marijuana use has tripled since decriminalization, and that 45 percent of all students in grades seven through twelve use the drug. A political hot potato for Bronfman-funded Governor Hugh Carey — a strong decriminalization proponent who is seeking reelection in November — the report was intended to be kept under wraps until after the election. As a result of its dissemination, the report is provoking a major political furor. A similar backlash is hitting decriminalization drives elsewhere in the nation.



In California, a statewide coalition has been formed to defeat "Proposition W," a November referendum that calls for nonenforcement in San Francisco of statewide laws against marijuana use, possession and trafficking. Called the "Initiating Committee to Defeat Proposition W," the group released a statement to the press Oct. 6, saying, "America needs to concentrate on the development of greater numbers of brilliant people to deal with the scientific needs of an industrialized world. . . Proposition W is the institutionalization of lawlessness in which San Francisco will squat outside the California laws that protect citizens from drug pushers, drug users and drug growers."

On the committee are Mrs. Ray Price, member of the state coordinating committee of the California Republican Party; Mrs. Hardin Jones, co-author with her late husband Dr. Hardin Jones, of the antidrug book, "Drugs, Deprivation and the Rehabilitation of the Mind"; Ms. Pat Dolbeare, state Co-chairman of the California Labor Party; Dr. Harvey Powelson; and others.

The Flint, Mich. chapter of the NAACP organized a picket line October 10 at the offices of Robert Leonard, the Genesee County Prosecutor, to protest his notorious nonenforcement of the criminal drug laws. Leonard, a leading Zionist Lobby figure in Flint, has continuously stated that the Michigan statute making marijuana a felony is "racist," because "everyone knows," he says, "that it is blacks who smoke it and who will end up in jail." The spirited demonstration, covered by the Flint Journal and local television, included members of the NAACP and Labor Party campaign workers.

Boycotts and picket-line actions are occurring this week in Richmond, Va. and Baltimore, Md. against the prodrug film *Up in Smoke*, which is being promoted by ads urging viewers to come "high" on marijuana.

Participants in the action in Richmond include the Labor Party Congressional campaign of Alan Ogden, area Baptists, PTA members and others. In Baltimore, the film is being shown despite the unanimous disapproval of the state Board of Censors, which nevertheless, was forced to release the film due to a 1965 state court action allowing withholding a film only for obscenity defined as explicit sex, but not drugs or violence. A member of the Board, Mrs. Martha S. Wright, has written to all theaters in the state, as well as to the makers of the film, Gulf and Western

Subsidiary Paramount, and others, asking them to withdraw the movie.

"This board is receiving complaints about the movie *Up in Smoke* and also the manner in which it is being advertised" Mrs. Wright says in the letter. "We have been told this kind of film could psychologically saturate the mind to such a point that human beings would be able to see the ridiculous way they behave in search of gratification, but by the same token, the same film could just (do) the opposite and encourage the use of drugs which is *still against the law*."

"We realize there are no laws against your freedom to produce this type of film but we also realize you have a responsibility to uphold the existing laws of this country and not encourage the citizens to break them. . ."

A group of New Yorkers is seeking to force a legislative investigation of the drug operations of the Hong Kong-Shanghai Bank, which has filed to purchase the New York Marine-Midland Bank, and a Labor Party rally October 11 in front of the "Hong Kong" bank headquarters at the World Trade Center in the Wall Street district drew crowds of supporters.

And, at its last convention, the American Farm Bureau Federation took a strong stance against efforts to lower penalties for marijuana use. "Courts and the law must deal severely with those engaged in illegal distribution and sale of narcotics and drugs," the Federation said. "We recommend that guilty persons receive punishment at least equal to that for assault with intent to kill. . . We oppose the legalization of marijuana."

These initiatives are setting a new standard by which contenders for political office will be judged this November, despite efforts by the pro-drug lobby connected with the Kennedy wing of the Democrats, and the Kissinger wing of the Republicans, to keep the issue "low profile" until after November.

So far, however, most rank and file GOP and Democratic candidates are defaulting on the critical drug question, leaving the U.S. Labor Party slates to lead the fight against the supporters of Ted Kennedy, whose Senate bill advocates national decriminalization, and who is now proposing heroin "for the dying." Labor Party candidates are reporting unprecedented support for their anti-drug campaign, beginning especially with the September release of a statement by Labor Party national chairman Lyndon LaRouche, "Why Your Child Became a Drug Addict."

—Marcia Pepper

# Turkey rejects IMF's 'straitjacket'

Foreign Minister Gündüz Okçün talks to the EIR about debts, drugs,

*Now that the three-year-old U.S. arms embargo against Turkey has been lifted, anti-Soviet ideologues in the U.S. are eagerly forecasting a "new era" in Turkish-U.S. relations reminiscent of the close cooperation between the two countries during the Cold War. But how are the Turks viewing this?*

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## EXCLUSIVE INTERVIEW

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*Popular opinion in the U.S. has it that the embargo — imposed in 1975 by the Congress to protest Turkish use of American arms in the invasion of Cyprus — was repealed to encourage the Turks to make concessions on Cyprus. But it appears from the Washington end that certain elements had other things in mind. Brzezinski and Kissinger circles in U.S. foreign policy-making are trying to use the repeal as a bargaining chip to force the Turks into dropping carefully cultivated ties with their Soviet, Balkan, and Arab neighbors and into assuming an anti-Soviet posture to "stem the Communist tide."*

*Last week Turkish Foreign Minister Gündüz Okçün gave an exclusive interview to the Executive Intelligence Review's United Nations correspondent Leif Johnson, in which he discussed the future of his country's foreign policy.*

**EIR:** *Mr. Minister, you have stated that Turkey is following a policy based on the "Four Ds": detente, development, disarmament, and decolonialization, and that this policy is very much in the spirit of the policies pursued by Kemal Atatürk, the founder of the Turkish Republic. Could you expand on this?*

**Okçün:** We attach great importance to the establishment of detente throughout the world, not only in the Mediterranean. Detente is a global, not a regional, concept. In particular, we in Turkey are working to establish close relations with our neighbors.

We have extensive economic, technical, and commercial agreements with the Balkan countries. With the Soviet Union, we have signed a protocol agreement based on detente and Helsinki. We have worked out an agreement with the Soviet Union on the con-

tinental shelf in the Black Sea, and we are currently in the process of concluding a long-term economic agreement. With Iran, our relations are friendly. We want a commercial agreement to buy oil in exchange for certain goods. We have a similar agreement with Iraq. Relations with Syria are normal.

It is our understanding that by strengthening detente in our region, we are contributing to the strengthening of detente in the world. We believe that foreign policy should be based on a network of economic and technical cooperation, and we strive for this.

We also would like to contribute to the work toward disarmament, decolonialization, and, of course, economic and social development.

**EIR:** *Turkey is rapidly emerging as one of the leading spokesmen for a new world economic order to facilitate worldwide economic development.*

**Okçün:** Yes, this is so. We believe that the work at the United Nations and elsewhere should be devoted to the establishment of a new international economic order. Our children will blame us if we ignore this problem, just as the League of Nations is now being blamed for not preventing World War II. All efforts should be diverted, all minds should be directed, to the problems of development of the world so that the gap between rich and poor might be breached. This is the problem and the challenge of our age, and we in Turkey take it as a part of our foreign policy to establish a new international economic order, either through bilateral relations or international forms.

Turkey already plays an important role in the East-West dimension. We want to add the North-South dimension now. The Turkish government pays great attention to introducing that aspect into Turkish foreign policy, because we wish to expand our relations with the developing countries. We would like to work closely with the developing countries to establish a new economic order, to share our experiences and have Turkey become a model for them.

**Reschedule debts, maintain democracy**

**EIR:** *What do you mean when you say you want Turkey to become a model for the developing sector?*

# and Cold War

## and detente

*Okçün:* If you talk to students or statesmen from developing countries, they will suggest certain models taken from Peking or Moscow, but not from the West. We believe that we should create a new model for development, in which we can achieve economic and social development, in a democracy, with due respect to human rights.

We, the Turkish government and the Republican Peoples Party, are in favor of changing the economic and social order at home as well as abroad. It is really difficult in a developing country to achieve economic development. It is more difficult to achieve economic development in a democracy with due respect to human rights. It is even more difficult to achieve economic and social development in a democracy with due respect to human rights when you inherit billions of dollars as debt. That's our problem now and the hardest problem we are facing. We would like on the one hand to reschedule the outstanding debts of the previous governments, to find some fresh credits to set the Turkish economy into motion again, something like pump priming, and on the other hand we would like to try — we are determined — to do this in a democracy. That's our challenge, and if we succeed in meeting this challenge, I think this model will be taken up by other developing countries.

### On the IMF and World Bank

*EIR:* In your speech before the United Nations General Assembly, you made the following statement: "The developing countries are more often than not called upon to restrict their growth for the sake of strict internal financial stability. Some of the lender countries and monetary institutions require certain policies which lead the economies of developing countries to stagnation in the name of stability even after they achieved a feasible level of internal economic adjustment necessitated by the economic crisis. Stability is no doubt one of the prerequisites of the sound economy; yet developing countries can achieve development not through a stagnant but a dynamic stability. Forcing them to a stagnant stability would inevitably cause grave social and political crises and eventual upheavals in these countries." How do you see getting around this problem?

*Okçün:* In my speech, I was referring to the Inter-

national Monetary Fund and other international institutions such as the OECD and the World Bank. They usually give certain stated objectives or prescriptions for developing countries who lack foreign exchange. From the technical point of view they may be right, but an economy cannot be divorced from the social and cultural dimension.

Stabilization measures should take into consideration certain economic and cultural aspects of a given country and create a new model of stability. We should give that country a chance to achieve economic development without any breakdown, without any collapse, by satisfying the needs of the people on the one hand and achieving economic development on the other. It is a very difficult problem, but it should be taken as a model, otherwise the straitjacket model advocated by those institutions I mentioned would be a model for non-democratic government. We cannot apply such a model by saying to the people, "Shut up! You have no right to criticize!" In a developing country where economic and social development is to be achieved with due respect for democracy and human rights, you can't say this. You have to explain this is for the good of the people. You can't say that one of two generations will have a straitjacket economy and then we'll have economic development. What you can say is that we are going through a financial crisis, that we want economic development and expect fresh money from international institutions or certain banking institutions, that we will establish our industries which will engender our further economic growth. We believe that financial institutions should take another look at this problem.

### Controlling opium

*EIR:* How did Turkey solve the problem of growing and distributing opium?

*Okçün:* We have attached a great importance to the drug problem. As you know, the cultivation of the poppy plant is very limited in Turkey. The Minister of Agriculture issued a plan which was an international statement on the growing of poppies. We now follow a certain method of cultivation, under surveillance. On the smuggling of opium from Turkey, we are very strict on this.

*EIR:* You are then saying that it is possible to control or eradicate the growing, shipping, and processing of opium or other drugs?

*Okçün:* Absolutely. The opium is bought by the Turkish government. It is strictly controlled by the government, under strict observance of the law. We think it is a problem of humanity, and we will do our best to contribute to the solution. I am informed by the Minister of Agriculture that our program is working very well. We have diminished the number of poppy-growing plots, limiting them to certain provinces where no one from town can cultivate the poppy.

As I said, we are dedicated to solving this problem in the interest of humanity.

# Will Turkey volunteer to 'stem the red tide'?

The attempt to rope Turkey into an anti-Soviet stance is a key component of post-Camp-David efforts to establish a NATO-style "Middle East Treaty Organization," involving Turkey, Israel, the CENTO countries of Iran and Pakistan, and several bought-off or blackmailed Arab states, against the Soviet Union.

But there are emphatic signals from Ankara that Turkey will reject such a role.

## 'Revive the Truman Doctrine'

Turkey's role in the projected Middle East Treaty Organization was explicated by cold warrior J.C. Hurewitz, director of Columbia University's Middle East Institute, at an Oct. 5 symposium in New York sponsored by the American Turkish Society.

Fixing his sights on Turkey's commitment to detente and cooperation with the Soviet Union, Hurewitz claimed that the Soviet threat in the eastern Mediterranean is "greater than it was in 1947," and called for "full consultation and coordination . . . as we move into the new (post-embargo) relationship" with Turkey.

In particular, Hurewitz claimed to be alarmed about the growing "Soviet threat" to the Turkish

Straits, and on Turkey's expanding economic relations with the Arabs, namely Iraq and Libya, both of whom maintain friendly ties to the Soviet Union.

He also zeroed in on Turkey's reluctance to support the Camp David "solution" to the Middle East crisis. Turkey, he noted, can play an important role in selling the Camp David fiasco to the Arabs, despite the fact that Foreign Minister Okçün, in his speech before the United Nations General Assembly, made it clear that while Turkey recognizes the "importance" of Camp David, "negotiations for a just and lasting settlement could not take place in the absence of the Palestine Liberation Organization."

Camp David, Hurewitz announced to a doubtful audience, contributes to detente. Since the Turks are so committed to detente, and since Camp David will further detente, then Turkey *must* support Camp David. "As I understand it, there has been no really detailed, formal communication between Washington and Ankara on the results of Camp David," said Hurewitz. "I get the feeling from talking to your Foreign Minister that this is a matter that certainly needs repair, but clearly from remarks that he has made I get the feeling that the attitude of the Turkish

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## Turkish official: no nostalgia for Cold War

Exclusive to NSIPS

*We print below the rebuttal by former Turkish UN ambassador Iler Türkmen to a presentation by J.C. Hurewitz of Columbia University at a Turkish-American Society symposium in New York on Oct. 5.*

At a time when we are trying to reassess Turkish-American relations with a view to reviving the old partnership, we have to be clear on certain concepts and also on our assessments of our past cooperation.

Professor Hurewitz mentioned, for instance, detente, and he said that it seemed to him that the

perceptions of our two countries on detente were not convergent but to a certain extent divergent. I think this is a very difficult statement to make because I think the perception of detente in the United States itself changes very often and sometimes daily. . . .

Today, perhaps, we are looking a little more enthusiastically (toward detente — ed.). Perhaps we have thought that your reactions to what has happened in Africa a bit overdone. This is normal, and I think that the same reactions exist in the United States itself.

I think that one should be very careful not to request from Turkey an automatic identification with the more extremist views expressed in the United States.

## Relations with Soviets 'normal and healthy'

As far as our relations with the Soviet Union, I think that this is a

very normal and healthy development which has happened and since the Soviets have abandoned their claims over the Straits and eastern Turkey and embarked on a policy of good neighborliness, it was quite normal that we should respond to it. Although we have now extensive economic relations, I think that one should also bear in mind that this relationship is no more than that of France or Germany. There has been nothing in the economic relationship or political consultations with the Soviet Union which goes beyond what any other NATO member is doing at the present time.

As far as the Straits are concerned, and Professor Hurewitz has touched upon that (the growing Soviet threat in the Straits — ed.), I don't think that anything has changed. I think that the Montreux Convention is being applied faithfully and to the letter. The over-

government is quite different from the attitude of Washington."

Lamenting that "we cannot dictate to Turkey," Hurewitz wistfully recalled Turkey's past capitulations to Cold War threats: its acceptance of the Truman Doctrine, its call for a Middle East defense organization in 1951, and its pivotal role in the establishment of the anti-Soviet Baghdad Pact in 1956. These types of policy decisions, asserted Hurewitz, must be made again today. "I would suggest," he said, "that the conditions today, if anything are even more urgently in need of that kind of cooperation."

Hurewitz's presentation was followed by a similar Cold War speech by John C. Campbell, former Director of Studies at the Council on Foreign Relations. Campbell belittled Turkey's desire for detente with the Soviet Union, by pointing out that just because there is detente between the Soviet Union and West Germany, it does not necessarily mean that there can be detente between the Soviet Union and Turkey.

### **But the Turks balk**

At the symposium, Ilter Türkmen, the former Turkish Ambassador to the United Nations and currently a top aide to Foreign Minister Okçün, sharply rebutted Hurewitz's Cold War diatribe. Türkmen defended Ankara's policy of cooperation with Moscow, and rebuffed Hurewitz's insulting insinuations that Turkey

was being naive in cooperating with the Soviets because of the Soviets' growing military strength. "If the Soviet Union is becoming much more powerful," stated Türkmen ironically, "this is all the more reason to consult with each other and reach agreement."

It is difficult to say whether Turkey and the U.S. differ on what detente should mean, since "the perception of detente in the United States changes very often and sometimes daily," Türkmen said, and added that "one should be very careful not to request from Turkey an automatic identification with the more extremist views expressed in the United States."

Türkmen's rebuttal to Hurewitz appears below.

### **Terror on the rise**

Terror bombings and killings, used for months in an attempt to destabilize the Turkish government and weaken its foreign policy and economic resolve, have escalated dramatically in recent weeks. The latest and most brutal of these atrocities was the massacre of six student members of the Turkish Labor Party as they slept in an Ankara flat. Gunmen from the neo-Nazi Nationalist Action Party of ex-Col. Alparslan Türkeş were responsible. Türkeş's armed commando bands have unleashed an unprecedented wave of terror in Turkey that this year alone has killed 500 and left thousands wounded.

Turkish Prime Minister Bülent Ecevit targeted the

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flights (routing of Soviet flights to the Arab world over Turkey — ed.), if there has been any liberalism toward overflights, this was not the consequence of the embargo, but I believe it was rather something to do with our relations with the Arab countries.

So I don't believe also that as far as the Straits are concerned we can detect at the present time any differences in our policies. If the Soviet Union has become much more powerful, as Professor Hurewitz charged, this is all the more reason to consult with each other and to agree among ourselves on the Straits.

### **No return to mistakes of the past**

Now, Professor Hurewitz mentioned Camp David, and I would like to say something, because he implied also that our approaches to the Middle East perhaps are different. They might

be different, but what we did about Camp David was to put out that we considered this an important meeting. Our Foreign Minister said this to the General Assembly of the United Nations. But if we are going to play a role in the Middle East, even in the direction of helping the U.S., we have to be careful in our public statements. There is no use in making public statements which some Arab countries will disapprove of and which will render our relations much more difficult with them.

There is one final point I would like to make that has to do with our past associations. Of course, we are all looking back with nostalgia to our partnership and close relationship with the United States. But we should not look with nostalgia to some common mistakes that were committed, and one of them was certainly the Middle East. The Baghdad Pact

was a colossal mistake in which we were all involved, and I think that looking into the future we should try to avoid such undertakings.

As far as Cyprus is concerned, the only thing I would like to say is that . . . we welcome all help and assistance of the United States diplomatically to resolve this issue. (Hurewitz mentioned the possibilities for a Camp David for resolving Cyprus — ed.) I think that any *direct* involvement of the United States would not be really very opportune.

right-wing extremists for the crime, and branded the killings as "inhuman murders by those who wish to destroy the democratic regime."

Last week, Türkes issued a call for martial law. Ecevit denounced the demand as part of a "conspiracy" to provoke the military into acting against the self-interests of the Turkish Republic.

Feeding the terror wave, synthetic leftist groups are carrying out their own operations. Two weeks ago, the Istanbul organizer of the Nationalist Action Party and his son were shot dead outside their home. The "Marxist-Leninist Armed Propaganda Union" claimed responsibility.

In addition to the left-right clashes, tensions between Turks and Kurds and between Sunni and Alawite Moslem sects are being exacerbated by rabblers intent on destabilizing the Turkish government. Soviet intelligence has linked this sectarian violence sweeping the entire northern tier region to Chinese intelligence operatives, who, in Turkey, are working closely with Türkes.

The destabilization of Turkey is a key feature of a larger plan to militarize the entire northern tier. High-level Turkish government officials have recognized the links between the situation in Iran and the situation developing in Turkey. According to a government spokesman, Turkish security is working overtime to prevent what is happening in Iran from spreading into Turkey.

With military rule already established in Pakistan, a major, coordinated push is on to bring about military or militarized regimes in Turkey and Iran committed to the policies of the IMF and to preventing the growth of Soviet influence, or a Soviet-U.S. entente, in the region. Thus polarized, the Middle East, with Turkey, Iran, and Pakistan, policing the situation, will continue to simmer dangerously, depriving the area of the peace and security it so badly needs for its own development.

—Nancy Parsons

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Advertisement

# Britain plots U.S.-Canada merger

*The City of London's stalking horse grabs for America's economy*

## Introduction

Over the course of the last six months, a new British geopolitical policy toward North America has emerged into the public spotlight. Although a careful tracing of the elements of that policy shows that the decision to move in the new direction is at least a year old, in recent months there have been direct public calls by British officials, and by other leading spokesmen for British policy interest, for the consolidation of an "Anglo-American coprosperity sphere," a "North American Alliance," or, in the words of Felix Rohatyn of New York City's Lazard Freres investment house, a "North American Common Market."

A number of bold mergers, takeovers, and corporate relocations during the same period demonstrate that the policy is in the process of active implementation.

The point is to unite the raw materials, natural resources, and grain production of the U.S., Canada, and, ultimately, Mexico, into a single economic warfare bloc, and concomitantly to dissolve all tariff and nontariff trade barriers between those nations into a North American customs union or "free trade zone."

Operating on the assumption of an inherent antagonism, if not frank economic warfare, between North America and other geopolitical "trading blocs" abroad, this scheme's British sponsors, whose own economic base of operations presently teeters on the brink of financial collapse, envision the possibility of a substantial speculative investment boom selectively favoring those industries already dominated by the North American Alliance strategists: mining, forestry, fossil energy, real estate, breweries, and various areas of highly specialized data processing, electronics, and communications production.

Substantial production of the Canadian CANDU fission reactor system for North American use, and even for export to some extent, is a projected feature at the same time that conditions of global "energy war" are to be maintained through the suspension of oil imports into North America from OPEC countries and through the discouragement of broad-based development of either thermonuclear fusion or enriched-fuel fission technology. The CANDU reactor,

which utilizes exclusively nonenriched "natural" uranium, is uniquely suited to the Alliance strategy by virtue of the fact that North America's uranium stores (save for Mexico) are presently the exclusive property of Rothschild mining interests.

Two aspects of this British strategy are beyond the scope of the present discussion, but most be noted in passing. First, Britain's pursuit of a North American Alliance is one coordinated feature of a global deployment that also includes the Middle East Treaty Organization proposal associated with Canadian liquor magnate and Zionist lobby power Edgar Bronfman as well as a prospective economic and military West alliance with the present Chinese regime. This deployment as a whole embodies Britain's violent opposition to the terms of the new European Monetary System now being put into effect through the efforts of France and West Germany. In particular, the intended North American Alliance is incompatible with North American partnership in the EMS arrangements.

Second, Edgar Bronfman, as advocate and spokesman for all features of current London policy, identified in an interview published in this Review the blanket legalization of marijuana as a central policy feature of the North American "Common Market" design. In fact, the financial and political circles behind the promotion of the Alliance policy can readily be shown to be the proprietors of the massive international illegal drug trade as that trade is financially filtered through the huge offshore financial bubbles of the Caribbean, Southeast Asia, and elsewhere. A "free North American market" for presently illegal drugs is therefore perhaps the single most important potential feature of the projected new Anglo-American "prosperity."

In this report, however, we will concentrate on outlining the important internal features of the Alliance policy as it is presently being put forward.

## 1. What's in it for Britain?

Perennial British fantasies of world dominion notwithstanding, London's pursuit of a U.S.-Canadian economic merger is being motivated at present primarily

by the increasingly precarious *de facto* bankruptcy of the British national economy as the collateral base for London centered international finance. The gutting of British manufacturing industry by the City of London's policy of long-term starvation of domestic net hard capital formation, combined with the more recent failure of major speculative ventures, such as the North Sea Oil bubble, to reap expected rewards, plus the mounting pressures on the pound sterling (importantly augmented by the moves towards the EMS on the part of the rest of the European Community), all threaten to bring London-centered finance capital to its knees in the relatively near term.

Although the London-based monetarist interests in question have never placed primary importance upon productive investments, nonetheless some semblance of a real economic base is necessary even to the pursuit of the speculative adventures embodied in the massive "offshore" financial bubbles those interests currently coordinate. Such a base is necessary, as a kind of collateral, lending the "aura of credibility" to speculative investments otherwise divorced from any productive basis. It similarly provides a respectable corporate framework for individuals otherwise engaged in financial activities of nefarious nature and questionable legality.

It is within this reality that several leading spokesmen for British "industrialization" of North America

have referred to the necessity of curing Canada of "the British disease." Canada itself has in the past two- to three-year period begun to visibly stagger under the weight of the same burdens afflicting Britain itself. And much of this weakening has followed as a direct result of successful British sabotage of U.S. economic policy over the same period.

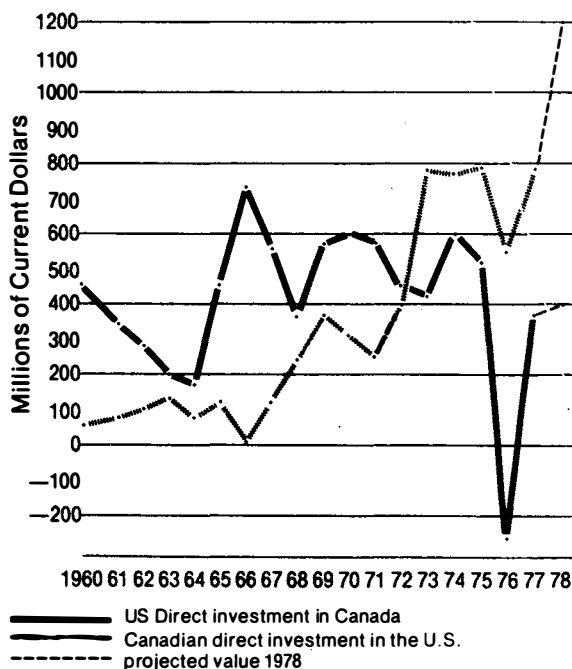
Specifically, the U.S. policy paralysis respecting a commitment to an expanded nuclear-based global export policy, coupled with the concomitant weakening of the U.S. dollar, has eviscerated the U.S. industrial economy and effected a collapse of new U.S. capital formation. The consequent withdrawal of U.S. capital investment into Canada (see *Figure 1*) has in turn fed a massively spiraling Canadian current-account deficit, in which an expanding and self-feeding Canadian foreign debt obligation is less and less compensated by Canada's perennial merchandise trade surplus with the U.S. (see *Figure 2*).

The orchestrated collapse of the Canadian dollar valuation in relation to the U.S. dollar has been expensive for the Canadian real economy as well. The spiraling central bank lending rate has been hiked a full two points to the present 9.5 percent since the beginning of 1978 by the Bank of Canada, as one means of "smoothing" the currency collapse. Combined with the increased costs of vital imports resulting from that collapse, the interest hike has put investments in Canadian manufacturing industry in general on the bottom of the list in and out of Canada. The Canadian currency collapse also means major foreign exchange losses on profits recalled by U.S. firms from their Canadian subsidiaries, making such investments less profitable, while at the same time multiplying Canada's already soaring debt-service obligations on U.S.-dollar-denominated foreign borrowings by the same factor. The portion of Canadian foreign borrowings going toward debt service on previous loans is already past the 50 percent mark, with current estimates projecting a quintupling of Canadian interest obligations on an annual basis in the next three-year period.

With the diminishing short-term speculative value of investments in the Canadian domestic economy — currently at an annual net level of zero to negative — an increasingly large share of annual investments on the part of the large Canadian chartered banks goes to the offshore speculative market, further exacerbating the national current account deficit. Although at least one experienced Canadian investment analyst maintains that the funds annually thrown into the Caribbean and other offshore accounts by the Canadian chartered banks are the effective basis of the Canadian balance of payments deficit, it is probably more correct to simply state that although the magnitude of offshore activities by the Canadian banks cannot be directly estimated, they undoubtedly constitute a very significant portion of the totality of London-based finance capital.

**Figure 1:**

**The reversal of U.S. and Canadian direct investment flow**





Notwithstanding the weaknesses of the Canadian economy from a real production standpoint, under certain conditions that economy could serve as the most favorable existing basis for the continuation of British "liberal capitalism" — conditions including economic union of Canada with the U.S. on British policy terms.

## 2. The myth of the "Canadian" economy

From the immediate postwar years until recently, the Canadian productive economy has preponderantly represented a surplus investment pool of U.S. industrial expansion, as reflected in the 60 to 70 percent U.S. ownership of Canadian manufacturing industry and, through the mid-1970s, the concomitantly disproportionately large Canadian annual share of U.S. direct capital investment and reinvestment earnings abroad. This U.S. base of the Canadian industrial economy is centered in the auto and motor vehicle industry, but also in the steel, machine tool, and electrical industries. Mirroring this reality, the major Canadian industrial trade unions are but "local chapters" of their U.S. counterparts.

It is this U.S.-owned Canadian manufacturing base which constitutes a good 30 percent of Canadian merchandise trade with the U.S. and is the decisive factor in maintaining Canada's traditional trade surplus with the U.S., the purchaser of over 70 percent of total Canadian annual exports.

The U.S. base of the Canadian industrial economy is centered under the auspices of the Canadian provinces, themselves largely independent with respect to economic matters from the Canadian federal government in Ottawa. It is this Canadian "regional autonomy" which has in a number of important respects been a major point of appeal of the Canadian "home away from home" for U.S.-based manufacturing firms.

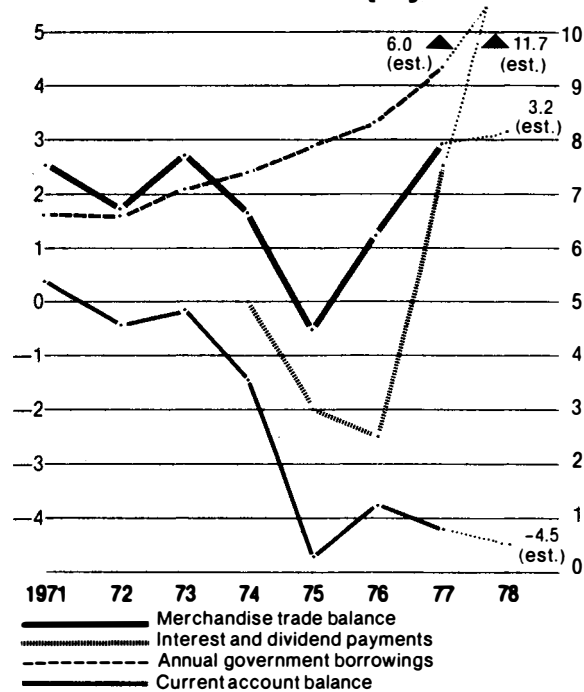
But the two years since the 1976 U.S. presidential elections — the combination of frank British policy hegemony within branches of the U.S. Administration, exemplified by the dollar wrecking policies of Treasury Secretary Werner Blumenthal and the paralysis of the Carter Administration as a whole with respect to key areas such as export and nuclear policy through the efforts of James Schlesinger's Department of Energy and former Canadians Zbigniew Brzezinski and G. William Miller — have begun to neutralize the effect of the U.S. industrial economy and outlook as the dominant factor in the North American economy as a whole.

The situation is typified by the recent unprecedented U.S. balance of trade *deficits*.

This reality has in turn broken ground for the cornerstone of the North American Alliance, the reversal of U.S.-Canadian direct investment flow to the point of a net investment flow *out of Canada into the U.S.* on the

Figure 2:

### The deterioration of Canada's balance of payments



part of British-Canadian financial interests.

That is to say, it is only at the point that the very British patrons of the so-called Canadian government have independently laid waste to U.S. economic policy and strategic posture that "Canadian economic policy" takes on strategic importance for North America or any portion thereof.

## 3. Is there a Canadian government?

The second major aspect to be understood is the nature of the "Canadian" government and related institutions.

Since the shift of policy respecting the United States on the part of the British monarchy in the last century away from the anticipation of military recapture of America toward long-term subversion and co-optation, Britain's Canadian colony has been maintained in terms calculated to promote the illusion of Canada as an independent state governed by independent institutions and a constituency-related parliament. The 1867 British North America Act, which established the "confederation" of Canadian provinces, was the first milestone in this ruse. The toppling of the Laurier government of Canada in 1911 by British Round Table founders Lord Milner and Max Aitken (Lord Beaverbrook) with generous assistance

from Rudyard Kipling, and Laurier's replacement by Robert Borden was another milestone, which led to the establishment of the Canadian branch of the London Royal Institute for International Affairs and the Canadian External Affairs Ministry. The latter was founded as an RIIA front, modeled explicitly on the Milner-Kipling "Kindergarten" school of geopolitics developed initially in South Africa following the Boer Wars. The establishment of the Canadian Institute of International Affairs (CIIA) and the External Affairs Ministry on these terms figures as part of another step toward Canadian "sovereignty" taken during the 1930s, the establishment of the British Commonwealth of "independent states." The Canadian External Affairs Ministry, established at that time, became more recently a corporate member of the London Institute for Strategic Studies following the latter's initiation by Britain's Aspen Institute project in the early 1960s.

Further revisions of the Canadian colonial charter nominally lessened the Queen of England's governing role in the years following World War II and again more recently. These *de jure* developments notwithstanding, it remains the case that the actual governing body of Canada is the Queen's Privy Council and the Queen's personal representatives on the federal and provincial levels, the Governors General.

On the federal level it is the Privy Council and Privy Council liaisons within the Prime Minister's Office that initiate legislation which, short of a government crisis, is rubber-stamped by the Parliament as a matter of protocol.

The Canadian External Affairs Ministry serves a unique function in this overall scheme. In a sense it houses the actuality of "Canadian" governmental function, while the Parliament provides the illusion of "liberal democracy in action" in relation to the generally inconsequential legislative initiatives of the Privy Council and interfaced Prime Minister's Office. From its inception, the External Affairs Ministry has served as an important base of operations for British intelligence deployments internationally, including into the U.S. At the same time it has guaranteed the continuity of British dominion over Canada even when the Prime Minister's office has been occupied by figures of other than strictly British allegiance. This is exemplified by the documented role in toppling the pro-Adenauer-de Gaulle Diefenbaker government played by Lester Pearson from his position in the External Affairs Ministry in 1963.

Today the Ministry, in addition to its role as a corporate member of the London IISS, houses the Canadian offices of the elite British-policy body, the Trilateral Commission, and of the Trilateral affiliate, the parliamentary Center of Foreign Affairs and Foreign Trade under Commissioner Peter Dobell.

Behind these institutions and individuals stand the actual policy makers, the nexus of financial interests, institutions, and elite societies of the British monarchy and its oligarchical allies. The Sovereign Order of

Knights of St. John of Jerusalem ranks high on the list of relevant networks and organizations. Roland Michener, former Governor General of Canada and present director of the CIIA, is a leading Canadian Knight of St. John. Robert Scrivener, Chairman of Northern Telecom-Bell Canada and top Canadian spokesman for the North American Alliance strategy is likewise among the "top ten" Canadian Knights.

The colonialist circles in question are financially based in the vast estate of Rothschild-interfaced holdings in mining, forestry, real estate, other raw materials, and the liquor industry, which exert leverage control over the hundreds of billions of dollars turned over annually in the "offshore" money pools of the Caribbean, Southeast Asia and elsewhere. Within Canada these London- and Belgian-based circles take the form of the major "Canadian" corporations and holding companies, such as Canadian Pacific, Argus Corporation, Brinco, Power Corporation, McMillan-Bloedel, Hudson's Bay Company, and others. The massive Bronfman real estate holdings typify the nature of the entire constellation in relation to London: Bronfman's name provides the necessary Canadian citizenship to Trizec, a real-estate conglomerate controlled nonetheless by the London-based Eagle Star group. The five large Canadian chartered banks are dominated by the same tightly knit circle, and are linked to each other extensively through interlocking directorships with the Rothschild resource industries and even more directly through the trust companies associated with the respective banks.

Notwithstanding the extent of financial assets and holdings of the circles behind the Queen's government of Canada, it is nonetheless the case that under normal circumstances, precisely because it is merely a front for an essentially colonial regime, that so-called government does not carry direct policy jurisdiction over the regionally based Canadian real economy.

Ironically coherent with this reality is the fact that the elaborated form of the North American Alliance or common market policy is being put forward by a Canadian governmental body which ostensibly has no direct policy or law-making powers whatsoever, the Canadian Senate, specifically the Canadian Senate Foreign Affairs Committee. Ostensibly the Canadian Senate has no more of a relationship to policy determination in Canada than the 5th century BC Oracle of Delphi had to the Persian forces intent on destroying Republican currents in Athens during that period. However, as with the oracle, the Canadian Senate may be taken as an authoritative source with respect to the policy in question.

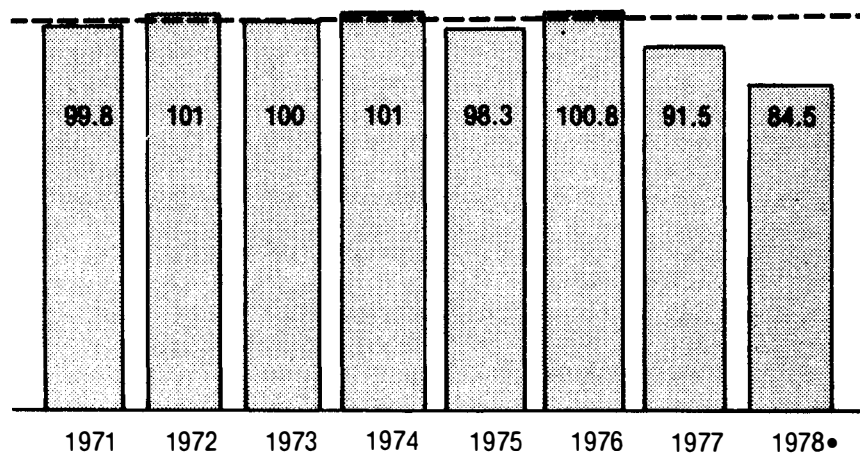
#### 4. The Canadian Senate and bilateral free trade

Over the past four years the Canadian Senate Foreign Affairs Committee has been holding regular weekly

**Figure 3:**

**How Canada's dollar  
sank  
relative to America's**

(Unit: U.S. dollars)



• Low to date

Source: Bank of Canada

hearings on the question of Canada-U.S. relations, in a project coordinated by the External Affairs Ministry and its affiliate, the Parliamentary Center. In early 1976 the Committee issued volume I of a report that dealt with "The Institutional Framework For the Relationship." Then in August 1978 volume II was offered, outlining the strategic and economic features of "bilateral free trade" or "customs union" between the U.S. and Canada, which is the committee's official recommendation.

The hearings themselves have been little more than an official vehicle for the views of a tightly knit circle of interests centered around the Canadian Economic Council, the C.D. Howe Research Institute, the Canadian External Affairs Ministry, and the Canadian Science Council, together with representatives from the raw materials and resource industries that those institutions themselves reflect. The Committee's reports in turn present even more exclusively the views of this circle.

The Canadian Economic Council, which first floated the current call for U.S.-Canadian "free trade" in a 1975 report, is indicative of the constituency make-up of this circle. Council members include Ian Barclay of BC Forest Products Ltd., Alberta Gas Trunk Line Ltd.'s Robert Blair, a major figure in the British-Canadian tar sands project, Power Corp. and Hudson's Bay director Marcel Belanger, also a member of the Trilateral Commission, and R.M. MacIntosh, executive vice-president of the Bank of Nova Scotia. Significantly, MacIntosh was a close associate of C.D. Howe and the Howe-Mackenzie King-Lord Beaverbrook circle that originally established the major Canadian raw materials and resource industries in the postwar period, including the Rothschild's Brinco and the massive Argus Corp. "holding company." The same circle, led by John Deutsch, presently of the C.D. Howe Institute, attempted to

build support for a U.S.-Canadian customs union during the same 1947-50 period, and for the same end — to open up the U.S. investment pool for a nearly bankrupt postwar Britain.

John Baird, a Bank of Nova Scotia director and an important member and financial supporter of the CIIA, served on the Foreign Affairs committee during the period that the relevant reports were in preparation, while Aird's CIIA associate, the Honorable John Laird, continues to constitute perhaps the most important guiding force within the committee itself.

The recommendations of the Senate Committee over the two volumes released thus far boil down to the following points for implementation over a 10 to 15 year period:

**"The international trading world is consolidating itself into trading blocs."** This tendency, the Committee says, renders the multilateral framework presented by the global GATT tariff negotiations less appropriate to the present situation than "the idea of a North American trading unit." (Vol. II, p. 4.) (The Alliance policy is in fact antithetical to the policy outlook embodied in the General Agreement on Trade and Tariffs negotiations, which, based on the premise of multilateral international trade pacts and cooperative agreements, has been a major forum of consolidation of the policies now being implemented by Schmidt and Giscard under the framework to be provided by the EMS.

**Aid raw materials industry.** Admitting the preponderant advantage to the raw-materials and resource industries of a bilateral free-trade policy, the Committee further recommends that both provincial and federal governments "reach agreements as soon as possible to reduce the tax burden on the non-fuel mining and forestry industries in the various provinces." (Vol. II, p. 22.)

**"High technology."** Beyond the raw materials-resource base, the area of "high technology" electronics, data processing, and communications is to be favored in line with the "Northern Telecom model." This feature also includes a policy of merger and consolidation of relevant industries; hence "the Committee recommends the modification of Canadian competition policy to provide a conducive climate for rationalization of Canadian manufacturing production." (Vol. II, p. 52.)

**The decline of the Canadian dollar to the "\$.85-\$.95 range" relative to the U.S. dollar.** This is considered appropriate to the policy being proposed. Since the big Rothschild resource industries quote their export prices in U.S. dollars, the decline in the Canadian rate

is pocketed as sheer profit! (Vol. II, p. 24.)

**Closer and expanded relations between Canadian and U.S. officials.** Here the External Affairs Ministry is to play the coordinating role. "The Committee concludes that the government should explore the idea of 'ad hoc' joint meetings between Canadian deputy ministers and American deputy secretaries. These meetings should be unstructured, informal and called on an 'ad hoc basis' ... In the interests of policy coordination on the Canadian side, however, the under-secretary of state for External Affairs should always be present." (Vol. I, p. 26.) The External Affairs Department is also to play the major "policy coordinating role" between ministries, in order "to ensure that departments are not working at cross

**Table I: How the takeover shapes up**  
**A partial list of significant Canadian and Canadian-fronted takeovers and mergers in the last 12-month period**

**A. Takeovers and purchases**

Investment	Buyer	Seller	Amount [In U.S. \$]
Flintkote Co., U.S.	Genstar	—	20% interest
2,400 acres U.S. Pacific Northwest for "electronics-communications industrial park"	Genstar	—	\$17 million
8,600 acres of land in San Diego area	Genstar	—	\$91 million
970,000 shares IT&T	Genstar	IT&T	Genstar's 20% interest in Qune, a "high-technology data printing firm"
California commercial and industrial properties	Cadillac Fairview (B)	—	\$2.6 million
Uris Building Corp., New York City	Olympia York (B)	National Kinney Corp., U.S.	—
Amtel Inc. of Rhode Island	Canadian Pacific	—	\$72 million
Danray (a Texas telegraph switching firm)	Northern Telecom	—	—
KMS Fusion, Ann Arbor, Mich.	Private group led by Canadian John Long	—	—
Kaiser Cement and Gypsum Corp., California	Domter Ltd. (A)	—	\$35 million
Hallcraft Homes, Arizona	Nu-west Development Corp., Calgary	—	\$4 million
Syracuse China Corp., New York	Canadian Pacific Ltd.	—	\$20 million

(A) Argus  
 (B) Bronfman

**B. Significant mergers in Canada**

- Northern Telecom with Bell Canada**
- Dome Oil Ltd.'s purchase of Siebens Oil, UK and TransCanadaian Pipelines**
- Sun Oil and Great Canadian Oil Sands**
- Air Canada's purchase of Nordair**
- Hudson's Bay purchase of Zeller, forming Canada's 2nd largest retail store**
- Thomson Organization Ltd. with Montelth Minerals of Dallas**

purposes.” Hence “the Committee agrees with several of its expert witnesses (namely from the Privy Council—ed.) that there is no alternative to using the traditional channel at the official level, namely the Department of External Affairs, as the central policy coordinating mechanism.” (Vol. I, p. 27.)

In the case of the latter recommendation, the Committee is beginning to confront the question of how the British intelligence front which the Canadian “government” has constituted since its 1867 inception can be made to function as an *actual* government, with real policy jurisdiction over different ministries and the provincial economies. Pages 28-83 of Volume I of the Committee report deal with various intricate ways in which External Affairs “coordination” of federal ministries could be extended in the direction of a “Big Brother Is Watching You” monitoring of Canadian provincial relations with the U.S.

More recently, Canadian Prime Minister Trudeau has put forward a more radical solution to this dilemma, in the context of a “constitutional reform” package based on converting the Queen’s Privy Council into the official government of Canada: dissolve the entirety of the Canadian Senate and replace it with a “federal-provincial” Parliamentary House to regulate federal provincial relations.

In fact Trudeau, who throughout his Prime Ministership has stood for a policy of Canadian economic “nationalism” and greater *independence* from the U.S. (as exemplified in his famous “Third Option” appeal to EEC trade), is widely expected to cede Canadian Liberal Party leadership to someone of “British stock” (to use the words of the London *Financial Times*), such as former Trudeau Finance Minister and IMF Chairman John Turner, between now and the end of his present term next spring. The British-born Turner now sits on the Directorships of Canadian Pacific and McMillan-Bloedel.

## 5. The bogus policy debate

The Canadian Senate reports can not themselves be taken as a comprehensive statement of the current British policy. They are nonetheless important confirmation of the conclusion to which any informed analyst is necessarily drawn given the totality of recent policy-related pronouncements *and actions* by the network of interests in question.

In particular, the Senate reports valuably demonstrate the direct coherence of a wide array of sometimes superficially contradictory policy features and tendencies developing in the North American political and economic arena, all however within the framework of British geopolitical strategy.

The projection by Northern Telecom Chairman Robert Scrivener — a Commander of the British “inner circle” Knights of St. John — of the need for an

economic strategy outside of the GATT framework and based on a perspective of “international global economic warfare in the 1980s,” quoted and emphasized in the Senate report, is directly coherent with the substance of a recent confidential Bank of England report published in these pages (see *Executive Intelligence Review*, Vol. 5, No. 34). It also fits in perfectly with Britain’s attempts to turn the European Monetary System initiative into an “anti-dollar currency bloc,” even if the toppling of the present governments of France and Germany should be necessary to accomplish this.

The Senate reports also demonstrate the fraudulent nature of a “debate” currently featured regularly in the pages of Canada’s press. What is put forward to the gullible businessman as a bitter ideological battle between the “postindustrially oriented” Economic Council and the “protechnology” wing of the Canadian Science Council, a debate over the relative merits of manufacturing as opposed to service and resource industries, is in fact only the simulated opposition of two essential features of the British Alliance strategy.

The Senate report acknowledges that two major industry constituencies will benefit from a “North American Economic Unit.” First, the big raw materials and resource industries, including mining and pulp and paper, which are already at world scale of production, will benefit from the equivalent of a larger “domestic” market for their production without detriment through increased competition in the Canadian market per se. These are the same industries already benefitting from the Canadian dollar devaluation.

A second group of industries would also benefit: those producing high-technology products for a very specialized market, as in the fields of data processing and communications. It is this aspect of the policy picture, linked to a call for expanded research and development input into Canada, that is known as the “Northern Telecom model” and associated with the Science Council, whose representative John Shepard’s testimony is abundantly quoted in the Senate reports. The consistent avoidance of any emphasis on broad-based fission-fusion development together with the advocacy of major investments in energy non-technologies such as wind and solar power by Scrivener, Shepard, and other Anglophile “protechnology” spokesmen betrays the essential compatibility of this policy feature with the general strategy of net de-industrialization of North America.

Although a limited expansion of nuclear fission energy is an included feature of actual British policy for North America, as one area of “highly specialized marketing,” nonetheless the energy linchpin of the “North American Economic Unit” is to be massive investment inputs into the vast Alberta and Saskatchewan tar sands pool, another area of fictitious “high technology.” The huge Alberta Syncrude tar sands plant is in operation as of this month, and several major multinationals have announced additional

multi-billion-dollar heavy oil projects in the western provinces in the last eight-month period.

Completing the economic warfare perspective of the overall British policy design is the final major component, agriculture, dominated by North American grain production. Here Britain plans a food war capacity by means of a four-way grain cartel between the U.S., Canada, Australia, and Argentina. Although this is the least consolidated of the major economic areas, the grain warriors, led by Canadian Ministers Eugene Whelan and Otto Lang and by the U.S. Department of Agriculture's Secretary Robert Bergland and the more foolish than evil Senator George McGovern, announced in late August that they will use the European Community's refusal to accept the terms of the "food bank" proposal as the excuse for renewing pursuit of a narrow four-way cartel when international wheat talks resume in October.

## 6. America for sale, cheap

Very much linked to the "high-technology" side of the British North American sectoral bid is a policy of selective buying up of the relevant sectors of the U.S. economy at bargain-basement prices. Although this sometimes takes the form of direct investment into the U.S. out of British investment pools, the larger portion is mediated through Canada. In line with Scrivener's recent forecast that within two years Northern Telecom will be investing more in the U.S. on an annual basis than in Canada, *Figure 1* shows that the long-standing vector of net investment flow into Canada from the U.S. has dramatically reversed in the last three years. More recent figures indicate a veritable investment boom under way in the U.S., with Canada trailing only Japan, West Germany, and Switzerland.

Most significantly of all, the Canadian surge is directly counter to the nature of the U.S. investment inputs of the other involved countries. Unlike the cases of the other three countries cited, the Canadian currency has massively *devalued* in relation to the U.S. dollar over the time period in question (*Figure 3*). Carl Beige, Director of the Montreal-based C.D. Howe Institute, confirmed the basic British design to convert first Canada and then the U.S. itself into economic Third World nation status in a recent interview in the Toronto *Globe and Mail* by advocating an \$.80 Canadian dollar in relation to the U.S. currency. The Canadian currency has not been that low since the 1867 Act of Confederation!

As *Table 1* shows, real estate investments constitute a major share of Canadian investment in the U.S. Much of this investment ties directly into the data processing and electronics boom, as exemplified by a recent Washington State land purchase by the Rothschild-linked Belgian La Generale front Genstar, as well as Genstar's de facto merger with IT&T. The

2,400 acres of land involved are earmarked to accommodate a large industrial park in the electronics and communications field. The Senate reports make clear that a major armaments buildup is not to be overlooked as an important feature of the "free trade" strategy, emphasizing the tariff-free conditions presently characterizing U.S.-Canadian defense trade as a paradigm for the policy as a whole. This is consistent not only with statements by Scrivener, Shepard, and others but also with announced plans for major military buildup and refurbishing on the part of IISS officials within the Canadian Defense Ministry over the course of the past two years.

The shifting investment pattern is linked to a pattern of mergers and consolidations of interests on the Canadian side within the financial and investment circles specific to the "common market" policy. A cited feature of the Senate report, the mergers aim at ensuring North American market control by those interests in the areas in question. The Genstar "vertical consolidation" model, linking building materials, construction firms, and real estate holdings, and now being extended to the U.S. by that conglomerate, exemplifies the pattern. So does the recent Hudson's Bay purchase of the Montreal-based Zeller's and the direct merger of Sun Oil Canada with the latter's tar sands subsidiary, Great Canadian Oil Sands, Ltd.

Another feature of this policy pattern is a developing direct migration of British finance into North America by way of Canada. The announcement this summer of plans on the part of the London branch of the huge Thomson Organization to return to Toronto, bringing the London *Times* newspaper as well as Thomson's substantial holdings in the British North Sea Oil monstrosity with them, is indicative. The move was explained by the Second Lord Thomson of Fleet himself as motivated by the desire to direct Thomson's North Sea revenues of over \$100 million per annum into investments in North American oil, gas, and electronics. A front corporation has already been set up by Thomson with Monteith Minerals in the U.S. for this purpose. Other North Sea holdings, including those of Sieben Oil UK, are being transferred to Canada as well.

The pattern of corporate migrations and relocations on the part of North American Alliance backers indicates that Toronto, already the North American headquarters of NATO, is to be the prospective capital of a British-dominated North American economy. Within the last eight months Sun Life, the Bank of Montreal, and, most recently, the massive Edper holding company owned by Edward and Peter Bronfman have all announced the relocation of their head office operations from Montreal to Toronto. Meanwhile all of the five large Canadian chartered banks are acknowledged to have been operating unofficially out of Toronto for some time.

—Peter Wyer

# The elite that can't think straight

*LaRouche on the method and madness of the Council on Foreign Relations*

I have just completed reading a most awful booklet, a 1974 New York Council on Foreign Relations production, authored by one Miriam Camps, a person the Council certifies at that time as chairman of one of its subsidiary concoctions, "The Council Group on International Order and International Institutions." The booklet was forwarded to my attention — for clinical scrutiny — by a friend. Excepting the duty of the clinician, which in all fields means occasionally getting through an accumulation of one sort of pus or another, the reading would be put down to a most unpleasant and fruitless expenditure of time. The book has a certain perverse sort of usefulness as a clinical subject.

The specific unpleasantness of the book was only secondarily that the author's opinions vary from utterly irrelevant mush-headedness to an occasional piece of outright evil. The worst of it is the sheer, schizoid scatterbrainedness of the authoress. The worst of that, in turn, is that the mental affliction she exhibits is unfortunately the commonplace of the institution that patronized her exertions.

Apart from the odd good chap drawn into those precincts, the predominant feature of the members of the Council on Foreign Relations is that they all write and gibber in approximately the same general,

ineffable style. When it comes to actual decisions, they rather consistently come out pure Tory, to a point not infrequently verging into the realm of treason. Otherwise, in the processes through which they purport to explicate their point of view, the flow of scatterbrained bits and pieces, of this and then that, is awful gibberish.

Once one has killed a menacing poisonous snake, it is not only permissible but commendable to experience a certain degree of regret over the affair. It was, after all, a creature useful in its own unsociable fashion. With a kindred feeling, contemplating the babble typical of CFR's precincts, one may venture the view: "After more than two thousand years, the heritage of Isocrates's Athenian school of rhetoric has come down to this."

One might parody the amusing title of a not-so-amusing little book of a few years back, and sum up the CFR as "The gang that couldn't think straight." As a gesture of kindness, and hence more pointed irony, I choose: "The *elite* that can't think straight."

If the reader at this point imagines that I shall now proceed merely to document the point, I am misjudged. To discern such a fact demands only what I regard as the lower order of the powers of an intelligent mind. It is frequently necessary to employ such powers in the course of doing a job. Yet, apart from offering classroom instruction in such arts, one must not prize such a task as of much value in and for itself. It does not merit an article on such a subject, unless taking up that subject is integral to an undertaking of some higher quality.

Perhaps a reader in suburban Detroit might object. He or she might propose: "Look, I work in a plant all day. I wish to know how those clowns around the New York Establishment think. Since my time and energy are limited, it would be a useful thing for me if you would do your job on my behalf, and sum up what you know on this subject in a way I can digest in an hour or so's reading and reflection."

The point is taken. I do not propose that that should not be done; I propose that I anticipate no satisfaction from the undertaking unless that part of the job is a means to an end that is still more important to us both. I shall do it my way, and in the end we shall both be better pleased with the aggregate result.

## In this Section

The Carter Administration and others in the vicinity of the White House are not the only victims of an incapacity for sane policy-making. In this SPECIAL REPORT we present a clinical profile of the disease as it appears in its generic form in the Anglophile "New York Establishment," analyzed by Lyndon H. LaRouche, Jr. Drawing on his own international political role as the chairman of the U.S. Labor Party, and on his intellectual expertise as this century's foremost political economist, LaRouche has provided a scathing look at how the Anglo-American adherents of the Cult of Isis operate.

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## Anglophiles have a keen sense for detecting a potentially useful fool, or a potential danger.

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### The case of Arthur Ross

That said, I shall now identify the deeper points I wish to develop for you, and then, having identified those, we shall turn to the first topic and develop it then with the deeper points in view.

Arthur Ross is my adversary. However, for special reasons, I bear him no personal malice. On the contrary, for special personal reasons, I hope to do a great service for him. I propose, sooner or later, to cause Arthur Ross to weep profoundly, and that in that weeping he should touch and grasp the quality of humanity that his services to the British cause have so far, so much denied him. That result would eminently please a number of persons, including — after the fact — Arthur Ross himself.

For the moment, politically, Arthur Ross is my adversary. He swims in circles that include Henry Simon Bloch of Warburg Pincus, is accepted among powerful, and profoundly evil, circles north of the U.S. border, and is reliably reported to have characterized me — back during 1976 — as “more dangerous than Hitler.”

Personally, I have met Arthur only once. He was an amiable and considerate host for about an hour. I found him well-informed, and palpably well-connected. The obvious net effect of the interview for him, combined with whatever else he took into account, was the conclusion I have reported just above.

The characterization I deem reliably reported not only because of the source through which it was reported to me, but because the sentiment has been verbally and otherwise expressed by leading spokesmen of circles in various nations to which Arthur Ross's circles are intimately connected. The summer 1978 estimate of Henry Simon Bloch, that certain of his acquaintances desired my early demise because they perceived me as a “potential danger,” and statements to the same effect given by leading spokesmen for Belgium's Lambert and Italy's Agnelli during the same period, have bearing on the point. It was for such reasons that the same circles projected my assassination by Baader-Meinhof terrorists during the summer of 1977, and have launched massive efforts to the same included purpose since last May.

It coincides with what a representative of the Hambro family stated to us during early 1976, and what has been fairly constant from allied sources

since. The British ruling circles regard the U.S. Labor Party and its chairman as representing extraordinary intellectual and political potentialities — and view those capabilities as all-too-efficiently directed toward results regarded with abhorrence in London.

Being what they are, their curious egos oblige them to communicate this point to us. Something slightly under a hundred times so far, topmost spokesmen for British and Anglophile institutions have said, in one specific form or another: “You are extraordinarily effective, but we shall defeat your efforts and crush you.” This has been no idle threat; those who have reported this view have expended massive sums and efforts in the international endeavor to accomplish just that. Perhaps it is a twisted sort of British sportsmanship to so treat an adversary for whom they have a perverse sort of respect.

“Potential danger” is precisely the predominant British view. It is a characterization first awarded to the U.S. Labor Party's initiating cadre force, the National Caucus of Labor Committees, a decade ago, then at a considerably lower and more localized echelon of the British apparatus overall. The complicity of Caledonian Airways and MI-5 in a complicated, costly, and rather nasty operation against Labor Committee leader Christopher White back in December 1973 was our first knowledge that the British monarchy's institutions proper regarded us sufficiently as a potential danger to warrant their direct attentions.

Henry Simon Bloch's cited characterization during this past July was on the mark. The U.S. Labor Party has achieved much, and has gained a certain sort of influence — and hence *limited* genuine power — in certain aspects of affairs. However, the party commands no committed patrons or allies, and embodies no power as such within itself as an organization. What influence it has established is so far only of the order of a noticeable *potential* danger to British strategic endeavors as a whole.

However, the British view the Labor Party as being presently on the threshold of threatening to break out of such limitations. Matters have reached the point that they have elected to eliminate the problem — still, the perceived “potential danger” — before it goes any further in the direction secular trends imply.

The British oligarchy and British-intelligence-conditioned Anglophiles may not be able to think straight, but in their own curious way they have a keen sense for certain things — especially the early detection of a potentially useful fool, or a potential danger.

It is the nature and significance of that British oligarchist's feral perceptions that I wish to make clearer. What did Arthur Ross adduce from his encounter with me during 1976? What is it that the British oligarchists see — with alarm — in the U.S. Labor Party as a whole? What is it that these oligarchists see that well-situated other leading circles tend not to see?



## The Cult of Isis

The British oligarchists have two principal intellectual advantages over Americans — for example.

First, increasingly over the present century, the British have taken over control of key U.S. institutions with emphasis on policy-formulating and policy-making institutions. Americans condition themselves not to see this — perhaps one might attribute such blindness partially to reaction-formation. The British oligarchists lead Americans by the nose, up and down and across streets, while Americans pretend that all such peregrinations involve nothing more than the Americans' independent judgment.

Second, the British empiricism and Vienna positivism that foolish Americans (among others) imagine to be essentially a debatable issue of better or worse scientific method have nothing to do with science or scientific method — except in the same sense that cyanide affects life. Empiricism generally, and the positivist varieties, is a very specific form of *theology*, the pagan theology of the Cult of Isis. Or, to show the most relevant facet of that pagan theology, it is the theology of the cult of Stoicism — the "Unitarian" form of the Isis cult.

The British — at least the British inner circles — know both points. Americans, among others, do not — and would, ordinarily, rather hysterically deny that any such arrangements exist. The spectacle so represented by the American resembles that ox harnessed to a treadmill who might imagine himself to be displaying his free-willed desire for exercise.

The case of Henry A. Kissinger is exemplary. Why is Henry Kissinger important? Solely because Americans are foolish enough to believe he is important. His intrinsic importance is essentially analogous to the naked Emperor's "new suit of clothes," which exists only in the delusions of the duped beholders. Even so, in the manner of such things, the fact that deluded Americans imagine that Kissinger is important makes the use of those delusions important to the British. So a worthless political creature, Kissinger, becomes important both to Americans, and so to Kissinger's British puppet-masters.

Let us, keeping the spectacle of fat, neurotic, sulking Kissinger still in view, look a bit into his background. There we find persons of the sort the British would consider truly important. For example, recently retired Fritz Kraemer, the immigrant German oligarchist who plucked Private Kissinger up out of the Louisiana mud and started Fat Henry on his career. Fritz Kraemer — without whose counsel James R. Schlesinger would not have dared light his pipe or blow his nose, who could play Franz-Josef Strauss like a set of drums — was important. So was Harvard's Professor William Yandell Elliott, the American-born British agent who manipulated the

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## The Kissingers, like yesterday's discarded Hollywood sex symbol, have essentially no intrinsic importance.

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youthful careers of both Zbigniew Brzezinski and Kissinger.

Kraemer and Elliott were important. In his own right, Arthur Ross is more important than Fat Henry. So is Henry Simon Bloch of the Warburg Pincus investment bank. These men are the puppet-masters; Fat Henry is merely a puppet. The puppet-masters live outwardly quiet lives — at least, insofar as the glare of public relations distinguishes notability from obscurity. They do not run the world; on that point, they are merely the puppet-masters, the hired controllers in the background. They are not the visible litigants in public affairs; unless one knows when and where to look, they are almost invisible to the public eye. They are the behind-the-scenes arbiters, who manipulate the puppets, which puppets in turn, deliver the actual speeches and utter the pronouncements.

Like a motion-picture actor or actress in the Hollywood star system, or some tin-eared hooter-and-groaner on the rock circuit, mere puppets such as Henry Kissinger are the manipulated properties of those who own them. By making Henry Kissinger, otherwise a bad-tempered, bad accountant, into a celebrity — each promotion artificially rigged — they "built up" Fat Henry into a political-entertainment commodity, just as a producer might afford a girl a brief apotheosis as a national sex symbol. The property, being made salable, commands the efforts of the manufacturer to keep it salable. In that fashion, the object possessed possesses the possessor. If a drug manufacturer successfully promotes a worthless, flavored piece of compacted chalk-powder into a prosperous venture, the manufacturer is possessed by the very success of his own worthless creation.

Yet, through all such complications, the puppet still remains merely the puppet, whose importance, cultivated over years to become seemingly an object of unassailable durability, can be destroyed almost in a week.

The case of Senator Joseph McCarthy is exemplary. McCarthy was politically, essentially a sodden blivet, cultivated by certain interests as a usable fool, a *political-entertainment commodity*. Came the time the puppet-masters received orders to demobilize their creation, McCarthy's efforts to hold the power he had been given wilted under the TV lights in weeks. The once-feared McCarthy crawled from those — actually, relatively few — sessions a broken,

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**Any idea assimilated without experiencing polemical conflict is merely already known, or of no importance.**

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There are three key aspects of Aristotle's codifications to be considered here. The first is the Nicomachean Ethics, imported by the Cult of Apollo (which ruled Rome) as the basis for the Roman law. The second is Aristotle's doctrine of rhetoric. The third is the collection of so-called scientific works.

The Aristotelean method — by which commentators usually mean to emphasize the works bearing on scientific method — is *the perfect instrument of oligarchical brainwashing*. No one since has been able to improve upon Aristotle's work *in this respect*. Its specific, evil genius is that it demands the formulation of knowledge in such terms that the assumedly lawful form of knowledge is fixed, and that no new thing is ever created, except by composition with existing things. Its value to the oligarchists is that it is a procedure for codifying any sort of existing knowledge in such a fashion as to eliminate trace of the creative-mental processes by which that knowledge was created.

Readers who have not had the advantages of an advanced education probably do not appreciate how recent the encyclopedia and textbook methods of instruction are in fact. The basis for both is the work of the Royal Society, and other branches of British Secret Intelligence Service, under coordination of John Locke, in applying Aristotle's method of codification of collected knowledge according to the principle of *excluding acknowledgment of the existence of hypothesis*. The *Encyclopaedia Britannica* was developed by the Scottish branch of the Secret Intelligence Service as part of the general effort to that purpose. The organization of Newton's chiefly plagiaristic *Principia*, and of Boyle's publications, are exemplary of the same emulation of Aristotle's method.

The textbook has the same sort of brainwashing function. Instead of situating the development of scientific knowledge in terms of the actual social process by which knowledge was developed — the pretextbook method—the standard textbook connects the elements of what is adopted as existing knowledge by means of plausible explanations, the consistency of such plausible-explanation frauds achieved through emulation of Aristotle's method.

The connection of Aristotle's Nicomachean Ethics and Roman law to the Hobbes and Locke social models and to British legal doctrine tends to be obscured by a growing want of comparison in the

U.S.A. (in particular). The inability even to comprehend the ABCs of a constitutional law among even federal court judges today arises from a cumulative corruption of U.S. law doctrines and practices by British subversions. Originally, during the early decades of the United States, continuing under Justice Marshall, the notion of "natural law" immediately associated with Gottfried Leibniz was the doctrine of constitutional law. The doctrine was of a nation which had a unifying purpose in behalf of the existing population and its posterity as a whole; that purpose was progress, which was the fundamental interest of the individual member of society — his rights and liberties were his rights to develop his creative-mental powers and to express the fruitful contributions of those powers to the general (and his own) benefit. This republican principle is eliminated by Aristotle, by Roman law, and by British law.

The very notion of a rhetoric is intrinsically cultist. There are, indeed, uses of language which communicate conceptions of importance in a better or worse fashion. There is a role which elegance may contribute to that purpose. In that sense, one might think to speak of a proper "rhetorical art." However, the abstraction of the mere forms of argument from the nature of the content to be communicated, and the nature of the problem of bridging the conceptual inadequacies of an audience, is pure mystification, fraud.

The merit of a conception is not to be measured by the readiness with which it is generally accepted in any specific quarter. Often, the truth is directly the reverse, by the very nature of scientific conceptions, which, if important, go strongly against accepted prejudices. To acquire the power to eliminate the important aspects of a conception in order to give credibility more easily to the mere name one attaches to it is failure and fraud. Once communication is associated merely with velocity of persuasion — making friends and influencing people — all real intellectual life ceases.

The essence of all creative or otherwise important thought and communication is *polemical*. Once one goes beyond mere petty gossiping — "I saw a cow yesterday in Mrs. Jones's kitchen, but what a pretty cow!" — any important communication ventures into a kind of combat between the writer's or speaker's conception and the tendency of the reader or listener to be offended by such offense to his preexisting prejudices. To communicate important conceptions, one must make a war against the reader's or listener's prejudices, albeit with a lovingness felt and projected toward that reader. No reader who acquires ideas in any other way should trust his own judgment in accepting them. Any idea that is assimilated without experiencing polemical conflict is either merely an idea one already knew, or an idea of no importance.

Rhetoric does not appeal to the true cognitive functions. It proceeds: I will please you, and so you should please me. It is a crooked politician smiling

psychotropic drugs. These urban cults, often "back to nature" cults, were generally modeled on the proven success of the Phrygian cult of Dionysus in transforming a mixture of urban slum-layers and adolescent youth into a social battering ram of crazed irrationalism against the political institutions and forces of the city-builders.

This sociological method was complemented by the designing of myths and cults which were esteemed as representing a belief-structure (as some would term it today) antagonistic to scientific thinking and to promotion of technological progress. Critics have exaggerated the aspect of pagan cults that tended to induce submissiveness to a ruling caste or class.

In fact, anarchism was a very efficient instrument of British intelligence into the World War I period, deploying its assassins largely from Swiss safe-houses (as international terrorists in Europe today) to ritually reduce the Hapsburg population to British-manageable proportions, and, in one instance, via Emma Goldman's New York City Henry Street Settlement House, to assassinate President William McKinley.

Anarchism, a model for a modern Dionysian cult, does not contain any emphasis on dutiful worship of kings, counts, or local officialdom — yet it serves the oligarchists' purposes all the better precisely for reason of omission of such features of cult-belief. The

Among the Council's approximately 1,600 members:

**Walter Mondale**  
**William Paley**  
**C.L. Sulzberger**  
**James Reston**  
**John J. McGloy**  
**Henry Kissinger**  
**Joseph Califano**

**Dean Rusk**  
**William F. Buckley**  
**Walter B. Wriston**  
**Stephen Bechtel**  
**Lane Kirkland**  
**Leonard Woodcock**  
**Gen. Alexander Haig**  
**Daniel Ellsberg**

**Arthur Ross**  
**Zbigniew Brzezinski**  
**Douglas Dillen**  
**Cyrus Vance**  
**Theodore Hesburgh**  
**David Rockefeller**  
**Paul C. Warnke**

Those features are often present and important, but they are not the essential feature of cult-design generally.

Exemplary is the case of modern anarchism.

Bakunin's anarchist international was created almost instantly through, principally, Rothschild funding. The Rousseauvian elements of Proudhon's doctrine were syncretically merged with the ultraegoistical irrationalism of Max Stirner, to create a cult explicitly modeled in all features of social composition and ideology on the ancient cult of Dionysus. The success of William Pitt's Secret Intelligence Service in deploying British agents Danton and Marat back into France from London, to lead the Jacobin terror, was also an immediate model of reference for the Bakunin project. Bakunin himself was directly funded through British agent Alexander Herzen, conduiting funds from N.M. Rothschild and Sons of London, under Rothschild orders. The branches of the new anarchist organization in other parts of Europe were assembled from petty police-agents and odd "radical" sorts sucking on the Rothschild tit in those quarters.

same point is to be made concerning the modern Bakuninite terrorists of today's international terrorism, or the environmentalist movement generally. The usefulness of such wretched degenerates to their actual masters lies in their deployment as a destructive force without morality or conscience, against the nations, institutions, and persons the oligarchists wish destroyed. By destroying the city-builders, the anarchists most efficiently aid the oligarchists' goal of a feudal utopia. By their own infantile dedication to smallness, the anarchists discipline themselves against any capability of developing as a potentially governing force.

The codification of the myths and cult-doctrines deemed most suitable for neutralizing scientific progress was accomplished under the supervision of the Apollo Cult's agent, Aristotle, during the 4th century BC. The Peripatetics moved from place to place, under orders of the Cult of Apollo, collecting and codifying the elements of the doctrine intended to serve as a permanent, comprehensive obstacle to scientific progress.

discredited man. The same could occur to a Kissinger, and the termination of his importance would be executed with far, far less effort than was required for the mass-following-based McCarthy.

The Kraemers, the Henry Blochs, the Arthur Rosses survive such changing of the casts of political (and other) actors. They have an intrinsic importance; the Kissingers, like yesterday's discarded Hollywood sex symbol, have essentially none. The puppet-masters, too, are vulnerable to their masters. However, they are initiates of the Stoic cult, the Cult of Isis, in which precincts the mere puppets never achieve more than the courtesy-title of novices. The puppet-masters have, in their fashion, an essential importance.

The Stoic cult — the Cult of Isis — is approximately 22 centuries old. The Stoic cult itself (as distinct from the more theatrical Isis rituals) was established during the second century BC by Aristotle's heirs in Ptolemaic Egypt. These heirs were in fact the debt-collectors throughout the Mediterranean for the banking and tribute-collecting operations of the Cult of Apollo, ran the Cult's political-intelligence operations, and manufactured new, synthetic cults and prophecies as takeovers of one culture after another required the cooking up of such concoctions.

## How it works

The circumstances and purposes of the synthesis of the Isis cult and Stoic doctrines are crucial to understanding how the damned thing works, and to what purpose.

The collection of Aristotle's Peripatetics that landed in Ptolemy's Egypt — after being booted out of Athens for complicity in the assassination of Alexander the Great, among other offenses — had been agents of the Cult of Delphi. At Delphi, the Cult of Apollo had had the same cult and banking functions it perpetuated from his Egyptian headquarters, and had been then the principal political-intelligence agency for what was designated as the "Western Division" of the Persian Empire. Its principal functions, apart from general banking and intelligence activities, was to effect the defeat of the forces committed to scientific and technological progress — the *city-builders*. It was identified during the 4th century BC with a policy then termed the "Persian model," which can be summed up as a feudal utopia perpetuated with the aid of an environmentalist's hostility to urban-dominated cultures and technological progress.

The institution that had created this form of the Delphic Cult of Apollo was the Babylonian priesthood. Hence the Cult of Apollo, the Stoic cults, and the oligarchical faction generally were dubbed the *Whore of Babylon* in the Christian New Testament.

The ruling forces represented by the Babylonian priesthood (and the Cult of Apollo) were composed of two categories. The first was a landed aristocracy, a military nobility. The second was an aristocracy of

finance, families occupied chiefly in usurious tax-farming of governmental revenues, but controlling most of the financing of trade as well.

Experiences during the period prior to the great migrations of the "Peoples of the Sea" had included the emergence of great city-state cultures. The Tyre of Hiram and Tyre's promotion of city-building by King Solomon in Israel exemplify the adversary that the Babylonian priesthood worked to destroy at approximately the beginning of chronicles generally available to us today. They had learned that the urban-centered promotion of science and technology produced developments in society that threatened the extinction of the oligarchical order.

# Who is the Council on Foreign Relations?

Founded in 1921 as the U.S. branch of Britain's Royal Institute of International Affairs, the New York Council on Foreign Relations and its journal *Foreign Affairs* today represent the *creme de la creme* of the Anglo-American alliance.

So, the oligarchical faction defined itself, from then down to today's environmentalist-terrorist cults, as the deadly adversary of policies of general scientific and technological progress. Over the millennia, the oligarchists have regarded it as expedient to make use of existing technology to the end of strategic requirements. However, they have been dedicated at the same time to halting the impulse of further technological progress, *especially in other nations*. By halting technological progress in other nations, they could impose a halt to technological progress in their own — and thus perpetuate a feudal order in perpetual bucolic imbecility indefinitely.

The characteristic means that faction has employed from ancient Babylon down to the present day is as follows. It has relied heavily on deploying backward rural and pastoral forces as a mass battering-ram against the forces for progress, even bringing bucolic foreign invaders to conquer their own nations if the forces for progress grew too strong at home. It also developed urban cults among the most-wretched poor and susceptible adolescent youth, using predecessors of "rock music," erotic play ranging into sodomy, and

warmly as he presses the hands of the voters he is impatient to swindle as quickly as he is installed in office. *Rhetoric is the art of "pleasurable" intellectual sodomy.*

Now, we are close to the heart of the literary principles of the Council on Foreign Relations.

The formal features of Aristotle's work are not adequate to accomplish the oligarchist's purpose. To quench the creative-mental impulse within the person, one must reduce him — degrade him — from a reasoning person into merely a thinking person. One must wean him from the tendency to associate his human, social identity with the development of his creative-mental powers to rigorously develop or assimilate new qualities of contributions to general scientific and technological progress.

Once the individual is strongly attached to creative identity, he associates his identity with acts he perceives to be of universal benefit to society. He then, in turn, regards his fellow-human by the same standard, the same potentiality for contributing something of universal importance. On such persons democratic republics dedicated to progress are based — just as our own United States was created.

One must, if one is to ensure a stably oligarchical form of society, instill an emotional world-outlook and sense of personal identity corresponding to Hobbes's order of each against all, or its less provocatively formulated Lockean equivalent. The focal point of identity and personal judgment is shifted from universal acts to the appetites the individual associates with his or her mere biological individuality.

This potentiality for degradation into a Hobbesian or Lockean person exists in each individual. It is the world-outlook of the infant, the ill-tempered two-year-old child, the infantile person. Cultivate the individual's infantile sort of egoistical-sensual appetites. Lure intellectually deprived slum-victims and susceptible adolescent youth into dionysiac forms of prolonged dancing, the drums constantly pounding throughout. Occupy their minds with erotic play (pornography), and perhaps, to degrade them more, lure them into erotic activities proceeding from perhaps paired into group sex-play and sodomies. Infuse into the circles of these victims psychotropic drugs, or merely get them regularly drunk. Occupy them with the sensuality of sports, and induce them to prefer this over their mind's development. Then, you have degraded that individual, playing upon the residue of infantile egoistical sensuality within such victims to drive them into acutely neurotic infantilist conditions, in which the noises in their minds prevent them from maintaining any significant concentration span in thought.

John Stuart Mill, the evil Bertrand Russell's godfather and guiding light of the Fabian Society, outlines the procedures for doing this: it is called the "utilitarian philosophy," and with whipped-cream added, takes on the Viennese aspect known as

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## **This degradation of a people is called sociology, or behaviorist psychology, or linguistics.**

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"transactional philosophy." This process of degradation of a people is called in academic precincts *sociology*, or *behaviorist psychology*, or *linguistics*.

That procedure is the Phrygian cult of Dionysus.

So, the Peripatetics in Egypt syncretized the Cult of Isis, by working in the cult of Dionysus into the "belief-structure" adduced from the Egyptian pantheon. The cult itself centers around the doctrine of reincarnation — which is the hallmark of many degraded oligarchist cults of the occident and orient alike. The Isis worshipper does not assuredly believe in the reincarnation of personality — except in the most extreme, mentally deranged cases. The notion of reincarnation is rather symbolic for the notion of perpetuation of the personality through the family, variously the biological family, the synthetic family-group and so forth.

This symbolic pathology of reincarnation is associated with a doctrine of obedience, of willingness to perform any sort of monstrous evil in behalf of the family, the cult itself, on orders of those who the family appoints to give such orders. The qualities of the degenerate feudal aristocrat and the anarchist assassin are thus compacted into a single doctrine and practice. All of this is wrapped in an atmosphere and rituals which expose the evil Marquis de Sade as probably an Isis Cult member, and not particularly original in his morbid extravagances.

There are two other points to be considered to comprehend the essential workings of the Isis Cult. These are the roles of superstition and the "secular" form of the Isis Cult, Stoicism.

The characteristic feature of the political-intelligence operations of the Cult of Apollo was its use of prophecy. The British borrowed a classic such method from the ancient priests of Apollo in the operation they ran to the purpose of discrediting Secretary of State William Rogers.

The British fed their agent in the National Security Council, Henry Kissinger, with a wild prophecy: the Soviets were about to deploy the Palestinians and Syria to overthrow King Hussein in Jordan, continuing to outline a wild scenario in which the Soviets took over the Middle East, the Mediterranean, and Western Europe in the ensuing developments. A similar line of nonsense was fed into Jordan.

Rogers ridiculed the prophecy. Rogers's argument was correct, except that it overlooked one thing. The

Soviets had no such operation in view; on this Rogers was correct. *However, the British did.* The British used British-Zionist agents within the Palestinian forces and British agents-of-influence in the Jordanian military to set up a gang-countergang escalation leading into the "Black September" massacre. A Syrian Palestinian armored force maneuvered for just long enough (conspicuously *without Syrian air support!*) to seem to correspond to that feature of Kissinger's prophecy. Nixon et al. were taken in. Rogers, and the prospect of the Rogers Plan, were discredited.

Obviously, President Nixon had not mastered ancient Greek history. The British may not be noted for any signs of creative originality, but they do study the classics zealously at Oxford and Cambridge.

Astrology is one of the most significant of the cults promoted for the purpose of destroying the cognitive potentialities of the credulous mind. The promotion of gambling — legalized or otherwise — is another trick proven most effective in promotion of irrationality, superstition in the minds of the ignorant and credulous. Show me a person who believes "there is something in astrology" or a person who gambles, and you have shown me a gravely neurotic person lacking coherent powers of rationality under stress.

Stoicism is the secular form of these features of the Isis Cult, and the mirror image of the bestialized order of society presented as axiomatic by Hobbes and Locke. It is, as we have noted, the "Unitarian" version of the Isis Cult.

## The Scottish Rite

When the oligarchist Philip the Fair of France had crushed the Templars — awarding the properties of the Templars to the Knights of St. John of Jerusalem — the associated organization of Freemasons was left without a patron of importance. These Freemasons were, in fact, organized around the builders of cathedrals and other great works of the period into the late 13th century's ongoing general collapse. They persisted as a significant political force for humanism (city-builder policies of progress).

The oligarchists were determined to wipe out the humanist potentials of the Freemasons. So, the British Secret Intelligence Service cooked up the so-called "Scottish Rite" of Freemasonry. The principal degenerate engaged in this construction was one Ashmole, who made the centerpiece of his syncretism the Cult of Isis.

One must be cautious in leaping too quickly to judgment over the mere fact that the Isis and Osiris symbology is included in Freemasonry. As the case of Mozart's *Magic Flute* attests, leading European humanist circles were engaged in a countersyncretic effort, to neutralize the significance of the Isis and Osiris images — as Mozart attempts in that opera. For such reasons, Mozart was assassinated by poisoning.

(Years later, Salieri admitted to his part in that assassination effort. Poisoning was the preferred method of assassination by Aristotle.)

Nonetheless, without assuming rashly that every Freemasonic lodge tolerating the symbols of Isis and Osiris is a nest of perfervid Isis-worshippers, the hard-core British Freemasonic groups are. Another organized collection of Isis-worshippers are the British factions of the Order of Malta. Another notable set of Isis-worshippers are the hard core Zionists, who have reworked their Judaism into a thinly disguised cover for the tradition of Isis worship in their circles since Benjamin Disraeli's participation in that obscene, pagan worship.

It is for this reason that members of the Venerable Military and Hospitaller Order of the Knights of St. John of Jerusalem (British-Canadian branch), and the Sovereign Order of the Knights of St. John of Jerusalem (U.S.-Canada-based Russian, or "fascist international," branch) are known as "Christians who are not Christians." The adoption of the hideous blood-oath of the Cult of Isis is exemplary of the point. The same applies to the "Jews who are not Jews," the inner circles of the Jerusalem Foundation and B'nai B'rith.

The Bahai cult is another, British-intelligence-created concoction of the same hideous variety, as are the British-intelligence-created Hare Krishna cults.

## Isis causes degeneracy

The effects of indoctrination in the world-outlook associated with the Cult of Isis causes a specific, recognizable pattern of intellectual and moral degeneracy. Although members of the Council on Foreign Relations are not all worshippers of that pagan cult, they represent, predominantly, an Anglophile association under heavy influence of Round Table circles which are intimates of the cult.

The eerie sort of scatterbrained patter common within Council circles' speech and writing is chiefly, directly the product of this influence.

A passage from an early section of Miriam Camps's book (pp. 12-13) suffices to pin down a preliminary identification of the kind of mental dysfunction to which we refer:

"Although today one is struck by the force of nationalism almost everywhere, the nationalism in the developed countries has an override smell to it, suggesting that it is, in part at least, a reaction to the fact of greater interdependence, to the loss of effective autonomy in many fields, and to the increasing remoteness of the effective level of decision-making. Not only has nationalism — which at the end of the Second World War seemed on the wane in the more highly developed countries, caught a new grip on life, but there is also a new vociferousness to ethnic loyalties at the subnational level, e.g., Flemings, Bretons, Welsh."

That, is by no means the worst of Camps's prose. This passage from the beginning of the book has been chosen because it has a greater formal resemblance to coherent articulation than usually occurs as she moves on into later chapters. Let us consider a few features of the quoted piece of gibberish and see what sort of criticism is possible for such drivellings.

Let us look at the passage backwards. The statement, "there is also a new vociferousness to ethnic loyalties at the subnational level." I do not know what Camps intended to say by that statement, but I know the recent history of CFR policy well enough to know exactly what *they* intended to say by that statement. Whether Camps knew what she was writing (in any meaningful sense) or not, that was a point she was supposed to make. The rest of the paragraph is pure garbage, variously meaningless, false, self-contradictory, essentially fustian. That whole, rotting jellyfish of a paragraph up to the end was merely a perverted sort of rhetorical slithering up to the one statement in the paragraph that has any sort of intent or sense to it.

The statement itself, if read at face value, is a lie. I do not know Camps, to determine whether she knew the statement was inherently fraudulent, but the leading forces of the CFR damn well know it. Nonetheless, unlike the rest of the paragraph, it is at least a definite statement with some sort of tenuous connection to the realities of a policy-discussion. After the sheer concoction of addlebrained babbling prefixed to it, one arrives at the concluding statement of the section with a sense of mental relief. The rest of the blather was simply an effort to create a plausible rhetorical environment for the single statement at the conclusion.

Now, as to the statement itself.

It is true that there was an upsurge of Walloons under the most-visible leadership of oligarchist agent-provocateur Renard in Belgium in the wave of the general strike erupting under the crisis-conditions of Congo independence. It also is true that a Fleming particularist ferment was reactivated with help of Renard's provocations among Walloons. There has also been a Breton particularist ferment — incidentally, entirely manufactured and controlled by British intelligence services. The British intelligence services also dabbled with a Welsh particularist movement. One could add many more cases, with the same qualifying observations on the origin of the particularist ferment in each case.

The top circles of the CFR are intimately informed on such matters. Now, knowing that they know that sort of fact, what are we to make of a statement such as "there is . . . a new vociferousness to ethnic loyalties at the subnational level"? Whatever Camps does or does not know, from the CFR such a statement is a fraudulent one. Correct would be: "We are so far committed to continuing a policy of destabilizing existing national governments through creating ethnic disturbances wherever we can define a suitable

minority for such purposes." The implicit further point arises from such a relative franker formulation of the point: "Therefore, policy-makers had better build their schemes around a British determination to continue to foster such obscenities."

This critical appraisal already affords the reader a sense of the difference between what the CFR intends to propose as policy and the involuted double-talk under which such a simple point of policy-formulation is buried.

Low on page 13, we encounter a brief statement which is properly understood not quite as written, but with aid of the sort of translation we have just performed on the selected passage from the foregoing citation.

"In instability of borders will not be the only, or indeed the main source of turmoil in the less developed countries. Population pressures, massive unemployment, rapid urbanization, indigestibly fast rates of social change, inexperienced governments, all promise continued turbulence."

Again, reverse the statement: "promise continued turbulence." That, as a declarative statement of intent, gives us the key to the paragraph. Turbulence where? "Promise continued turbulence . . . in the less developed countries." Let us summarily examine the means which Camps proposes will be used to produce this promised turbulence.

**"Population pressures."** Where? Latin America? No. Africa? No. the Israeli expansion into Arab territories and Lebanon? That is one case. The subcontinent of Asia? Yes, dear friend, a general wave of border destabilizations around India's borders is intended. China? Ah, now you have hit upon a biggie! Will population pressures cause these destabilizations? In fact, not at all; however, population pressures will be used as an explanation for the "factors" causing this destabilization, just as the magical phrase "sociological phenomenon" was employed by such as Willy Brandt and Henry A. Kissinger each time some investigator began nosing too efficiently into the British and Israeli intelligence services' control of international terrorism.

**"Massive unemployment."** That not only offers any intelligence service wonderful opportunities for generating all sorts of destabilizations of governments throughout most of the developing sector, but under IMF and World Bank programs, this unemployment is being massively increased.

**"Rapid urbanization."** This is a rather nasty bit of double-talk. Under British (and, hence CFR) policy, there is no allowance for the capital-intensive investment which would promote urbanization in the usual understanding of that term. However, driving the poor from rural districts into the cities, with the growth of massive slums of the sort that produces under a condition of declining general employment opportunities, and one has Jacobin-terrorist riots ready for the making.

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## **'Security community' suggests the entire board of CFR sucking on the edges of a large blue blanket.**

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**"Indigestibly fast rates of social change."** That is a cruel way of putting the point. Slashes in consumption under London, Eurodollar, IMF, and World Bank "conditions," already under way by 1974, mean hideous social change.

**"Inexperienced governments."** In nations undergoing successive coups, a proliferation of "inexperienced governments" is the general circumstance.

Two excerpts from a paragraph beginning on the same page round out adequately our study of this specific sort of syndrome:

"Cultural separateness is harder to maintain, but so too is ignorance of the human costs of war and famine. . . . The edges of sovereignty seem likely to continue to shrink and to become more and more ragged and the remaining boundaries more permeable."

The first part of the excerpt refers to such projects as that of the Rand Corporation to launch a chain-reaction war throughout all South America, pivoting around a war between Chile and Peru erupting over the issue of Bolivian access to the sea. A similar operation for Central America was planned then, with the Panama Canal treaty being negotiated as part of the process of setting such a general destabilization into motion. There was a similar, Kissinger project for all of southern Africa, and a Kissinger destabilization project for the Horn of Africa — in which, as Kissinger originally planned it, the USA would encourage Ethiopia to attack Somalia, to which end London stirred up the Somalian Liberation Front concoction involving Somalia in troubles with Kenya as well as Ethiopia. The Kissinger austerity projects for the developing sector afoot during that period would generate sufficient famine to eliminate any well-being surviving from regional wars.

The second part of the excerpt simply reports the commitment of the CFR to pushing the doctrine of "limited sovereignty."

In the succeeding chapter, entitled "Security," we are confronted with the following lollapoolooza at the close of the opening paragraph (p. 21):

" . . . a combination of countervailing power and self-restraint born of recognition that major war is in no one's interest."

That conceptual atrocity is continued into such marvels of empty literary posturing as (pp. 21-22):

"The rhetoric of the unreal goals of general and complete disarmament and of collective enforce-

ment should be put aside and more thought given to ways of limiting and gradually changing the character of competition between states."

This statement, like the piece of refuse cited from the chapter's first paragraph, is properly recognized as "The Woodrow Wilson heritage."

I assure the reader I am not being unfair in selecting quotations. I know very well how the business of distortion through paring selected quotations to distort the original is affected. I have taken pains to avoid even an accidental slipping into a color of such practice. The selections given are a scrupulously fair representation of what I am getting at, which is the quality of her thinking.

There are two points to be adduced from selections of passages from page 25. First, to illustrate the way CFR policy is actually stated abruptly after a mish-mash prologue of — in this instance — Wilsonian schizophrenic babbling:

"There is in the Atlantic area not only the defensive alliance NATO but also the beginning of a 'security community'; that is, there is a relationship among the states of the area which is sufficiently close and confident so that the prospect of settling disputes among them by resort to force has almost disappeared. The 'security community' of the Atlantic area is not completely coterminous with the NATO area. For example, Austria, . . . although not in NATO, is probably included in the emerging security community, while Greece and Turkey, although members of NATO, are rather uncertain members of the Atlantic security community since war between them is still not inconceivable, e.g., over Cyprus."

There are two points to be made on this selection. The character of the paragraph as a whole is comparable to the first selection we considered from Camp's book. The whole thing is either gibberish, or trivial to the point of not being worth writing, until we reach the concluding "e.g., over Cyprus."

Remember that this is a 1974 publication. Here, again, we have a case in which the CFR is stating a chosen policy-perspective in a twisted fashion. It is projected British intelligence coups in Cyprus, which, CFR moots, will keep a possible Greece-Turkey conflict available as an option for destabilization of the Eastern Mediterranean. If one knows Cyprus's internal situation, as anyone with the resources of the CFR should, then CFR would not publish a text under the silly presumption that there was any *spontaneous* potential for Greece-Turkey conflict over Cypriot developments which could never occur *spontaneously* in the first place.

The point which we wished to introduce by citing that paragraph, and which we shall emphasize by the next citation we shall make, is the way in which the authoress qualifies the gobbledygook concerning "security community," all of which had no bearing on the Cyprus point, except as pure fustian to give her a



running start into uttering the Cyprus point, rather than coming out and stating it plainly in the first place. We find the key to the "security community" nonsense in a footnote to the cited paragraph:

"5. The concept of a 'security community' in this sense originated with Karl Deutsch. See Karl Deutsch, et al., *Political Community and the North Atlantic Area*. . . Princeton, . . . 1957, p. 2."

Ye Gods and little fishes! What a conniving way to work in a footnote, and to expand a single statement into a fustian-stuffed paragraph, all ostensibly to cut a recherché posture by referring, in 1974, to an inconsequential bit of nonsense allegedly first concocted on page two of a 1957 Defense Grub Street production.

One is already in a poor mental state if one must fill up paragraphs with fustian. To have to borrow a piece of worthless prose from some poor fellow's scribbles of 17 years earlier — on page 2, no less! — thus certifies one lacks even the imagination to invent one's own trivial nonsense! No doubt, one is supposed to be impressed with the aura of scholarship about the whole matter. "Security community" indeed! The very name suggests nothing so strongly as the entire board of CFR sitting in a circle, eyes glazed with childish serenity, while all join in sucking communally on the edges of a large blue blanket!

"Not only in Europe but elsewhere as well, we should be seeking to strengthen and expand the scope of existing security communities and to create new ones. As Kenneth Boulding has pointed out, we could be approaching a watershed where 'the international system passes from a condition of unstable peace, albeit with enclaves of stable peace, into one in which stable peace becomes the property of the general system, which still however may have enclaves of unstable peace within it.' "

This citation brings us closer to the kernel of the CFR method. I know what Camps means, and knew it when John Foster Dulles was proposing the same general sort of thing back in the 1950s. The general concept I treated in my *The Case of Walter Lippmann*. Like a particularly bad meal, the proposal has a recurring tendency to come back up. The proposal is bad, but to offer such a familiar policy under the veil of such double-talking! Either the reader will recognize the policy from the past, or he will recognize no policy at all. So, if one wishes to communicate, why attempt to seem to say something different than one is saying?

Now, to the Boulding business. At first glance, my reaction is to propose that if a man of his maturity must indeed masturbate, he ought to have the common decency not to publish the details of the event. The problem, like that of Camps's prose in the same paragraph, is that Boulding is unable to come out and state what he means. He must put it in an air of ivory-tower, algebraic-seeming generalities — hence the general aroma of masturbation. Translating the gobbledygook into some semblance of the reality to which he presumably refers, one sees what he is

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## Anglophiles recognize in the distinctions between the functioning of our minds a species difference.

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trying to avoid saying intelligibly.

Let us translate this monstrosity into statements which bear some connection to reality.

"**A condition of unstable peace.**" Generally, this means the continued adversary relationship between NATO and the Warsaw Pact, with the China variable tossed in, and the various issues — especially in the developing sector, most emphatically the Middle East — which threaten to unstitch the peace among the superpowers. Why not say so? Why this parody of Aristotelean abstraction of the "essence" of a "condition of unstable peace," then proceeding to attempts at linguistic algebraic tricks with mere phrases? Is policy-making then to be a matter of juggling phrases in that fashion?

"**Stable peace becomes the property of the general system.**" "Property" is the key term, the Aristotelean term, most emphatically. On what basis does Boulding propose that the "watershed" for such a "property of the general system" is about to emerge? It would exist only on the concrete basis that FDR's Soviet policy, or Eisenhower's Atoms for Peace, or the Rogers Plan were resurrected and adopted as the common policy of the USA and Soviet Union. Does Boulding see that occurring in 1967? Perhaps, at *that* juncture.

In 1974, after Kissinger has not only joined with the British to wreck the Rogers Plan, but has institutionalized various arrangements aimed at preventing any such developments in policy, where do any of the CFR crowd supporting Kissinger's wrecking-job see a "watershed" of that sort in 1974? Once we take Boulding's 1967 formulation out of the realm of phrase-mongering and identify the realities to be considered, Boulding's formulation becomes translatable into readable prose. Camps shows not the slightest comprehension of such an adducible reality of the 1967 statement in 1974. She is proposing a policy directly opposite to Boulding's "watershed" mooted, then appropriating Boulding's mere phrases as somehow an implication of her policy.

One properly presumes that the reference to Boulding has about as much relevance to her point as the genuflections before page 2 of a 1957 production of Karl Deutsch.

The same school of rhetoric-by-fustian pervades the book. On page 32, for example:

"Some years ago, Lincoln Bloomfield suggested that the superpowers pursue a 'spheres of

abstention' policy; a similar, if more modest, suggestion for 'spheres of restraint' was later put forward in a little-noticed speech by Elliot Richardson when he was Undersecretary of State."

Why no honorable mention of Milton Berle's friend, Harvey Keck?

The pattern in Camps's book is that of lawyers cribbing paragraphs from boilerplate contracts or one another's old briefs. The principles of Nicomachean Ethics, coming through one channel of education of these people, find an incestuous pleasure in diddling with their nephews and nieces, encountered in the increasing influence of British doctrines of law in our law schools and general court practice.

In this incestuous preoccupation the notion of the coherent history of ideas, policies, evolving interests — even reality itself — is misplaced, and policy scholarship becomes a nightly raking through the contents of the outhouse, looking for signs of what some former passerby might have had for dinner to produce results similar to one's own current productions. The whole business of arguing policy, the rhetoric approved around the CFR, is degraded into a mixture of linguistic schizophrenia with algebraic literary formulations, mixed with a form of "scholarship" that converges on the most banal, childish sort of dictionary nominalism.

Enough of Camps. The point is illustrated.

The point is that those folk usually go on and on that way in any policy discussion. I have met such persons,

especially during most recent years, among Americans and Europeans, and from sections of the developing nations. One can not fail to pick out the Anglophile once he or she begins to talk — no matter what nation he or she presumably represents. The same nominalism, the same linguistic phrase-mongering in place of concepts of reality. Worse, one brief paragraph tumbles after another with some free-associative sort of connection between most of them, but no conceptual coherence governing the whole, or shaping the contents of the particular paragraph. It is a string of fragmented such pieces, the whole collection a string of mementos of the scatterbrained outpourings of persons with miniscule concentration spans.

In our encounters, the inner circles among these persons recognize in the distinctions between the functioning of our minds something akin to a species-difference. If they have studied such of their ancient enemies as Plato, Leibniz, and so forth at Oxford or Cambridge, and have a certain experience in the corridors of power, they recognize quickly in that distinction that exists between us evidence that I represent the ancient and feared adversary of their own evil species. The Whore of Babylon recognizes the mind of her potential destroyer. Seeing also the work of the Labor Party, the influence of our works, they tense, growling such phrases as "potential danger," "more dangerous than Hitler," "kill it before it succeeds in getting a real foothold in shaping events."