



Featuring This Week

● **Rockefeller Unleashes Terrorists in Europe, North America**

Includes expose: How Institute for Policy Studies
Created Japanese Red Army

● **Third World Rejects Kissinger Plans at Nairobi**

Wrap-up report on UNCTAD IV includes world press grid,
Guyana Foreign Minister's speech at Algiers Non-Aligned meet;
Echeverria's speech at Habitat Conference

● **The Crisis of Confidence Hits Dollar Based Banking System**

International Markets letter includes reports on Pound collapse,
Italy, West Germany, Third World and IMF Gold Auction

● **Kissinger Pushes Mideast War to Breaking Point**

Orders Syrian Advance to Stop Ford Geneva Effort

Also:

Kissinger Plots Race War in Africa

Expose on Chinese Economy

What the Socialist Sector is Really Saying

Report on Habitat Conf.

U.S. POLITICAL NEWSLETTER

Rockefeller and Kissinger Activate Political Press Operatives to Push War, Undercut Ford	11
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INTERNATIONAL MARKETS NEWSLETTER

Crisis of Confidence	4
—Britain: The Pound of Flesh	5
—The IMF Gold Sale	5
—Italy: Model for Destruction	6
—The Rise and Fall of Deutchmark	6
—Third World Debt Default Looms	7

DOMESTIC MARKETS NEWSLETTER

Inflation Buries "U.S. Upswing" — Industry to Choose Between Debt Moratorium and Bankruptcy	8
—Bankers Wield Ax on New York	10

MIDDLE EAST NEWSLETTER

Kissinger Pushes Mideast War to Breaking Point	11
—NSC-Linked Generals Move Toward Coup in Israel	13

AFRICA NEWSLETTER

NSC-Institute Networks Push Race War, Subversion of Liberation Movements in Southern Africa	14
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SPECIAL REPORTS

The Nuclear Pearl Harbor Plot: Rockefeller Unleashes Terror Wave in Europe, North America	16
—Institute for Policy Studies Runs Japanese Red Army Terrorists	17
International Press Responses to Closing of UNCTAD IV	20
—Echeverria's Speech at the Habitat Conference	23
—Wills Speech at Algiers Meeting of Non-Aligned Steering Committee	26
Report on UN Habitat Conference: Advocates of Genocide Blocked, New World Economic Order on Agenda	28
Horsefeathers All Over Germany, by Lyndon H. LaRouche, USLP Presidential Candidate for 1976	31
—Rocky Purges NATO Military to Clear Pathway to War	32
What the Socialist Sector is Really Saying	34
—Soviet Trade Union Paper Hits ILO Labor Intensive Policy	34
—Excerpts from Kosygin Speech in Iraq	34
USLP, NCLC Legal Suits Hit all Levels of NSC, Institute Apparatus	36
The "Chinese Way" Hoax: China's Economic Collapse shows "Labor Intensive" Model Means Genocide	38
—Teng: "Communism Won't Exist if There is No Constituency."	40



Rockefeller And Kissinger Activate Political, Press Operatives To Push War, Undercut Ford

Forces headed by Vice President Nelson Rockefeller and Secretary of State Henry Kissinger are activating their Rand Corporation-scripted scenario for a nuclear confrontation with the Soviet Union over the volatile Mideast situation, while exerting tremendous pressure on President Ford — including the threat of assassination — to stop his efforts to bring about a peace settlement.

The insurrectionary arm-twisting to which the President is being subjected was evident in Ford's appearance on the CBS network television program "Face the Nation" June 6. On the program Ford hedged on his public statement of five days ago endorsing a Geneva peace conference for the Middle East, and nervously stated that he did not expect a Geneva conference to be convened this year. But at the same time Ford condemned the Syrian invasion of Lebanon, and sources close to the President report that Ford is continuing his low-profile efforts to bring about a Geneva conference.

Kissinger, Rockefeller, and their allies are meanwhile pushing all the harder for war. Kissinger's denial of the possibility of Geneva at a United Nations press conference yesterday was followed by similar provocative statements issued by Wall St.-controlled presidential candidates Jimmy Carter and Ronald Reagan and then finally Ford himself. Under conditions of wartime press controls, virtually every major daily paper led by the Sunday editions of the New York Times and the Washington Post ran a series of black propaganda pieces aimed at preparing the population for a war confrontation and incredibly promoting Kissinger as the focal point of "national unity" under crisis conditions.

Rockefeller simultaneously intensified a parley of assaults aimed at resistance in the FBI-Justice Dept., the U.S. military, the U.S. Congress and critical state and municipal Democratic Party machines.

Kissinger Invites Nuclear Countdown

Ford's statement today had followed by one day Kissinger's statement that a Geneva conference would be impossible. Ford's resistance to toe the Kissinger-Rockefeller line became a focus of attention earlier this week when Ford's press Secretary Ron Nessen leaked to UPI that the President was prepared to launch a new initiative in the Middle East towards the end of an overall peace settlement at Geneva. In response, both the State Department and the National Security Council retracted the statement. Immediately, the Washington Post launched a two day long as-

sault on Ford's White House staff for urging Ford to move towards Geneva. The paper further attacked all those who have suggested that Henry Kissinger was "plotting" the bloody events in Lebanon.

Kissinger, in a swaggering lie, yesterday denied what had been openly reported and initiated in the national press, stating that he had not contacted the Syrian government prior to last week's invasion of Lebanon and that U.S. policy was opposed to outside intervention in Lebanon. Kissinger had in fact ordered the invasion within 24 hours or reports circulating in official circles of a joint Ford-Soviet peace initiative.

On cue, Republican presidential candidate Ronald Reagan gave a phone interview yesterday to Radio Israel warning the Israeli government not to negotiate with the Palestine Liberation Organization, asserting that the PLO did not represent the mandate of the Palestinian people. Similarly, Jimmy Carter, Democratic presidential frontrunner, according to broadcast reports told a Jewish audience in New Jersey on Saturday that the primary concern in any Middle East peace settlement would be the "security and safety" of Israel. Carter further claimed that any border readjustments could not be imposed from the outside (i.e. Geneva) while warning that any Soviet military build-up in the area would be construed as a provocation by the U.S.

Countdown to Confrontation Begins

Paralleling the orchestration of pro-war statements from the major candidates, the U.S. press under wartime control issued a bevy of reports hailing Kissinger as the uniting figure under crisis conditions. In a transparent piece of "black propaganda" NSC-linked syndicated columnist Jack Anderson reported today that Soviet strategic posture was now being coordinated to ensure that Ford will be reelected in November because the "Soviets want Kissinger retained as U.S. Secretary of State." Simultaneously a Gallup Poll report was issued concluding that Kissinger was no longer a campaign liability for Ford but a campaign asset. In another psychological warfare piece, the Baltimore Sun reported that Kissinger was being defended in Israel by pro-peace factioneer and former Israeli foreign Minister Abba Eban who, according to the Sun, "meets with Kissinger regularly."

Rockefeller Attempts To Destabilize All Government Institutions

Ford has been the focus of an intensive psychological warfare campaign waged against the President by the Rockefeller controlled press. Characterizing Ford as an "inept campaigner" who is responsible for the destruction of the Republican Party, New York Times White House Correspondent James Naughton writing in the New York Times Sunday magazine section charged Ford with responsibility for actually inciting the Reagan candidacy. With the aid of this press barrage, Rockefeller agents within Ford's campaign staff advised the President to stay out of active campaigning in the California primary race thereby insuring a first ballot deadlock in which Rockefeller uncommitted delegates will determine the nominee. This advice was bolstered by counseling from "his friends" Sen. Dole (R-Kan), Goldwater (R-Ariz) and Tower (R-Tex). This "conservative" base supporting Ford openly feared the split of the Republican Party on the basis of a California fight. Such a fight would open the political environment for the emergence of a Rockefeller constructed "fourth party" — the "Committee for a New Majority." A reconstituted version of the American Security Council-Foreign Intelligence Advisory Board-Reagan operation, the CNM is organized by Buckley CIA-network agent William Rasher, Sen. Jesse Helms (D-NC) and Rep. Ashbrook (R-Ohio). The group plans to be on the ballot in every state.

While running this destabilization operation against the Republican Party, Rockefeller operatives launched a wrecking operation against troublesome elements in the FBI. After personally ordering the FBI not to investigate the plans of the Institute for Policy Studies-run July 4th Coalition for "nuclear terrorism," Attorney General Edward Levi, FBI Director Clarence Kelley, and Elmer Statts of the General Accounting Office (GAO) granted the GAO "unprecedented" powers to review the FBI's secret files and the effectiveness of its law enforcement activities. The GAO will be able to investigate crime fighting and intelligence gathering programs and then report back to Rockefeller Congressional agents such as Sen. Frank Church (D-Idaho). The request for such action came from Rep. Peter Rodino (D-NJ) and "ex" FBI agent Don Edwards (D-Cal).

This move on the part of Rockefeller forces is aimed at setting up a purge of recalcitrant "Hooverites" in the FBI who are urging an investigation of terrorists under the control of the Institute for Policy Studies.

Two days prior to the GAO announcement, Rockefeller pimp, the Rev. Jesse Jackson, following a breakfast meeting last week with Nelson Rockefeller, announced on last Sunday's "Issues and Answers" ABC-TV program that the FBI had been involved in sabotaging the civil rights movement from the early 1960s on to the present and that the FBI may have been complicit in the 1968 assassination of Rev. Martin Luther King.

In response to Rockefeller's wrecking operation against the "old-line" FBI, the Senate Internal Security Committee headed by Sen. James Eastland (D-Miss) and Strom Thurmond (R-SC) initiated hearings into the Institute for Policy Studies-coordinated People's Bicentennial to be held in both

Philadelphia and Washington D.C., July 4.

Rockefeller Moves for Utopian Coup in Military

As part of an international military shake-up, Rockefeller operating through agent Robert Ellsworth, the Deputy Defense Secretary for Intelligence created a new post in the Defense Department "Director of Defense Intelligence" which oversees the Defense Intelligence Agency (DIA), the National Security Agency (NSA), and the individual branch services, "co-directing" the DIA with the Joint Chiefs. The new DDI is "utopian" Thomas Lattimer a follower of former Defense Secretary and nuclear madman James R. Schlesinger and his doctrine. Lattimer served under Schlesinger at the CIA and the DOD. This new thrust into the DOD, purging traditionalist layers from control over the evaluative phase of military intelligence, is critical to Rockefeller control over the military and circumvent the traditionalist Defense Secretary Donald Rumsfeld.

More Purges in Congress to Follow

Rockefeller's programmed disruption and purge operation in the Congress expanded this week to include Speaker of the House Carl Albert (D-Okla). Albert was linked by the June 1 New York Post to mistresses within the NSC-deployed Sun Myung Moon cult as well as the NATO deployed Elizabeth Ray. After the exposé, Albert announced that he would not seek another term.

The Albert watergating followed a week long attempt to dislodge fellow "old liner" Wayne Hays (D-Oh), inciting a disruptive purge atmosphere in the House of Representatives in which any congressman Rockefeller cannot control is fair game for a new "sex scandal." The Washington Post June 2 reports that Congressmen returning from their districts are urging Hays to resign as a means of restoring faith in Congress. Freshmen Congressmen headed by Fred Richmond (D-NY) announced they are unanimously for throwing Hays out, while Rockefeller-controlled Democrats in the Liberal Project — Democratic Study Group are holding a meeting on June 16 to prepare Hays' ouster.

Rocky Wields Ax at N.Y. State Democrats

In New York City, with the Three-year Emergency Control Board Plan in a state of irretrievable chaos, Rockefeller's hand-picked Special Prosecutor Maurice Nadjari has moved to finish off all pockets of resistance to massive budget cuts. Nadjari has delivered an indictment of State Democratic Party chairman Patrick Cunningham, who, with his arrest for drunken driving the following night, was forced to resign his position yesterday. The watergating of Cunningham, sought by Rockefeller for months, is intended to silence resistance in the New York State Democratic Party to hideous levels of Schachtian austerity. Only days before the removal of Cunningham, Moody's investment service lowered the city's credit rating to a "B" because of spreading debt moratorium talk in Democratic Party quarters.

With their state party apparat in a shambles, the Democrats today began an effort to fight back. Manhattan Assemblyman Mark Siegel, the chairman of a subcommittee of the Legislative Oversight Committee of the State Assembly, announced plans to revive an investigation of the more than 1 million political dossiers compiled by the State police mostly during Nelson Rockefeller's tenure as

Governor. The Assemblyman stated his intention to get to the bottom of "who is responsible for these files" and how they have been used and said that there would be public hearings over the summer. In sworn testimony before committees of both houses of Congress during his confirmation hearings, Nelson Rockefeller perjured himself by saying that he had never used the State Police for political purposes.

Moves Against Daley

Rockefeller has also ordered his Chicago operation spear-

head by Rev. Jesse Jackson to initiate a major destabilization against "old line" Democratic Mayor Richard Daley. A focal point for Rockefeller wrath since the 1968 Institute for Policy Studies-organized destruction of the Democratic Party convention. Daley is now being targeted for running the most racially segregated city in the country by the Chicago press. In concert, Jackson has been activated for the purpose of organizing bands of black youth to be unleashed at the right moment in order to activate a riot climate.



The Crisis of Confidence Hits Dollar Based Banking System

June 5 (NSIPS) — A major crisis of confidence in the dollar based international banking system surfaced this week, as spokesmen for the financial community on both sides of the Atlantic openly stated their expectations of disastrous collapse of Third World debt on the Eurodollar markets and voiced fear of a simultaneous run on all European currencies.

At the same time, U.S. monetary authorities admitted that they have neither a plan nor the ability to deal with the crisis. Spokesmen from Treasury Secretary William Simon on down, told the press this week that there will be no bailouts or debt moratoria — for either Western Europe or the Third World. Such windbagging spits in the face of the Europeans who have stated to this news service and elsewhere that the only hope that they have for getting past the late June rollover crunch is by at least some form of systematic case-by-case Third World moratoria coupled with a concerted currency support operation on behalf of the European currencies by the U.S. and West German Central banks.

The following developments served to reinforce the Europeans and sane Americans assessment of the depth of the crisis and loss of confidence in the dollar-based monetary system:

*** The British pound sterling began to sink like a lead weight, falling to successive new historic lows around the \$1.70 level. Bank of England and IMF officials then began "predicting" that sterling would go inconvertible, along with the imposition of post-World War II-type currency controls — a move which would wreck the London-based Eurodollar operations.

*** The announcement by Banca d'Italia Governor Baffi of a "state of siege" for the Italian economy and a 60 per cent annual inflation rate. The impossibility of implementing Baffi's austerity program in the face of resistance from both working class and anti-Atlanticist industrialist layers will result in an Italian debt moratorium, IMF sources admitted.

*** The West German government's announcement of a 1.5 billion deutschemark deficit for April and the concurrent flight of capital out of the West German currency into the gold-backed Swiss franc. This development finishes the West German central bank, the Bundesbank's, ability to support Italy and the rest of Western Europe.

*** The effective remonetization of gold through central bank purchase in the IMF's "gold auction."

Such developments intersected U.S. Secretary of State Henry Kissinger's fiasco at the Nairobi meeting of the United Nations Conference on Trade and Development at which the Third World and Soviets rejected his plan to bolster the \$250 billion in Eurodollar loans to the Third World through the so-called International Resources Bank.

Two other international meetings which the Atlanticists planned to use to launch their schemes for Schachtian world economy — the International Labor Organization

Geneva Conference and the UN's Habitat conference in Vancouver developed into total routs for the Atlanticists.

Similarly, the so-called "Rambouillet 2" summit of six western heads of state that Kissinger and Simon have called for June 27 in Puerto Rico, is falling apart before the conference hall can be booked. The Western European press is reacting to the conference like a drowning man who is being offered a bucket of water. The prestigious Frankfurter Allgemeine Zeitung predicts that the conference will never take place while the leading Swiss daily the Neue Zuercher Zeitung pegs the summit as a Kissinger ploy to recoup his losses at Nairobi — out of the hides of his allies. At a press conference two days ago, Simon warned journalists to expect no results from the meeting. He then tried to pin the blame for the disastrous proposal on President Ford's electioneering.

End of Confidence Game

For the last several months, and especially since the March 30 rollover date, there has been nothing even vaguely resembling an actual international monetary system. The bankrupt dollar-based monetary system has been psychologically held together by political threats and tricks aimed at creating the proper psychological climate to keep the swindle going. As several sources had admitted, the crisis could not be averted but only postponed — postponed until maybe someone would come up with a plan to deal with it. One candid source had described the present laws of international capitalist finance as the "greater fool theory:" there has to be a greater fool somewhere down the line who can be made to pick up the tab on the debt.

But now the hour of reckoning is approaching and Wall Street is scared to death that they don't have the muscle to hold the line and force the burden for supporting the debt-bloated dollar system on someone else. The psychology of panic is beginning to set in on the markets. This has led more sober financial minds than the Wall Street swindlers to realize that the confidence game is now over.

A ranking spokesman for one European government at the International Monetary Fund office in Washington admitted that the irretrievable fall of the pound, the disintegration of the Italian economy, and the certainty of a half dozen or so Third World bankruptcies and defaults during late June and July could bring down the shard of the monetary system in a matter of weeks.

"We only have until the summer to put together a new monetary system," said Prof. Robert Mundell, chairman of the Sienna Group of international economists. "I must admit that the International Caucus of Labor Committees' analysis of the Third World debt problem has been right all along," stated a member of the West German government's group of five economic advisors. "The dirty thing about all this situation," complained a think-tank economist at the Kiel Institute for the West German government, "is that everything is hitting us at once."

Stripped of all alternatives, a section of leading Atlanticist circles is privately if not yet publicly acknowledging that the world economy and the dollar and its institutions can no longer continue to co-exist. Sources report that several leading economists for these circles are now underinstructions to do "high-priority", "what-is-in-it-for-us" evaluations of the ICLC International Development Bank and related debt moratorium proposals.

Internecine Warfare

Some capitalists are still trying to play by the rules of the game — i.e. we all had better stick together or we'll all sink (or hang) together — only to find out the rules have already been thrown out. Internecine capitalist warfare is developing — a falling out of thieves, in which it is "every man for himself." The British authorities, according to reports, are counting on some \$3 billion in U.S. Federal Reserve swap loans with which to further support the sinking pound; they already have next to nothing left in their own currency reserves.

But the Fed in Washington is ready to let the pound sink and damn the consequences.

Contrary to the realistic assessments of British need, Scott Pardee of the Federal Reserve International group told the press June 2 that swap lines from the Fed are not intended for anything but "retrievable" and short term (30 day) purposes. Pardee noted that the Organization for Economic Cooperation and Development (OECD) central banks had already spent some \$21 billion during February — April support operations alone

The Fed plainly does not include the pound, the Italian lira, or any other Western European currency in the "retrievable" category. This was made plain by an officer in the Treasury's International Monetary Affairs group, who stated, "There is no line below which these currencies (the pound and the lira) cannot fall. There is no such thing as a breaking point. It is reasonable to see these currencies falling, if the Italians and British don't stop this inflation and implement appropriate economic policies, nothing will help them."

In total agreement with the sober Europeans, the New York Federal Reserve and related other realistic U.S. circles "want massive funding of the weaker currencies," according to inside sources, "otherwise, "total breakup of the Euromarket is likely." They consider Burns and Simon "crazy."

The Third World are not the only countries who need a debt moratorium a former member of the IMF's "Committee of 20" and a leading British banker said this week: "The developed countries need one too, including Britain and Italy and a little bit for France."

Britain: The Pound of Flesh

The British pound sterling fell to a low of \$1.70 June 3, closing the week at \$1.72 after heavy Swiss and British central bank intervention. Predictions of a \$1.60 or \$1.50 level by month's end abounded in the financial press.

Such a rate of collapse would force the imposition of

complete currency controls modeled on the post World War II freezing of sterling deposits, according to Bank of England and Wall Street investment bank sources.

The only way to avoid this, conceded the ex-IMF Committee of 20 members, is for the government to implement the IMF's outrageous austerity proposals — proposals which are politically unacceptable to even the normally supine British.

The proposals included cuts of up to £3 billion or a 25 per cent cut in the public sector deficit and subsumed slashing of government industrial support programs and mass plant closings and layoffs in the steel, auto, and shipbuilding sectors. The current 27 per cent annual rate of growth of the money supply must be cut in half and interest rates to industry in general severely hiked.

The rejection of the government's 4.5 per cent pay increase freeze by the construction industry this week and Chancellor of the Exchequer Dennis Healey's ruling out of further budget cuts in a June 2 nationally televised speech are but two examples cited by IMF sources to show the absolute impossibility of implementing the package.

Thoroughgoing currency and capital controls are therefore inevitable. The closing out of the Euro-market dollar deposits and the shutdown of other Euro-operations will result immediately from such severe restrictions, the same IMF sources insist. In fact, the fear of such measures may trigger a "premature shutdown." Such moves would constitute a moratorium on the estimated \$12 billion worth of foreign-owned sterling deposits now held in London banks.

The rush of funds out of the West German mark which began in April accelerated this week (see below) such that the Bundesbank is no longer in a position to refinance the deficits of the rest of Europe. With the U.S. Federal Reserve's emphatic refusal to do so, Italy, Denmark, and France will follow Britain into default.

In fact, Italy has already said "we can't pay" the \$3 billion in foreign debt which comes due in September, \$2 billion of which is owed to the Bundesbank. Handelsblatt and Il Fiorino the West German and Italian financial papers reported on June 4. The papers went on to indicate that the West Germans "understand" Italy's position and are discussing postponement. IMF sources indicated commercial Italian debt might be included in what would essentially be a moratorium, since it would be politically impossible to impose further austerity conditions on the country.

The IMF Gold Sale

The IMF June 2 gold auction marked a nodal point in the ongoing collapse of currencies. Bids for three times the amount of gold up for sale were received. The Bank for International Settlements (BIS) bought 20.8 per cent of the amount offered on behalf of European central banks, while the Union Bank of Switzerland bought 22.9 per cent largely on behalf of Mideast customers. A large bloc was purchased by the USSR and Yugoslavia.

The next day, the Fed and Bundesbank had to intervene heavily to support their currencies as a mass exodus of funds

took place from the deutschemark, dollar and along with the pound into Swiss francs (which rose to a record high) and then closed lower following Swiss central bank intervention.)

"Swiss is a synonym for gold, that's why people are buying it," admitted even the zealously anti-gold director of the international group at a top Wall Street investment bank.

Gold has been virtually totally remonetized by the sale, and any severe turbulence such as Euromarket tremors could provoke mass European dumping of dollars, marks, etc. for gold itself as proposed last month by former French finance minister and leading Gaullist Michel Jobert. "If I were a central banker, I would certainly want MY reserves in gold now," a West German bank branch officer in New York told NSIPS yesterday.

The IMF "dump gold" option to demonetize the metal has been eliminated by the sale and its aftermath. The old U.S. Treasury threat to dump gold if a run on the dollar began has also been eliminated. Thomas J. Holt, the respected foreign exchange analyst, was quick to point out to Journal of Commerce reporters "It is highly unlikely the U.S. Treasury will announce future gold auctions... (since) the U.S. gold would wind up in European central bank vaults."

Italy: Model for Destruction

The fascist economic onslaught which the Rockefeller faction hopes to unleash as "Rambouillet Two" summit is already underway in Italy. While NATO's senior economic statesman, Bank of Italy ex-governor Guido Carli, prompted from the wings, bank governor Paolo Baffi this week demanded the immediate dismantling of nearly half of Italian public sector industry. Predicting a government budget deficit almost double last year's, Baffi demanded a Bank of Italy financial dictatorship over Italy above the parliament and the Italian constitution, including a veto power over public spending.

Under present Italian law, the Bank of Italy is compelled now to finance all expenditures voted by parliament: Baffi demanded central bank "autonomy" to refuse this financing. In addition, the NATO puppet proposed elimination of cost-of-living escalators to provide cash to meet foreign debt payments. An Italian gold sale, opposed by every previous Italian government, would eliminate the country's "escape hatch" from its \$16 million foreign debt.

Italian Communist Party "economist" Eugenio Peggio endorsed the Baffi plan as "revolutionary," suggesting only one change: he substituted the Brazilian wage indexing scheme which ties cost-of-living escalators to productivity.

The pace of economic breakdown in Italy has roughly doubled since the international banks forced an austerity policy on the country in late January. Wholesale price inflation is now running at an annual rate of 62.4 per cent compared to last year's annual rate of 20 per cent. The Bank of Italy projects a government deficit this year of \$10 billion, almost double the previous year's.

Meanwhile, the foreign exchange controls slapped down by the Bank of Italy last month under IMF orders are putting a severe financial squeeze on the Italian oil and chemical industry; controlled by the anti-Atlanticist Cefis grouping.

Under the controls, every time a company imports goods it must deposit 50 per cent of the cost of the contract in non-interest bearing deposit at the central bank in advance; the same goes for exporters, which must deposit 30 per cent of their expected export earning. In order to meet these deposit requirements, corporations must borrow the funds at double-digit interest rates. As a result, the chemical industry will lose \$110 million a year in interest charges on its import account; \$30 million on its export account. The oil industry is expected to lose a total of \$180 million.

The Rise and Fall of the Deutchmark

The West German Deutschemark can no longer act the deficit financier of the last resort for Europe — since its account is itself in deficit. The government announced a DM 1.5 billion balance of payments deficit for April, after a DM 9.7 billion surplus in the first quarter — DM 7.8 billion of which came in March. This is no short term fluke. The DM 2.6 billion in hot money which fled the country in April went straight into golden Swiss francs.

Long-term confidence in the deutschemark's stability is the issue — the once invincible deutschemark is simply now as inflated as the rest of Western Europe's currencies. The Bundesbank printed up some DM 12 billion in long-term trade credits in 1975 as part of an estimated DM 200 million in deutschemark-denominated export credits. To this was added some DM 10 billion in deutschemark loans to European central banks in 1976 to support those currencies. The countries were then able to use their reserves to pay dollar debt to the New York banks. A DM 60 billion Euro-mark market has been created by this process. It is made up mainly of deposits in Luxembourg banks outside of Bundesbank control, and subject to typical Euromarket multiplier effects. The size of this market equals more than one-third again of West Germany's M1 money supply.

The German economic recovery on which the deutschemark expansion was based is simultaneously evaporating. Exports in April actually fell 9 per cent from the previous month for the first time since the export blitz of last summer. Overall industrial orders in April fell a full 4 per cent domestically. Coupled with a 5 per cent drop in foreign orders, this produced a 1.5 per cent drop. The Machinery Producers Association, spokesmen for the capital goods industry, announced June 2 that new orders for January-April are running less than half of those in 1975 at annualized rates. 1975 was a year in which capital investment spending plummeted.

Domestic industry, in particular, is being squeezed. The initial confidence crisis is reducing market demand for deutschemarks, flooding and further inflating the deutschemark banking system, and thereby forcing the Bundesbank to tighten credit. This in turn, shuts corporations off from the credit markets, stopping production. The production decline causes deutschemark dumping to accelerate. Following an August through December 23 per cent annual rate of expansion of M1, the Bundesbank cut back to 2.4 per cent annualized growth over the first quarter. This produced an actual decline of DM 1.3 billion during April. After a DM 22

billion expansion in loans to industry during the fourth quarter of 1975, the January-April total fell to DM 9 billion (the seasonal trend is normally the reverse). Industry got what credit it did by grace of the Treasury cutting its DM 18 billion fourth quarter borrowings down to DM 6 billion in the first quarter.

These developments account for the total collapse of the West German bond markets in mid-May, when the Bundesbank was forced to support private issues heavily. In fact, the Treasury came back in May selling 3-month high interest IOU's and soaked up all liquidity.

"Industrialists are screaming at the state for wrecking the stock and bonds market," said the New York German banking source. Even after Treasury sales were banned later in the month, "there is no sign of confidence returning to the markets," said the source.

Deutschemark bond coupons have shot up from 7.5 per cent in March to 8.5 per cent on June 4. "If it goes over 9, we're finished," stated a leading German banker recently. The banks are stuffed with low-interest bonds which they will have to dump at a loss. No issues of Euro-mark bonds have fallen from 6-8 per month rate the first quarter to one new issue for June. Interest rates on one, three, nine, and twelve month time deposits have risen a full percentage point each since March.

"I'm surprised more people haven't gotten out of deutchemarks into gold itself," concluded a Germany specialist at a leading New York investment bank.

Third World Debt Default Looms

Attempts to use the Club of Paris as a coordinator of debt collection are failing as negotiations about Zaire debt problems stagnate. This, combined with the failure of the Nairobi UNCTAD conference to accept the International Resources Bank, has created a crisis of confidence about the entire spectrum of Third World debt on the Euromarkets.

The West German daily Die Welt says in a June 5 article entitled "Shocked Euromarket" that "the trade conference, UNCTAD, in Nairobi, which ended a few days ago, shocked the Eurocredit markets, because the developing countries are demanding, for the first time, cancellation of their debt to the industrialized countries." Die Welt goes on to say that these problems obviously cannot be solved within the private banking system.

Zaire Today ...

The International Monetary Fund's takeover of the Chairmanship of the Club of Paris bankers' round table was expected to bring some kind of international coordination in case-by-case debt negotiations. High-level UN sources described the IMF move as "going from being the policeman of the Third World to being the torturer." What has happened has not been nearly so dramatic. The Club of Paris has not been able to adapt to the rapidly disintegrating capability of Third World countries to meet their increasing debt or even debt service, exemplified by Zaire.

Zaire went before the Club of Paris in March with absolutely no possibility of meeting its current debt obligations. The resulting debt negotiations have taken place at a snail's crawl, starting out with an exchange of statistics and, thus far, going virtually no further.

The problem is simple: nobody wants to take the fall for Zaire's debt. Until Zaire actually defaults on portions of its

debt the creditors will not accept the responsibility of rescheduling.

The second reason for this stalling is the absolute terror on the part of creditors and Euromarket traders of the broadening discussion of debt moratorium by Third World leaders. The bare thought of broad negotiations on Third World debt is seen by top Rockefeller policy-makers as signaling the end of Western civilization.

Everywhere Tomorrow

Without debt rescheduling in the immediate weeks ahead, at least six Third World countries will have to default or declare debt moratoria by the end of the summer, according to top European banking sources. The IMF hopes that creditor governments will put massive pressure on these countries to reschedule rather than see their banking systems fold, hoping that creditors will not insist on being paid right away. The volume and rate at which the debts fall due, however is phenomenal, estimated to be \$30 billion at the June 30 rollover date.

Argentina has become an example of the type of austerity needed to pay debts and get rollover credits as seen clearly in the last few months. There the construction industry suffers 95 per cent unemployment. Production of steel, steel products, and pig iron is down 30 per cent from the same period last year. Both Ford and Peugeot have shut down, with FIAT soon to follow. Although no reliable figures are available, between 80 and 90 per cent of Argentina's economy is estimated to be unemployed. The annual inflation rate is over 1,000 per cent.

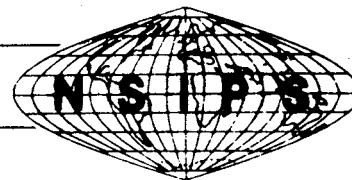
The devastation of the Argentine economy is proceeding at such a rate that workers have no disposable personal income left. Unfortunately for the creditors, the more meat they cut from the bones, the less blood there is available to suck: despite the Argentine government's eagerness to pay, the IMF is still worried that more unrenegotiated debt will pop up.

Similarly, Brazil recently hosted a visit from U.S. Treasury Secretary William Simon who laid out exactly what Brazil had to do to get its debt refinanced: dismantle the state sector and loosen up the restrictions on repatriation of foreign multinational companies' profits. Agreement on such genocidal policies by the fascist Brazilian regime may be the reason for Simon's "optimism" about Brazil's chances of debt repayment.

Other, more fortunate, countries have come into — monetary — windfalls. For Colombia, for example, high world coffee prices combined with its deindustrialization and decentralization and low-wage public works projects have resulted in an easy debt rollover. But when the coffee windfall collapses, the cleaver will fall.

Thus the situation faced by the Third World is a clear choice: either demand immediate debt moratoria or destroy their own populations.

destabilize the governments of non-aligned countries in Latin America." Wills was backed up by the Foreign Ministers of Cuba and Peru. Algerian Foreign Minister Bouteflika also charged that "the imperialists are trying to divide the Third World." In a final communique, the non-aligned foreign ministers declared their solidarity with the Palestinian movement in the Middle East against U.S. imperialist policies there, as well as the "neo-colonialist alliances in Southern Africa and U.S. plans to militarize the Indian Ocean."



Inflation Buries "U.S. Upswing" - Industry to Choose Between Debt Moratorium and Bankruptcy

NEW YORK, June 5 (NSIPS) — A spate of news this week showed that the chimerical "consumer-led U.S. recovery," mainly based on government debt, consumer credit expansion and inventory building, has sputtered to a halt as the result of rising inflation. The continued languishing of the important construction and capital goods sectors means that they will never get a chance to contribute to the "upswing," while the fear of inflation has paralyzed the credit market, with most investors saying they are "sitting on the sidelines with a wait-and-see" attitude.

The collapse of the "U.S. recovery" chimera will have major ramifications internationally. A key selling point in Wall Street's campaign to hold balky industrialists and financiers in Europe and Japan in the Atlanticist orbit has been the claim that overseas producers could expect increased orders from what was touted as a resurgent U.S. market.

The vice-president and chief economist for Fidelity Bank, a large Philadelphia bank, noted in an interview this week that there is a "very dramatic contrast" between the views of U.S. industrialists and Wall St. on the issue of inflation. Every industrialist he has spoken to recently expresses great fear of inflation breaking out at a very high level at any moment, while all one hears from Wall Street, he says, is a religious view that inflation is under control.

The industrialists report to him that they are under tremendous cost pressure, a fact amply attested by the latest 7 to 8 per cent price hike for structural steel announced by U.S. Steel and other producers Friday, despite the fact that there is no demand for structural steel due to the collapse of capital spending and construction. Furthermore, he said, industrialists indicate that they are unable to expand production without further price increases since, not having put any plant and equipment in place since 1970, they can only bring on-line high-cost, obsolete machinery.

U.S. industrialists are at a crossroads. The bankrupt dollar financial system is unable to provide financing for anything (see International Markets Newsletter), including the massive U.S. corporate debt, as the June 30 quarterly payments date approaches. If industrialists support Wall Street's opposition to debt moratoria, they can expect to have only their internally generated cash to rely on to stay in business in the third quarter, which means massive price hikes and cannibalization of labor and plant and equipment. This — at the same time as Wall Street austerity demands are drying up markets both internationally and domestically — is an obvious dead end. With the "recovery" laid to rest, it should rapidly become obvious to U.S. industry that there is no basis for expanded trade and production, or even for averting a catastrophic collapse in present levels, without sweeping international debt moratoria.

Retail Sales Drop

Retail sales, following a slight decline in April, slipped further in May. Sales reports issued Thursday by the largest

retail chains showed much-reduced gains from 1975 levels in comparison with gains in preceding months. In devastated New York City, retail sales in May fell 7.6 per cent below their year earlier level without adjustment for inflation. The chairman of Sears blamed the poor performance on bad weather, while the president of J.C. Penney's claimed an "increase in auto sales took business away from other retailers."

To this, the chairman of investment policy at Goldman Sachs, a leading New York investment bank, replied: "that slowdown in May retail sales was due to more than bad weather and it created fear of escalating inflation." As for auto sales, rather than crimping other retailers, they were down again in May, with a 8.7 million annual selling rate compared to 9.0 million in April and 9.3 million in March.

As reported last week, according to the Conference Board "consumer confidence" has fallen drastically in response to fears of renewed hyperinflation, with buying plans for cars and other big-ticket items at the lowest level since the depths of Spring, 1975. Inflation fears were exacerbated this week by the report that food prices rose 4.2 per cent in May, the largest monthly rise since the 5.6 per cent increase in November, 1974, according to an Associated Press market survey.

The slowdown in auto sales is especially significant. Auto sales, based on consumer credit-expansion, were the key to the mild upswing in U.S. industrial production. According to the vice president and economist of First Pennsylvania (who disputes the healthy picture of the U.S. economy reported in the press by noting that "continuous downward revisions of monthly statistics go almost unnoticed"), once auto sales are removed from the picture "we find the rest of the economy on much poorer footing."

Commerce Department reports show that manufacturers' inventories fell slightly in April after adjustment for inflation. According to the Commerce Department's chief economist, inventory accumulation in the second quarter will not be as strong as in the first, when it supplied the most important impetus to the reported rise in GNP. At the same time, he also noted that he "wouldn't be surprised to see high retail inventories in April and May," reflecting the fact that retail sales have "plateaued."

Construction

Private construction outlays declined 2 per cent in April, with private nonresidential expenditures, i.e. plant for industry, etc., falling a very large 9.7 per cent, according to the Commerce Department. When the effects of inflation are discounted, private construction outlays in April were a full 20 per cent lower than 1972-73.

Advance Mortgage Corp, the mortgage banking subsidiary of Citicorp, reports in its monthly survey that the six month-long trend of declining mortgage rates on apartments and commercial properties has halted in the past thirty days.

According to the survey, this means that "hopes for early recovery in apartment construction have been set back." Last week the Dodge division of McGraw-Hill noted that "the housing cycle has gone about as far as it can until there is some improvement in the still dormant apartment market." Housing starts have fallen from a seasonally adjusted annual rate of 1.55 million in February to 1.37 million in April.

The Advance survey blames the current sluggish mortgage market on the declining prices on corporate bonds and the steady climb in the federal funds rate, which is "giving rise to new fears of disintermediation," i.e. a flight of deposits from savings institutions, the prime investors in mortgages, as investors buy higher yielding short-term Government securities.

Capital Goods

With outlays for plant and equipment sagging, the bell-weather machine tool industry reported a 8.6 per cent decline in new orders in April, according to the National Machine Tool Builders Association. The Machine Dealers National Association also reported that sales of used machine tools were down 10.7 per cent in April.

Expenditures on new equipment are so low, and equipment prices are so inflated, that many economists, including those at Goldman Sachs and Fidelity Bank, feel that the Federal Reserve Board index of industrial capacity utilization is understated because, by using simple trend-line extrapolation, the Fed is estimating capacity to exist which simply isn't there. Fidelity's economist notes that this would help explain why "productivity," measured by the government incorrectly as simple output per manhour, is much lower today compared to comparable periods following the 1954, '58 and '61 recessions.

The only major new plants recently announced will be financed purely through swindles of the type made notorious by Nazi financier Hjalmar Schacht. For example, Volkswagen said this week that it would produce autos at a New Stanton, Pennsylvania plant-shell which is currently owned by Chrysler. The state of Pennsylvania will provide \$100 million in loans and grants to Volkswagen, which will only put up \$55 million of its own. Pennsylvania Governor Milton Shapp says he will try to get the Pennsylvania School Employees Retirement Fund to finance the purchase of the plant, at \$20 to \$25 million. The local town will funnel \$3.2 million of Federal manpower training funds to VW.

The news that the official unemployment rate for May fell to 7.3 per cent from 7.5 per cent the two preceding months was hailed in front-page headlines by the New York Times and other Rockefeller-press outlets looking for some tidbit to keep alive the recovery myth. However, new claims for regular state unemployment rose about 13 per cent from late March to the week ending May 22, and the Conference Board help-wanted index was off 3 points in April and is 17 points below the level of April, 1975. Moreover, even the New York Times noted that the small reported unemployment decline was concentrated solely in women, who primarily work in service industries and that unemployment among adult men, more heavily represented in manufacturing and construction, remained unchanged.

In reality, the decline in unemployment appears to reflect the decline in the number of people receiving unemployment benefits, off by over one million since late March, and 1.6 million since late February, who are no longer counted as "unemployed" by the Labor Department. Many of these are

workers who were laid off in the fall of 1974 and early winter 1975, as the recession began, and have exhausted their "extended" unemployment benefits; others have been thrown off the rolls as extended benefits are shut off in states where unemployment "declined" because many workers exhausted their benefits and had to go on welfare. Since the one million increase in the number of employed reported would barely absorb the number of persons who lost their unemployment benefits, not including the number of new persons entering the work force, this, taken with the fact that the Labor Department reports that the civilian labor force did not increase from April to May, is a sure indication that more jobless workers have "disappeared" from the Department's figures.

The other bit of "good news" that was latched onto by the press was the reported drop in the rate of increase of the wholesale price index, from 0.8 per cent in April to 0.3 per cent in May. This one month decline, insignificant in itself, was mainly due to a sharp slowing in the rise of farm products prices to a 0.6 per cent gain in May, down from a 4.2 per cent rise in April, a fluke that no one expects to continue.

If the wholesale price index is broken down into components, the prices of crude materials less food rose at an annual rate in excess of 20 per cent in both March and April. These prices have not yet been passed on into the intermediate or final product stage. They are generating tremendous cost pressures, though, which manufacturers, faced with sagging markets, are reluctant to pass on in the form of price increases. The steel price increase this week, the second in two months, (and still insufficient to cover costs, according to the companies) and price increases announced by several other companies, including Western Electric and St. Regis Paper reflect this pressure.

Interest Hikes Continue

Financially, the week started poorly and ended worse as interest rates continued to rise. Friday's announcement by Citibank that it was raising the prime rate to 7.25 per cent, its third consecutive weekly 1.4 point rise, sent the stock markets tumbling, with the Dow Jones falling 9.90 points to its lowest level in three months. The Dow has now fallen 36.81 points over the past six weeks.

Thursday's banking statistics released by the New York Federal Reserve Bank showed that commercial and industrial loans rose for the second consecutive week, by \$439 million, putting further upward pressure on interest rates, as it seems debt-strapped corporations may have to resort to loans in the future. Market speculation was that still further increases in the prime rate might be in store next Friday.

The mood of the markets was best summed up by the chief trading analyst of one Wall St. firm who was quoted as saying "fear, rather than optimism has become the driving force in the present investment policy of many large investors." A bond market analyst added that "the merest hint of tightening by the Federal Reserve could send rates skipping up once again."

Yesterday, President Ford publicly claimed credit for producing this U.S. "upswing," to the consternation of his industrialist supporters. With all his Democratic and Republican opponents controlled by Wall Street and therefore unwilling to challenge the President's wild claim, the U.S. Labor Party's Lyndon LaRouche is, at present, the only candidate seriously addressing the issue of the economy.

Bankers Wield Ax on New York

As the June 30 contract expiration date for 150,000 New York municipal workers approaches, the New York banks have launched an all out offensive against the New York unions and population to assert their political hegemony over the city as a show of force to their debts around the world. The banks and their henchmen are being impelled in this direction by the full weight of international political and financial pressures upon them. Backing up the bankers' dictates to the city, Treasury Secretary William Simon has reiterated his threat to cut off New York's Federal credit line on July 1 should the city grant the union any concessions.

Last week the banker-run Municipal Assistance Corp., the Emergency Financial Control Board, and the "advisory boards" planted by them over the last year in the New York City government stepped up their efforts to sweep away existing governmental institutions and simultaneously opened direct fire against the unions. On June 4, echoing charges made by MAC Chairman Felix Rohatyn of Lazard Freres two days earlier, EFCB executive director Steven Berger called Mayor Abe Beame's \$12.5 billion budget wholly inadequate and ripped up the budget and the Mayor's proposed three-year austerity plan. Calling on Beame to plan an additional \$150 million in "standby" cuts should there be "slippage" in the proposed budget, both Rohatyn and Berger emphasized the need for improved "management" of the city. The aim of such management reform is to remove city officials who are susceptible to political pressures and replace them with individuals who are susceptible to political pressures and replace them with individuals like Steven Berger who are professional fascist administrators. Such administrators have no ties to any constituency except their employers — the banks.

"No matter what is set forth in the budget," Rohatyn said in what the New York Times called "eloquent Churchillian prose," "its content and performance will depend, in the final analysis, upon the quality of the management of the City. When we speak of management, we are concerned with the establishment of priorities, productivity, and control of program direction. The role of the chief executive is crucial; the quality of program direction is important, and the expertise of middle management is vital. The efficacy of all these components will be significantly increased if and when the civil service is made more flexible." On June 4 the New York Times reported that the Management Advisory Board, chaired by MAC board member and president of Metropolitan Life Insurance Company Richard Shinn, is preparing a plan to reform civil service in New York, including changing hiring regulations to eliminate so-called patronage abuses. The first overhaul of the civil service system in the city was effected during the Lindsay administration and allowed the Mayor to remove Democratic Party stalwarts and install his own crew of "whiz kids" in vital posts.

On June 3, the Temporary Commission on City Finances released a 112-page research report documenting fringe

benefit and pension "excesses." The next day, the Times editors strongly endorsed the report, praised its authors for blowing the whistle on the waste and called for the benefits to be swept away in the new municipal contracts.

This other critical front of the bankers' assault — the containment of the municipal unions — is being taken care of by Victor Gotbaum, AFSCME District Council 37 executive director. On June 5 Gotbaum called off a scheduled June 7 strike against the closing of three more city hospitals by 20,000 hospital workers in AFSCME Local 420. Instead Gotbaum referred the matter to an "arbitration panel" headed up by Basil Paterson, chairman of the Institute for Mediation and Conflict Resolution at Theodore Kheel's Automation House.

One day later, city negotiators, sitting down to talk contract with the unions, presented a list of 54 demands straight out of the Temporary Commission Report, leading off with a demand for a five hour increase in the work week. This amounts to a straight 15 per cent pay cut, since Rohatyn's cronies on the state EFCB have already ruled out any wage increase for city workers, a decision Gotbaum allowed to be enforced against New York transit workers earlier this spring.

In addition, the city demanded the reduction of vacation time from four weeks or more to one week for nearly all city employees, reduction in city payments to the employees welfare funds and the complete elimination of these payments for retired employees, and the deduction of one quarter of the health insurance premiums for city workers from their paychecks. Allowing for the erosion of wages through inflation, as well as these reductions in so-called fringe benefits, the city's demands add up to at least a 30 per cent across the board pay cut for its unionized workforce.

Speaking brazenly of "one-way" collective bargaining, chief negotiator for the city Anthony Russo added, "There are further layoffs in the offing. We cannot guarantee there will not be more layoffs no matter how much more we give up." Gotbaum, after delivering himself of his ritual howls of agony — "I'll be goddamned if we will take any more cuts!" — in the next breath whimpered "what we want is for collective bargaining to survive, even in depressed conditions."

After a full year of "collective bargaining" a la Gotbaum under Big MAC bankers' rule, debt service payments — on behalf of which MAC is circulating ever larger whirlwinds of worthless paper, and Gotbaum is sacrificing ever larger portions of workers' living standards — have grown from about \$2 billion annually to nearly \$2.5 billion. Adding the increase in debt service to the \$379 million in official cuts, and taking into consideration that according to the city's own 6 per cent inflation figure, this year's budget should have been increased by some \$650 million to compensate for inflation, it is obvious that the city has actually reduced its budget for services by at least \$1.5 billion, or about 12 per cent.



Kissinger Pushes Mideast War to Breaking Point

Orders Syrian Advance to Stop Ford Geneva Effort

NEW YORK, June 6, 9 PM EDT (NSIPS) — Henry Kissinger and his National Security Council networks today ordered what had previously been a vacillating Syrian invasion force to go in for the kill in Lebanon. Syrian-controlled Air Force units bombed Lebanese left military positions today, and then began to march their tank columns and thousands of soldiers toward Beirut. Heavy fighting has now broken out in small towns around Beirut, while Lebanese left forces have begun to take preventive military action against potential Syrian butchers stationed in Beirut itself. The renewed fighting immediately threatens to involve Israel, Iraq and the Soviet Union — bringing the entire world to the edge of thermonuclear confrontation.

Five days after he made a public statement endorsing a Geneva peace conference for the Middle East, President Gerald Ford today continues to publicly vacillate. Speaking on Face the Nation, a nervous Ford announced that he did not expect a Geneva conference to be convened in 1976, but strongly condemned the Syrian invasion into Lebanon. The fact that Ford's hesitation was forced from him by a massive pressure, black propaganda and blackmail campaign, perhaps including direct assassination threats was obvious to the entire audience as he slipped and called his insurrectionary Secretary of State "President...I mean Secretary Kissinger." Sources near the White House report that Ford is still pushing extremely hard behind the scenes for the convening of the Geneva conference.

In fact, it is only due to the quiet, but forceful diplomatic efforts of Ford's men and the Soviet Union that the Middle East has not yet exploded. Kissinger and Rockefeller cannot be stopped by anything but their removal; they are proceeding manically ahead to achieve the "show of force" they believe will win them the ability to impose Schachtian regimes worldwide. The Soviets, on their side, have put themselves on full war mobilization and identified the Middle East as a trigger point.

Secretary of State Henry Kissinger, the coordinator of the Syrian invasion of Lebanon, today announced his flat refusal to consider an American peace initiative to reconvene the United Nations-sponsored Geneva Conference on the Middle East. Asked at a UN press conference here about reports that he and President Ford were in sharp disagreement on U.S. policy toward the Middle East, Kissinger asserted that the U.S. "was not engaged in any specific new initiative to bring

about a Middle East peace settlement," and said, "There will be no Geneva Conference in the near future."

Kissinger's acid announcement, coming in the midst of a dangerous escalation of the Middle East crisis with the June 1 armed intervention into Lebanon by Syria, is in direct opposition to the policy of the Ford Administration. Ron Nessen, Ford's press secretary, told reporters last week that Ford wants a Geneva meeting "within two months."

The open split in the U.S. Administration, pitting Ford, his staff, and Defense Secretary Rumsfeld against Kissinger, his boss Rockefeller, and the National Security Council, is most sharply defined by the growing danger of an NSC-provoked war in the Middle East. The Baltimore Sun reported June 3 on speculation "that the State Department and the White House were on different tracks: that Mr. Ford was getting set to drag everyone to Geneva while Mr. Kissinger was dragging his feet." The next day an editorial in the Washington Post, in coordination with the State Department, retaliated, blasting Ford for listening to his "political, not his diplomatic advisers" — i.e., his White House staff and the Ford campaign committee, and not Henry Kissinger — on Middle East policy, and concluded: "A surprise peace conference, suddenly sprung by a weak campaigning president, is a recipe for disaster."

Sources in Washington had reported earlier in the week that the Soviet Union and President Ford had reached a working agreement to settle the Lebanese crisis and move immediately toward the convening of the UN sponsored Geneva Conference with U.S. and Soviet Union as co-chairman, to resolve the Arab-Israeli conflict. Soviet Premier Alexii Kosygin's trip to Iraq and Syria had been undertaken after consultations between Ford and Soviet leaders, the sources stated, citing reports from the State Department.

The Ford initiative toward reconvening Geneva was initially made public by Ford's spokesman Ron Nessen, who told UPI yesterday that Ford wanted a Geneva parley "within two months." This action by Ford — which runs directly counter to the Kissinger policy of step-by-step confrontation — was instantly made the target of a coordinated distortion and black propaganda campaign by the Kissinger apparatus. Not one major newspaper carried the UPI Geneva story. At first Associated Press claimed that the State Department had "retracted" the Ford remarks. The NSC, directed by Gen. Brent Scowcroft, a leading accomplice of Kissinger, stated for the White House that "no new initiatives" had been taken, denying the UPI report.

Syrian Invasion: Cautious

The Syrian move was timed by Kissinger to coincide with the arrival in Damascus, Syria, of Soviet Premier Kosygin. The Kosygin trip, which also included an earlier stop in Iraq and may include a visit to Egypt, according to the Jerusalem Post, was aimed at resolving the Lebanese civil war and laying the basis for a Geneva Conference. Only hours before the Syrians mobilized for the invasion, the USSR and Iraq had called in a joint communique for regional development and industrialization of the Middle East, and for the withdrawal of Israel to its 1967 borders and the recognition of the rights of the Palestinians as the basis for a settlement of the Middle East conflict. The Iraq-USSR statement also carried a strong warning against the threatened Syrian invasion.

In the early hours of June 1, two armored columns of Syrian troops, comprised of an estimated 9,000 men and 200 tanks, crossed the Lebanese border and took up positions in Eastern Lebanon's Bekaa Valley and in the Northern Akkar region.

Soviet opposition to the Syrian move, while low-key, is unmistakable. In Iraq, Soviet Prime Minister Alexei Kosygin stated on June 1: "Lebanon must be protected from any kind of imperialist interference in its internal affairs. Since the right to solve the problems of Lebanon belongs solely to the people of that country, this legal right must be respected by all." Later, Moscow Radio issued a veiled warning to Assad, that Arab leaders who "engage themselves against the progressive movement and the Palestinians in Lebanon" will be branded as "tools of imperialism.

The reaction of the progressive forces of the Arab world has been swift. In Lebanon, the forces of the Lebanese left and the Palestine Liberation Organization (PLO) announced the formation of a joint military command yesterday, and today convened a meeting at which delegates of Iraq, Libya and Algeria announced their support for the left-PLO alliance.

The PLO issued a statement blasting the Syrian action "as part of the American policy of step-by-step in the Middle East, and a result of Kissinger's failing policy." The combined forces of the PLO and the left, which includes the Lebanese Communist party and pro-Irawi Baathists, pledged to fight the Syrian invasion.

Egypt, long at odds with Syria over the danger that the Assad clique could set off an explosion that would inevitably involve Egypt, condemned the Syrian action in the strongest terms. Foreign Minister Ismail Fahmi of Egypt denounced Syria for "genocide" and "bloody butcheries" in Lebanon, and today Egypt ordered Syrian diplomats out of Egypt and closed its embassy in Damascus.

"Hysteria and Panic in Syria"

The agent clique around Hafez Assad in Damascus has stripped itself of the little remaining domestic support it once had by its blatant collaboration with Kissinger. According to Arab diplomatic sources, an attempted coup d'etat was narrowly averted three days ago when four top Syrian

generals were arrested by Syrian Intelligence for planning to topple the regime.

"The Syrian regime's authorities are living in a state of hysteria and panic due to their increasing isolation," the Baghdad Observer, an Iraqi daily, reported this week. "This is considered to be an indication of the imminent downfall of the regime in the hands of officers and fighters of the Syrian Army."

According to Il Messagero, an Italian newspaper, the "left wing of the Syrian Baath party is determined to stop Henry Kissinger's Machiavellian plot." The Syrian Baath, a renegade party formed out of the shell of the Arab Baath Socialist Party after the 1966 NATO-backed coup in Syria, is reportedly deeply split on Syria's Lebanon policy. According to the Washington Post, a strong pro-Iraqi faction has developed in the Syrian party.

As a result, Assad has progressively isolated his regime from its base of support, and now relies for maintaining his rule on a five-man junta that includes his brother Rifaat Assad, head of Security; Air Force commander Naji Jamil; Defense Minister Mustafa Tlas; Chief of Staff Hikmat Chehabi; and Saiqa commander Zuhair Mohsin, the coordinator of the Lebanon invasion. The Syrian Cabinet, which has expressed some resentment at Assad's fascist policy in Lebanon, was reorganized this week under Jamil and Tlas.

U.S., Israel Support

The U.S. and Israel have openly endorsed the Syrian move into Lebanon. L. Dean Brown, the U.S. ambassador to Jordan during that country's slaughter of Palestinians in September 1970 and the special U.S. envoy sent to Lebanon last month, arrived this week in Amman, Jordan, to oversee the Syrian action. According to Palestinian sources, Jordanian troops — the fanatic Bedouin warriors who fought the PLO in 1970 — have entered Lebanon and Syria in support of the Syrian invasion.

Israeli Prime Minister Yitzhak Rabin announced on June 2 that he "is not shedding any tears" over the prospect of the Syrian Army butchering "Arafat's terrorists," and added that the PLO is now afraid of a repeat of the events of Jordan 1970. Defense Minister Shimon Peres, speaking at Tel Aviv University, announced that Syria's goals "have changed," and backed Assad fully, while former Defense Minister Moshe Dayan praised Syria's moves against "radical Palestinians."

Both the Washington Post and the New York Times endorsed the Syrian action as well. The Post, attacking the idea "fashionable in radical circles" that Kissinger is behind the Lebanese civil war, nevertheless called the invasion the "boldest step so far in an American-supported policy." The Times, while admitting that a "slight miscalculation today or tomorrow or next week could spark the long-feared explosion," nevertheless stated that "a little discreet and imaginative diplomatic footwork, combined with a lot of luck," might set the stage for another round of Kissinger's discredited shuttle diplomacy.

NSC-Linked Generals Move Toward Coup in Israel

June 5 (NSIPS)—A clique of top Israeli ex-generals closely tied to the U.S. National Security Council (NSC) has stepped up its moves toward a coup d'etat in Israel. Nominally led by Israel's first Chief of Staff, Yigal Yadin, the group prominently includes current Defense Minister Shimon Peres, former Defense Minister Moshe Dyan, and several former Chiefs of Staff and heads of intelligence, all united behind the activation of a Kissinger-orchestrate Middle East war that will sacrifice Israel's population in a "Schlesinger Doctrine" nuclear showdown with the Soviet Union.

Capitalizing on the fumbling ineptitude of Israeli Premier, Yitzhak Rabin, the group is actively mobilizing networks within Israel's centrist Labour Party, the fascist Likud and the religious extremist parties toward a showdown that will likely topple Rabin over the next days or weeks.

The Yadin Ploy

A cynical NSC maneuver centering around Yadin is preparing the way for the general's coup d'etat conspiracy against the government. Long "retired" from politics, Yadin in mid-May suddenly announced that he would move for the premiership and issued a stream of attacks against Rabin's wobbling regime. While presenting an intentionally vague pro-peace platform whose sole intention is to split the increasingly restive dovish camp, Yadin has received almost daily coverage through the NSC's international press network as a potential Israeli "de Gaulle" who could rally the country around a strongman leadership.

A source close to Yadin revealed June 3 that Yadin is solely the "catalyst to end Rabin's Prime Ministership"—"Dayan is in the wings." The London Economist magazine warned this week that Yadin "will eventually join hands" with a group of discontented ex-generals "who are casting about for a political home."

Peres, Dayan, Sharon

The conspiracy is being carried out within the government by Defense Minister Peres, who has been "building up his

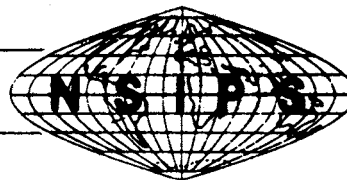
political base and collecting friends" in the extremist National Religious Party and in the Likud, the Economist reports. At the same time, Peres is conducting an open and bitter public feud with Rabin. Reliable Israeli sources estimate that the current shaky "truce" between the two cannot last long.

Peres is in fact determined to provoke a crisis this week, demanding a special Cabinet hearing tomorrow to insist that outlays for his Defense Ministry be raised at a time when the state budget is being slashed across the board under the austerity dictates of Finance Minister Rabinowitz, a close political ally of Rabin.

Joining the attack, Dayan announced from London earlier this week that he would never serve in "the government of Rabin, Rabinowitz, and (Foreign Minister) Allon." Israeli newspapers described Dayan's statement as an unprecedented "scathing attack" against the government; the Economist warned that the infamous warhawk is "waiting to pounce."

General Ariel Sharon, a long-standing Dayan ally added his charges June 3 that Rabin was "holding back the truth from the Israeli population" on Israel's security situation, allowing Israel to be "overwhelmed" by Arab armies on two fronts. Sharon is reportedly negotiating with pro-Likud fanatic Ezer Weizman for a joint usurpation of the traditional Likud leadership, to use the Party as a springboard for moves against the government.

At the same time, top architects of the 1967 Arab-Israeli war, Meir Amit, former head of Israeli intelligence, and Aharov Yariv, former head of military intelligence, have formed a group of former senior army men who are "bitterly disappointed" with Rabin's leadership. The Economist ominously reports that the army group would like to see Rabin "replaced by one of their own," since the Premier, himself a former Chief of Staff, has "discredited the whole group" with his indecisive leadership.



NSC-Institute Networks Push Race War, Subversion of Liberation Movements in Southern Africa

June 5 (NSIPS) — Any eruption of race wars or an intensive wave of racial terrorism in southern Africa will not be a part of the legitimate African liberation struggle underway in that region. It will be a design of U.S. Secretary of State Henry Kissinger, implemented through networks controlled by the National Security Council-Institute for Policy Studies, to crush that struggle and drown the real revolutionary movement of the African cone region in blood.

The forthcoming visit by Kissinger to Bonn, BRD, for June 24-25 meetings with South African Prime Minister Vorster, has cued a new round of press tales portraying a "growing potential" for racial war in southern Africa, the reported lead agenda item in the Kissinger-Vorster meetings. The June 5 New York Times' front page reported "South Africans Exultant Over Kissinger Meetings," and in subsequent editions printed an accompanying article, "U.S. Links Vorster Talks to Effort to Avoid Race War." The articles emphasized white fears of "encirclement."

Even more explicit was this week's edition of Newsweek, which featured a lengthy cover story on "the race war threat." "Die-hard" white Rhodesians and a South Africa beleaguered in Southwest Africa and unable to desert the Smith regime in any case are prepared to respond with massive military might to any stepped-up "black nationalist" terrorism, says the magazine. And that terrorism, according to Newsweek, is "growing steadily," "growing daily," and "growing weekly."

In fact, no threat of race war exists in any indigenous respect in the southern African political situation. When Henry Kissinger was enroute to the capitals of black Africa last month, the Western press warned of "black nationalist guerrilla" initiatives for a racial bloodbath in the region, an absolute contradiction of the pro-socialist policies of the actual liberation movements. With Kissinger on his way to Bonn to meet Vorster this month, terrified, encircled white supremacists are now touted as initiators of a predicted bloody reaction to African guerrilla movements. The evident source of threatened provocations of a racial explosion in Africa's southern cone are Henry Kissinger's meetings.

Network of Provocateurs

A network of "liberal friends of Africa" is now being used by Kissinger and the National Security Council for the race war effort in Southern Africa, the same network whose distinguished political record of last year consisted of loud political support for the so-called National Front for the Liberation of Angola (FNLA) even after the period in which total CIA control over the FNLA's cannibal gangs had become a subject of broad exposure in the Western press. The function of this network is to manipulate both liberal opinion in regard to African liberation struggles and African liberation leaders themselves.

Directly implicated are the American Committee on Africa (AVOA) and the allied Washington Office on Africa, the Congressional Offices of Representatives Charles V. Diggs

(D-Mich) and Andrew Young (D-Ga) of the Black Congressional Caucus, and the Center for National Security Studies. The personnel instrumental to Kissinger's Africa operations through these fronts heavily overlap, by no accident, with the exposed National Security Council terrorism control-center in Washington, Marcus Raskin's Institute for Policy Studies. Without their activity, the more savage side of CIA operations proper within Africa would be quite impossible — in particular the ACOA et al.'s shower of "sympathy" upon the liberation movement in Rhodesia and Namibia (Southwest Africa) in relation to the mooted racist explosions of concern to Henry Kissinger.

"The Ian Smith government of white-ruled Rhodesia will fall within six weeks," was the February prediction of Sean McBride, the "United Nations High Commissioner" for Namibia — where South Africa maintains control and ignores the "United Nations Trusteeship." McBride is a member of the "liberal" corps of Kissinger's Third World destabilization agents. His prediction was that the Smith regime's fall would occur "in the face of an invasion by guerrilla forces, backed by Cuban armor, most likely based in Zambia" — a groundless claim in contradiction to liberation movement policies which could only accentuate the "Red Menace" fear in the region.

Shortly afterwards, Henry Kissinger proposed a quick guerrilla conquest of the neanderthal-like Smith regime to Mozambique, Tanzania, and Zambian President Kenneth Kaunda, as the most efficient means of "revolution" without Soviet or socialist influence — i.e., without revolution. The public part of this proposal was a promise of U.S. economic aid to those African nations who would "close their borders" to white supremacist Rhodesia. Only Kaunda, a puppet of the World Bank, was willing to participate in such a preemptive venture; President Nyerere of Tanzania and the pro-socialist Samora Machel of Mozambique rebuffed Kissinger.

British Intelligence agent David Martin reiterated this proposal in the April 23 issue of the Jerusalem Post: "It is in the interests of the Western countries to have a quick victory in Rhodesia, precisely to prevent the formation of another party like that of the MPLA or FRELIMO (Machel's ruling party in Mozambique)."

It is precisely this and closely related counterinsurgency scenarios that are the guiding feature of the activities of Kissinger's "liberal" front organization network in the U.S., headed by the American Committee on Africa under former State Department advisor and CIA agent, the Reverend Mr. George Houser. The ACOA works closely with the Washington Office on Africa headed by Edgar Lockwood, a Trustee of Marcus Raskin's Institute for Policy Studies. In addition to Lockwood, the ACOA National Committee boasted the late Thurmond Arnold, a founder of the Institute for Policy Studies and of the CIA law firm Arnold, Porter and Fortas. It was through the ACOA that Kissinger's black Congressional stooge Charles Diggs conducted his

diplomatic efforts to disorient the leadership of the Angolan revolution into a "coalition government" with the CIA countergangs on the very eve of the revolutionary victory.

The ACOA's work is conducted according to scenarios developed at such think tanks as the Center for National Security Studies. The Center is headed by top-level terrorism planner and Institute for Policy Studies Fellow Robert Borosage. The Center is currently involved in scenario development for both Rhodesian race wars and the emergence of a "third force" in Namibia based on black business interests and under Sean McBride's direction, to counter the Angolan-based revolutionary guerrilla movement of the Southwest Africa People's Organization (SWAPO).

Race war scenarios were the subject of a Racine, Wis. conference at the beginning of May when all of the NSC-Institute "liberal" agents gathered under the auspices of the Johnson Foundation. These included Sean McBride, George Houser, John Marcum (a CIA agent stationed in Zaire with FNLA cannibal leader Holden Roberto in the 1960s, and current head of the "African Studies Association," and MIT African scenario writer Robert Rotberg. The stated outcome of the meeting was a warning that racial war in Namibia is as great a danger as the threat in Rhodesia.

This announcement notably coincided with an April 27 interview of Mozambique President Machel in the French daily *Le Monde*, in which that African leader declared that a class war policy was hegemonic in the Rhodesian liberation movement. "A long struggle" is required, said Machel, in order to "develop cadre" and create a real political party like the FRELIMO or the MPLA. SWAPO fighters and political leaders, based in Angola and Zambia, also have a policy for the liberation of Namibia focused on a cadre-building, class orientation identical to that which Machel described as essential for Rhodesia. Hence, the urgency of expressed concern over a "race war" crisis in the region at the Racine conference.

Subversion of Liberation Movements

Immediately following that meeting, the London Times and other National Security Council press conduits began to report on a "faction fight" within SWAPO, pitting the organization's leadership in Zambia against "indigenous" fighting forces within the Southwest African territory. In following days President Kaunda announced the arrest and detention of SWAPO senior officials in Lusaka "for their own protection" during the "faction fight." The arrests hit political, guerrilla, and youth organization leaders and, on April 29, SWAPO's propaganda director.

This roundup may clear the way for CIA organization of renegade or phony SWAPO units for use in terrorist provocations, the only basis for "race war" developments involving SWAPO.

Such operations and the political manipulations associated with them are the hallmark of George Houser and his

American Committee on Africa. Houser's operations to subvert and destroy the MPLA started almost immediately after Agostinho Neto brought that organization into being, while Houser was a State Department advisor for African affairs. It was Houser who is credited in some quarters with locating a certain pretender to the throne of the ancient Kingdom of Bakongo, Holden Roberto, and convincing him that the cannibal monarchies might better be termed "nationalism" in the modern diplomatic world. Roberto thus established the "National Front for the Liberation of Angola" (FNLA) with CIA arms and U.S. Marine Corps advisors.

In 1961, Houser sent the FNLA into action during an MPLA-organized general strike in the Angolan capitol of Luanda. FNLA butchery of Portuguese white civilians on several plantations provided the pretext for a pre-arranged wave of Portuguese Secret Police repression in which several tens of thousands of Angolans were killed. The FNLA's CIA counter-gang character became general knowledge in 1974-75, when, while enjoying the support of Houser's ACOA, FNLA cannibals launched a campaign to murder all educated blacks in Angola who were primarily associated with the MPLA.

The exposure of the savage FNLA and the MPLA's progress toward victory put Houser and his front-organization in a difficult position in 1975. Houser responded by demanding that Congress endorse the Kissinger-arranged Alvor Accords, a scheme by which the MPLA was to be forced into entering a coalition government with first, the National Union (UNITA, a creation of the Portuguese Secret Police) and the FNLA, and following FNLA liquidation by the MPLA, with the National Union alone. UNITA members were subsequently the main cannon-fodder for the U.S.-armed, South African-led, and NATO-backed invasion of southern Angola in the last desperate 1975 drive to stop the Angolan revolution.

Sean McBride, taking a leading role in these Anglo-American intelligence efforts in Southern Africa in his position as UN High Commissioner for Namibia, has experience equally appropriate to his role. McBride is the international chairman of the so-called Amnesty International, a CIA-Second International front group which has publicly engaged in harassment of the Soviet Union and Eastern Europe over the phony "oppressed nationalities" issue. He is also on the Board of Directors of the "Minority Rights Group," which similarly profiles, manipulates — champions the rights of such "national minorities" and the Uzbecks, Tartars, and Kazakhs within the USSR. The MRG was the vehicle for McBride's most recent "freedom fighting" activity—supporting the Pesh Merga insurrection of feudal landlord Mustapha Barzani in close collaboration with the CIA and the Shah of Iran against the pro-Soviet government of Iraq.



The Nuclear Pearl Harbor Plot:

Rockefeller Unleashes Terror Wave in Europe, North America

June 6 (NSIPS) — The U.S. Senate Subcommittee on Internal Security announced this week that it plans to hold hearings on the Institute for Policy Studies' July 4 Coalition, an amalgam of artificially created counterspy networks. The Subcommittee's decision was made public by a senior staff analyst, Dave Martine, after the U.S. Labor Party called on Congress to investigate a National Security Council-Institute for Policy Studies conspiracy to launch a nuclear terrorist attack against a major population center around July 4 bicentennial celebrations, and blame it on "Soviet" or "Cuban"-backed "radical terrorists."

Simultaneously, the Labor Party's mobilization to stop nuclear terrorism broke through the blanket of psychological warfare scare stories in the press. Yesterday, the Baltimore Sun editorially ridiculed "the potential for domestic terrorists to seize nuclear power plant wastes, extract plutonium from them, and manufacture bombs as a "bogyman." The first major newspaper to match the USLP's scientific debunking of such scenarios, the Sun queried scientific experts on nuclear technology and concluded that the manufacture of nuclear bombs "is beyond the capability of any group but a national government or a giant corporation."

In addition, the Cincinnati Enquirer carried 12 column inches on a press conference by Labor Party Congressional candidate Chris Martinson who exposed Rockefeller's Institute network and the "nuclear Pearl Harbor" scenario in detail, and warned of the danger of a Presidential assassination; a CBS affiliate in Detroit aired a 30 minute interview with USLP Congressional candidate Mel Brown on the same subject.

His contingency plans and "Terrorist International" networks now exposed and vulnerable, Rockefeller responded with his only remaining option: accelerating his nuclear "Reichstag fire" conspiracy with new terrorist threats, bombings and scare stories, to speed the imposition of police state rule in North America and Western Europe. Rockefeller's "left" countergangs, run by Marcus Raskin's Institute for Policy Studies — the Baader-Meinhof gang, the Weather Underground, July 4th Coalition, etc. — were activated to produce the terror, Rockefeller's "right-wing" police machine — including the International Association of Chiefs of Police, the American Security Council, the American Society for Industrial Security, Interpol, and NATO — were given the green light to push for military occupation measures.

Western Europe

In West Germany, the terrorist Baader-Meinhof gang took credit for the bombing this week of two army trucks in Wiesbaden and of the U.S. Fifth Army Corps headquarters in

Frankfurt. The latter incident resulted in the injury of 14 people, one of whom is in critical condition. In the wake of the bombings, the West German press is carrying a letter from the "Ulrike Meinhof Revolutionary Cell" calling the bombings "part of a world wide armed attack against a system that has annihilated millions in its 200 years." The identical line is being circulated by Raskin's "bicentennial terrorists" in the United States.

Other recent bombings in Western Europe coordinated through the same Raskin-Institute networks included four bombings in the French town of Nancy, the bombing of the Ministry of Justice in Paris, and a bomb defused minutes before its timed explosion in a London subway.

While Rockefeller has unleashed his Institute "leftist" terrorists, his faction's "right wing" machine has mobilized its forces within Law Enforcement Agencies to give credibility to the NSC terrorists and to prepare the way for actual military fascist rule.

The International Association of Chiefs of Police (IACP), which is controlled by the IBM Corporation, has issued alerts to its police affiliates in the U.S. and Europe. In Sweden the Nordic Union Chiefs of Police met on an emergency basis, and stated that they received information from IACP and Interpol that "terrorists are banding together to unleash either a bacterial, chemical or nuclear attack in the near future."

During the weekend of June 5—6, Institute "ex-CIA" agent Philip Agee and Barton Osborne, editor of Raskin's Counter Spy, will be in nearby Copenhagen to celebrate a "cultural festival" organized by Swedish Maoist Jan Myrdal, another Institute creation.

The contrived alerts have been matched by a black propaganda campaign against the West European population. Massive European Labor Party organizing pressure has, at last report, forced the television network in the West German state of Hessen to officially reconsider showing a feature, "How To Build A Bomb," which "demonstrates" how easy it would be for a terrorist to construct a nuclear device. Released in the United States under the title, "The Plutonium Connection," the film was originally made by a physicist working in conjunction with the Massachusetts Institute of Technology for National Educational Television in the U.S. Through its ties to the Mitre Corporation, MIT has been exposed as a principal center for the development of Institute for Policy Studies and NSC terrorist networks.

In a June 4 article in the West German daily *Sueddeutsche Zeitung*, reporter Max Winkler maintained that at yesterday's London meeting of the European nations' Atom Club, it was rumored that Third World nations would use nuclear

terrorism against Western Europe and the United States in revenge for the failure of the Nairobi UN Conference on Trade and Development to adopt Third World demands for debt moratoria. Winkler cited U.S. Senator James Allen as supporting this claim.

The same line surfaced in the Social Democratic Weekly Voerwarts, which quoted a member of the Federal Police Anti-Terrorism Unit in Bonn to the effect that Libya might undertake nuclear terrorist actions. On the right, the Bayernkurier, the newspaper of fascist Franz Josef Strauss's Christian Social Union, accused Qaddafi of financing terrorist groups; the weekly Die Welt reported that Libya controls sections of the Palestine Liberation Organization; and a conservative member of the West German Bundestag claimed in an interview that the Palestine Liberation Organization (PLO) was capable of producing an atomic bomb.

North America

On the North American continent, the CIA's 23 of September League was again unleashed in the continuing campaign to destabilize and overthrow the government of President Luis Echeverria, a leading spokesman for the Third World's fight for a new world economic order. Six policemen were killed and 8 others wounded by machine gun fire from 23 of September terrorists in a moving car in a small town outside Mexico City. Only 24 hours previously Echeverria, who had previously denounced the terrorists as the youth group of the agent-led Mexican Communist Party, reiterated to Mexican workers that "small subversive groups who want violence won't succeed."

Last week, the Liga kidnapped the daughter of the Belgian Ambassador to Mexico. For four days, the terrorists threatened to kill the girl if the \$800,000 cash ransom demands were not met. The government, the press and the honest left so strongly denounced the Ligas for the act, that

the agents were forced to release the Ambassador's daughter despite the fact that their demands were not met.

The Liga has named several well-known police posts as their next targets for assassination, creating a panic atmosphere among the police. Echeverria meanwhile, announced on the day of the kidnapping that his government was going to investigate "connections" between "left-wing terrorist groups" such as the Liga and their "right-wing" controllers. The Mexican President had already denounced the PCM as a "fascist and reactionary party" which worked with the Monterrey group of NSC linked right-wing industrialists and with Wall Street to help undermine the Mexican economy.

In the United States, the Nuclear Regulatory Commission announced during the Memorial Day weekend a nationwide alert at all nuclear facilities after reportedly receiving threats from the Weather Underground to "capture" or "blow up" a nuclear fission plant. The story was aired on national broadcasting networks. Feeding the terror, the Washington Post lied on June 2 that "plutonium can be easily refashioned into weapons...even small terrorist groups might conceivably accomplish it."

Yesterday WINS radio broadcast hourly a 15-minute segment on the "inevitability" of nuclear terrorism, re-running Raskin-allied "investigative journalist" Jack Anderson's story in the June 1 Washington Post on the mysterious theft of 200 pounds of plutonium. Citing confessed FBI informant and former reporter for the Nashville Tennessean, Jacques Srouji, as its authority, WINS outlined a bizarre tale of plutonium theft and murder to "prove" that "missing plutonium" means fissionable material is now in the hands of terrorists.

Labor Party initiated calls to the station resulted in its pulling the story off the air.

Institute for Policy Studies Runs Japanese Red Army Terrorists

June 4 (NSIPS) — The notorious Japanese Red Army, to date the most murderous of the National Security Council's international "blind terrorist" gangs, was planned and created and continues to be controlled by Marcus Raskin and his Washington- and Cambridge-based Institute for Policy Studies. Takahashi Takemoto, a public, personal collaborator of Raskin's in the Institute and related networks, including the Committee of Concerned Asian Scholars and the American Deserters Movement, is the originator, organizer and ongoing control-agent of the Japanese Red Army project.

The Japanese Red Army has been synonymous with psychopathic butchery ever since May 31, 1972, when a handful of its kami-kazified zombies walked into the busy Lod Airport in Tel Aviv, Israel and went berserk with sub-machine guns, brutally slaying 26 men, women, and children, and killing all but one of their own number before the carnage was over.

Takahashi Takemoto, who ordered that atrocity, is an agent of the U.S. National Security Council. The connection is known to French police who arrested and incarcerated

several Japanese Red Army zombies in September 1974, one of whom possessed a picture of Takahashi and written instructions for terrorist actions from him.

It is now also known that Takehashi created the Japanese Red Army terrorists as a 1968-69 spinoff of his collaboration in the Institute for Policy Studies' American Deserters Movement in Europe, through the Institute's Paris, Stockholm, and West German branch offices, involving him with Institute trainees and Fellows Bernadine Dohrn (Weatherman Central Committee-to-be), Bo Burlingham (Weatherman Central Committee-to-be), Andrew Kopkind (future top Weatherman propagandist), and such CIA agents as Stephen Spender and Michel Vale of the deserter's movement espionage and Eastern Europe penetration circuit, the "Schwarze Kapelle," whose European cover was blown off by the U.S. Labor Party in early 1974.

The loud and clear signals which began to issue from National Security Council global press conduits after CIA Lt. General Yarborough's April 26-28 Glassboro (N.J.) terrorism conference announcements of a "nuclear terrorist" attack on a major U.S. or European city within weeks, make full and

open investigation of the following networks and operations an urgent first priority of all sane political forces in the West. The failure of Congressional, parliamentary, and other institutional and police agency sources to uncover, publicize, and prosecute involved persons up to and including the Executive branch of the U.S. government, means, per NSC gameplan, a Nelson Rockefeller designed federal troop occupation of large metropolitan areas on the pretext of "terrorists," and a likely nuclear bomb blast to boot!

How the Institute Created the Red Army

The Japanese Red Army and the Weatherman terrorist gangs were directly created by the very same NSC-Institute operatives who set up and ran the so-called American Deserters Movement which was used as a lace curtain for penetration operations into Communist countries including the Soviet Union and North Vietnam.

Takahashi, later the key controller of the Japanese Red Army, was the NSC-Institute spy who established the "underground railroad" out of Japan that penetrated into Vladivostok for deserter transit to Sweden.

Takahashi created a number of Institute for Policy Studies front operations in Japan — including Beheiren, the artificial SDS-type Japanese "anti-imperialist" umbrella group and spawning ground for the Japanese Red Army, and the Japanese Committee for Peace in Vietnam, his deserters movement front. In 1968, Takahashi used his Beheiren to stage the "International Anti-Imperialist Conference" in Tokyo to establish working organizational links with the Institute's student fronts in the U.S., the Student Non-Violent Coordinating Committee (SNCC) and the SDS. Institute Fellows and trainees Ivanhoe Donaldson and Stokely Carmichael formed SNCC in the early 1960s, and the SDS was founded by the Institute's Tom Hayden and Paul Booth, and later led by Institute Fellows and trainees Bernadine Dohrn, Mark Rudd, and Bo Burlingham, among others. Beheiren, SNCC, SDS, and similar manufactured formations were the pool from which terrorists were profiled, selected, and brainwashed to be the killer zombie cadre for the NSC's terror gangs.

The Japanese Red Army and the Weather Underground were both simultaneously established in the summer-fall of 1969, both equipped with similar fascist zombie ideologies. This heinous NSC-Institute worldwide "deserters" and terrorist project was kicked off on November 13, 1967, when Takahashi and his Japanese Committee for Peace in Vietnam held a press conference in Tokyo to announce that four sailors from the aircraft carrier Intrepid were in hiding in Japan. Takahashi reportedly arranged a speaking tour throughout the Soviet Union for the Intrepid Four. The U.S. State Department "protested" to the Soviet government and then arranged "humanitarian" asylum for the Intrepid Four in Sweden. With the heavy publicity, the entire Intrepid affair got the Schwartz Kapelle deserter movement off the ground and gave cover for NSC espionage and terror operations.

In 1968, the NSC-Institute's Mike Vale, Bo Burlingham, Andrew Kopkind, and Institute Fellow Danny Schechter set up the American Deserters Committee in Paris. Sources report that Takahashi was in Paris at this time and was in contact with the American Deserters Committee. At the

same time Burlingham, going under the code-name "Arlo," was in constant contact with the future Weathermen of Columbia, Mark Rudd and his crowd.

Takahashi also made contact in Paris with Wilfred Burdett, the "Maoist" correspondent for the CIA-controlled Guardian, and key penetration agent into the North Vietnamese and NLF, according to sources. Out of the American Deserters Committee, arrangements were made during 1968 for Institute Fellows and trainees, including Bernadine Dohrn, to make espionage and destabilization excursions into Eastern Europe, including during the Czechoslovakian Prague Spring. Meanwhile, in collaboration with Takahashi, Vale was setting up underground deserter networks throughout Denmark and West Germany into Scandinavia. In Sweden, Takahashi attended an anti-imperialist conference which included such Institute Fellows as Joachim Israel and Jan Myrdal.

In West Germany, Takahashi reportedly made constant contact with circles around Institute Fellow Karl Dietrich Wolff, who ran the West German countergangs under the rubric SDS.

The Formation of the Red Army

In summer-fall 1969, the Cambridge subdivision of Marcus Raskin's Institute for Policy Studies was set up. Burlingham and Kopkind — today on the Cambridge Institute Board of Advisors — and the rest of their network were redeployed from Europe to the U.S. to found the SDS Weathermen terrorist gang, along with Ford Foundation agent Mark Rudd.

At the very same time, Takahashi's Beheiren and so-called left Japanese "bund" groups organized the Japanese Red Army. In internal organization and brainwashing indoctrination, the Japanese Red Army proceeded along the same lines as the Weather Underground. According to Takahashi's journal Ampo, in order to form "themselves into a 'regular army,' members of the group were expected to live together, undergo physical training, and learn theory." The aversive environment maintained by controllers was so severe that Japanese Red Army members were known to have been shot for catching a cold! Members' psychosis fed on a steady diet of urban guerrilla actions against supposed opposition "left" groups.

While the Weather Underground was attacking "U.S. Imperialistic Mother Country," the Japanese Red Army was programmed to rail against "Japanese-mother country imperialism" and U.S. domination. The "revolutionary ideology" of the Japanese Red Army, like that of the Weather Underground, was the "prerevolutionary uprising," in the form of "an armed struggle to win a military victory over the police."

According to Ampo, the Japanese Red Army urged that 'partisan struggle' now be directed toward the left wing in "workers states and backward countries," a clear demonstration that the entire operation was a terrorist penetration operation against the left and the socialist sector. Constantly seeking sanctuary from socialist or left-leaning governments, the Japanese Red Army carried out the NSC-Rand scenario to give left cover to terrorist acts and pin the blame on the socialist sector.

Since that time, the NSC-Institute terrorist apparatus has

been carefully deployed in actions commensurate with the political needs of the Rockefeller dollar empire. One of the most notorious atrocities committed by this terrorist machine was the Japanese Red Army massacre of 26 men, women, and children at Tel Aviv's Lod airport May 31, 1972. In September 1974, the Japanese Red Army attacked the French embassy in the Hague, Netherlands demanding the release of Japanese Red Army killers imprisoned in France. It was the circumstances surrounding the French arrest which revealed Takahashi as the controller of the Japanese Red Army.

NSC agent and world traveller Takahashi and the Institute continued their joint coordination through various front organizations: PARC, Pacific Asian Research Center, based in Tokyo and set up by Beheiren; the Committee for Concerned Asian Scholars, a U.S.-based outfit involving Noam Chomsky, the Institute's Franz Schurman, and Michael Klare, head of the Institute's Amsterdam safehouse for terrorists and spies, the Transnational Institute. PARC, a so-called "anti-imperialist library" is a profiling operation, receiving detailed information on the political and military activities of every nominally left group throughout the Far East and Asia. For example, among joint Institute-Takahashi ventures, in June 1973, PARC and the CCAS held a joint conference in Tokyo. The conference pushed a whole gamut of counterinsurgency lines, among them "national liberation" and the "potential for resource nationalism" — i.e. oil hoaxes, etc.

PARC, CCAS, the Institute's Transnational Institute and its North American Congress on Latin America, and such NSC fronts as Telos Magazine, the New Left Review, Monthly

Review, and NATO agent Ernest Mandel's Fourth International serve as today's replicas of the degenerated Fabian Research Bureau and Frankfurt School projects. These centers serve as the clearinghouses for all the international networks and generate research and development, psychological profiling, belief structures and ideologies, producing publications and propaganda for the implementation of the NSC's terrorist Japanese Red Army and Weather Underground scenarios, espionage, and black propaganda operations.

The Transnational is a clearinghouse for a broader project, the Encyclopedia for Social Reconstruction, which is funded by over 200 Rockefeller-linked foundations! The research from the Institute's "Fabian" projects is then fed by the Institute into the computers of the NSC hardware Rand Corporation, Mitre Corporation, and BND Corporation. These computers then turn out for the NSC-Institute the nuclear wargame scenarios from which the NSC-Institute writes its marching orders to the terrorist controllers in the field.

This is a matter of public record. In September 1974, NSC agent Takahashi was revealed as the controller of the Japanese Red Army by the London Times along with Shige Nobu, based in Beirut, who is a key link to the NSC's terrorist gang Black September.

Now this Institute terror apparatus is set to pull a nuclear "Pearl Harbor" on the U.S. population as a prelude to a 1984 police state to reduce the society to a mass of zombies like those of the Japanese Red Army — a scenario which can be stopped dead in its tracks by dismantling this monster apparatus now.

International Press Responses to Closing of UNCTAD IV

June 5 (NSIPS) — The developing countries ended the month-long United Nations Conference on Trade and Development (UNCTAD) in Nairobi, Kenya, on May 30 with a sharp rejection of Henry Kissinger's cynical proposal for looting of Third World resources through his so-called "International Resources Bank" (IRB). In the six-hour plenary session which closed the conference a U.S.-sponsored resolution calling for further "study" of the Kissinger scheme was defeated 33 to 31, with over 90 delegations either abstaining or taking no part in the vote.

This clear political victory for the forces of development reflected the fighting spirit and determination in the drive for debt moratorium and the new world economic order that the Third World maintained throughout the conference, U.S. Secretary of State Kissinger and Treasury Secretary William Simon reacted with total hysteria, issuing a joint statement from Washington attacking those that opposed the fascist IRB plan and warning that the decision had better be reconsidered.

At the close of the conference no substantial accords were agreed to, as the Western capitalist countries, led by the United States, refused to respond to Third World demands for general debt moratorium, transfer of technology for industrial and agricultural development, and increased flows of capital aid as the basis of a new world economic order. Similarly, the developing countries refused to significantly reduce their demands.

The controlled Western press has claimed that the passage of a final "compromise" resolution on the debt burden of the developing nations and commodity pricing arrangements was a capitulation to the capitalist countries on the part of the Third World. In fact, the developing countries maintained a strong united stand throughout the conference; it was the capitalist countries that were desperate to break the deadlock, fearing that a determined developing sector would emerge from a deadlocked conference prepared to take some form of unilateral political action to impose the new economic order on the advanced capitalist countries — possibly through unilateral debt moratoria.

The capitalist countries became more conciliatory to the Third World demand for the establishment of a "common fund" to finance commodity buffer stocks in the final hours of the conference. In turn, numerous weaker-willed and agent-ridden delegations from the developing sector pushed for the signing of the final conference resolution, whose main points were the agreement to convene a conference to discuss the commodity pricing arrangements by next March and the establishment by the end of the year of guidelines for the provision of debt relief on a so-called "case-by-case" basis.

The resolutions reflect little more than diplomatic protocol, however, and in no way reflect a change in the policy demands of the developing countries. The leadership of the developing sector is already planning how to carry the momentum gained at Nairobi into other international forums and institutions.

Throughout the conference, including the final sessions, the refusal of the socialist countries to actively ally their political muscle with the Third World played a large part in the failure of the conference to implement debt moratorium and the new world economic order. Not wanting to "provoke" the imperialists, the Comecon countries refused to back the developing countries' debt moratorium demands, and the Wills proposal for creation of a new international

central bank to replace the IMF and so found themselves in a de facto alliance with the capitalist countries of key issues. While the socialist nations were important in defeating the fascist IRB scheme, support for the debt moratorium and the presentation of alternative socialist proposals to the International Monetary Fund's world genocide programs could have significantly aided the dismantling of the Rockefeller Atlanticist machine and lackey Henry Kissinger.

The joint statement issued by Simon and Kissinger this week clearly shows that the Rockefeller machine, having failed to manipulate the developing countries into dropping the debt moratorium demands, will now try to achieve the same goal through terror. "The U.S., whose role is so vital, does not expect when it makes major efforts to cooperate that its proposals will be subject to accidental majorities," the statement said. Then, attacking the socialist nations' role in the defeat of the IRB, the statement said, "The less developed countries must not lend themselves to parliamentary manipulation by those states who contribute nothing to the development of the poor nations of the world."

Following the Nairobi meeting, several key statements by Third World leaders point out the path the developing countries must now follow. Mexican President Luis Echeverria, speaking before the United Nations Habitat Conference in Vancouver, Canada, made it clear that the only alternative to development is the path of Rockefeller and Kissinger — war and fascism — and declared the determination of the developing countries to take unilateral action, if necessary, to force real change. Echeverria told the conference delegates from every nation of the world that there are only "two basic obstacles" to change in international relations: "the conspiracy of powerful interests" and the "persistent tendency of many men to believe that the rules and patterns of their own times are immutable constituents of human nature." He added, "Nothing could be further from the truth." The lessons of Nairobi must lead to a decision by the developing countries to take unilateral action, most important for a debt moratorium on the debt to capitalist banks and the International Monetary Fund. Echeverria's speech referred to this: "We Third World countries must accompany our determined pursuit of joint and harmonious world efforts with immediate progress in our own coordinated and unified relations."

Top-level banking sources have already expressed their fear of such a move for unilateral moratorium before summer's end — one reason for the convening of a "Rambouillet II" conference of the heads of state of the seven leading capitalist nations last month.

For Third World leaders meeting in Algiers for four days last week, in a session of the 17-member steering committee of the Non-Aligned Nations to prepare for their August summit in Sri Lanka, a major subject of discussion has been the maintenance of Third World unity in the face of Kissinger's attacks on the leading non-aligned nations. The Foreign Minister of Guyana, Frederick Wills, stated unequivocally that "there is a concerted attempt to destabilize the governments of non-aligned countries in Latin America." Wills was backed up by the Foreign Ministers of Cuba and Peru. Algerian Foreign Minister Bouteflika also charged that "the imperialists are trying to divide the Third World." In a final communique, the Non-Aligned foreign ministers declared their solidarity with the Palestinian movement in the Middle East against U.S. imperialist poli-

cies there, as well as the "neo-colonialist alliances in Southern Africa and U.S. plans to militarize the Indian Ocean."

June 6 (NSIPS) — The following is a selected grid of significant press response to the closing of the United Nations Conference on Trade and Development (UNCTAD IV) at Nairobi Kenya.

United States

New York Times, May 39 — "Third World Accepts Compromise on Trade; U.S. Plan Rejected" — The United Nations Conference on Trade and Development approved a compromise proposal late last night on the issue of regulating world commodity markets, but rejected a United States proposal for an international bank to promote the development of resources in poorer nations.

In the closing session of the month long conference delegates unanimously adopted a compromise proposal calling for a conference to discuss a common fund that would regulate the prices of key commodity exports, which provide the bulk of the foreign exchange earnings of the developing countries. The commodity proposal was worked out carefully after days of often acrimonious debate.... The American proposal ran into tough opposition from developing nations which saw it as a maneuver against their own proposal for a common fund to stabilize commodity prices.... On the question of debt the conference approved a three point program in which rich nations agreed to work out broad international guidelines to be applied on a case by case basis. Washington Post, June 1 — "Industrialized Nations Accept Compromise" — UNCTAD IV ended yesterday with plans for further negotiations aimed at revamping the world economy.

After a month of debate and negotiations, the conference:

*Rejected U.S. Secretary of State Henry Kissinger's proposal for an International Resources Bank.

*Authorized negotiations to establish a common fund to finance price stabilizing stockpiles of 10 essential raw materials.

*Urged quick review of the debts of 20 very poor countries.

Wall Street Journal, June 3, — As odd as it seems the Wall Street Journal stood shoulder to shoulder with the Eastern bloc, the Russians, and Cubans in disparaging the Kissinger scheme, although for different reasons. The bank, another international bureaucracy, would somehow or other channel private capital into less developed nations for raw materials projects and ensure multinational corporations involved in the projects against expropriations. It is clearly nothing more than another State Department foreign-aid gimmick that would entail yet further political interference with capital allocation.... It would indeed be wonderful if the less developed world could develop. But that won't happen with an International Resources Bank nor with a \$6 billion buffer stock boondoggle.... All this does is distract the Third World from doing what has to be done to develop. Much of the distraction occurs because the developed countries — including the communist nations — propagate the idea that the chief natural resources of the Third World are in the ground, when in fact their primary resource is people.

Instead of trying to wring more foreign exchange out of the ground by manipulating the international price of copper, or

bauxite or sugar, the Third World governments would do far better by concentrating on getting as much as they can out of the energies and talent of their people...Until our State Department abandons its gimmickry and embraces this fundamental formula for growth it deserves the spurning it got during the Nairobi shuffle.

New York Times, June 6 (editorial) — Slowly, painfully the rich and poor countries are learning to talk with each other — and to move beyond propaganda toward genuine negotiation...

The United States proposal for a new International Resources Bank, to stimulate private investment in the poor countries was rejected...

The United States was partly responsible for the rejection of its proposal, in not preparing the ground for such a major move sufficiently far in advance by consultation with other countries. What matters nonetheless is that the large number of abstentions by the poor countries implies that they are still open-minded on the resource bank. The American proposal may well receive favorable consideration when it is presented again, as the United States officials have made clear they intend to do...

New York Times, June 6 — There are elements in the developing world's grand design that arouse deep seated opposition. Industrial countries like the United States don't like the administered, indexed pricing the developing countries want to rule commodity trading. Compulsory transfer of technology, demands for debt moratorium, common funds to finance commodity buffer stocks represent other highly contentious issues. Industrial countries want less automatic administrative machinery, more play given to private capital, and self-correcting market forces. They suspect that some of the changes sought by the developing countries will simply make the rich in the poor countries richer, at the expense of the poor in the rich countries...

Although the volume of debt rescheduling for the countries that cannot pay their bills is bound to continue to rise, it is unlikely, because of the strong opposition of industrial nations that there will be any generalized debt moratorium. But there could well be an early warning system that would direct international efforts to help individual countries avoid a crisis....

Western Europe

Italy

La Repubblica, May 31 — UNCTAD IV closed with a compromise and many postponements, but with the satisfaction of a large part of the delegations present. After two days of extension the conference ended yesterday voting on a series of resolutions on the main topics of discussion — the establishment of a pricing system for raw materials, the financing of raw material buffer stocks, and the refinancing of debt for the poor countries — and also postponing many decisions....

The State Department's proposal for the creation of an International Resources Bank, officially supported by Belgium in the name of the industrialized countries, was rejected 33 votes against, 31 in favor and 41 abstentions — those developing countries closer to the U.S. left the room at the time of the voting. The Bank was seen as a pressure in-

strument for the U.S. and a defense for the interests of international private investment...

France

Le Monde, June 1 — (from an interview with Jean Francois-Poncet, French Secretary of State for Foreign Relations with Third World) — It is perhaps too early to draw a real balance sheet from this UNCTAD session. It is indeed only in a few months that it will be truly possible to determine if the commitments made, which some delegations surrounded with restrictive declarations, will be really kept. If they were to be one could state without hesitation that the results are positive, and this on two planes: one economical and the other political...

A failure of the UNCTAD session would have led to a confrontation between industrial and developing countries...

West Germany

Frankfurter Rundschau, June 3 — The irritated statement made by two American Cabinet ministers are to be explained by nothing else than by the recognition that they were intoxicated on their own illusions, intoxicated by economic and political power. But this is what the Third World will no longer tolerate...

Britain

Financial Times of London, June 1 — After a weekend of hectic negotiations, the fourth United Nations Conference on Trade and Development has finally ended in a barely sufficient measure of agreement to avert the threat of a new crisis in relations between the world's poor and rich nations....

The U.S., Germany and Britain who have been in the forefront of opposition to some of the ideas put forward by the developing countries — chiefly on the issue of a common fund to stabilize commodity prices — relented somewhat... But agreement on the three principal issues at the month long talks here — commodities, debt relief, and transfer of technology — is far from total. The U.S. plan for increasing investment in raw material output by the formation of a new international bank was rejected in the closing hours of the conference.

Right to the end hard bargaining threatened to prevent agreement.

London Times, June 1 (editorial) — Three comments are justified on the outcome of the UNCTAD in Nairobi. First, it is a great relief that there should have been an agreement between the world's richer and poorer nations. Secondly, it is welcome that in consequence of the agreement to negotiate a common fund to finance an integrated commodity price support scheme some resources and foreign exchange will be transferred from the richer to poorer countries that would not otherwise have been transferred.

Thirdly, it is deplorable that the particular scheme which is to be the vehicle of this agreement and this transfer should have to be about the most inefficient, half-baked and unfair that could be imagined. This arises from the regrettable politicization of rich-poor relations, which has had the consequence that no scheme for helping the world's poor can any longer be examined on its moral and technical merits. Instead any such scheme has to be measured it seems, ac-

ording to the spite it shows to the United States and the benefit it confers on the richer and more powerful of the less developed countries who have appointed themselves rather improbably as the guardians of the world's poor.... Before the opportunity for a constructive relationship between the rich and the poor is lost the developed countries should regroup around a much broader, more just and practical position....

Comecon Sector

Soviet Union

Pravda, June 1 — The work of the present (UNCTAD) session took place in an atmosphere of intense struggle. The delegations of the developing states in Nairobi persistently sought the liquidation of all remnants of colonialism, all discrimination and injustice in the sphere of international economic relations.

The Western delegates opposed the platform of the developing countries of Asia, Africa and Latin America with their own political course, directed at defending the interests of the monopolies, at strengthening their position in the economies of the developing countries....

At the same time the joint actions of the delegations of the socialist and developing countries made it possible for the UNCTAD session to pass several important resolutions. At the final plenum of the session resolutions were approved on raw materials problems, questions of scientific-technical knowledge and technology and several financial questions.

The representatives of many western countries did not hide their irritation with the results of the fourth session of UNCTAD....

Czechoslovakia

Rude Pravo, June 1 — A compromise program was agreed upon at the UNCTAD meeting for restructuring the world market. Resolutions were put forward concerning an effective solution of the debt problem of the developing countries, as well as the other resolutions and documents. This new program is a compromise between the original plan for establishing a fund for stabilizing raw materials prices and the negative stance taken by the developed countries led by the U.S., Britain, and the German Federal Republic....

The attitude of the developing countries and the socialist community of states showed a rapprochement on many important issues.

German Democratic Republic

Voice of the German Democratic Republic, June 3 — The U.S. Treasury and State Departments are accusing the USSR of having caused the defeat of the American proposal for a new raw material fund, with the help of parliamentary manipulation. The State Department maintains that the socialist states had no constructive policy to offer on development.

However, at the UNCTAD conference, the raw materials fund proposal (IRB) was voted down by the roll call of participants. Manipulatory practices are alien to the USSR.

This senseless attack (by the State Department) reveals despair on the part of the western countries at having received another defeat on the international stage. The Western countries, especially the U.S., have enriched

themselves at the expense of the developing countries. Now they are playing demagogic number games to show how much development aid they have given; in reality it is a matter of their hanging on to their sources of profit ...

Third World

Mexico

El Sol, May 31 — The approval of the basis for creation of a new world economic order and a political defeat of the United States were the most salient facts of the fourth UNCTAD session, which ended today.... The resolution also asked the Secretary General of UNCTAD to call for a special intergovernmental group of experts meeting to study the problem of debt and payments negotiations.... The United States whose Secretary of State Henry Kissinger presented a project at the conference for the creation of an International Resources Bank, did not fare well at this international forum. His project was rejected....

The road has not been cleared yet, however, for a new international order, more just and equitable, desired by the Third World countries.

In reality, this fourth UNCTAD set the basis for its creation. On the other hand the Third World will have to eliminate the reservations stated tonight by countries like the U.S. and Great Britain, both of which decided to resist....

India

National Herald, June 1 — (editorial) — The achievements at Nairobi are not spectacular but they represent a substantial

advance for the developing nations....The prophets of doom were loud in their denunciations toward the end of the conference but compromise was reached at the end...One of the surprises of the conference was the seemingly passive role of the Eastern European bloc throughout the proceedings. India was forced to hold back the hawks among the developing nations, particularly Africans bent on a showdown. But why for example did India abstain on the western sponsored resolution commending the IRB. On the face of it the motion which was narrowly defeated was intended to confuse the issues of the conference....

Patriot, June 1 — The task of the non-aligned group today is serious. It is economic and political. It is the fight for a just new world order. Detente has lifted the threat of insecurity and conflict in some areas of the world but western capitalist nations are more aggressively determined that this historic change in international climate not be utilized to right economic injustice on a world scale. Non-alignment is no longer regarded with derision as it once fashionably used to be in Washington and London, but with fierce hostility. Dr. Kissinger has attacked non-alignment recently ... for seeking international economic cooperation on fair terms. The U.S. Secretary of State's writ does not run throughout the western world but reflects the interminable wrangle at Nairobi, on the question of commodities and debt relief. The non-aligned nations have now to explore ways to develop the necessary sanctions behind these demands with the complete assurance of continued support from the socialist world for a new world economic order.

Echeverria's Speech at the Habitat Conference

June 5 (NSIPS) — The following is an excerpted text of Mexican President Luis Echeverria's speech at the May 31 session of the United Nations Conference on Human Settlements in Vancouver, Canada.

In attending this forum, Mexico reaffirms that the existence and strengthening of the United Nations is absolutely essential for carrying out the priority tasks of our times, and that if true, rather than imposed, peace is to come about, it will be achieved through the United Nations and by no other means.

Achieving this goal presupposes an intense effort to assume a historical responsibility we can no longer put off to the future — the responsibility of confronting the deep-rooted causes of the accumulation of problems that is shaking the foundations of human civilization. It presupposes a thorough knowledge of contemporary reality, the development of self-critical thinking and a systematic search for viable alternatives...

There are two basic obstacles to any transformation of the terms of our coexistence: the conspiracy of powerful interests and the persistent tendency of many men to believe that the rules and patterns of their own times are immutable constituents of human nature.

Nothing is further from the truth. History shows that the essential characteristic of mankind is evolution, the ability to find new answers and to set new courses.

Twenty-eight years ago, the General Assembly approved and proclaimed the Universal Declaration of Human Rights, which established the right of all persons to an adequate standard of living that would assure the health and well-being of both themselves and their families, particularly as regards food, clothing, housing, medical attention and all necessary social services.

The information gathered for the study of the delegates shows how far we still are from making that goal a reality.

This Conference provides a fitting opportunity to undertake a more far-reaching analysis of current conditions that will help to establish the true causes of this delay, and to discuss the strategy to be followed in achieving effective results. . . .

Once again, we must insist on a fundamental fact: the urban problem, like so many others, will never be solved if we think of it as something autonomous, as a specific and isolated element. It is simply another link, and not even the most weighty or most explicit link, in a whole chain of material circumstances that go to make up the reality of our times and are reflected in our "lost cities" and slums. How can it be dealt with as something separate from unemployment, ignorance, unsanitary conditions, the population explosion, and the inadequate diet or outright hunger of the great majority of the world's population?

An effort must be made to develop an integrated approach. A constructive, sincere effort to accept the fact that the urban problem is, in itself, not a cause but a result; not the origin of the crisis, but its consequence; not its substantive foundation, but simply an effect. In other words, there can be no positive solution unless the problem is dealt with as a whole.

The problems on which world attention has focused in recent years, such as preservation of the environment, the high rate of population growth, unemployment, food scarcities and the condition of women, are all closely linked to the social programs of the different nations. . . .

It is no coincidence that our country has been taking a more active part in international gatherings ever since setting in motion at home the changes that were indispensable for dealing with problems that, at the world level, are a source of great concern to our organization. . . .

Recently, the Mexican Congress approved various amendments to our Political Constitution and passed a new law that specifies the terms under which our nation is to exercise its responsibilities in regulating human settlements. . . .

The new Law will make it possible to give added impetus to democratic planning aimed at promoting a more rational and just development of our cities. Thus, for example, we are promoting the creation of autonomous development poles in our country in which there is to be a coordinated establishment of industrial centers and agricultural production centers that will ensure higher employment levels and living standards in rural areas, avoid migration from the provinces, and aid in preserving the environment.

Despite the fact that our country, like other Third World nations, has applied itself to this aim with firm decision, our achievements and our real prospects still fall far short of fulfilling our aspirations. This is so because under present-day circumstances national efforts alone cannot correct phenomena whose structural origin lies beyond our borders.

There can be no substantial answers to these questions if we remain subject to the irrational system prevailing in international relations. It is imperative, therefore, that we forge ahead in our efforts to shape a new order founded on solidarity and cooperation.

Although the phenomenon of human settlements is the concern of all, it must be recognized that there are differences between their structure, origin, dimensions and consequences in wealthy nations and in poor nations.

The urbanization of the industrialized countries is the result of productive forces that led to abundance within a context of colonial wars and imperialistic expansion, whereas in the underdeveloped countries it is the product of poverty and despair, of the flight from impoverished rural areas and of migration in search of an ultimate vital alternative.

By the time population levels in the leading nations of the developed world passed the one million mark, those nations already had several decades of industrial revolution behind them. The rural masses that arrived at the gates of the European cities as labor reserves and made the accumulation of capital possible because of their low wages are not the same masses that are flooding into the cities of the

underdeveloped countries only to enter the ranks of the marginalized, a situation that not only betokens injustice but also throws economic models based on internal exploitation and dependency abroad into an insurmountable crisis. Explosive urban growth in the Third World is the result of an arousal of false expectations, not of social or economic change.

In poor countries, just as the population explosion came as the result of lowering death rates without taking into account the expansion of the forces of production, urban growth has been the result of the absence of a sound economic and social infrastructure. . . .

In the past, access to urban life meant a step upward to greater freedom, more security, and a better existence. Today, in marginalized countries, to move from the country to the city, to that degraded existence in "lost cities" and slums, frequently implies not self-improvement but regression, and is simply further proof of the fact that the present world economic system is incapable of resolving the imbalances of our times.

The desperate migration of rural masses in search of a better life, which confronts our cities with the accusing presence of a social crisis in the form of unemployment, exploitation, and a shortage of basic services such as water, housing and schools, has been called urbanism in the Third World.

The disruption of life in human settlements in peripheral areas has been caused by a system of domination that operates in a manner of which the peoples are unaware. Massive resources and surplus value are transferred on the national level, from some regions of the country to others, and on the international level, from poor nations to rich ones, in exchange for unilaterally fixed and unfair remuneration.

In industrialized countries the tertiary sector, services, has reached a new stage of economic development based on mass consumption and provides employment for skilled workers in the more modern technological and administrative systems. In cities in underdeveloped countries, on the other hand, those activities conceal a structure of unemployment and underemployment. Under such conditions, the so-called services are not those actually needed by society, and those who provide them attain only minimum levels of economic reward and stability. Such countries are accumulating a dangerously high degree of inefficiency and frustration that may explode at any moment.

The literature of multinational power tries to hide the true causes of human overcrowding in poor countries by making it appear that those countries are inhabited by hopelessly dull and lethargic men and women, or, at best, by beings abandoned by fortune. The truth is, and it bears repeating, that it is internal colonialism and unfair international economic relations that condemn these peoples to unemployment and marginalization.

How could the human tide that is moving to the cities actually be kept in the rural areas with a decent standard of living when the prices of food and raw materials are at the mercy of mercantile monopolization and iniquitous international speculation? How could productive efficiency be increased in the primary sectors when under such circumstances acquiring tools and technology implies an enormous drain on our economies?

How can we demand persistent and continued planning efforts from our countries when many of them are weighed down by poverty, when their national priorities are obstructed from abroad, when the availability of resources of all kinds is dependent on arbitrary, uncertain and burdensome transfer by the centers of power, and when decisions are taken on the basis of information which presents a false vision of the country and the world that favors the interests of the strongest powers? . . .

It would be most unfortunate if this meeting were to be turned into a mere forum for accusations and lamentations that serve no constructive purpose; it would be an even more serious matter, however, to seek to impose answers that are foreign to the real needs of the greater part of mankind.

If this Conference is to produce valid options they will have to be detached from metropolitan ethnocentrism and be formulated from democratic viewpoints capable of promoting projects of true priority to nations, of financing them without ties of any kind and of fostering human dignity based on justice and freedom. We therefore reject all would-be cooperation that tends to reproduce patterns that are foreign to our aspirations, since such patterns are basically vehicles for economic and cultural penetration, for hegemony and dependency, which for that very reason do not solve our problems but only make them more acute. . . .

For that very reason this Conference is part of the great theme of our times, the division of the world into a bloc of abundance and an enormous archipelago of poverty.

The attitude which the industrial States have recently adopted in economic matters reveals the extent to which their real dispute is waged not in the sphere of worldwide ideological conflict but rather in that of specific economic interests, and how easy it is for powerful minorities to reach circumstantial agreement when the majorities make specific demands and organize for action. When matters come to a head, however, questions of profit and loss have always proved more powerful than the standards of freedom, democracy, justice and solidarity.

This situation also reveals a further harsh truth: any other contradiction between peoples is outweighed by the contradiction between rich and poor nations. The former struggle to expand their power, and the latter simply to preserve their fundamental right to survival.

Monetary disorder, generalized unemployment in large areas of the world, the renewed and growing deterioration in the terms of trade faced by developing countries and the increasing gravity of the problems deriving from the foreign debt have accentuated the structural distortions that neo-colonialism imposed on our economic and social systems. They have made the expression "developing countries" paradoxical, since in many of those countries what has actually occurred has been a clear-cut involution towards poverty and dependence, an involution of the terms of international relations that results in greater impoverishment, direct and indirect aggression, and in political and economic pressures that frustrate the hopes of many nations.

In spite of the gravity of these problems, the Fourth UNCTAD in Nairobi showed that possibilities for any concerted world action between the powerful countries and the

Third World nations to jointly implant a new international economic order are becoming dangerously remote.

Up to now, the developed countries have had the power to profit from circumstantial crisis by subjecting the great masses of the world's people to even more rigorous conditions of poverty.

This has created the false illusion that contemporary imbalances can even be good business for those who for centuries have systematically administered in their own favor the injustice that has prevailed in the world.

For that reason, the Charter of Economic Rights and Duties of States, and more recently the initiative to establish the Common Fund for the Financing of Stabilizing Reserves of Basic Commodities and the proposals contained in the Manila Declaration presented by the Third World countries at the Fourth UNCTAD with a view to establishing a more rational and equitable organization of financial and commercial relations, the transfer of technology and economic cooperation for development, have all been received by the centers of world power with deep mistrust, as if they were part of some arbitrary attitude on the part of the underdeveloped world.

This is the persistent reaction of power in the face of demands for justice, and in this case, in the face of a solid alternative for survival that the Third World has proposed under the sign of reason and the desire for concord.

This attitude may constitute a grave historical error. To meet demands for equity that have their basis in the fact of our mutual interdependence with absolute rejection, a categorical *no* or indifference is tantamount to refusing to realize that affairs have reached a limit difficult to sustain.

The accumulation of poverty is leading to a dead end from which escape is possible only by means of qualitative change. If we do not make these changes through negotiation and understanding, we shall inevitably be led to violence.

To further increase the numbers of the marginalized masses and to manipulate the agony of peoples in order to finance the economic recovery of countries that have for so long lived in abundance shows a lack of foresight that can only lead to the gravest consequences.

We must face the present situation with a cold eye. The rules of present-day international life cannot be sustained; they carry within them the seeds of international instability, and their contradictions lead to permanent and numerous points of conflict. The subsistence of this state of affairs endangers peace, and is destined to end in violence that will bring about an era of authoritarianism and repression that is sure to thwart the development of the most lofty potentialities of the human spirit.

Our generation has reached a crossroads, leading either to a substantive regression of human coexistence or to the preservation of the creative possibilities of our species.

This is no exaggeration. We are not indulging in alarmist tactics that draw attention from the essence of the question. Statistics and quantified surveys of the immediate future illustrate more eloquently than words the gravity of this dilemma...

To sit here as has been done in recent international conferences with decisions taken beforehand, with instructions to give in on minor points and not to give an inch with regard to

the advantages and gains that have been accumulated, is equivalent to assuming the great responsibility of relegating millions of human beings who live in subhuman conditions to a situation that leaves them no alternatives. Such obstinacy and short-sightedness are nothing new, but are rather a part of the same panorama that has in the past preceded all social upheavals and all wars.

The new international economic order is based on the assumption that the powerful are essentially willing to renounce excess and surfeit for the sake of peace.

Together, as protagonists and spectators of history, we have all reached the moment for far-reaching decisions. It is absurd for immense financial resources to be lost in rearmament, destroyed by the waste of the consumer society, and eroded by inappropriate use of the patrimony of humanity.

The time has come to develop a rational project that defines the use of energy and natural resources as elements of social change that serve man, and sees the use of technological innovations and economic resources not as power serving the interests of the strongest, but as the result of the collective creation of all human beings.

This program can be carried out. Its historical viability cannot be impugned. Nevertheless, its implementation implies abandoning rhetoric and moralizing attitudes in order to find practical approaches and take definite steps.

Despite the delay tactics and obstinacy of the power centers, today we reiterate our willingness to aid in keeping the dialogue alive.

We have always believed in negotiation as a means of finding areas of understanding between different ideologies and conflicting interests, as well as in the possibility of devising mechanisms of cooperation that offer legitimate advantages to all peoples.

In Nairobi, the Third World once again proved, in spite of obstacles and a lack of comprehension, that it has a civilizing project based on moderation, strict historical objectivity, and an authentic spirit of conciliation.

We Third World countries must accompany our determined pursuit of joint and harmonious world efforts with immediate progress in our own coordinated and unified relations. Our political organization must be carried a step further, to a new stage of economic organization.

Next September, a meeting of the member nations of the Group of 77 will be held in Mexico, for the purpose of developing a program of cooperation among our countries. The fundamental obligation of all Third World governments today is to begin the task of organizational, analytical, and creative transformation.

Unless we establish solid, efficient, and modern states, we will not be able to combat internal distortions in our own societies. Unless we are willing to establish, among ourselves and for ourselves, definite instruments, devices, and mechanisms for achieving solidarity in technological, financial, industrial, and commercial matters we will make no progress toward our more ambitious goals of reforming the world order. . . .

The United Nations continues to be the best forum for bringing about the understanding among peoples that the changing conditions of international coexistence demand. . . .

There are two basic choices open to our organization: to see its role as that of a mere administrator of an antiquated system that has been outstripped by events and by the new composition of the majority of its members, or to recognize its obligation to change its ways. Only the second alternative can lead to peace. . . .

Exclusive

Wills' Speech at Algiers Meeting of Non-Aligned Steering Committee

June 4 (NSIPS) — The following speech by Fred Wills, Foreign Minister of Guyana, was delivered as the keynote to the meeting of the Steering Committee of the Group of 77 Non-Aligned Nations in Algiers on May 30, 1976. The Group of 77's Steering Committee may be considered the officially constituted leadership of the entire Third World.

I take it as a great honor to speak here in the magnificent city of Algiers, a city of historic and strategic significance dominating the communication systems that link the two greatest expanses of water on the globe. Above all, the city of Algiers has become symbolic in respect of the recent struggles of the disadvantaged majority of the globe for freedom and self-determination. We in the developing world are conscious of the debt we owe to your illustrious President

(Boumedienne — ed.) for his leadership of our Movement and for the added vitality he has injected into the contemporary international system. It was on the initiative of President Boumedienne that our Movement took the steps which led to the adoption by the international community of a blueprint for a new international economic order — a blueprint which we are confident will survive the temporary setback at Nairobi. When the long view of history settles on this period during which your great President led our Movement, it will immediately be seen as that which increased the solidarity and the effectiveness of the Movement.

This development is closely reflected in the ever-increasing threat to Non-alignment in Latin America. I am pleased at the great honor which has been bestowed on my

country and my people in asking me to respond to your address on behalf of the states of Latin America. We are the western part of the developing world, we are the test of the sincerity of the North American great power in its dealings with the developing world. It is in our area that the modern independence struggle was first waged. It is in our area that the crippling constraints of the Monroe Doctrine with its imperative of alignment has for over a century and a half thwarted the desire of our peoples to forge an effective instrument of solidarity with the disadvantaged majority of the world. This is why our Movement has suffered reverses in Chile and elsewhere. But Salvador Allende — long live his name — did not make the final sacrifice in vain. Among the peoples of Latin America there is a growing irreversible consensus for Non-alignment, for the pursuit of strategies of development under freely chosen systems consistent with their right of sovereignty. For it is to Non-alignment that these peoples must turn if they are to eradicate relationships of dependency and structures of imperial dominance which still characterizes their economies for such a long time after the struggles of the great Liberator, Simon Bolivar.

Mr. President, those of us in Latin America who have opted for Non-alignment have been exposed to dire consequences because of the exercise of that free option. *There is a concerted attempt to destabilize the Governments in non-aligned countries in Latin America (emphasis his)*. More particularly, in the Caribbean — Guyana, Jamaica and Barbados — have been subjected to the full fury of insidious techniques aimed at procuring their alignment. Deliberate and well orchestrated attacks in the media, the selective sale of arms and so-called defense services, the promotion of intra-regional conflicts, the fomenting of internal unrest, the manipulation of pliant surrogates — all these and more have threatened the uneasy peace in our hemisphere and retarded the economic development of its peoples. But the dogs of war have not yet been set loose, though some are straining at the leash. Still, Mr. President, we are resolved; we are determined; we will not be deflected from our chosen course; we will not surrender our Non-alignment, from whose solidarity we seek strength and commitment.

This meeting and the Summit at Colombo are taking place at a time when strategic superpower defense perceptions and the global military and political out-reach have combined to imperil the objectives of the Movement. The intransigence of those in privileged positions and the economic determinism based on dependency relations, have halted the arrival of the new international economic order. It is in our interest to

mark the progress of detente and the new relationships implicit in the results of the Helsinki conference. There is need to further strengthen our solidarity, reassert our aims in order that we might ward off attempts to dissuade and discourage us.

Here, Mr. President, in Algiers in 1973 it was determined that the Non-aligned Movement should, on economic issues, act as a catalytic force within the Group of 77. That function, I venture to state, we have discharged admirably and well. But on these economic issues we have had to contend with the divisive and obstructionist tactics by those short-sighted persons who see not that the development of the developing world is of vital interest to the developed world. The failure of the negotiations of UNCTAD IV in Nairobi, the inconclusive attempt at dialogue in Paris, the sustained effort to reimpose the vertical arrangements of imperialism, the conceptualization of new forms of *pactes coloniales* — all these are expressions of the same fundamental conflict situation, a conflict which exists between the institutional apparatus of the developed marketing economies and our own efforts to develop our societies free from the penetration of structures of dominance. Let us be on our guard to ensure that degrading classifications based on levels of poverty are not used to further divide us.

Mr. President, the central concern of our Movement has always been the preservation of independence and the right to unimpeded pursuit of political and economic policies of our own choice. We have sought in terms of the changing international system to secure this objective through avoidance of bloc entanglements and more positively through active support for political self-determination, the vigorous assertion of permanent sovereignty over natural resources, and individual and collective self-reliance.

In this context, we hail the victory of the heroic masses of Angola and re-dedicate ourselves to the continuing struggle of the people of Zimbabwe, Namibia and Azania against colonialism, racism and apartheid. Let us at the same time, Mr. President, keep steadily in mind the plight of our Palestinian brothers and those in Egypt, Jordan and Syria whose lands continue to be illegally occupied by Israel. Our commitment to their struggle remains unyielding, unrelenting and inexorable. Elsewhere — in Cyprus, in Belize — the principles we in this Movement hold so dear are under attack. We must stand firm. Mr. President, Latin America lies on the exposed flank of the developing world but this inherent danger does not diminish our resolve, does not inhibit our determination.

Report on UN Habitat Conference:

Advocates of Genocide Blocked, New World Economic Order on Agenda

June 5 (NSIPS) — The United Nations Conference on Human Settlement (Habitat) currently going on in Vancouver, Canada, was originally planned by the World Bank and an assortment of collaborating academicians as a forum where Third World governments would be organized into the World Bank's plans for "labor intensive development" — deurbanization, deindustrialization, and the destruction of entire populations to ensure debt payments. The conference has instead already become an effective forum for the bitterest enemies of the World Bank and the Club of Rome.

The developing country delegates have rejected the World Bank's genocidal programs and, led by Mexican President Luis Echeverria, have pressed their strongest demands yet of a new world economic order. The attempt to create a controlled environment of zero growth rhetoric was streamrolled from the start by interventions of the International Caucus of Labor Committees, whose exposure of the actual genocidal content of the World Bank program has received international press coverage.

With a week still to go in the conference, the major institutional proposal of the World Bank forces, the call for the establishment of a "Human Settlement Foundation" to coordinate deurbanization has already been effectively defeated by universal denunciation from both the socialist sector and the developing countries.

Preparations for the Conference

From its inception three years ago, plans and preparations for the Habitat conference have remained under the control of World Bank head Robert S. McNamara (former U.S. Secretary of Defense) and his close colleague Enrique Penalosa, director of the Inter-American Development Bank, the World Bank's Latin American affiliate. Penalosa has been in direct charge of the conference in his position as Habitat Secretary General. All policies pushed by McNamara for the conference have had a singular purpose — minimize Third World imports and maximize exports to ensure debt re-payments.

The proposed method of squeezing debt service from the Third World is deurbanization — the enforced movement of as many people as possible from cities to labor-intensive agricultural projects. This is to be coupled with a policy of deindustrialization — substitution of labor-intensive techniques for capital-intensive ones in both manufacturing and construction. The intended effect of such policies of enforced regression of labor productivity — and their inevitable effect — is a massive reduction in consumption levels of the world population and the elimination of tens of millions of "useless eaters."

To persuade Third World governments to accept his programs of fascist genocide, McNamara and his collection of academic apologists, overlapping with those working for the Club of Rome, have devised two basic covers. The first, which he employs in the official pamphlet prepared by the World Bank for the Habitat conference, is the need to increase "employment." With monumental gall, McNamara justifies his policy as in the interests of the world's "poorest billion" — the very people who will be triaged and worked to

death to honor debt service. Labor-intensive methods, says McNamara's pamphlet, are merely ways to provide the poor with what they need most — jobs. Even Adolf Hitler did not try to argue that Auschwitz was aimed at alleviating Jewish unemployment.

The second main argument is to cite the need for "realism" in facing the problem of "our resources": the world cannot, and in particular the Third World countries cannot, financially afford capital-intensive methods, the line goes, and therefore they must "realistically" make do with locally available resources — such as expendable human labor power.

This second, "hard-line" argument is best put forward in an article in the rag, *Science* magazine specially prepared for the conference. Using the United Nations World Model, a computerized input-output program designed by fascist economic planner Vassily Leontieff, the authors take the income of the Third World countries as fixed and, from that basis, demonstrate that present housing standards in the developing countries are too high to be "affordable."

The actual content of the deindustrialization programs are laid out in grisly detail in the International Labor Organization's official proposal to Habitat, and in McNamara's World Bank's own proposals. In pursuit of "maximum employment," the ILO opposes the clearing of favelas (slums) and their replacement with decent housing, since "elimination of the slum destroys the informal sector economic activities which take place in it." "Informal activities" is the World Bank euphemism for such productive employment as begging, blackmarket activities, prostitution and handcrafting of trinkets, none of which requires imports.

To cheapen housing costs, the ILO urges replacing imported concrete and steel with mud, clay, and "ground nut shells." To supply urban energy without expensive oil imports, there can be "methane gas generators with cow dung as fuel." Cheaper still than supplying even ground nuts are "sites and services," where all that is supplied to the slum dweller is land and water supplies. These costs can be cheapened still further, the ILO points out, by supplying only standpipes for every 100 or so inhabitants, rather than "excessively expensive" running water for each household.

McNamara spells out the "pernicious" governmental policies which must be eliminated to clear the way for profitable labor-intensive development: "unrealistically low exchange rates for capital imports, high minimum wages (which encourage capital substitution), underpriced public utilities, and subsidized interest rates."

But preferable to all of these policies is to keep or throw people out of the cities entirely. Barbara Ward, a prominent British economist commissioned by Penalosa to do the main "academic" study for Habitat, has acted as the main propagandist for "decentralization," the dispersion of populations out of cities into the country side. Writing in *The Economist*, Ward praised the Maoist Chinese relocation of students, workers, and intellectuals into the villages and pointed to a French decentralization plan which would chop up Paris and move as much of its population as possible to

small towns and villages. Proposals by Ward and her colleagues for how to stop rural-urban migration in the Third World have included the generalization of the fascistic South African "internal passport" system — a system modelled after the Nazis'.

With the Rockefeller-Kissinger "nuclear terrorism" scenario revved up, Ward was ordered by her employers to introduce the hoax into the conference. She attacked nuclear energy, including fusion power, as "God's gift to terrorists. Just think — suppose five fusion stations could provide the whole energy for Canada. You'd only need five bombs."

Zero Growthers Routed

Despite their careful preparation, and the inclusion of the World Bank policy in nearly every preparatory document including the draft Statement of Principles, the Bank's hopes to force a mandate for zero growth and genocide fell apart practically before the conference had started on May 31. International Caucus of Labor Committees representatives had already begun circulating a resolution condemning the genocide plans and posing the alternative of debt moratoria, the International Development Bank, capital-intensive urban development and fusion power at the Non-Governmental Organizations Conference beginning May 29. At a May 30 press conference attended by 1500 conference delegates and press representatives, Ward and fellow zero growthers anthropologist Margaret Mead, World Watch Institute head Lester Brown, and Penalosa, laid out what they hoped would be the focus of the conference — the program of decentralization, deindustrialization, and opposition to all forms of nuclear energy.

North American Labor Party candidate Alan Levinson replied from the floor, exposing such programs as blueprints for Wall Street debt-collection and genocide, and outlining the Labor Party alternative. He then indicted Ward and her colleagues for crimes against humanity under the Nuremberg Laws.

"Humanitarian" Ward promptly screamed at Levinson, "Speaking of genocide, we should have it and you should be first."

A reporter for the West German weekly *Der Spiegel* followed up by asking how de-urbanization would work. "What are you going to do with New York — move 79th street to New Hampshire?" Over the laughter of the delegates, Margaret Mead responded that welfare grants would be increased in rural areas to help encourage people to flee the cities. How such resettlement was to be arranged — in boxcars or otherwise — she left to the delegates' imagination.

Other reporters pursued the issue of debt raised by Levinson, forcing Ward to admit that she advocated payment of the debt to Wall Street banks by lowering living standards in both the advanced and developing sectors.

The story was immediately carried in the international press. The mass circulation Mexico City daily, *La Prensa*, ran the Labor Party accusations as a banner headline in their Monday edition: "Denounce Genocide." The paper reported "an extremely grave denunciation" issued by a U.S. working class party at the conference. Quoting at length from the ICLC resolution to the conference, *La Prensa* described the slogans of "labor-intensive policies," "organic growth" and

"appropriate technology" as covers for "massacre on a world scale." *La Prensa* concludes, "These reflections thus put the Habitat delegates on their guard."

Mexico's government newspaper, *La Nacional*, and a third daily, *Heraldo*, gave similar coverage. The following day, *La Nacional* endorsed the accusation of the ICLC in its own editorial. The leading Mexico City daily, *Excelsior*, subsequently covered USLP Senatorial candidate Will Wertz's exposure of the "nuclear terrorism" conspiracy, a conspiracy aided by Ward's anti-nuclear propaganda at the conference. The *Excelsior* coverage named Henry Kissinger and Nelson Rockefeller as those accused of heading the conspiracy. Wertz had made the charges at a press conference by the U.S. delegate to Habitat, the Department of Housing and Urban Development's Carla Hills.

Nor was the coverage limited to Mexico City. The Vancouver Sun featured the debt issue as the central one of the Sunday session and ran a long interview with USLP candidate Levinson, focusing on the choice of debt moratorium or genocide at Habitat.

International Consequences

With the controlled environment destroyed before the first day of the conference, Mexican President Echeverria made the issues facing the conference clear to every delegate in his speech May 31. Echeverria posed the choice facing delegates as the new world economic order or regression and war. He called unequivocally for urban growth based on real industrial development and high technology development of agriculture, and denounced policies which "relegate millions of human beings to subhuman conditions."

On June 2, the Cuban delegation strongly backed up Echeverria. Emphasizing that mechanized agriculture was an essential step toward urbanization, the Cubans warned again that the developing countries are determined to achieve the new world economic order. "The new order is firmly anchored" despite "global exploitation," they emphasized, locating the reason for their optimism in the strength of the working class forces in the capitalist nations: "We are sure the revolutionary struggles of workers will advance."

The speeches by the Rumanian, Tunisian, and Nigerian representatives all also identified the new world economic order as central to the problems of the cities. The Czechs and the Soviets, joined by Ghana and other developing countries, also denounced the plans to found a Human Settlement Foundation to push labor-intensive programs.

The intervention of the ICLC and the firm opposition from the Third World has at this point put the genocide conspirators on the defensive.

UN Secretary General Kurt Waldheim was still able to back labor-intensive construction the morning of May 31 through "rudimentary techniques and personal sacrifices to build housing." But by Tuesday, the retreat was on. U.S. delegate Hills felt obliged by growing Third World anger to assure the delegates the U.S. backed capital-intensive development, although she did not explain how it would be financed without a debt moratorium. According to the Cuban press service, *Prensa Latina*, Third World diplomats noted the "marked timidity" of the U.S. statements compared with the Kissinger-style arrogance normal before the Rockefeller defeat at Nairobi.

Even Canadian Prime Minister Pierre Trudeau, who is vigorously pushing slave-labor austerity in his country, when confronted by the USLP's Wertz, buckled to the growing pro-development mood of the delegates. Wertz asked Trudeau, "Where do you stand — for debt moratorium and the new world economic order, or with Rockefeller's labor-intensive genocide?" After thinking a minute and observing the audience, Trudeau replied, "Yes to the first question, no to the second."

By the end of the conference's first week, Brown and Ward were no longer bothering to defend themselves. After giving a forum June 3 on food control, Brown hastily left to avoid a question from NALP representative Levinson. Levinson walked to the podium and briefed the 200 attendees on the Middle East situation, the International Development Bank, and the debt moratorium, and termed Brown's speech as an

effort to "recruit agents for the genocide network." Ward abandoned ship immediately after delivering a speech on the "dangers of nuclear power" and the "nuclear terrorist threat." U.S. Labor Party representative Ira Liebowitz then took over the vacated podium and briefed the 300 people in the audience on who the actual instigators of "nuclear terrorism" are.

At this point, it is still uncertain whether the Third World group will follow up their strong tactical victories at the conference and push through substantive resolutions. Many of the major Third World delegations are still waiting for a Soviet move. However, there can be no doubt that the World Bank will be unable to stop such resolutions if the leading Third World countries decide to introduce them.

Next week's NSIPS will feature a wrap-up report on the Conference.

Horsefeathers All Over Germany

by US Labor Party Presidential Candidate Lyndon H. LaRouche, Jr.

WIESBADEN, June 1 (NSIPS) — With press accounts of a West German Army officer, Dieter Haase — an alleged East German spy — chatting with Jesus Christ in his detention cell, it must be said quite fairly that the current wave of spy-scare hoaxes in West Germany has gotten somewhat out of hand. The total of the recent alleged cases to date adds up to what any wise old Yankee farmer would describe as a “load of horsefeathers.”

The recent spy scare began with a rather credible item. A woman secretary, allegedly part of an East German network, was presumed to have picked up odd bits of indicative information from her suitably well-informed gentleman acquaintances. Without intended offense to the woman in question, the reports and photographs represent her as an ordinary woman of her years and employment — that is to say, not some exotic femme fatale, which, of course, all together makes for a credible spy story.

From that first exposure onwards, the fresh spy revelations followed the ordering-principle made famous by the old U.S. radio program, “Can You Top This?” Each new spy revelation was wilder and hairier than the one preceding. It leaves the distinct impression that the Baron Muenchausen is not dead; he is a press secretary for Interior Minister Maihofer.

A clear tip-off to the real nature of the current proceedings was the following item of reporting, presumably issued by official sources. It was alleged that a West German gentleman had just recently turned himself in to official security agencies, confessing himself to be part of an East German spy network. (Not Jack the Ripper, not a mislaid inspector-general of Napoleon Bonaparte for the Rhineland, but a German Democratic Republic spy — the latter being a much more popular profession among West German paranoids these days.) That, however, was not half the story.

The tip-off was given in the ostensible gloating statements apposited to the story. It was reported that this defection now gave the West German security agencies full details concerning the modalities and codes of the East German Staatsicherheitsdienst (“Stasi” — State Security Office), and that now the Stasi would have to go to all the embarrassing trouble of changing those modalities and codes!

Now pray tell me, what competent counterintelligence unit, having luckily just acquired the modalities and codes of an opponent intelligence net, rushes to the nearest journalist to make such acquisitions known to the opposing side? Either someone in Maihofer's department has absolutely lost his marbles, or the whole business smells of a childish sort of hoax.

In the same genre was the report accompanying the announcement that a top BND (West German CIA) official had been caught out as an East German spy. What stamped the report as a hoax was the accompanying advice that this would presumably lead to the uncovering of an entire network. What sort of political official would be so dumb as to believe that fairytale?

If any government intelligence agency is “running” a top military or other official on the “other side,” common sense suffices to dictate that there is absolutely no connection with the network of shoe clerks, secretaries, and small

shopkeepers in the same targeted nation. Indeed, if the Stasi is running any high-placed generals, colonels, or so forth in the West German intelligence or command structure, one may be certain that only one or two top officials in the GDR know the identity of such a person, and that efforts to hide this information from the Stasi bureaucracy are almost as vigorous as those to cover the fact in West Germany itself.

There could be no reasonable doubt of that. Exposed cases of actual high-level officials run by Soviet Intelligence (KGB) have shown such a procedure to apply, and it is the KGB which largely trained and coordinates with the Stasi. Otherwise, apart from such well-known reports, such procedures would rank in the genre of plain old common sense.

Why the Horsefeathers?

Obviously, the current West German spy-scare campaign is a hoax. To speak in the appropriate jargon, it is a “black propaganda” operation. The question to be asked is, to what purpose?

No doubt, during the present period there is a round-up of known Stasi-run networks in West Germany. If so, this would probably involve the usual collection of totally apolitical, grey little people, the proverbial shoe-clerk, shopkeeper, secretary, and little old man who feeds pigeons every noontime in the park. In the mixture, there would perhaps be the odd case of the special individual placed in some lower echelon of a sensitive department's bureaucracy and so forth.

If such a round-up of previously known networks is being made, common sense would dictate the following basic rules by Maihofer's departments.

First, such a round-up would be made very reluctantly. In general, it is to the advantage of agencies such as Maihofer's Abwehr units, not to arrest or to visibly annoy any known networks. The jargon for such a practice is “keeping a known network in place.” That policy tends to ensure that the Abwehr faces a known problem, rather than having a cleaned-up network replaced by a new, better-covered unknown network. It also enables the Abwehr to run cute little disinformation-counterintelligence operations, while also keeping the known network safely under surveillance. Meanwhile, the general procedure would be to target suspected weak links in the network and to turn such persons into double-agents. Why blow such an advantageous set-up?

There are circumstances which would dictate such round-ups. Periodically, counterintelligence agencies do a broad house-cleaning of a large portion of known networks. This may be done routinely, or may be dictated for other, special reasons.

If the round-up is done either as a routine periodic house-cleaning exercise, or for other security reasons, the clean-up would be done as quietly as possible. This is partly for the psychological effects the quiet vanishing of functioning networks has on the opposing side. It would also be kept as quiet as possible to aid in the crash investigations of odds and ends which inevitably follow putting the rounded-up networks into detention cells for questioning.

Only when the investigation has been, so to speak, wrapped up for delivery to the courts, would the journalists be given

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their press releases and background briefings.
There are principally two kinds of circumstances in which such procedures would be violated.

The first, more routine exception would be the case in which there was the public exposure of a fake spy round-up in order to cover up an actual spy round-up.

The second would be the case in which the entire round-up was a deliberate public relations hoax, for such purposes as facilitating a reorganization and takeover of intelligence and security organizations by an opposing political faction. For example, if the West German Social Democratic Party (SPD) wished to clean out the Christian Democratic Union-oriented top layers on the MAD (military intelligence), the BND, and so forth, we might see exactly the outpouring of horsefeathers we have recently witnessed.

If we look at these developments within West Germany in terms of correlated developments in the USA and in NATO generally, the probable solution to the mystery becomes quite clear. The Rockefeller-oriented factions among Atlanticists are now in a countdown for implementing both Nazi-modeled financial and labor policies and a militarization aimed at preparations for general thermonuclear confrontation before the fall of 1977.

In West Germany, as in the military and related intelligence organizations of most other NATO countries, including the USA, there are deeply-conservative, devoutly anti-Communist top and field-grade officers in the traditions of Clausewitz, Von Schlieffen and De Gaulle, who regard former CIA official Ray Cline, the Brookings Institution's Jeffrey Record and the Rand Corporation's computers as insane. Their knowledge of strategic military options generally, and their specific knowledge of Soviet strategy and capabilities impels them to strongly criticize and oppose military and political strategies which they rightly regard as downright suicidal.

We have, thus, a situation not unlike the persisting conflicts between Hitler and the regular Wehrmacht command. For

university of national power and the national revolution threat" U.S. Labor Party representative Joe T. ...

military national suicide missions, what is wanted is not qualified generals, but General Jodls, not strategists but lackeys of Goebbels-like "miracle weapon" doctrines.
This process of clean-out of qualified regular commanding and field-grade officers in favor of utopian CIA-type commanders has been proceeding for some time variously in the USA, France, and West Germany, for notable examples. This has been accelerated lately, together with a current campaign to complete the takeover of such security agencies as the FBI by forces allied to the Rockefeller-backed Marcus Raskin networks.

That is the political context in which the current unloading of horsefeathers is occurring in the West German press.

What remains uncertain is whether this may also be used as a smokescreen for some real counterintelligence activities. As in local police work, detection depends principally upon a network of informants. The principal source of such informants for NATO counterintelligence is by no means French intelligence circles, but Eastern Europe itself. CIA-linked agents within Eastern Europe may be presumed to be packing their bags and buying their one way tickets for a hasty flight into the West.

An upsurge of sensitive information from such Eastern sources would be the only probable basis for any actual Abwehr successes in catching real East German spies. Underneath the pile of horsefeathers, there might be one or two real spies — concerning which Maihofer's press representatives will most probably say very, very little at this time.

Of course, we must not presume that the West German government is necessarily governed by common sense in such matters. The political atmosphere at the top, especially around the SPD top layers, is one of unprecedented hysteria — comparable only to the state of mind of the Reich government and press during the 1944-45 previous miracle weapons period.

Rocky Purges NATO Military To Clear Pathway To War

June 6 (NSIPS) — An international purge of top officers in command and control positions in the military and intelligence services is being conducted by the Rockefeller "utopian" faction, comparable to Hitler's purge of the Wehrmacht command in 1936-37 following his decision to go to war. Like Hitler, the Rockefeller-led faction among the Atlanticists has already begun a countdown aimed at forcing thermonuclear confrontation with the Soviet Union sometime between the immediate future and early 1977. In preparation for this, the saner traditional-conservative elements in the military and intelligence apparatus are being systematically purged throughout the NATO alliance, including the U.S., West Germany, Turkey, Greece, France and Italy.

While this process has been proceeding for some time, particularly in the U.S. and West Germany (BRD), it is now being immensely accelerated coincident with the last gasps of the dollar-based international monetary system. In the U.S. the utopians are moving to oust remaining traditionalist elements within the military, both through forced resignations and effective dismantling and takeovers of those remaining intelligence networks not formerly under full National Security Council-CIA control.

In mid-May, Deputy Defense Secretary for Intelligence Robert "Lazard Freres" Ellsworth held a press conference to announce that three leading military officials in the Defense Intelligence Agency (DIA) — intelligence arm of the Joint Chiefs of Staff — were to "resign" and be replaced by

civilians. The Department of Defense (DOD) has further attempted to emasculate the DIA under a major reorganization thrust begun at approximately the same time which would scrap ten out of the 12 "tracks" of operation functions of the DIA.

One of the three civilians newly appointed to the DIA is further being made head of a post created for the occasion under Ellsworth to remove the remaining DIA intelligence apparatus from control of the Joint Chiefs. The newly-created post, Director of Defense Intelligence (DDI), will function out of the DOD to coordinate and oversee all military intelligence networks including the DIA and the individual military service branches. Heading the post will be Thomas Lattimer, certified creature of the utopians. In the CIA since the 1950s, Lattimer was promoted in 1973 to the post of Executive Assistant to Rodney Schlesinger during his tenure at the Agency, moved from there to the National Security Council (NSC) under Kissinger, then to the Department of Defense under Schlesinger again. The DDI itself was created according to recommendations made in the top secret Taylor Report issued late last year and named for its project director, Edmund Taylor of the CIA.

France

The U.S. purge of those military forces inimicable to Rockefeller's Hitlerian war ravings is being closely coordinated with similar house-cleaning operations throughout the forward defense NATO countries. This is most advanced in France and West Germany, where a flurry of concocted spy scandals better characterized as horsefeathers erupted again over the past week — predictably leading to demands for the overhaul of military intelligence — coincident with a sudden repudiation of traditional defense posture by French President Giscard d'Estaing.

Speaking at the Institute for Higher Studies of National Defense, Giscard on Tuesday condemned the Gaullist concept of the force de frappe, endorsing instead the forward defense position of French Chief of Staff General Mery as revealed in the press some days earlier, committing France's nuclear arsenal to the defense of West Germany's border with the German Democratic Republic. Giscard's statement that the time for "discussion" of defense strategy was passed was delivered in tandem with a warning to the gathered military officials that they had better put up or shut up. Giscard's threat to the traditionalist Gaullist faction in the military was echoed on the following day by General Mery who issued a strongly-worded criticism in the pages of *Le Monde* against those military officers who engage in criticism of government military defense strategy.

The leader of the purge of the West German military tra-

ditionalists, Defense Minister Georg Leber, was not accidentally in Paris at the same time that Giscard and General Mery were issuing direct salvos at the parallel French military layers.

West Germany

In the BRD, Leber is directing an operation coordinated with the so-called "liberal" press to begin the final phase of takeover of military intelligence (MAD) initiated in 1971 by the Rockefeller-controlled utopian faction. The retirement of MAD chief General Scherer in October, together with the serialized spy scandals covering the pages of the national press, are the occasion for what the *Sueddeutsche Zeitung* calls "a general restructuring of the secret services ... in particular the consolidation of all intelligence services into one single organization" in an operation identical to that undertaken in the U.S. This operation is being overseen by Leber in tandem with three Defense Ministry State Secretaries — Schmidt, Fingerhut and Mann — after the latter two travelled to the U.S. for two week-long discussions with the same Church Committee which last month announced the plans for the U.S. phase of the reorganizations.

The leading candidate being touted by the press as possible successor to head MAD is Konrad Koch, present MAD number two man and historically the close collaborator of the individual brought in recently by the utopians to consolidate their control over the West German FBI (*Verfassungsschutz*). Koch was transferred from the *Verfassungsschutz* to the MAD in 1959. During an earlier phase of the present takeover operation by the utopians, in 1973 he was appointed by Brandt-Leber as No. 2 man at MAD. His appointment as MAD chief now, together with parallel reshufflings planned under cover of the ongoing spy scare, would signal the final rooting out of the traditionalist military elements in the BRD military intelligence apparatus.

Identical moves by the Rockefeller utopians are being presently carried out in NATO's other forward defense countries, Greece and Turkey, and attempted in the Italian peninsula, of primarily political strategic significance.

As with the regular Wehrmacht command cleaned out by Hitler, the comparable military factions today are similarly engaged in in-house factional warfare to maintain control of policy and stop Rockefeller's thermonuclear war putsch. As the 1936-37 German experience demonstrated — where the bulk of the officer corps was solidly opposed to war — this cannot be done without a concomitant political move to oust the insane man at the tiller. As it should have been with Hitler then, so must it be with Rockefeller-Kissinger now: Frankenstein and his networks must be removed from all decision-making roles.

What The Socialist Sector Is Really Saying

June 5 (NSIPS) — The items in this week's feature have been treated by the Atlanticist-controlled press in a typical fashion.

The Trud piece, excerpted from a long article on the ILO conference, reveals the Soviet Union's rejection of labor-intensive proposals being proffered by the ILO and related agencies as its schema for Third World development. This fundamental disagreement with ILO policy as put forward by the Organization's think-tank advisors, has been totally blacked out of the Western press, which has instead focussed on the maneuvering within the ongoing ILO conference in Geneva. By so doing, the Soviet-organized disruption of the conference around such issues as admission of delegates of the Palestine Liberation Organization, etc. is made to appear to "an unwarranted provocative disruption" by such Atlanticist press agents as the New York Times laboring labor editor A.H. Raskin.

The distortion of the Soviet Union's position on the Lebanese crisis warrant our publication of Premier Kosygin's remarks in Iraq to "set the record straight." Several press sources choosing to ignore the remarks have printed deliberate State Department-concocted lies to the effect that the Soviet Union tacitly supports the Syrian invasion of Lebanon. Statements to that effect, printed without attributable sources in the best black propaganda traditions, appeared in all major Atlanticist papers one day after the invasion. Such statements appearing in the French paper *Le Monde*, prompted an angry TASS representative in Paris to deny all reports that the Syrian incursion had been planned with the approval of or in any way condoned by the government of the Soviet Union — a fact which Mr. Kosygin's remarks a day earlier make more than evident.

Soviet Trade Union Paper Hits ILO Labor Intensive Policy

June 4 (NSIPS) — *Trud*, the Soviet trade union daily, featured the following article by Professor M. Baglai in its May 28, 1976 issue. The article was explicitly addressed to the meeting of the International Labor Organization which began June 2 in Geneva, Switzerland.

The attitude of capitalist ruling circles to unemployment has many levels. On the one hand, they continue to cynically consider the existence of a reserve army of labor a "normal" and even "useful" phenomenon, since this supposedly stimulates the growth of production. But on the other hand, the unrestrained growth of unemployment, fraught with the danger of aggravating social contradictions, alarms the ruling circles. They advance assorted "plans" to bring the economy to life and cure unemployment. But their measures entail reduction of spending on social needs, increased profits for the monopolies, wage freezes, refusal to freeze prices, etc., and are directed against the workers. In the plans of bourgeois governments, economic stabilization appears to be a measure for saving capitalism and protecting the interests of the monopolies, not for defending workers' interests'....

The problem of employment in the developing countries remains chronically severe. Here a solution is hindered by the neo-colonialist policies of the international monopolies, which have looted the national resources of these countries, and also by agrarian overpopulation. Bourgeois politicians and economists talk plenty about the serious employment situation in these parts of the globe. They advance various plans to solve the problem: transfer some branches of industry — mostly light industry — from the advanced to the developing countries, give priority only to labor intensive branches of the economy in the "Third World," provide for construction of new facilities by the international monopolies, etc.

But it is clear that the solution to the employment problem in the developing countries does not lie in this direction. The only true road is the road of industrialization, implementation of deep social reforms, agrarian reforms, cooperation of small urban and rural enterprises, expansion of the system of general and professional education. The most important conditions for the expansion of the number of jobs and raising of the level of workers' qualification are the strengthening of the state sector, trade without discrimination, limiting activity of the international monopolies, and cessation of imperialist interference in the internal affairs of the developing countries....

Who can fail to see that liberation from the heavy burden of military spending and transfer of huge productive capacities to peaceful rails could help develop many branches of the economy and create conditions for expansion of jobs and raising living standards for millions of people.

The ILO conference opening in Geneva on questions of employment, distribution of incomes, the international division of labor and social progress is of great importance. The ILO can make a significant contribution to solving the difficult problems of employment in the present period, which is such a difficult period for millions of people on earth. The workers of the capitalist countries expect positive resolutions from the ILO conference.

Excerpts From Kosygin Speech in Iraq

June 5 (NSIPS) — The following are excerpts from a June 1 speech by Soviet Premier Alexii Kosygin on Iraqi national television entitled "In the Interests of Soviet-Iraqi Cooperation." The speech, which was reprinted in the June 2 *Pravda*, the newspaper of the Soviet Communist Party, was delivered one day prior to Syria's invasion of Lebanon.

....There are times when states are brought together on a negative basis: colonial looting, territorial division, suppression of liberation movements or the creation of aggressive blocs. Examples of such inglorious pacts and alliances are fresh in the memory of the peoples. The Soviet Union and the Iraqi Republic are building their relations on a fundamentally different basis. We are brought together and united by the striving of both countries to move ahead on the road of social and economic progress, to improve the life of

the people, the struggle for peace and international cooperation, for freedom and independence; we are united by solidarity in the struggle against imperialism and colonialism....

Portentous changes in Iraq signify the birth of a new, industrially developed, economically independent Iraq. This is the historical significance of such important social-economic transformations as the full nationalization of foreign oil companies, the expansion and strengthening of the state sector, and agrarian reform in the interests of the working peasantry. The Soviet people are sincerely glad about these successes of the Iraqi people....

Soviet-Iraqi relations are an example of the fruitful alliance of the countries of the socialist community and the forces of national liberation. We share your view, that the strengthening of this alliance is an important strategic goal of the national-democratic revolution....

The occupation of Arab land by Israel and the deprivation of the Palestinian people of their legal national rights answer the time-worn plans of imperialism to establish its control over this region of the world, over its enormous oil resources and important strategic positions. In the final analysis it is precisely this which is the essence of the question. But the configuration of forces in the Arab East, the strengthening in this region of states which have taken the road of national independence and progress, has prevented the realization of these plans. For this reason imperialism and its accomplices spare no means for the subversion of progressive regimes; they try to set one off against the other, to impede the solidarity of the patriotic forces in the Arab world, to destroy the relations of friendship and cooperation between the Soviet Union and the Arab countries.

The perfidious intentions of the imperialist forces are distinctly visible in the events in Lebanon. The goal of the plot against that country is to distract the attention of the Arabs from the struggle against Israeli aggression, to make

short work of the Palestinian resistance movement and to strike a blow against the national-patriotic forces of Lebanon. Lebanon must be protected from any kind of imperialist interference in its internal affairs, and since the right to resolve the situation belongs solely to the people of that country, this legal right must be respected by all.

We deeply believe that, despite the intrigues of hostile forces, despite some failures, still the just cause of the peoples of the Arab countries will succeed. Arabs, like all the peoples of the world, can be and certainly will be full masters of their fate; they will be able to live under conditions of independence, freedom and peace. And we are convinced that the true road to this is through the comprehensive political settlement of the Mideast conflict. Of course, the Soviet Union is in favor of a settlement that would be truly just and lasting. For this all Arab territory seized by Israel in 1967 must be liberated, there must be satisfaction of the legal rights of the Arab people of Palestine, including their right to the creation of their own state, and the independent existence and development of all states of the region must be guaranteed.

We are struggling for a settlement which will bring a peaceful life and the possibility for prosperity for the peoples of the Middle East. The Soviet proposal for reconvening the Geneva peace conference — the special political mechanism for radical regulation of the conflict in the Middle East — has found broad international support. All sides that are directly involved, including the Palestine Liberation Organization, must take part in its work from the very beginning and with equal rights.

The more united are the actions of the Arab countries, the more quickly the struggle for a just and lasting peace in the Middle East will succeed. Of course, in the face of imperialist pressure, Israeli threats and provocations, the Arab states must strengthen their defense capability, and the Soviet Union, as everyone knows, is making no small contribution to this.

USLP, NCLC Legal Suits Hit All Levels of NSC, Institute Apparatus

June 5 (NSIPS) — The following is a brief updated summary of legal cases currently being pursued by the U.S. Labor Party and the National Caucus of Labor Committees, prepared by the organizations' legal staffs. This array of cases pinpoints every level of the National Security Council—Institute for Policy Studies terrorism and crime apparatus — from its street-level thugs and professional killers, to its state- and federal-level public and private coordinating mechanisms, to Vice President Nelson Rockefeller and Secretary of State Henry Kissinger, the apparatus' top controllers — providing powerful ammunition in the battle to permanently dismantle this criminal conspiracy.

I. Classification of the National Caucus of Labor Committees or the U.S. Labor Party as Violence-Prone or McCarran-Designated Groups

LaRouche v. Rockefeller (Southern District, New York).

This case began following newspaper accounts of police files built up on citizens over a 15-year period by the New York State Police during Nelson Rockefeller's tenure as Governor of New York. As the U.S. Labor Party began to correlate widespread harassment of its electoral campaigns with the existence of these files in New York, it learned that the files themselves were in the process of being destroyed. The U.S. Labor Party brought a civil rights action in the federal courts in December 1975 seeking a temporary restraining order against the destruction of the files and alleging that the State Police files were used in civil rights violations, including arrests and surveillance of the Labor Party's membership.

At hearings which established the legal basis for the granting of the temporary restraining order, William Haddad of the Legislative Oversight Committee of the New York State Assembly testified that over one million dossiers had been collected on New York citizens, and inferred that such files were utilized for political control purposes of especially New York politicians. The New York State Police files interface with the NYLETS computer system.

A New York State Assembly investigation has established that at least part of the New York State Police files system was compiled through the utilization of Information Digest. Information Digest, in turn, was compiled through the sponsorship of U.S. Representative Lawrence McDonald of Georgia — a key operative in Rockefeller's private police system. McDonald operates in the right-wing synthetic side of this system. Information Digest is also linked to the International Association of Chiefs of Police, and recent information implicates John and S. Louise Rees with Information Digest. John Rees is a CIA agent involved in counterinsurgency operations in Newark, N.J., including setting up that city for race war.

According to Haddad, the sole qualification for inclusion in the New York State Police files is dissent. McDonald and the IACP have gone further, classifying the U.S. Labor Party and NCLC as "KGB" (Soviet intelligence) and "terrorist," and using these classifications in a nationwide pattern of civil rights violations implemented through local police and

private security agencies. This suit will explore Rockefeller's New York State system and the policy-makers involved in it as paradigms for the system as employed throughout the country.

LaRouche v. Levi (Southern District, New York).

This is a Freedom of Information Act suit seeking disclosure of all FBI files on the NCLC and U.S. Labor Party organizations, seeking through discovery to establish who made the policy characterization that the NCLC and U.S. Labor Party are "violence-prone" and can be investigated under Smith and McCarran Act statutes, and seeking a declaratory judgment that these characterizations do not apply and in fact are being used for civil rights violations and the dismemberment of the 1976 LaRouche-Evans Presidential campaign. FBI Director Clarence Kelley is a named defendant in that he has repeatedly referred to these groups as "violence-prone" and is withholding files which, the suit alleges, would show civil rights violations on the basis of on-going investigation by the FBI. FBI files returned so far show the use of informants, and recent files have included listing of NCLC leaders on the ADEX. Files in the last two weeks have included notes from field offices stating that individual members do not appear to be "violence-prone" and that continued investigation would not be valid.

Skinner v. Kissinger (Northern District, Illinois).

This is a suit seeking declaratory judgment and injunctive relief from the combined State and Justice Department classification of the NCLC under section 212 (a) 28G of the U.S. Immigration and Nationality Act in the case of NCLC member Polly Skinner Johnson and in any case arising out of current Immigration and Naturalization Service (INS) interviews of NCLC Executive Committee Member Christopher White and NCLC member Abbot Wright, who are applying for permanent visa status. The case will involve previous border interceptions of Canadian citizens who are members of the co-thinker organization to the U.S. Labor Party in Canada, the North American Labor Party. They have been denied entrance on the basis of a classification of the organization. An immigration judge in Chicago and border officials have communicated that the State Department is responsible for the classifications. FBI files released to NCLC members in Seattle show FBI and INS cooperation in one case.

II. Cointelpro Operations against the U.S. Labor Party

A. Assassination of Candidates

Friedman v. Carcello (Northern District of Ohio).
Brennan v. Carcello (Western District of Pennsylvania).

These suits were filed May 14 following a denial by local FBI and U.S. Attorneys of their ability to investigate assassination threats to 12 U.S. Labor Party candidates in these two states from a right-wing network involving elements of the Ku Klux Klan and Revolutionary Army. The key defendants in the suit are William Sickles and Dale Reush, direct controllers of the right-wing networks, and Treasury Department Bureau of Alcohol, Tobacco and Firearms (ATF) Agents Carcello and Slamon and FBI Agent Reilly, who control the activities of these groups. Edward

Levi and FBI Director Kelley are named in the suit for their failure to act in a responsible fashion toward the imminent possibility of assassinations. Since the suit was filed the FBI has begun an investigation in the midst of a continuing activation of this right-wing network in St. Louis and North Carolina. In St. Louis a death threat has been received from the Nazi party. Sickles has confided that the Klan has the U.S. Labor Party under investigation and "surveillance" in North Carolina.

Ghandi v. Detroit Police (Eastern District of Michigan).

This suit was filed in July 1974 following the infiltration of Vernon Higgins, an FBI informant and provocateur, into the U.S. Labor Party. According to discovery papers in the case, Higgins was sent into the U.S. Labor Party, following earlier involvement in the Ku Klux Klan during the Pontiac, Mich. schoolbus bombings, to plan assassinations, to see how explosives could be planted at a national conference, and to give psychological profiles of the membership. The Justice Department's strategy in the case so far appears to be a daisy chain of deciding who to sacrifice in the clear civil rights violations involved in the case, whether it be Higgins, whether it be FBI Agents Ball, Fayette etc., while protecting higher-ups including FBI Agent Phillip Mercado, who appears to have been the FBI coordinator of the Pontiac schoolbus bombings. Circumstantial evidence which is rapidly being substantiated in the case points to substantial involvement of the ATF and the Justice Department's Organized Crime Task Force in surrounding incidents of harassment during the Higgins infiltration in Detroit and nationally.

U.S.L.P. v. City of Reading (Eastern District of Pennsylvania).

This suit was filed in November 1975, involving Attorney General Levi, Agents Slamon and Carcello of the ATF, Agent David Reilley of the FBI, CIA Agent Gerald Fulcher, CIA Agent Paul Goldberg, FBI Director Kelley, and right- and left-wing synthetic groupings including the Ku Klux Klan, National Revolutionary Army, and the Revolutionary Union, in a civil rights suit based on numerous constitutional incursions and one assassination attempt. The attacks occurred when the U.S. Labor Party exposed Reading as a major international drug- and gun-running conduit for international terrorist operations, implicating the National Security Council and Henry Kissinger. The Reading network interfaces with the Higgins network in right-wing operations and interfaces with Black September and associated grouplets on its so-called left wing.

B. First Amendment Violations and Containment

The U.S. Labor Party currently has filed nine First Amendment suits ordering injunctive actions against local police departments for disruption of its campaign activities. The coordination and "wave" nature of arrests of U.S. Labor Party campaign workers and police harassment indicate at least some federal coordination. Most exemplary of this type of legal action are the pending case of Alan Ogden in Richmond, Virginia and the combined New Jersey actions of U.S.

Labor Party v. City of Elizabeth and U.S. Labor Party v. Banks.

Alan Ogden

Ogden, a U.S. Labor Party candidate for U.S. Senate, has been arrested 14 times in the course of his electoral campaign activities in Virginia, with the most recent round of arrests causing his incarceration for 18 out of 28 days in February 1976. Similar arrest patterns of U.S. Labor Party candidates have occurred in Seattle, Washington, New Jersey, the Connecticut Valley, and New York City, pointing to possible Law Enforcement Assistance Administration and FBI involvement with local police departments. Almost all of these arrests have been dismissed as unconstitutional in resulting court cases, but are useful to their perpetrators in the legal and organizing manpower required along with the financial cost incurred by the U.S. Labor Party in resolving the situation. The U.S. Labor Party will soon launch a civil rights injunction on Ogden's behalf charging the Richmond Police Department, the FBI, and the LEAA for conspiracy to disrupt his electoral campaign.

New Jersey Cases

The U.S. Labor Party has filed suit against the New Jersey State Police for numerous arrests which it believes result from its characterization as "subversive" in the clandestine New Jersey State Police surveillance system, and has filed suit against the FBI for the infiltration of Anthony Banks into the organization. The Banks suit will in discovery trace possible FBI and ATF involvement in the mental collapse of Banks from an organizer for the NCLC-initiated Revolutionary Youth Movement (RYM) to an FBI informant, intersecting numerous operations conducted against the RYM organization in New Jersey. The Elizabeth State Police suit charges civil rights conspiracy in 67 arrests incurred by the U.S. labor Party organization in New Jersey over the 1974-1976 period.

C. Extragovernmental Attacks — Countergangs and Trade Union Slander and Containment Nexus.

The Revolutionary Union, the Weather Underground, and the Progressive Labor Party have been involved in physical assaults against U.S. Labor Party organizers in Seattle, Detroit, Buffalo, Baltimore, San Francisco, Pennsylvania, and New Jersey. These groups are deployed through the Institute for Policy Studies. At present the U.S. Labor Party has damages suits pending against the Revolutionary Union in Seattle and a conspiracy suit against Counterspy-Institute for Policy Studies in Seattle. These suits charge conspiracy to violate civil rights. Additional suits are planned against the Revolutionary Union in Baltimore, the Progressive Labor Party in Detroit and several Revolutionary Union defendants are named in the Party's suit against Attorney General Levi in Reading.

The U.S. Labor Party is also involved in ongoing litigation against the United Auto Workers for civil rights attacks by its agents. The in-plant network for containment interfaces with the International Association of Chiefs of Police, the UAW itself, the FBI, and various Ustashi and right-wing agents who are employed as thugs against the U.S. Labor Party.

China's Economic Collapse Shows "Labor Intensive" Model Means Genocide

June 3 (NSIPS) — The myth that the labor-intensive, anti-urban economy of Maoist China is the greatest success story of the mid-20th century is one of the most spectacular and vicious hoaxes ever perpetrated by the post-war Rockefeller-Atlanticist cabal.

For the last several years the World Bank, the Club of Rome, the CIA, the U.S. Agency for International Development, the International Labor Organization, the Ford and Rockefeller Foundations, the full range of this network's agencies and agents have been trying to sell the Third World a "development model" premised on continual capital starvation in the context of world depression. This model pushes labor-intensive projects, small rural industries, use of "local materials" and labor, and "self-sufficiency," a recipe which if applied, must spell slave labor, economic collapse and genocide in short order.

To foist this unpalatable concoction on reluctant Third World planners, the World Bank et al. peddle the lie that China, where exactly this strategy has been applied for the last 10 years, has been resoundingly successful in "mobilizing excess rural labor" and "maintaining development with limited capital."

The hoax has been sold to gullible businessmen, especially the Japanese, by the Rockefeller-founded National Council for U.S.-China Trade (NCUSCT) and allied publications in other countries, with invocations of the century-old myth of the huge "Chinese market" and confident predictions of fabulous dimensions for China's exports and imports in the near future. The purpose has been to dupe most importantly the Japanese into looking to China rather than the Soviet Union for trade and investment.

"Let Them Eat Oil"

The hoax publicly came apart at the seams this spring when China's foreign trade collapsed. In February China halved its shipments of oil to Japan, reduced its purchases of Japanese steel by more than 50 per cent in March, reduced by 20 per cent its volume of exports contracted at the just-concluded Canton Trade Fair, and sent many prime Japanese and U.S. customers away from Canton empty-handed. This is no momentary cutback; China's Minister of State Capital Construction Ku Mu told a Japanese delegation in March that China would not be a major oil exporter in the future, while many sources have reported that China's entire Five and Ten-Year Plan programs are under review and will be revised drastically downward.

Despite this plainest evidence, the NCUSCT, U.S. "experts" on China's economy, and the gullible Japanese continue to claim that trade prospects are rosy, and the downturn only temporary, with one U.S. business publication even predicting that U.S.-China trade will grow more than six-fold, to over \$5 billion, by 1980!

The fact that fraud, and not mere error, is involved is best illustrated by the wildly kited estimates of China's present and near-future output of oil (the basis for all claims for China's large import-potential) which have appeared widely

in the past 18 months. The CIA, in a study "laundered" through Sen. Humphrey's Joint Economic Committee last summer (CIA authorship of the key articles in the study was recently confirmed by the head of the CIA's China Economy Division), estimated that China would produce 200 million tons (m.t.) of oil by 1980 (equivalent to half total U.S. output!), and export 50 m.t. The NCUSCT's publications have repeatedly cited an alleged Japanese estimate of 400 m.t. by 1980!. All other sources fall in the same range. But no source makes the slightest attempt to estimate how China will develop the sophisticated and very expensive technology needed to extract the oil, transport it, or even utilize it, within five years.

The CIA report, the most detailed available, provides its own self-refutation by revealing a curious discrepancy between refining capacity and alleged output from 1973 on:

	(in millions of tons)	
	crude produced	refining capacity
1965	11.0	11.1
1969	20.3	18.0
1970	28.5	—
1971	36.7	—
1972	43.0	—
1973	54.5	44.4
1974	65.3	47.5
1975	80.0	52.0

Soviet and independent estimates confirm the 1974 figure, while the 1975 figure is derived by extrapolating from 1973-74 and assuming no huge jump in capacity (such China lacks much capacity for building its own new refineries — the large 1969-73 jump was based on imports). If oil exports (4, 8, and 8 m.t. in 1973, 1974 and 1975 respectively) are subtracted from the figures for crude oil, there is huge discrepancy of 7, 14 and 24 m.t. of crude in 1973-75 (which would grow to 35 m.t. in 1976) — cumulatively 45 m.t. of "missing oil." We know China is not storing large quantities, or it would never have abruptly cut off a mere 250,000 tons per month to Japan. Obviously the oil was never extracted, and the "experts" have merely passed on China's own bloated figures to a credulous readership. The irresponsible NCUSCT conducting of the "400 m.t. by 1980" figure presupposes that China can increase refining capacity by 600 per cent in four years!

Parasitizing the Economy

The collapse of the Great Chinese Oil Hoax might nevertheless appear to leave intact the "Chinese model" of labor-intensive "self-sufficiency" so strongly touted by the World Bank and other assorted "experts." In fact, this swindle has flopped so miserably in China itself that it has sparked the fiercest faction fight there since the "Cultural Revolution" massacre ten years ago. Last summer then vice-premier Teng Hsiao-ping, although a gutless former Maoist himself, began an all-around attack on the Maoist anti-development strategy. He proposed inviting U.S. oil companies to rapidly develop oil that China itself couldn't tap, as the only way to

generate the export earnings needed to pay for imports of tens of billions of dollars of desperately needed heavy industrial plant.

Teng and his supporters merely recognized the patently obvious: Maoist labor-intensive, ruralization policy has survived **only** because it was coasting on the achievements of the 1950s, when Soviet aid built up an integrated, high-technology, heavy industry base for the rest of the economy. Ten to 15 years of such cannibalization has now brought on a crisis which demands a new qualitative leap in heavy industry modernization and expansion; if not, collapse, starvation, and depopulation will ensue in a few short years.

The critical weaknesses of China's strongest sector, the modernized, mainly heavy industry sector, are well documented — though little publicized. Steel output reached the limit of mere expansion of the Soviet-initiated projects in 1973, when output hit 25 m.t., and has fallen 8 per cent since. Only one new plant — imported — is now under construction. In coal, failure to modernize mining technology defines a stagnation point in output that has nearly been reached. China has failed to construct adequate facilities to benefit (upgrade) its low-grade coal and iron ore, thereby dooming the iron and steel industry to much lower output and poorer quality. In oil, the cited deficiencies of technology, especially for off-shore drilling, drastic shortages of steel pipeline, and the refining bottleneck severely limit this industry. China has to remedy a major weakness in the chemical industry by importing dozens of plants it was unable to build itself.

More broadly, the Maoist relegation of heavy industry to bottom priority, after agriculture and light industry, and gearing of all industry to serve rural development (precisely the World Bank prescription for the Third World) has, over more than a decade, rendered the heavy industry sector incapable of providing for its own expansion — building the thousands of new steel, oil, power, chemical, machinery, transportation, and other plants needed to support self-sustaining growth. Only the imports sought by the Tengists can now rectify this situation.

The "Chinese Model" for Feudalism

Even in agriculture, Maoist China's achievements have been minimal. Bought at the expense of gross distortions of the overall economy, they can only be ephemeral. Hunger had already been eliminated by 1958, and per capita output of agriculture has not risen since. Irrigation has been greatly extended and fertilizer use greatly stepped up, but yields have risen much more slowly than expected from the added inputs. And China's labor-intensive, small scale approach to water control and conservation has failed to stem the twin menaces of droughts and floods, whose control requires much larger projects. Moreover, a large part of China's agricultural advance relative to the rest of the Third World is based not on Mao's reforms, but on the elimination of landlordism achieved by 1952 and the institution of partial collectivization.

The fatal flaw in the Maoist-World Bank strategy is elementary: it aims to keep people in the rural areas, employ them there, and not urbanize. China is still 80 per cent rural — the same as in 1950! The result is the fatal retardation of cultural and educational development among the peasantry

that only the urbanization and industrialization can remedy. Peasant backwardness continues to hamstring Chinese agriculture.

Worse, the Maoist policy has been to foster a truly feudal economy, pushing for as much "self-sufficiency" as possible at the commune, county, and province levels. This policy of internal autarky has led to the most hideous inefficiencies, wastage of capital, and sabotage of development.

Thousands of tiny fertilizer and cement plants dot the countryside, producing very low nutrient-content ammonium bicarbonate (which largely evaporates before it can be absorbed by plants) and low-quality cement. Per unit of output, capital costs are twice that for large plants, debunking the myth that labor-intensivity saves capital. An the fertilizer plants require **125 times** more workers than the large plants, the cement plants eight times, for the same output. The fertilizer plants were so inadequate that anti-Maoists forced through the import two years ago of 13 huge imported fertilizer plants. Fifty thousand toy hydroelectric power units and other small industries represent similar waste.

To develop these industries, China has created a rural work force of 10-15 million while virtually freezing the urban industrial work force at about the same number. As a result of this policy of feudalization, a great many items are manufactured in China without the benefit of the economies of large-scale production and division of labor, meaning a drastic lowering of total possible output. Furthermore, limiting urban industry has imposed similar inefficiencies there, restricting the use of mass production methods and limiting development of intermediary and subsidiary industries on which high growth rates depend. This critical lack of depth is most serious in high technology areas, where unit costs of production must be extremely high, severely limiting the range of different items that can be produced.

Quality Shoddy, Statistics Fraudulent

An article published last Aug. 29 at Teng's direction, frantically focusing on the need for improved quality, indicates that shoddy quality is a huge problem under the Maoist regime: "Prefer quality to speed when these two things are incompatible...workers...adhered to the principle of giving first place to quality, paid close attention to project quality, and achieved a high speed without neglecting quality. This also is a very important point."

In fact, a prime means used to maintain at least some semblance of industrial growth over the years has been simultaneous collapse of quality and running into the ground of plant and machinery. China's major synthetic cloth is so inferior that it is not produced in the U.S.; the major insecticides it uses are banned in the U.S. as pollutants or as toxic to humans; farm machinery, largely built by glorified blacksmith shops, is of very low quality; a major proportion of all production is most certainly substandard. The problem derives from the Maoist method of exhortation campaigns to produce more by ignoring the advice of experts and pushing speed and quantity at the expense of quality, as the above quote indicates. This has become institutionalized after the 1966 purge of Mao's opponents in this question, and many of the hair-raising excesses of the 1958-60 "Great Leap Forward" must necessarily have recurred.

Moreover, the cannibalization of machinery is a long-term Maoist practice, making it likely that if China's plant and equipment were properly discounted for its actual wornout condition today, Net National Product might approach a zero real growth rate!

What is the growth rate of the Chinese economy? Most probably, **nobody** knows. China issues virtually no quantitative statistics. The cited CIA report fraudulently revised an earlier figure of 3.3 per cent annual growth of GNP for 1958-74 upward to 5.2 per cent, based on grossly incompetent statistical manipulation of thousands of fragmentary percentage increase figures for miscellaneous items released periodically in the Chinese press over varying time periods.

But these numbers are always above-average figures, and most have probably been released by the Maoists for internal political reasons, to "refute" their opponents' charges that Maoist policies hurt production. Moreover, the CIA estimate does not even attempt to account for Maoist distortions of the internal proportions of the economy since 1960, or for the falling quality.

Do the Chinese themselves know how their economy is doing? Probably not. China destroyed her Soviet-modeled statistical system in 1958, and those who tried to reconstitute it in early 1960 have all been purged. Given the incessant exhortation to ignore all obstacles, increase output, and view failure as proof of "rightism," there is tremendous incentive to fabricate or inflate figures at every level, from the farm or shop floor up to top management. The resulting statistical chaos and unreliability was indicated by top economic planner Li Hsien-nien as recently as 1972, when he commented to a Japanese delegation that three different economic ministries estimated China's population at 750, 800, and 830 million respectively.

Such statistical disarray implies the degree of anarchism, chaos and inefficiency throughout the country. Without fairly reliable statistics for quantity, quality, depreciation, etc., long-range planning is little more than an exercise in numerology. Just such a total breakdown occurred during

Teng: "Communism Won't Exist If There Is No Constituency."

June 2 (NSIPS) — Statements made last year by recently purged Chinese vice-premier Teng Hsiao-ping reveal both the breadth of the Teng faction's attack on the central features of Maoist policy — neglect of steel and other heavy-industrial production, destruction of education and culture, empty slogan-shouting — and the havoc this policy has wrought. The statements were recently publicized in anti-Teng wall posters put up in Peking last March.

On Production and the Economy

*"If our army is to win wars, what we really need is iron and steel...National economic construction must be pursued earnestly..."

*"People even say that our living standards have been improved day by day. Only devils believe it."

*"To undertake construction is something different from pasting up labels or boasting...Communism won't exist if there is no construction...At present, most college students have only one brush in their pockets, which is used for writing big character posters. They can do nothing else...Every day you engage in struggles against the 'Five Categories' (of 'bad elements' — Ed.). Can you reform them

Mao's "Great Leap Forward" escapade, and he has never abandoned either the rhetoric or the methodology of that period.

The problem is further compounded by the application of Maoist "local control," with peasants and workers "democratically" deciding how to carry out production, even in defiance of experts on the scene. A Western observer witnessed an incident on the Shanghai docks in which 50 workers decided to saw off a propeller from a fixture, even though both were to be junked. The foreman knew it was entirely wasted labor, but dared not intervene for fear of being charged with "rightism" and "elitism." Such incidents are assuredly duplicated countless times a day throughout China, leading to enormous wastage.

The Road to Collapse

Mao, desperate to maintain support for himself, has pushed radical decentralization of the country since 1956 for reasons as much political as economic: he has "won votes" from regional party and military leaders at crucial moments by giving these leaders some degree of local economic and political power. He has thus deliberately reintroduced the bane of Chinese dynasties since 1000 B.C. — feudalism, "local control" of provinces by warlords. That this problem, if not checked, threatens to imminently fragment the country was revealed by Teng himself at a July 14, 1975 Military Commission meeting, where he warned, "Provincialism is dominating the Liberation Army. Because sectionalism has been brought into the military, there are internally divided troops. There used to be faithful acceptance of orders. Things have changed. Individuals and even whole troops at times are not taking orders."

It is clear that the "Chinese model" is a one-way ticket to murderous economic collapse and political fragmentation. Unless the Tengist faction wrests total control from the Maoists in the near future and recommences large-scale capital development, the World Bank-Maoist model will reveal itself to even the most credulous as nothing more than the three-millenia-old formula for dynastic breakdown, chaos, warlordism, starvation, and genocide.

in this way? It is meaningless to beat tigers day after day...Can shouting, yelling be called revolution? It can cheat nobody but yourself."

*"(Industrial construction) cannot be done without engineers. The Chemical Factory, which cost nearly 10 million yuans, was out of order even before it was formally put into production...Can this be called a great victory?"

On Education and Culture

*"The academic level of the students at the Steel Engineering College is only that of secondary school. No college student nowadays is really like a college student...the situation now is that students can get along without studying."

*"The present model plays (fostered by Mao's wife, Chiang Ching — Ed.) have nothing to do with art, only a group of people walking to and fro on stage...(Referring to a Vienna Symphony Orchestra performance:) Only this can be called spiritual adjustment. The present (Maoist) plays are plays of gongs and drums which make the spectators seem to be not in a theater but in a theater of war."