



NEW SOLIDARITY International Press Service

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New York, New York 10001
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Customer Service (212)564-8529

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IN THIS ISSUE

| | |
|---|-----|
| <u>International Market News</u> | A1 |
| <u>Domestic Market News</u> | A7 |
| <u>U.S. Political News</u> | A12 |
| <u>Special Report</u> | |
| <u>The Making of Rockefeller's</u> <u>International Terror Campaign</u> | B1 |
| <u>Grid of International Press on La Guardia</u> <u>Bombing and Related Topics</u> | B6 |

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INTERNATIONAL
MARKETS NEWSLETTER

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SECRET IMF MEET PLOTS WORLD FASCISM TO PREVENT BLOWOUT

NEW YORK, Jan.2 (IPS) -- A highly confidential meeting this week of the International Monetary Fund (IMF)'s Executive directors and other top brass hammered out a series of specific plans to implement corporatism and austerity on a global scale in the immediate weeks ahead.

Leading members of the Rockefeller financier faction had already publicly agreed that working class living standards must plunge by a minimum of 30 per cent during the first months of 1976 or the detonation points of the dollar empire will touch off a major blowout before the March rollover deadline for international payments.

Sources who attended the "World Economic Outlook" meeting revealed the following details about the IMF's policy decisions:

1) Plans were discussed for the extension of top down austerity measures now in the works for Britain, Italy and Canada to the rest of the industrial countries. "There have been no major social disturbances despite high unemployment in Europe," one source gloated. "This was a very important issue taken into account in our plans for the future." There was an extended discussion of Canada -- where Premier Pierre Eliot Trudeau announced last weekend massive state intervention into the economy -- and Britain, as "models" for the rest of the Western Europe and the United States.

2) Steps were announced to push the rapid implementation of so-called Tindemans Plan, named for its author, the Belgian Prime Minister. The plan proposes integration of European industry around arms production, presumably to make Europe "independent," of the U.S..

3) Crash plans were made to raise sufficient funds through the International Monetary Fund to buffer refinancing demands on the world banking system from the Third World.

These plans will be further discussed at the January 7 meeting of the IMF's Interim Committee in Kingston, Jamaica, the source added.

But the Interim Committee will also succumb to European pressure to permit European central banks to trade gold among themselves, opening the way out of the dollar morass -- should the Europeans choose to take it rather than fight a battle with the working class for Rockefeller.

There are several indications that the Europeans will jump from the sinking dollar ship. It is entirely possible that European central banks have already curtailed their practice of supporting the Eurodollar interbank market. Sources in New York

attributed the biggest weekly decline in the money supply last week as resulting mainly from the huge outflow of funds from New York to the London subsidiaries of U.S. banks. These sources believe this drastically stepped-up outflow is possibly the result of the non-availability of European central banking funds to hold-up the Eurodollar interbank market.

The New York banks are already worried about the prospects of success for their corporatist scheme. IPS learned today from a highly placed source at a Rockefeller-controlled bank here that the New York banks have mapped out contingency plans to quickly extradite themselves from the Eurodollar market in case of that market's collapse.

Whether or not the New York banks can freeze the liabilities of their European subsidiaries without themselves being forced to declare bankruptcy is at this point of only secondary importance to the Rockefeller bankers. The hysterical second point of the IMF plan (which deals with Third World debt refinancing) is based more on wishful thinking than anything else. Even if every penny available was diverted to this end, the refinancing of the \$60 billion in Third World debt coming due in 1976 remains an impossibility. Since any talk of extracting full payment now (i.e., not refinancing) is also ludicrous, these bankers are left with a problem that even their prodigiously lying bookkeepers cannot gloss over: they are faced with a full collapse of dollar denominated debt. (see pg.4)

In such a desperate situation, faced with the immediate collapse of their financial and political power, the Rockefellers now represent a grave threat to the future existence of the human race. With the power it still possesses, their faction is quite capable of unleashing, in the weeks ahead, a nuclear holocaust. As their policies should indicate, they are clearly insane enough to do it.

IMF's FIRST VICTIM -- BRITAIN

IMF sources this week revealed that Britain would receive \$2 billion in credits from the International Monetary Fund, in turn for handing over executive powers to the IMF. Prime Minister Harold Wilson's speech broadcast to the nation last weekend laid out public spending cuts affecting vital social services, wage cuts, and continuing unemployment of 1.5 million in the "bleak months ahead."

While the Wilson government has a policy statement on government expenditures in preparation, expected to impose unprecedented spending cuts, the Wilson-IMF policy has gone into full-scale operation in key industrial sectors. Under combined blackmail from Chrysler Corporation, the automakers' banks, and the European Community Commission, the British government announced that it would spend \$330 million to bail out the bankrupt Chrysler subsidiary in Britain. The bailout program includes a sharp reduction in the Chrysler workforce. In a related development, the government announced plans to push through two-year-old plans to strip the government-owned British Steel Corporation of 20,000

workers. One of the leading steel union leaders has proposed that each steelworker contribute a pound a week -- British currency, not flesh -- to bail the corporation out. British steel is currently producing at between 40 and 50 per cent of capacity.

ITALIAN FASCIST MODEL

Rockefeller allies in Italy, have put across the most ambitious fascist economic program that Europe has seen since the last war. Yesterday, Budget Minister Andreotti and Council of Ministers Vice President La Malfa unveiled a \$35 billion five-year program for state investments in labor-intensive "development" areas. A five-man inter-ministerial committee will have dictatorial powers over the disposition of funds, which will materialize through "the looting of bank deposits," according to the financial daily *Il Fiorino*. One-third of the funds will finance a recycling operation for northern labor, shutting down "antiquated" plant capacity, and two-thirds for slave-labor development in Italy's devastated Mezzogiorno.

Andreotti announced that funds would go to projects that would employ the maximum amount of labor and also squeeze the maximum "productivity" out of the workforce -- while utilizing the least imported technology. Italian socialist party economist and known Rockefeller agent Riccardo Lombardi clarified the Andreotti-La Malfa program as follows earlier this week:

"It's not a matter of proposing autarchy, but certainly of conserving a sector specifically dedicated to improving Italy's balance-of-payments. (This means) productive initiatives of a high labor-intensive character and little capital input, necessarily of low technology."

Since Chase and its confreres in the international banking community and the International Monetary Fund have decreed that no funds will go out to Italy, Britain, and other weaker industrial countries, Italy has no chance to import the technology it requires under the dollar empire. The only alternative is the rapid conclusion of three-way trade agreements between Europe, the Soviet sector, and the Third World, using gold as an emergency liquidity medium. The industrial countries with a weak balance-of-payments position ran a combined \$16 billion payments deficit this year, and have chalked up roughly \$70 billion in external debt, Chase Manhattan's decision to re-finance Third World debt, rather than finance the industrial economies, is rooted in the consideration that Italy, Britain, and others still have something to loot, while the Third World is already bled white.

One New York banker who just returned from an inspection tour of Italy endorsed the \$35 billion plan, noting that it "dates from the fascist era." The projects will be "very labor intensive," the banker added, and must be financed through "much sacrifice, a huge rate of unemployment, (and) credit restrictions to industry."

THE MILITARIZATION OF THE CREDIT MARKETS

The policies that came out of the closed door IMF meeting in Washington were consistent with a Rockefeller policy directive for the militarization of the credit markets issued last month from the chief of European operations at David Rockefeller's Chase Manhattan bank. According to one source, the IMF directors were merely giving "their stamp of approval," to this previous accountant's "flow of funds" version of the plan.

Writing in the December issue of Euromoney, the prestigious international banking monthly published in London, the Chase Manhattan spokesman proved the impossibility of refinancing the \$57 billion (Chase's Estimate for 1976) in combined balance of payments deficit on current account of the non-oil producing developing countries -- even if the Eurodollar market were to cut off all credit to the advanced sector. Alarmed at these prospects and noting the urgency of the situation, the author demanded that net liquidity be extracted from the advanced sector immediately to keep the Dollar Empire afloat.

Reflecting the change in Rockefeller family thinking in the current period, the author implicitly debunked the Rockefellers' grandiose 1974 "Fascism With a Democratic Face" for "democratic" regimes that could administer austerity. Instead he demanded practical, immediately implementable, high-risk, fire-fighting solutions to the crisis.

The proposed "solution" as developed by the Euromoney article and further expanded by policy-making-level spokesmen for the major New York banks is:

- 1) Channel all available international capital into "ventures" in Third World countries that owe the largest amounts of Eurodollar debts: Brazil, Mexico, Zaire, etc.
- 2) Refinance other Third World debts with expanded IMF "funny money" liquidity, through the issuance of new Special Drawing Rights (SDRs) and the rechanneling of OPEC oil funds tied up in development projects.
- 3) Provide artificial price supports for commodities connected to this scheme via stockpile financing by IMF, Kuwait and Saudi Arabia and OECD countries. Floor prices for commodities under a "case-by-case approach" as proposed by U.S. Secretary of State Henry Kissinger would be ideal. In the interim, purchase contracts by the Rockefeller linked multinational corporations and governments at pre-determined prices would suffice.
- 4) The World Bank and allied regional institutions such as the InterAmerican Development Bank and Asian Development Bank are to provide infrastructural support financing for such projects.
- 5) Most of the support capital for these projects is to come from local or third country sources or in the form of suppliers' credits.

Revenues earned by these projects are to first service Eurodollar debts before any other payments are disbursed.

Although there are indications that this scenario is already being implemented, even New York bankers concede that it will by no means solve the problem of defaults on major categories of Third World debt. Even if it were politically possible to impose police-state austerity measures of the British variety on the advanced sector as a whole and extract liquidity from this sector to refinance Third World debts, the accountant's model fails because the credits and debts simply don't add up. Rollover requirements on the \$60 billion of Third World debt that comes due next year cannot be met without destroying the value of the dollar. The total present availability of IMF, Euromarket, and other funds for this purpose is less than half that amount.

World trade, the mainstay of the \$300 billion Eurodollar market, has shrunk by 20 per cent this year. As such, the dramatic increase in Eurodollar credits to commodity-producing Third World countries starting early in 1974 and continuing this year was bound to end up in billions of dollars of uncollectable debt. This is precisely what has happened. Presently \$20 billion are being rolled over on a day-to-day and seven-day basis to such countries as Argentina, Brazil, Mexico, Zaire, South Korea, Indonesia, and Malaysia, and \$3-4 billion are expected to be added to this amount in the rollover period in the first two weeks of January. At the same time, official trade and production statistics for the month of November for the industrialized countries show ratchet-type collapse in production orders, shipments, and trade.

Thus while commodity-producing countries' export revenues rapidly erode due to declining demand from the advanced sector, their debt-service payments increase geometrically. According to Chase Manhattan's own estimates, 40 per cent of the total outstanding non-oil producing Third World debt is short-term and hence due during 1976. This means that this group's debt-service in 1976 will jump from \$39 billion in 1975 and \$9 billion in 1974 to a whopping \$72 billion accompanied by an approximate 30 per cent erosion in their debt-servicing ability.

To top it off, just when they could use all the funds to meet this mammoth rollover requirement, the New York banks that dominate the Eurodollar market face the grim prospect of a greatly reduced inflow of funds. Total net new lendable funds in this market are expected to shrink from \$28 billion to \$18-20 billion.

The oil-producing nations, whose oil revenues have been the chief source of funds for this market, will themselves become net borrowers of funds next year as their oil revenues shrink due to further industry shutdowns in the advanced sector. Morgan Guaranty Bank of New York estimates less than \$12 billion short-term OPEC deposits this year compared to \$25 billion in 1975. The only exceptions will be Saudi Arabia and Kuwait. Secondly, the enlarged current account deficits for Europe, Canada, and Japan -- the Organization for Economic Cooperation and Development (OECD) forecasts a jump from

\$17.6 billion in 1975 to \$23 billion in 1976 -- will greatly reduce the ability of these countries' central banks to lend to the Eurodollar banks. Thirdly, New York banks in this market are expected to transfer funds to New York to window-dress their balance sheets in order to attempt a float of equity capital in the first few months of the year.

This reality has led a Vice President of France's Credit Lyonnais bank to declare that the Eurocurrency markets will blow "in three weeks!" A highly placed Chase Manhattan official predicted "major casualties" in the weaker sector of "consortia banks" of the Eurodollar market. These consortia banks have been roped in by the "majors" in syndicating rollover credit in addition to highly speculative commodity market operations. A sudden collapse of commodity prices or a major Third World default will immediately cause a chain-reaction collapse of the entire shebang -- the "majors" included. In any event, it cannot be postponed beyond the March 31 major debt rollover deadline.



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DOMESTIC MARKETS
NEWSLETTER

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NEW PHASE OF U.S. ECONOMIC COLLAPSE: LARGE SCALE DISINVESTMENT

Jan.2 (IPS) -- For the first time in at least 20 years, the U.S. economy is now experiencing a process of net capital dis-accumulation or "disinvestment." In all previous periods, any decline in capital spending has also been accompanied by a net increase in corporate book accounts -- supposedly caused by the influx of the "saved" capital into corporate coffers.

Now however, in addition to the collapse of new capital spending, estimated by McGraw Hill analysts to currently be in the range of 15 per cent per annum, there is actual disinvestment taking place in the form of plant closings and write-offs on corporate book accounts.

The latest examples of this disinvestment phenomenon include the abandonment by the long-troubled Singer Company of its \$400 million business equipment operations, a similar write-off by RCA in November, and many more such disinvestments in the steel, rubber, and textile sectors. In the steel industry, a new basis for measuring capacity utilization which replaces the theoretical steel-producing capacities of facilities with actual capability of facilities and current availability of raw materials, opens the door for large-scale dismantling of unused capacity. This unusual capacity is estimated to be between 40-50 per cent.

Since World War II, U.S. corporations through deliberate investment policy, have made a point of running old capacity into the ground. Besides saving on new capital investment, this practice -- accompanied by the failure to write down antiquated capacity -- artificially boosted the debt-equity ratios of corporations for collateral purposes.

Now, with no market for new production, these companies find it impossible to maintain such capacity; The adjustment necessitated by years of carrying fictitious capital valuation of plant and equipment on their books -- an adjustment endemic to capitalist breakdown crises like the current one -- can no longer be postponed.

According to a preliminary analysis by our staff, the disinvestment process is at this point, the resultant feature of a total absence of a domestic U.S. economic policy rather than an explicit restructuring operation such as those taking place in Britain, Italy, Canada, etc. In these latter cases, the massive shutdown of capacity is the product of insane and deliberate government policy decisions.

As a clear indication of the heteronomic nature of the process, absolutely no one -- from the chief economist at McGraw Hill, to the head of Morgan-Stanley corporate finance department, to a number of industrialists and bankers outside of New York --

no one contacted this week by IPS could offer any information on the scope of disaccumulation. As one befuddled analyst reported, there aren't even figures around with which to compute the process.

Regardless of their current state of technical befuddlement, someone among these scions of American industry had better get their thinking straightened out -- and fast.

As most competent capitalist economists understand, this heteronomic collapse process will tend to accelerate exponentially over a relatively short period of time. Under such conditions, a conservative estimate of the time span required to permanently gut U.S. productive capacity would be approximately six months.

At the end of that period or possibly even sooner, there would not be a sufficient capital base left to begin anything even resembling a "recovery." With the gutting of the U.S. economy, any talk of a recovery in the West is sheer nonsense.

A "formal" decision to officially go with such a disinvestment "restructuring" policy as has been done in Italy and Britain and is being advocated by the insane Rockefeller interests is tantamount to a suicide pact and would also leave the economy in an unsalvageable wreck.

In the face of such prospects U.S. capitalists must accept a future that will involve the controlled-write-off of fictitious (and therefore inflated) book valuations and debt moratoria on debts acquired through borrowing against such value. Simultaneously, a new credit issuing mechanism to finance a recovery based on the use of productive capacity must be pulled together. At this point there is no other sane course of action.

ECONOMISTS FORESEE CONTINUED DOWNTURN

In a 1976 forecast, Gary Schilling, top financial analyst at White, Weld & Co., writes that spending for plant and equipment "is likely to remain weak in the next year due to excess capacity and corporate liquidity rebuilding" (capacity which is in excess in relation to demand, that is.) Mr. Schilling predicts that the durable goods sector will meanwhile continue to be plagued by huge inventories due to lack of demand.

There is ample reason for this pessimistic assessment of the economy's strength. In the third quarter, the ratio of sales to inventories-on-hand of both manufacturers and wholesalers was still substantially higher than in the final quarter of 1972. The outlook for increased sales is exceptionally weak: while manufacturers cut back on their maintenance of productive capacity, many analysts find it highly unlikely that consumers will go on a "spending spree" at any time soon because of their own rotten debt and liquidity positions. Such a prognosis is supported by poor retail sales figures for the week's immediately preceding Christmas. The holiday season, normally the best for retail sales, had been counted on to support the claims of analysts who had touted a "recovery based on renewed consumer confidence." Preliminary figures showed a decline in retail sales volume over last year despite inflated prices. And while car sales are up over last year's dismal level's (thanks to a major injection of credit on the auto loan market) there is little prospect for a

rebound in household durables given the depressed condition of the homebuilding industry.

Mr. Schilling's broad, though tentative, conclusion is that there is little reason to believe the process of inventory dis-accumulation (for durable and nondurable goods) is ending or even slowing down.

Similarly, James Green, an economist at the University of Georgia, recently lambasted economists who are painting 1976 as "the year of the recovery." He pointed to the stagnation of production in October and November and the fact that the recent rise in auto sales has been due to the fact that consumers used tax rebates as the down payment on installment payments.

"As consumer debt has increased to finance retail purchases," he writes, "cash payments have dropped. In effect the quality of retail purchases is less good as we move into the new year."

In the face of such sobering New Year's analysis one can find little reason to support the myriad of reports that attempt to find a "strong recovery" lurking behind almost every figure. As part of their New Year's resolutions, most capitalists should swear off indulgence in such fights of fantasy. The reality of the depression is becoming much too large for their camera obscura.

THE HYPERINFLATIONARY OPTION

Among the rumors that are making the rounds among business and financial circles in New York and Washington, is one that has President Ford trying to rev-up the economy in 1976 through "fiscal stimulants" such as the early release of construction funds in combinations with hyperinflationary credit infusions by Arthur Burn's Federal Reserve.

As is normal in such rumor campaigns, impressive evidence is being cranked out to support this thus far baseless supposition. The chief economist of the U.S. Chamber of Commerce expects the administration will move in this direction, while a survey conducted by a Bank of America economist some months ago revealed that 95 per cent of the corporate executives polled anticipated an inflationary credit boom followed by a post election collapse on depression scale.

With the money supply growing at an annual rate of only 1 per cent over the latest statistical quarter, it is being mooted in business and financial circles that the Fed now has the maneuvering room to turn on the spigots.

While he has yet to publicly commit himself to such a policy, Burns is thought not to be against it in principal. The Rockefeller faction is known to support such credit expansion as a means to prop up liquidity in the absence of any broad fascist economic program. Where everyone else stands on the question is unclear.

Some heavy armtwisting however, is apparently going on behind the scenes, producing a few recent "out-front" pronouncements on the subject of credit expansion. Most notable among these was the statement by Fed Board member George Mitchell that the Fed must stand firm and resist -- at all costs -- to open the spigot.

Some of this infighting is obviously going on in circles around the President. Ford however, is equivocal. At his year end press conference two nights ago, the President left the door open for yet another possible capitulation to Rockefeller -- a la New York City. In telling reporters that unemployment levels were now under control Ford added, that on the other hand "if any contingency arises, (i.e. unemployment rises, etc), why of course we'll meet it." Since unemployment may very well rise, some uninformed observers took this to mean a capitulation was imminent.

But back to the real world. Even if the President were to change his mind, the net effect of the hyperinflationary mish-mash proposed by the Rockefellers and their retinue would not produce a lasting recovery. On the contrary the implementation of their scheme would after a brief upward blip, quickly destroy what is left of the economy, collapsing the dollar on international markets and produce the kind of "bushel basket" inflation not seen since the days of Weimar.

Ford, whose advisors have repeatedly told him not to take such idiotic gambles in an election year, has staked much of his political prestige on a thus far cautious battle with inflation. There is absolutely nothing to suggest that Ford would willingly do an about face and embark on a course of action that would Hooverize him even more further. Regardless of the Rockefeller's wishful thinking on the subject.

THE PIONEERS

At the recent convention of the American Economic Association in Dallas, a group of economists presented a study "relying on pioneer methods of mathematical analysis," to justify the imposition of Schactian austerity measures to "bring health back to the American economy." The group, headed by Lawrence Klein, the chief financial advisor to Democratic Presidential aspirant Jimmy Carter, allegedly fed into a computer all the monetary and fiscal policy options that Presidents Johnson and Nixon could have applied and concluded that nothing could have saved the economy from the present outbreak of simultaneous inflation and high unemployment -- nothing, that is, except the imposition "stringent wage controls" in the mid-1960s.

These obviously touched gentlemen then proceeded to recommend that the government rapidly correct its error and impose wage controls.

While these academics were making their insane recommendations to restore the health of the economy, the U.S. Labor Party's

proposal to establish an International Development Bank to restart the world economy is reported getting a response from Midwest business and banking circles unprecedented in the history of a socialist organization. A more detailed report on these developments will be featured in an upcoming newsletter.

TO LIE OR NOT TO LIE

The American Institute of Certified Public Accountants has proposed new accounting rules, which, if adopted, would have a dramatic effect on the year end earning statements of the New York banks in particular; the rules, adopted to deal with the moratorium on New York City notes, would force the banks to write their securities down to market value.

Federal Reserve Chairman Arthur Burns and the three federal bank regulatory agencies, however, are continuing to defend the bank's rights to keep bloated assets on their books at face value. They have written to the accountants' institute insisting that the MAC bonds "will ultimately be paid in full," and that there is no need for a write down.

Of course, the implications of the accounting rules extend far beyond the banks' several billions of dollars in MAC and New York City securities and other securities which have depreciated in value. If the accountants were to apply the same logic to the banks' loan assets, a full 50 per cent of the assets would have to be written off at once.

One top New York bank analyst suddenly remembered this week that nearly all the "several hundreds of millions of dollars" of New York bank loans for investments in the British real estate market were paying absolutely no interest at all. "These loans are being carried on the banks books at full value," he noted, "How much longer can that last?"

In a liquidity crunch such assets and fifty cents may get you a ride on the subway, as the popular saying goes. This fact was brought home to Marine Midland a few weeks ago. The big bank nearly went under when the losses of its London subsidiary on the very same British real estate market could no longer be absorbed (ie. carried on the books).

In the view of another top New York bank analyst despite the objections of the regulatory agencies, the accountants will stick to their new rules and refuse to certify the books of banks which haven't written down depreciated securities -- out of fear that they will be sued by investors for certifying crooked books.

This same analyst indicated that banks will, without anyone's prompting, be writing down their assets a full 20 per cent in the fourth quarter (bad loans to REITs, tankers, etc.), in preparation for an attempt to raise new bank equity this quarter. Since everyone knows the banks' portfolio's are chock full of rotten loan assets, it's far wiser for them to take a partial write down, rather than have their prospectuses challenged.



U.S. POLITICAL
NEWSLETTER

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FORD'S EMERGING FACTION

WASHINGTON, D.C., Jan. 2 (IPS) -- As the forces linked to Vice President Nelson Rockefeller and Secretary of State Henry Kissinger this week launched a terrorist campaign in the United States as part of insurrectionary effort to impose a National Security Council-run police state, President Gerald Ford took steps intended to distance himself from the conspirators and their "invisible government."

Simultaneously, the President took moves aimed at isolating the Rockefeller-manufactured bogeymen on the right-wing of the Republican Party and took tentative steps toward broadening the political base of his emerging faction to include anti-Rockefeller moderates.

Just two days after the National Security Council-ordered terror bombing of LaGuardia Airport in New York, President Ford took a position on the Angola question 180° opposite to that of "his" Secretary of State. Soviet involvement in Angola "should not bar the further pursuit of detente," the President stated at a New Year's eve press conference. He then assured the American people that their government stands opposed to confrontation, adding, "There is an awful lot of hard work that's going into avoiding a head-on-conflict." The American people "have yet to fully realize the value of detente," he stated.

Asked if food might be used as a diplomatic weapon -- a tactic supported by several leading morons of the Rockefeller faction -- the President replied that "food shipments to the Soviet Union are desirable." "I think that grain sales with the Soviet Union, the five year agreement is a very constructive part of the policy of detente," the President said, "it certainly is constructive from the standpoint of American agriculture."

The underlining strategy behind Ford's statements had been worked in sessions over the course of the President's "vacation" last week in Vale, Colorado. The Rockefeller-linked press had wishfully attempted to portray the President's stay in Vale as non-working holiday and featured stories about the President having a "gay old time" on the slopes. The President, however had not brought along his Chicago-linked Secretary of Defense Donald Rumsfeld and his other top non-Rockefeller advisors as ski partners. While Rockefeller was consulting with an astrologer about his dog's prospects for 1976 on a Hawaii island, Ford and Rumsfeld made plans for their move.

Thus it should not be surprising that when the bomb went off at LaGuardia, Ford assembled a special cabinet-level task force minus representation from key sections of the "invisible

government." Coleman from Commerce, McLucas of the Federal Aviation Agency, Deputy FBI Director Adams, Tyler of Justice were all present, along with several representatives of the airlines, at special White House meeting.

Under normal circumstances, FBI Director Clarence Kelley, Attorney General Edward Levi, and Secretary of State Henry Kissinger were all candidates for such a meeting, but none were asked to come. Kissinger's notorious "terrorism" desk at the State Department was not asked to send anybody.

The President put McLucas of the FAA to head the Special LaGuardia task force. McLucas is a Rockefeller machine opponent who assumed his current office only after the President's dismissal of James Schlesinger as Secretary of Defense in the now-famous "Halloween Massacre." Similarly, FBI Deputy Director Adams has no apparent links to the Rockefeller machine.

It was Adams who exposed the FBI-COINTELPRO take-over of the Communist Party USA at the hearings of the Senate Select Committee on Intelligence activities two months ago.

Rockefeller forces had thought that they could sucker the President -- according to some previous psychological profile -- into going along with new police state measures to protect against the terrorist threat.

Despite a spate of press coverage of the LaGuardia atrocity that attempted to justify such action by pinning the bombing on "leftist subversives" or "the PLO," the President refused to take the bait. Instead the President referred to the unknown bombers as "psychotics and loonies," -- a description that could easily fit Kissinger and Rockefeller.

Then late in the week, columnists Evans and Novak (the syndication of whose column is handled by the Chicago based Field Enterprises) revealed that Ford had a few more tricks up his sleeve.

Their Jan. 2 column indicated that Ford was leaning towards implementing a proposal that would dismantle the CIA in its present Kissinger-NSC-controlled form, breaking it up into three divisions: covert ops, domestic ops, and intelligence activities. The CIA director would be placed directly under the President in the White House as opposed to the current set up which has him effectively controlled by the NSC head.

Such a proposal is essentially identical to those emanating in the Rockefeller-controlled "Murphy Commission" last winter. As several Washington observers have recently remarked, "We're in a whole different ballgame now." The plan gives the "Ford team" and the new CIA Director George Bush control over the CIA.

Significantly, the proposal represents a significant over-by Ford and Rumsfeld to moderates around former Defense Secretary Clark Clifford who had put forward an identical proposal at last month's Pacem in Terris conference here.

In a similar base broadening move, Evans and Novak reported yesterday that the President will soon appoint Bill Scranton to coordinate his White House campaign. Ford is therefore moving to undercut the Republican right wing of Rockefeller puppet

Ronald Reagan by placing the moderate Scranton in a key campaign post. As a correlative feature, Ford's move would also indicate an intention to steer clear of policy advice emanating from such "friends" as Rockefeller cabal loyalist Melvin Laird.

While the President's action this week points with promise towards a victory in the immediate future over the Rockefeller insurrectionists, the emerging Ford faction still exhibits significant weaknesses.

First, while significantly undercutting Rockefeller and Kissinger, the President has yet to take the necessary and urgent steps to remove Rockefeller, Kissinger, Levi, et al from their various governmental posts -- i.e., he has yet to dismantle the "invisible government." As with all beasts, a wounded animal is extremely dangerous. The President's half way action leaves him wide open for his own assassination.

Secondly, with the economy collapsing about him, there is still no sign that the President and his Chicago advisors have come together with anything resembling a policy that could restart the world economy. The vague statements in his New Years eve press conference about the need to solve the domestic economic problems from an international standpoint are fine sentiments, but are woefully inadequate as policy directives. The absence of a credible policy based upon the U.S. Labor Party's International Development Bank (IDB) and Emergency Employment Act (EEA) proposal continues to give Rockefeller maneuvering room to use the enveloping economic chaos to push for a police state.

ROCKEFELLER'S "STATE OF THE UNION"

IPS has learned that Chase Manhattan bank has had a "State of the Union" address already drafted for the President's Jan. 19 delivery -- the Rockefeller program to which Gerald Ford will be told to capitulate. The salient feature of Rockefeller's "State of the Union" message is its proposal for "Constitutional changes" which facilitate a Rockefeller-Kissinger-National Security Council domestic dictatorship along lines recommended for control of rampant LaGuardia-type terrorism and unprecedented fascist looting of the domestic economy.

According to a source with well placed connections in Washington, David Rockefeller commissioned one of his speech writers to produce a draft, including recommendations for far-reaching, fascist changes in American government including "Balkanization" of the nation into semi-autonomous regions.

"The contents of the message," the source stated, "call for reconvening the Constitutional Convention in the Bi-Centennial year to take up formation of a new structure of federal and state government along the lines suggested in the study done by the Center for the Study of Democratic Institutions." That study calls for 20 regions to replace the 50 states.

Asked if the economic contents of the message included fascist regimentation proposals along lines of the Initiatives Committee for National Economic Planning (ICNEP), the source said, "Yes, exactly. It would call for implementing the Humphrey-ICNEP proposals for economic planning and calls for emergency legislation to implement a full-employment economy along those lines."

The draft of the message thus coheres with "policy recommendations" made to the President by Nelson Rockefeller and the Rockefeller-linked Ford "advisor," Melvin Laird. Two weeks ago in separate speeches, both "Republicans" warned the President that he faces an extremely limited political lifespan unless he adopted the recommendations forthwith.

The source explicitly stated to IPS that the message was designed to be used "in the context of a surprise war in the Middle East, possibly leading to a limited nuclear war, together with a massive worldwide wave of terrorism directed at transportation and shipping lines in particular, so as to create the climate for a top-down fascist rule along the lines of the 'Chaos and Confusion' operation of winter 1973-74."

According to investigations by the IPS intelligence staff, there exists absolutely no support for the ludicrous recommendations in Rockefeller draft in the White House or among Ford's backers in the Chicago faction.

THE BATTLE FOR CONGRESS

Following U.S. Labor Party Presidential candidate Lyndon LaRouche's emergency communique last week from West Germany on the urgency of meetings between himself and selected U.S. government and economic leaders to hammer out "post-Rockefeller" program for the nation, all layers of the anti-Rockefeller opposition -- from Boston and Chicago bankers to the U.S. Chamber of Commerce and factions of the intelligence community -- have expressed intense interest in such meetings.

But hesitation remains the potentially fatal inclination of such forces at this point: "We think highly of your program and your strategic analysis," proclaimed a spokesman for one of the largest heavy-industry corporations in the country. "We are aware that rapid changes may take place in the near future... but we want to see what happens..." On Capitol Hill, an aide to a Congressman once-allied with the Rockefellers similarly declared "A lot of people here agree with you, they just won't move until they see the Soviets do something."

"If the President reconvenes Congress, I'll be there," or "If the House leadership moves to impeach Kissinger, I'll support them" are the characteristic -- but virtually suicidal -- responses of many Congressmen to Labor Party briefings.

The Vice-President of a major East Coast bank, however, has agreed in principle to a meeting with LaRouche. Others of similar rank have agreed to explore the possibility of such a series of sessions in preliminary meetings with other USLP spokesmen.

A massive USLP mobilization of working class constituents has added to the impact of the LaRouche call, putting spine into

some -- but not all -- Congressional backs. Eighty-five Congressmen targetted by the USLP have received an average of 80 calls from workers and their families each day. They have begun to express an unprecedentedly intense opposition to Henry Kissinger and an understanding of the nuclear "trip wire" that Mr. Kissinger's Angolan and general "hot-spot" policies are now on the verge of crossing.

Because of Congressmen's tunnel-vision of the "Kissinger problem" as the "Angola issue", however, they remain susceptible to manipulated impotence for a period just long enough to allow Kissinger to blow up the world.

In a few of the exceptions: aides to Congressmen from California and Florida declared "We agree with you 100 per cent on removing Kissinger now." One East Coast Congressman remarked "The way it looks now, Kissinger and Rockefeller will be out. Ford's aides are telling him to do that."

Kissinger has singled out the Black Congressional Caucus, which is in a position to spearhead the drive for his removal, for a reign of FBI-COINTELPRO terror. It is producing the desired programmed response.

The case of Baltimore Rep. Parren Mitchell is typical of this operation. Mitchell and his close political associates have been subject to physical attacks and death threats, one of which was delivered by an FBI caller impersonating a "USLP organizer." Profiled for his paranoid tendencies, Mitchell wittingly adopted this ruse -- accusing the USLP of planning his murder -- in an hysteria-ridden effort to communicate to Kissinger: "I'll stay in my place, call off your thugs." The pitiful Mitchell and his colleagues in the Black Caucus have vowed to relate to Angola on "black" terms, to organize only "black office holders" against Kissinger, etc.

Other Congressmen on Capitol Hill have confirmed that the terror operation goes beyond the Black Caucus and is under tight control of the NSC's Special Action Group. Assistant Secretary of State Joseph Sisco, has been personally deployed into Congressional hallways to denounce the Labor Party as a primary part of "the International Communist Conspiracy." Sisco is "documenting" the USLP's alleged "Kremlin ties" and other ludicrous charges in the same vein.

The machine of the CIA-linked Buckley family is engaged in an identical slander campaign with the twist: "The USLP is an arm of the East Germans."

The enormous danger of these otherwise patently absurd charges lies in Congressmen's susceptibility to accepting them for purely hysterical, paranoid reasons -- rather than face the obvious responsibility entailed by recognizing such charges as confirmation of the USLP analysis. Through these moves, Rockefeller intends to set-up an unconstitutional Smith Act-type "crack down" on the USLP as "agents of a foreign government." Such a move would at once signify to the Soviet Union that the nuclear trop-wire activating their first-strike capability had just been charged wildly by the Rockefeller beast.

ANGOLA: THE NOOSE TIGHTENS AROUND KISSINGER'S NECK

In a well-timed and coordinated move by high policy making people opposed to the Rockefeller policy of nuclear confrontation with the Soviet Union, information was released this week that "spills the beans" on Henry Kissinger's one man war in Angola.

The Christian Science Monitor, which has in the past conduited policy directives for the Rockefeller cabal, published a highly detailed story on the CIA training, funding, and deployment of U.S. Army Special Forces (Green Beret) units in Angola. The covert operation has already deployed more than 300 Green Berets, most of them on highly irregular "unlimited leave" from the U.S. Army, to fight as mercenaries for the CIA-backed National Front and UNITA mercenary armies battling against the forces of the legitimate government of the Peoples Republic of Angola. The Monitor article points out that it is illegal to recruit U.S. citizens to fight for a foreign army and then indicates that the American's are likely to be taking heavy casualties.

The Monitor information corroborated reports first released by IPS one week ago that Green Beret units are now fighting for the CIA in Angola with more men being mobilized. This information was obtained from active duty Special Forces troops.

Significantly the article immediately was shot into the international press with a press-release conduited to the AP and then to all major media domestically and internationally. This move pre-empted a possible NSC press black-out and indicates further collaboration among high level anti-Rockefeller Kissinger forces who have leverage in the press.

The direct implication of the Monitor story is that Henry is creating his own private Vietnam war. All CIA covert operations are approved by the NSC's 40 committee and as most people realize, Henry Kissinger is in defacto control of the NSC and the 40 committee. According to informed sources, the House Intelligence Committee headed by Rep. Otis Pike (D-NY), will soon release a report which shows that, despite his removal by President Ford from the post of National Security Advisor in the Halloween Massacre, Kissinger has been running the Angola Covert ops. Thus the whole CIA-Angola operation has been laid at the Secretary of State's doorstep.

Earlier in the week, the press had signalled an abrupt editorial shift on the Angola question: not one paper supported the Kissinger "Angola is of strategic importance line." -- even the New York Times. On the contrary, led by the Times and Washington Post, nearly every major paper and columnist featured articles that ripped apart all of Kissinger's arguments. Most concluded, like the Post, that "Angola is lost-but so what?"

Significantly, as his support faded, Kissinger shifted gears and sent his Under Secretary of State for African Affairs Schaufele on shuttle flight to attempt to persuade Africans not to recognize the PRG -- that there should be negotiated settlement-and that only the Soviets and the South Africans were militarily involved. Through Schaufele, the Secretary communicated that the U.S. would welcome an OAU resolution that called

for an end "to all foreign involvement."

The release of the new information -- which in its detail could have only come from a "CIA insider" in the operation -- should blow apart this strategy.

Meanwhile, as mentioned elsewhere, the President has made it a point this week to repeat on no less than three separate occasions that he sees no conflict with the Soviet's over Angola, that Angola has nothing to do with the progress of detente, etc.

This unprecedented direct contradiction of Kissinger by the President is an obvious sign to an already head-hunting Congress that the White House really wouldn't mind at all if it went after the Secretary of State. The statements also effectively make the President - not Kissinger -- the spokesman for detente and thereby indicate to the White House that he stands committed to that policy -- regardless of what happens to Kissinger.

CIA and State Department officials have issued unconvincing denials of the story while the White House has made what most observers feel to be a pro-forma denial.

Despite the fact the story broke on New Year's day, when most official Washington was out of town, Congressional reaction has thus far been sharp. Sources close to the Senate Committee on Intelligence Activities indicate that they will recall CIA officials who lied about Angola. The Pike Committee meanwhile remains in continuous session.

By this Monday, all hell should break loose.

As the New York Times hinted last Sunday, the time may just be here when "Henry Kissinger will retire to begin work on his memoirs."

GANG WARFARE IN THE CIA

A state of virtual gang warfare has erupted within the intelligence communities so long dominated by Nelson Rockefeller's CIA establishment. The assassination of CIA Athens station chief Richard Welsh on Christmas Eve is but the tip of the iceberg in what has become a shooting war over Rockefeller's insane drive for thermonuclear war.

Welsh reportedly oversaw from his Athens base important CIA operations in Yugoslavia, Albania, Bulgaria, Cyprus and the Middle East. Most relevant to his assassination, he and his 3,000 man staff were directly in charge of the on-going Lebanese civil war and current RAND Corporation plans for the religious partition of that country. This activity directly involved him in the Rockefeller-Kissinger push for thermonuclear showdown with the Soviet Union: since it was Welsh's responsibility to turn the Middle East into a nuclear flash-point.

Contrary to press reports blaming the killing on the "CounterSpy" community of ex-agency "radicals" for publishing his name, Welsh was a publicly identified CIA chieftan by

no later than 1968; it was the cited pattern of nuclear war preparations in his activity that lie behind his murder.

Greek newspapers, particularly the daily Apogemattini have described the Welsh slaying as a CIA job, and linked the CIA's "in-house assassination capability," first exposed by E. Howard Hunt as under the direction of Col. Boris Pash. The New York Times published this Hunt revelation on the very day of Welsh's death.

The following day, the Chicago Sun-Times once again publicized the name of Pash, in connection with the 1950's witchhunt against Robert Oppenheimer -- the man who developed the U.S. hydrogen bomb but then opposed advocates of its early use like Nelson Rockefeller. Pash was assigned the "character assassination" of Oppenheimer.

There is obviously a bitter fight underway within the top-ranking patrician circles, mediated by gangland style activities in the netherlands of the invisible government's networks. Even lower level agents directly perceive the factional warfare, thereby demonstrating its ferocity at the top.

By IPS intelligence estimates, by no later than the October 1973 Mideast War, intense bureaucratic infighting had gotten underway between intelligence agency factions which have been speciously labelled pro-and anti-detente. Ironically, the "anti-detente" faction of hardline Cold War anti-Communists are pro-peace, by all indications of the current gang-war. This faction is opposed to the suicide of the human race now being instigated by Rockefeller, Kissinger and their National Security Council "Special Action Group -- with which Welsh was in direct liaison. As Richard Welsh's demise now proves, the opposition of this "anti-detente" faction to the Rockefeller's nuclear madness has moved beyond the bureaucratic form to a life-and-death struggle.

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THE MAKING OF ROCKEFELLER'S INTERNATIONAL TERROR CAMPAIGN

I. INTRODUCTION

Jan. 3 (IPS)—The explosion Dec. 29 at New York's LaGuardia Airport that claimed twelve lives and sent scores of others to the hospital was an open declaration of war by Nelson Rockefeller against the domestic population of the United States—the opening volley in an insurrectionary drive that he hopes will lead over the immediate weeks ahead to fascist rule in the United States. The lives of Rockefeller's chief adversaries including President Gerald Ford, the major Midwest and West Coast pro-development industrialists, the U.S. Congress and the leadership of the U.S. Labor Party are only the most obvious targets of the cabal's international terror machine. As the LaGuardia bombing makes perfectly clear, Rockefeller has the entire population under the gun—and will until his finger is permanently taken off the trigger.

A Re-run of Operation Chaos

Beginning in January 1974 with the attempted assassination of International Caucus of Labor Committees chairman Lyndon H. LaRouche and the activation of a wave of National Security (NSC) terrorist operations, Nelson Rockefeller launched "Operation Chaos"—a program of escalating terrorism, economic destabilization and red scare hysteria directed at creating a condition of an "accepted" military police-state rule throughout the advanced sector.

At that time, the NSC created Black September "Arab terrorist" gang—remembered for its murderous raid on the Munich Olympics in 1972—was "rumored" to be planning a bazooka raid on London's Heathrow Airport, in coordination with stepped up bombings and assassinations throughout Great Britain by the British MI-6-controlled Irish Republican Army. Military "counter" deployments by the Special Branch of the British Army brought that country to the brink of military takeover.

In the U.S., Law Enforcement Assistance Administration (LEAA) brainwashed terrorist gangs—the Symbionese Liberation Army (SLA), the Black Liberation Army (BLA), the "Zebra" killers (in San Francisco)—were deployed in a wave of assassinations, kidnappings and bombings, while the FASH-Overdrive independent truckers outfits attempted a North American re-

play of the fascist Chilean truckers strike.

The only thing that prevented Rockefeller from going through with Operation Chaos scenario in early 1974 was the extraordinary mobilization of the North American working class by the U.S. Labor Party. Millions of leaflets permeated every major industrial center in both the U.S. and Canada. Extraordinary public meetings were held on an ongoing basis until the cumulative effect of this mass "inoculation" campaign forced Rockefeller to place Operation Chaos in a state of suspension.

Many of the key agencies involved in the 1974 NSC deployment were too discredited to have any further usefulness. The SLA was liquidated in a nationally televised bloodbath in June 1974; the independent truckers' Overdrive operation had its laundered CIA funds cut off and has not resurfaced since; and the BLA and "Zebra" killers were simply deactivated following the Labor Party's campaign to shut down the Lincoln Detox center in New York City's South Bronx.

No Backing Down This Time Around

Since the temporary defeat of Operation Chaos in 1974, the U.S. Labor Party has carried its mass organizing and inoculation drive through to a point where it now has an unprecedented working class organization under its leadership. Since early December, 1975, when the International Caucus of Labor Committees executive determined that Nelson Rockefeller and Henry Kissinger had activated Hilex 75—a live NATO exercise culminating a thermonuclear war against the Soviet Union—tens of thousands of calls from U.S. workers have been directed into Congress providing those "leaders" with sufficient spine to take steps to throw Rockefeller, Kissinger, et al. out of office and into the Nuremberg docks.

It is in this "hostile" political climate that Rockefeller has relaunched his terror drive. His New York banks are now faced with a total collapse of dollar denominated debt that will not even be put off until the March 31 payments deadline without fascist austerity measures in every advanced sector country. Thus unless there is fascism in the U.S. by the end of February, Rockefeller is finished.

Since the LaGuardia atrocity of December 29, five additional bombings have occurred: literally hundreds of

threatened bombings have forced temporary closings of airports in St. Louis, Hartford, Newark, New York and elsewhere. CIA controlled "Puerto Rican terrorist groups" were reported to have threatened to violently disrupt the opening celebration of the Bicentennial year in Philadelphia, an event President Ford was originally scheduled to address; two Midwest regional Labor Party organizers have narrowly escaped murder attempts; no fewer than ten threats to disrupt President Ford's scheduled appearance later this week at the American Farm Bureau convention in St. Louis have been telephoned to local police.

Superimposed on these "live" deployments, the Rockefeller-controlled sections of U.S. news media have carried an intensive barrage of psychological warfare atrocity and terror, most recently featuring gory photographs, detailed descriptions, and personal interviews with victims of the LaGuardia bombing.

From the above deployment no individual can take LaGuardia as an "isolated incident." The only sane conclusion is that Nelson Rockefeller has made a total commitment to carry his Nazi terror machine directly into power over the dead bodies of anyone who even indirectly attempts to stand in his way.

The Red Scare Angle

From careful assessment of Rockefeller's 1974 deployments, and from information provided to IPS by former NSC operative Roy Frankhauser, the executive of the Labor Committee has determined that one critical escalation in Rockefeller's drive towards fascist rule will involve the activation of NSC terrorists planted within the agent-controlled Communist Party USA. This is intended to give credibility to massive anti-Soviet red-scare signalled by the discovery of "Moscow-trained KGB agents" running U.S. underground groupings. Ron Tyson, a former operative within the NSC's U.S. deserters' Schwartz Kapelle network and now a member of both the CPUSA and the Black Liberation Army (by his own public boastings) is one likely operative who could play a triggering role in this red scare operation.

The defeat of Rockefeller's current drive for fascist rule will only come about with the dismantling of his entire international terror machine. Through strong initiatives by the Soviet Union,

the leading Third World governments, and the pro-development capitalist factions in the advanced sector, the correlation of forces behind the ICLC's leadership now exists through which this dismantling can be carried out. For precisely this reason, it is essential that a full understanding of the internal workings of the Rockefeller terror operation be the basis around which all forces are set in motion.

The following sections of this brief—outlining the counterinsurgency strategies developed by the Rockefeller cabal at such “think tanks” as the Tavistock Institute and the RAND Corporation, and the intelligence networks involved in their implementation—are aimed at providing that overview understanding.

II. PROGRAMMED TERRORISM: COURTESY OF RAND

Recent international terrorist deployments—from the Irish Republican Army and “South Moluccan” sieges of early December, to the “Munich-style” Arab terrorist raid on the Vienna OPEC meeting and the LaGuardia massacre—represent the implementation phase of programs designed by the RAND Corporation and other Rockefeller-controlled think-tanks. The methods of counterinsurgency originally developed by Dr. John Rawlings Rees and Brigadier Frank Kitson of the Tavistock Institute and British Army respectively, provided the basic working model upon which the current crop of RAND terrorist “planners” like Brian M. Jenkins provided updated models. Such models take into account the new counterinsurgency possibilities opened up by the technological breakthroughs in mass media and weaponry.

In a RAND planning document issued in January, 1975 “High Technology Terrorism and Surrogate Warfare,” Jenkins developed the fundamental premises on which Rockefeller's current terrorist deployments have been based. They can be summarized as follows:

1. Modern conventional warfare is obsolete; nuclear warfare is unthinkable. Therefore, modern nations must develop “surrogate” armies in the form of terrorist cells, “liberation fronts” and governments-in-exile. The special advantage of these methods of war, notes Jenkins, is the fact that the governments carrying out acts of aggression can deny that they are involved.

Even a cursory review of the Rockefeller-Kissinger funding of such surrogate armies as the FNLA and UNITA in Angola, the Portuguese Liberation

Army, and the Lebanese Falange, makes it clear that the NSC has been on a state of active war mobilization against the international working class throughout 1975 with a minimal deployment of actual U.S. or NATO military forces.

2. Terrorism is a powerful **psychological warfare** weapon designed to bend the will of entire target populations into acceptance of fascism as a “lesser of two evils.” In the most prominent example of this phenomenon the continued existence of the Moshe Dayan-Shimon Perez faction of fascist gauleiters over a psychotic Israeli population of “Bettelheim Syndrome” victims is the lawful consequence of terrorism-based psychological warfare sustained over a lengthy period of time.

3. New developments in the technology of warfare provided new opportunities for terrorist groups to succeed in their “political objectives.” Jenkins himself cites the employment by the NSC-armed Black September of lightweight bazookas, anti-tank and anti-aircraft weapons systems to “dramatize” before an international audience their attacks on Orly and Tel Aviv airports in 1974.

Jenkins ominously warns that the existence of nuclear power facilities provides a previously unheard of opportunity for terrorists to hold entire cities hostage—or to even accumulate the “raw materials” necessary to build a nuclear bomb. Emphasizing the psychological warfare opportunities inherent in such a capability, Jenkins points towards a situation in which a sufficiently “credible” threat of nuclear sabotage can force major political concessions.

4. Jenkins is quite explicit about the effectiveness of terrorism as a means of both destabilizing existing political institutions and softening populations for fascist rule:

While the widespread deployment of such weapons could discourage a potential invader, it could also increase the problems of internal security; and thus destabilize Western Europe, especially if we examine the deployment of such weapons in the context of Europe's current economic problems, the resultant social unrest and, in some countries, increased internal violence... **Repression may become an irresistible temptation to national governments trying to protect their own citizens against violence by small**

minorities and to preserve domestic and international order.” (emphasis added)

One of the critical features of Hilex 75 has been the activation of terrorist groups in Western Europe. The recent wave of bombings and kidnappings by the IRA has brought about a situation verging on the 1974 state of military siege throughout the British Isles, while a series of “simulated” terrorist incidents in the BRD and Scandinavia have brought armed troops into the streets.

5. With the expanded capability of terrorist organizations to force governments, international corporations, etc. to make disproportionately large political and economic concessions, Jenkins “predicts” that terrorist cells, liberation fronts and governments-in-exile will soon be occupying an important place at the international bargaining table, and that current notions of “heterogeneous” nation states will be giving way to further political subdivisions based on racial, religious and ethnic differences.

The NSC's Cyprus war of 1974 and the current civil war situation in Lebanon exemplify this latter idea of “political reorganization.”(1)

Combating Terrorism With Police State Rule

Based on the “theoretical” writings of Jenkins and other Rockefeller think tankers, a series of international counterinsurgency planning sessions were convened during 1975 to establish more detailed coordinated plans of action by police, military and government officials faced with terrorist attacks.

Out of a January, 1975 gathering at the FBI Academy in Quantico, Va. and a subsequent meeting at a military academy in North-Rhine Westphalia, West Germany guidelines were drawn up for seal and search operations, drawn out “sieges” and “crisis management” type government reorganization. All these measures were directed in reality not at curbing the effectiveness of terrorists, but at preparing the domestic populations of the advanced sector for police-state rule.

A Dec. 25, 1975 New York Times article reflected the unevenness with which those plans have been made operational in the NATO countries. In Britain, the Netherlands, Sweden, the BRD—all European countries under the political control of Rockefeller's Second International operatives—“crisis management” institutions have been set up through which a smooth transition to explicit military rule have existed for some time. The response of West

German Chancellor Helmut Schmidt and Swedish Premier Olof Palme to the Black September's summer, 1975 raid on the German Embassy in Stockholm is exemplary. Both countries were put on a "joint alert" with crisis management staffs carrying out the functions of government.

In the United States, U.S. Labor Party organized resistance to Rockefeller's program for an LEAA national gestapo has prevented the consolidation of similar "anti-terrorist" formations.

III: HOW THE TERROR MACHINE OPERATES

The capacity of the Rockefeller "invisible government" to activate a wave of terrorist actions on an international scale is based—like any military operation—on a well defined chain of command which, in this case, cuts across national boundaries and traditionally defined political institutions. The National Security Council, the RAND Corporation, the Tavistock Institute, the Trilateral Commission represent policy and planning bodies whose general marching orders are fed on to a myriad of Rockefeller-run intelligence agencies including the National Security Agency, British MI-5 and MI-6, the Israeli Shin Beth, sections of U.S. Army and Naval Intelligence, and sections of the CIA. It is at this level that the detailed action plans are mapped out pending NSC approval, and the networks activated.

Outside the formal purview of these agencies, Rockefeller family agents like William F. Buckley maintain control over entire labor pools of right-wing and left-wing mercenaries. These networks are maintained as conduits for guns, explosives, and drugs. Gangs like the Maoist Revolutionary Union, the Jewish Defense League, the Ku Klux Klan, the Minutemen, the Cuban-exile Alfa 66, the Angela Davis-Franklin Alexander black counterinsurgent wing of the Communist Party USA are themselves nothing more than pools of deployable manpower maintained as political entities for receipt of marching orders through the Rockefeller command structure.

Hooked into these sewers are the LEAA methadone maintenance centers, the prison behavior modification centers, and the community mental health networks that churn out deployable zombies like Charles Manson, the Symbionese Liberation Army and the Zebra killers. These living corpses, whose minds have been ripped from their bodies by Tavistock-trained brainwashers, are the invisible

government's "throw away" terrorists. Similarly, Rockefeller-created outfits like the Black September, the Irish Republican Army, the Baader-Meinhoff gang, the Weatherunderground, the Japanese Red Army, the Italian Red Brigades are merely created for psychological warfare purposes, often on a moment's notice, from the labor pool identified above.

The mysterious, shadowy figure of "Carlos," the alleged leader of the Vienna OPEC raid, is demystified when viewed from the standpoint of this invisible government network. He becomes nothing more than a low-level NSC operative, a pudgy, pathological killer whose emergence as an international figure served the momentary needs of the Rockefeller cabal. Given ample publicity in the press, at a later date, his martyrdom may serve their interests.

IV. THE CASE OF BLACK SEPTEMBER

Information provided by Roy Frankhouser on how the NSC created the Black September gang offers a typical case study of how the Rockefeller invisible government operates its terrorist programs.

On the basis of general policy suggestions made by planners like Jenkins, the NSC ordered a team of mercenaries to be pulled together for training in Canada while other intelligence units mapped out the details of the Operation Chaos scenarios. NSC-affiliated intelligence agency operatives contacted Frankhouser, a veteran of other operations, as well as a number of other experienced operatives, many of whom were veterans of the Bay of Pigs, the Vietnamese Operation Phoenix and other Rockefeller actions.

A series of meetings took place—attended by Canadian government officials, "lace curtain" Maoists working out of Canadian universities, British intelligence agents, NSC operatives and selected mercenaries. Despite the formal incongruities of the "backgrounds" of those involved, each individual shared the common feature of being a Rockefeller family or cabal employee, albeit in most cases unbeknownst to those individuals carrying out an assignment in that capacity.

The operations planned out at those Canadian sessions were to be backed up by a logistical system that procured, through British Intelligence channels, laundered Soviet and Chinese weapons captured in Viet Nam and conduited to the U.S. via London and Canada. The

"chance" capture of these weapons by police agencies in the course of the terrorist deployments was to provide justification for anti-Soviet Red Scare campaigns directed against the U.S. population.

The specific actions planned out at the Canadian meetings were apparently never carried out. However, the modus operandi of the network activations and even the specifics of the plans remain fundamentally unchanged and have been reactivated by Rockefeller for his current Operation Chaos.

V. THE LA GUARDIA BOMBING AND SUBSEQUENT INCIDENTS

At approximately 6:33 p.m. on Dec. 29, a powerful explosion ripped through the baggage claims area of the Trans World Airlines terminal at LaGuardia Airport, claiming twelve lives and sending over seventy others to nearby hospitals and damaging the terminal. Despite various reports in the press of teenagers seen running from the building just before the explosion, of an overheard phone call from a bomber to the police, of Jewish Defense League zombies roaming around cordoned off areas immediately following the blast, after four days of investigation, the New York Police are suggesting that they have no proof that there was "political motivation" behind the action.

According to police sources interviewed by IPS, over 200 subsequent bomb threats were called in to New York police lines in the twelve hour period following the explosion. As the result of several of those calls, John F. Kennedy International Airport was shut down for several hours on the 29th and nearby Newark International Airport was briefly closed the following day. LaGuardia itself was closed for more than 24 hours.

A team of three hundred FBI Special Agents (to augment the 1000 agents stationed in New York) and two hundred New York City policemen were assigned to a full time investigation of the explosion.

Terrorists Activated Nationwide

Within 72 hours after the bloody activation of Operation Chaos at LaGuardia, "live" and threatened terrorist actions were reported in every section of the U.S.:

** A Houston, Texas television station released a report on Dec. 30 that a group calling itself the "Veterans Against Communist Sympathizers" had delivered a message threatening to assassinate Presidential candidates Fred Harris and Senator Frank Church

(D-Idaho), Congressmen Otis Pike (D-NY) and Ron Dellums (D-Calif), chairman and member respectively of the House Intelligence Committee, and Counterspy editor Tim Butz. Thomas Coll, a spokesman for the FBI in Houston reported that there was no reason given for the threats other than that the individuals singled out were "communist sympathizers." Roy Frankhouser has indicated to IPS interviewers that one of the contingencies of Operation Chaos had been the unleashing of right-wing assassination squads against leading Congressional figures.

** An early morning explosion on Dec. 31 blasted a hole in a basement door of a Berkeley, Calif. branch of the Bank of America. There were no reported injuries and to date no one has claimed responsibility for the explosion.

** On Dec. 30, two U.S. Labor Party supporters in Flint, Mich. were targeted for assassination attempts. The brother of a USLP cell leader (and himself a Labor Party supporter) was shot in the head while sitting in his car at a stop sign. His would-be-assassins pulled alongside his car, fired a single shot and sped off. Earlier in the day, a known police agent with a history of involvement in behavior modification programs assaulted a Labor Party organizer during a rally. The agent attempted to deliver a lethal karate blow to the USLP member's jugular vein. Michigan State Police called to the scene of the attack refused to accept charges against the assailant.

** Around midnight on Dec. 31-Jan. 1, four bombs were set off in Seattle, Wash. — knocking out a power station of the Seattle City Lights Company and doing extensive damage to the main offices of Safeway food stores. Responsibility for the explosions was claimed by the "George Jackson Brigade." The GJB, in a written communique left outside the studios of KZAM radio, stated, in language characteristic of National Security Council-RAND terrorist printouts, that they had carried out the attacks in support of the United Farm Workers who are picketing the Safeway stores and the International Brotherhood of Electrical Workers who are striking the City Lights Co. The direct association of the name of George Jackson with a National Security Council terrorist deployment is the first step towards the linking of the Angela Davis-Ron Tyson wing of the Communist Party USA with the current campaign of terror against the U.S. population.

** In St. Louis, where President Ford is scheduled to address a national

convention of the National Farm Bureau on Jan. 5, a rash of terrorist activities has been reported over the last 48 hours, including the sabotaging of natural gas lines, the shooting of a local city government official, the carrying out of a series of gangland style shotgun murders, the closing of a local airport following a series of bomb threats and a planned demonstration by the United Farm Workers under Ford Foundation counterinsurgent Caesar Chavez outside Ford's speech. St. Louis police report at least ten other phone threats of violence scheduled to coincide with Ford's visit.

VI. THE RESPONSE

Response from the NSC-controlled international press was characterized by an unprecedented barrage of horror stories surrounding the LaGuardia bombing. Within 24 hours of the explosion, newspapers throughout Western Europe were carrying front page photographs of stacked up corpses, dismembered bodies, and badly maimed victims being rushed to the hospitals. Accompanying articles and radio and television interviews with survivors of the explosion aimed for a maximum terror effect.

Speculation that "Moscow-trained KGB agents" were responsible for the LaGuardia bombing — and projections that LaGuardia was the signal for another wave of Heathrow Airport type incidents on an international scale — also received prime coverage in the NATO-controlled periodicals.

Within hours of the bombing, most media outlets in the U.S. and Western Europe broadcast and published stories linking it to "Arab terrorists" and more specifically, the PLO. While some media broadcast news of what they termed a "perfunctory denial" by a PLO spokesman in New York and Paris, CBS national news prominently covered an interview with the PLO spokesman at the UN which both condemned the bombing and indicated that the only forces who would gain from such an act would be the enemies of the Palestinian cause.

In an unprecedented countermove, an immediate statement broadcast Dec. 30 on East German radio publicized the PLO denial and pointed out that it was no coincidence that the bombing and the attempt to smear the PLO came on the eve of the UN Security Council debate on the Palestine question in which the PLO is scheduled to participate. As had been the case in their debunking of the Vienna OPEC raid, the Arab press meanwhile ran stories pinning the

bombing on western intelligence agencies and Israeli provocateurs.

In another unprecedented move, the Athens daily newspaper most closely tied to the government printed an article pinning the LaGuardia bombing on the CIA.

These vigorous countermeasures precluded any further attempt by the domestic NSC press conduits to use an Arab extremist PLO cover for their red scare stories. Though some diehards, particularly in Western Europe, persisted in their speculation that the PLO was somehow behind the atrocity, by week's end most press were playing an NSC fall-back story that the bombing was the work of a "lone psychopath," thus indicating that at least a portion of the intended RAND script for the LaGuardia affair had been aborted.

Domestic Response Reflects Factional Situation

While Rockefeller-affiliated papers throughout the United States were mid week mirroring the scare coverage of their European counterparts, the Chicago Tribune, one of the leading organs of the Midwest pro-development industrialist groupings, ran a Dec. 30 editorial specifically cautioning against the dangers of overreaction to the explosion and warning that such an overreaction could lead to a police state.

the most significant strong response to the LaGuardia massacre came directly from President Ford. Calling a special cabinet level meeting at the White House on the evening of Dec. 30, the President elected to bypass the normal NSC-controlled federal investigative agencies by appointing a special executive investigative team headed up by Federal Aviation Agency head McLucas. McLucas was one of the recent Ford appointees brought in following the "Halloween Massacre" that removed limited nuclear war advocate James Schlesinger from his defense post. Conspicuously absent from the investigative team were Vice, President Rockefeller, Secretary of State Kissinger, Attorney General Levi and FBI Director Kelley.

In a statement issued following the meeting, Ford also cautioned against overreaction—calling only for tightened security measures at airports throughout the country.

VII. AN APPROPRIATE ANTI-TERRORIST POLICY

As any competent police official or investigative journalist will readily concede, no crime ring is broken until its leaders are captured, its ranks

completely broken up and its method of operation publicly exposed. The Rockefeller-Kissinger international terror machine is no exception.

While police officials in New York City, Berkeley, Calif., and Seattle sift through tons of rubble and follow up on thousands of investigative "leads," the evidence required to bring leading criminals behind the terrorist atrocities to justice has already been submitted to the appropriate government agencies. the list of Hilex 75 criminals published

in a series of IPS special reports in mid-December, when combined with names previously published in IPS terrorism briefs, represents a far more appropriate body of evidence from which to carry out a serious criminal investigation than the tons of rubble now being meticulously scrutinized. The open terrorism that members of the U.S. Congress have themselves been subjected to is itself prima facie evidence backing up the U.S. Labor Party's charges.

The question of an appropriate policy

towards international terrorism must begin with the immediate convening of impeachment proceedings against Vice President Nelson Rockefeller, Secretary of State Henry Kissinger and Attorney General Edward Levi. With these characters out of the way, honest law enforcement officials, with the cooperation of the U.S. Labor Party, will have little difficulty in breaking up the gun-explosives running networks, the Maoist gangs and the "right wing" mercenary networks that carry out the Rockefeller-RAND dirty work.



GRID OF
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GRID OF INTERNATIONAL PRESS ON THE DEC. 29 LA GUARDIA BOMBING AND RELATED TOPICS

The following grid is divided into two parts:

PART 1 *International press

PART 2 *Domestic (U.S.) press

PART 1 - International press

Stimme der DDR, German Democratic Republic, Dec. 30 --
An unusually strong commentary on the bombing stated: "Immediately after the attack the western press agencies stated that the Palestinians are the ones to blame, more precisely the PLO, even though the United Nations representative of the PLO energetically denied the allegation." "The date of the action is more than suspicious," the broadcast continued. "Rabin had just confirmed during the Christmas days that his country will never agree with a solution that implies the withdrawal of troops and that includes the PLO as negotiating partners. As music accompanying Rabin's declaration, in New York the bomb blows up. It explodes precisely now when there are signs of calming down in Lebanon after the months' long civil war."

L'Humanite, newspaper of the Communist Party of France, Dec. 31 -- "It is not by accident that this attack should have happened before the (UN) Security Council meeting to discuss the Palestine question and should have been carried out with the knowledge and insight of the American secret services."

Corriere della Sera, Italy, Dec. 31 -- Front page news article reports comments from witnesses and victims. A technician from TWA: "For an instant I thought that the airport had been bombarded. Those who were not killed and dismembered, were wounded gravely by the pieces of debris and glass that were ejected for over 30 meters."

Accompanying front page commentary states that this bombing distinguishes itself from previous cyclical bombings like the 1969-71 "weathermen" bombings and the 1974-75 Puerto Rican bombings in the fact that in this one there was the "deliberate lack of 'signature.'" Labels the event as "blind terrorism," and then explains that "Some American scholars note with increasing alarm the fact that the 'terrorist attitude' -- born as a harshened and degenerative form of the political struggle -- is now taking on a fearful 'autonomous physiognomy' and risks becoming the way out of an enraged and irrational protest which totally lacks any specific objectives of a political nature. Before such danger, modern society appears to be even more vulnerable than in the past precisely because of its technological development."

La Stampa, Italy, Dec. 31 -- A front page article gives an objective news report without emphasis on the emotional impact of the bombing. Reports that the Palestinians and the Puerto Ricans have disclaimed responsibility for the bomb. It then reports that according to police experts, there is no doubt that the bomb was prepared by experts. Ends by saying, "One cannot exclude that there will emerge in the next few hours the most romantic hypothesis, from the mafia to espionage, and a great deal of prudence will be necessary before accepting them for good. Nor does the American political climate justify suppositions of plots to create new tensions in the country."

Frankfurter Allgemeine Zeitung, West Germany, Dec. 31 -- An editorial entitled, "They Would Rather Shoot Than Help" states: "As the old year ends, and the new year begins,..Violence against the defenseless is bubbling as in an old-time witch's kettle, and the fear of violence is severely affecting hundreds of thousands." Although the latest round of terrorism has spared Germany, remember Stockholm was done by Germans to Germany. "In the terrorist insanity of our years, there is a lot of ordinary crime...but this does not explain it. So many of those who blackmail with quotes from Lenin on their lips, and kill, have created the excuse, through politically-guised collective acts of violence, and denigrate our times' claims to humanitarianism....this is how many have already become terrorists."

Frankfurter Rundschau, West Germany, Dec. 31 -- An editorial entitled "There are No Two Ways About It" states: "Bloody terror wants to accompany us into the New Year like a dark shadow... Presently it is unknown whether it was insane people or political fanatics. In this situation it is irresponsible to say rumors out loud and to make one group or another responsible, without

the slightest proof. We will have to live with terror. No words can get by this frightening insight. The question is, above all, how the people of the world, their governments, intend to live with terror. There are six terrorists in Algeria.... Tolerance against individual terror would destroy our concept of freedom. All the people in all countries of the world have to be clear about this....No one can take any more playing room..."

Daily Express, Great Britain, Dec. 31 -- In a story dated Beirut, the Express reports that "the bomb which killed 11 people at LaGuardia may have been planted by Arab terrorists. That is the opinion of Arab informants with access to Palestine guerrilla leaders in Beirut... suspicion rests with the Popular Front for the Liberation of Palestine (PFLP)....Their denial is in doubt because of a warning issued by the PFLP shortly before the bombing....The PLO was warned not to take part in the UN debate..."

Le Soir, France, Dec. 31 -- Reports that there are "numerous split-offs" in the Palestinian movement and "it is not out of the question" that "one of these split-offs is responsible for the (La Guardia) bombing."

London Economist, Great Britain, Dec. 31 -- In its year end editorial, the Economist announces that 1976 will be a year of recession -- plus terrorist violence. If the ruling Social Democratic Parties in (West) Germany and Britain cannot control the left and the trade unions while implementing an "anti-terrorist discipline," the Economist warns, they will be replaced by right-wing forces.

Al Ahram, Egypt, Dec. 31 -- Suggests that Israel probably engineered the explosion of the bomb at LaGuardia for the purpose of creating difficulties for the Palestinians on the eve of the UN Security Council debate.

L'Aurore, France, Dec. 31 -- reports that forces linked to the "KGB" are responsible for the deadly bombing at LaGuardia.

L'Humanite, France, Jan. 1 -- Commenting on the L'Aurore report attributing the bombing to the KGB, the paper reports "the LaGuardia bombers are murderers, denounced by the PLO and rightly so...(Aurore) has immediately accused the KGB and as everybody knows, to say the KGB is to mention all the communists in the world...it (such statements) asserts that everywhere there is something wrong, the Communists are in the shadow manipulating the people throwing the bombs."

El Sol, Mexico, Dec. 31 -- An editorial commented that the recent terrorist bombing at LaGuardia airport in New York could only serve to lead a population "over-taken by ever-present fear" to demand forceful solutions in support of "hard-handed regimes." The El Sol editorial, entitled "Indiscriminate Terrorism," charged that "just as terrorism is often indiscriminate, it also brings with it indiscriminate repression."

Supposed terrorist agents will be searched for among the dissenters...against certain governments." The editorial concludes: "In this way, the authentic terrorists help repressive and anti-democratic regimes."

Kathimerini, Greece, Jan. 1 -- A front-page article headlined "Hints Against the CIA for the Bombing of LaGuardia Airport in New York," reported that the Palestine Liberation Organization had denied attempts by U.S. media to blame it for the bombing, and quoted a PLO spokesman in Beirut saying that "We express our surprise over the fact that today's operation took place under the nose of the American secret and security agencies."

Manchester Guardian, Great Britain, Jan. 3 -- Reporting on an upcoming meeting of Common Market Interior Ministers which will discuss terrorism, The Guardian quotes one unidentified British government source as stressing the need for increased political and police coordination between European governments: "We are dealing with a new type of criminal now. It is the developed world which is primarily affected. These new criminals are attempting to blackmail governments by making political demands on them... the sooner we have this conference the better."

PART 2 - Domestic (U.S.) Press

Associated Press, Dec. 29 -- A release put out minutes after the bombing concentrates on the gore and horror. An update two hours later features a full report of the alleged call attributing the bombing to the PLO and a short squib on the PLO's denial. A similar story is carried by United Press International and Reuters.

New York Times, New York Post, New York Daily News, Dec. 30 -- Front page articles, with pictures depicting the gore. The Post runs down lists of victims, pointing out how the bomb killed innocent people; mentions that the PLO may have done it, but that they denied it; another article sifts through the debris: a "pair of eyeglasses, a cane with a bloody handle, a jacket, a bottle of cheap wine..." Daily News featured nearly identical coverage. The Times carried the PLO denial but the emphasis of its articles was on the terror of the bombing and indicating that there are many groups or individuals who could have done it.

Baltimore Sun, Washington Post, Dec. 30 -- Same coverage as the New York press with the Post playing up the perfunctory nature of the denials by the PLO. Front page pictures with editorials warning on new outbreak of terrorism.

CBS, NBC, ABC (radio and television), Dec. 29, Dec. 30 -- The full blood and gore on the home TV screen, in coverage reminiscent of Vietnam war days. Close up shots of the bleeding injured bodies, rubble, etc. Both NBC and ABC played up confusion over who was responsible, indicating that several groups including the PLO or some other Arab terrorists might have done it. Both report the PLO denial in perfunctory fashion. While CBS' coverage was essentially the same on other aspects, it featured interviews with PLO representatives denying reports that they were responsible and condemning those who were, labelling them people who wished to hurt the Palestinian cause.

New York Times, Dec. 31 -- An editorial on the LaGuardia bombing calls for curbing "civil rights and individual privacy" as a measure against terror emanating from "so many groups" and "mad or vicious people." The same editorial attacks Algeria for freeing the OPEC terrorists.

St. Louis Post Dispatch, Dec. 31 -- An editorial on La Guardia warned that terrorism is on the rise and concludes by saying that "the bomb in the terminal will soon be nuclear."

St. Louis Globe Democrat, Dec. 31 -- Warned in an editorial on the LaGuardia bombing that terrorism will stop only if the "CIA is freed" from destructive Congressional scrutiny.

Milwaukee Journal, Dec. 31 -- Despite PLO denials, an editorial blamed the PLO for the bombing, theorizing that if the PLO did not do it the perpetrator was some group that was "inspired by the PLO."

Seattle Post Intelligencer, Dec. 31 -- Covered the LaGuardia bombing with full pictures of blood and gore in an issue filled with coverage of other terrorist attacks in Berkeley, Calif. and Buenos Aires, Argentina.

Philadelphia Inquirer, Dec. 31 -- covered the bombing with stories featuring information from unnamed FBI sources that the "PLO was still under suspicion." Quoted these sources as saying that "the population should expect more bombings" from the PLO and others.

Chicago Tribune, Dec. 31 -- Gave low keyed coverage of the bombing, reporting that the police still had no leads.

Chicago Sun Times, Dec. 31 -- An editorial entitled "Two Roads from Terror" warns that as "Americans ponder how to contain terrorism, they must keep in mind the dangers of a police state... You can elect to emulate the dictators of history and elect to impose the harshest of police states... (which would) be billed in the interest of all peoples even though it worked only in the interest of those in power...this is clearly unacceptable."

Chicago Tribune, Jan. 2 -- An article linked the LaGuardia bombing to the Algerian decision to release the terrorists who perpetrated the Dec. 21 raid on the OPEC meeting in Vienna. The article also discussed the Jenkins-RAND Corp. study "High Technology Terrorism," noting that it predicts an increasing wave of blind terrorism which may in some instances have connections to the Middle East and socialist countries.

New York Daily News, Jan. 4 -- The lead story of the Sunday edition (released Saturday night) reports that New York Police think that the bombing was done by "one lone psychopath;" reports that police are checking out clues, but making little progress.