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*The same script they're using against the Teamsters*

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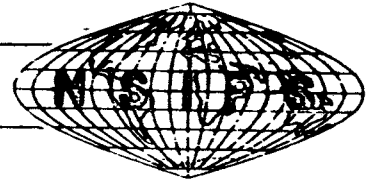
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Also:

- East Berlin CP Conference ● Insurrection In Washington
- Mexico Report ● U.S. Contract Settlement ● Brazilian "Miracle" Dies

<b>U.S. POLITICAL NEWSLETTER</b>	
Rockefeller Insurrectionaries Attack On All Fronts	1
<b>INTERNATIONAL MARKETS NEWSLETTER</b>	
Atlanticists Out To Clamp Corporatist Rule On Europe	4
—Interview: Excerpts From Carli Speech	6
—Stripdown Of European Industry Slated To Set Up Supranational Corporatist Integration	8
—Atlanticists Push Too Hard On Debt: Wobbling Dominoes Set To Topple	10
—Sadat Prepares To Make Egyptian Pound Convertible	11
—Riot Flops In Peru; Battle Centers On Moratoria	11
—Economic Summit: Simon Proposes Austerity Refinancing For Europe	13
—Rockefeller Orders Japan To Bail Out Debt-Strapped Countries Or Face Collapse	13
<b>DOMESTIC MARKETS NEWSLETTER</b>	
Electrical Warehouse Workers Win Teamster Style Wage Gain	15
—Worries Persist Over New York Debt	16
<b>MIDDLE EAST NEWSLETTER</b>	
Iraq To Intervene In Lebanon War to Halt Kissinger Massacre Of Left	18
—Rude Pravo Warns Syrians On Lebanon	19
<b>LATIN AMERICA NEWSLETTER</b>	
Echeverria Moves To Break Up Rockefeller's Invisible Gov't In Mexico	20
<b>INTERNATIONAL TERRORISM REPORT</b>	
Labor Party "IPS" Expose Forces Backdown On July 4 Terror; Rocky Opts for Uganda Massacre In Outflanking Maneuver	23
—Israeli Raid Into Uganda Part of the Script	24
—Uganda Caper Triggers BRD Crisis Coup	25
—Canadian Gov't Destabilized By Quebecois Linguistics And Olympic Terrorist Operation	16
—ELP Executive Declaration: European Labor Party Denounces Uganda Hoax	27
—Interview: Lt. Gen. Yarborough "It'll Take A Big Hot-Foot To Destroy Civil Liberties"	30
—Win "TRO" In Philly: Labor Party Scores Legal Victories Against IPS Terrorists	31
—"Operation Bicent": Attorney General Levi's Command Post For Insurrection	32
<b>SPECIAL REPORTS</b>	
Is Jimmy Carter Brainwashed?	35
Never Trust A Liberal: The Fabian Conspiracy Against Congress And The Democratic Party	37
How the Institute For Policy Studies Took Over The United Mine Workers	41
What The Socialist Sector Is Really Saying: Soviet Union, White Communists Clash At European CP summit Conference	44
— Excerpts From Brezhnev Speech	45
— Excerpts From Tito Speech	46
Rocky Orders 'Total War', Witchhunt Against Fusion	48
— Censored Documents On Fusion Energy Foundation Released By FBI	48
The Death Of The Brazilian "Miracle"	50

Constitutional Gov't Under Siege

## Rockefeller Insurrectionaries Attack On All Fronts

Vice President Nelson Rockefeller and consolidated Wall Street forces, flailed wildly at their opposition as they deployed for a series of frontal assaults on the U.S. Constitution. The frenzy of Rockefeller moves and threatened moves against the U.S. Congress, the Teamsters and President Ford have ensured the early outbreak of an explosive political war in the U.S.

In a demonstration of their determination to remove all pockets of resistance to their corporatist assault, the Rockefeller machine using its control of the media, forced the U.S. House of Representatives to pass the Institute for Policy Studies-authored reforms sponsored by IPS operative Rep. David Obey (D-Wisc.). The move sets the stage for the dismantling of the House. With the same people turning the screws, the Internal Revenue Service removed the tax free status of the Teamsters Central States Pension Fund. Meanwhile, Rockefeller henchmen Sen. Javits (R-N.Y.) and a gaggle of other Rockefeller-linked Senators followed, calling for the resignation of Secretary of Labor William Usery because of his relationship to the Teamsters at Senate labor Committee hearings last week.

With these tactical victories under their belt, Rockefeller again turned his guns on the White House and threatened to "Watergate" President Ford with a political payoff scandal. This move was followed by indications that insurrectionary forces under Rockefeller-IPS direction are also taking aim at the U.S. military and the urban Democratic machines of Mayors Daley, Rizzo, etc.

The Rockefeller-IPS moves in combination with the U.S. Labor Party's widespread exposure and organizing against the insurrection has now laid bare the entire machinery of the insurrection.

The up-front vehicle for insurrectionary forces is Jimmy Carter and his presidential campaign. Secretary of State Henry Kissinger has already stated that there is no difference between his foreign policy and that of Carter. Meanwhile, Carter's close aide Peter Bourne has been identified as an agent of the Institute. Candidate Carter has openly received his marching orders from the Rockefeller press including the Washington Post and the New York Times directing him to run his campaign on the Institute program of corporatism and fascist "reforms."

While Carter has done his best to oblige his masters, Institute agents have been eagerly setting up the machinery for a full scale purge of traditional forces in admitted alliance with the top levels of the national security apparatus, including the National Security Council.

With the insurrection out in the open and broadly recognized by traditional forces, there are already in-

dications that the Ford Administration is considering a tactical alliance with the Labor Party to counterattack the interfaced Carter and Institute machines. However, no spokesmen for the Teamsters, the administration or the Congress has yet publicly struck a blow at the weak link in the Rockefeller conspiracy:—the Institute for Policy Studies.

### Institute Opens Fire on All Bastions of Resistance

Among mainstream Republican and southern Democratic layers of the Congress, there was a clear comprehension that a political insurrection more extensive than "Watergate" was quickly unravelling last last week. The targets of the Rockefeller-IPS assaults were equally clear.

\* In an open act of blackmail, newly ordained House Administration Committee chairman Frank Thompson (D-N.J.) ordered a full Government Accounting Office (GAO) audit of previous House Administration Committee activities as a means of armtwisting recalcitrant Republicans and Democrats into authorizing the proposed divestiture of the Committee's authority. Sufficiently cowed, the Committee sent Rep. Obey's formulas to the Rules Committee, where they were quickly forwarded to the House floor for a full vote. While most pieces of legislation take months before they are voted on, the entire Obey package was passed within a week. On July 30 and July 1, the House voted both to create an 18 man body to investigate the House over an 18 month period and to divest the Administration Committee of all power save a new power to order a GAO investigation of any other committee or subcommittee.

\* After published reports in the New York Times and the Washington Post reporting that the IRS had ordered the removal of the tax free status of the Teamsters' Central States Pension Fund, the IRS finally was forced to comply with the demands of these Wall Street house organs. This attack on the Teamster leadership, which is centrally interlocked with traditionalist forces in Chicago, Texas, and California, was quickly followed up at July 1 Senate labor Committee hearings into possible mishandling of the Central States' Fund. With Rockefeller flunkies Sen. Jake Javits leading the charge, Labor Secretary Usery was harassed and pressured to remove himself from any connection with a joint Labor-Justice Department investigation into the Teamsters. Sen. Durkin, one of the Rockefeller mouthpieces at the inquisition, called for Usery's removal.

\* On July 2, the insurrectionists threatened to wield the deadly scandal club directly at President Ford. The Washington Post's Institute-linked "Watergaters" Bob Woodward and Carl Bernstein libelously charged that there had been a delegate deal between Ford and Sen. Clifford Hansen (R-Wyo.) in which Hansen allegedly delivered 7

delegates to Ford in return for Ford signing a bill backed by the Senator. Both the White House and Hansen issued straightforward denials of the story. Ford later vetoed the bill which was the subject of contention. This clear threat to the President occurred one day after the Wall Street Journal delivered a slanderous front page story describing the Ford Administration as demoralized and only concerned with the campaign — i.e. blocking all corporatist legislation.

\* The Supreme Court, in a move designed to create the basis for dismantling the machines of mayors Daley of Chicago and Rizzo of Philadelphia held that "patronage" in the hiring and firing of municipal and state employees is unconstitutional. The same day indictments were brought against three senior Daley appointees in Chicago.

\* The July 3 New York Times outlines the next major target of the insurrectionists, the "military industrial complex." In an article authored by John Finney, the Times echoes an article by Fabian columnist Marquis Childs which retails charges by Rockefeller Admiral and Jimmy Carter mentor Hyman Rickover that traditionalist Under Secretary of Defense William Clements has mismanaged his office. Rickover, a prime mover of the corporatist Tindemans arms standardization plan, joined ranks with intelligence agent John Gardner of Common Cause, who launched into an attack on the Defense Department's third in command, Malcom Currie. As part of the attack on the traditional military and the defense industry, Common Cause is also pushing their attack on Rep. Ikes (D-Fla.), chairman of the subcommittee on military installations of the Appropriations Committee.

#### **Jimmy Carter to Lead the Insurrection Under Institute Control**

Jimmy Carter, a long-time creature of Wall Street and deeply rooted in the Institute's "New South" occupation program, has been honored with the distinction of being Rockefeller's up front mouthpiece for the insurrection. Acknowledging the fundamental weakness of the Carter election effort, William Shannon, writing in the New York Times June 30, stated that for Carter to win he must rapidly shift from the apathy theme of his primary campaign and push the program enunciated by the Institute and articulated by Institute creature California Governor Jerry Brown, an appeal to proto-fascist "white collar populism."

Carter's official program reads like an Institute source book — Ted Kennedy's national health bill, the Brookings Institution version of the Humphrey Hawkins full employment bill, a youth labor program modeled on the Nazi Youth Service, and a foreign policy modeled on Henry Kissinger's and directed by Rockefeller's Trilateral Commission. Carter's financial backers are also Rockefeller men — Paul Nitze, C. Douglas Dillon, Lehman Brothers and the Oppenheimer Fund. It's little wonder that Henry Kissinger leaked that Carter's foreign policy is his and indicated he might support Carter's presidential bid if Reagan wins the Republican nomination.

Carter is also heavily tied directly to the Institute for Policy Studies, Peter Bourne, a top Carter aide for years, spends half of his time at the Institute and the other half at Gardner's Common Cause. Carter and Bourne were both instrumental in carrying out the Institute's "New South" policy, and Bourne sits on the board of the Institute's southern affiliate.

Carter was pushed directly to the forefront of the in-

surrection last week. Speaking in Philadelphia on June 28 before a crowd assembled by banker counterinsurgent John Bunting, Carter, in an unprecedented move, said that upon election he would ask the U.S. Congress to begin the process of "reforming the federal bureaucracies." This Institute line did not hold long. The following day in New York Carter retracted the statement. In a similar move in an address to a group of Texas oilmen July 1, Carter sang the praises of the free enterprise system while meekly stating that he would support the Institute program for a Rockefeller-rigged divestiture of the oil company assets.

To back up their stumbling creation, a frenzied pack of Institute agents was turned loose on June 30 to push the Jerry Brown "reform" line. On that day, Ralph Stavins, an Institute fellow and the director of a new Institute operation called the "Project on Official Illegalities" was advertised by Fund for Investigative Journalism columnist Garry Will. In an interview, Stavins boasted that his organization "works with the highest levels of the national security apparatus especially the National Security Council." the purpose of the operation is to set up the apparatus to purge constitutional forces in the government and the corporate sector. Aside from his NSC connection, Stavins is working directly with Senator William Proxmire and Carter's Bourne. Also on June 30, Institute fellows Gar Alperowitz and Jeff Faux were given space in the New York Times to present a coordinated fascist "think small" economic program which begins by going after corporations.

At the same time CIA conduit Seymour Hersh published a series in the New York Times targeting every layer already threatened by the insurrection, particularly the Teamsters, with being tied to organized crime. The Times backed up Hersh in an editorial demanding indictment and trial of victims of "investigative journalists."

#### **Moves Toward Resistance**

The thorough exposé of the insurrectionary moves by the Rockefeller-Institute for Policy Studies forces has ensured that there is a broad recognition of the conspiracy among traditional political forces. But while these forces have clearly signalled their recognition of what it is that they are up against, they have not yet openly taken on the Institute for Policy Studies apparatus that is at the heart of the insurrectionary capability.

Among the important signs of resistance by forces who are opposed to the insurrection, signals from the Ford Administration late in the week that the Administration is considering a tactical alliance with the U.S. Labor Party to defeat the insurrection were accompanied by Ford moves to win over the Republican base of Rockefeller dupe Ronald Reagan. While former Treasury Secretary John Connally publicly mooted the possibility of a Ford-Reagan ticket, Atlanticist columnist Joseph Kraft indicated Atlanticist fears of such a development by hysterically railing that it would be a disaster. At the same time, Arizona Senator Barry Goldwater gave his backing to Ford, significantly stating that "at this point in history" it would be very unwise to go through a change in Administration.

Other forces who are known to be planning moves against the Institute networks are Rep. Harry Helstoski (D-N.J.), recently indicted on flimsy "corruption" charges, and the Teamsters Union.

Secretary of Labor William Usery and Labor Department officials who were hauled before the Senate Labor Com-

mittee by Rockefeller stooge Sen. Jacob Javits, also displayed some resistance to the Committee's demands that they confess to sabotaging efforts to smear the Teamsters Union.

Indications of Congressional resistance were clearly signaled by the vote of 190 Congressmen to defy the terror atmosphere in the House and vote to recommit the Obey reform proposals to committee, a move defeated by 220 ayes.

And the aide to one leading Senator reflected growing Congressional recognition of the conspiracy against Congress by stating: "I've known that there has been a conspiracy on for awhile — I just didn't know who was behind it."

The question is: when will these forces move forcefully and openly?

*A New Kind of World Leadership for the U.S.A.*

## **1976 U.S. Labor Party Presidential Platform**

**by Lyndon H. LaRouche Jr.**

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## Atlanticists Out To Clamp Corporatist Rule On Europe

July 3 (NSIPS) — A flurry of plans, policy statements, and legislation emerged in Western Europe this week, with the immediate objective of re-organizing the entire Western European continent into a fascist economy before the end of summer.

This push by Europe's Atlanticist leaders, under the personal direction of Secretary of State Henry Kissinger, centers on three policy areas:

First — as NATO's chief economist Guido Carli spelled out — all European and other national monetary institutions are to be discarded in favor of the open, public rule of the New York bankers' "Eurodollar" market. The Eurodollar monstrosity, which has "replaced official monetary institutions," will henceforward dictate national policies to Western Europe,

Second, under a blueprint drawn up at the Wall Street investment firm, Lehman Brothers, Europe's industry will collapse into a handful of "supranational" giants, junking upwards of 25 per cent of the continent's auto, steel, and shipbuilding capacity in the process. The "supranational" firms, which will replace the nationalized industries of European countries, will operate out of the Brussels offices of the Commission of the European Economic Community, a corporatist stronghold.

Third, the creation of "European-wide trade unions" to herd industrial workers into slave-labor programs similar to the mooted Humphrey-Hawkins bill in the United States. FIAT President Giovanni Agnelli and United Auto Workers President Leonard Woodcock opened public negotiations this week for the creation of a top-down Europe-wide auto workers' union. UAW and AFL-CIO officials identified these negotiations as a springboard for Lehman Brothers rationalization schemes.

### European Unity

Kissinger and his West German counterpart, Foreign Minister Hans-Dietrich Genscher put out the summons to arms, in policy statements on "European unity" and "Crisis Management." Genscher hailed the "birth of a united foreign policy" of the nine members of the European Economic Community during the 1973 Mideast war and oil hoax — when Rockefeller family oil multinationals used the "oil weapon" in an effort to crush Western Europe politically and economically.

"The breakdown crisis is now not only for Western Europe but the whole world," Genscher said July 1, proposing "European crisis management" to contain it. In an interview with West German weekly *Die Zeit*, Kissinger declared that he wanted to exchange the "special relationship between Bonn and Washington" for a "unified Europe" under the U.S. State Department's thumb. West German Interior Minister Maihofer further warned July 1 that an agreement for "European-wide" cooperation against "terrorists" will take effect immediately upon this week's close of a meeting of European Community Ministers of the Interior.

Genscher's public obeisance to the high point of Atlanticist terror against Europe betrays the entire operation. The Atlanticists plan to impose fascist economics through blackmail and terror. Genscher, Kissinger, and their allies are not merely reacting to bitter political opposition by Europe's workers, as well as industrialists based in the state-owned industrial sectors of Italy, France, and Great Britain. Kissinger's insistence on "European unity" and "Atlantic solidarity" reached the highest pitch at a moment when Western Europe and Japan are moving to bail out of the Atlantic Empire.

French and Italian industrialists are opening new avenues of trade with the socialist countries, led by Italy's Eugenio Cefis, who recently proposed to trade capital goods with the Soviets in return for all of Italy's \$8 billion annual oil imports. Mexican and Peruvian public officials have cited the split between the U.S. and its Western European imperial province as the basis for the global fight for a new world economic order.

### Corporatism from the Top Down

A string of well-coordinated proposals for a fascist Western European economy filled out the contents of Kissinger's "unified Europe:"

West Germany's parliament passed the hated *Mitbestimmung* (co-participation) law July 2, reviving the legal structure of the Nazi labor front for West German workers. In a closely-linked development, the West German steel barony Thyssen, the core of the Nazi war machine, this week put 140,000 workers on a plan for "employee stock ownership," aping Hitler's payroll-deduction schemes of the 1930s. Leaders of West Germany's Metalworkers Union yesterday announced plans to make "stock ownership" schemes the centerpiece of the next round of wage negotiations with employers.

Fascist planners at the Ford Foundation in New York City, the National Commission on Manpower Policy in Washington, and the Aspen Institute in Colorado report that "all the laws are now on the books" in the major Western European countries to install massive forced-work schemes on the model of Hitler's labor front — once working-class opposition is crushed.

Dutch foreign minister Van der Stoep, the incoming chairman of the European Community's Council of Ministers yesterday demanded the strengthening of the Community's own corporatist machine, through "speedy European economic integration," including direct elections to the sham European parliament at Strassbourg. UAW officials said this week that the European Community apparatus will centralize all fascist labor programs.

Behind these plans, European Atlanticist leaders, including French President Giscard, West German Chancellor Schmidt, and British Prime Minister Callaghan, crisscrossed the European continent, at war-time levels of

diplomatic activity. Mimicking Kissinger, the Atlanticist press reported these scurrings with announcements of a new "Western European directorate," composed of France, Britain and West Germany. With the U.S., wrote International Herald Tribune journalist James Goldsborough, the "European Directorate" will merge into an "Atlantic Directorate." Callaghan is now in Bonn visiting Chancellor Schmidt, accompanied by the so-called Bullock Commission on Co-Participation. Schmidt, in turn, praised Britain's progress towards Mitbestimmung.

#### **Fascist Financial Policy**

In an unpublicized June 12 memorandum, NATO's chief economist Guido Carli bluntly proclaimed the world dictatorship of the New York banks' Eurodollar market over the industrial nations as the basis for Atlanticist financial policy. Since the oil hoax hit Europe, Carli writes, "the international monetary system shifted out of the domain of the official international institutions: the private banking system took over the functions proper to an official institutions... (this) chiefly involved the American banks." Carli admits that Western Europeans believe these events "confirm a malicious design to strengthen the dominant position of the American banks."

To preserve this arrangement, Carli concludes, it must be recognized that "the ability of the system to expand is nearing its limits." Consequently, Carli demands that Western Europe accept "balance of payments equilibrium" (massive cuts in consumer-goods imports) "at a lower level of economic activity." His solution is what he calls "a growing consensus for National Economic Planning" in all the major industrial sectors. The NATO economist praised as a model Leonard Woodcock's fascist "National Planning" initiative in the United States.

Carli's proposal to preserve the illegal Eurodollar market against the authority of national governments is tantamount to insurrection against constitutional rule in the industrial sector.

Now that Western Europe is over \$90 billion in debt — mostly to the Eurodollar market — Carli demands that the time has come to pay the piper. U.S. Treasury officials echoed Carli, who is also the chief of the policy planning group for the Organization for Economic Cooperation and Development, in background discussions this week. Oil producing countries will take in a \$45 billion surplus in 1976, the officials said, as the spoils of Rockefeller's oil hoax. The industrial countries will run at estimated \$20 billion deficit in their payments balance. If certain industrial countries, especially West Germany and Japan, are greedy and run a payments surplus, the Treasury warns, "then someone else

will run a bigger deficit, and the industrial countries will run a \$30 billion annual deficit, which we can't handle." To squeeze the big industrial economies into Carli's "limits of expansion" of the Eurodollar market, the Treasury is demanding that every industrial country run a payments deficit!

An advisor to West German Chancellor Schmidt added that he opposed bailing out deficit countries like Great Britain, which got a \$5.3 billion emergency credit from its trading partners last month. Instead, the British and other Eurodollar victims should let their currencies collapse, and invite "private capital" in from the Eurodollar market for a grand national bankruptcy sale.

FIAT president Agnelli is now trying to force the bankrupt Italian government to sell off its assets at distress prices, a practice used in the past to "restructure" the debt of big Third World debtors like Brazil and Indonesia. Reportedly, FIAT is bidding to take over the Italian government-owned steel and metals giant EGAM, now suffering from an extreme debt crisis. Atlanticist politician Ugo La Malfa is backing Agnelli, with a public demand for the dissolution of the big state enterprise.

#### **Woodcock Pushes European Fascism**

UAW corporatist Leonard Woodcock has been dispatched to Europe to ram Schachtian nationalization down the throats of Europe's trade unions. Woodcock will arrive in Italy July 25 for talks with Agnelli to work out plans for European-wide slaveherding, according to UAW sources. Europe's trade unions are balking at the Agnelli plan, the sources said and Fabian Woodcock is moving in as Agnelli's "persuader." What the two fascists are aiming for is all-European negotiations, through the offices of the International Metalworkers Federation, controlled by Woodcock and West German neo-Nazi Eugen Loderer.

The planned supranational trade union formation will open the way for "rationalization of European industry," the sources said. The May conference of the International Metalworkers Federation in Munich endorsed an investment bank's report which called for throwing out 25 per cent of Europe's auto plant; collapsing nine big European automakers into 3 "supranational" giants; and eliminating "high technology" and "quality engineering" auto production in favor of the "people's car" production methods Hitler applied to Volkswagen during the 1930s. The Federation's report, prepared by a subsidiary of the Wall Street investment house Lehman Brothers, suggested throwing Europe's steel and shipbuilding in as well. After the oil crisis of 1974, the report asks, "how many more crises will it take before European governments" cave it?

## Excerpts From Carli Speech

*July 3 (NSIPS) — The following speech was delivered by former Bank of Italy Governor and chief NATO economist Guido Carli on June 12 at a meeting of the Per Jacobsen Foundation in Basel, Switzerland. NSIPS obtained this exclusive text from a banking source, (In the European manner, Mr. Carli refers to a thousand million as a "milliard" rather than a "billion" as is customary in the United States.)*

We are going through a period in which the banking community has increasingly come to be regarded with hostility; this is certainly so in my own country.

Antipathy towards bankers has old roots: it is said of Schopenhauer that, on visiting the gallery where the portraits of the Fugger were hung and observing their images, he exclaimed: "When I look at your faces I have to admit that God is not with you."

I propose to examine the reasons for the resentment which is felt towards bankers and banks in some countries.

In earlier times banking failures stimulated interest in the banks' conduct of their affairs; this has also happened recently, but to a lesser degree. One of the reasons for the doubt and suspicion must, I feel, lie in the widening involvement of the financial intermediaries both in international settlements and in domestic payments transactions. The feeling of mistrust derives from a conviction that the commercial banks have appropriated too large a share of monetary sovereignty....

The scale of commercial bank intermediation in the financing of the oil importers' deficits and the exporters' surpluses is noted by some with satisfaction: market forces, they say, made up for the indolence of the authorities. Others see it as corroboration of the evil intentions of the authors of reform, maintaining that the eradication of gold from the system and the failure to replace it with official instruments confirm a malicious design to strengthen the dominant position of the American banks....

I thought it relevant to recount these experiences because I wanted to underline the fact that the international monetary system has evolved along different paths from those mapped out by the reformers: the process of international liquidity creation has indeed been divorced from gold production or changes in the gold price, but it has become exclusively dependent on the supply of reserve currencies to the system, and in particular that reserve currency which is its pivot: the U.S. dollar.

In the five years between 1970 and 1976 total international liquidity reserves soared from \$93 to \$227 billion — an increase of 135 milliard. By far the largest component was made up of currency reserves, which rose by 116 milliard dollars. The major part of the increase consisted of claims in dollars: at the end of 1975 official dollar claims on the United States stood at \$80 billion and claims in dollars and other currencies on the Euro-markets at about the same amount.

The United States' long and short-term foreign indebtedness jumped from 47 milliard dollars at the end of 1970 to \$126 billion at the end of 1975 and its liabilities vis-à-vis official institutions from \$24 to \$80 billion. Its short-term debt

at the end of 1975 amounted to \$89 billion dollars, of which \$49 billion was towards official institutions.

The banking system played a large part in this process, contributing to the creation of international liquidity through the expansion of credit. At the end of 1972 short-term lending by the American banks amounted to 16 milliard dollars, and at the end of 1975 to 50 milliard. At the end of 1973 Euro-bank credits totalled 132 milliard dollars, and at the end of 1975, 197 milliard. This lending represented the counterpart of deposits which flowed either into official reserves outside the United States, largely from the OPEC countries, or into the liquid asset holdings of commercial banks and individuals in the same countries....

The process of expansion of international financial intermediation chiefly involved the American banks: between 1972 and 1975 the total assets and liabilities of the US banks' foreign branches rose from 78 to 176 milliard dollars — an increase which exceeded the rise in M1 and M2 in the domestic U.S. economy over the same period. This development is plainly reflected in the balance sheets of the major banks: at 31st December 1975 total deposits in the books of the Bank of America stood at 56 milliard dollars; deposits at its foreign branches amounted to 23 milliard. Some 41 per cent of earnings, against 29 per cent in the previous year, accrued from its international business activities. Total deposits in the books of Citibank amounted to 45 milliard dollars and deposits at its foreign branches to 25 milliard. The corresponding figures for Chase Manhattan were 34 and 15 milliard respectively. Morgan Guaranty announced that in December 1975 approximately one-half of its outstanding loans were through its overseas branches.

The scale of the American banks' participation would be even more striking with the inclusion of non-residents' deposits with these banks' domestic branches, figures for which are not published.

The figures recorded suggest that during this period the international monetary system shifted out of the domain of the official international institutions: the private banking system took over the functions proper to an official institution possessed of the power to finance balance-of-payments disequilibria through credit-granting and to create international liquidity....

The assumption by the private banking system of the function of a clearing union, which according to Keynes ought to have been performed by the International Monetary Fund, inevitably brought it to the focus of the public authorities' attention. The international institutions which are appointed to finance growth and development generally adopt a country-by-country credit rating; the private banker tends to place greatest weight on the credit-worthiness of the individual borrower. Hardly surprising, therefore, if the government inspector insists that he apply a national reliability rating, particularly in a period in which there has tended to be a shift in lending from the economically stronger to the economically weaker countries.

Many of those present will recall the climate of anxiety in which the Committee of Twenty met in Rome in January 1974. This meeting took place only a few months after the announcements in Nairobi of imminent success in the reform of the international monetary system. During the meeting an authoritative voice spoke in warning that the situation created by the quadrupling of the oil price was unmanageable. In the event, the industrial countries succeeded in mastering it sooner than anticipated. But the problems of the economically weaker countries have grown.



The rapid improvement in the industrial countries' current-account payments balance found its counterpart in a deterioration of the position of the developing countries. In the five-year period 1968-1972 these countries' current-account deficit had held steady at around 6 milliard dollars a year; in 1973 it rose to 9 milliard; in 1974 to 26 milliard; and in 1975 to 35 milliard. In this last year the group of countries with an annual per capita income of under 375 dollars accounted for about 60 per cent of the developing countries' overall deficit. This confirms that, while preserving the oil exporters' surplus, the policies conducted by the stronger countries to reduce their deficit concentrated the negative effects on the weaker countries.

It should be added that in 1975 the burden borne by these countries in servicing their foreign debt rose to some 12 per cent of the value of their exports: this total is distributed unevenly among individual countries, and for some the percentage is much higher....

In 1976 it is estimated that the developing countries' deficit, including redemption and interest service on their external debt, will come to 42.5 milliard dollars. It should, however, be pointed out that this estimate is based on the assumption that restrictive measures will reduce the level of their imports; it probably also assumes an expansion of their exports, pulled along by the recovery of production in the major industrial countries, on a scale regarded by some experts as optimistic. If all IMF facilities were activated, international agencies would contribute up to 28 milliard dollars towards financing this deficit. Part of the remainder would be covered by export credits; but this would still leave a substantial amount to be met by the international banking system, and hence chiefly by American banks.....

From the situation just depicted certain conclusions may be drawn. The most important, I think, is that there is at present no international monetary system, that is, there is no official institution capable of supplying the international payments system with the liquidity required for the further expansion of trade. This function has been taken over by the private banking system, and primarily by the U.S. banks, through operations carried out by their branches at home and abroad. The private banks have shown a greater ability than the official institutions not only to create the necessary liquidity for the development of trade but also to organize its efficient distribution.

As a result, the IMF's ability to enforce observance of rules of conduct has diminished; it should be remembered that, as originally conceived, the Fund's prescriptive powers derived from its ability to exclude refractory countries from access to conditional credit. As almost all credit is now drawn from other than official sources, the Fund's ability to lay down conditions has been correspondingly reduced. And as the function of creating international liquidity has been transferred from official institutions to private ones, so the task of supervision has passed from international bodies to national ones, whose surveillance, though keener than in the past, has nonetheless never reached beyond the boundaries of national interests.

Furthermore, the achievement of total independence by countries which in the past only enjoyed limited sovereignty has resulted in a greater differentiation of economic structures. The area occupied by the market economy has been narrowed, and in some countries completely replaced by government intervention. The greater the recourse to government intervention, the more difficult it becomes to

achieve co-ordination on the international level. The gold standard provided for only one type of intervention: purchases and sales of gold when the exchange rate level reached the gold points; this rule was observed by the majority of countries.

In the absence of a lender of last resort, the barrier to the private banking system taking over the function of a clearing union is credit-worthiness of the debtor countries. As I have already said, the burden of the economically weaker countries is tending to grow; but it is doubtful whether a system based on private institutions can support it. The ability of the system to expand is consequently nearing its limits. It is possible that as these limits are approached balance-of-payments equilibrium may have to be sought at progressively lower levels of economic activity — and primarily at the expense of the weaker countries. The dimension of the problems calls for greater co-operation among central monetary institutions; recent decisions are encouraging....

I have dwelt at length on the banks' role in the development of the international financial and monetary system because this role has given fresh motivation to the long-standing unpopularity of bankers....

Concern at the concentration of power in the hands of the banks lies behind the appeal made by the political parties for more rigorous supervision and fuller information. One circumstance that has helped to shape this attitude is the fact that fiscal policy is formulated through the medium of parliamentary debates under the scrutiny of public opinion, whereas monetary policy is framed in secret and may in some cases come into conflict with fiscal policy. Nor does the fact that it is partly thanks to its autonomous and discrete nature that monetary policy contributes more effectively to the rare successes of economic policy render any more acceptable this element of secrecy which is still its distinguishing trait.

The power of the banks and the need to bring it within narrower bounds are topics of debate in my country within the political parties, the trade unions and the universities. The head of the Communist party's planning department recently published a survey examining the causes of the increase in the economic power of the banks; he concluded by calling for the creation of a capital market where there could be more direct contact between enterprises and savers and where they would be offered a wider range of financial instruments.

In general the proposals for reform of the banking system put forward in Italy stem from the mistaken conviction that the changes that have occurred in Italy's financial structure are radically different from those that have taken place in other capitalist countries; there have been differences at times in the number of changes, but not in their nature....

In Italy the result of the decline in profits and the deficiency of risk capital has been the transfer of firms from the private sector to the public sector, and this has happened at a time when the public sector was progressively losing its ability to measure the efficiency of its resource utilization. Meanwhile, as in other industrial countries, there has been a growing tendency over the last decade for large groups to increase in size, partly by assimilating smaller firms, and this process, in turn, has helped to quicken the pace of expansion of the public sector: in the end it has become evident that it is not the state that rules the enterprises but the enterprises that rule the state. This is the reason why in Italy

the Communist party has taken a stand against the excessive power of public enterprises; to the foreign observer it may appear paradoxical: but in a situation such as exists in Italy at present, a party whose aim is to strengthen the authority of the state must seek to encourage this by bringing the state back to the arena of its fundamental duties, and limiting the field of those which are sources of contamination....

Extension of the banks' realm of influence, excessive power of the public enterprises, increasing exercise by the public authorities of their power of coercion in the financial sphere. On the one hand, we can also say: increasing subordination of the banks to the political authorities, of these to the large public enterprises, and of the latter to the banks. The main feature of this chain of dependence is that the sum of the losses of power is greater than that of the gains. It is the whole system that is progressively losing its capacity to control itself, to direct its own course of development and — ultimately — to govern its own future.

In most industrial countries there seems to be a consensus on the advantages of directing economic activity according to a basic plan. Even in the United States politicians from both parties in Congress have tabled a draft law to this effect. In Italy advocates of planning say that a selective credit policy is an essential prerequisite for putting it into effect; the banks in general are reproached for not having applied a selective credit policy; often the accusations come from

those complaining that too much credit has been granted to the next man rather than to themselves. In this case the charges laid at the door of the banking system are basically due to the fact that it is required to do what is really the duty of others; it seems to me that the planning of economic activity, if it has to be, should be the responsibility of authorities who have to answer for their actions to democratically elected assemblies.

In international relations the banks of some countries are accused of promoting capital exports and those of others of doing the reverse. We are again faced with the consequences of the authorities' inability to pursue the desired goals of economic and monetary policy and an attempt to delegate the task to the banks. In periods of social and political unrest, if governments wish to continue giving priority to the objective of maintaining communication between their economies, they must accept that funds will move from countries considered to be less stable to those considered to be more stable. Compensatory intervention would certainly be possible, neutralizing the effects of inflows and outflows; guidelines to this effect have been issued within the European Economic Community. But the whole body of provisions aimed at curbing outflows and inflows of capital by means of restrictions — often tried, always without success — does not reflect the ideals on which the Community is based.

## Stripdown of European Industry Slated To Set Up Supranational Corporatist Integration

Leonard Woodcock, president of the United Automobile Workers of America and executive of the International Metalworkers Federation, will fly to Turin, Italy later this month to discuss with Fiat chairman Gianni Agnelli the Federation's proposal for a "single European union for the auto industry." Agnelli, the leading pro-NATO Italian industrialist, fully supports the concept, according to a New York Times July 2 report, and further believes that "Ford, Chrysler, and General Motors...are the only ones who could set up such a union" since they are the only truly international companies on the continent.

The moves toward an all-Europe auto union are only the current phase of the Federation's plans to set up similar supranational unions for all major metals industries in Europe, Herman Rebhau, Secretary of the International Metalworkers Federation and a head of the UAW's International Affairs division, told a reporter July 2.

The union plans are one aspect of a broader reorganization of all European industry into a supranational structure fully tripartite in content. The contractors to this dictionary-definition Nazi corporatist alliance are: Management; the banks and their corporate debtors, which have drawn up plans to rationalize, shutdown, and layoff a quarter to a half of the continent's major industries and restructure the remainder into low-technology labor-intensive modes. A May report by Eurofinance, a joint consortium of Lehman Bros., Dresdner Bank, Société Général, and a dozen other Atlanticist institutions, calls for exactly this, including the shut-

down of a purported 25 per cent "excess" capacity in the European auto industry. The report also contains an endorsement of previous international bankers' calls for closing half of Europe's shipbuilding and good chunk of its steel industry.

—Labor: the Europe-wide, industry-wide new unions' job, Rebhau noted, will be to handle the layoffs and drastic standard of living cuts which will result from rationalization via "Swedish" type programs for retraining, relocation, public works, and other social control programs of the type made notorious by the International Labour Organization.

— Government: The European Economic Commission (EEC) will run all programs on a supranational level, Rebhau said. This is exactly as called for by the December 1975 Tindemans proposal to that body, which advised the EEC to fully integrate itself along military lines as a formal subsector of NATO. NATO's economic arm, the Organization for Economic Cooperation and Development (OECD), acts as a forum for many industrial rationalization programs.

### Eurofascism

The International Metalworkers Federation actually has two proposals for new Eurounions, and will settle for whichever it can push past a hostile membership. The first proposal, Rebhau elaborated, is one European wide metalworkers union, including auto. The second is the "company union" concept made famous by Japan's totally management-controlled trade union system: each corporation such as GM or Ford would have a Europe-wide

union of its own. Each of these unions would negotiate completely independently with its corporation, and, in the cases of vertically integrated companies this would mean breaking up existing industrial unions (steel, auto, rubber) altogether.

Both these plans were originated by the metalworkers in conjunction with a United Nations related body, the Group of Eminent Persons, some two years ago. The Group's membership, besides top international unionists, includes Agnelli, Sicco Mansholt, architect of the EEC's Common Agricultural Policy, Antonio Spinelli, the former EEC Commissioner who recently ran for office on the Italy Communist Party ticket, and Ralph Nader.

Besides tremendous union shop level resistance, Rebhan noted however, "Agnelli must still convince the other employers" of the scheme.

The kind of truncated European industry in which these Eurounions will work is described in detail in "The European Car Industry: The Problems of Structure and Overcapacity," issued in May, and presented at the May International Metalworkers Federation annual conference in Munich, by Eurofinance's Euroeconomics "research arm."

"Our considerations spring entirely from the weight of industrial logic and not from fascination with Tindemans-style visionary politics," the report protests unconvincingly. It argues that since the 1974 oil crisis, European governments have spent a "conservatively estimated \$1.5 billion" in subsidies to "unviable and inefficient" auto companies. Instead of acting as a "brake to industrial restructuring," European "governments must exercise positively the power they have as major owners-controllers of their automobile industries" to force the "reduction of the European auto industry to no more than three closely-integrated or merged groups."

Euroeconomics let out the actual process involved by making its model the March OECD ratification of a "gentleman's agreement" on reduction of shipbuilding capacity. The London Economist noted May 29 that existing OECD shipbuilding capacity is 50 per cent more than demand — and half of it should be shut, according to the OECD's banker advisors, although the figure does not appear in the gentlemen's agreement. This would mean laying off half the workers in an industry which employs 400,000 directly and another 1 million indirectly (parts, supplies) in the EEC, and an additional 185,000 directly and another 400,000 indirectly in Japan. To date, some 50,000 shipbuilding layoffs have been announced this year in Japan, Sweden, and the BRD alone.

OECD members "may have to do the same for steel shortly," notes the Euroeconomics report.

Euroeconomics estimates that European auto demand will "remain below the 1973 peak level" until "at least the mid-1980s," including net exports from the EEC, which it says will be half their 1973 levels of this year and evaporate by the 1980s as current markets "build up their own production." The combined demand, estimated for 9.8 million units per annum this year, is compared to a 1973 peak production of 12

million u.p.a., and Euroeconomics estimates 15 per cent "overcapacity." Compared with their own estimate, however, of existing plant capacity at 13 million u.p.a., the "overcapacity" is closer to 25 per cent.

The "three large" supranational companies left would then implement "a radical solution: Europe must rediscover the Beetle principle and reapply it on treble the scale," announces the study. The old people's Car of Adolph Hitler is to be reinstated in all its labor-intensive horror. Eurofinance explicitly calls for more "low technology" production methods, claiming that European auto parts are "over-engineered," that is, "component specifications are too high relative to actual operating requirements." Mass model, cheap death traps are to be produced at pre-war production technologies.

### Euroslaves

Commenting on the Lehman Bros. program, Herman Rebhan predicted exactly this kind of fate for the automobile industry. Asked what would become of the laid off workers from auto, shipbuilding, steel, and other metals industries, he directly referenced the International Labour Organization's programs: "Sweden is the model," he said, "as the ILO mentions, they are solving such problems through retraining of workers and deployment to other industries."

These programs are already fully "in place" in many European countries, and labor specialists such as the director of the Berlin Office of the Aspen Institute are already speculating how to cut off unemployment compensation to force workers into them at even lower remuneration. "The 1969 Labor Promotion Act is fully comprehensive to deal with large numbers" of workers he told a reporter this week.

Provisions of the Act include a 2.3 million man per year retraining and relocation program, a new DM 900 million per year youth training program, and a \$2.3 billion per year public works program disguised as "subsidy to the construction industry." On July 2, the new West German Mitbestimmung Law went into effect in the BRD, under which all corporations with over 2,000 employees must now have half the members of their board chosen by trade unions; Mitbestimmung — co-determination — was pioneered by the Nazis to make workers police themselves.

Already, Britain sent the Bullock Commission to Bonn this week to look into implementation of such a program for the U.K.

Other ILO policies are in full swing. Gosamtmetall, the West German metal industry's employers federation, announced this week that it will expand its issue of capital shares, another Hitler trick, as a favor to its workers in exchange for cutbacks in overtime. Thyssen steel announced simultaneously the issuance of 5-year, **unconvertible** DM 50 bonds to 150,000 of its workers in lieu of a payhike. From 50 to 90 per cent of workers in Germany's top ten corporations own shares in their companies.

# Atlanticists Push Too Hard On Debt; Wobbling Dominoes Set To Topple

June 29 (NSIPS) — Two closely-linked developments have pushed the dollar monetary system to the verge of dissolution:

First, the evident inability of the Atlanticist financiers to enforce Schachtian austerity in either the advanced sector or among the developing countries has produced an extreme crisis of confidence in the world credit market.

Second, the New York City banks and their spokesmen in Western governments have pushed their victims to the point that debt has become an urgent **national security** issue, not only for the Third World, but also for Eastern Europe.

On the eve of the June 30 debt rollover deadline, when banks clear their books of short-term paper coming due, the Atlanticists have panicked. Not a single Western government, including the Ford Administration, is willing to back up another round of credit extension to the Third World. Threatened with default, the New York banks are throwing everything they have into a campaign to break down the governments of Peru, Egypt, Indonesia and other Third World countries. They have chosen to force the question of debt moratoria onto the Third World, virtually destroying any hope of postponing the crisis until later this year.

Meanwhile, Kissinger's public threat to use the socialist sector's \$32 billion foreign debt as a political weapon is forcing the Soviets into active support of the Third World's fight for debt moratorium for the first time.

In what may be Wall Street's last Pyrrhic victory, a delegation of New York financiers headed by James Green of Manufacturers Hanover forced a life-and-death crisis for the Peruvian government this week. The Peruvian central bank, without government approval, announced a 44 per cent devaluation of the Peruvian currency June 28, in what bankers wishfully identify as a prelude to a general austerity program. All out war has begun between Peruvian president Morales Bermudez, who jumped to support the central bank, and the members of the Peruvian cabinet, which voted last month to declare debt moratorium.

Highly reliable sources report that the Peruvian cabinet is urgently negotiating long-term contracts for delivery of food from Canada and other exporters, in order to prepare for a debt moratorium and a cutoff of New York bank loans. The country now has a two to three month food stockpile, and \$400 million in debt payments coming due in a matter of days.

Egypt followed Peru into an identical national crisis today, when West German newspapers leaked word that the country faced a shutoff of development aid. West German foreign ministry officials have threatened President Anwar Sadat with a cutoff of all government loans, unless he breaks with the Palestine Liberation Organization and allies with Kissinger's puppet, Syrian President Assad.

Egypt's creditors are, in effect, asking its head of state to commit public suicide. West German banking sources warned last week that Nasserite and pro-Soviet elements of Egypt's leading political circles threatened to declare a debt moratorium rather than accept an austerity program. This political force is committed to support of the PLO. More soberly, the London Financial Times estimated this week

that 90 per cent of the Egyptian population supports Nasserite policies, and that Sadat has "no options" to put through an austerity program.

With \$14 billion in Egyptian foreign debt at stake, however, emergency creditors' meetings in New York City on June 24 and in Frankfurt on June 28 decided to shoot the works against the Sadat government. They have demanded political conditions that no Egyptian government could accept, inviting Egypt to retaliate by cancelling its debt payments.

## Collapse of Confidence Over Indonesia

The worst creditors' war since the settlement of Allied war debt broke out this week over the \$10 billion bankruptcy of the Indonesian oil company, Pertamina. A group of nine shipping companies who leased tankers worth \$3 billion to the bankrupt national concern have filed lawsuits in New York and London to seize Pertamina's foreign assets. Under a \$1.2 billion refinancing deal arranged by Morgan Guaranty Trust late in 1975, the Indonesia government cut off payments to the shipowners and to development-project contractors holding \$2 billion in government obligations. If the shipowners win their suit — some New York investment bankers expect them to — Morgan and the other New York City banks will be cut off without a penny.

Coming in the midst of negotiations over the defaulted debt of Argentina, Chile, Zaire, and several other Third World governments, the creditors' fight over Indonesia threatens to destroy the whole \$250 billion confidence game of Third World lending. One top New York City bank analyst predicted "an emerging crisis of confidence that could reduce the Eurodollar market to chaos." A new York Times article this morning detailing the fight over Pertamina spurred emergency meetings at most New York banking houses and at the International Monetary Fund in Washington, D.C.

What pitted these two groups of vultures against each other is clear. "The bastards are trying to blackmail us — they're threatening not to pay," screamed an investment banker who "advises" the Indonesia government last week. With its enemies divided, the Indonesia government is poised to declare a debt moratorium.

Several Third World countries took the strategic decision to force the debt issue after trouncing the U.S. State Department at the last session of the "North-South" talks earlier this month in Paris. Aides to U.S. secretary of State Kissinger proposed discussion of the so-called International Resources Bank, a Schachtian scheme to extract income to pay Third World Debt service through labor-intensive investment in Third World mineral resources. By a five-to-one vote, the Third World caucus at these talks voted to bar consideration of the genocidal scheme, following a similar decision at the United Nations Conference on Trade and Development in May. Third World diplomatic sources gleefully report that the Western European delegation refused to back up Kissinger, ensuring a defeat for the International Resources Bank.

### Soviets Pushed on Debt Issue

State Department and Central Intelligence Agency officials are now terrified that the Soviet Union will offer to support Third World countries on the debt issue, after two years on the sidelines. In what most Soviet experts in the U.S. consider a disastrous blunder, Kissinger publicly threatened the Soviet Union with a cutoff of loans at last week's ministerial meeting of the Organization for Economic Cooperation and Development. Kissinger's intention is to use financial pressure on Poland, Hungary, Rumania and other heavily-indebted Comecon nations to destabilize the Soviet sector.

But Kissinger's provocations, which coincided with unrest in Poland over a proposed rise in food prices, forces the Soviets to take a stand on the issue of world debt, which they have shirked for two years. Poland, Hungary, and other Comecon members have an immediate vital stake in a world debt moratorium. Kissinger has made this an issue of national security for several countries, and an issue of integrity of the socialist sector for the Soviet Union.

New York banking sources report that the Soviets are negotiating a moratorium on their own loans to Egypt — which gives Egypt more maneuvering room against the New York banks.

Quietly, a number of Atlanticist financiers, including a group in the London financial center, are trying to work out a way of living with debt moratoria. British financial writer Nicholas Davenport argued last week in *The Spectator* that the problem in the world monetary system was not the ailing British pound, but Third World debt, which "could bring the New York banks crashing down."

At least one member of the British cabinet is reportedly pressing for Britain to suspend its \$25 billion foreign debt as the only way to restore the British economy.

## Sadat Prepares To Make Egyptian Pound Convertible

According to PetroMoney Report (PMR), published by the *Financial Times* of London, the Egyptian authorities are keeping secret both the day next month when they will announce the new commercial market rate for the Egyptian pound and the level at which the "managed float will begin." Economics Minister Zaki Shaffei said to PMR that the aim of the Egyptian government is to keep it (the pound) below 70 piastres to the dollar, thus limited to what he describes as a "selective devaluation" after it starts floating. The pound float, which was demanded by the International Monetary Fund officials two weeks ago, is going to cost Egypt about \$800 million per year on import prices and at the same time the price of Egypt's exports will be lowered.

Meanwhile, the Egyptian trade deficit has reached \$2.74 billion and the only way that President Anwar Sadat's government has been able to afford "such an expensive deficit" is by obtaining the "unrequited transfers" of almost \$1 billion which come from grants that the Saudis and Kuwaitis promised in the beginning of the year. But what keeps Sadat going are the so-called monetary movements of the Saudi-Kuwaiti accounts. Faced with a national deficit up

to ¥14 billion, then both Saudi Arabia and Kuwaiti governments have agreed for political reasons to bridge the balance of payment gap through short-term deposits which, "they are counted as monetary movements." This would prevent, at least temporarily, the impending collapse of Egyptian debt payments to international banks. Shaffei stated, however, that the Egyptian government is ready to put control on domestic credit in order to "mop up Egyptian pounds which might otherwise be competing for the limited foreign currency available" in the Egyptian Central Bank. This threat has made the Saudis and the Kuwaitis extremely nervous since it is likely that their deposit accounts are going to be used for the mop up of the excess Egyptian paper.

The PMR reports that Saudi Arabia and Kuwait stand to lose about \$2 billion if the Egyptian mop up is undertaken.

As part of the Budgetary discipline that Sadat has pledged to the IMF, Saudi Arabia and Kuwait, he has announced that if the Egyptian pound becomes a problem for the existing foreign reserves, his government is going to cut \$250 million from the so-called "subsidies to the masses" as first step to protect the foreign deposits. For the average Egyptian worker and farmer whose food is already rationed, these new restrictions will limit consumption to one black bean sandwich a day instead of the current two.

## Riot Flops In Peru; Battle Centers On Moratoria

July 3 (NSIPS) — Decisive action by the Peruvian government and the high level of politicization of the Peruvian working class have thwarted the latest Wall Street bankers' attempt to create the conditions for purging the ruling military junta of its pro-development and pro-moratoria ministers. Riots in Lima July 1, led by CIA provocateurs, failed to gain any support within the working class and were quickly quelled when the government declared a 30-day state of emergency.

Although the momentum of one key fascist operation has been at least temporarily broken, the situation remains extremely critical and unstable. The state of emergency and the government's capitulation to Lower Manhattan banks last week on economic policy provide the military's right-wing with the power and the context to move against the pro-development forces if the progressives do not rally their forces and the working class around the declaration of a debt moratoria.

Eduardo Castillo, Secretary General of the Communist Party-led CGTP trade union confederation, made clear yesterday that the organized Peruvian working class stands ready to oppose the harsh austerity measures implemented last week while at the same time rejecting the anti-government provocations of the CIA-controlled ultraleft and the rightwing. Castillo linked the latest government economic policies, which have cut real wages by at least 20 per cent, to the International Monetary Fund and warned that they have "awakened a rightful popular indignation." But, Castillo

charged, "reactionary groups" attempted to take advantage of the working class reaction by provoking Thursday's riots "which have nothing to do with the forms of class struggle." He urged the government not to use the state of emergency "to attack the popular movement, nor to make attempts on the rights of organization or the workers' struggles," but to use the emergency powers "to answer the aggressions of the real enemies of the revolutionary process: the right, imperialism, and its internal agents."

#### Riots Fizzle

The detonation of anti-government riots was Wall Street's intended follow-up to its success in coercing the government, under threat of economic and military warfare, to swallow the IMF austerity dictates. They were attempting a replay of the riots of February, 1975 when agents of the fascist Apra party and various Maoist grouplets led two days of rioting against the government of former President Velasco Alverado. This time, however, the riots were less serious and gained no working class support despite the fact that the population is both enraged and panicked over the slash in their living standards and the prospect of immediate food shortages.

On July 1, the rightwing succeeded in sparking a strike of small bus operators and owners, most of them organized by the Apra. They shut down their buses to demand the doubling of bus fares or a rollback of the 117 per cent rise in the cost of gasoline announced at midweek. From the small bus drivers and owners, the anti-government actions spread only to school children and high school students who were provoked by professional agitators to break windows and loot stores in downtown Lima. When those disturbances failed to grow, the Apra and Maoist provocateurs tried to rally slum dwellers on the outskirts of the city with equally poor results. The isolated riots were dispersed with tear gas and a government show of force; the state of emergency was imposed to prevent the right from making another insurrectionary attempt.

The failure of the riots means the at least temporary failure of the stated intentions of one knowledgeable New York banker to "cut off the legs" of the pro-development ministers by capturing their working class base under the fascist, anti-government banners of the Apra and the Maoists. Peru has long been a target of Wall Street destabilization efforts since that country took a leading role in the fight for a new world economic order. However, the state of emergency and the government's decision to capitulate to Atlanticist blackmail on economic policy pose continuing urgent questions of survival to the military progressives.

Under the 30-day emergency, the Cabinet of Ministers has been replaced by the Joint Command of the Armed Forces as the country's ruling body. The Command consists of Navy, Army and Air Force chiefs, the President, and the Interior Minister. Pro-development Army chief and Prime Minister Fernandez Maldonado will be surrounded by a collection of hard-line, rightwing officers and the vacillating centrist President Morales Bermudez. With the state of emergency decree establishing martial law and suspending civil liberties, the Joint Command has already closed down *Unidad*, the paper of the Communist Party, along with the weekly publications of the right and the ultraleft. The papers and magazines were closed for "conducting campaigns designed to obstruct measures of economic reactivation, and to destroy the unity of Armed Forces," according to Associated Press. To date, the Latin American Labor

Committees newspaper *Nueva Solidaridad* has not been banned. The weekly has not gone to press since the state of emergency was declared July 1. In this situation it is critical that the links between the pro-development forces in the military and the organized working class be not only maintained but strengthened around a programmatic fight against the domestic right and their New York directors.

#### Moratoria the Issue

New York bankers and sources close to the U.S. State Department report that, prior to the Central Bank's obedience to Wall Street demands for a 44 per cent devaluation last week, the cabinet had actively discussed unilaterally declaring a moratoria on the country's foreign debt. Leading trade unionists, both publicly and in conversation with the Latin American Labor Committees, have stated their commitment to moratoria as the only sane solution to Peru's economic situation. Much of the strength of Peru's pro-development military and union forces will depend on international support for the declaration of debt moratoria and a new world economic order. The longer the Peruvian progressives postpone decisive action in favor of moratoria, the more time the right will have to use the state of emergency and the threats of the IMF, the New York banks, and Peru's fascist neighbors to consolidate their power for another riot attempt aimed at creating the conditions for a coup.

The Atlanticist controlled press has already begun to open a fresh propaganda barrage on the supposed lessons of Peru, using as their foil the preposterous lie that Chile, as a result of its genocidal "shock therapy" austerity program, has put itself back on the road to economic health. The Chilean junta last week carried out a con man's revaluation of its currency, by 10 per cent, and fascist President Augusto Pinochet paraded himself on national television to proclaim that economic recovery was underway. An editorial in the prestigious Argentine daily *La Prensa* was representative of the Wall Street lies. *La Prensa* hailed the Chilean model as "fully justified" since those governments that "fear the so-called 'social costs' of inevitable austerity measures tend to precipitate their countries into crisis such as that of Peru."

Within Peru, clumsy agent efforts hope to counter the organizing of, particularly, the Latin American Labor Committees for debt moratoria. The ultraleft rag *Marka*, among those weeklies shut down yesterday by the Joint Command, printed an analysis in its last issue calling for labor-intensive projects for Peru since, they argued, capital intensive development leads to an increased foreign debt. The *Marka* agents, linked to the U.S. Institute for Policy Studies, raise the slogan, "More Picks, Less Tractors," in direct opposition to the Labor Committees' call for "Picks and Shovels Against the CIA; Tractors for the Country-side."

The Communist Party has issued a call echoing the statement of the more politically advanced CGTP confederation in which the party urges government action against the fascist Apra and the ultraleft. But the Communist Party is largely factionalized and infiltrated by agents of the right as evidenced in the latest issue of their paper. Jorge del Prado's article on the threat of a fascist coup correctly states that "This objective (a coup) also has the support of partisans inside the Government"; on the next page, a column by Elias asserts that reports of factions within the government are "made in secret services of the reaction and imperialism."

# Economic Summit: Simon Proposes Austerity Refinancing For Europe

June 29 (NSIPS) — The “Rambouillet II” economic summit of the Big Seven western industrial heads of state ended yesterday in Puerto Rico with a call by U.S. Treasury Secretary William Simon for “temporary” refinancing of Italy and other bankrupt European nations under “stringent” austerity measures Simon demanded a “new financing mechanism” set up under the control of the International Monetary Fund (IMF) to force Italy and the rest of Western Europe to “put their economic houses in order” — i.e. guarantee debt payments — with budget cuts and credit contraction today’s Wall Street Journal reported.

Simon’s statement indicates that the actual implementation of harsh new austerity measures in Italy is a do-or-die issue for the New York banks. The no-strings \$5.3 billion handout to Britain recently cannot be repeated for Italy, a U.S. Federal Reserve spokesman said today. A handout would be openly hyperinflationary and would destroy the credibility of any new austerity demands that the U.S. and its West German apprentice debt collectors might make. Market confidence in the collectability of some \$300 billion in Third World and related debt, already severely shaken, could collapse completely.

Because of strong working class resistance, however, the political feasibility of Simon’s demands is “entirely unclear,” an IMF authority on Italy bitterly admitted today. “Simon’s idea is all very nice,” he sneered, “but he says ‘conditions.’ The question is: can we set them?”

## Bankruptcy in High Places

Despite Simon’s urgings, the summit produced no decisions whatever on the critical issues facing the bankrupt Atlanticists. Instead the Big Seven spoke at cross purposes, venting their rage and helplessness to no result. President Ford gave a lecture on go-slow Republican economics, warning against inflationary growth policies. The West Germans denounced the flood of short term capital movements which have wracked the monetary system — a veiled warning against the looming catastrophe of the hyperinflationary Eurodollar market. The French proposed to offer the Third World a commodities fraud, a position already rejected by Ford. Behind the scenes, bankers and government officials alternately begged and threatened Third World governments to convince them not to declare debt moratoria.

The fate of the Simon plan in the final summit communique was exemplary of the entire proceedings.

To set up his “new mechanism,” Simon originally suggested use of the \$6 billion General Agreement to Borrow facility of the IMF. The ten major Western nations would make extraordinary funds available through the IMF which would thereby enjoy a dictatorial grip on the economy of Italy or any country agreeing to the terms. But the final summit communique said nothing of all this, merely referencing vague “balance of payments assistance” by “multilateral means” to needy nations.

Equally weak was the final communique’s call for general austerity. “Better balance in public finance” (budget cuts)

and “disciplined fiscal and monetary policy” (government services and credit cuts) are “involved” in “avoiding inflation,” it read, after much arm-twisting by Simon and Kissinger. Britain, Italy, and Japan openly denied this was any sort of commitment. Each country will be “going its own way” said British Prime Minister James Callaghan, insisting that “appallingly high unemployment” is a more basic issue than credit cuts.

No joint position whatsoever was reached on Kissinger’s strident demands for solidarity against the Third World. According to the French financial newspaper *Les Echos*, the pro-NATO Giscard government of France pushed “concessions on raw materials” — the Brookings Institution’s commodity indexation hoax — solely to avoid “moratorium for Third World debts, the main demand from developing countries, ...hostility to which” is the “only point of agreement between the U.S. and France.” President Ford made sure the U.S. rejected commodities agreements, and West German Chancellor Helmut Schmidt’s delegation insisted the issue was “nonsense.”

## Rockefeller Orders Japan To Bail Out Debt-Strapped Countries Or Face Collapse

At the recent Puerto Rico summit and the Paris OECD meeting, the squeeze was put on Japan by the New York banks and their political representatives in the U.S. government to force an orientation of Japanese economic policy around bailing out the key countries with now-unpayable debts to the New York City banks. This was to be done, Lower Manhattan said with many voices, no matter what the cost in living standards or disruption of Japan’s domestic financial structures.

At the Puerto Rico summit, a top official of the U.S. Treasury Department explained, the line was laid down: “Japan must run a large current account payments deficit including a large trade deficit in order to allow weaker countries such as Britain, Italy and certain Third World countries to reduce their payments deficits. The international monetary system cannot survive continued (rollover) loans of the type that these countries’ deficits made necessary earlier. Whether Japan increases its imports or decreases its exports the same objective is achieved.”

Similarly, a leading economic spokesman for David Rockefeller’s Trilateral Commission told NSIPS this week, “For the last six months, Japan’s economic has ridden on the back of the U.S. recovery. This cannot continue. From now

on, Japan should base its recovery on domestic expansionary fiscal measures."

If Japan continues resisting this policy, the U.S. government is prepared to force it through using economic blackmail. A Treasury official threatened, "If Japan doesn't go along with this policy, then the Europeans will tend to impose unilateral restrictions on imports of Japanese goods. The objective will be achieved in any case." According to U.S. government officials quoted in the July 2 Journal of Commerce, Prime Minister Takeo Miki was threatened that if Japan failed to restrain its exports to the U.S., then the U.S. would force an upvaluation of the yen within weeks.

#### Recovery Collapses

The background to this pressure tactic is the unravelling of the fraudulent "export-led recovery" scheme that had been worked out last September in a secret meeting between Japanese Deputy Prime Minister and Economic Planning Agency head Takeo Fukuda and Chase Manhattan Bank Chairman David Rockefeller in New York. Hyperinflationary consumer credit and inventory financing measures in the U.S. allowed Japan to export astounding amounts of autos, color TV's and other consumer durables to the U.S. — in some cases 90 per cent above 1975 levels! This export "boom" was the sole basis for the 2-3 per cent Jan.-April monthly increases in Japanese industrial production. Simultaneously, hot international money supplied by the New York banks entered Japan at a rate of some \$500-600 million per month, providing needed liquidity for Japan's corporations. Without this, Japan's economy would have continued the downturn that began in Oct.-Dec. — especially since International Monetary Fund austerity policies in the Third World had cut into Japan's exports.

However, as soon as the disruption of the U.S. money markets caused by this inflationary policy forced the U.S. to tighten credit and raise interest rates, then Japan's exports were sent into a tailspin propelling the entire economy back into a depression. Ex-ports dropped 7 per cent in April from March and declined marginally in May; industrial production dropped 1.7 per cent in May with 3-5 per cent rates of decline in the various machine tool sectors.

The flows of hot money have reversed, leading to a net \$600 million outflow in June. As a result, the Bank of Japan was forced either to print yens leading once again at a 30 per cent plus inflation rate, or to tighten money and continue the collapse of capital goods production. It has taken the latter disastrous course.

#### The End of the Road

The New York City banks are fully prepared to let Japan go down the chute, unless Japan bails out the debtor countries. The Rockefeller group had seen the export scheme worked out with Fukuda simply as giving Japan breathing space within which to accomplish the following measures:

- \*reduce wage hikes to below the inflation rate (nearly accomplished this spring when average wage hikes were kept to 9 per cent.)
- \*replace a good portion of consumer goods production with public works projects financed by budget deficits and increased taxes (not yet accomplished)
- \*while abandoning capital goods exports to the developing sector in compliance with IMF austerity policies, import raw materials from them for the public works projects — thereby providing these countries with income that could be siphoned

into the New York banks through debt payments,

\*to facilitate the bailout of such Third World countries, especially those in danger of declaring debt moratorium, increase yen-denominated and yen-financed trade and increase the use of the yen as a reserve currency.

Miki, however, has consistently refused to carry out Wall Street's order to crack the austerity whip. Instead he used the breathing space allowed by the export fraud to avoid enforcing austerity. On the other hand, Miki also failed to set the basis for a real economic recovery, once the export fraud fizzled out.

In May, Rockefeller-agent Fukuda and his dupe Liberal Democratic Party Vice-President Etsusaburo Shiina were able to begin a drive to oust Miki from power, to replace him with a Fukuda-led rightwing austerity regime that could carry out Rockefeller's orders. In a July 2 interview with the Mainichi Daily News, Shiina admitted that the real reason for the oust Miki drive was not their differences on the handling of the Lockheed bribe scandal investigation (as he had previously claimed) but rather Miki's refusal to deal with the economic slump through fiscal budgetary measures — the public works policy pushed by the Trilateral Commission.

#### Will the Japanese Economy Survive?

At this point, the key to the survival of the Japanese economy is the mobilization of the forces committed to economic development around a policy of technological and capital aid to the developing sector: left-wing political parties, industrialists and sections of the bureaucracy. This policy, which, Miki had pushed at last fall's Rambouillet summit is still being consistently pursued by the Ministry for International Trade and Industry, such business leaders as Keidanren (Business Federation) president Toshio Doko, Miki adviser and former Foreign Minister Toshio Kimura and the influential Yomiuri newspaper, among others. However, other than two articles in the Yomiuri in April, none of these forces has publicly advocated the debt moratorium — the necessary first step to carry out such policies.

Miki continued the vacillation at the Puerto Rico summit. He resisted pressure for an upvaluation of the yen and supported the sham "Third World demand" for a commodities fund, but failed to go even so far as he had last fall to push a positive policy of Third World development as the basis for world economic recovery.

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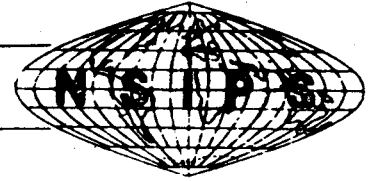
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## Electrical, Warehouse Workers Win Teamster Style Wage Gain

July 3 (NSIPS) — Eighty-seven thousand electrical workers nationally won a 38 per cent wage increase from General Electric June 27, in a settlement immediately followed by that of 18,000 West Coast warehouse workers who won a 35 per cent wage increase. The accord with GE is expected to be replicated this week for 27,000 additional electrical workers at Westinghouse.

The political concessions made by the Atlanticist capitalists to these major unions follows that pattern set by the Teamsters in their groundbreaking April settlement and directly reflects the penetration of the U.S. Labor Party within these unions.

The tactical victory of the U.S. labor movement has thrown the Atlanticists into a life-or-death conjuncture. Their ability to go on looting the U.S. working class through speed up and the gouging of real wages — together with the looting of plant and equipment, the only basis of the so-called recovery — has been limited by working class resistance. What faces the Atlanticists, therefore, is hyperinflationary explosion and the collapse of the myth of the recovery — the only prop which has held up the dollar empire for the last year.

Hyperinflation, combined with the genocidal cuts Wall Street is demanding and instituting in the municipal sector, make all the more necessary the immediate implementation of debt moratorium and the U.S. Labor Party's Emergency Employment Act — to give material substance to the political concessions won by major unions.

### No Recovery

U.S. capitalists are being hit from all sides with signs that their mythical "recovery" is over. Retail sales, the weak backbone of the recovery, have declined for the last two months, the ironical consequences of the looting of workers' incomes. In June the number of employed workers dropped, the first such drop since November 1975. Even the U.S. Labor Department had to interpret this decline as a sign that the recovery was "softening," against the protests of the Ford Administration.

The prices of industrial materials are up 125 per cent on a year-to-year basis in spite of lagging industrial demand as a result of desperate price boosts by cash-strapped producers and pure speculative hedging. Without more "productivity savings" to offset the crushing burden of debt on U.S. industries, this inflationary spiral will really take off.

The economic developments, just now being recognized by U.S. capitalists, stem from the late-March political-economic conjuncture. At that point the so-called recovery — nothing more than the "stabilization" of depression conditions based on the cannibalization of plant and equipment and labor —

ran smack up against the successful resistance of the Teamsters. At that point consumer goods production had already begun to stagnate as final sales stagnated and unemployment was definitely on the rise. Starting in industrial materials, inflation took off.

The Atlanticists had counted on totally breaking the labor movement to turn-around the deadly inflationary trend, but there were some snags. The International Union of Electrical Workers and United Electrical Workers signed contracts with General Electric last week that give the unions a 20 per cent increase over three-years and a generous cost of living formula which will bring the total wage gain to 38 per cent. Although the contract even escalates the pattern of wage gains set by the April Teamster contract, it is a defensive victory. The contract involves a still unpublicized productivity agreement and does not include the electrical workers' demand for a closed shop.

Immediately after GE settled, warehouse workers of the International Longshore Workers Union won a similar contract on the West Coast, a 35 per cent increase over three years including cost-of-living increases — signifying that the Teamsters contract has become the floor of all major wage agreements.

### Crisis of Confidence

These contract developments quickly triggered off a crisis of confidence on Wall Street. Said one New York bank economist, "GE caved in too easily ... Westinghouse is in bad shape financially, but GE could have stood a strike for several months without hurting financially." GE's capitulation, the economist noted, was a far cry from the bitter fight they waged against the unions in 1969.

In the atmosphere created by both settlements, it is unlikely that the rubber workers, now in the 11th week of a strike against the Big Four tire producers, will accept a contract without the catch-up wage increase or cost-of-living clause they have been demanding. As far as future contracts go, Wall Street is crossing its fingers that the auto workers, whose contract expires in September, will be "more cooperative."

### Inflation Worries

The pattern of wage gains escalated by the electrical contract will fuel inflationary expectations and inflation itself, Wall Street sources fear. The second quarter survey of the National Association of Purchasing Managers showed that the majority of its members are already worried about price inflation. In June for the twelfth month in a row the majority of NAPM members, a representative sampling of,

said they were paying more for materials. Leading the list of higher priced materials were metals, including silver, aluminum, copper, and steel-bars, plate, structural, and sheet.

The Journal of Commerce index of 16 industrial materials has been reflecting this trend since late March. Last week this index showed a year to year increase, with the major part of the increase falling in the last three months.

Such price increases are threatening the capital goods sector with a total collapse of production. The capital goods sector never recovered during the so-called upsurge.

The chief economist of the Machinery Institute indicates that price inflation isn't even on the machinery producers' list of worries — "They're too worried about demand." The machinery sector reportedly has "comfortable" inventories, both of their own products and of raw materials and parts. So far increasing productivity has off set whatever price pressure machinery producers have felt.

This inflation has already worked its way down the line into the government wholesale and consumer price index and has led to a downturn in retail sales, as well as construction and capital spending. While retail sales have declined for two consecutive months, at least one major national retail outlet, J.C. Penney, says it is interpreting the May-June downturn as a "temporary pause only" and that it has not adjusted its orders in line with the "unexpected" decline. There are many visible signs of the plight of the retailers — summer clearance sales in mid-June, the opening of many department stores for the first time on the July 5 legal holiday, etc.

#### End of the Road

The U.S. economy in fact ended its mild "recovery" last February. At that point unemployment was rising again and

was reflected in the steady increase in new claims for state unemployment (an increase of from 340,000 per week in late March to 412,000 per week in late May alone.) This reality was masked by the official unemployment rate — which incredible was going down — simply because the mass of workers who entered the employment rolls in the worst of the late 1974—early 1975 recession were exhausting their unemployment benefits and being dropped from the unemployment rolls! The number of people on unemployment insurance declined from about 6.2 million in late February to 4.5 million in late May alone.

The Labor Department is finally presenting a partial picture of this reality. In reporting the rise in the unemployment rate in June to 7.5 per cent from May's 7.3 per cent, the Bureau of Labor Statistics commented that unemployment has been basically unchanged since February, when the rate was 7.6 per cent. The June figures also showed that the number of employed workers dropped for the first time since last November. Of course, even a constant number of employed workers means growing unemployment, because on the order of 400,000 people join the workforce per month — something the BLS figures ignore. At present, several millions of college students are swelling the work force, unable to find jobs.

A look at the figures for employment in the "goods producing" industries — i.e. real production — makes the point about complete economic stagnation absolutely clear: manufacturing employment has been stagnant since January (1-76: 22,914; 5-76: 23,101). The Federal Reserve Board's newly revised industrial production figures tell the same story. Consumer goods production — the "back bone" of the recovery — has stagnated since March (3-76: 136.5; 5-76: 136.6).

## Worries Persist Over New York Debt

Wall Street breathed a sigh of relief this week as New York municipal unions, under the tight control of AFSCME director Victor Gotbaum, accepted Brazilian-type contracts — cost of living increases financed out of productivity — and gave up \$24 million in fringe benefits. The Emergency Financial Control Board approved the city's overall austerity plan which subsumed the contracts late Wednesday, June 30. The next day the Treasury Secretary William Simon approved the first \$500 million installment of the new round of federal loans, and the city was saved from defaulting on payroll, payments to vendors, and debt service.

However, beneath the thin layer of optimism that the city has begun to get its finances straight, the New York banking community is nervous about the repayment of New York and MAC's outstanding debt which now totals more than \$14 billion. Heightening those fears, the General Accounting Office of the federal government released a study last week warning that New York will not be in a position to repay the holders of \$1.1 billion in city notes in moratorium at the end of the three years financial plan unless that plan is significantly revised. Banking sources say they are also concerned about the bulk of the debt which must be paid back after 1978. One banking source commented last week — after the labor contracts had been settled — that he still wouldn't touch New York debt with a ten foot pole.

Not only was the MAC's swap offer a complete flop, but MAC chairman Felix Rohatyn went before his banking friends two weeks ago to plead with them to postpone payment of interest and principal on the MAC debt for at least 3 years. Rohatyn protested that such payments would necessitate further cuts not included in the city 3 year plan — cuts he said would be politically difficult to make. And no one is foolish enough to talk about the city entering the borrowing market again.

What is dawning on some banking circles is the fact that the destruction of New York as a viable economic unit at the hands of the austerity plan is not going to help it repay its now more than \$14 billion debt. In addition these layers are concerned that the levels of austerity that exist currently "on paper," both in the financial plan and the new wage contracts will simply not be politically enforceable, no matter how far Mayor Beame, Victor Gotbaum and similar friends of the banks say they will go to secure the debt.

The problem as some bankers and others see it, is that the city is still run by a "constituency-based government. The bankers call the shots but the politicians and similar people tied to the public must do the dirty work. Beame and Gotbaum and other loyal fellows may walk over a cliff if ordered, but what about the others — especially the elected "public officials." At some point, one of these councilmen,

assemblymen, or congressmen fearing for his life (it is reported that after the latest cuts few elected officials dare venture into their own districts) may propose a radical solution — let's forget about the debt — a debt moratorium. At the point that someone calls the bankers' bluff and calls for moratorium or cancellation, the whole stack of New York City paper is as worthless as last years 35 cent subway tokens.

So the bankers are toying around with a more radical solution: do away with the present form of city government, and rule through the Control Board or a similar mechanism which would only be answerable to Lower Manhattan. It is reported that the bankers are prepared to propose this when

the next default crisis heats up—maybe before the end of the summer. No one, however, except a handful of diehards “let-them-eat-cake” types in a few key banks, really believes that the plan could work. And even these diehards would rather postpone the move until every other option is exhausted. As long as the banks look like they are still in political control of their debt (i.e., have the means to extract payment when push comes to shove), they will wait on these “government reforms.”

As one banker confided after the contracts were signed, “We (the banks) haven't won this ballgame by a longshot. We've only sent it into another extra-inning. But I still would not take a bet on whether the debt will be repayed.”



## Iraq To Intervene In Lebanon War To Halt Kissinger Massacre Of Left

July 4 (NSIPS)—Iraq and the Soviet Union are moving politically and militarily to break the deadly offensive by Syria and the Lebanese right in Lebanon. The Iraqis announced July 2 that they decided to send their armed forces

The Rockefeller forces, including the crazed Israeli Soviet Union to the fullest extent. Like the role of Cuban forces in Angola, the Iraqi decision is a response to intolerable aggression by Kissinger-directed thugs and terrorists and is fully supported by the progressive forces of the entire Arab sector.

The Rockefeller forces, including the crazed Israeli warhawks around Moshe Dayan and Defense Minister Shimon Peres, can be expected to use the Iraqi action as a pretext to precipitate a nuclear confrontation in the Middle East. The barbaric Israeli exercise in officially sanctioned "counterterror" in Uganda, where Israeli commandos invaded Entebbe Airport to rescue 100 hostages held by Kissinger-controlled terrorists, has electrified Israel's population and provided critical leverage to the Dayan-Peres faction in their efforts to launch a long-threatened invasion of southern Lebanon.

The Iraqi action brings the 15-month-long Lebanese civil war to a new phase. It comes in the midst of bloodiest offensive of the war by CIA-backed Christian rightist militia, supported by 13,000 Syrian troops, against leftist and Palestinian positions throughout Lebanon, including the strategically vital Palestinian refugee camp at Tal Zaatar in eastern Beirut. The battle for Tal Zaatar is entering its third week, having already left an estimated 3,000 dead, and is generally being viewed as the decisive battle of the war. The fall of Tal Zaatar to the Syrians and the right would symbolize Syria's intentions to perpetrate a "Black September" massacre of the Palestine Liberation Organization in Lebanon, and—with or without Iraqi intervention—would trigger an explosion throughout the Arab world which, Palestinian leaders say, would topple several Arab regimes.

### Iraq: "Syrian Regime Doomed"

The Iraqi decision to intervene into Lebanon was announced in Cairo at a meeting of Arab foreign ministers by Iraqi Foreign Minister Saadun Hammadi. The decision came after the Arab League, which is largely controlled by Egypt, again failed to take any action concerning the grinding war in Lebanon. The decision was widely hailed in the Iraqi press, and reported favorably by media in the Soviet Union and the German Democratic Republic. Neues Deutschland, the newspaper of the DDR, yesterday reported the military mobilization in Baghdad, and coupled this report with an attack on Syria's collusion with the Lebanese right.

In an interview in the French daily Le Monde yesterday, Iraqi

Prime Minister Saddam Hussein laid down the basis for the Iraqi policy toward Lebanon. "All Arab regimes who carry out maneuvers behind the scenes to destroy the Palestinian movement will pay dearly, very dearly for their treachery. Those regimes will fall one after the other. They have no popular legitimacy," said the Iraqi leader. The Syrian position is particularly weak, said Hussein, who noted that Syrian President Assad "cannot retreat, and his regime is definitely doomed. He has already lost his power. There is only one thing left to do now: to announce the formation of a new government on the radio."

Virtually every Arab regime, including especially Syria, Egypt, and the Sudan, which has been either openly supporting the Syrian butchery in Lebanon or passively tolerating it is now threatened with popular and military revolt unless they take immediate action to halt the Syrian advance. In Syria, several groups of military officers are reportedly making "feverish plans," according to the French press, to overthrow the Assad regime. Jaafar Numeiri, the president of Sudan, narrowly missed being ousted two days ago by left-wing nationalist army officers who launched an unsuccessful bid for a coup d'etat; over 300 people dies in bitter street fighting during the coup attempt.

The Sudanese events were reportedly watched with extreme care by Egypt's shaky President Anwar Sadat, himself a possible victim of a military revolt. The political repercussions of the Lebanese civil war have intersected in Egypt with a horrendous economic collapse caused by Egypt's \$14 billion debt burden, resulting in a political admixture which has led observers to expect an imminent explosion. A former high-ranking U.S. diplomat to the Middle East said this week that he expects a coup in Egypt "within a few months, and certainly before the end of the year." As a result, Sadat has been extremely careful to pay lip service to the defense of the PLO in Lebanon—but most Egyptians reportedly feel that their president's Lebanon policy is at best "two faced." According to Le Monde, Egypt and Syria struck a political deal last week at a leadership meeting in Saudi Arabia, by which Egypt will agree not to obstruct the Syrian massacre in Lebanon if Syria refrains from criticizing Egypt.

Taking full advantage of the spreading political paralysis of the rightist Arab regimes, Iraq has taken the opportunity to launch a broad organizing offensive throughout the Arab world. Four days ago, in Baghdad, Iraq, a conference concluded of socialist and communist forces from virtually every Arab country to condemn the Syrian invasion of Lebanon and support the left and the PLO. Present were eight Arab Communist parties, the entire Arab Baath

Socialist Party apparatus, and various pro-socialist parties from a dozen Arab states including the ruling parties of Sudan, Egypt, and Libya. Previous to the conference, Iraqi delegations had visited most countries of the Arab sector to pull together the progressive forces around the defense of Lebanon. At the meeting, PLO representatives appealed to Iraq for military assistance.

The fighting in Lebanon itself continues to rage unchecked. At least 7,000 rightists have surrounded the Tal Zaatar camp and are pounding it with artillery and mortars. The right-wing militia have reportedly penetrated the perimeter of the camp in several places, and its situation is described as "desperate" even by the PLO. A nearby camp, Jisr el-Pasha, much smaller than Tal Zaatar and composed of Christian Palestinians, fell earlier in the week to the fascists. Over 500

people were massacred by the invaders in Jisr el-Pasha, and numerous atrocities were reported. Men were castrated, and women had their breasts chopped off by frenzied Falangists and followers of hated Interior Minister Camille Chamoun.

"If the right-wing fascists even enter Tal Zaatar, several regimes in the Arab world will collapse," said a senior aide to PLO leader Yasser Arafat yesterday. Arafat returned secretly to Beirut, Lebanon's capital, today, from a two-week tour of the Arab world, to prepare the final defense of Tal Zaatar. Observers report an atmosphere of expectation of a showdown between the left and right in Lebanon soon, and one indication of the danger of the next week or so is that the Soviet Union quietly decided this week to begin the evacuation of Soviet citizens from Lebanon.

## Rude Pravo Warns Syrians On Lebanon

*June 3 (NSIPS) — The following article appeared in the June 30 Rude Pravo, the official daily of the Czech Communist Party.*

The joint leadership of the Lebanese national and patriotic forces and the Palestinian movement announced Wednesday (June 30) that rightist units with support from 130 tanks have occupied the Palestinian camp Djisr-al-Pasha in the Beirut suburbs. The rightist offensive against the Djisr al-Pasha and Tell Al-Zataar camps began nine days ago and was made possible by the fact that the rightists have, over the past months, been supplied with arms through the port of Junieh north of Beirut and that the Palestinian movement was cut off from its supply sources by Syrian blockade.

The leadership of the national and patriotic forces and the Palestinian movement stated further, that simultaneous with the right's military actions, national-patriotic and Palestinian positions in the mountainous region north-east of Beirut have come under bombardment from Syrian units. On Tuesday (June 29) night, Syrian units continued to bombard the southern Lebanese port of Saida and the Palestinian camps nearby.

Political circles in Beirut are of the opinion that the Lebanese right in coordination with Arab regimes wants to liquidate the Palestinian movement and weaken the national-patriotic forces.



## Echeverria Moves To Break Up Rockefeller's "Invisible Government" In Mexico

July 3 (NSIPS) — The head of Mexico's Popular Socialist Party (PPS), Jorge Cruikshank, this week demanded the resignation and imprisonment of Mexican Interior Minister Mario Moya Palencia for crimes against the Mexican population including violations of the rights of political parties, conspiring with enemies of the democratic process who are responsible for the present "climate of terror," and opening the way for a fascist takeover of Mexico.

Cruikshank's indictment of Moya Palencia, widely picked up by the Mexican press, is the front line of a ruthless battle launched this week by the forces around Mexican President Luis Echeverria Alvarez to clean out the entire Rockefeller-sponsored invisible government which has been in open insurrection against President Echeverria and his fight for a new world economic order.

In tandem with Cruikshank's call for action, Echeverria's Attorney General, Pedro Ojeda Paullada, ordered the arrests of key Moya-linked police officials involved in a massive tax evasion and extortion scandal. Many of the companies and real estate operations being investigated for irregularities in the scandal are linked to Moya's "godfather," former president Miguel Aleman Valdez, and the U.S.-run Monterrey Group of right-wing industrialists.

The Echeverria forces have simultaneously stepped up their crackdown on the CIA-controlled drug and gun running operations that make up a key part of the financial base of the Aleman-Monterrey conspirators. And Echeverria himself dealt a major blow against the union control of CIA agent and head of the Mexican Workers Confederation (CTM) Fidel Velasquez. On June 24 the President issued a call for the unification of the split electrical workers union in terms which gave the anti-Fidel Velasquez progressive union forces of Rafael Galvan significantly increased legitimacy.

The stakes in this battle are clear. Echeverria's successor, Jose Lopez Portillo, will be elected President in an uncontested race tomorrow and will take office December 1. The Rockefeller forces are applying as much pressure as they have at their disposal — from terrorism to economic warfare — to force Lopez Portillo to accept World Bank "labor-intensive" work policies thereby reversing Echeverria's drive for advanced technology. Such a move would clear the decks for genocidal slave labor programs designed to pay Mexico's \$22 billion foreign debt. The Echeverria forces are battling against the right-wing insurrection for continued technology-oriented growth and the establishment of a new world economic order.

### What Is the Aleman-Monterrey Group?

The complex interlocking networks of the Mexican "invisible government" trace back directly to Miguel Aleman.

During his presidency in 1946-1952, the reform period of Lázaro Cardenas (1934-1940) was definitively reversed in an international climate controlled by U.S. moves to create the Cold War.

Aleman opened Mexico's doors to U.S. investment and infiltration. The three major conduits of his power as he left office were:

- a refurbished latifundist class exploiting irrigated lands in the Northwest;

- the Monterrey Group of industrialists in the northeast, close to the U.S. border, who vastly expanded their operations under Aleman's tutelage; and,

- the completely gagged labor movement headed by Fidel Velasquez.

These three groups form the core of Aleman's power to this day and are essential to Rockefeller's efforts to destabilize the Echeverria government.

Fidel Velasquez took control of the hegemonic Mexican labor organization, the CTM, in the late 1940s under direct anti-communist union-busting orders from Miguel Aleman. Lombardo Toledano, who had forged the CTM under powerful support from Cardenas in the mid-1930s and spearheaded pro-Communist union organizing throughout Latin America, was thrown out in the purge. Fidel immediately started work with the International Confederation of Free Trade Unions (ICFTU), a CIA-controlled front founded after World War II to re-establish and impose a "social democratic" and fanatically anti-communist union structure in both Europe and Latin America. The Latin American branch of the ICFTU, the Interamerican Workers Organization (ORIT), was founded through Fidel in Mexico in 1951.

Throughout this period Fidel's closest international collaborator was the notorious Serafino Romualdi, chief agent deployed to direct the CIA takeover of Latin American unions and a personal friend of Nelson Rockefeller.

Velasquez, upon taking control of the CTM, arranged a series of "social pacts" and similar corporatist mechanisms which guaranteed that the real wages of Mexico's workers fell over an extended period in order to finance the private business expansion of the Monterrey Group and similar operations.

The peculiar structure of Mexican politics has guaranteed the perpetuation of Fidel's power for this long period. The CTM was elevated under Cardenas to be the single worker confederation included as one of the "sectors" of the official ruling party, the Institutional Revolutionary Party (PRI), which took its present name in the 1940s. Though other powerful union groups remain outside the CTM, the CTM's

official government recognition related patronage and liberal use of thug violence, have made it extraordinarily difficult for any insurgent group to challenge Velasquez' control.

#### **Aleman Control of "Right"- "Left" Networks**

In a "second generation" of Aleman control, Aleman has guided to power in the past decade such key proteges as current Interior Minister Moya Palencia, and former governor of Mexico State, "Hank" Gonzalez, who has linked recent expansion of industry in Mexico State to the Monterrey group. Over the past 25 years, Aleman consolidated personal control of the tourism and mass media sectors, as well as major real estate speculation and latifundista landholdings.

Starting at the time of the 1968 student riots, when the Monterrey Group supported "left" countergangs in order to create a "mythos" of the New Left and simultaneously beef up and consolidate repressive capabilities, the Aleman-Monterrey Group networks proliferated under National Security Council and Institute for Policy Studies (IPS) direction. Some of these "right" networks intersected the overtly fascist connections of Opus Dei operatives in Puebla State, east of Mexico City. Their biggest public demonstration was a large Hitler-like rally on the outskirts of Mexico City in August 1975. The permission for this rally was given by then-Governor of the State, Hank Gonzalez.

Other Monterrey networks moved directly to take over "left cover" university research and join up with such agent-controlled operations as the Mexican Communist Party (PCM).

One of the major such operations is the Colegio de Mexico, founded in the 1940s and run largely on Ford Foundation and Rockefeller Foundation money since then. The Colegio, enjoying a reputation as one of Latin America's pre-eminent specialized research centers, has been massively involved in designing the population-control programs which are the hallmark of Moya Palencia's tenure as Interior Minister. The Colegio, whose president — Victor Urquidi — is the only Latin American member of the Club of Rome, has pioneered the zero-growth and Maoist anti-technology ideologies which provide the cover for implementation of Rockefeller's fascist labor policies in the Third World.

The U.S. Institute for Policy Studies has established extensive direct networks in Mexico which interface with the Colegio de Mexico operations. The Center for the Investigation of the Teaching of Economics (CIDE), for instance, a body recently founded by young economists linked to the progressive wing of the government, was taken over by the Institute for Policy Studies late in 1975. Most of the CIDE personnel, in turn, have been drawn from the Colegio.

Roberto Guajardo Suarez is exemplary of the way Monterrey-Aleman spokesmen control both the "left" and "right" networks. A Monterrey Group businessman, he cut his spurs as head of the ultra-right Mexican Employers Confederation (Coparmex) during the 1960s. In the 1970s he established an "independent social science" outfit called "Community Action," which over the past year has extensively publicized Mexico's enormous public debt — in order to stampede government and business sectors toward drastic import cutbacks and labor-intensive agricultural export programs to pay the debt. Guajardo is currently maneuvering to control Lopez Portillo's agricultural policy

under a declared commitment to eradicate land reform and institute labor-intensive methods of production.

At one and the same time, Guajardo directly meets with "his good friends" in the PCM to give them marching orders, checks in with the Institute for Policy Studies through mutual CIDE contacts, and has overseen the founding and insurrectionary deployment of a confederation of northwest latifundists (UNAN) who last month threatened Chile-style agricultural disruptions to stop the land reform measures of the Echeverria government. These are precisely the latifundists whose irrigated landholdings were created by Aleman.

#### **The Echeverria Offensive**

On April 1, Echeverria, in a nationally televised meeting, denounced the Monterrey group as U.S. led fascist conspirators plotting to bring about a Chile-style coup in Mexico. Exactly a month later he labeled the Monterrey side-operation, the PCM, as "profoundly fascist and reactionary" for its links to the terrorist "Communist 23rd of September League." Throughout the month his press forces systematically exposed the 23rd League as a right-wing operation designed to foster hysteria and repression.

These moves were the prelude to Cruikshank's open fire on the Moya-Aleman network this week. Cruikshank is a senatorial candidate backed by the left-wing of the PRI, and could have only taken such a move knowing he had influential backers behind him. Cruikshank charged Moya with representing "anti-communism, the right and Alemanism" and called for the investigation of the chiefs of other ministries for their funding of right-wing parties and their collaboration with Moya in tampering with free elections.

The same week Enrique Ramirez y Ramirez, editor of the pro-Echeverria newspaper El Dia and candidate for congress, declared firmly that "What happened to Cardenas will not happen again" — meaning that the left wing of the PRI would not allow the Aleman forces to turn back Echeverria's progressive programs the way Aleman turned back Cardenas' a generation previously.

#### **Anti-Corruption Drive Cleans Out Right-Wingers**

The extortion and tax-evasion ring uncovered by Attorney General Ojeda Paullada over the past week cuts neatly into three areas of Invisible Government operations. One of the top Moya-linked police officers arrested in the scandal was in charge of a special "anti-guerrilla" unit with extensive files on "urban terrorists," and Moya's capability of deploying terrorists is correspondingly reduced. A columnist for the Mexican daily El Universal said as much in a July 2 article charging that these "special units" have been behind the 23rd of September League all along.

At the same time Monterrey-Aleman business interests have been directly affected. Two Monterrey breweries, a key part of the Monterrey Group complex of industries, are under investigation. The mooted investigation of dozens of industries in the State of Mexico will undoubtedly lead back to Hank Gonzalez, while the similar announced scrutiny of the real estate and urban speculation rackets threatens Aleman's own personal interests.

Finally, the scandals have hit Finance Minister Mario Ramon Beteta, two of whose agents were involved in falsifying taxable income statements and whose ministry is now on the hot seat to push ahead with the investigations. Beteta is the nephew of Aleman's finance minister and the

leading implementor of Rockefeller's debt-collection austerity policies in the country.

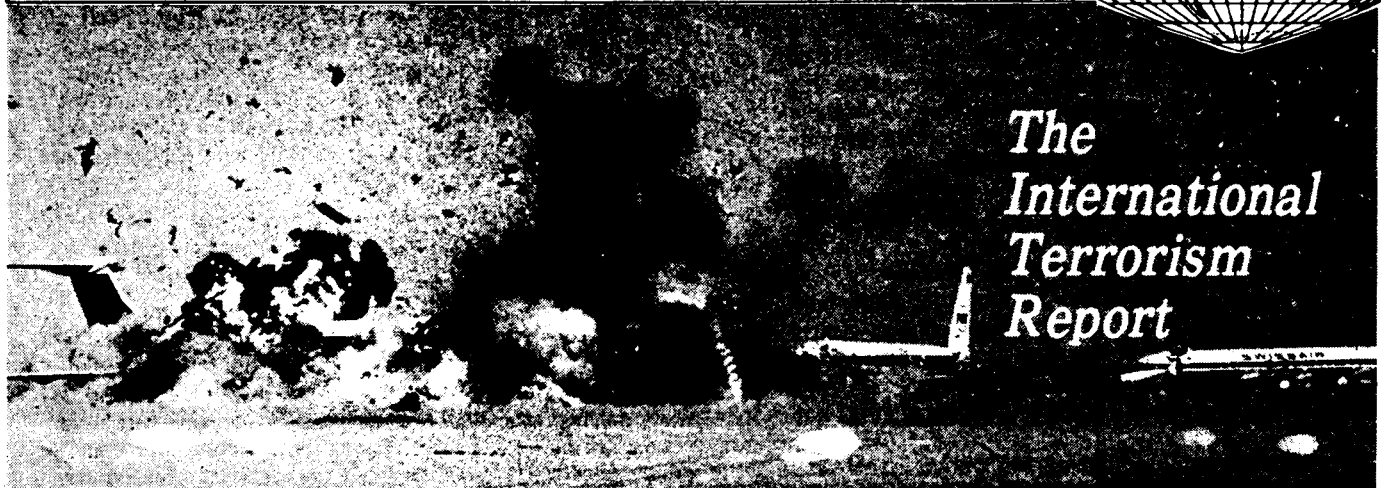
While Echeverria thus moves directly against key links in the Aleman-Monterrey conspiracy, the battle for Lopez Portillo will ultimately be decided by the ability of Echeverria's forces to mobilize the masses in favor of debt moratoria, the new world economic order and a continuation of Echeverria's progressive domestic policies. It is here that Rafael Galvan's pro-Echeverria insurgent labor movement gains crucial significance as the force which can knock off Fidel Velasquez and his "charro" (right-wing thug) control of the labor unions.

Galvan emerged as a progressive leader with a separate union of electrical workers in the late 1960s and since then has drawn around him a mass-based group of other unions and factions. In the early 1970s he agreed to an appeal from

Echeverria to join forces in a single union with groups controlled by Fidel Velasquez in order to bring unity to the electrical workers. But Fidel expelled Galvan in April 1975 as part of a series of destabilization maneuvers launched against Echeverria at that time, and since then Galvan's forces have existed in jurisdictional limbo as an "illegal" union without the kind of government sponsorship enjoyed by Fidel through the CTM.

Echeverria's June 24 call for "dialogue" between the two factions, by recognizing the Galvan group as the legitimate opposition to the rule of decrepit Fidel Velasquez, opened up the way for further advances toward the destruction of Fidel's power. At the same time it gave Galvan room to free himself from the arms of the anti-Echeverria provocateurs of the PCM and begin the consolidation of a programmatic base of support for Lopez Portillo.





## Labor Party "IPS" Expose Forces Backdown On July 4 Terror; Rocky Opts For Uganda Massacre In Outflanking Maneuver

July 4 (NSIPS) — At the time of this writing, the Bicentennial terrorist plans built up over the past two months by the Rockefeller Atlanticist faction — aimed at imposing martial law Schachtian government in the U.S. through the bloody activation of Marcus Raskin's Institute for Policy Studies terrorists — have fizzled. As recently as 48 hours before the scheduled Bicentennial Day onslaught, professional intelligence analysts were describing the state of activation of the Rockefeller "invisible government" apparatus as having reached the "saturation point." One analyst drew the direct analogy to the hours leading to the 1961 Bay of Pigs invasion and the 1963 assassination of President John F. Kennedy. Rockefeller military advisor, Lt. General William Yarborough, on a July 1 interview identified July 4 as the "put up or shut up" day.

There can thus be no confusion over the fact that up through the hours before the terrorist hordes were to be flooded into Philadelphia, Washington, D.C. and New York City, the Rockefeller "Operation Bicentennial" was very much a live operation. Only one factor intervened to force Rockefeller and Company to accept this serious tactical defeat in the United States: the recognition on their part that they stood to suffer a **more serious tactical defeat** by actually following through on their domestic terrorist program. The simultaneous bloody culmination to the Uganda hijacking operation was very much tied to the domestic decision.

In the several weeks leading into July 4, U.S. Labor Party representatives had created the environment aimed precisely at forcing the Rockefeller backdown. Police and elected officials in the nation's capitol and over sixty cities

around the country — encompassing every major urban center targeted for Bicentennial or racial violence — were thoroughly briefed on the details of the Rockefeller insurrectionary plans. Institute for Policy Studies agents in place in those cities were correctly targeted **as the terrorist controllers. In effect, had the Rockefeller faction decided to activate the terrorists, the Institute for Policy Studies would have been immediately destroyed.** A secondary but equally crucial related effect would have been the consolidation of pro-Constitution forces, most notably the Ford Republican Party machine, the non-Fabian, principally local and regional Democratic Party old liners, leadership of the civil rights movement, the Teamsters, etc., and the law enforcement agencies associated with those political groupings — under close Labor Party collaboration and tactical direction. With the dismantling of the crucial Raskin Institute networks, which encompass the terrorist gangs, the press and related "watergating" capabilities, the Jimmy Carter "machine," etc; Rockefeller, Kissinger et. al would have soon been relegated to the archaeological category of "petrified toothless dinosaurs."

### The Box Scores

Beginning with the April 26-28 Glassboro, N.J. "Symposium on International Terrorism," the Labor Party Security Staff received hard evidence from top Rockefeller family allied think tanks concerning the planned July 4 terrorist activations. Literally scores of canned "scenarios" were gridded against the press outlets, academics and government officials cited as their sources. Programs calling for the activation of a nuclear "Pearl Harbor"

terrorist attack against the Bicentennial events, the Montreal Olympics and the Democratic National Convention; for the assassination of President Ford during his keynote address in Philadelphia today; for the detonation of a nuclear device in some major urban center; for the outbreak of bloody racial violence in urban centers throughout the country coinciding with terrorist actions in Philadelphia and Washington DC; etc. were put out by circles directly traceable back to the Institute for Policy Studies and the allied International Association of Chiefs of Police.

By the week of June 21-28, direct field reports from east coast cities had confirmed the deployment of Institute terrorists from the various Bicentennial coalitions (July 4 Coalition, People's Bicentennial Coalition, Revolutionary Union, American Indian Movement, Weathermen, Puerto Rican Socialist Party ... ) into east coast cities. These deployments were most notably characterized by a heavy infusion of funds, free access to large quantities of drugs and weapons.

Crucial evidence gathered during this period established that Attorney General Edward Levi, operating through the Justice Department's Civil Disorder and Community Relations Services (both created under the direction of Gen. Yarborough — see the accompanying feature report for full details) would maintain finger-tip control over the activities of the Institute terrorists through street level interfacing with the riot "marshalls" and the countergang controllers.

What happened? Approximately reliable police estimates placed 15,000 hard core Institute zombies in Philadelphia by midday today. A similar number arrived at the same time in Washington, DC. A marginal factor of ten to twenty thousand "peripheral" dupes and Institute fellow travelers failed to show up in each targeted city as the direct result of Labor Party exposure of the Rockefeller-Raskin terrorist designs.

The marginal no-shows undercut the range of terrorist options; however, that was by no means a decisive factor in the orders to cancel the operation. The facts of the Justice Department's tight command and control — thus undercutting the Frankenstein danger inherent in bringing together large congregations of drugged zombies — were just as much crucial in putting the "stops" on the operation as they would have been had the top-down Rockefeller decision been made to "activate."

### The Current Tactical Opportunities

Two critical features of the Rockefeller decision to sacrifice the Bicentennial terrorist action highlight both the dangers and the openings created by these developments:

1. The June 30th debt rollover crisis which precipitated the terrorist offensive in the first place still remains unresolved. Neither the debt moratorium-International Development Bank nor the imposition of Schachtian police state rule have been realized. The necessity, from the Rockefeller standpoint, therefore, to go ahead with the terrorist offensive not only still exists: it now becomes an even greater necessity. General Yarborough stated that "the terrorist onslaught will continue until the U.S. population has received such a hotfoot that they will accept martial law ..."

2. Drawing on both the tactical opening and the crucial evidence provided by the events surrounding the Bicentennial terror operation, the Institute for Policy Studies networks are now at their most vulnerable state. Yet they still remain intact. As the unfolding events in Uganda, Lebanon and West Germany indicate, as long as the networks remain intact, no one can sleep soundly — reassured that he or she is safe from the threat of terrorist violence and nuclear devastation. Raskin's Institute has never been more vulnerable. It can and must be destroyed now.

## Israeli Raid Into Uganda Part Of The Script

The Israeli terrorist raid into Kampala, Uganda was an attempt to provoke another Munich style massacre, part of the hijacking scenario in which the Rockefeller-connected Dayan-Peres clique has been complicit right from the start.

Using three Israeli planes and one unidentified aircraft, an elite commando force of high-ranking Israeli officers moved into the airport where the hostages were held, spending twenty minutes murdering anywhere from 20 (according to Israeli sources) to 100 (according to Ugandan sources) Ugandan soldiers at the base, destroying about 10 Ugandan

planes, and practically destroying the entire airport with explosives before they went after the hostages. They thus provided the zombie terrorists with ample time to massacre all the hostages, but the unstable zombies, according to press reports, were talked out of this by members of the hijacked plane's crew, thereby permitting the hostages to be actually rescued.

All of the zombie terrorists — including the German leader who could not carry out his assignment of blowing up the hostages — were killed, as well as three hostages and one Israeli commando.

NEW YORK, July 4 (NSIPS) — The following statement was issued today by the Executive Committee of the U.S. Labor Party:

A raging fight, much of it behind the scenes, has erupted in the United States, as a result of exposure of members of the Rockefeller family and others as being directly behind the current wave of international terrorist acts. The most recent terrorists' abduction of an international passenger flight is one of the centrally deployed provocateur operations arranged for the period of the USA's Bicentennial

celebrations. The included object of the projected wave of international terrorist provocations is to assist in pushing through police-state and fascist-modeled economic legislation during the summer months.

The most visible element in the exposed international conspiracy is the Rockefeller-backed Institute for Policy Studies. The Institute, a 1963-founded successor to the old British Foreign Office's Fabian Society, runs a vast Maoist and terrorist international network under various covers. The technic support for the Institute's Maoist and terrorist

gangs is chiefly provided through Interpol. Interpol, which directs much of the illegal drug and small-scale routine illegal weapons traffic in the world, draws upon its official connections and massive resources among private security agencies, and provides the terrorists with drugs, weapons, and other specialized technical assistance. (Interpol also frequently arranges the silencing of terrorists, by killing and other methods, where this is ordered to occur.)

Directly implicated high-level USA officials include U.S. Secretary of State Henry Kissinger, NATO General Alexander Haig, U.S. Treasury Secretary William Simon, U.S. Attorney General Edward Levi, high-level advisors and backers of Democratic Party Presidential candidate Jimmy Carter, and numerous other very-high-level officials in Western Europe, notably the Federal Republic of Germany. Strong opposition comes from such U.S. forces as high levels of the Republican Party, Democratic Party organizations of such major cities as Philadelphia and Chicago, the U.S. Labor Party, the Teamsters union, and a majority of rank-and-file trade-unions and traditional civil rights organizations.

U.S. sources identify the following exemplary facts concerning the terrorists who held 105 innocent hostages at a Uganda airfield. First, they report that it is impossible to

smuggle metallic weapons into flights at either Tel Aviv or Athens airports without high-level complicity by relevant security agencies. However, Interpol does have the ability to cause such weapons to be smuggled on board in Athens, and the Dayan-Peres-linked forces in Israel are direct accomplices of the terrorists' backers in the United States and West Germany. Second, a high-level source in the United States reported a plan to implicate Somalia and Kenya in this affair, a report issued privately prior to the terrorists' demand for representation by the Somalian diplomatic service. Third, every known terrorist gang in the world is established as being under the control of the same Interpol-Institute for Policy Studies networks which operate the Maoist organizations. Fourth, the former CIA operative and key operative for the Institute, Philip Agee, has been leading a team preparing for such incidents in West Germany.

The success of this terrorist wave depends upon the effectiveness of complicit press agencies. Complicit agencies include the New York Times, the Washington Post, Time newsweekly, Newsweek newsweekly, AP, UPI, Reuters, Agence France Press, Deutsche Press Agency. International exposure of the true masters of the terrorist wave would greatly strengthen the struggle now raging against this within the USA.

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by Lyndon H. LaRouche, Jr.,  
WIESBADEN, July 4 (NSIPS) — Undisputed features of the Israeli intervention into Uganda last night prove conclusively that the entire operation, in all its major features, was a planned scenario operation from the beginning. Dayan-Peres circles in Israel were in on the hijacking operation from the beginning.

The most relevant facts are as follows:

1. The hijackers' metallic weapons were placed on the aircraft either in Tel Aviv or in Athens — with a high probability that the weapons were stowed in Tel Aviv.

2. The Somalian and Kenyan involvement were known to terrorism planner Lt. Gen. Yarborough before (a) the terrorists requested Somalian diplomatic representation from Uganda, (b) before the Israeli forces touched at Nairobi, Kenya on the way to undertake their mission.

3. That it is impossible to place metallic weapons on board

aircraft at Tel Aviv without complicity by highly-placed officials within Israeli security forces.

4. That without similar complicity in Greece, the weapons can not be delivered to a plane through the relatively extraordinarily tight security net at Athens airport. Athens, however, is brimming with accomplices of the forces behind international terrorism, forces with access to security operations' control.

5. The operation was planned and timed as a part of the Raskin-directed Bicentennial operation, with Philip Agee's involvement with the Baader-Meinhof defense in West Germany relevant to operations in West Germany — and in France — in this connection.

6. The operation could not have occurred without foreknowledge and planning by persons known to Yarborough in the U.S., and relevant Israeli agencies associated with Dayan-Peres were in the planned scenario before the hijacking operation was deployed.

## Uganda Caper Triggers BRD Crisis Management Coup

Following the Institute for Policy Studies-Interpol activation of the Air France hijacking hoax on June 28, the plan for a European continent-wide installing of quasi-dictatorial "crisis management" regimes outlined at the European Economic Community Interior Ministers meeting in Luxembourg last week was implemented in West Germany.

Using the terrorists' demand for the release of Baader-Meinhof gang terrorists from West German prisons as a pretext, a "Small Crisis Management," first activated during the kidnapping of Christian Democratic Union mayoral candidate Lorenz in West Berlin last year this

"crisis management" became the BRD's defacto government. While the Atlanticist controlled press carried headlines linking the PLO and Libya to the terrorists, a nationwide seal and search operation was launched June 28. Official Government spokesman Klaus Boeling announced these measures to the population some two days later.

The European Labor Party was the implicit target of the thin veneer known as West German "democracy". The ELP represents the only public opposition to the Atlanticist terrorism hoax and NATO "Crisis Management" police states. On June 29, ten squad cars arrived in front of in-

ternational offices of the ELP in Wiesbaden and on orders from the Federal Interior Ministry and proceeded to harass and surveil Labor Party members. On June 30, the Interior Ministry released information that this deployment was part of the nationwide seal and search that was concentrating on the Wiesbaden and Frankfurt areas. During both of these operations, Institute for Policy Studies associates Philip Agee, Winslow Peck and K. Barton Osborne of "Counterspy" were in the Federal Republic conducting open conferences to plan for terrorist activation with the complicity of the West German government.

#### Continent-Wide Alert

Hours before the emergency cabinet meeting which formed the West German "crisis staff," the Interior Ministers of the Common Market countries met in Luxembourg and officially adopted a six-point pact conforming to the "anti-terror" guidelines first established by Interpol, Rockefeller's top private police apparatus, in December, 1975. The Ministers agreed to establish a West European-wide terrorism task force and small group liaisons on a bilateral basis. The resolutions passed by the conference were summed up by the slogan "We'll handle terrorism the way Interpol handles drug-running." Interpol, made less than one hundred arrests internationally in a full year. It is a notorious network of drug-running from the Mideast and Latin America.

On his return from Luxembourg June 30, West German Interior Minister Maihofer announced to the public that the Conference decision to integrate police functions across European borders represented "concrete measures which will be immediately undertaken."

Simultaneously, the Nobel Prize Winners Conference at Lindau, West Germany on Lake Constance attended by government officials, scientists and academics focused on the danger of nuclear terrorist attacks. Nuclear physicist Hannes Alfvén gave the keynote address warning, "So far the nuclear deterrent has worked, but with nuclear terrorism it doesn't work any more.... world war becomes possible after a Kamikaze action...only during a nuclear war will our minds begin to find a means to survive." This so-called nuclear terrorism has been exposed by the ELP, U.S. Labor Party and several reputable scientists as a complete hoax. Such terrorism is only possible if carried out with the complicity of and direct assistance by Rockefeller governmental and private intelligence apparatus.

A third conference designed to disseminate a cover story for the activation of NATO and Interpol run terrorists was held in Rome by J. Boyer Bell, terrorist-controller based at the Columbia University Institute for War and Peace. Bell was meeting with Roberto Vacca, a well-known controller of the Red Brigades and other terrorist gangs in Italy.

## Canadian Gov't. Destabilized By Quebecois Linguistics And Olympic Terrorist Operation

Within the Canadian Parliament having just left for a summer-long recess, Prime Minister Pierre Elliott Trudeau's government has been thrown into a crisis around the Quebecois "linguistics" issue. Both the pro-Maoist Prime Minister and New York Times have described the current situation as the most "devisive issue since World War II" when Vichite-linked Quebecois (including Trudeau) refused to fight the Nazis.

The Quebecois linguistics issue immediately intersects a press campaign to implement police state measures using potential terrorism at this month's Montreal Olympics as an excuse. Already 30 youths from the militant "Rams" countergang occupied the headquarters of the International Olympics Committee in Lausanne, Switzerland, July 1 in support of Quebecois nationalists. Press accounts have also reported that the Institute for Policy Studies-linked Brown Berets (a group of notorious cop-killers) have entered Canada from the U.S. for the Olympics. Canada troops are already being deployed into Montreal, while the Royal Canadian Mounted Police is conducting public riot drills in the city parks.

The ostensible cause of the current crisis, which threatens to destroy the majority liberal government, was a refusal by the Transport Ministry to permit Quebec air traffic controllers use of bilingual (French and English) instructions to pilots until such a practice was proven safe. Environment Minister Jean Marchand — a leading counterinsurgent involved in the creation of Quebecois trade union control techniques and second generation Quebec nationalist "FLN"

terrorism through the journal Cite Libre — has resigned his cabinet post over the decision. Times reports that other French-speaking cabinet ministers may soon follow.

The current activation of this Quebecois-Olympics terrorism scenario coincides with a get-tough policy to cripple Canadian trade unions. Tru-Dung's fascist austerity drive had been stalemated as a result of the militancy shown by striking Vancouver Teamsters who won a 30 per cent wage increase after the U.S. Teamsters in April; however, in June the Wage Price Control Board headed by Trudeau appointee Jean Luc Pepin (also head of the Rockefellers' Tri-lateral Commission branch in Canada) tore-up the agreed upon Teamsters' settlement that threatened to spill over into other industrial sectors.

Trudeau, et.al., have made frequent use of the synthetic Quebecois issue and terrorism to control Canadian labor. A 1970 activation of the FLN terrorist gang permitted implementation of the War Measures Act with military occupation of major cities and mass arrests of labor leaders. North American Labor Party exposed a 1973, aborted attempt by U.S. Secretary of State Henry Kissinger (then also head of the National Security Council) to use Canada as a staging ground for Black September terrorists in collaboration with officials of the Canadian government. This Canadian Black September operation had been intended to sow disorder along the border as part of the NSC-directed "Operation CHAOS." CIA agents involved in the Black September-Canadian subroutine of Operation CHAOS are known to have received major staff promotions and to be still active in creating international terrorism.

## European Labor Party Denounces Uganda Hoax

July 1 — Partly as a result of West German officials's hysterical efforts to ridicule and suppress our documented exposure of terrorism, a plane-load of predominantly French nationals now faces threat of death in Uganda. That judgment is not only our assessment, but is the judgment set forth in a confidential statement of a very high US official involved in directing terrorist operations.

If any of West Germany's leading press had had the honor and courage to publish the truth concerning the Institute for Policy Studies, the present situation of the innocent persons facing death in Uganda would most probably not have developed. (Perhaps the editors of the Frankfurter Allgemeine Zeitung console themselves that the victims are predominantly "merely French citizens.") citizens.")

If Interior Minister Maihofer had pursued a proper policy — instead of illegally harassing a lawful party — the probability of the Uganda situation's occurring would have been very, very small. If responsible parliamentarians had done their duty, instead of capitulating to police-state-type messages forbidding discussions with the European Labor Party (ELP) the present horror could most probably have been prevented.

It is merely probable — and not absolutely certain — that honesty and competence by the Frankfurter Allgemeine Zeitung, Interior Minister Maihofer and key parliamentarians would have prevented the Uganda horror. It is not merely probable, but an absolute certainty, that West German official and press complicity in fraudulent ridicule and suppression of ELP documentation is a principal included cause for the continuation of the current wave of terrorism internationally. These formal and de facto policies of West German agencies are the principal contributing factor behind the current wave of terrorism in Europe. If those agencies were to act with even the minimum of competence demanded by the ELP documentation, the terrorist networks would be torn apart very quickly.

### **The Uganda Crisis: The Facts**

**It is a fact** that metallic weapons cannot be smuggled into an international flight originating from a major European or US airport without complicity by official security agencies.

Hence, as a minimal action, nations which seriously wished to check terrorism would immediately cease to accept flights originating from airports served by security forces responsible for the presence of armed terrorists aboard a flight. This should continue until the actually responsible officials (not some minor scapegoat) had been competently detained and indicted.

**It is a fact** that the current terrorist affair occurs in the context of an international campaign by a proven criminal association known as the networks of the Institute for Policy Studies to launch international hooliganism and terrorism around the focus of the USA Bicentennial celebrations. It is **also a fact** that every known major terrorist gang traces its pedigree into the criminal networks associated with the

Institute for Policy Studies. **It is also a fact** that the attempt to involve France, Somalia, and Kenya in this affair was predicted by a high USA official responsible for coordinating terrorism several days prior to the actions along these same lines by the band of terrorists controlling the plane in Uganda.

**It is also a fact** that the same source viewed this as both dependent upon Maihofer's continuing his current policies and as a measure to strengthen the influence of Maihofer's policies. **That official identified Maihofer's policies as of the type essential for the continued effectiveness of the current terrorist projects.** Although that is only the stated opinion of an important official, in our independent knowledge and judgment, his view is substantially a correct assessment of the situation: any interior ministry which emulates the manifest policies of Maihofer is creating the optimal climate for the proliferation of terrorism.

### **What Is known About Terrorism**

Although many private and other agencies perform a collateral or reasonably suspected role in deploying terrorist activities, two networks have been conclusively proven principally to be involved in cooperative efforts behind all known major terrorist gangs in the world today. The first is the networks either directly controlled by or closely cooperating with the fascist, self-styled neo-Fabian Institute for Policy Studies. The second is a network of private, semi-official and official agencies coordinated by Interpol and the "International Association of Chiefs of Police" (IACP). With some exceptions, the division of labor between the two networks is that the first supplies the personnel and political cover-stories and cover-operations, while the second provides the weapons, drugs, and technical support.

Although our present evidence is international in scope, we limit our summary of the evidence to the crucial proof of our analysis supplied by investigations in the Western Hemisphere (Canada, the USA, Mexico, Guatemala, Peru).

First, through Federal and other court proceedings in the United States, and through the actions of honest police and other security agencies of the USA, the pattern of complicity between Interpol and the Institute first directly proven for operations in the Reading, Pennsylvania area has aggregated to an overwhelming mass of evidence.

In the Reading case, an official arm of Interpol, the Alcohol, Tobacco and Firearms unit of William Simon's U.S. Treasury Department, was directly cooperating with agents of the Institute for Policy Studies in operations of illegal drug, weapons, and explosives traffic and in terrorist activities. This network was directing Maoist and self-styled racist (Ku Klux Klan, National Revolutionary Army) criminal activities, including supply of weapons, drugs and explosives to terrorists.

This connection has been shown to extend into Canada (in connection with both drug-running operations and the 1973-1974 "Black September" activities in Canada), and runs weapons and drugs traffic among the USA, Canada, Mexico, and Guatemala (in particular).

The connection between Interpol and the Institute in Mexico, Guatemala, and Peru is naked. The Institute is directly involved in "Brandenburger Division"-type activities in support of right-wing coup preparations in both Mexico and Peru, closely interfaced with right-wing gangs, and with weapons and drug networks run in cooperation with Interpol. Interpol and the Institute are jointly involved in the weapons and drug-running operations conducted between Guatemala and the "cover organization," "The American Indian Movement (AIM)" in the USA.

Although Interpol and the IACP have important connections to official agencies (such as the Federal Criminal Office and the Federal Border Patrol in West Germany), that straightforward overlap to official agencies is only an indispensable aspect of the overall capability. Interpol interfaces a major international computer complex, linking USA military intelligence (e.g., in West Germany), to other official computer networks, and into criminal associations such as the terrorism- and genocide-coordinating organization, the World Watch Institute. The Interpol-IACP overlap with the International Business Machines Corporation is merely a leading, exemplary feature of Interpol-IACP's basic strength in the security operations of major corporations and in international and national private intelligence and security agencies.. **including private security agencies involved in international airport security operations.**

Historically, Interpol and IACP have performed a key role in aiding the escape of refugees from Nuremberg Crimes prosecutions, in creating "death squads," in aiding coups d'etat, and coordinate the majority of the illegal international drug and gun-running traffic — partly with the aid of former Nazi-created networks in Latin America and elsewhere (Chile, Argentina, Brazil, Bolivia, Colombia are exemplary). Through former private consultant to the CIA, Hjalmar Schacht's son-in-law Otto Skorzeny, and others, the traditions of the Abwehr's Brandenburger Division were directly transmitted as part of the basic capabilities of Interpol et al.

#### **The Nazi Angle**

We stress that we strongly disagree with the political assessment of the "Nazi revanchism" problem in West Germany as put forth by officials and other leading spokesmen for the German Democratic Republic (DDR). This point is of the highest background relevance to the problem of international terrorism today, and therefore should be clarified in a precise if summary form. The following points of criticism of the arguments of Julius Mades (the DDR author of "Who's Who In The CIA" and other books — Ed.) and others are most relevant.

\* Political intelligence analysts from the Comecon nations are generally at fault in a pervasive incompetence of assessment of the controlling internal dynamics of politics in the capitalist sector. This weakness is notable in the developing sector cases, seriously aggravated for the advanced-capitalist sector generally, and bordering upon fantasy in the analysis of the USA.

\* This incompetence is conspicuously aggravated by Comecon officials' reluctance to face the truth concerning Atlanticist political-intelligence agencies' top-down control in effect of most leading Communist parties of the capitalist sector. In the effort to protect their otherwise waning illusions concerning the collapse of the Communist

movement in the advanced-capitalist sector, they distort all the outstanding political realities of advanced-capitalist sector developments to the effect of providing some self-consoling rationalization concerning the residual viability of key Communist parties.

\* This problem is otherwise aggravated by a stubborn adherence to the simplistic and nonsensical doctrine of "state monopoly capitalism." The attempt to force facts concerning the capitalist sector to conform to that worthless, disorienting doctrine is a broad and potentially fatal streak of incompetence in most of the related types of available political intelligence materials from Comecon sources.

The point is illustrated by Julius Mader's "Hitler's Spionage-Generale Sagen Aus." The otherwise gifted Mader has in effect turned the actual political history of 1914-1976 Germany upside-down. The fact that Mader has access to a mass of material concerning Colonel Nikolai and Admiral Canaris is a relevant consideration. In effect, Mader suppresses his knowledge of those most relevant facts in order to construct a doctrine of "West German revanchism" conforming to the foolish doctrine of "state monopoly capitalism."

Mader knows that he should ask himself: "Why did the Anglo-Americans cooperate with the Colonel Nikolai (of the pre-World War I, Rockefeller-linked I.G. Farben intelligence units) to funnel Canaris back into war-time Germany?" "Why did the USA intelligence supervisory agency, the Russell Sage Foundation, contribute in 1918 the special clause by which the Occupying Powers preserved intact the hard-core of the future German military intelligence capability headed by Canaris?"

In short, Mader and others play into the Atlanticist doctrine of "collective guilt" and locate Nazism and similar German phenomena as epiphenomena of the attributed character of certain German circles. Hence, the foolish, demagogic doctrine of "West German revanchism" — neatly conforming to the "state monopoly capitalism" nonsense. Although Mader uses the term, "Anglo-American," and virtually states that Canaris was a special kind of double agent (the fact of the matter), **he refuses to face the fact that Hitler was an Anglo-American-created Frankenstein monster.**

Clinging to the foolish doctrine of "West German revanchism" and its mother-doctrine, "state monopoly capitalism," Mader refuses to understand any of the essential features of the Nazi period, of World War II, or the terrible problems of a similar portent threatening West Germany again today.

The fact that former officials of the wartime German military intelligence (Abwehr) and the Reich Security Office (RSHA) are or have been key officials in West Germany's parties and intelligence-security establishment is not the core of the problem.. (In fact, the view is downright un-Marxist. People adapt to circumstances, especially institutionalized circumstances. The ordinary official is essentially a whore, who can be as intelligent, honorable, witty, stupid, or downright bestial as his perception of circumstances prescribes.) The essential problem of the former Nazi official is that he was and is easily blackmailed, and thus makes an excellent "V-Mann" candidate for Atlanticist agencies. Furthermore, his past deeds tend to deprive him of the acuteness of conscience or convincing moral argument by which he might oppose doing for his Atlanticist masters

what he did for their fathers or the Hitler regime in the past.

The most essential significance of the former Nazi Abwehr and RSHA official and operative is that, at the end of the war he represented three things to the Atlanticist agencies permeating the Occupying Powers: (1) He was an expendable, highly-useful potential victim of blackmail; (2) He represented special skills which those agencies wished to assimilate or simply employ; and (3) He had active and potential networks which could be mobilized to do as they were instructed.

Granted, some among those carry-overs may be really nasty characters today. However, they are only an incidental part of the current problem of fascism and terrorism. The real problem is the new Frankenstein monster built with their former assistance. The real problem is the Heinzelmännchen, is the two younger generations, the under-fifties and the under-thirty-fives, typified by those who make up the hard-core of the fascist networks of the Institute and Interpol networks today.

The Maders and so forth are so fascinated with the reductionists' misperception of the past that they blind themselves to the realities of the present.

#### **The Present International Fascist Conspiracy**

Right now, we face a deadly threat from an international fascist conspiracy. Given the plain facts to prove that, any person who denies this is either simply ignorant or a lying fool. The viable hard-core striking-force for this conspiracy is the network of the Institute for Policy Studies. The name of the conspiracy is the international campaign of hooliganism and terrorism being conducted with a focus against the USA Bicentennial celebrations.

Anyone who imagines that Raskin, Philip Agree, Daniel Cohn-Bendit, Noam Chomsky and so forth represent a "left" force is plainly being foolish.

**Facts:** Consider the list of organizations who are knowingly collaborating with one another, even through joint meetings of their memberships, in preparations for collaborative hooliganism and terrorism around the USA element of the Institute's Bicentennial crimes.

**The Institute as directly represented:** the Institute-created **Revolutionary Union** and other **Maoists**; the Institute's **CounterSpy** unit; the Institute's private terrorist organization, the **Weather Underground**; the **Ku Klux Klan**; the professedly fascist, Institute-coordinated **National Revolutionary Army**, which specializes in illegal gun- and drug-running and assassination operations; the **Communist Party USA**, under top-down control of the Institute; the **Cuban Gusanos**, who provide, together with the Vietnam

**Veterans**, and the **NRA**, most of the goon-squads protecting meetings called chiefly by the **Revolutionary Union**; the **Socialist Workers Party** ("**Trotskyist**"); also under top-down control by the Institute; the Institute's "**Liberation News Service**"; the Interpol-Institute gun-running cover, the **American Indian Movement**; and many others.

In West Germany, the organizations linked directly to the Institute, also sharing the Institute's fascist ideology, include the **Berliner Extradienst**; the Frankfurt **Informationsdienst**; the Frankfurt "**Peace and Conflict Studies**" group; the Cohn-Bendit "**Spontis**"; the **Kuerbiskern circle** within the West German Communist Party; the Maoist groups including the **KBW**; **KB-Nord**; **GIM**; **MSB Spartakus**; and many others, especially those being rallied around the Baader-Meinhof "support" movement.

In Italy, the fascist networks linked to the Institute center around Bianni Agnelli and the University of Trento. These include (with West German cooperation): the **Red Brigades**; **Autonomia Operaia**; **Movimento Studentesco** (Milan); **Lotta Continua**; **PDUP**; **Il Manifesto**; **Riccardo Lombardi-Alberoni-Craxi** of the Italian Socialist Party; the **Berlinguer-Amendola gang** within the Italian Communist Party; and variously professedly fascist bands.

As in Italy, the "left-cover" fascists directly interface such Interpol-IACP networks as those of Agnelli.

These forces have two principal roles. First, they represent the old tactic of **agents provocateurs** on a massive scale. Second, they represent the hard-core of a mass-based, rock-counterculture-zero-growth-centered fascist youth movement.

Their deployment is controlled at the top by circles which jointly control both the Institute and Interpol. Nelson and David Rockefeller, and key forces (such as those behind Jimmy Carter) within the Democratic Party of the USA are typical or the controlling level. The masters want fascist police-states and genocidal economic measures **right now**; they wish a general thermonuclear showdown of the sort only fascist regimes would make possible — **right now**. These fascist provocateurs of the Institute-Interpol networks are the striking-forces being deployed.

If they succeed, there will be general war before the end of Summer 1977. If they succeed during the months just ahead, general war will have become an irreversible inevitability. Stop the Institute-Interpol fascists now, while you and your family still have lives to save! Get the controllers, the evil criminals behind the stinking little Cohn-bendits and so forth. Make the masters accountable and the master's little Heinzelmännchen will then behave.

Lt. Gen. Yarborough

## “It’ll Take A Big Hot-Foot To Destroy Civil Liberties”

July 3 (NSIPS) — *The following are two interviews conducted this week with Lt. General William Yarborough, U.S. Army-retired, on the threat of a wave of “left” terrorism over the July 4 weekend of American Bicentennial festivities. Yarborough, who keynoted the April 26-28 Glassboro (N.J.) Conference on “nuclear terrorism” with the announcement that “the CIA controls 95 per cent of all terrorism,” was former head of U.S. Army Intelligence, head of Special Training at Fort Bragg, Georgia, and a top CIA consultant on countersurgency warfare specializing in African affairs.*

*In an interview immediately following the April 26-28 Glassboro Conference, Yarborough, expressing much more confidence in the potentials of a Rockefeller-ordered “nuclear Pearl Harbor” scenario, predicted that there would definitely be a nuclear terrorist development, first as a hoax, then as “the real thing.” His evident demoralization on that question at this time is to be directly referred to the shift in the political environment once favorable to the credibility of such an operation as a result of international exposure of the plan by the U.S. Labor Party and International Caucus of Labor Committees.*

**NSIPS:** Lt. General Yarborough, what is your present assessment of the international terrorist activation slated for this weekend?

**Yarborough:** The Weathermen will surface all over the country on July 4 in a wave of terrorism that will not stop until the U.S. population decides its ready to give up some of its civil liberties. This terror will be international in scope, international. I am encouraged though by certain developments in (West) Germany. I would have thought that the Germans were so tarred with Hitler’s brush that they would have had to have been made to bend over backwards before they would begin denying civil liberties. I was encouraged by Interior Minister Maihoffer’s disbarring of the lawyers who were defending the Baader-Meinhoff terrorists. But overall there is no hope on the horizon. It’s going to take a hotfoot far more terrifying than people’s fears of computerized Identification cards, free-wielding police search-and-seal and the sight of the military in the street. Once the terrorism begins on the 4th of July, it won’t let up.

**NSIPS:** What do you think will develop around the Uganda airplane hijacking?

**Yarborough:** Idi Amin (President of Uganda-ed.) is in a great deal of trouble; he’s widely known as being viciously anti-Israel. If he works with Israel against the PLO — and I know the PLO is behind the hijacking — or if he cooperates with the hijackers, either way there will be destabilizing

effects in Kenya, Ethiopia and Somalia.

**NSIPS:** Could the incident lead to nuclear war?

**Yarborough:** Absolutely not. No one will pull the nuclear trigger. The Soviets have us pinned down. The Soviets are experts at surrogate-warfare. They don’t need nuclear warfare. They’re kicking us out of Africa now.

**NSIPS:** What about the possibility of the PLO using a tactical nuclear weapon?

**Yarborough:** Remember, terror is fundamentally a psychological weapon. Unfortunately, they seem to understand this weapon better than we do. There could be some kind of nuclear terrorist blackmail attempt, but I’m afraid at this point that it would have to go on for months before any kind of actual bomb would be detonated.

*The following is an extracted segment of a follow-up interview with Yarborough some days later.*

*The following interview was conducted later this week:*

**NSIPS:** Are you aware of the military plan known by the code-name Operation Bicentennial, apparently a military coup plan in the circumstance of Bicentennial terrorism!

**Yarborough:** I do not doubt that an update of Operator Garden Plot, which we set up during the late 1960s to deal with the explosions in our country’s ghettos, exists and is ready to be activated on July 4. Of course, you know the major area of concern is the delicate time period between when the civil disorders begin and when martial law is finally implemented. During 1967-68, when I was head of Army Intelligence, I was brought in under orders from my superiors to help the Justice Department set up their computer bank (ed. note: the IDIU — Interdepartmental Intelligence Unit). This was a time when the Justice Department and the FBI were not talking. Justice had no access to any intelligence. We were sending troops into the ghettos with no advance intelligence picture. Troops were disoriented and it was a mess. We set up an intelligence capability in the Justice Department. Once they got their house in order, I was ordered to pull out. And the military has stayed out ever since. Now, the Justice Department runs the entire operation up until the moment that they decide that federal troops must be called in. Then the Justice Department moves its operation into the Pentagon, and we run the show together.

It’s going to take the big hot-foot to put people into the right frame of mind where they will be ready to sacrifice their too damn precious civil liberties.



**NSIPS:** Are you aware of the U.S. Labor Party and its claim that the government runs the terrorists?

**Yarborough:** I am well aware of the U.S. Labor Party! They are a group of agitators. Ask Marius Livingston of Glassboro State College in New Jersey about that group. They conducted a bona fide marxist disruption of a conference at

Glassboro a few months ago. They broke up every conference seminar under the cover of being legitimate conference participants. It was a very sophisticated job. The Labor Party is not like the Weathermen. They keep their jackets and ties on all the time. But like every overt Marxist group since the time of Lenin, they have underground terrorist networks. I'm sure they do.

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## Win 'TRO' In Philly

# Labor Party Scores Legal Victories Against IPS Terrorists

PHILADELPHIA, July 2 (NSIPS) — The U.S. Labor Party won a Temporary Restraining Order (TRO) against the terrorist Revolutionary Union and "Rich-Off-Our-Backs" Coalition, controlled by the Institute for Policy Studies, in the Eastern District Court here today. In a closely related case strengthened by this victory, a Federal judge, in the same court today, scheduled hearings for next week on a USLP suit for a similar TRO against the "right wing" of the Institute-Justice Department conspiracy against Constitutional government in the United States.

Originally filed in Federal Court in Pittsburgh where Judge R. Marsh held an all-day hearing June 24, the latter suit names Attorney General Edward Levi, FBI Director Clarence Kelley and operatives of the Treasury Department's Alcohol, Tobacco and Firearms Division as defendants. The suit declares a state of emergency to exist following a death threat against USLP witness and member Scott Thompson, and an attempted assassination of former National Security Council agent Roy Frankhouser, a hostile witness for the USLP regarding Justice Dept.-ATF control of deployments of "far right" hoodlums and killers against USLP electoral candidates and organizers.

### **Philly Case**

In today's RU case, Federal District Judge Cahn granted an order restraining RU from attacking, harassing or depriving Labor Party members of constitutional rights to free speech and assembly, due process, and equal protection of the law. The TRO names the RU, the Revolutionary Communist Party, Rich-Off-Our-Backs, United Workers Organizing Committee, Philadelphia RU leader Ernie Douglas, and eleven other individuals.

At the hearing's start, however, Judge Cahn indicated that he would not grant the USLP's request that the TRO also bar the Philadelphia Police Department's "Civil Disobedience Squad" headed by Lt. George Fencl from conspiring with the RU and other defendants against the USLP's rights, and from deliberately refraining from enforcement of the law during RU's conspicuous violent interference with USLP organizing and electoral campaigning.

Fencl and his faction of policemen watched as Ernie Douglas led an assault by half a dozen RU zombies on USLP Congressional candidate Steve Douglas on June 2. Fencl has also consistently defied the wishes of Philadelphia Mayor

Rizzo that the RU-Coalition's planned violent counter-demonstration against the city's July 4 Bicentennial festivities be investigated and isolated or stopped.

In declining to name Fencl in the TRO, Judge Cahn explained that due to the rush nature of today's hearing, he was unwilling at this time to take any action that would restrain the Philadelphia Police Department over the July 4 weekend. He then scheduled a July 8 hearing to consider extension of the order to Fencl and its conversion into a preliminary injunction pending criminal proceedings.

Cahn proceeded to hear legal arguments and evidence concerning the RU. Appearing under subpoena, former Federal agent Roy Frankhouser testified that he had been sent into the RU by the Treasury's ATF Division, he reported RU to be a violent group in possession of guns and explosives.

USLP Congressional candidate Steve Douglas also testified on the pattern of recent RU attacks on the Labor Party and their interface with preparations for July 4 terrorism scenarios targetting Philadelphia, in which the RU has been assigned a central role by that organization's controllers at the Institute for Policy Studies.

The Labor Party has received information that a meeting of right-wing controllers of the FBI and the ATF was held in New York to plan the assassination of Roy Frankhouser and Labor Party member Scott Thompson.

According to the information, the following were present at the meeting: William Sickles, Imperial Wizard of the Adamic Knights KKK, who directs what he has termed a "corps of ex-convict killer"; Al Lentz, Grand Dragon of the Independent KKK, who collaborated with the federal Law Enforcement Assistance Administration in a major harrassment campaign against the USLP in York, Pa. last year; Frank Draeger, head of the National Revolutionary Army, who jumped bail on gun-running charges June 26; and Charlie Holland, New York Grand Dragon of the United Klans of America and armorer at the prison in Walden, N.Y. Members of Draeger's National Revolutionary Army are known to be actively collaborating with Institute for Policy Studies terrorists of the Revolutionary Union to provoke violence at the Philadelphia July 4 celebration.

To cover the planned assassination, Frankhouser was simultaneously named as an FBI and CIA operative in "The Crusader — the Voice of the White Majority" which is printed

by David Duke, Imperial Wizard of the Knights KKK. Duke has been praised in the New York Times for his "clean-up, college-educated, media-oriented image." The Crusader article also implies that Frankhouser was responsible for the death of American Nazi Party leader Daniel Burros, who committed suicide in 1966 at Frankhouser's house after his Jewish origins were exposed in the Times.

Frankhouser narrowly escaped an assassination attempt on June 23 in Westminister, Va. Five shots were fired at Frankhouser who was accompanied by two Klan leaders, Ray Doefler and Tony Lawricki, both of whom have denounced the involvement of the FBI and "left" groups controlled by Marcus Raskin's Institute for Policy Studies in plans for terrorist disruptions July 4. The attempted assassin, currently held by the Virginia State Police, was an admitted follower of Dale Reusch, Imperial Wizard of the Invisible Empire KKK and a founding member with William Sickles of the Confederacy Group, an Ohio-based, right-wing umbrella organization, which was heavily involved in recent death threats and harassment of USLP organizers. The attempted assassination was filmed by a NBC crew at the location of the Klan rally site. Both Sickles and Reusch are defendants in the USLP suite against Edward Levi.

#### Seattle TRO

USLP attorneys in Seattle have filed for a TRO on behalf of USLP Senatorial candidate William Wertz who, in the last

month, has been assaulted and received death threats from the Institute-controlled Counterspy-Fifth Estate organization in the Pacific Northwest. Named in the suit, which will also be added to the party's existing legal action against Counterspy filed early this month, are Marcus Raskin, Counterspy magazine and its "editor" Tim Butz, Weatherman terrorist and thug William Van Veenendaal, and Weatherman controller Paul Zinsel. Zinsel was recently arrested by Seattle police with a cache of bombs and incendiary devices as well as threatening letters against the Labor Party in his possession.

The suit will also argue that the 15 page Terrorist Information Project brief on the U.S. Labor Party, scheduled for Counterspy publication next week and financed by the Institute, the Communist Party U.S.A. and the Socialist Worker's Party, should be barred from publication for its announced role in announcing a terrorists's open season on the U.S. Labor Party. In May, Counterspy magazine carried a libel against the USLP roughly coinciding with a Seattle-area meeting held by Counterspy's Butz on "How to Stop the USLP." The June 29 Seattle Post Intelligencer, reported that the Institute created-George Jackson Brigade, has shifted its methods from bombings to revolutionary violence against the ruling class and its allies." These developments were the immediate prelude to the round of assaults and death threats against party members that followed.

## "Operation Bident": Attorney General Levi's Command Post For Insurrection

July 3 (NSIPS) — Under the aegis of "Operation Bident," U.S. Attorney General Edward Levi has taken direct command and control over Marcus Raskin's Institute for Policy Studies terrorist networks, to oversee sustained activations of terrorism and race war. Through the Justice Department's Civil Disturbance Unit, Levi controls the vital flow and analysis of intelligence to law enforcement agencies and the Executive while the Department's Community Relations Service provides logistical support to the Institute's countergang deployments into "Operation Bident's" target areas.

Although "Operation Bident" has been underway for months, Levi has resurrected the cold coup command and control apparatus developed in the late 1960s under the rubric of "Garden Plot" in anticipation of the operation's culmination in martial law and, possibly, the assassination of President Ford.

Levi's pivotal role in the insurrection was defined by former Army intelligence head and coup architect Lt. Gen. William Yarborough, who in an interview this week declared that the Attorney General is responsible for that "period of time which is most tenuous...between when the civil disorders begin and martial law is declared." Once Levi determines that the Institute for Policy Studies terror activation necessitates military intervention, Yarborough concluded, then "the Justice Department people move right into the

basement of the Pentagon and the two jointly run the operation."

In another interview an Army spokesman concurred, promising that "when the Army is called upon, we will do whatever is necessary to the 'Garden Plot' operations plan."

#### "Live Options"

Following months of intense preparations in the midst of the battle now raging between anti- and pro-constitutionalist forces in the U.S. government, Levi and the Institute's top terrorist controller, Marcus Raskin, have succeeded in setting the stage for both a weekend of terror for the July 4 celebrations and the longer-fused race war and Democratic-GOP convention disruption options. Should July 4 fizzle as an immediate result of U.S. Labor Party intervention and briefings to legitimate police and government officials and the population at large, these options have the built-in capacity to resurface in the weeks and months ahead as Vice President Nelson Rockefeller, leader of the anti-constitutionalist forces, psychotically drives for open war. Already ripe for riot are Philadelphia, Youngstown, Boston, and Chicago, where both levels of activation are evident.

In Philadelphia, thousands of the Institute's "July 4th Coalition" and "Rich Off Our Backs" zombies will march this weekend through racially troubled neighborhoods, despite court actions taken yesterday by City Councilman Jannoti and community groups to have rally permits

revoked. Rumors are circulating throughout the city that the notorious Zulu Nation and other black youth gangs have made pre-arranged alliances to "wage war on whitey."

In Youngstown, where the National Guard is already "on alert," the "Rich Off Our Backs"-allied "July 3rd Mobilization Committee," headed by ex-Barakaite Ron Daniels, scheduled a march today amid rumors that guns and explosives were being brought into the area.

Yesterday three explosions rocked Boston, a city already hard hit by Levi-orchestrated racial violence. Credit for two of the bombings were claimed by the South Boston Defense League, a key countergang actor in the Justice Department's race war operation. The third bombing fits the modus operandi of the Institute-created Sam Melville-Jonathan Jackson Brigade.

In Chicago, the Levi-Rockefeller University of Chicago wrecking crew has activated the violent P-Stone Nation youth gang, the Martin Luther King, Jr. Movement, Jesse "Pimp" Jackson's PUSH, and a host of related scum to demonstrate in Marquette Park — a Nazi stronghold!

#### "Command and Control"

The U.S. Justice Department's Civil Disturbance Unit, headed by Levi's second-in-command Deputy Attorney General Harold Tyler, Jr., has primary responsibility for coordinating and evaluating all intelligence, and thus acts as the basis for determining where and when troops will be deployed to deal with disorders. The guiding principle for the Unit was laid out by Levi when he shackled all investigative, legal, and enforcement "preventative measures" under the policy of "no action until a crime has been committed." Earlier in the month, Tyler used Levi's policy to stifle Philadelphia Mayor Frank Rizzo's request for federal troops, despite the intensive countergang buildup, rumor psywar, and police shortages in the city.

Levi's Community Relations Service foot soldiers are probably the most critical aspect of the Justice Department's command and control. One CRS staffer revealed in an interview that the Service not only arranged the housing, transportation, food, and toilet facilities for the American Indian Movement's cross-country excursion, but also assured their protection by sending advance scouts ahead of the teepee caravan to give police and government officials "anticipatory briefings." The briefings were explicitly aimed to dispel local concern about FBI warnings that the AIM was being conduited weapons and explosives for a replay of the Little Big Horn. The FBI warnings were well founded: last week the Bureau arrested Senator James Abourezk's son for running guns and ammunition out of AIM's Pine Ridge Indian Reservation and into "Operation Bicent's" Philadelphia target site!

According to Justice Department spokesmen, CRS personnel were deployed weeks in advance to "make direct contact with the leadership" of the Institute's countergangs in order to "coordinate and arrange housing and transportation, etc." and "train the marshals." Those marshals form the countergang cadre in charge of controlling the herd of dupes and zombies under their purview, and of acting as liaisons to CRS, other demonstrators, and the media.

The Department's CRS plays both sides of the "Operation Bicent" game plan. Working through formal and informal "rumor control networks" on the streets, with the provocateurs, with police, and with the Civil Disturbance Unit, Levi's "crisis mediators" are able to manipulate both sides and maintain fingertip control on tension levels.

#### Ten Years in the Making

The wave of terrorism, civil disorders, and chaos to be followed by martial law that Lt. Gen. Yarborough predicted is no idle threat. For the past ten years a mammoth insurrectionary apparatus has been built up within the Justice Department to determine the activation of military occupation of U.S. cities.

The model for the Levi-directed overturn of the Constitution is West Germany, where "crisis management" police-state measures have already been initiated in response to terrorism carried out under U.S. National Security Council direction. Lt. Gen. Yarborough, who personally laid the groundwork for these measures while serving at the headquarters of U.S. Military Intelligence in West Germany from 1964 to 1966 gloated, "I am encouraged by certain developments in West Germany. I would have thought that the Germans were so tarred by Hitler's brush that they would have had to have been made to bend over backwards before they would begin denying civil liberties."

After successfully creating a "Garden Plot" apparatus for West Germany, which, in his own words, "was tracking upwards of 200 agents a month," Yarborough was made head of military intelligence and ordered into the Justice Department in 1967 to replicate this operation — training the "civil rights" personnel under "liberal" Attorney General Ramsey Clark and establishing an intelligence monitoring and analysis system to orchestrate military deployments for civil disturbances. The use of troops to quell race riots in U.S. cities in 1965 and 1966 without an adequate counterintelligence infrastructure necessitated this National Security Council-directed move.

By 1968, the Justice Department's Interdivisional Intelligence Unit (IDIU) was set up under Yarborough's guidance — a computerized intelligence and retrieval system and evaluative body, interfaced with the Department of Defense's "Domestic War Room" at a stage determined by the Attorney General in the event of large-scale rioting and civil disorders throughout the country.

Yarborough was ordered out of the Justice Department in 1970, shortly before year-long Congressional hearings exposed the scandalous surveillance of U.S. anti-war and civil-rights protestors by U.S. Military Intelligence. These hearings, paralleling the later Church Committee coverup, made headlines with revelations of Army Intelligence's use of right-wing terror operations to attack left-wing dissidents, but left untouched the massive Justice Department apparatus.

By the time the military was overtly withdrawn from the "civil rights" operation, the Justice Department was well equipped to coordinate both the deployment of terrorist gangs and police and military response. The IDIU, designed by former Assistant Attorney General John Doar at the request of then Attorney General Clark, was a totally "activity-oriented" computer system that centralized information from government poverty agencies (Office of Economic Opportunity, Department of Health, Education and Welfare, Model Cities, Legal Services), the Department of Labor, the CIA, the Treasury Department's Internal Revenue Service and Alcohol, Tobacco and Firearms Bureau, the FBI, and Army Intelligence into a readily retrievable form. Through the IDIU, the Justice Department could readily establish the names, profile, and history of foreign travel, and current location of any individual in its list. The FBI, the target of Levi reforms, was a mere courier

to other federal agencies and departments in this operation. In 1971, ten thousand of the names in the IDIU computer were handed over to the CIA unit known as "Operaton Chaos," which was charged with planning and coordinating international terrorist activities.

The Committee that ran the IDIU was made up of the same sections of the Justice Department now orchestrating the deployment of terrorists for July 4 and after: the Civil Rights Division, the Criminal Division, the (now defunct) Internal Security Division, the Civil Disturbance Unit, and the Community Relations Service. In 1973 the name "IDIU" was dropped, and the Unit's functions and intelligence-gathering capability were incorporated into the Civil Disturbance Unit and the Community Relations Service.

The extent of the IDIU-Justice Department conspiracy makes the FBI's Cointelpro operation pale in comparison. In the early 1970s, the IDIU activated "Garden Plot" during the Kent State student protests, where four students were killed

by National Guard, and at the so-called "occupation" of Wounded Knee by the American Indian Movement. At Wounded Knee, the arms were provided to the AIM by an FBI-infiltrator, Douglass Durham, who served as the head of AIM "security." In every case of Justice Department-directed riots and disorders, the activated "dissidents" were creations of Raskin's Institute for Policy Studies.

This time around, the scope of terrorist assaults is intended to ensure the permanent imposition of martial law. Levi's continued coverup of Institute for Policy Studies terrorists and systematic destruction of the Constitution are allowing full employment of Rockefeller's desperate plan for insurrection — sustained rioting provoked by Institute for Policy Studies controlled terrorists, a nuclear terrorist assault on a U.S. city, and-or the assassination of President Ford.

## U.S. Labor Party Special report

# Institute for Policy Studies Exposed as Rockefeller's Control For "Left-Right Terrorism

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# Is Jimmy Carter Brainwashed?

## *Democrat Linked To Institute Terrorists*

July 4 (NSIPS) — The Democratic Party is on the verge of nominating a virtual brainwashed zombie — Jimmy Carter — as its Presidential candidate for the bicentennial-year elections.

In a scandal that makes the 1972 Tom Eagleton fiasco look like peanuts, the U.S. Labor Party has accumulated evidence showing that the entire Carter "phenomenon" was concocted, Clockwork Orange style, in the subbasement laboratories of the Institute for Policy Studies-Brookings Institution-Trilateral Commission think-tank circuit, at the behest of top Wall Street bankers including David Rockefeller and Averell Harriman.

The emotionally unstable Carter, moreover, appears to be under the direct psychological control of Dr. Peter Bourne, a known brainwasher currently operating as Carter's mid-Atlantic campaign coordinator. Bourne was described by one well-placed Democratic Party source in Chicago as spending "half his time with the Institute for Policy Studies crew and the other half with John Gardner" of the Rockefeller-funded Watergating machine, Common Cause. Bourne is also a key agent creator of the CIA's terrorist gangs now being activated by Lower Manhattan's insurrectionists to overthrow the country's Constitutional government and to install a completely manipulable zombie like Carter in the Oval Office.

Parrotting such code words as "trust", "love" and "unity" in a linguist's computer, Carter's empty hulk is being transported around the country to preach the virtues of fascism to the population. As part of this effort, the motley assortment of reputed Weathermen, related police agents and naive teenagers who comprise the bulk of Carter's decidedly weak campaign apparatus are actively conspiring to deprive the Labor Party 1976 LaRouche-Evans Presidential ticket of Ballot status.

### **Is Carter Brainwashed?**

There is every indication that Carter's Tavistock grin and his synthetic religion are the direct results of a systematic behavior modification program carried out by his "closest friend," psychiatrist Peter Bourne, and by his sister, Ruth Carter Stapleton. Sister Ruth, a so-called born-again Christian, practices a hideous primal scream type of therapy overlaid with a gloss of "faithhealing" fundamentalism.

Carter has a history of marked mental instability which would make him highly susceptible to such a brainwash program as well as rendering him completely unfit for the intense demands of the presidency. In 1966, shortly after losing his first Georgia gubernatorial bid, Carter suffered a major mental crisis. "Life had no purpose...even the smallest failures seemed like calamities to me," Carter said of this breakdown. He "resolved" the breakdown, he wrote, when his sister Ruth, an attempted suicide turned faithhealer

— got him to "surrender his will to God."

### **The Institute Brainwasher Behind Jimmy**

Carter eagerly surrendered his will—not to God, but to Wall Street. Just prior to his second grab at the governorship in 1970, Carter hooked up with psychiatrist Peter Bourne, who was then running a brainwash center in Atlanta. Bourne quickly became the empty shell's "closest friend."

Scion of a British intelligence family, Bourne trained in psychiatry at the Walter Reed Army Research Institute, notorious as a brainwash center, before deploying to Vietnam in 1966 to profile U.S. Special Forces in combat. Returning to the United States a year later, Bourne was assigned to the State Department's counterinsurgency arm, the Agency for International Development (AID). Simultaneously Bourne launched his domestic counterinsurgency career. Drawing on his psywar experience in Vietnam, Bourne set up the terrorist counter-gang, the Vietnam Veterans Against the War, and joined the board of directors of the Institute for Policy Studies southern outlet, the Institute for Southern Studies in Atlanta. There Bourne met and promptly befriended the unstable Carter.

Carter returned the favor as soon as he became governor. He appointed Bourne to head up Georgia's drug abuse program and also granted him the only permit in the state for methadone, the drug created by the Nazis to make people work faster with no pain. At the same time, Carter was reportedly receiving funds from Capricorn Records, a rock record company currently under investigation as the nexus of a major drug-running operation in Atlanta.

In 1972, while still working closely with Carter, Bourne was given the number two job at the White House's Special Action Office on Drug Abuse. From there he directed various terrorist-producing drug programs, including the infamous Lincoln Hospital Detox center in the Bronx, N.Y. where the cop-killing Black Liberation Army was hatched. One of Bourne's personal visits to Lincoln Detox occurred on the same day that a Detox brainwash doctor, Richard Taft, was found dead in a closet.

### **Carter as Governor:**

#### **Laying out of the Red Carpet for Brookings**

Bourne clearly saw in Carter the perfect opportunity to create a Manchurian candidate. According to Bourne's father — a former major in the British Army's Special Forces who currently heads the Yerkes Primate Research Center for the study of apes and baboons — his son "has always been interested in how to get a President elected from the sociological and behavioral experimental points of view. He's the person on Carter's staff who is running a really scientific presidential campaign."

Under the tutelage of mad scientist Bourne and other IPS agents, Carter's four-year term as governor of Georgia became an experiment in proto-fascism. Beginning in 1971, Carter's term coincided with an abrupt shift in Wall Street's Southern strategy. Previously the major financiers, especially the Rockefeller brothers, had used the South as a haven for industry escaping the organized industrial working class of the North. The onset of the world depression in 1967 forced them to drop all pretense at industrial development. A massive zero-growth campaign was launched, aimed at convincing the Southern population that the limits of growth had been reached, and that some form of austerity was not only necessary but desirable.

Jimmy Carter became the chief spokesman for this anti-human outlook in the so-called New South. As Pat Walters, an IPS-linked Atlanta-based counterinsurgent observed recently, "Carter said the things that needed saying. When other people were still talking about attracting industry to the state, Carter was talking about the quality of life." Working out of Ford Foundation and Rockefeller Foundation-controlled institutions such as the highly-influential Growth Policy Board, the L.Q.C. Lamar Society and the Southern Regional Council, Gov. Carter inaugurated a series of sweeping fascist "reforms."

One of his first actions upon taking office was to permit more than 100 whiz kids from private industry, government and the think-tanks (most notably MIT and Brookings) to de facto take over the state. Ostensibly working to develop a plan for making Georgia's government more manageable, these Wall Street agents actually experimented with many of the same Nazi programs which Carter is now fronting for on a national scale. Handicapped and mentally-ill patients were removed from hospitals and put to work under the guise of rehabilitation. Methadone maintenance was introduced into the state's drug program through Carter's controller, Peter Bourne. A speed-up program for state workers was initiated. "Soft" counterinsurgency techniques like Civil Disturbance Units were introduced on a large-scale for the first time in the country.

Carter meanwhile rammed through the State legislature a series of so-called "sunshine bills" pioneered by Common Cause's John Gardner. The bills which ostensibly made government "more accessible" had as their primary purpose the terrorizing of any independent-minded legislators. The courts were "streamlined" along the lines developed by Rockefeller lawyer John J. McCloy's New York-based Fund for the Modern Courts. Brainwashing "therapy" programs were introduced into the state's "mental health" and prison institutions. A statewide austerity program was launched under the fanciful title of "zero-based budgeting." Not surprisingly, most Georgians concurred that, as governor, Carter "stunk."

Wall Street, however, thought differently.

While mad scientist Bourne functions as Carter's immediate personal controller, a small group of preeminent Wall Street financiers and their personal think-tankers constitute the actual machine behind Carter. David Rockefeller and Averell Harriman, handpicked Carter to run for the presidency in 1973. Having successfully unleashed their Watergate insurrection team against President Nixon, the two cabalists decided to create the optimum "post-Watergate" candidate whose anti-big business, anti-growth, and anti-corruption facade would paste a smile over their fascist policies.

After putting Carter under observation for a while, Rockefeller recruited him to his newly formed Trilateral Commission in December. There he was turned over to commission director Zbigniew Brzezinski and the Wharton School's Lawrence Klein for programming from the bottom up. Gloating, controller Bourne recalled how "David Rockefeller and Brzezinski agreed immediately that Carter was the ideal politician to be built."

Several months later Clockwork Orange Carter launched his campaign with ample financial support from his Rockefeller-Harriman benefactors, including George Ball's investment banking firm, Lehman Bros.; the South African butchers Oppenheimer and Co.; Mobil Oil; C.Douglas Dillon; Henry Ford II, Time-Life's Henry Luce III; nuclear madman Paul Nitze, and others.

#### From Plantation to Concentration Camp

From the beginning of his campaign, Carter served as a mouthpiece for Lower Manhattan's most explicit Schachtian schemes. His foreign policy program — designed by Ball Nitze, Brzezinski, and Richard Cooper of the Trilateral Commission — has been lauded in the Washington Post as indistinguishable from that of the warmongering Secretary of State Henry Kissinger. Carter's domestic program — hatched from the bowels of the Massachusetts Institute of Technology and Brookings — demands the most vile forms of slave labor, including Hitler-youth type work camps. Carter also has publicly endorsed breaking strikes and busting unions in order to repay the banks' debts and was instrumental in pushing through the infamous Ohio CCC bill.

Self-described as "poor white trash made good," Carter is aspiring to be puppet president of a vast Wall Street-run plantation, complete with chain gangs. No wonder so many Democratic Party convention delegates are responding to the Labor Party exposé of Carter by threatening to defect not only from the Manchurian candidate, but from the party. As one Washington delegate put it: "I knew the guy was a zombie. Nobody could be that stupid normally."

## Never Trust A Liberal

# The Fabian Conspiracy Against Congress And The Democratic Party

The insurrection against the U.S. Congress which has been billowing across the pages of the National Security Council-controlled press is the work of a group of "liberals" and "radicals" who, at Wall Street's orders, have been eating away at Constitutional democracy for the last two decades. Marcus Raskin, Arthur Waskow, and the other worms who formed the Institute for Policy Studies in 1963 are responsible for every major atrocity perpetrated against Congress, against the Democratic Party, and — in concert with the National Security Council — against the Office of the Presidency since the late 1950s.

Wall Street and its Institute agents have come very near to succeeding. The Democratic Party is close to nominating a synthetic, Rockefeller-groomed peanut farmer as its Presidential candidate, a coup in the making since 1964. At that time the Institute began a covert campaign to destroy the traditional machine base of the Party built on local organizations such as Mayor Daley's Chicago machine, by throwing a series of synthetic liberal, radical, and terrorist counter-gangs against it. Already sickened by these past disruptions, 30 per cent of the Democratic Party's labor and civil rights base took one look at Carter and stayed home in the spring primaries in industrial strongholds such as Michigan and Pennsylvania.

Congress, within the past week, has partially capitulated in the face of the same insurgency. In the wake of the sex exposés and entrapments, orchestrated by the National Security Council, the liberal "reform" Congressmen carefully emplaced in Congress by the Institute and its fore-runners have come slithering out of the woodwork, demanding that Congress reform itself into a rubber stamp for Wall Street's fascist policies. Every important Congressman leading the current orgy of reform — Obey, O'Neill, Bollings, Thompson, etc. — is a long-standing member of the Institute conspiracy.

Deployed by the National Security Council in tandem with the rest of Wall Street's private intelligence networks and agencies such as the Brookings Institution, the Ford Foundation, and various press, the Institute has imported the methods of decayed British Imperialism's Fabian Society to twist, subvert and increasingly — attempt to destroy the workings of American democracy.

### American Fabianism

In 1960, Marcus Raskin and Arthur Waskow published a post-mortem on a short-lived formation known as the Congressional Liberal Project, in which they and a dozen Congressmen launched the conspiracy to destroy Constitutional democracy. They described their activities as follows:

*"There never has been in American life anything comparable to the Fabian Society. Woodrow Wilson and Franklin Roosevelt gathered around them an ad hoc team of advisors ... but (did not) create the ethos or basis for interpreting the relation between specific pragmatic measures and over-all social and political change .. Washington, D.C. is still a city dominated by middle-level civil servants, the military, and the lobbyists, and not a city tied in to avant garde ideas in*

*American society. Several State governments have been in this respect somewhat less badly off in recent history; (in particular) Wisconsin and Minnesota...*

*"In the Congressional elections of the fall of 1958, however, a group of Democrats were elected to the House of Representatives who have banded together as the Liberal Project to change the state of affairs.."*

Fabianism is a particular disease of British imperialism, transmitted to the United States by Anglo-American finance capitalist carriers. As Beatrice Webb, founder of the British Fabians, described in her diary, Fabianism then was a bankers' conspiracy to permeate and penetrate the two traditional parties in Britain — the Liberal Party and the Tories. From their left-cover base within the Liberal Party and later the Labour Party, the Fabians were able to hamstring the European working class through infiltration and in some cases takeover of major sections of the Social Democratic and left-anarchoid movements.

As the Liberal Projecteers point out, the attempts of American finance capitalists (the Morgans, Warburgs, Rockefellers, etc.) to spread the Fabian disease in epidemic proportions in the United States were not successful during the first half of the 20th century. Though Wilson and FDR turned policy-making in their Administrations over to a Fabian-like gaggle of Wall Street bankers and their domesticated academics from Harvard, Yale, Princeton and Columbia, the total penetration and capture of constituency-based institutions — the Congress and the Democratic Party — was never accomplished.

The onset of the 1957-58 recession, dimly perceived by Wall Street as the beginning of a conjunctural crisis for the Dollar Empire, demanded a renewed, intensified attempt at Fabian penetration of the Congress and the Democratic Party.

The Liberal Project, founded in 1958 by then-Congressional aides Marcus Raskin and Arthur Waskow, was the seed crystal of this conspiracy. Five years later, the same two institutionalized the Project with the founding of the Institute for Policy Studies. Raskin and Waskow worked out of the office of Wisconsin Democrat Rep. Robert Kastenmeier, and under the direction of banker James Warburg, Wall Street's long-time controller of Fabian left-penetration operations. Besides Kastenmeier, the other Congressional members of the Liberal Project were Jimmy Roosevelt, Wall Street Democrat and later Assistant Secretary of State Chester Bowles, lawyer Charles Porter, now-deceased Byron Johnson, and others whose names have conveniently slipped from the memories of the original participants. In true Fabian form, the Project included academics, such as Harvard's fascist academic David Reissman, "public servants" such as Warburg, and unnamed newspapermen.

The goals of the Project were to "redefine" the policies of the Democratic Party and to restructure the Party into a willing vehicle for Wall Street's policies of international fascist domination. Internationally, this meant a strategy to bludgeon the Soviets into capitulation before Wall Street's onslaught. The Liberal Project defined this strategy on two levels. Principally, the Liberal Project (and later the Insti-

tute) waged an 18-year campaign to insinuate the Rockefeller-"utopian" strategic doctrine of counterforce or "limited" nuclear war into U.S. strategic thinking and into the Democratic Party. This doctrine, first introduced by Henry Kissinger in 1957, is the clinically insane policy of attempting to force a Soviet backdown in the face of a "limited" nuclear attack — the policy Henry Kissinger is trying to force today in the Middle East. Because traditional military men in the U.S. know that the Soviets reject limited nuclear war and adhere to "mutually assured destruction," as do they, the Fabians have had a running deployment against such military traditionalists.

Secondarily, the Liberal Project Fabians, echoing their British forebearers' operations against the young Soviet Republic, used the demand for recognition of Cuba and China to launch major espionage penetrations into those countries and, in the case of China, exacerbate the Sino-Soviet split. With Cuba, Fabian "support" for Castro has been a major capability in linking Cuba to Institute-spawned terrorism.

Domestically, the Liberal Project set out to destroy the working class, its institutions and its ability to resist Nazi economic policies. The writings of the Liberal Project reek of the putrefaction of decaying British imperialism and its hatred of progress. They despise those "to whom being American means being a pioneer — a trail blazer and a producer," means having "new frontiers." According to the Fabians' scenario, the "producers" — the working class and the business-oriented middle class — must be replaced by a New Class of administrators, intellectuals, the Under Class (the increasing pool of unemployed minorities and poor), and "enlightened patricians." The New Class is to oversee the transformation of society into non-materialist, "religious," locally controlled community work-places — fascist, austerity-crushed hellholes. Should the working class resist, Waskow himself warns, there will be "civil war."

The immediate targets in this covert civil war were Congress and the Democratic Party.

#### The Fabian Networks

In 1958, the newly formed Liberal Project intersected and gave direction to nascent Fabian formations in both the Senate and the House. The core agents came from the Fabian spawning grounds which the Liberal Project was to later write so appreciatively about — Wisconsin and Minnesota. Rep. Kastenmeier, the Congressional father of the Liberal Project, and Waskow both crawled out of the Wisconsin swamp.

Penetration and permeation of the dominant Democratic wing of the Senate (except for the Southerners) was not a difficult task for Wall Street — they simply inserted their agents. The smaller size of the institution, and the further distance of the Senators from their constituents because of state-wide voting and six-year terms, allows an agent like William Proxmire (D-Wisc.) to brazenly state in his autobiography,

*"Unlike most elected officials, I was anything but a natural people's choice. My constituents could not possibly consider me as one of them. From the beginning I was an outsider. I carpetbagged into Wisconsin...I had degrees from Harvard and Yale...My last employment had been not just on Wall Street, but with J.P. Morgan and Co. My wife was Elsie Rockefeller at a time ...when the name Rockefeller meant corporate cruelty at its meanest...How do you like that for a 'liberal Democrat'."*

Proxmire's wretched boast was then shared by that great whore Hubert Humphrey of Minnesota, by OSS-agent Frank Church, and in 1958 by Minnesota's Eugene McCarthy. Since

then, the Senate ranks have been swelled by such scum as Sen. Dick Clark of Iowa, who probably received personal training from arch-Tavistock brainwasher Kurt Lewin at the University of Iowa before going on to the British-Fabian-linked Frankfurt Institute; Sen. Gary Hart (Colo.), George McGovern's campaign manager in the 1972 wrecking operation; Sen. Floyd Haskell (Colo.), who was Nelson Rockefeller's Colorado campaign manager before "converting" to the Democratic Party; Sen. Alan Cranston (Cal), founder of the CIA-run and Warburg-funded World Federalist movement.

But, the House of Representatives has always represented a tougher problem and, as such, has been targeted more vigorously by the Institute conspiracy.

The problem became acute in 1956, when Wall Street moved to tighten control of the Democratic Party hierarchy with the formation of the Democratic Advisory Council. The DAC, composed of such "Democrats" as "utopian" Paul Nitze, Nazi economist John Kenneth Galbraith, Humphrey-Hawkins bill author Leon Keyserling, and bankers Henry Fowler, Hans Morgenthau, and Herbert Lehman, immediately ran into trouble with the "Congressional wing" of the party, as they defined it. Lyndon Johnson warned that he didn't like the idea of "appointive professional politicians supervising the policies of democratically elected Congressmen" and others warned that the DAC was acting like a "shadow government" and an "extra-legal liberal cabal."

To deal with this Congressional resistance to Wall Street, Rep. Eugene McCarthy — an intelligence agent during World War II and a Humphrey protégé — founded a gang of "liberal" Congressmen known as McCarthy's Marauders and later institutionalized as the Democratic Study Group, the DSG. The DSG was immediately consolidated under Liberal Project control when the latter was founded a year later by Representatives Chester Bowles and Jimmy Roosevelt, who were in both groupings. The members of the DSG have for 20 years taken a wrench to the institutions of the House. Each of the principal actors in today's House-wrecking reform operation was a founding member of the DSG:

\*David Obey (D-Wis) is the author of the just-passed "reform" proposals which mandate the once-powerful House Administration Committee out of existence and which has set up a Fabian self-policing apparatus for Congress, including non-Congressmen.

\*Frank Thompson (D-NJ) has just replaced the "Elizabeth Rayed" Wayne Hays as head of the House Administration Committee.

\*Tip O'Neill (D-Mass) is scheduled to replace Carl Albert as Speaker of the House — a position greatly enhanced by the reformers. O'Neill assumed his current position as House Majority leader after traditionalist Hale Boggs was murdered in an Alaskan plane crash.

\*Richard Bolling (D-Mo) has led the House "reform movement" throughout the 1960s and 1970s, which has gradually eroded the power of tradition committee chairmen and old-liners.

\*Henry Reuss (D-Wis), who earned his Wall Street credentials collecting the bankers' debts in the Occupation Government in Berlin and in the 'Marshall Plan', replaced long-time Wall Street foe Wright Patman as head of the Banking Committee after Bolling reforms gave the insurgents more power.

#### The Fabian Conspiracy

The Liberal Project itself died in 1960 when half of its members were politely removed from positions of potential harm



by their constituents. Policy direction for the DSG and the Senatorial networks shifted straight into the national security apparatus of the Kennedy Administration. Marcus Raskin served on the National Security Council special staff under McGeorge Bundy (later President of the Ford Foundation). Numbers of future Institute Fellows went into the newly formed Arms Control and Disarmament Agency created by Rockefeller banker and henchman John J. McCloy and old friend James Warburg. Others polluted the State Department and other top-security-clearance positions. Many retain that clearance today.

Yet despite this vast deployment, actual command and control of domestic institutions was not proceeding apace with the disintegration of the world economy. In 1963, Wall Street was forced to qualitatively intensify its conspiracy against domestic institutions. Increasingly Wall Street's vast, Cold-War-nurtured intelligence networks, public and private, were set loose to destroy whatever domestic institutions stood in the way. Besides the assassination of John Kennedy, the formation of the Institute for Policy Studies was the most obvious manifestation of this policy shift.

The Institute's earliest assignment was the destruction of the Democratic Party. That task accomplished, Congress was expected to succumb to the Fabian insurgency operating within. This is clear from the Institute deployments between 1964 and 1968. While a tremendous amount of policy direction for Congress came from the Institute in this period, the no-holds-barred wrecking operation couldn't commence until 1968, after the Democratic Party itself was severely weakened by the Chicago convention events.

Between 1964 and 1968, the Institute held regular seminars for Congressmen and Congressional assistants on strategic topics such as "Defense and Disarmament," where utopian strategies were fostered, "Impact of the Vietnam War on American Society," "The Corporate Economy," where fascist corporatism was mapped out, and "New Trends in Public Policy," attended by five Congressmen (now out of office) including Rep. Robert Ellsworth — now Assistant Secretary of Defense for Intelligence Affairs.

A 1964 Seminar on Civil Rights under the direction of Arthur Waskow provides the clearest example of the dual conspiracy operating within Congress and the Democratic Party launched by these plotters. Attending the Seminar were Congressmen Robert Kastenmeier and Augustus Hawkins (D-Calif.), Stokely Carmichael of the Student Nonviolent Coordinating Committee (SNCC), itself an Institute creation, government officials from the Civil Rights Commission, the Department of Health, Education and Welfare, the Committee on Equal Employment, and the Urban Renewal Commission. Out of the Seminar were launched the Civil Rights Act of 1964, and the Mississippi Freedom Democratic Party began the attacks on the "racist" regular Democratic Party machine.

The 1964 Civil Rights Act, by and large merely a restatement of already existing code, was transformed into a vehicle of counterinsurgency. Two members of the House Judiciary Committee, Kastenmeier and member of the original Liberal Project Byron Johnson, "toughened" the legislation up so much that even then-Attorney General Robert Kennedy, who tore up civil liberties as well as the next guy, choked on the amendments, warning that they set a precedent for a "national police force." One of these amendments gave the Justice Department the right to take "preventive action" to "protect" the civil rights of a citizen; others set up the Equal Employment Opportunities Com-

mission and set the "affirmative action" union-busting apparatus in motion.

### Convention-Wrecking

The organizers for the Mississippi Freedom Democratic Party (MFDP) were deployed by the Institute and included SDS-founder Tom Hayden, later architect of the McCarthy campaign Allard Lowenstein, top labor agent Staughton Lynd, and House Judiciary Committee impeachment prosecutor-to-be John Doar. The MFDP was given the go-ahead to challenge the credentials of the Democratic Party's regular Mississippi delegation by notorious Fabian agent and then UAW-attorney Joe Rauh. Walter Reuther gave his blessing (and probably his union's money) at a meeting with Rauh, the MFDP, SNCC and SDS. Up at Institute headquarters, Waskow gloated that "the stage had been set for a major confrontation between orderly politics and the politics of creative disorder."

The disorder was pulled off at the convention with the complicity of the media, with Carmichael and SNCC outside demonstrating on the boardwalk and with Kastenmeier inside, on the Credentials Committee of the Convention, prodding the insurgency forward there. While the regular Mississippi delegation remained seated, and visible damage to Lyndon Johnson's landslide victory was minimal, the press trumpeted about "racism" vs. the new politics in the Democratic Party. It was a short jump to 1968.

But the jump was well prepared for by the Fabians. In 1967 and early 1968, the Institute swung into an orgy of seminars which, exploiting the counterinsurgent Great Society legislation which the Congressional agents had shaped, laid the basis for a "new politics" assault on the traditional Democratic machine. Seminar topics included "The New South," "Local Government," "Neighborhood Economy," "Community Development," and "Regional Development," which set the counterinsurgency machines in motion against urban and southern Democratic machines. "Issues" seminars on the Cold War and Vietnam whipped up the frenzy for the fight. All the while, the section of an entire generation of youth which had been turned into counterculture proto-fascists, drug-ridden lumpens, and New Left terrorists was mobilized and funded by the Institute to be used as shock troops against the Democratic Party.

Twenty years of counterinsurgency culminated at the 1968 Chicago convention. The Democratic Party was torn apart by a "fight" between Fabian McCarthy and Fabian Humphrey. The McCarthy campaign was one of the vilest amalgamations in post-war history; besides McCarthy himself, at the top of the structure stood Allard Lowenstein, veteran of the MFDP and reportedly a CIA recruiter in the National Student Alliance. But even other NSA scum show Lowenstein brought in were not low enough for McCarthy. He replaced them with a just-retired CIA agent from Defense Secretary Clark Clifford's law firm, whose assistant was a career CIA man. This was the candidate the Institute-deployed disruptors rallied to!

While the Institute-funded, Waskow-conducted National Mobilization Committee to End the War rioted outside, while chaos reigned inside — highlighted by delegate Waskow's demand that the nomination vote be halted so that delegates could join the rioters — while Chicago Mayor Daley, head of one of the Democratic Party's stronghold urban machines, was branded a racist and a fascist, the regular Democrats looked on in horror and wondered what alien disease had gripped the Party.

It was not a disease — it was a conspiracy. In the wake of

the convention, it intensified in Congress. The Democratic Study Group brought in a new chief counsel — Richard Conlon, a newspaperman from the Humphrey Minnesota stable. In tandem with Conlon and the DSG, DSG member Bolling began to consolidate his assaults on the seniority structure and the committee system. A Special Committee was established with Bolling as chairman, which step by step passed key Fabian reforms. But again while the DSG increased its activity, it could not push through the final coup d'etat against Congress until the Democratic Party was furthered weakened.

The seeds for that operation were laid in 1968. Shaken by the chaos around them, the delegates at the 1968 convention had allowed several party reforms to pass which laid the basis for the final 1972 takeover — reform of the delegate selection process and of the platform process. The Delegate Reform Commission was headed by Fabian liberal Sen. George McGovern, who was replaced when he announced his candidacy by Humphrey crony Rep. Don Fraser of Minnesota — a member and chairman of the DSG. As the conspirators happily admitted, no one understood the new rules except McGovern! Exploiting this, various Fabian formations such as the residue of the McCarthy campaign (the New Democratic Coalition), the DSG, the Congressional Black Caucus, New South, and other “new politics” outlets captured significant delegate strength in the primaries. At the convention itself, the regular Democrats were massacred — the Daley delegation and other urban and southern delegations were unseated for failure to comply with the new Fabian-crafted rules.

The new “Democratic” platform proceedings allowed every splinter interest group to seize prime-time coverage and scream about the sell-out of women, poor people, In-

dians, blacks, gays, youth, the disabled, ad infinitum. The working class took one look and pulled the Republican lever in November.

#### **All-Front Assault**

Since then, the Institute conspiracy has crescendoed on all fronts. In 1973, a cross-section of Fabians — Paul Warnke, Rep. John Conyers of the Judiciary Committee, Ralph Nader, a United Auto Workers attorney, journalists, lawyers, and Institute creatures — met to discuss “Issues of Impeachment” and set in motion the “liberal” outrage necessary for the Watergating of President Nixon. (Nixon had been primed for the Watergating by his reaction to the release of the Pentagon Papers — itself the result of an Institute Seminar in 1970 with Daniel Ellsberg, New York Times reporter Leslie Gelb, Morton Halperin, and various Pentagon people and think tankers.)

By 1975, the Fabians had succeeded in a coup against four traditionalist Congressional Committee chairmen, most notably Patman of the Banking Committee (replaced by Reuss) and Wilbur Mills of the Ways and Means Committee, who wouldn't capitulate until Fanne Foxe was thrown into his lap and he was sent to Bethesda Naval Hospital for brain-washing.

Today, the conspiracy initiated in 1958 with a dozen Congressmen and the future founders of the Institute has totally exposed itself. Traditional Congressmen are in open battle with the Fabian reformers. A grotesque Wall Street creation is the almost certain nominee of the Democratic Party. Still unable to capture the American working class, despite 20 years of trying, the failed junior Fabians at the Institute for Policy Studies have no “persuasion” left but mass terrorist assaults against the population.

# How The Institute For Policy Studies Took Over The United Mine Workers

With the release of the Labor Party expose of Marcus Raskin's Institute for Policy Studies, trade union officials throughout the labor movement have requested from the USLP the real story behind the Institute's 1967-73 takeover of the United Mine Workers.

The story is of more than historical interest. As well-informed union officials now recognize, the UMW takeover was the model for Institute unionbusting operations today, most prominently against the International Brotherhood of Teamsters.

Honest trade unionists have suspected some such dirty work was afoot, even if they remained somewhat unsure about the who and why of the operation.

Consider the obvious parallels between the Mineworkers case and the ongoing witchhunt against the Teamsters — the Institute's creation of a synthetic rank and file movement (Miners for Democracy, PROD), the charges of "bossism" and involvement with organized crime against the Boyle leadership of the UMW and the Fitzsimmons leadership of the Teamsters, the heavy involvement of the Justice and Labor Departments, and the highly suspicious murders of well-publicized unionists, Yablonski of the UMW and Hoffa of the Teamsters — any unionist aware of this pattern must also suspect that the current furor against the Teamsters is being played out according to a well-rehearsed script.

With the Labor Party's identification of the Institute for Policy Studies as the central developmental and coordinating institution for Atlanticist political and labor counter-insurgency in the U.S. the pieces of the puzzle fell rapidly into place. The Mineworkers takeover was accomplished by the same Institute networks who are today at work in the attempt to wreck the Teamsters: Joseph Rauh, Jr., the "liberal" Democratic attorney and experienced hand in coordinating unionbusting operations with the Labor and Justice Departments; Ralph Nader, Institute Associate Fellow and counterinsurgent "consumerist"; the Fabian fascist leadership of the United Auto Workers; Staughton Lynd, pacifist guru of the terrorist "New Left"; Katherine Graham, publisher of the Washington Post; and the stable of the Institute special project, the Fund for Investigative Journalism. Also involved in the Mine Workers' operation were such unlovely characters as Eric Trist, top psychiatrist at London's Tavistock Institute, which updated German Nazi brainwashing methods for Rockefeller; and ex-VISTA and SDS members led by IPS Associate Fellow Robb Burlage, who helped to create the Maoist countergangs and the Black Liberation Army terrorists.

The Mineworkers were chosen as the model for Institute unionbusting principally because of the requirements of the Rockefeller family's scenario for the creation of the \$100 billion "Project Independence" boondoggle. To proceed with large-scale labor-intensive strip-mining, coal gasification, and similar projects, the Rockefellers required a union which would cooperate with the slave-wage, local control Nazification program for Appalachia, whose infrastructure they had been building since the creation of the Office of Economic Opportunity in the 1960s.

Like the Teamsters union today, the United Mine Workers under the leadership of Tony Boyle, because of its relative commitment to such traditional union rights as seniority and

work rules, a tradition of militancy extended back to the early days of the CIO, and virtual freedom from Fabian penetration operations so evident in, for example, the decline of the UAW, represented a large stumbling block to the Rockefellers' plans.

Boyle, regardless of his other shortcomings as a trade union leader, would not go along with plans to crush his base or decentralize the national leadership to allow more "pliable" leaders a share of the power. Rockefeller therefore set out to crush the Boyle leadership, using its profiled weaknesses to design an attack and shock troops of the "left wing" of the Institute for Policy Studies networks and the Federal government to carry out a classic "inside-outside" job.

## The First Steps

In the beginning of 1967, Ralph Nader made a foray into West Virginia to build the Black Lung Association, ostensibly to fight silicosis and pneumonocosis — diseases of dust infestation in the lungs that can terminate in death. Counterinsurgent Nader was valued as a well-publicized specialist in profiling how old-line bureaucracies work and busting them up through "consumer-oriented reforms." By January, 1969, he had recruited a few doctors into an organization called the West Virginia Black Lung Association, and was releasing stories to the press.

In early February, 1969 "non-political" Nader released a letter to a gathering of miners which vehemently criticized UMW president Tony Boyle: "The record is overwhelmingly that Mr. Tony Boyle has neglected his responsibility to protect coal miners. The time has come for you to invite Mr. Boyle to West Virginia and have him exercise his rights of replying to these facts. You may conclude that he is no longer worthy of being your leader (and) that you need new leadership."

The press, led by Katherine Graham's Washington Post, gave prominent coverage to the black lung movement and mining disasters, ignoring all efforts the mineworkers union itself had made to combat these problems. For example, the Post covered the Farmington, West Virginia mine explosion of Nov. 20, 1968; which killed 78 miners, as if the UMW had touched it off!

With the health and safety issue established, the selection of a candidate to oppose Boyle became the next task.

## The UAW and Robb Burlage

In the early spring of 1969, Nader held a series of meetings and settled on Joseph "Jock" Yablonski, an older "radical miner" who had gone to Grant Park in Chicago during the Institute-created 1968 riots outside the Democratic Party convention. According to published accounts, Nader handed Yablonski an already written draft program for his political campaign and promised Yablonski staff personnel, money and major press coverage. Yablonski's son Steve, who attended these meetings, told reporters that Nader vowed to "get" Boyle: "There's never been a fight I wanted to win more."

As Ralph Nader admitted at this time, Yablonski was totally unknown and to build his campaign outside shock troops were necessary. The Fabian hierarchy of the UAW and the Institute's New Left terror brigades fulfilled this function.

The UAW ruling circles — Walter Reuther, Leonard Woodcock, and Irving Bluestone — were expert at using their cover of so-called progressive unionism to penetrate other unions. In 1968, the UAW launched the Alliance for Labor Action (ALA) as an alternative labor organization to the AFL-CIO. The UAW poured funds and top social democratic-Fabian personnel, such as Ed James, now on the Executive Committee of Michael Harrington's Democratic Socialist Organizing Committee and a top aide to Miller, into the mining region.

The Institute's foot soldiers, led by IPS Fellow Staughton Lynd and SDS "radical" Robb Burlage, joined UAW personnel and funds in organizing in small mining towns. Burlage, who also set up Lincoln Detox Black Liberation Army terrorists experiment in New York City in 1971, had been profiling the Appalachian region population since his days as an SDS leader in the early 1960s and published a tract promoting regional labor-intensive development for Appalachia in 1964 premised on a miners' takeover by "reform leadership." Burlage, along with his guru Lynd and IPS Associate James Ridgeway, former journalist for the IPS-connected New Republic and Ramparts magazines, formed several "radical collectives" to which New Left anarchists were recruited.

One Burlage-Lynd-Ridgeway collective, the People's Appalachian Research Collective (PARC), put out literature in support of the Nader-hatched Yablonski movement which was distributed in bulk quantities to miners. PARC's broader objectives were made clear with its call for instituting fascist community control, which appeared in its publication People's Appalachia: "It is the development of a city and town-oriented society which often destroys the strong family ties and feelings of community. One way to prevent the further erosion of these elements is to encourage the establishment of 'kin communities' made up of four or five families. A kin community could be family based with two or three generations living together." This fascist model was to be used to fragment the Appalachia working class, and regroup it around "folk ideology."

To buttress the radical flank, "liberal" forces were deployed by IPS to sell the synthetic Yablonski movement to the press, the skeptical labor movement and the public. Since IPS knew that Yablonski could never win an honest election, something as needed to make the planned vote fraud for Yablonski credible.

Joseph Rauh, Jr., handled the "liberal" end. Rauh had built his reputation as a Cold War liberal, a founder of the Americans for Democratic Action and as an anti-communist legal counsel for the UAW's Walter Reuther. He was also a specialist in rigging elections. Rauh, assigned a staff of VISTA and Peace Corps cannon fodder, cranked out press releases charging Boyle with blocking "union democracy," colluding with the coal company operators' misuse of pension and other benefit funds, and fed what he thought would be incriminating evidence to his contacts inside the LEAA wing of the Justice Department for public use against Boyle, just as such information is conduited against the Teamsters today.

By spring 1969, IPS command and control structure had its forces well placed and operating through the mining region prepared for the next phase of conspiratorial assault.

#### Yablonski As a Media Star

On May 29, 1969, IPS stooge Yablonski, virtually unknown in the coal fields among miners, announced for UMW president in elections to be held in November of that year. According to the account of Brit Hume, an executive board

member of the Institute's Fund for Investigative Journalism, on that morning, "a bemused group of newsmen gathered in the Pan-American room of Washington's Mayflower Hotel. They were to attend a press conference held by a man whose name they did not yet know. The night before, each of them had received a phone call from Ralph Nader, who gave them the time and place of the meeting." Confirming Nader's pull among the press, Hume reported that, "had someone other than Nader issued invitations to the sessions without naming the person involved, it is doubtful that a single reporter would have appeared."

Three months later, by early August, Yablonski's candidacy had barely met the requirement to get on the ballot of receiving nominations in 5 per cent of the UMW's 1050 locals. Lacking even miniscule grass roots miner support, except in a few isolated regions, the disillusioned and increasingly depressed Yablonski became resistant to continuing his campaign. IPS yellow journalist Brit Hume confirms this in his book *Death and the Mines*: "Ralph Nader had expected that Yablonski would set out from the day he announced his candidacy to carry his message to every coal town in the country. He envisioned an aggressive, barnstorming drive in which Yablonski would emphasize not only union issues but the broader issues that the candidate had spoken of in his May 29 statement. Instead, Yablonski seemed to be taking it easy. **Before he won nomination, he spent relatively little time in the coal fields, and now that his place on the ballot was assured, he seemed to be no more aggressive. For the first three weeks in August, he did virtually no campaigning.** The image of Jock Yablonski as the embodiment of a new politics in the labor movement was not being projected." Exasperated Hume reveals what a flop the IPS scenario had proved to be, "Reporters who visited the Miners for Yablonski office and talked to (Yablonski's son) Chip were impressed with how vague the campaign plans were... Yablonski seemed a reluctant warrior." With the elections only a few months away, and Yablonski seemingly certain to lose big, IPS and their command structure naturally drew the conclusion that Yablonski was expendable. Something big was needed to make the IPS mineworkers insurrection get off the ground.

#### IPS Takes Care Of Its Friends

Yablonski had campaigned in only a few areas, and did not draw campaign rallies of more than 250 miners. On Nov. 30, election day for the mineworkers, Yablonski's fraudulent campaign, even with vote-stealing engineered by Rauh was resoundingly smashed by Boyle. Yablonski got only a little more than a third of the vote.

On Dec. 31, 1969 Yablonski, his wife and his daughter were murdered in their home, in a killing that is covered with the earmarks of the type of assassination that is the specialty of the Rockefeller networks in Latin America countries.

Regardless of who actually committed the Yablonski murder for which Boyle and others linked to him were eventually convicted, the only beneficiaries of Yablonski's death were the IPS wrecking crew. The slaying created a "martyr" around which the IPS "miners insurgency" could at last be built. Out of the Yablonski election campaign staff, IPS hatched the Miners for Democracy (MFD). The Institute turned the synthetic MFD into the rallying point for false praise and publicity cranked out by the UAW, the various species of IPS-run Maoist sects, and the national media propagandists.

Assembled together in the MFD as the leading agents were Joe Ra' , the union-busting ADA lawyer; Rick Banks, former head of Appalachia VISTA and the personal friend of

Jay Rockefeller IV; lawyers from CIA "consumer advocate" Ralph Naders "Raiders" outfit; and a brigade of "New Left" stringers from the Lynd-Burlage IPS Appalachian Collectives. IPS then selected Arnold Miller as the stand in for the martyred "Yablonski" as the stalking horse presidential candidate of the "whole" Miners for Democracy slate. Miller, a personal friend of Jay Rockefeller, had been a visiting lecturer at the Institute for Policy Studies since 1968.

#### **The Inside-Outside Job**

A classic inside-outside MO was then employed against the union. With the IPS-MFD ripping apart the miners from the inside, the anti-constitutionalist forces in the U.S. government, using their illegally usurped powers went to work against the UMW from the outside. This included the network of Rockefeller-directed conspirators in the FBI, the Justice Department, the Labor Department and the private intelligence agencies which possessed government "security clearance."

Agents in the Labor Department dispatched an order for new presidential elections because of "irregularities" in the first one, setting the stage for the new attack against the old-line Lewis miners machine.

IPS's purpose in the Yablonski murder shines forth clearly. IPS reporter Brit Hume, observed later: "like never before, Boyle was put under a state of siege. This strategy was tailored to Hume's profile of Boyle: "highstrung," paranoid" and "agitatable."

Joe Rauh and his pals in the criminal LEAA wing of the Justice Department, including lawyers Thomas Henderson and Charles Ruff went into a flurry of activity during the period January 1970 through December 1972. Rauh and company served indictments against Boyle on the following counts: illegal election practices in the 1969 mineworkers election, embezzlement and misuse of pension funds, breach of fiduciary duties as a trustee of the union's pension funds, and so forth.

The state of siege was heightened. FBI agents began swarming through the coal regions interviewing and terrorizing workers about the "Boyle charges." Senator Hrrison Williams, connected to the Cambridge Institute branch of IPS and currently leading Congressional investigations into "criminal violations" geared to wrecking the Teamsters, opened up Senate Labor Committee hearings on Boyle's "possible misuse of pension funds."

The controlled media, led by the Washington Post, splashed scandal stories about Boyle's misconduct across the coal fields and the country, trying him and finding him guilty before he ever set foot in court.

As the siege reached its peak during the rescheduled UMW presidential elections held in December 1972, Rauh and Rockefeller deployed scores of their agents from the Labor Department to supervise the balloting and count the votes. No one in the Boyle camp dared challenge the IPS-Labor Department vote fraud, which announced "democratic rank-and-filer" Miller the election's winner.

#### **Fruits of the IPS Victory**

Immediately following the Miller victory, IPS conducted a series of transactions to rip to shreds the old-line machine inside the miners union and to transform the UMW into a leading instrument for imposing Schachtian economics.

IPS deployed top-level agents into the UMW hierarchy to chop it up and then reorganize it along streamlined corporatist lines. For example, the new Board of Trustees in the revamped UMW health and welfare fund included Martin Danziger, former head of the Justice Department's Criminal

Division overseeing the LEAA, and Harry Huge, a lawyer from the top Washington law firm of Arnold and Porter, which produce among others Mitchell Rogovin, the IPS lawyer who is now publicly defending the CIA in court.

The UMW journal was turned over to an IPS scribbler from the notorious Columbia School of Journalism, Don Stillman. At the same time an army of agent-watchdogs were implanted into the UMW central Washington headquarters as "assistants" to Miller, including Rick Banks, the former head of Appalachia VISTA, Social Democrat-Fabian heavy Ed James, and former UAW Director of Education Bill Goode.

In the next step in social engineering, the UAW's Irving Bluestone took charge to shape the synthetic Arnold Miller UMW leadership into the UAW mold of fascist Fabian "social progressive unionism." Bluestone was established as a controller of the "fascism with a human face" transformation of the UMW. To re-educate the top levels of the UMW leadership Bluestone shipped them to the UAW's brainwashing center in Black Lakes, Michigan for weekend brainwashing seminars.

Eric Trist, the British Military Intelligence and Tavistock Institute master brainwasher, was strategically shifted into operations against the UMW. Trist, with his associate Brigadier John Rawling Rees, had built his reputation in the 1950s by directing the reduction of Britain's coal mining workforce by one third, as output was increased without the benefit of mechanization. According to documents in the Labor Party's possession, IPS forces in the UMW leadership, illegally and without the membership's approval, wrote checks totaling \$32,500 drawn against the UMW treasury to pay for Trist's Rushton Miners experiment in "democratization." At the Rushton Mines in Johnstown, Pa., Trist broke down work rules and pay scales as "self-motivating leaderless "groups" in the pits worked themselves to the bone to earn a co-determined share of the company's profits. The top-secret Rushton project was slated for scaling-up throughout the mining region in order to subject tens of thousands of miners to murderous speedup and working conditions.

By this time Jay Rockefeller, a graduate of the OEO poverty program in Appalachia, stationed in West Virginia as president of the state's Wesleyan College, had become a key controller over "rank and file" leader Arnold Miller, taking Miller to "collective bargaining" brainwashing sessions at West Virginia University's Labor Education Center.

Rockefeller control of the UMW gave his private "invisible government" additional capability to conduct wrecking operations against Constitutional government in the U.S. As one IPS-linked Miller aide put it, "now we can shut down the economy within 48 hours." The 1974 miners strike was planned as just such a destabilization operation in preparation for military rule, on the model of the CIA's 1973 fascist truckers strike in Chile which precipitated the fall of the Marxist government of Salvador Allende. The Labor Party's widespread exposure of this scenario was critical in aborting the operation.

During 1973-74, the Institute and the UAW re-oriented the Mine Workers program away from traditional "bread and butter" issues to support for Rockefeller's Project Independence strip mining and coal gasification boondoggles. In the fall of 1974, in a speech to the UMW Convention Miller himself defended the practicality of these utterly fantastic Project Independence pyramid-building schemes by

referring to IG Farben's "successful" coal gasification projects in wartime Nazi Germany.

Although continued Congressional opposition has prevented the passage of national Project Independence legislation, Rockefeller is still trying to sneak it through in pilot project form. Recently the Ohio Civilian Conservation Corps bill, HR 12, which would establish a network of slave labor youth camps where workers would "reclaim" land strip-mined to feed coal gasification projects, was prevented from passage only when the USLP mobilized nationally to block it, and Ohio Teamsters lobbied vigorously against the bill.

Recent developments indicate that a majority of the UMW's officials, sensing the disintegration of their union under the Institute's synthetic Miller leadership, are at the point of open revolt. Led by UMW Mike Trbovich, 15 officials of the UMW's 21-member International Executive Board have blasted Miller for hiring "outside radicals" (Institute operatives) onto the union staff whom they charge with "destroying the union." They have also charged Miller with misuse of union funds.

Like the Teamsters leadership, however, these UMW officials have yet to use their strongest weapon — to name publicly the main enemy which has brought them under attack, the Institute for Policy Studies.

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## What The Socialist Sector Is Really Saying

# Soviet Union, White Communists Clash At European CP Summit Conference

July 3 (NSIPS) — Speaking directly to Henry Kissinger's followers in the governments of Western Europe, Soviet Communist Party General Secretary Leonid Brezhnev warned from the Conference of European Communist and Workers Parties in East Berlin June 29 that "the powderkeg into which Europe has been turned today" will be ignited if Kissinger's drive for fascist police-state regimentation of the continent continues. Brezhnev left no room for doubt that the Soviet leadership recognizes the threat of uncontrollable global thermonuclear war posed by current European developments, and sharply informed the European Atlanticists that "they cannot even imagine who else will perish with them in the fire — enemies, friends, allies, or just neighbors — close and distant ones."

As the conference ended after a Soviet call for peace and development was reiterated by each speaker from the Eastern European socialist countries, Kissinger moved boldly toward the final tripwire for direct confrontation with the Soviet Union. Over the past days, the U.S. Secretary of State has manipulated Rockefeller's socialist sector renegades, the agent-led White Communist Parties of Europe, and the stringers of the Atlanticist press in a series of destabilization operations against the Comecon nations — precisely the provocation which the Soviets have repeatedly warned is intolerable and which constitutes the trigger for swift retaliatory military action by Moscow.

Brezhnev's Berlin address underlined the Soviets' political and psychological military preparation for such a contingency. "The very idea of using nuclear weapons in the territory of Europe seems monstrous to the Soviet people," said the General Secretary. "The house of Europe has become extremely small and can easily catch fire. There is no fire brigade capable of extinguishing the fire if it really breaks out...Europe has entered a basically new epoch, which differs radically from everything it had before. To fail

to understand this would be for the Europeans to head for a catastrophe."

The main themes of Brezhnev's speech were forcefully reiterated by Yugoslav President Josef Broz Tito, whom the western press has recently tarred as a White Communist. Tito's vehement denunciation of "imperialist policies of denomination," and his call for a new world economic order was based on "class principles" and support for the developing sector, however, clearly differentiate Tito from NATO-run party leaders in Italy, France, and elsewhere.

Other conference speeches by Comecon sector leaders affirmed the alliance of Eastern European socialist states with the Soviet Union and their commitment to "proletarian internationalism" — a notion which the polycentrists refused to accept in the conference document. "The Communist Party of Bulgaria," said its leader Todor Zhivkov, "resolutely rejects and condemns anti-Sovietism in all of its forms and expressions, from whatever quarters it springs...Anti-Sovietism is tantamount to a crime against the nations of the world."

The fact, however that Brezhnev's speech and the final Conference document conceded autonomy in relations between parties — "the national roads to socialism" scheme manufactured by Anglo-American intelligence — has fueled Rockefeller's destabilization efforts. This "concession" by the Soviets — widely heralded throughout the western press as the "end of Soviet domination" — in fact is not a fundamental change in policy on the issues involved, particularly in regard to the socialist countries themselves. It amounts to the Soviets **writing off** of the Western parties as a useful anti-Atlanticist force. Finding themselves unable to deal effectively with an agent-ridden western "Communist" movement, the Soviets have cut their losses, and shifted their focus to questions of state-to-state rather than party relations.

### Tripwire Provocations

Kissinger's destabilization attempts began at the conference itself, where the notorious Enrico Berlinguer of the Italian Communist Party (PCI) and Santiago Carrillo of the Spanish Communist Party (PCE) announced the formation of an anti-Soviet bloc consisting of their own and the French, British and Japanese Communist Parties. Both bluntly stated their commitment to "political and ideological pluralism" and rejected Marx's conception of the "dictatorship of the proletariat." Moreover, Carrillo ridiculed the heritage of the Bolshevik Revolution, saying that the international Communist movement "became a sort of new church, with our martyrs and prophets."

These agents were immediately backed up by Rockefeller's infiltrators. Syndicated columnist James Reston gave the green light in an article July 2, echoing U.S. Secretary of State Kissinger's recent speech in London, announcing that there are no longer "spheres of influence" defined by geographical location and the opening of "an era of creative competition" between East and West. Following his line, the "inside" agents went to work:

\*Yugoslav renegade Milovan Djilas announced in an interview in the Washington Post that the era of "monolithic communism" has passed, and the Soviets must choose between isolation and "encouragement of moderate forces."

\*Robert Havemann, top German Democratic Republic (GDR) dissident said in an interview on West German radio today that "the Brezhnev doctrine (that the Warsaw Pact countries will use troops if necessary to protect socialism in Eastern Europe -ed.) is over," and the GDR should rise up in revolt against its Soviet oppressors.

\*The PCI daily L'Unita today gave favorable coverage to the famous letter of a group of Czech renegades of 1968 vintage who are calling upon the Berlin Conference to support their program — which is identical to that put forward by Carrillo in his conference speech.

## Excerpts From Brezhnev Speech

July 2 (NSIPS) — *The following are excerpts from the speech of Leonid Brezhnev, Soviet Union Communist Party General Secretary, delivered at the Conference of European Communist and Workers' Parties this week in East Berlin.*

...The success achieved in the relaxation of international tension inspired and consolidated the forces of peace and progress, and raised their prestige and influence among the masses. It demonstrated how justified were the stands taken by realistically minded representatives of the ruling circles in the bourgeois countries. Yet it also alerted and activated the forces of reaction and militarism, those who would like to pull Europe and the whole world back to the times of the cold war, of balancing on the brink of nuclear disaster. It alarmed all those who grow rich by the manufacture of weapons of death and destruction, those who cannot imagine a political career other than firing up a "crusade" against the countries of socialism, against communists, like the Maoist leaders of China, openly urge to "prepare for a new war," counting on profiting by pitting other states and peoples against each other. The opposition of these diverse forces to relaxation of tension assumes different forms. The main among them, however, is the striving to intensify the arms race, which has already attained unprecedented scope, still more.

To this end the aggressive forces of imperialism and their stooges again resort to the time-worn myth about the notorious "Soviet menace," which allegedly looms over Western countries. Absurd statements grossly distorting the policy of the Soviet Union and other socialist countries are persistently disseminated by both the mass information media and, not infrequently, by figures in prominent position.

Contrary to common sense, the countries of socialism are held "responsible" for internal political events in other states, for civil and national liberation wars. Ordinary citizens are being scared by "hordes of Russian tanks"; they are being told that the USSR and other countries of the Warsaw Treaty are allegedly building up armaments on a huge scale, are preparing for "war against Western Europe."

But as soon as one turns to facts, to reality, then these fabrications collapse like a house of cards.

Speaking of Central Europe, there is no great difference in the size of the armed forces of the Warsaw Treaty member-countries and those of NATO. They exist, and have existed for many years now, on a more or less equal level (with certain differences in specifications on each side). And the Western powers know this just as well as we do.

This is why the socialist countries propose to agree to an equal reduction of each side's armed forces and armaments (at least of the USSR and the USA to begin with) so as not to alter the correlation of forces but to reduce each side's military spending and the risk of a clash. Nothing, it would seem, could be more logical and fair. But no; the NATO countries are stubbornly trying to get an unequal reduction so that the correlation of forces would change to their advantage and to the detriment of the socialist states. It is clear that we cannot agree to this, and our Western partners in the negotiations apparently realize this themselves ....

Comrades, it is not easy to defuse the powder keg, or to be more exact the atomic keg into which Europe has been turned today. But it is very important to start moving in this direction. In present day conditions, any concrete measures aimed at preserving and strengthening the beginnings of trust that are shaping up in East-West relations, are extremely valuable ....

Europe has been the source of the most terrible wars in the history of mankind. No less than 100 million human lives lost — such is the bloody balance sheet of European history to this day. This is also the Europeans' contribution to the history of mankind, but what a horrible contribution, a contribution which warns us and places obligations upon us. It obligates us to think over the past for the sake of the future.

Europe has entered a basically new epoch, which differs radically from everything it had before. To fail to understand this would be for the Europeans to head for a catastrophe.

As the old saying goes, "they who take the sword shall perish with the sword." In present-day Europe, they who take the sword will not only perish themselves. They cannot even imagine who else will perish together with them in the fire — enemies, friends, allies, or just neighbors, close and distant ones.

The very idea of using nuclear weapons in the territory of Europe seems monstrous to the Soviet people. The house of Europe has become extremely small and can easily catch fire. There is no and will be no fire brigade capable of extinguishing the fire if it really breaks out ....

....One sometimes hears the questions: is proletarian in-

ternationalism still relevant, has it not become outdated? there are also those who are apprehensive lest the calls to strengthen internationalist bonds uniting the Communists signify a desire to recreate some organizational center.

Strange apprehensions. So far as is known, no one and nowhere has put forth the idea of creating such a center. As to proletarian internationalism — that is, the solidarity of the working class, of the Communists in the struggle for common goals — their solidarity with the struggle of the peoples for national liberation and social progress, the voluntary cooperation of fraternal parties, while strictly observing the equality and independence of each of them — we believe such comradely solidarity, of which the Communists have been the standard-bearers for more than a 100 years now, preserves all its great significance also in our time. It was and remains the powerful and tested tool of the Communist parties and the working-class movement in general.

Incidentally, our common class adversary, the international bourgeoisie, demonstrates quite a few instances of international coordination of its actions in the struggle against the revolutionary forces. Wherever the exploitative system finds itself threatened, wherever the forces of national and social emancipation, the democratic forces gain the upper hand in the course of the struggle, imperialism makes literally frenzied attempts to coordinate its counterattacks. There are examples of this in our day, both in Europe and Africa, and elsewhere....

We are struggling for peace and security throughout the world. From this rostrum we ardently greet all participants in the national liberation movement and once again pledge our invariable support to their just struggle for the freedom, independence, and progressive development of their countries.

The contribution of the peoples of Asia, Africa, and Latin America to peace and progress is doubtlessly growing. Socialism is already deeply rooted in many countries that have cast off the colonial yoke of imperialism and taken the road of free, independent development. A considerable role in international life is laid by the non-alignment movement that is known to all of us.

The document of this conference, on which we have agreed, expresses the readiness of the Communists to promote the establishment of a new equitable economic order in the world. The struggle for equal political and economic relations and cooperation of the developed countries with former colonial and dependent countries — relations such as have long been established with them by the socialist states is an important part of our parties' common internationalist duty.

## Excerpts From Tito Speech

*The following are excerpts of the speech delivered last week by Josip Broz Tito, chairman of the League of Communists of Yugoslavia (YCL), to the Conference of Communist and Workers Parties of Europe. The excerpts are from the YCL-authorized translation.*

The Conference of Communist and Workers' Parties of Europe is being held at a time of significant and dynamic processes on our continent and throughout the world. The present international situation, reflecting the full complexity and contradictoriness of these processes, their interrelated-

ness and interdependence, calls for the greatest efforts to create conditions conducive to solution of crucial problems of the international community....

Present world trends are characterized by the deep crisis of the capitalist system which aggravates old and generates new contradictions. Encompassing socio-economic relations and international relations, that crisis is simultaneously economic, social, political and moral.

The crisis of capitalism and of international political and economic relations necessitates progressive social transformations, deep changes in those relations, further strengthening of socialism and democracy. Understandably, on condition that all progressive forces comprehend the urgency of changing a situation which reflects inequality and exploitation, with the richer becoming ever richer and the poor ever poorer. It is the imperative of the times for the historic aspirations of the working class and working people of every country to be realized: that they dispose of the surplus value they create. At the same time, the national wealth of peoples — which had previously been transferred to the developed countries by capitalist exploitation in its harshest form, and is now being transformed to them through the mechanism of extra profits, multinational companies, and in other ways — must come under the full sovereign control of those peoples.

Peoples and countries, especially developing countries, are intensifying their energetic struggle to bring about radical changes in the existing inequitable international economic relations. Only through such changes is it possible to secure the genuine independence and freedom of all peoples. In this is embodied the class substance of the struggle for the new international economic order, without which the creation of more equitable relations in the world cannot be imagined either....

Conscious socialist forces should find the kind of solutions that will not only embrace but also excel the positive political, economic and spiritual values achieved by democracy. They will thus be able decisively to influence the course of social events and constitute a factor of development and affirmation of socialism as a synonym for democracy, equality, independence, justice and freedom.

The great anti-colonial revolution which precipitated the collapse of the world colonial system, has brought on to the international political scene previously suppressed peoples who have won their political independence. In their countries, social transformations are taking place under complex international circumstances and specific internal conditions. The basic obstacles to more rapid social change are economic backwardness, imperialist pressures, neocolonialism, the forces of domination generally, and above all, economic inequality. The growing gap between developing and developed countries based on the present inequitable international economic order, which continually generates inequalities to the benefit of the developed, is the fundamental source of numerous and dangerous international problems and conflicts; unless that gap is closed, lasting peace and security cannot be achieved. Resolution of the antagonisms traceable to the foregoing system is an essential premise for the economic and political independence of all countries. The fact that a number of developing countries are orienting themselves more and more specifically to the socialist transformation of society is the product of the objective internal needs of development and of ensuring national independence...

The movement of non-alignment has developed into a powerful international factor which autonomously and independently defines its policies and positions and without which



world problems can no longer be solved successfully. The non-aligned countries directly oppose imperialist policies and domination of all kinds. Their struggle reflects the global progressive and revolutionary process characteristic of our epoch. The forthcoming Fifth Conference of Heads of State or Government of Non-Aligned Countries in Columbia will have exceptional importance for solution of the acute of other complex problems of the present-day world.

The policy of non-alignment is the lasting orientation of the Socialist Federal Republic of Yugoslavia and our League of Communists ... It is well-known that in recent years, too, we have extended assistance to the liberation struggles of the peoples of Vietnam, Cambodia, Laos, Angola and in general to all national liberation movements and imperiled peoples, and that we are committed to efforts for finding solutions to the Middle East crisis and other foci of tension threatening world peace ...

The relaxation of tension...must be translated into a universal feature of international relations. The interdependence of peace and security in Europe and in the Mediterranean — which was also recognized at Helsinki — should acquire concrete form now primarily through solution of the Middle East

crisis and other problems in that region. Yugoslavia therefore advocates the universality of detente, mindful that European and world peace, security and progress are indivisible. The progressive forces of Europe should make a full contribution to this, relying above all on the United Nations as the most appropriate place for solving international problems and promoting equal cooperation among peoples. Attempts to downgrade the world organization and curtail its role should resolutely be resisted.

Yugoslav Communists have always critically examined both their own practices and the experience of others and thus built up socialist relations of self-management in their own country. I should like to mention two of the Marxist postulates that we have always kept in mind. First, that the building of socialism is identical with the process of emancipation of labour and the working class and the establishment of free associations of direct producers. And second, that socialism is a universal process and that class struggle is waged on a worldwide scale. For, the real emancipation of the working class is closely allied with the struggle of peoples everywhere in the world for political, economic and national liberation.

# Rocky Orders 'Total War,' Witchhunt Against Fusion

July 4 (NSIPS) — The release this past week of significant portions of the FBI dossier on the Fusion Energy Foundation and coincident major articles in Science Magazine panning the prospects for fusion have together provided information establishing that the Rockefeller faction has been impelled to prematurely activate the built-in self-destruct programs of the U.S. Energy Research and Development Administration's (ERDA) fusion effort. Forcing the Rockefeller gang's hand is the growing influence of the FEF and U.S. Labor Party fusion development programs among leading scientific and industrial strata, which has made total war against the possibility of ever achieving fusion the Rockefeller faction's only option.

Circles within ERDA have collaborated with the FBI in labeling the FEF a potentially subversive "front group" of the National Caucus of Labor Committees, attacking scientists who work with the Foundation, and laying the ground for 1950s-style "Soviet spy" frameups. It will undoubtedly shock these circles to learn that the position they were programmed to think the safest — "fusion development presents no more major unsolved scientific problems" — functions not only as the basis for ERDA-conducted slanders against the FEF, but also as the ammunition for Rockefeller's attacks on the ERDA program itself!

## The FEF Papers

On June 25 the FBI released to the FEF two previously prepared for ERDA, which reveal the grotesque reformation against scientific theory and the self-delusory reliance on engineering know-how endemic to Rockefeller security-intelligence circles.

The core of self-delusion is contained in the views of the FBI's unnamed "expert" consultant on fusion: "All the theoretical problems of nuclear fusion have been resolved...The FEF is attempting to recruit scientists to its rank to solve the details of theoretical research when most of the problems that remain are of transferring knowledge

already gained in the laboratory into a workable economical power plant."

## Closing the Trap on ERDA

Precisely the view that "fusion's just an engineering problem now" — universally denied by the fusion community itself but programmed onto ERDA — is what set ERDA up for the well calculated attack in the June 25 and July 2 issues of Science magazine, the high-circulation weekly of the American Association for the Advancement of Science (AAAS), as organization controlled by zero growth brainwashers and long-time Rockefeller agents such as Kenneth Clark and Margaret Mead.

The first of the Science articles, by William D. Metz, came out just in time for the FEF's highly successful world fusion development conference in Chicago; both it and the second article zero in on the issue that the FEF's industrial audience is presumed to be most sensitive to: the economic "practicality" of fusion. Rubbing ERDA's nose in its own program, Metz cites recent engineering cost analyses of a Tokamak-based fusion reactor to argue that they will be at least as expensive and troublesome as conventional and breeder fission reactors, and concludes, "a fusion program that puts more emphasis on innovation and discovery is called for."

Metz's game, however, is actually to tighten the controlled environment around ERDA by giving it the "choice" between a do-or-die gamble on a quick pay-off from large experiments, or spending the same (limited) money on "long-range" research: "Already scientists influential in public policy are suggesting that the country must soon ask for a hard comparison, when the construction of a half-billion-dollar fusion experiment may mean the displacement of a near-demonstration plant for an alternative fission process or a major solar energy option." Finally, psyching out his "think small" audience with the complexities of Tokamak reactor engineering, Metz intones "It sometimes seems necessary to suspend one's normal critical faculties not to find the problems of fusion overwhelming."

## Censored Documents On Fusion Energy Foundation Released by FBI

June 30 (NSIPS) — The following are excerpts from censored documents concerning the Fusion Energy Foundation (FEF), which were received today by FEF director Dr. Morris Levitt, released under the Freedom of Information Act. On file with the FBI and compiled, in part by the Energy Research and Development Administration (ERDA), the documents contain personal history as well as the recent activities of Dr. Levitt, in addition to an analysis of the Foundation's role in organizing for world development and fusion-based economies.

During December, 1975, (DELETED) furnished the following information concerning the Fusion Energy Foundation (FEF)...

A prospectus distributed by FEF claims that "the FEF was founded in November, 1974, at a meeting attended by representatives of the United Nations, the International Atomic Energy Commission, and scientists who have made significant contributions to fusion research and interested

laymen." This report continues, "The purpose of the FEF is to provide a forum of independent, high-level scientific discussion of fusion from the standpoint of comprehensive policy-making. This will be accomplished in several ways:

By educating the general public through various publications and through the holding of public forums.

Through publication of a theoretical scientific journal which will examine fusion research from the standpoint of developing alternative research policy.

By providing our findings to appropriate government agencies and laboratories so as to facilitate creation of a crash program for fusion power developments."

The prospectus further claims that "policy for the organization" is set by the Board of Directors in association with the Scientific Advisory Committee. This is fantasy. The FEF is a tightly run front group for the NCLC. The FEF has used NCLC manpower and technical equipment to produce two hour long videotapes entitled "FEF Founding Meeting" and "Ecological Holocaust."

The concept of fusion power is seen as one of the NCLC's major tactics in its effort to gain political leverage on the international scene. Since the FEF is, in effect, a section of the NCLC, it can be and is used to recruit persons of influence in various scientific institutions and technical organizations to the NCLC viewpoint. Generated by fanatic fervor, the real zeal of the FEF — NCLC organizers is reflected in their extreme activity as they attempt to penetrate target groups. With the FEF as the spearhead of this drive, these organizers are making strong inroads into the left-liberal scientific field, whose members have little or no experience in handling Marxist indoctrination sessions and some are brought into the fold.

The structure of the NCLC and its attitude towards other radical organizations preclude any toleration of independent groups within their orbit and the FEF can be seen as merely revolving around the mother group. Unlike such organizations as the Communist Party, USA (CPUSA), a characterization of which is attached to the Appendix hereto, who operate covert fronts to entice the unwary political worker, the NCLC manipulates the FEF in a semi-covert manner. The FEF remains an important part of the NCLC agitation pattern.

The NCLC sees the FEF as their alternative to the National Science Foundation and National Academy of Sciences, as well as the left-leaning Foundation of American Scientists.

The general line of the FEF is that the capitalist United States refuses to allocate enough funds to basic scientific research. This line of argument naturally has appeal to "pure" scientific researchers who are searching for government grants. Further, there is an appeal toward fusion research because if it could be developed and energy were made nearly free, the consequences for the human race would be staggering, but as Doctor Edward Teller said in Stuttgart, West Germany, early in July, 1975, "Fusion won't work until after the year 2000." He added that "While it is quite possible that the Soviet Union will have an experimental fusion power reactor by 1980, it is only communist propaganda that fusion power can actually be used economically by the year 1985...a dangerous idea that several well-meaning, but naive, scientists in the West have given credence."

The NCLC, through the FEF, also claims that American scientists do not study the way knowledge is correctly gained. That is, they make "epistemological" errors which mainly consist of failing to see science as a part of the development of the human race which is the negentropic factor in the universe.

The FEF is trying to publicize what the NCLC has

previously characterized as a "fusion gap" between American and Soviet researchers directly traceable to sabotage of required fusion programs by the Energy Resources Development Agency (*sic*) (ERDA) and Rockefeller stooges.

This supposed "fusion gap" exists, but not in the way the NCLC claims. In a hearing on June 3, 1975, of a subcommittee of the Committee on Government Operations, the development of fusion power is examined in detail. The Committee reports on November, 1974, National Atomic Energy Agency's (*sic*) fifth meeting on plasma physics in Tokyo, Japan. Plasma physics is the key area of science considering fusion power. At that time, a Tokyo newspaper, "Mainichi Shimbun," quoted the Russian Scientific Secretary to the meeting, Mr. Belazerov, admitting, "that this data was a better record than the USSR's." The report makes clear that all the theoretical problems of nuclear fusion have all basically been resolved. The problem is technological — how to build an economical power producing plant outside the laboratory.

As the FEF prospectus admits, "The USSR lacks the vitally important high-technological competence in which the United States excels." The FEF is attempting to recruit scientists to its ranks to solve the details of theoretical research when most of the problems that remain are of transferring knowledge already gained in the laboratory into a workable economical power plant.

The NCLC produces a massive amount of frantic pro-USSR propaganda in the context of its imagined roll (*sic*) of a worldwide catalyst of political agitation. Once strongly Anti-Soviet, the NCLC has shifted 180 degrees from this position and presently seldom mentions this tool of Russian subversion and internal control (**apparently KGB—ed.**). Despite this propaganda wave, the isolation of the NCLC within the United States and international left elements nullifies any effect, so that the FEF remains in potential the most important reason for possible Soviet support.

A real possibility exists of infiltration of the FEF by foreign intelligence services in general and Soviet intelligence in particular. It is known that Soviet intelligence considers scientific institutions as an important target for intelligence penetration and control. The FEF can serve as a vital organization to meet and recruit as sources technical people, many of whom will have high level connections to provide information from governmental centers of research. Left-liberal individuals who are naive enough to be included in the circles of the FEF members and supporters would be valuable targets for such operations and the strong pro-Soviet line of the FEF-NCLC provides excellent political foundation.

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# The Death Of The Brazilian "Miracle"

June 25, 1976 (NSIPS) — The putrid stench coming from Brazil can no longer be disguised by the international financier circles presided over by the Rockefeller brothers. "The economic miracle is dead" has now become the official prescribed epithet of domestic and international economists alike. But Messrs. Rockefeller, in the tradition of those who governed the Nazi deathcamps in Eastern Europe, believe there is still some short-term profit to be extracted, even out of a corpse.

Over the last ten years Brazil has been injected periodically with large doses of debt capital, which have accumulated to a staggering \$25 billion today. The amount of servicing required on this debt could be maintained only over the space of a few short years, through the 1969-1973 period, and then only because of intensified cannibalization of the actual productive base of the economy — the working class and peasantry. With that base exhausted by the early months of 1974, Brazil found the servicing demands of its foreign creditors physically impossible to meet. From that year onward, the world financial structures, wary that their own demise would shortly ensue if measures were not taken to "solve the Brazil problem," began to refinance greater and greater amounts of the unpayable amortization portion of the service payments. This type of "solution" was utilized through 1975 until the early months of 1976, when Wall Street's bookkeepers started to notice that a larger and larger amount of Brazil's servicing payment was becoming interest payment alone. If the process were allowed to continue, Wall Street would soon find itself in the distasteful position of having to refinance not only amortization payments but interest payments as well; meaning in effect that Brazil had entered a state of default, annulling one-fifth of the Third World debt, and delivering a mortal blow to the New York banks.

On June 17, Finance Minister Mário Simonsen was forced to publicly deny statements by an important opposition leader who said "Brazil is rapidly advancing towards a debt moratorium."

To ameliorate such a collapse of the Rockefeller banking structures, Brazilian Finance Minister Mário Henrique Simonsen, swore early this year he would keep 1976 domestic credit flows down to a 25 per cent a year trickle restrict purchases abroad by an initial 25 per cent, and maintain the steady decline in the working class income. By the first quarter of this year, it became obvious to Rockefeller financial circles that the Simonsen measures had only aggravated the crisis. For the first quarter, export earnings were down 4.7 per cent compared to last year — when total export earnings only reached 8.5 billion — and bankruptcies and defaults on loans had increased 25 per cent over last year.

The item of the balance of payments which is being singled out by the nation's economic analysts is the enormous growth in the service account deficit. This is the area which includes interest payments on the foreign debt. Last year, interest payments represented 42 per cent of the service deficit; this year the exact figure for even higher interest payments has not been divulged. Nevertheless a close approximation can be arrived at. According to the influential O Estado de Sao Paulo, "Professor Mário Henrique Simonsen foresees a deficit of nearly \$3.8 billion for services... (this year) we have higher interest to pay on a higher foreign debt and due to the

reduction in imports less expenses with freight." A few minor calculations based on Brazil's 1975 balance of payments show that Brazil's 1976 interest payments on its foreign debt are at least \$2 billion, or approximately equal to amortization payments on the principal of that debt.

Two weeks ago, Simonsen, after closely studying this problem in the service deficit, decided to slap severe restrictions on travel, causing an uproar within the business community. It is now required that all citizens planning to make trips outside the country place \$1,000 on deposit for six months without benefit of interest payments or monetary correction against inflation. A member of the Rockefeller-dominated Libra Bank group, holding a conference during the same time in Sao Paulo, summed up the consensus of the bank members on Simonsen's measures: "they were really hard, but they will do nothing to change the opinion of international bankers."

## Rockefeller Gives Two Alternatives

There are only two measures which can temporarily save international financial structures from collapse due to a Brazilian default: First, if whole sectors of the nationally owned raw materials of the country can be sold outright to raise ready cash to meet immediate debt payments; second intensive looting projects employing slave labor can be created at an immediate profit margin above that of the required debt payment. Neither one of these measures works in the long run however since the profit margins thus generated are based on rapidly exhausting the actual basis for the continued ability to extract further profits from these same ventures.

Both are being implemented anyway. The first measure was leaked by certain nationalist forces in the country in Opinao, who said that U.S. Secretary of the Treasury, William Simon, on his recent visit to Brazil in early May, proposed that Brazil immediately sell its nationalized petroleum and mineral exploitation enterprises (Vale do Rio Do- and Petrobras) in order to meet payments on the foreign debt. If Brazil agreed to this and these companies were sold at their net book value, only \$1.3 billion could be raised. With a conservatively estimated balance of payments deficit of \$3.5 billion due at year's end it still remains doubtful whether selling the companies would cover this year's payments. By the next year, the country would be in a worse debt position since it would no longer possess the physical plant and equipment or raw materials to sell off to meet the next payments schedule.

The second "solution" comes directly on instructions from David Rockefeller himself. From his ranch in southern Brazil, the Chase Manhattan Chairman of the board; alarmed by an impending Brazilian default on debt service, blurted out, "American commercial banks are becoming more cautious with their foreign loans in face of the growing deficits in the debt servicing of some less developed countries which is increasing the borrowers' vulnerability (to default)." He demanded that "the Brazilian government present interesting projects for investment to which foreign capital will give preference." Rockefeller noted that he would cut off loans to Brazil only "if there were a stagnation in the country's economy." He stressed his demand that Brazil institute special slave labor "interesting projects for the foreign investor which guarantee a margin for interest for indebtedness." "Brazil has vast territory," Rockefeller