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Featured This Week:

## **Third World Holds General Debt Moratorium Demand**

*special report on upcoming North-South talks*

## **Europe Moves Toward Break With Dollar**

*features an analysis of political moves towards a  
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## **Kissinger Hotspots**

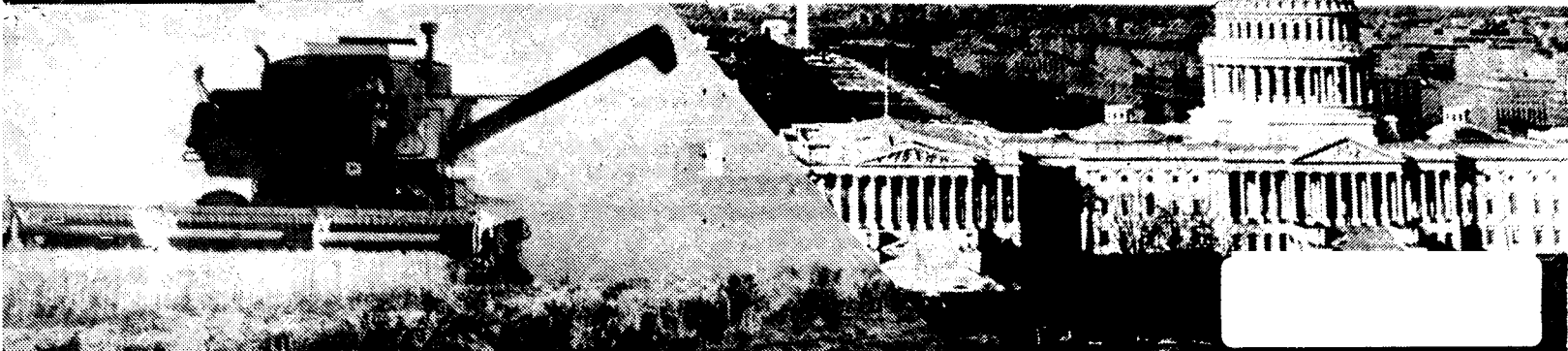
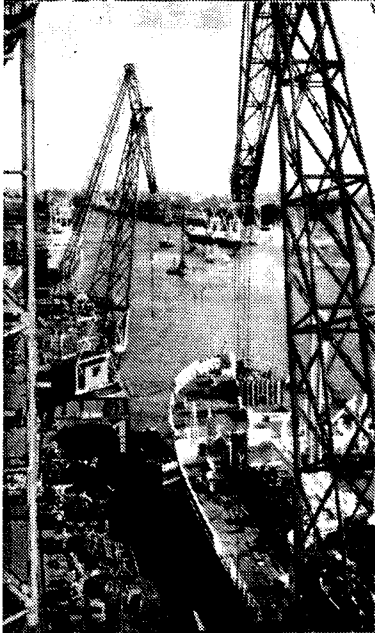
*report on Mideast, Africa, Mexico*

## **Expose Of Rockefeller's Fund For Investigative Journalism**

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# Group Of 19 Rejects Kissinger's "Compromise" Proposal, Holds Firm On General Debt Moratorium Demand

Sept. 10 (NSIPS) — According to highly informed diplomatic sources the Group of 19 developing country representatives to the Paris Conference on International Economic Cooperation — the "North-South talks" — met this morning and decided to completely reject the agenda proposals put forward by the advanced sector Group of 8 for reconvening the Paris talks. The source said that the Group of 19 resolved to hold firm on the program of the recent Colombo Non-aligned summit which calls for general debt moratorium for the developing countries. Their action was communicated to the Group of 8, which met tonight in Paris. Under U.S. Secretary of State Henry Kissinger's direction, the Group of 8 had called for negotiations on Third World debt to take place only on a "case-by-case" basis. This proposal had emerged from three days of meetings held to "unify" the advanced sector's position.

The decision of the Group of 19 will shock those layers in the United States, including the Ford Administration, and elsewhere in the advanced sector, who have thus far refused to acknowledge the determination of the developing countries in implementing general debt moratoria, unilaterally if necessary, and the new world economic order. A high source in the Ford Administration responded to today's developments by saying that while he still did not expect the Third World to declare a unilateral debt moratorium, if it did, the Administration "would not consider it an act of war." If Kissinger succeeds in his attempts to sabotage the Paris talks, he will force unilateral action by the developing countries.

The Group of 19 has scheduled a meeting tomorrow morning in Paris to consider the positions adopted by the Group of 8 meeting this evening. If the Group of 8 refuses to accept the Third World's demand for general debt moratoria at tonight's meeting, the Group of 19 will likely decide tomorrow to not participate in the Paris talks, scheduled to begin on Sept. 13, and to declare unilateral debt moratoria.

The developing countries have maintained their firm stand on the debt issue despite the numerous attempts by the U.S. Secretary of State to undermine their unity. The so-called "compromise" on the debt issue rejected today was godfathered by Kissinger and put forward through his mouthpieces Conference Co-Chairmen Canadian Foreign Minister MacEachen and Venezuelan Minister for Foreign Economic Relations Perez Guerrero. It would have retained the Kissinger formulation that debt problems be handled on a "case-by-case" basis — a ploy aimed at busting up the unity of the Third World. Sources close to the talks report that Indonesia and Algeria have played a key role in holding the line against Kissinger and keeping the Group of 19 unified around the position outlined in the Colombo declaration.

Kissinger has further tried to convince the developing countries to "modify" their position by leaking that the outcome of the Paris talks will be determined by the U.S. elections and thus "nothing can happen" before Nov. 2. This lie has been circulated among the delegates at the conference as well as in numerous Atlanticist press outlets.

The U.S. Labor Party has issued several memos to developing sector governments over the last several days urging them to ignore the antics of the U.S. Secretary of State and remain unified behind the Colombo resolution. In fact, the memos emphasized, the results of the U.S. elections will largely be determined by the decisions taken in Paris over the next few days.

The series of meetings this week preparatory to the reconvening the North-South talks were necessitated by the deadlock that developed over the debt issue at the July session of the talks. That meeting broke down in bitterness as the Group of 8 steadfastly maintained the Kissinger-authored position of only discussing debt problems on a "case-by-case" basis tied to austerity. Prior to their action today, the developing countries had warned publically numerous times that they would not participate in the future sessions of the Paris talks unless the advanced sector countries agree — prior to the convening — to discuss general debt moratoria.

The outcome of the Paris talks will determine whether the developing countries have the collaboration of the capitalist nations to bring about an orderly demise of the dollar empire and a new monetary system — a fact which gives the proceedings a crucial character. Without such collaboration the world economy will be forced to undergo a period of uncontrollable chaos as the Third World takes unilateral action on the debt question.

The Group of 19 decision to offer the developed countries one more opportunity to change their position is aimed to increase the already broad splits within the Group of 8 on the debt issue. Agence France Presse reported earlier this week that the strong stand on debt adopted by the developing countries had provoked tremendous "preoccupation" throughout Europe. In the past Sweden and Holland have supported the concept of general debt moratoria, while the governments of both Italy and Japan are sympathetic to the Third World and strong opponents of Kissinger's tactics. Today's action by the Group of 19 — a de facto declaration of their intent to take unilateral action if forced — may result in a realignment of political forces in the advanced sector decisively in favor of those circles not willing to sacrifice themselves for Wall Street's dollar empire.

The potential for such movement away from the Rockefeller Atlanticist machine is shown by several developments this

week. Il Popolo, the official paper of Italian Premier Andreotti's Christian Democratic Party, denounced Kissinger's delaying tactics on the North-South talks, stating that the developing sector-advanced sector talks are "too important for the future order of the world — a new economic order based on scientific collaboration and not international cartels" — to be sabotaged.

Japan is the other key country pushing the advanced sector toward open negotiations with the Third World. The Japanese government has given tacit approval to Indonesia's leadership in the Non-aligned group, and also snubbed Kissinger, saying that the U.S. is the main problem holding back Japan from considering acceptable Third World demands.

The most open breach in Atlanticist ranks came in West Germany several days ago when Horst Ehmke, a member of the

presidium of the ruling Social Democratic Party, endorsed the new international economic order and debt moratoria in a public exchange with the European Labor Party. Informed sources reveal that Ehmke's remarks accurately reflect the official, although still passive, position of the SPD.

In addition, Brazil and Zaire, both representing the Third World in Paris, unexpectedly broke from Wall Street's dictated economic policies and into the pro-debt moratoria camp. This week, Zaire announced that it is demanding of its creditors a 5-year moratorium on its debts. This announcement was quickly followed by a large raw materials trade deal concluded between Zaire and the German Democratic Republic. Brazil, meanwhile, is on the verge of concluding huge development deals with Japan.

## Kissinger 'Leak' On N-S Talks: Wait Until November

*PARIS, Sept. 9 (NSIPS) — The following is a translation of an Agence France Presse dispatch datelined, Brussels, Sept. 6. Headlined, "The North-South talks in Danger" the dispatch has appeared in several papers, including the Mexican daily Excelsior. Sources here close to the North-South talks report that the portions concerning the U.S. elections and their effects on the talks are identical to formulations being circulated by U.S. Secretary of State Henry Kissinger's representatives here and elsewhere.*

Sources from the European Economic Community (EEC) revealed today signs of extreme preoccupation on the future of North-South dialogue in Paris, where the further activities of the conference are expected to resume next Tuesday (Sept. 13).

The nine countries of the EEC will hold meetings on Sept. 6 and Sept. 7 and will continue into Sept. 9 with a conference of the eight participants from the industrialized sector: the EEC, Sweden, Spain, the U.S., and Japan while the representatives of the Third World will hold their meeting Sept. 10.

In principle, the four commissions of the North-South dialogue should meet Sept. 13, but the problem of external indebtedness of the developing nations has made the continuation of this conference very difficult.

Last July, the Group of 8 (the developed sector's representatives-ed.) adopted a program concerning the indebtedness calling for dealing with the problem on "a flexible, case-by-case basis."

The text of this accord was submitted by the co-chairman of the conference, Allan MacEachen (of Canada) on behalf of the industrialized nations, who examined it along with the co-chairman from the developing sector, Manuel Perez Guerrero of Venezuela.

Without having any knowledge of the secret contents of these conversations, well informed sources indicated that the countries of the "South" (the developing sector) are demanding a general moratorium on their debts and are very suspicious of the "case-by-case" formula because it can potentially divide the Third World bloc.

It was also pointed out that the electoral campaign in the United States may prevent the U.S. from taking definitive positions at the talks until after November, when the name of the new President is known. In the event of a victory by Democratic Party candidate Jimmy Carter, it is expected that there will be changes reflected in the North-South dialogue as well as in position of the EEC, whose attitude up to now has been one of prudence, concluded European sources in Brussels.

### White House Advisor: "No Embargo" By U.S. If 3rd World Declares Debt Moratorium

*WASHINGTON, D.C., Sept. 10 (NSIPS) — Following is the transcript of an NSIPS interview with a White House economics adviser today on the Third World Group of 19's demand for general debt moratoria at the Paris North-South talks.*

**NSIPS:** What is your comment on the G-19 decision on general debt moratoria?

**A:** Our assessment is that we are, in part, playing out a great charade. Those questions involve the present difficulties of some of the developing countries, but, most important, the future terms of the flows of aid and investment capital to those countries. Personally I do not believe that even in the worst of circumstances — the breakdown of these talks — that there would be anywhere near the type of catastrophe that your

analysis points to. . . . But I am sympathetic in some ways to your statement of the problem.

**NSIPS:** Our organization has advised many Third World governments that if they took unilateral action on debt, the United States would not engage in a trade embargo or military action, and would be willing to negotiate.

**A:** I would not disagree with that. There would be no embargo. I can foresee— no, I can envision — circumstances, but I regard them as unlikely, that should this train of events begin, the first reaction of the United States would be disbelief that the developing countries were ready to live with the longer-term consequences for their economies. We would take slow, moderate, and restrained action. I am not really sure that you could construct a case under which precipitous action on the part of the United States would make any sense. In the longer-term what we would be most unbending on, is that these countries incurred substantial amounts of debts, which represent a transfer of resources. It seems to me that in some cases — take the PL 480

stuff — you could say write it off, because ten years ago a bushel of wheat was in effect free. . . . But countries who transferred goods and services are going to look at this differently.

**NSIPS:** The U.S. wrote off Lend Lease and Marshall Plan debts in the past. What is your position towards such a write-off for the Third World?

**A:** I could see circumstances in which a write-off would be possible, in which there was a sense of crisis and catastrophe, and a conviction on the part of the developed countries that there was no chance that responsible action by the developing countries to run themselves as viable units would succeed. This would mean washing our hands of part of the world.

**NSIPS:** The U.S. didn't write off Europe after World War Two?

**A:** Those circumstances were markedly different. There was a shared sense of purpose.

**NSIPS:** President Echeverria has called on the U.S. to share in building a New World Economic Order. . . . Couldn't there be such a shared sense of purpose with the Third World?

**A:** I have to relate things back to specifics. Relations between the U.S. and Mexico are based on mutual respect. There is a sense in the U.S. that Mexico has done their best to solve their problems. It would be my belief that what would be possible there might not be possible otherwise. But I would be astonished if Mexico joined in a general debt moratorium.

**NSIPS:** You say you cannot conceive of precipitous action by the U.S. to stop Third World debt moratoria. Isn't Henry Kissinger running all over the world starting wars, confrontations and coups for just that purpose?

**A:** I am sure the response of the State Department would be different. I don't have a great deal of respect for their dealings with economic questions. They live in terror of being isolated in some damn meeting in some part of the world. No principle is too great to be sacrificed to avoid this.

## Bankers React To G-19 Decision To Demand Moratoria At Paris

*NEW YORK, Sept. 10 (NSIPS) — Following are responses of financial community and government sources to the Group of 19's decision to take a firm stand in support of debt moratorium at the Paris North-South talks which reconvene next week.*

**Chief of international exchange at a major New York banking house:** The threat of a debt moratorium by the Third World is as real now as it has ever been. At this point the strategy of the Eurodollar market banks, whose deposits are totally OPEC sight deposits, is to take these 'hot dollars' and immediately convert them into either longer term deposits or to put them into bank equity. This is what was behind the Bruxelles Lambert merger with Drexel Burnham and Dean Witter of New York. . . . Bank of America is floating 7 million new shares of common stock worth about \$200 million all over the world. By getting Arab and European banks involved in U.S. securities — especially those based outside the continental U.S. and hence 'safer' in the eyes of Arab dollar-holders — the idea is to convert 'hot' Eurodollar deposits into bank equity. Other, New York banks will float equity shortly.

**U.S. Treasury Third World Department spokesman:** Yes there are basic disagreements between the Group of 8 and G-19. Beyond that I am not allowed to comment.

**Western European central banker:** They (the Europeans) haven't fully faced the perspective of general debt moratorium; they'll need a head-on collision, at Paris or Manila (the Oct. 4 IMF conference-ed.). It's the main issue, but not their focus. The Germans can resist, and they do intend to resist, they're resistant. Still, I think that the French government will back up the Italians in their political demand to the IMF to stop the IMF auction of gold. (French support of the Italian demand was officially made known later in the day-ed.).

**Al Bennet, chief economist, Chemical Bank:** They won't do that. They won't do that. There won't be a new monetary system. The Third World is less dumb than you think it is. They are merely strengthening their bargaining position. We'll have to give them longer stretchouts if worse comes to worst. Zaire is the messiest thing around. But Brazil, Mexico, Argentina won't.

**Arthur Tower, Loeb Rhoades international department:** We will witness a collapse of this order if what you say is true. But I tell you we will all go bankrupt. You talk about industrialists. We will recall our loans to them and bankrupt them with us. As for the Third World, we'll take 'em to court. There are legal procedures you know. You talk about an international central bank, when we already have problems with the ones we have. New international institutions never work. You know what happened to the League of Nations, don't you. . . . If we go bankrupt so will you.

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# Italy Pushes For "Oil-For-Technology" Exchanges To Break Seven Sisters' Stranglehold On Energy

Sept. 10 (NSIPS) — On Sept. 5, the Italian daily *Il Giorno* announced that the state-owned oil firm, ENI, was beginning on "Phase III" of its expansion program geared to making Italy autonomous from the "seven sisters" Rockefeller-controlled oil companies in securing its energy needs. In interviews with *Il Giorno*, two presidents of ENI subsidiaries identified Phase III as the final phase in the program initiated by ENI's founder — Enrico Mattei — to break the monopoly of the U.S.-based oil multinationals. The immediate plans announced were on three levels: First, to conclude the negotiations already underway with Libya, Holland, and the USSR; second, to begin implementation of the 1,700 billion lire oil for technology deal already signed with Algeria; and thirdly to elaborate a new series of more extensive negotiations with other oil producers to fill Italy's entire energy needs.

ENI's ongoing energy negotiations in the Middle East and the Soviet Union forms the backdrop to Italy's overall foreign policy, especially in the wake of the mid-August Colombo summit of the Non-Aligned nations. The final Colombo resolution stipulated the need for West European collaboration with the Third World to convert the Mediterranean into a "peace zone" as a crucial preliminary step in the creation of the new world economic order which the Non-Aligned committed bringing about. The Italian government of Prime Minister Giulio Andreotti, working together with its public industrial sector and in particular through ENI, has since pursued a policy of attempting to bring about peace in the Mideast through extensive diplomatic activity in the area and mass mobilizations of the population at home.

Yesterday the Italian Communist Party (PCI) press, *L'Unita*, revealed that the Libyans, Algeria, Tunisia, Yugoslavia, Malta, France and Italy had negotiated a limited "defense pact" agreement to protect the tiny state of Malta from any reprisals result-

ing from its intentions to force the withdrawal of all NATO bases from its territories. A clear implementation of the Mediterranean "peace zone" concept elaborated at Colombo, the Italian government has also ratified a separate peace treaty with neighboring Yugoslavia, terminating a series of border disputes which had disturbed relations between both states throughout the post war period.

## Italian Christian Democrats' Paper On North-South Talks

*Sept. 10 (NSIPS) — The following is excerpted from an article in the Sept. 8 Il Popolo, newspaper of the Christian Democratic Party in Italy. The article was headlined "The North-South Conference Brought Up Again":*

... There are also those who have expressed their opinion that it would be better to postpone all (at the North-South talks-ed.) until after the U.S. presidential elections in order to insure a larger commitment and clarity on the part of one of the main interlocutors of that conference. The unanimous hopeful expectation is that the next conference will develop better results than those that came out of the UNCTAD conference in Nairobi last May and from the Colombo conference of the Non-Aligned countries (in mid-August-ed.).

But the aim is much too important for the future world order (a new international economic order, based on the scientific collaboration and competition and not on the abuse, on the market cartels, on the embargoes, if not on interventions of proper military nature) for us to get discouraged in front of further obstacles. . . .

# Soviet Trade Offensive Points Way Toward Future European Alignment

Sept. 10 (NSIPS) — Events around the Leipzig Trade Fair held this week in the German Democratic Republic (GDR) reveal the alignment of the socialist Comecon countries with Western industrialist and developing sector forces heading for creation of the new economic order. By pushing the expansion of East-West trade, the socialist sector is playing a crucial role in the movement of Western industrial capitalists against the Wall Street financiers.

At Leipzig, GDR leader Erich Honecker declared publicly the socialist countries' satisfaction with the pro-development Andreotti government in Italy, and the potential for trade with key French and Japanese firms. Nowhere was it more obvious that the tide was turning against Wall Street than this week's exchanges between the GDR and West Germany. Two leading members of the West German Atlanticist faction, Otto Wolff von Amerongen and Heinz Guenther Sohl, turned coat and declared that there are really no problems with present levels of Eastern European indebtedness — a problem that had been previously bantered about by the Atlanticist as an excuse to cut credits for East-West trade. The real debt problem, the Atlanticist turn coats declared, rests with certain "internationally active banks," and that a halt in credit to Comecon countries is un-

thinkable. Just as symptomatic, the West German industrialist daily *Handelsblatt* today gave totally unprecedented praise for Honecker and his activities at Leipzig.

One of Honecker's activities was to confirm a 1 billion Deutschmark deal between the GDR and the West German Hoechst chemical company, the largest chemical company in the world, for the construction of a chemical plant. The deal is of tremendous political significance, because it takes up a key item of the GDR's December 1975 8-point proposal to West Germany: solution of Western unemployment through employment of Western workers in industry in the GDR. Sixteen hundred West Germans will be employed in building the plant in the GDR.

This kind of trade arrangement also points the way towards the integration of European industry which will begin to take place under new international agreements to expand trade and production. The Soviets' view of the possibilities which will be created is laid out in the weekly *New Times*, which foresees the liberation of huge amounts of skilled labor and advanced machinery from defense industries and movement towards a global nuclear fusion power economy.

## Honecker At Leipzig Trade Fair

Sept. 10 (NSIPS) — The following excerpts, taken from the Sept. 6 Socialist Unity Party's weekly official newspaper, *Neues Deutschland*, document the major activities of SED Chairman Erich Honecker at the Leipzig Trade Fair:

### On France:

Honecker spoke with the French Ambassador to the German Democratic Republic, and with representatives of the French chemical corporation Rhône-Poulenc, stating that he is pleased with the fact that "several French companies" have opened permanent offices in East Berlin.

### On Italy:

Honecker met with the Italian Ambassador and representatives of the Montedison chemical corporation, stating: "We place the highest value upon the contribution of Italy for the implementation of peaceful coexistence in the European region and far beyond Europe... Part of that contribution (Honecker stated) is Italy's cultural contribution for the development of friendly relations in the entire world." *Neues Deutschland* also notes that the total volume of trade between Montedison and the German Democratic Republic companies has increased in the last four years by 500 per cent.

### On Japan:

Honecker expressed his highest appreciation that Japan is

scheduled in mid-September to open an official 'trade center,' and he expressed his hope that trade will 'significantly increase.'

### On the Federal Republic:

*Neues Deutschland* reported extensively on a cooperation deal between Hoechst, West Germany's major chemical firm, and the GDR, which will cost 1 billion deutsche marks. The agreement calls for 1,600 West German chemical workers to work in the GDR on the construction of a chemical complex. Hoechst executive board member Hoerkens expressed his high appreciation of the deal, and mentioned the possibility of agreements being worked out for joint marketing in third countries.

"... Mr. Hoerkens drew the attention of the guests (at the GDR Leipzig Fair dinner party) to the presence of Herr Gaus, head of the permanent representation of West Germany in the GDR, and presented him to the guests... Erich Honecker declared that it would be a good thing if Herr Gaus would not waste so much time making protests (Gaus normally carries protests from the Bonn government to the GDR, as he did over the recent phoney border incident —ed.), then he would have more time to negotiate..." (The West German daily *Die Welt*, reporting on the dinner party, wrote: 9... After a brief, half-hour talk at the Hoechst display, Honecker took his leave, in good humor, with the words: 'Let us drink to the salesmen, as the pacesetters of co-understanding.' He turned to State Secretary Gaus, and asked: 'You do not protest?')

## 'The Economic Benefits Of Disarmament'

Sept. 10 (NSIPS) — What follows is an excerpted translation of an article which appeared in a recent issue of the Soviet Union's international weekly *New Times*. The article was written by Igor Glagolev:

To justify the arms race, people like the British economist J. Thayer claim that the armament industry will bring about prosperity for the peoples, guarantee full employment,.... But Karl Marx wrote already in the last century, that war is equivalent to a nation's dumping part of its capital into the water.

The enemies of disarmament also assert that it would result in closing down arms factories, mass layoffs and a general cut-back in production. Since modern types of armament are so complex and specialized, these plants would not be able to produce civilian industrial goods, whereas the losses from shutting down such plants would deal an irreparable blow to the economy.

Of course the reconversion of the armaments industry to peaceful production involves certain difficulties. Nobody would deny that. But here is a solution to this problem, as the example of the Soviet Union has demonstrated. In 1944, when the victory over Hitler's Germany was an impending certainty, the Soviet Union began preparations for the reconversion of defense industry toward peaceful ends....

Tank-producing plants were reconverted to production of tractors, steam engines, transport machines and railroad cars. Former munitions factories now produce drilling equipment, dredgers, presses and rolling mills.

All this shows that a reconversion of material resources from military to peaceful productive purposes can influence the economic development and the living standard of the population in all countries most positively. For peaceful productive pur-

poses under conditions of general disarmament you could use:

- \* Huge resources of war material — \$500 billion dollars in total including cars, airport equipment, etc.
- \* The annual military expenditures which according to estimates by some Western experts amount to nearly \$300 billion today.
- \* The productive labor of the more than 20 million people now working for the military.
- \* Armament plants and military research centers with their highly qualified personnel and their equipment.

All this taken together would mean an increase in the productive forces such as history has never seen before.

As the Soviet government has repeatedly pointed out, the utilization of the means freed for productive purposes through general and complete disarmament would lift the economies of the developing countries of Asia, Africa, and Latin America to the level of the developed industrial countries today. In these countries, industrialization could begin and hunger and illiteracy could be wiped out.

With the huge resources freed under disarmament, several big problems could be solved at once, given a rational utilization. A rapidly developing industry could be converted to "clean" technology. Instead of the heat power plants which are the most important source of environmental pollution and of worsening human health, the "clean" thermonuclear (fusion-ed.) power plants could serve as a basis for world energy....

There are many such possibilities. But each additional example would only confirm once more the obvious truth: the conversion of the colossal material means from the military and unproductive sphere into funds for peaceful scientific research and for social welfare would bring all of humanity a benefit beyond all estimates, and would contribute to peaceful economic and scientific-technological progress. And there is hardly any need to demonstrate that disarmament would free the peoples from devastating wars and would guarantee the continuous existence of the world's civilization.

**Honecker:**

## Peace A "Top-Priority Task"

*Sept. 10 (NSIPS) — The following are excerpts from a speech by Erich Honecker, General Secretary of the Socialist Unity Party (SED) of the German Democratic Republic (GDR), given to the SED's Second Plenum last week. The speech was reprinted in full in the Sept. 4 issue of the SED's news daily Neues Deutschland:*

... peace in Europe is at stake, and on this depends above all the security of our borders. Politicians in the FRG (Federal Republic of Germany) who disregard this are endangering the life and welfare of their own country and people. To put it bluntly, the time is more than ripe for everyone to realize that detente is useful not only to the GDR, but also just as much to the FRG, for all citizens of the Federal Republic who desire peace... Peace is advantageous to all peoples and states. At the same time, it is obvious that detente encourages everything that is progressive in the world. This is making the aggressive forces in the capitalist countries uneasy and nervous. All the more reason for us to regard the fight to realize our policy of peaceful coexistence as a top-priority task. We must not yield any leeway to the provocateurs..."

...The gigantic level of armaments expenditures and the further raising of this level is making it less and less possible for the imperialist countries to run their economies without constantly taking on debt obligations. The national debt of the USA is currently 500 times as large as it was at the beginning of this century. In the FRG, debt incurred nationally, by the states and by communities will amount to about 50 billion deutschmarks for 1976 alone.

The enormous indebtedness brought about by raised arms expenditures will inevitably heat up inflation and will also expose their currencies to new crises, such as the one we have just seen in the past weeks with the collapse of the U.S. dollar and the French franc following the drop in the Italian lira and the British pound this spring. All these difficulties will now aggravate even further the competitive battle already wildly raging on the world market, a battle which has already reached critical proportions because of the "conjunctural leveling off" in domestic markets.

In this situation, monopoly capital is now already starting to coldly reduce social expenditures and is preparing measures to brutally reduce social security. In Great Britain and the FRG, "austerity measures" in health insurance have already been put into effect. The food served in hospitals is getting poorer, medications are being budgeted, and the period of in-hospital care reduced. Similar measures are planned in France and Denmark... In this time of increasing social insecurity, the governments of the imperialist countries are planning to reduce the already pitifully insufficient legal protection against social insecurity. This is primarily occurring so that arms expenditures can be raised correspondingly. Instead of a broad attack on unemployment and the constant worsening of the workers' health, in the capitalist countries we are seeing preparations for a broad attack on social expenditures, especially on social security.

*GDR radio, Stimme der DDR, ran further excerpts from Honecker's speech, which then appeared in the Sept. 8 edition of the West German weekly magazine Die Zeit. The excerpts read as follows:*

... In the class divergences between the systems, we cannot always count upon sunshine — even after Helsinki... Our GDR (German Democratic Republic), stands upon a stable found-

ation, and as a socialist state, does not find itself alone in the world... In our relations with the FRG (West Germany), we are at the longer end of the lever. Our opponents also know this. In addition, it is interesting that coincident with the heightening of the FRG's ideological confrontation, we, for the first time in many years, have achieved a balance in trade between the GDR and FRG. Yes, in the first seven months with increased volumes we have even reached a trade surplus with the FRG. Mutual exchange of goods this year will go beyond 8 billion marks. Thus, there is no basis to draw incorrect conclusions from the sharpening of relations between the GDR and the FRG. We are struggling from a firm position... The sharpening of the struggle in the area of ideology between the GDR and the FRG apparently has a positive side. Illusions are being destroyed amongst those who expected that the struggle between socialism and capitalism would be ended by Helsinki. This was never the intention. But the destruction of these illusions will not reduce the meaning of the Helsinki conference.

For us, it is important to always be on top of the political struggle, and to convince all men of good will of the just nature of our policies, of our certainty in the future. We are open to the world in our struggle... It is important to win all men to the side of our struggle — as decided at the Ninth Party Congress — and not allow our opponents to be left in unclarity on the effectiveness of our state power, our defense and security organs. Today's edition of Die Welt (West German ultra-right wing Springer Publisher House daily —ed.) reports with major headlines of the Federal Republic Secret Service on the situation in the GDR. These remind one more of Grimm's fairy tales than of reports from the highly paid agents of the FRG. We have no intention of publishing reports from our secret service on the situation in the FRG, in the Bonn government, in the Christian Democratic Union-Christian Social Union leadership or of the Bonn Defense Ministry. There remains no doubt, however, that we are in fact much better informed. That makes us optimistic...

## "East-West Trade Needs Credit"

*Sept. 10 (NSIPS) — The following is excerpted from an editorial appearing in the Sept. 7 West Germany daily Süddeutsche Zeitung.*

In the past, the socialist countries have proven that they have promptly paid their debts. And for the present, nothing can be intimated from the fact that the treaties that have been signed with the East on the basis of commodities supplies are a much more considerable risk than, for example, the recent currency loan to Italy. . . . It must be taken into account, that the people on the debtor's side obviously have no intention of over-using their credit cards. And this is shown by the fact that the trade surpluses against the East Bloc have considerably decreased in 1976. . . . The argument, that the West is making it easier for the East to arm through a credit policy that is much too generous may be objectively correct when considered generally, but nevertheless the Federal Republic of Germany alone cannot correct this. Every order that German industry is unable to sign because it lacks credit, is written up somewhere else. Otto Wolf von Amerongen (a leading Atlanticist-ed.) who has been called upon by Economics Minister Friderichs to be the crown prince of the sense and nonsense of evaluating credit, has even warned of an about change in terms of employment policy. But those who have advocated this have seen themselves isolated by their alleged allies in the economy. . . .



# Palme's Blackout Fails To Hide Swedish Support For New World Economic Order

Sept. 10 (NSIPS) —The foreign ministers of Belgium, Holland, Norway, Denmark, and Sweden met in Oslo Sept. 6 to discuss a common political strategy for next week's North-South talks in Paris. Although the results of the meeting are not yet known, the same nations have previously endorsed limited official moratoria on government-to-government debts of the least developed countries.

The mere occurrence of the Oslo meeting, however, throws into sharp relief the contradiction between Atlanticist Swedish Prime Minister Olof Palme's complete blackout on discussion of the new world economic order and the Third World's determination to see the necessary initial steps toward that end taken during the next fortnight. European Labor Party Chairman Kerstin Tegin this week excoriated both Palme and the man widely considered his chief opponent in this fall's Swedish elections, Falldin, for conducting a non-debate to obscure the principal issue facing the Swedish population: the place of Sweden in the new world economic order. The aggregated incompetence of the major Swedish parties, said Tegin, mandated ELP representation in the Swedish parliament to ensure successful Swedish participation in the new world economic order.

The following comments from prominent Swedes and the accompanying reportage on the imminence of a fusion power economy demonstrate that Palme's blackout has not succeeded in concealing from the Swedes their own self-interest in a program of rapid global development.

## **Swedish Newsdaily:**

### **Fusion By 1985**

*Sept. 9 (NSIPS) — The following article appeared in the Sept. 3 edition of Svenska Dagbladet, the major Swedish newsdaily, controlled by the pro-growth Bonnier industrialist family. The article was entitled "First Fusion Reactor Ready for Operation by 1985" and was datelined from a conference of plasma physicists in Norway:*

Dalseter, Gudbrandsdalen (SvD) — There is a certain astonishment here among the assembled top people in physics and chemistry, i.e. plasma physics, that in the enthusiastic Swedish debate on energy and nuclear power, the perspective of fusion power, an energy source now considered half-way tamed, is not included.

An important conference of experts in the field is presently going on in Washington D.C.

The first step has already been taken to utilize this opportunity for unlimited amounts of cheap energy, according to one of the most prominent nuclear scientists in the field, Prof. Keith Breuckner of California, who at the last minute failed to appear at this world meeting in Norway.

Breuckner has obtained a patent on a method of taming fusion power, but that doesn't insure that it will function.

That the first important step has been taken is not yet widely published, but seems to be well-known here among the scientists in Dalseter. According to them, military motives have intervened. The military has seized control over the enormous lasers that are needed thus making it impossible to continue with civilian research.

#### **The First Fusion Reactor**

The estimate nonetheless is that the first fusion reactor will be ready around 1985 and for industrial applications by 1990. The principle behind utilizing a fusion supply for the next century and for the unforeseeable future is based on freezing hydrogen from seawater down to very low temperatures.

Small pellets (of hydrogen fuel) are created, less than a millimeter in diameter, which are a sort of miniature nuclear bomb. One is covered with an optical protection cover and centered. Then, two strong laserbeams are directed against it. The fusion process is started with a heat of around 10 million degrees Celsius.

The heat develops successively by increasing the power of the laser beams, but civilian scientists often do not have the facilities for laser experiments. Such a laser costs \$25 million. Though you cannot use these on tanks or airplanes, it is possible to use them, for example, in submarines. If they are strong, they can be used to shoot down missiles. There is reportedly great secrecy in this area. Even the Soviet Union is thought to have come far in laser research.

#### **No Overheating**

The reaction of these kernels is regulated in such way to wield the desired energy development. There is no risk that the reactor housing will be overheated.

Suitable protection arrangements make the fusion process completely safe. The risk of radioactive leakage is considered minimal although there are however certain reservations according to what is so far known.

Radioactive waste is not created. The process is therefore very favorable environmentally.

You don't have to make a fusion reactor as big as the fission reactors that are being built today. Instead of having something like 20 huge plants, fusion energy supply would be feasible for Sweden with some hundred small fusion plants.

The energy from fusion plants becomes very cheap. Uranium for the usual fission power stations is a very expensive metal. Hydrogen exists in unlimited amounts in our oceans. Costly oil we must save and not use up. It is needed as a resource for, among other things, the production of plastics. Even if the recently concluded congress on plastics in Stockholm reports that within polymer production there has been further strict restrictions for saving and recycling of plastic materials.

The use of fusion power as the most feasible energy source is not only something that the experts here hope for, but that they really believe possible.

## **Reactions To Palme's Colombo Blackout**

**Helge Berg, Director of Development, Swedish Federation of Industry, in charge of New World Economic Order negotiations on behalf of Swedish Industry:** "For two weeks now I've leaned on the Trade Ministry and (Trade Minister) Lidbom to get me the information on what went on in Colombo. I haven't been able to get anything. I won't mind saying that it's a pretty strange situation... The only country that is opposing moratoria on private debts harder than Sweden is perhaps Great Britain."

**Holger Nystroem, Specialist on New World Economic Order for the Swedish Wholesalers Association:** The new world economic order is on the way and it's going to mean big changes for Swedish industry — restructuring, etc. So why doesn't anyone discuss this?"

**The Swedish business weekly of Aug. 26, Veckans Affarer:** "(Colombo) proved to be a demonstration of unity and growing discontent with the rich nations' attitude in the so-called North-South dialogue. The message... was sounded clearer than ever: if there is to be any sense at all of discussions of the famous slogan "new world economic order," then the industrialized countries have to start making concessions..."

# Gaullists And French Industrialists Demand Economic Growth

Sept. 10 (NSIPS) — Leading spokesmen for French finance and industry have lined up behind the Gaullists' call to the newly formed Barre government to carry out a policy of industrial expansion and development.

Gaullist baron Michel Debré's article in the Sept. 5 French daily *Le Monde* put this domestic perspective into context when he called on France to have a "free-handed policy, without alignment, without integration," to counter the U.S. Treasury's "destruction of the international monetary system."

The views expressed by Debré and Jean Denizet, the leading economist for the *Banque de Paris et des Pays-Bas*, in the articles excerpted below have become hegemonic among the representatives of French industrial capital. In an interview in *Le*

*Figaro* Sept. 10, François Ceyrac, the president of the powerful French Employers Association, the CNPF, stated his hostility to a freeze on wages, "There is no question for us of blocking wages or going back on what has been acquired in buying power." His interview which followed his first meeting with Prime Minister Raymond Barre, also emphasized the need for a productive investments policy. Ceyrac distinguished between taxing industrial capital — which would break economic growth — and taxing the businessman, who should be treated like any other citizen. Compliance with these policies, Atlanticist French President Giscard d'Estaing has repeatedly been warned by Gaullists and industrialists alike, is the sine qua non for its survival.

## Gaullist Debré Sees A Non-Aligned Economic Policy For France

Sept. 8 (NSIPS) — The following excerpted article by leading Gaullist Michel Debré appeared in *Le Monde* Sept. 4 under the title, "Day of Reckoning: Day of Truth."

At last the dossier has been opened. At last truth has been spoken. Inflation, which has been gnawing at the vitality of France for years, is no longer denounced only in the parliament or in the press. Inflation is now dealt with at a higher level with the gravity required. It is late, very late. Years have been wasted, with the main consequence that France has lost her good standing with respect to West Germany. Deficit of our balance of payments, chronic instability of the franc, liquidity crisis of corporations — hence crisis of investments, worsening of social inequalities, impossibility of implementing military programs and modernization plans....The balance sheet is indeed as disturbing as it was possible to forecast, as disturbing as it had been forecasted and forwarned. Alas!

...The fight against the excess of inflation must be waged together with a productive employment-creating effort, hence an economic development effort. Which means that the resources used must not hit at the source of wealth, production. Much has been said about industrial redeployment in the fight against inflation. Nominal increases in purchasing power and no money instability provoke a sharp increase in consumption-linked activities. The necessary rigor must be followed by a boost to capital goods and durable goods production, together with the dumping of all the Malthusian arrangements which increase the overheads and sometimes even encourage inactivity. That is the way to prevent deplorable inflation.

The fight against the excess of inflation requires an original social policy. Inflation creates injustices and worsens others. The effort toward solidarity in all its aspects is a basic requirement. It is advisable to distinguish purchasing power, categorical if so, from consumption capacity, which covers more than purchasing power and which can be modulated when public interest commands. In this respect, priority must not always be given to the situation of the loudest speaking social categories. Justice and compassion will have it that social effort be taken at the initiative of government rather than at the initiative and will of the social partners. The best example in this respect is the situation of families....

The fight against the excess of inflation demands a national policy for two reasons. First of all, only the French need a strong, prosperous France. What the French won't do for

themselves, nobody is going to do in their place. Far from it. Thus, one does not call for some economic and social requirements, even though reason commands to do so, without demanding pride, and independence...Let us not forget that the destruction of the international monetary system as wanted by the U.S. Treasury forbids any anti-inflation policy at the level of the west. Everyone for himself is one of the momentous consequences of the disappearance of a neutral standard for currency valuation. Hence the absolute need for France of a free-handed policy, without alignment, without integration, if we want success...

## French Banker:

### "Barre Is A Man For Growth And Industrial Development"

Sept. 8 (NSIPS) — The following excerpts are taken from a Sept. 4-5 article in *Le Figaro* by Jean Denizet, economic director of one of France's leading private banks, the *Banque de Paris et des Pays Bas*.

Raymond Barre scored a decisive point with the few words he spoke at the Elysee immediately following his designation as Prime Minister...he spoke of inflation, the stability of the franc, and his tone of tranquil assurance swept away the miasma of doubt, skepticism, and impotence which have paralysed all efforts at recovery for the past several weeks...

Economic policy remains. Raymond Barre has been given a reputation as the "knight of austerity" which could lead to confusion. Without doubt, he has often said that the rise in oil and raw materials prices, which we have experienced for three years, necessarily impoverishes the nation and that this impoverishment is not compatible with a too strong rise in distributed incomes: that it is also not (compatible) with a reduction of investments and the financing of foreign deficit through borrowing. One can and must agree with this analysis, all the while finding that the words austerity, rigor, "not living above one's means," are not the most satisfactory terms to designate the policy to be followed.

#### Two Possible Approaches

In reality, there are two possible attitudes in the face of the situation created by the rise in raw materials of 1973 and 1976, rises which have not finished: one was an attitude of relying on oneself, renouncing investments, reduced activity, reduced imports; in short, an attempt to realize a new equilibrium at a lower level of activity and effort.

The other attitude consists, on the contrary, of not beating a retreat, but of developing greater activity, realizing new investments to respond to new demand, namely new foreign demand. This is an attempt to fight against adversity through a grand effort at adaptation, demanding the mobilization of the nation and not throwing it into a semi-sleep.

It is thus the second attitude which should logically prevail today. Raymond Barre has always been a man of economic growth and industrial development for France. It is not likely that for him the new conditions born of 1973-74 have modified this fundamental option.

In a word, the battle against inflation today does not pass

through recession. It passes through an even stronger expansion than that of yesterday, more difficult also because different.

If austerity consists of putting men back to work, of creating new equipment, then yes to austerity. If the word means to tighten one's belt, to consume less because less is produced, then it is not the appropriate recipe. The mixture of inflation and insufficient upswing sanctions discouragement, discouragement of enterprises without means, unemployment without hope, social partners blindly defending — at the cost of nominal remunerations and increasingly rising prices — a shrinking cake or at least, one which is not growing.

Tomorrow's success must be the partners discussing in all clarity the sharing of surplus value....

## Japan Industrialists Move Internationally For Trade And Development Deals

Sept. 10 (NSIPS) — In the period since the Non-Aligned Nations' declaration for debt moratoria and new world economic order at Colombo, Japan's most prominent industrialists have moved internationally to secure trade and political alliances against Rockefeller. With initiatives throughout Western Europe, the Soviet sector, and the Third World, the Japanese have sought three objectives: 1) to cooperate in industrial development projects in the Third World and Soviet sector, 2) to secure alliances with their anti-Atlanticist counterparts in Europe, and 3) to provide economic and political support to critical Third World countries like Indonesia. Observers have remarked on the parallels between Japanese industrialists' actions and the international organizing of Italian industrialist Eugenio Cefis in the period prior to the accession of pro-development Prime Minister Giulio Andreotti. Most significantly:

\* Business Federation (Keidanren) chief Toshio Doko, just back from a Moscow meeting with Soviet Party leader Leonid Brezhnev, has scheduled a mid-October tour to Italy, France, West Germany, and Britain to discuss economic and political developments between Europe and Japan and trade with the Soviet sector, reports the Sept. 3 Tokyo daily Yomiuri Shimbun.

\* On Aug. 25, just two weeks after the Doko-led business delegation to Moscow, C. Itoh trading company Chairman M. Echigo led another delegation to the Soviet Union to discuss long-term economic cooperation particularly on Siberian resource and industrial development. This discussion persists despite an effort by Economic Planning Minister Takeo Fukuda to cut off Japanese credit to the Soviet Union.

\* Industrial Bank of Japan Chairman Shoei Nakayama, a leader of the "resource faction" of Japanese industrialists, attended a meeting in Turkey two weeks ago hosted by Japan's Foreign Ministry to promote trade and development in the Mideast. Other attendees included ambassadors from most Mideast countries, Nippon Steel President Tomisaburo Hirai and Mitsui and Co. official Tatsuzo Mizikami. The three businessmen emphasized that for too long Japan had restricted itself to simply economic matters in its dealings with the Mideast. Now, it must move into other activities as other powers do, i.e. political intervention. The industrialist-linked paper Yomiuri supported the meeting in a Sept. 2 editorial.

\* Japan will host Brazilian President Ernesto Geisel Sept. 15 to discuss several billion dollars worth of steel, petrochemicals and aluminium development in Brazil. These include a \$2.2 billion steel project at Tubarao with Italian participation and a \$1 billion project with the state-owned Aluminio do Brasil. Geisel, hitherto a staunch ally of the New York City banks, is under strong pressure from forces linked to Commerce and Industry Minister Servio Gomes not to let the projects be scrapped, and to secure aid from Japan since the U.S. has blacked out.

\* Japan is cooperating with Indonesia on several industrial development projects which the International Monetary Fund is trying to block. A government delegation arrived in Indonesia Sept. 2 to pursue discussion of further projects.

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### EEC Resolution On Gold Marks Europe Break With Dollar



Sept. 11 (NSIPS) — The European Economic Community (EEC) Monetary Commission meeting in Copenhagen called upon the International Monetary Fund (IMF) to “take a more flexible technique” in its gold auctions sufficient to halt the ‘drastic fall’ in the price of gold and its “destructive” effects on EEC member reserves. The vote on the resolution, initiated by the Andreotti government of Italy was unanimous. West Germany’s unexpected vote in favor of the resolution signifies a major realignment of forces with the EEC against Wall Street and the Treasury Department which had pushed for the gold sales. The move is being widely interpreted as aimed at halting the auctions altogether and a return to a gold-based international monetary system.

Secretary of State Kissinger’s attempts to force European rejection of Third World demands for debt moratorium and a new universal monetary system are in real trouble. Even that bastion of Atlanticist servility, West Germany cannot be counted on. While Kissinger was able to get the Group of 8 (the industrial nations represented in the North-South talks) to reject Third World proposals for general debt moratorium, the EEC vote on the gold auction raises serious doubts about the strength of Washington’s hold over Europe.

The EEC move, which was supported by the Arab states and Mexico, was motivated by the growing realization in international industrialist and banking circles that the Third World’s upcoming public political demand for debt moratorium at next week’s Paris North-South conference will propel the Eurodollar markets into a terminal crisis of confidence and trigger a full scale run on the dollar. Arab holders of large dollar and sterling deposits in major Euromarket banks were reported at the end of this week to be “getting out while the getting is good,” converting their worthless paper into gold and other currencies.

In response to yesterday morning’s EEC announcement, the price of gold shot up \$4 an ounce for the day. Just one week ago, the U.S. government had almost succeeded in pushing the price below \$100. The dollar and its buffer, the British pound, meanwhile dropped substantially against all continental currencies.

The Italian government began organizing for the Copenhagen decision some three weeks ago, when at a meeting of the IMF Executive Board it demanded that the IMF modify the auctions to stop the downward pressure on the gold price. At the time, Italy received the support of France, Switzerland, Mexico, and members of the Arab delegation, including Kuwait and other Gulf States.

Italy was unable to overcome U.S. political arm-twisting within the IMF to continue the auction, with the next one slated for Sept. 15. The Italians decided to take their demands to the EEC, sending a strong “organizing” delegation to the heart of the U.S. occupation forces on the continent, West Germany. When Bundesbank governor Karl Klassen told a midweek press conference as far as the Bundesbank was concerned, “The gold price can fall below \$100 per ounce.” the Italian government moved to bringing a simmering factional situation in Germany around the old issue out into the daylight. The Italians made public inquiry to the West German government as to whether Bonn officially held the same position as the Bundesbank. Finance Minister Hans Apel was forced to demur. The West Germans went along with yesterday’s unanimous decision.

Karl Otto Poehl, Vice Finance Minister of the BRD and chairman of the EEC Monetary Commission, told the press after the meeting “Neither the developing countries...nor any industrialized country has an interest in a decline in the price of gold.”

In the U.S., response thus far has mainly been shock. Wall Street spokesman Congressman Henry Reuss (D-Wisc.) Chairman of the House Banking Committee immediately attacked the EEC vote and urged the U.S. to reject it. The U.S. Treasury could only comment lamely that it is “studying” the matter.

The new pro-gold European alliance follows last month’s public call by the Soviet Union’s Moscow Narodny Bank for those countries who support a gold-backed monetary system to stand together against the inflated dollar. The Soviets have proposed gold, an asset mutually acceptable to the socialist and capitalist countries, as the reserve basis for a new international monetary system.

The Sept. 10 issue of the Italian daily *Corriere della Serra* indicates that "The balance of payments problems of many countries have already been solved by "de facto debt moratoria." Austerity and reduction of living standards will not work as a solution so the debt moratoria approach should be generalized. Under such conditions, *Corriere* concludes, "a minimum price for gold is necessary," as a fall back medium of international exchange in a period of inevitable dollar monetary collapse.

The Italians proceeded to elaborate their position. Under U.S. pressure to down value its gold assets and to put up additional

gold as a condition for a roll over of Italy's \$2 billion loan from the Bundesbank, Italian treasury instead repaid a portion of the loan in dollars. This "shows the relative esteem that the Bank of Italy has for gold and for dollars," wrote the Italian financial daily *Il Fiorino*. A commentator for that newspaper had recently termed the dollar the "toilet paper currency."

The Italian press today widely acclaimed the EEC decision. The Rome daily *Il Tempo* termed it an "Anti-American" move to stop the dumping of gold and "the supremacy of the dollar." *Il Fiorino* notes that the move acts as a brake on the destructive expansion of dollar liquidity generally, by giving clear warning of the lowered confidence in the U.S. currency.

## Panic Hits Euromarkets; Pound And Dollar Battered

NEW YORK Sept. 10 (NSIPS) — Both the British pound and the U.S. dollar were hit with panic selling this week, as international "hot money" fled the Eurocurrency markets in search of safer havens in advance of the expected declaration of debt moratorium by the Third World. The once "imperial" pound sterling dived nearly four cents yesterday to \$1.7325, then "stabilized" at \$1.7525 today when the Bank of England raised its minimum lending rate to one-and-a-half percentage points to a 2 year high of 13 per cent.

According to foreign exchange traders both here and in Europe, the unanimous agreement of European Common Market finance ministers meeting in Copenhagen today to demand that the International Monetary Fund (IMF) end its gold-dumping policy dealt a decisive blow against confidence in the dollar. The "toilet paper" currency, as the dollar is dubbed in Italian financial circles, dropped sharply against the West German *deutschemark*, Japanese yen, and most European continental currencies yesterday and early today, prompting U.S. Federal Reserve intervention. The price of gold, meanwhile, soared \$9 an ounce during the week.

Arab investors are leading the run out of the dollar and pound. They are rapidly liquidating their short-term Euromarket deposits and putting them into gold, equities, and other currencies. Wall Street has failed in its efforts to contain the panic by persuading OPEC investors to put their petrodollars into the stocks of the most bankrupt New York City banks. The OPEC countries are also backing the Europeans' anti-gold dumping stance, Arab IMF sources report, as part of a broader Arab-European commitment to junking the dollar for a gold-backed monetary system.

According to money market experts, it is highly "abnormal" for the dollar to fall at this time. September 15 is a U.S. corporate tax deadline, a point at which the multinational corporations are compelled to convert hundreds of millions of dollars worth of foreign currencies into dollars. That the dollar should be collapsing under these conditions indicates that an uncontrollable panic has set in. Sept. 13 marks the scheduled opening of the Paris North-South talks, where general Third World debt moratorium is the likely outcome.

The British pound was a casualty of this scramble to get out of the Eurocurrency markets — in which the "City of London" banks play a central role. During the second quarter of 1976, investors, representing mainly OPEC countries, pulled their short-term overseas sterling deposits held at British banks to the tune of \$1.7 billion. This rate of withdrawal from the pound, the so-called surrogate dollar, accelerated during August and early September. The British seamen's strike slated to begin tomorrow, threatens to rip apart the wage austerity pact negotiated by the agent-led Trades Union Congress and the Labour Party government last spring to appease Britain's Wall Street creditors, provided only the immediate **psychological trigger** sparking the run on the pound.

By mid-week, the Euro-market crisis had so alarmed Lower Manhattan bankers that they decided to cut the pound off from support operations and let it sink. It was hoped that the pound's "sacrifice" would draw attention away from the sinking dollar. Acting on Wall Street orders, the Bank of England abruptly ended its massive support for the pound on yesterday morning, and the currency immediately tumbled almost four cents. Prior to that, the British central bank has spent a whopping \$600-\$700 million on support operations in the course of the week — more than 12 per cent of the \$5.3 billion bail-out loan which the U.S. and the OECD countries handed Britain in June.

According to New York bank sources, Britain was warned to end this expensive intervention immediately, since any further credits would be made available only on the most brutal austerity terms. Asked whether the U.S. government had directly ordered the British to let the pound go, one trader said, "They don't have to be told. The handwriting is on the wall...Britain will have to go to the IMF in December and the IMF is not just going to hand out another \$5 billion without conditions."

Traders now report that the Bank of England, with Wall Street gun at its head, will attempt a "managed" pound collapse to the \$1.70 level, in hopes of reducing the drain on its reserves.

But as post-Colombo financial panic builds, all such gambits are apt to get out of control. Despite the best "objective" conditions in its favor — the September 15 corporate tax deadline, the IMF gold auction also still scheduled for September 15, and the diversionary pound devaluation — the collapse of the dollar has continued unabated.

For Wall Street and the dollar both, their time has just about run out.

### Financial Community Assesses Europe's Demand For Halt To IMF Gold Auctions

*Following are the reactions by the financial community to Italy's demand for a cessation of the International Monetary Fund's gold sales, with assessments by leading observers of the significance of today's unanimous vote by the European Monetary Commission of the EEC to back the Italian demand.*

**Thomas J. Holt, President of T.J. Holt and Sons gold trading firm:** The reason for the drop in the British pound is that Arabs are getting out, and not into dollars, but into some gold and into other currencies which allow them to avoid dollars. The Arabs don't necessarily want to buy (gold) now, they want to wait till the price hits the bottom where all the speculators have been shaken out, but they want to buy. A lot of corporations and other clients we have say that the Arabs are very close to the Third World situation and they know that the debts are not and cannot be paid, so that the state of the major banks and thus of the dollar — and the Arabs' own deposits in those banks — is very

bad. Furthermore, the general market has known the Third World, REIT (Real Estate Investment Trusts), situation for some time now and they are beginning to get nervous about the dollar generally, that we're getting closer to the time bomb.

The Japanese and the Germans, holding all those dollars, have been heavily arm-twisted by Washington on buying gold and the Japanese have not so far. But the EEC announcement indicates that the entire European Commission is really fundamentally gold-oriented — the fact that the Germans participated in an open break between Washington and Bonn. The Sept. 15 auction is likely to be the last one, and likely to be over-subscribed on a wide margin.

**Prominent pro-gold financial journalist:** The situation does look very serious at the moment. The key thing is that the EEC in Copenhagen unanimously decided that the U.S. and IMF gold policy is wrong....That's right, even the West Germans went with the rest... No, I didn't know that Karl Klasen (head of the West German Bundesbank-ed.) had made a statement on gold saying he would like to see the price go down. That makes it even more interesting, doesn't it. This thing is obviously quite serious. Immediately Reuss (Rep. Henry Reuss (D-Wisc.) Chairman of the House Banking and Currency Committee) made a statement to the effect that the IMF gold sales should go as planned. (A 180 degree turnaround for Reuss, who called for a halt to the IMF gold sales earlier this summer-ed.). The Treasury said it will make its response known when it has further studied the EEC Copenhagen proposals on gold. The State Department said Kissinger had made no concessions on gold with the South Africans in exchange for acceptance of this shuttle diplomacy in that part of the world. So, I don't have to tell you that the gold bloc including West Germany means much more than opposition to the IMF's gold sale procedures. There are underlying and much more deep-rooted issues involved and Europe's basic disagreements with the U.S. on monetary affairs are surfacing in this form.

**Official at the International Monetary Fund in Washington:** The smaller Gulf states (i.e. Kuwait) in my delegation supported the

Italian initiative (for suspension of the gold sales-ed.) when it first came up at the IMF executive board three weeks ago, but the bigger states (i.e. the Saudis) did not, so we could not go with full support for the EEC. Mexico, as well, supports the EEC. The U.S. has still pressured the Saudis into line. Anyway, they just want to see the price drop so they can buy cheaper. Egypt is too dependent on the U.S. and will have to go along....But Europe does want to make a big political deal on this, if they just wanted to keep up the price, they could buy some.

**What about the moves by Italy to work out direct crude oil deals with Algeria and Libya?**

Italy is organizing this too — they are in direct deal negotiations with not only Algeria, Libya, Iraq, but Saudi Arabia too, in spite of U.S. pressure to stop it — the Saudis insist on some issues. The French and others are behind Italy, but they can't get the Germans into it because of U.S. pressure, so the EEC-Arab negotiations are stalled. The U.S. does not want these petroleum deals with Europe, just as it opposes gold.

**Economist at a major New York Commercial bank:** My information is that Germany is sitting on the fence on both the gold and the Third World debt issues. The continental European countries are presently opposed to the U.S. position on gold as well as debt. That's all. If there is anything I know beyond that I am not going to tell you.

**Spokesman at Deak Perrera in New York:** Not only the French, Swiss, and Italians but even the West German Central Bank are for cancelling or postponing the IMF gold auction — the West Germans ostensibly because they want to maintain the value of their gold-backed loan to Italy... It wasn't the Swiss who were selling gold previously, but other people who were then forced to cover their short positions.

**Bankers Trust (NY) official:** The IMF's handling of the gold auctions was assinine. If the IMF changes its policy the price of gold will go back to \$125 to \$150....We expect the dollar to weaken for the rest of the year, but I don't believe that a Third World debt moratorium will wreck the Euromarkets.

## European Production Sags Under Weight Of Dollar

Sept. 10 (NSIPS) — *The sudden about face by leading West German Atlanticist circles on the question of East-West trade exemplified by a letter supporting trade credits for the Socialist sector by Trilateral Commission member Wolff von Amerongen and Heinz Gunther Sohl, should't surprise anyone.*

Sept. 10 (NSIPS) — Industrial production indices for West Germany, and for Western Europe and Japan as a whole, have been flat-to-declining ever since the decisive late-March payments crisis. Orders for heavy capital goods, stemming primarily from the Comecon, oil-producing, and other Third World countries, are the only remaining prop for the West European economies — for West Germany in particular.

In July, West German industrial production fell nearly 2 per cent from June with a disastrous 5.5 per cent collapse in the capital goods sector, which includes machine tools and other machinery essential to a healthy, expanding economy. Domestic industrial orders — reflecting production trends for the next three-month period — fell 0.5 per cent.

However, foreign orders soared by an astonishing 51 per cent for the month, after rising at an annual rate of 21-30 per cent during the previous three months. Comments a perplexed Financial Times correspondent, these figures "provide a sort of caricature of an economy in which internal demand is static, but export demand still provides growth."

The great bulk of these new foreign orders are high-technology exports to the Comecon sector and oil-producing Third World countries; but they represent, in the main, previously-negotiated trade deals which are still "coming through." Existing dollar-dominated world credit structures cannot handle expanded trade financing, and, unless developed within the context of a New International Economic Order, these export orders will begin to taper off.

According to a report prepared by the Wall Street investment house Drexel Burnham, West Germany and the rest of Western Europe and Japan have no hope for a domestic-based recovery of their economies due to the "restriction of personal consumption" stemming from Wall Street-ordered austerity policies. Capital investment has yet to revive, reports Drexel Burnham, and if it does, it will be only to purchase "labor-saving equipment," not to expand plants as such.

At the same time, the New York banks' line that a U.S. "recovery" accompanied by huge U.S. trade deficits would bail-out the Western Europeans by providing a market for their goods has been shown up to be another "Big Lie." Not only has the U.S. economy stagnated, but U.S. deficits have not benefited the Europeans in the least. In reality, the U.S. has run a trade surplus with West Germany, France, Britain, and Italy since February 1975!

The collapsing West German economy is in danger of going into payments deficit, having chalked up a deficit of \$200 million in July. Faced with such hard economic facts of life, it is no wonder that West German industrialists are increasingly willing to jump the Atlanticist ship.

#### Who Needs It?

The gravest threat to the Western European economies at present is the inflationary growth of the Eurodollar market now spreading into West Germany like a cancer. Informed market sources report that the Eurodollar markets have been "strained" to the breaking point due to the huge volume of roll-over loans (much of them unpublicized) now being arranged to stave off a September collapse.

During the month of August alone, the Bundesbank was forced to mop-up \$1.2 billion in useless Eurodollars to beat back New York-directed speculation against a deutschemark

revaluation, which would have meant the destruction of West German exports. This huge inflow of dollars will shortly show up in an exploding West German money supply leading to Weimar-style inflation rates, sources at Citibank indicate.

To fend off the inflation threat, the Bundesbank, along with most other West European central banks, allowed domestic interest rates to rise sharply during July-August. This credit squeeze, in turn, only exacerbated the collapse of European stock markets — making it even more difficult for firms to acquire the capital necessary to continue production. As of Aug. 31, the West German stock market index had fallen 5.4 per cent since the beginning of 1976, the French stock market had fallen 9.4 per cent, and the Dutch and Belgian markets, 11.8 per cent, and 8.7 per cent respectively.

With such prospects for "growth" under the dollar empire, the Europeans reason, who needs it?

## Japan's Exports Slipped 6.4% In Month Of August

*Sept 10 (NSIPS) — The current condition of the Japanese economy show that the wide moves by Japanese industrialists and businessmen to back the Colombo demands of the Non-Aligned Nations is, for them, a question of survival.*

Every major economic indicator in Japan shows the downturn. The Ministry of International Trade and Industry estimated industrial production in the manufacturing sector to have fallen 0.8 per cent in August, and predicts a 2.1 per cent fall in September. Certified exports fell 6.4 per cent in August to a level 9 per cent below the March, 1976 peak and export letters of credit fell 13 per cent in August. Consumer spending and real income in July were both 3 per cent below 1975 levels in real terms. Domestic machinery orders fell another 11 per cent in July. So intense are the resulting liquidity pressures that consumer prices **dropped** 1 per cent in August, the biggest decline since 1971, as retailers struggled to maintain sales.

As a result of this situation, the Ministry of Finance has now ordered "a complete reassessment of the Japanese economic situation", according to the Aug. 31 Tokyo daily Mainichi. Normally the ministry, headed by Atlanticist Masayoshi Ohira, is the strongest bastion of Wall Street's influence in Japan, and hitherto was the foremost proponent of the lie that the mythical U.S. upswing would save Japan.

The renewed downturn that began early last winter was postponed into 1976 with a deal worked out in a secret Sept. 1975 meeting between Economic Planning Minister Takeo Fukuda and David Rockefeller. Under the deal, inflationary credit policies in the U.S. allowed a fantastic growth of Japanese exports to the U.S. of consumer durables. This kept the rest of the economy afloat, but only through early spring of this year. Wall Street's international austerity policies caused an overall decline in Japanese exports beginning in April and an overall production decline beginning in May. By July, Rockefeller was no longer able to maintain inflationary credit mechanisms within the U.S. itself, and lines of consumer credit were pulled back. As a result, Japan exports to the U.S. fell 3 per cent in July, letters of credit for exports to the U.S. in August were only 22 per cent above 1975 levels compared to 45-50 per cent increases in previous months.

The end of the Rockefeller-Fukuda gimmick not only caused the economic current downslide, but it precipitated a severe liquidity crisis among Japanese corporations beginning in June and July. Up to that point, the booming export-oriented corporations supplied liquidity to other firms through the com-

mercial paper market while bank loans declined. This ended in June when new bank loans were 36 per cent above year-before levels, the first year-to-year monthly increase since January. In July, there was a record decline in corporate bank deposits because the firms lacked the cash to pay summer bonuses, and other immediate bills. With deficit-ridden, illiquid corporations unable to pass along wholesale price increases (now at 10-12 per cent annual rate) to either consumer or export markets, corporations can only survive through massive bank borrowing. However, the Bank of Japan, which fears the 30 per cent plus inflation that would quickly result from this process, is tightening, not loosening, credit.

#### Battle For The Yen

Concomitant with this intensifying illiquidity pressure caused by the decline in exports to the U.S., the New York banks and the U.S. Treasury Department have stepped up pressure on Japan to bail out the dollar by revaluing the yen and increasing imports from other countries deep in debt to the New York banks. Hitherto, what had been labeled the economic policy of Prime Minister Miki's administration was in fact a Fukuda policy which dragged Miki along. As of this summer, however, Miki decided that Japan could not obey the U.S. dictate on yen revaluation-trade deficit. Fukuda insisted that Japan must, and launched a drive to oust Miki from power.

Subsequent economic developments have shown that no matter how much Rockefeller's agents in Japan — such as Fukuda, Ohira, and the editorial staff of the Asahi Shimbun — might like to comply, they cannot. Following the unsuccessful visit to Tokyo of U.S. Treasury Undersecretary Edwin Yeo to enforce the yen policy, the Finance Ministry — under industrialist pressure — sent Vice-Minister Michiya Matsukawa to Washington and Europe to explain why Japan could not carry out the policy. A document released by Yeo as a joint communique with Matsukawa — which Yeo later claimed was an internal U.S. Treasury memo — shows that Matsukawa did not concede to the revaluation, according to the text printed in the Sept. 5 Yomiuri Shimbun. Now, it is announced that Yeo and Treasury Secretary William Simon will visit Japan both before and after the October International Monetary Fund meeting in Manila in yet another attempt to force Japan to comply.

It should be noted that the current rise of the yen above 288 to the dollar is not an implementation of the Rockefeller policy, but a consequence of the worldwide fall of the dollar, and does not help the New York banks.

### Carter Campaign Collapses

## Ford Loses Savvy: Endorses Kissinger



WASHINGTON, D.C. Sept. 10 (NSIPS) — President Ford's public endorsement of war-criminal Secretary of State Henry Kissinger in an interview with ABC-TV commentator Harry Reasoner last week followed by a series of Presidential statements backing the Kissinger foreign policy line is an act of political suicide. If Ford continues to travel the insane course, trading off the retention of Rockefeller hatchetman Kissinger for promises of votes and cooperation from Wall Street, he will rapidly be facing a nation racked by financial chaos and war, a demoralized Republican constituency, and a Wall St.-connected press dealing out to him the same political drubbing presently being dealt to its hapless creation, Democrat Jimmy Carter.

An all out assault on Carter this week by the leading Atlanticist press and columnists is only a reflection of the internal collapse the Carter campaign has suffered over the past two weeks. This fiasco, which fliees in the face of one of Wall Street's most carefully constructed scripts for a Carter "victory," is attributable to the U.S. electorate's rejection of the policies the Carter campaign stands for — de-industrialization, zero-growth "Naderism" etc. The lead editorial in the Labor Day Washington Post focuses on this point admitting that the U.S. population is still motivated by the "idea of progress." It indirectly pointed to the U.S. Labor Party's influence in promulgating that idea by referencing the Viking space probe as having excited the U.S. population. The Mars landing had been specifically developed by the Labor Party in a series in its newspaper, New Solidarity, as exemplifying the idea of progress in current terms.

The same day, the New York Times acknowledged that the U.S. Labor Party with presidential candidate Lyndon H. LaRouche is the third major party in the U.S. Accurately covering the USLP for the first time, the Times reported on candidate LaRouche's analysis of the impending September monetary crisis. The piece went out via the Times wire service and was picked up by the International Herald Tribune, the Mexican paper Excelsior and a score of major U.S. press.

### **Ford Stupidly Falls For Rocky's Electoral Boondoggle**

In an interview with ABC's Harry Reasoner aired Sept. 7 Ford announced that Kissinger would be welcomed to stay on as Secretary of State for as long as Kissinger wished. Even if Ford were elected Nov. 2, it would be up to Kissinger as to when he would resign, the President said. The next day, Ford gave his full support for a proposed-Kissinger "war" shuttle to southern Africa. Ford, foolishly associating his office with Kissinger's shuttle stated that he - the President - was "launching a major effort in Africa." "While there is no specific American plan," he — the President — will use the "good offices" of the Administration to achieve a settlement.

Commenting on the White House's idiocy in going along with Kissinger's African operations, a prominent Washington conservative said, "Ford is probably dumb enough to believe that

Kissinger is an asset. He thinks Kissinger is pulling something off in Africa." But Kissinger, scorned by Black Africa and forced to invite himself on his African safari, is attempting to start war for his Rockefeller masters. Ford's actions will assure that if Kissinger and his Nazi ally Vorster of South Africa are successful in starting their bloodbath, the President will be dragged through the mud. The Atlanticist press have already warned that Ford is chancing a major electoral risk by getting involved in an all-but-lost African situation at this time. Washington Post reporter Maury Marder leaked the scenario for setting-up Ford after a Kissinger African debacle. Quoting countergang National Security Council-linked elements of the Rhodesian liberation front ANC, Marder notes there is a "deep distrust of Kissinger" and a belief that his shuttle will incite acts of "sabotage" and "racism."

The Administration seems to also have bought the current Kissinger negotiating policy vis-a-vis the Third World on the debt question. Ford Advisor William Seidman speaking Sept. 8 at a Chicago gathering of international representatives of the machine tool industry, was questioned about the Administration's response to the Colombo resolution and the U.S. response to Third World demands for general debt moratorium at the upcoming North-South meetings in Paris. Seidman replied that the U.S. will only negotiate on the debt question on a case by case basis. When it was pointed out that his was the Kissinger position, Seidman retorted, "Our position towards the Third World has not changed." While top local Administrative figures from the Office of Management and Budget, the Department of Agriculture, etc., took copious notes over the last week when briefed by the Labor Party on the breaking developments surrounding the North-South meetings, the U.S. apparently is now prepared to walk into the crucial Paris meetings with a suicidal policy of confrontation manufactured by Kissinger. The only signal for a possible post-Paris flexibility in the U.S. negotiating position was offered today by a high level aide to Greenspan who stated that the U.S. would not respond with any precipitous action to a declaration of unlimited debt moratoria on the part of the Third World.

Nevertheless, the endorsement and the subsequent freedom of action afforded Kissinger, unless rapidly reversed, will send the U.S. economy through shock waves of crisis this month and give the desperate Rockefeller-Kissinger forces enough maneuvering room to push for a thermonuclear confrontation with the Soviet Union.

The fact that Ford would stupidly open himself up to this series of disasters can only be traced to his blind electoral cretinism. Sources indicate that Rockefeller and others have appealed to Ford to make no bold moves to avoid losing votes and this tact has succeeded, judging by the week's events. Plus, promises to douse Wall Street's campaign of pre-packaged Administration watergatings, appeals to the limited mind of



Ford. To keep Ford duped, Rockefeller is even willing to sacrifice his creation Jimmy Carter by having the press shift toward accurate coverage of the non-existence of Carter's synthetic campaign. One high level OMB official, a loyal Ford supporter, was aghast when it was reported to him that Carter was the candidate of Wall Street. "What do you mean," he retorted. "Haven't you read the Washington Post edit on the Draft column, (both castigated Carter-ed.)."

This week's aborted Watergating of Republican Vice Presidential candidate Sen. Robert Dole (Kan.) appears to be part of the same containment operation. As if to show Ford that they meant business about Watergatings, Rockefeller press conduits the New York Times and the Washington Post carried front page stories on information from former Gulf lobbyist Claude Wilde, Jr. that he had slipped Dole's office illegal campaign contributions in 1970 and 1972. Wilde, an associate of Rockefeller cabal member John J. McCloy who has been used to finger several Rockefeller political opponents for "campaign fund" scandals, suddenly did an about face and said that his information was wrong — the day after Ford endorsed Kissinger.

#### **Carter With No Support Watches Campaign Collapse.**

Jimmy Carter's campaign for the Presidency is almost a thing of the past. With the public, albeit reluctant, admission of the Labor Party's LaRouche's role as a formidable White House contender by top Wall Street policy circles, the dying Carter campaign has entered the terminal phase. In the same issue of the Times which covered LaRouche columnist Anthony Lewis exposed Carter's California campaign as a total shambles. Citing one Democratic Party analyst to the effect that Ford enjoys a slight margin over Carter in the state, Lewis concludes that if the race is open here, if many natural Democratic voters still feel detached or doubtful about the candidate, the same might be true in Michigan or New York.

The following day an enraged Tom Wicker, the Times' liberal-in-residence, held the corpse of Carter up for all to see. Referencing the "Clockwork Peanuts" numerous flip-flops over the last few weeks, especially his decision to emphasize "inflation" rather than "unemployment," Wicker bitterly complained that Carter has permitted the Republicans "to press

their campaign against him as a man who constantly alters or obscures his positions."

Loyal Wall Street press conduits, including Hobart Rowen, Joseph Kraft and the Washington Post picked up on this theme. Focusing on Carter's failure to heed instructions from his Democratic Party masters while instead following the advice of his Georgia clique of advisors, Kraft asks whether such a synthetic creation as Carter is fit to be President.

Carter's inability to please his masters is attributable to the fact that Carter cannot sell a product that no one will buy — "corporativism." Labor Party members attending a Contra Costa County, Calif. Central Labor Council-sponsored Labor Day picnic sold \$45 worth of USLP literature, including LaRouche campaign buttons, while the featured speaker, Dem Party Vice Presidential nominee Walter Mondale begged an unsympathetic and unattentive audience for support. Meanwhile, Carter was suffering a similar fate in Norfolk, Va., where 10,000 people stood in stony silence as he delivered his sermon. Again Labor Party organizers sold substantial amounts of literature. One worker complained to a USLP LaRouche campaign worker, "Carter didn't say a thing," another said, "After this I've made up my mind, I'm voting for LaRouche." The few Carter supporters were shrieking to the stunned crowd, "Burn your scientists — Down with Progress."

But nowhere was this non-support more apparent than in Chicago yesterday night. In a torch light parade, which Chicago's Mayor Daley claimed would draw 100,000 Carter supporters, only 5000 people showed up and most of these were parents who came to watch their school age children march in the parade. As one informed source reported, "The Daley machine could not turn them out."

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## **Is Jimmy Carter Brainwashed?**

NSIPS Special Brief

\$1.00

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## **The Press Goes After Carter**

*Sept. 10 (NSIPS) — With little exceptions, the nation's press declared open season this week on Wall Street's Presidential candidate, Jimmy Carter. Even Carter's erstwhile "PR men" at the New York Times and Washington Post joined in the target practice on the hapless Democratic candidate. We offer some excerpts below.*

### **Anthony Lewis:**

#### **Carter "Too Perfect For Comfort"**

*Sept. 8 (NSIPS) — The following is excerpted from an article entitled "The Distant Candidate," bylined Anthony Lewis and appearing in the New York Times Sept. 9.*

...I am convinced that, notwithstanding the polls, Jimmy Carter has serious problems among natural Democratic voters of the West and North.

He remains an utterly distant figure to many: That is the

fundamental problem. Over an over, people say they have no feeling for him, no attachment, no emotional connection. On the contrary there is a sense of remoteness from Carter, of uneasiness...

Indeed the debates may not be enough for Carter to close that feeling of distance. Some Democrats will see them as just another staged occasion where a clever candidate can come up with studied answers. And the debates are unlikely to break through the indifference that may be the most serious threat to the Democrats this year — the danger that a majority of potential voters may not bother to vote.

If there is going to be a movement of feeling toward Carter...some now unimagined crisis may be required as the catalyst. It could be a world event or a personal crisis: something to test Jimmy Carter's behavior under strain...I think the doubters will be looking not only for wise judgment on Carter's part but for humanity. For the way they talk about him suggests that they find him too neat, too controlled, too perfect for comfort....

## “The Crowds Are Surprisingly Mediocre”

Sept. 11 (NSIPS) — The following article by Charles Mohr appeared in today's *New York Times* as “news analysis.”

After more than two decades as a member and teacher of the men's Sunday School class at the Plains, Ga., Baptist Church, Jimmy Carter brings some of the mannerisms and methods of a Sunday School teacher to the 1976 Presidential campaign.

In his opening speech Monday morning at Warm Springs, Ga., Mr. Carter told the crowd that President Truman had a slogan on his desk and asked, “Does anyone here remember what it was?”

As a chorus of voices shouted, “The buck stops here,” the Democratic Presidential candidate, smiling happily, said, “That's right,” and went on to accuse President Ford of evading the responsibilities of his high office.

Since then, Mr. Carter has several times asked questions for which there are simple, expected answers, and Mr. Carter has led his audiences in the answers. Sometimes he asked his listeners to raise their hands if a relative is jobless, or even if they know that stock car automobile races occur on Labor Day in Darlington, S.C.

“Southern Baptist dialectic,” an onlooker called it the other day...

Some of the crowds he has drawn have been surprisingly mediocre in size and a few have been positively tiny by the standards of a full-scale national Presidential campaign. This might, in some measure, be the responsibility of his campaign advance people, who lay groundwork and herald arrivals.

Still, it seems strange that a party nominee would draw only a few dozen people at the Slovenian Society club in Cleveland or in the backyard of a Columbus, Ohio, suburban home. It also seems strange, and disappointing, that a Cleveland welcome was small and that his arrival there was noted only with an eight paragraph story on page 14 of a local newspaper.

### Response Varies Widely

Moreover, anti-abortion protesters aside, some of Mr. Carter's audiences have been so undemonstrative as to border on being sullen. The response does seem to vary widely — boisterous and affectionate in Brooklyn, tepid in Pittsburgh's Mellon Square and neatly mute outside the gates of the Electric Boat Company at Groton, Conn.

This might be attributed to a starvation diet of political red meat fed to the crowds by Mr. Carter, who, at times, seems to be an understated and low keyed campaigner.

When Mr. Carter is being platitudinous, which his admirers would say is seldom, he is hard to top. At the Slovenian Hall, he said, “I want to be one of you and I want you to be one of me. I can stay close to you, if you stay close to me.” The next day he seemed to have forgotten his geography and referred repeatedly to his visit to a “Slovakian” neighborhood...

## New York Times: Ford Holds The Cards

Sept. 9 (NSIPS) — The following are excerpts from a Sept. 7 *New York Times* article entitled “Contrasting Campaign Symbols” by R. W. Apple, Jr.:

...For President Ford the symbol was the White House. He spent (Labor) day here, discussing developments in China....

For Jimmy Carter, the symbol was Franklin D. Roosevelt. The former Georgia Governor opened his general-election campaign with a speech at Warm Springs, Ga., where President

Roosevelt sought relief from the after-effects of polio...

The campaign will be short...But it could be volatile for numerous reasons....

The three televised debates...appeared to many political professionals to offer the President his best chance to catch up....

Second, Mr. Carter could be hurt in the populous belt of states stretching from Illinois and Wisconsin in the West to Massachusetts in the East, by the seeming aversion of traditionally Democratic Roman Catholic voters in that area to a Democrat who is both Southern and a devout Baptist....

Third, Mr. Carter could be severely wounded if the electorate as a whole decides — as did the Democratic electorate in some of the late primary states — that he is ‘fuzzy’ and ‘shifts’ on the issues....

Finally, the President could benefit from some unforeseen event abroad that would cause the country to rally around him as Commander in Chief. A serious flareup in Korea is one obvious possibility; equally damaging to Mr. Ford would be war in the Middle East or an open conflict in southern Africa in which the United States became involved.

Some Democrats propose that Mr. Ford...will propose a summit meeting with the Soviet leadership before the election.

## New York Times' Wicker: Carter Not The Issue

Sept. 9 (NSIPS) — What follows are comments on the 1976 Presidential race excerpted from an op ed by Tom Wicker in the Sept. 7 edition of the *New York Times*. Mr. Wicker entitled his column “Not Carter But Ford is the Issue”:

Mr. Carter personally will be continually denounced as an inexperienced candidate who neither knows nor will say where he stands on the issues. On the other hand, Gerald Ford will remain ostentatiously in the White House, acting Presidential and experienced, holding news conferences in free prime time and wearing his Commander in Chief's hat at every opportunity. This has a hidden advantage — it leaves most of the overt campaigning to the energetic Mr. Dole, who will thus get far more attention in the press than his opposite number Walter Mondale....

With his party's nomination at last in hand, Mr. Ford may even seem more like a real incumbent to many voter. To some degree, even if he is unelected and President only by the hand of Richard Nixon, he is bound to benefit from the well-known reluctance of Americans to “vote against the President” and perhaps from a factor that benefitted Lyndon Johnson in 1964 — a feeling that it would be “unfair” to deprive him of a term of his own...

All that adds up to a strong Republican campaign and a close election, polls or no polls...

The Republican problem is a dismal record in office — from the corruption of Watergate and the resignation of Spiro Agnew to the worst recession since the 1930s, the biggest budget deficits, the highest rates of unemployment, the gross mismanagement of food programs and a laundry list of other failures....

## Washington Post's Rowen: Carter Waffles On Economics

Sept. 10 (NSIPS) — The following are excerpts from a column entitled “Carter's Economics: A Shifting Emphasis” by Hobart Rowen, which appear in yesterday's edition of the *Washington Post*. Mr. Rowen begins his column with a description of Carter's

*waffling on the question of whether unemployment or inflation will be the first concern of his administration:*

... But what we are witnessing is an attempt by Carter to alter the image of himself that he fears has been building among the American people. He appears to be having a knee-jerk reaction to the reckless spender tag that the Republicans are trying to pin on him.

Some of Carter's own political lieutenants in the South have been telling him lately that he has acquired too much of a liberal "tinge" and that the South — despite all the evident regional pride — may not in the end be solidly in the Democratic column. . . .

Carter is plainly trying to revert toward the more moderate posture he displayed during the primaries. But the shift is bound to dampen the enthusiasm for him among liberals, and feed the criticism that his real commitments and convictions are not known. . . .

The key question for Mr. Carter is whether unemployment or inflation would be given priority attention.

An alert panel (in the Presidential debates) won't let him finesse the question by saying they are equally important goals. On this issue, the public is entitled to know exactly where Mr. Carter stands.

## **Washington Post:**

### **Carter Tinkers On Abortion**

*Sept. 10 (NSIPS) — today's edition of the Washington Post carries a lead editorial entitled "Mr. Carter on Abortion," excerpted below:*

We are going to see if we can't summarize, in a short space, Jimmy Carter's views on abortion. Mr. Carter, as he never tires of saying, is personally opposed to abortion. . . . The argument concerns the legal right of women first to decide to have an abortion — for whatever reason — and then to have one. This putative right is what Mr. Carter opposes. . . .

... Mr. Carter has also said the following things: that he would abide by any Supreme Court rulings on the subject, that he would not take an initiative to outlaw abortion via a constitutional amendment, that he would not oppose the efforts of others to do so and that he might support legislation that would have the effect of limiting the performance of abortions.

This last position he would evidently fulfill in two ways. He would encourage programs such as the dissemination of information on contraception. And he would seek to curtail the use of federal funds to finance abortions. . . . Now a couple of things are plain to us from the bare bones of the Carter position outlined above. One is that it is not internally illogical, inconsistent or contradictory. Mr. Carter *is* opposed to free and easy access to abortions; and within the limits of the law and his own prerogatives as President, he would act to limit that access. The other is that this is a position which cannot possibly be expected to gratify those who feel strongly on any side of the issue. The Catholic bishops with whom Mr. Carter met the other day — and whom Mr. Ford meets with today — can hardly be pleased with his refusal to endorse a constitutional amendment or his stress on contraception as an alternative to abortion. Those people — we are among them — who believe individual women should have far greater rights in the matter than Mr. Carter approves, will hardly be thrilled either. . . .

It escapes our understanding how Mr. Carter could have thought this particular complex of views could win him universal friendship. . . . Yet our political guess is that he will lose fewer votes and less support by simply holding to his position than by restlessly and continually tinkering with his presen-

tation of it in ways that he hopes will please all the parties to the debate. . . . Mr. Carter needs to remember that you can't please all of the people all of the time, and that you can displease an awful lot of them — a majority perhaps — by trying.

## **Columnist Kraft Reviews Carter's Campaign Machinery**

*Sept. 10 (NSIPS) — In this excerpted Sept. 9 column from the Washington Post, syndicated columnist Joseph Kraft comments on Jimmy Carter's campaign machinery under the title "Carter's Way of Doing Business":*

... Still, he insulates himself against advice and regularly falls back on his little band of original supporters.

The littleness of the band was striking even during the primaries. . . .

After the primaries were over, Carter made a point of seeming to integrate his outfit with the establishment of the Democratic Party. . . .

Still the outsiders remain outsiders, fenced off from close touch with the candidate by the well-known device of divide and rule. . . . His foreign policy advisers are split between a Columbia University group, centered around Zbigniew Brzezinski, and a Washington group centered around young comers in such foundations as Brookings and Carnegie. . . .

In a similar vein is the case of the Carter pollster, Pat Caddell. Mr. Caddell's polling service has recently acquired as clients the Saudi Arabian government and several major oil companies. . . .

Carter has a distinct way of doing business. . . . It is a mode of operation that the public should think about, within the general context of whether Carter is sufficiently experienced to be a good President.

## **Evans and Novak:**

### **Carter Loses Control Of Self, Campaign**

*Sept. 10 (NSIPS) — What follows are excerpts from today's Washington Post column by Rowland Evans and Robert Novak entitled "Carter's Debut: Assorted Mixups":*

Jimmy Carter opened his fall campaign emphasizing the unwanted issue of abortion and the irrelevant issue of Clarence Kelley's valances because of blunders by the campaign organization and his own lack of discipline. . . .

... The overriding portrait of Carter during two days in the critical Northeast was a candidate not fully in control of his campaign and sometimes not in control of himself. . . .

... This week's performance by candidate and organization hardly pointed to the victory once taken for granted. . . .

Much worse awaited Carter in Pennsylvania, considered his northern stronghold. Once again the trouble was self-induced. Carter's ill-conceived meeting with the Catholic bishops had aroused anti-abortion forces. . . .

Carter also showed his flexibility this week. With polls indicating disapproval of his leftward drift, Carter moved right. . . . Talking with unemployed workers in Scranton (Pa.), Carter never mentioned the Humphrey Hawkins bill he had endorsed back in primary days. . . .

Organization incompetence that sent Carter wandering through empty streets of Philadelphia and Scranton will presumably be corrected. More worrisome for Democrats is whether their candidate will be repeating his masterful performance of Polish Hill or will lead the campaign into dead-end streets of stridency and irrelevance.

# New York Times Admits Reality Of LaRouche Campaign

Sept. 10 (NSIPS) — The New York Times broke its year and a half blackout of the Presidential campaign of the U.S. Labor Party's Lyndon LaRouche on Sept. 6 with a straightforward page 16 article, "Labor Party Candidate Sees Fiscal Crisis," based on a recent interview with the candidate by Times political correspondent Warren Weaver, Jr. The article, which begins with LaRouche's contention that "the race for the White House is about to narrow down to a field of two contenders: President Ford and himself," broke the wall of major press silence on the U.S. Labor Party internationally. The Labor Party is now taking its place as the U.S.'s third major party in coverage of the 1976 election campaign.

The Times article, placed on that newsdaily's international wire, was picked up across North America and Western Europe. In Mexico, the Mexico City newsdaily Excelsior carried the interview on page two in its Sept. 7 edition under the headline, "LaRouche Thinks He's Presidential Material," while the Mexican daily El Porvenir ran it on page one entitled "Labor Party Candidate Sees Fiscal Crisis." On the same day, the Paris-based International Herald Tribune headlined the coverage "Marxist Nominee Sees the Race Narrowing to Himself, Ford."

A recapitulation of the interview in Italy's nationally circulated Catholic newspaper Avvenire was headlined, "A Third Man in the Challenge Between Ford and Carter; It Is LaRouche, Leader of the Labor Party." The Avvenire report was prefaced with an explanation of the Labor Party's influence on the August summit of the Non-Aligned Nations at Colombo, Sri Lanka and a description of the program of debt moratorium and a new world economic order adopted at the conference.

Sept. 10 (NSIPS) — The following interview with U.S. Labor Party Presidential candidate Lyndon H. LaRouche appeared in the Sept. 6 edition of the New York Times:

WASHINGTON, Sept. 5—The way Lyndon H. LaRouche sees it, the race for the White House is about to narrow down to a field of two contenders: President Ford and himself.

Mr. LaRouche predicted in an interview this week that in about mid-September an international monetary crisis will threaten "the dollar and every other currency" accompanying the complete collapse of United States assets in banks abroad.

"At that time, national politics will undergo a fundamental change, in which my candidacy will become one of the most prominent features of the new situation," the 54-year-old nominee of the United States Labor Party declared.

"Jimmy Carter will be eliminated as a credible figure. The people will have a choice between two credible candidates, Ford and LaRouche. My qualifications in international economics will become important; I'm probably the world's leading expert, in all modesty."

## A Young Party

Mr. LaRouche is undaunted by the fact that his party, a Marxist spinoff of the student radical movement of the 1960s, was founded only in 1973 and has attracted relatively few members as yet.

According to the candidate, the labor party has 1,800 full-time

organizers, about 13,000 "cell and network leaders" who also work on party organization, and about 500,000 "hard-core supporters" around the country. He also contended that public opinion surveys indicate that between 7 and 10 million people express "voter preference" for the party.

This still leaves Mr. LaRouche far from the 47 million votes Richard M. Nixon received when he was re-elected President in 1972 or even the 29 million votes that Mr. Nixon's opponent, Senator George S. McGovern got in defeat. But Mr. LaRouche foresees enormous defections this year, particularly among Democrats.

The labor party nominee calls Mr. Carter "the candidate of the Brookings Institution, the Rockefeller Foundation, the Ford Foundation et al" and "the creature of the Commission on Critical Choices," a study group founded by Nelson A. Rockefeller before he became Vice President.

"When the old monetary system is gone, Rockefeller power will be finished," Mr. LaRouche contended.

## View of Ford

Mr. LaRouche looks much more favorably on President Ford — "a Yale jock with some savvy, a good American who doesn't want war with a lot of good instincts" — and on the "mainstream Republican" voter who is also "a solid fellow who cares about his country."

The problem, according to Mr. LaRouche, is that the President has been captured by men like Secretary of State Henry A. Kissinger, Attorney General Edward H. Levi and Vice President Rockefeller.

The labor party leader said that he had informed Mr. Ford about his plan for extricating the United States from the impending monetary crisis by declaring a debt moratorium and that this will be the President's only option. Either his economic plan will elect Mr. Ford or it will elect him, Mr. LaRouche predicted, professing little choice between the alternatives.

## Conventional Manner

Mr. LaRouche's manner and appearance are as conventional as his political and economic theories are radical. At his interview he wore a dark suit and a bow tie, gesturing with an unlit pipe as he quietly outlined his somewhat startling predictions in an almost professorial fashion.

The Labor Party ticket, with Wayne Evans, a chemical worker and labor leader from Michigan as the Vice-Presidential nominee, is seeking space on the ballots of all 50 states, Mr. LaRouche said, but this is the first national election in which it has competed.

Voters to whom Mr. LaRouche expects to appeal include urban blue-collar union members, blacks from organized labor rather than the ghetto, "angry counter-culture" supporters of Gov. George C. Wallace of Alabama and rank-and-file union members who "hate Carter."

Mr. LaRouche is also chairman of the National Caucus of Labor Committees, a political group affiliated with the party, when he is not engaged in his Presidential campaign. In the past he has worked as a computer programmer, systems designer and management consultant.

He attended Northeastern University in the 1940s, but he says his expertise in international economics has been largely self-acquired.

**Italian Catholic Daily:  
"LaRouche The Third Man"**

*The following article appeared Sept. 9 in the nationally circulated Italian Catholic newspaper Avvenire. The article was headlined "A Third Man in the Challenge Between Ford and Carter; It Is LaRouche, Leader of the Labor Party."*

WASHINGTON, D.C., Sept. 8 (NSIPS) — The American electoral campaign is not only a duel between Ford and Carter. In several states, as after all has happened in all the presidential elections, a third party will be running.

This time, however, there is a third party that is more combative and branched out than the local grouplets that were present in the past; it certainly is different from the conservative party that had a certain success in the "deep south" at the time of the Alabama Governor, George Wallace. It is a self-des-

cribed Marxist party, the U.S. Labor Party, and it launches Lyndon LaRouche, a 52-year-old economist and university professor, as its presidential candidate.

According to LaRouche, the next presidential elections will be a private affair between himself and Ford, since Carter "has no credibility" as a political figure. Although the Democratic Party seems stronger than this summary judgment might show, the USLP has made a relevant organizing effort in the last months, as shown by the fact that it will be able to present its candidates in nearly one half of the States of the Union.

On the wave of the decisions made at the conference of the Non-Aligned countries, which demand a world debt moratoria of the Third World against the industrialized countries, LaRouche and his people, who for a long time have theorized on the need for a "New World Economic Order," are preparing themselves for the Labor Party convention (held on September 21 in Washington) to put in motion an electoral machine which, they state, consists of 1,800 full time activists and over 13,000 sympathizers.

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**NSIPS EXCLUSIVE REPORT**



## **Soviets Warn Ford To Curb Kissinger**

*Sept. 10 (NSIPS) — The Soviet Union has sharply criticized President Ford for the first time in months, because of Ford's hesitation to terminate Henry Kissinger's career in foreign policy and the immediate war threat his continuing career presents. While daily articles in the Soviet press denounce Kissinger's attempted African shuttle diplomacy as extremely dangerous and warn of a Middle East blow-up, Pravda's leading commentator Vitalii Korionov warned specifically against "indulging" the enemies of detente. Castigating Ford directly for his "hard line" National Guard speech, Pravda evinced "surprise and dismay" at Ford's conduct — whereas the Soviet Union has repeatedly greeted Ford's official stand in favor of a new Strategic Arms agreement and a Middle East settlement to be negotiated at Geneva.*

*Focusing on the urgency of the Soviets' appeal to Ford to stop wavering, a major article on Lebanon appeared in Pravda Sept. 8, calling for a negotiated settlement to the Lebanese war involving "reasonable compromise." Far from being a "reversal" of Soviet support for the Lebanese left and Palestinian forces in Lebanon, as CBS national TV reports characterized it, the Pravda article constitutes another appeal to sane forces to put an end to Kissinger's war-making potential in the area.*

### **Pravda Attacks Ford's Position Of Strength Statements**

*The following is excerpted from the "International Week" column in Pravda, Sept. 5.*

The struggle for peace and security of peoples is the rudder of the foreign policy of the Communist Party of the Soviet Union and the Soviet government....

The importance of further unification of efforts of all advocates of peace and their joint actions, is all the more clear, because the pendulum of the arms race... continues to swing...

(Pravda's commentator, Boris Orekhav, then outlines major U.S. weapons expansion plans.)

There are facts, before which no one to whom peace on earth, the security of peoples and the life of future generations is dear can keep silent. The conscience of humanity demands: the arms race must be stopped. Time does not sit still, as more and more people of good will understand, and these people are awaiting practical steps to stop this ruinous race, on the part of state and government leaders.

So much the greater is the surprise and dismay caused by U.S. President Gerald Ford's statement a few days ago to the National Guard association: "We are convinced that the best guarantee of peace is military might, which causes respect all over the world," said the speaker. The American president considers it a great service rendered by the present Washington administration that it opposes reduction of U.S. military expenditures, which, as is known, are incredibly high and this year amount to the gigantic sum of \$112.3 billion.

"Combat readiness preserves peace — weakness attracts war"; "our policy of defense on the basis of 'total forces' " — with these and like statements, Ford's speech abounded. This lexicon recalls the notorious policy "from positions of strength," which went bankrupt in its time and was rejected by life itself.

It needs no special proof to say that the above-cited statements ... are totally out of tune with the general tendency now ruling in international relations — the tendency to peace and consolidate peaceful coexistence, for which leading state leaders are now working. The views stated by the president are blatantly contradictory to the policy of improving Soviet-American relations and with the agreements achieved in this direction, on the implementation of which peoples are counting. They contradict the aspirations of millions of people who have welcomed the policy of detente, strengthening of peace, and international security.

It is often asserted abroad that the statements of U.S. officials

can be explained in terms of conjunctural considerations related to the electoral campaign. But elections are elections and policy is policy. And it is therefore impossible to justify by the electoral campaign, statements which run counter to the policy of international detente and the improvement of relations among countries.

**Pravda:**

### **“Reasonable Compromise” For Mideast Peace**

*What follows are excerpts from an article in the Soviet Communist Party daily Pravda of Sept. 8, entitled “To Find a Way Out of the Lebanese Deadlock.” The article, which urges “a political solution” of the Lebanese crisis “on the basis of reasonable compromise” is signed Observor, a signal that the commentary originated with top Soviet leadership:*

The situation in Lebanon remains very tense; each day shots thunder there, and people are losing their lives. It is noteworthy, moreover, that in recent days, the political activity around the Lebanese has markedly increased. Two proposals, for example, have been put forward at the same time, both for holding an inter-Arab conference on a summit level. One provides for the convocation of such a conference with limited, the other with broad, attendance, including the representatives of all Arab states. The plenipotentiary of the League of Arab Countries in Lebanon declared that it has worked out a ‘peace plan,’ which is now being discussed by the conflicting sides.

According to reports in the Beirut press, this plan provides for a cease fire throughout the country, the withdrawal of warring units from the ‘hot regions’ and the stationing of pan-Arab troops there, the fulfillment of the earlier concluded Lebanese-Palestinian agreements, and the partial withdrawal of the Syrian troops from Lebanon. The papers also write on the renewal of direct or indirect (through mediators) contacts between the different groupings, on meetings between Syrian and Palestinian representatives, and on the visit to direct (through mediators) contacts between the different groupings, on meetings between Syrian and Palestinian representatives, and on the visit to Damascus by the newly elected President of Lebanon, E. Sarkis, who is supposed to assume his position on Sept. 23....”

Many facts show that the leaders of the rightwing groups have not given up on achieving their stated goals by military force. What these goals are and by what methods they are being realized can be judged even just by cruel violence which was committed after the fall of the largest Palestinian camp Tel Zaatar, last month....”

The Lebanon tangle is actually woven out of several conflicts at once. There are social-political and religious contradictions and the contradiction between the reactionary forces and the national-patriotic forces acting together with the Palestinian resistance movement. The outbreak of these contradictions, taking the character of a prolonged military conflict, was provoked by foreign imperialist circles and their allies who strive to use the rightwing in Lebanon to finish off the Palestinian Resistance Movement (PRM) and the Arab progressive organizations who are supporting it, and to liquidate the PRM as an independent factor in the struggle against the Israeli aggressor.

The development of the crisis is taking place with open interference by imperialist agencies, some Western states and Israel. As the French (news daily) Le Monde writes, “The civil war in Lebanon is not and never was a purely internal affair.” Tel Aviv does not even hide any longer that they are not at all

sideline observers, but active participants in the Lebanese crisis. Israeli television has acknowledged that the navy patrol forces of Israel are committing pirate raids off Lebanon, confiscating arms sent to the ports of Saida and Tyre for the Left and Palestinian forces. As for ships headed for Junieh, nobody is harrassing them, although they include carrying arms from Israel.

The correspondent of the American paper “Christian Science Monitor” quotes interesting statements by a rightwing Lebanese: “In the first months we did not know where our next bullet would come from. Now some countries give us arms we need without payment.” When asked why Israel participates in the arms deliveries, he answered: “This is completely clear. The Israelis are satisfied. We do the job for them.”

The matter is not limited to the delivery of war supplies and technology. From England and France, mercenaries are sent for the “rightist armies” of Lebanon; the same “gentlemen of fortune” who committed murder on Angolan soil appeared. The interference by imperialist, above all American and Israeli, circles in Lebanese affairs is such an obvious fact that nobody disputes it any longer.

The situation is further complicated by inter-Arab contradictions, which have been transplanted onto Lebanese soil. Many observers think that direct financial and military support for the rightwing Lebanese groups are coming from a number of Arab countries, such as Saudi Arabia. Such a conclusion, all the more so because it is based on facts, is entirely logical: the reactionary Arab circles are not all interested in a strengthening of the Lebanese patriotic organizations and the Palestinian movement since they are “too left” from the standpoint of the Arab conservative regimes. . . .

The situation is also complicated by the disruption of coordination of activities of the anti-imperialist, anti-Israeli forces in the Arab east — even those who for a long time were considered natural allies and who objectively and in reality are, since their national interests are violated by Israel, which is backed by imperialism and Zionism. The negative consequences of such a split have very harmfully affected the Lebanese events.

Such facts include, for example, the rupture of cooperation between Damascus and the PLO. It will be recalled that, for a long time, the Syrian government and the PLO acted jointly on many questions. Even last year they concluded an agreement on the creation of a united military-political leadership. The representatives of Syria and the PLO mediated between the conflicting parties in Lebanon in the first phase of the crisis in that country.

Then this cooperation, tempered in the joint struggle against Israeli aggression, was broken. Whatever considerations may have guided Damascus to send its troops into Lebanon, this decision turned against the Palestinian movement. It allowed the right wing to deal hardfelt blows to the Palestinians and the Lebanese national patriotic forces. It is clear why the Lebanese progressive organizations and the PLO, and many countries of the Arab, but not only the Arab, world demand withdrawal of Syrian units from the country.

It is also clear why imperialist agencies not only use, but provoke in every way possible the Syrian-Palestinian differences, and strive to drive a wedge between the PLO, Syria and the national-patriotic forces. The West and Tel Aviv see this as a real possibility to weaken both the Palestinian resistance movement and Syria. The Israeli paper ‘Jerusalem Post’ openly wrote that, in Israel’s opinion, the situation in Lebanon guarantees certain very definite benefits, since the PLO and Syria are clashing with each other.

It is now clear to everybody that the only real winners in the

bloodbath on Lebanese soil are the ruling circles of Israel and their supporters. The disunification and depletion of the anti-imperialist forces in internecine quarrels, and their involvement in a prolonged fight among themselves distracts the Arabs from the struggle for the liquidation of the consequences of the 1967 Israeli aggression and opens up large opportunities to dictate to them various plans of a partial settlement for the Arab-Israeli conflict and a continuation of the Israeli occupation of Arab soil, which satisfies the West and Tel Aviv. The restoration of the broken cooperation of Syria with the PLO and the Lebanese national patriotic organizations would not only eliminate many obstacles in the way of a normalization of the situation in Lebanon, but would also help strengthen the Arab front of struggle against Israeli aggression and the expansionist plans of imperialism, for guaranteeing a just peace in the Mideast.

Today, when plans to stop the ongoing bloody conflict in Lebanon are under discussion, the cooperation of all progressive forces is especially necessary, so that these plans do not turn against them. It is clear that after 17 months of fight a lot of mutual distrust has accumulated among the fighting parties. But at the same time, these difficult months have also shown that the conflict can not be solved on a military path.

The only way to restore peaceful life is a political solution on the basis of a reasonable compromise. But settlement must not be permitted to take place at the cost of infringing on the rights of the Palestinians or without considering the legitimate demands of the Lebanese national patriotic forces. Maneuvers in this direction by some rightwing leaders are already underway. Onslaughts of this sort can only lead to a further prolongation of the bloodbath, just as can attempts to reject automatically all peace proposals as some-ultra-leftist elements within the Palestinian movement and the front of patriotic forces do. As Lebanese Prime Minister R. Karame has declared, "All parties must now direct their efforts towards elimination of the differences through a dialogue in the interest of peace."

In spite of the complexity of the situation and the diversity of forces involved in the conflict, it can doubtlessly be solved in a peaceful, democratic fashion. The Lebanese must do this themselves without any outside pressure, in the interest of maintaining the national independence and the territorial unity of their country. For this it is important that all anti-imperialist and genuinely patriotic forces come out of the crisis not weaker but much more consolidated. The Soviet Union has repeatedly declared that it advocates precisely this sort of settlement of the Lebanese conflict.

All those truly interested in a normalization of the situation in Lebanon must apply maximum efforts, so that the hope for peace in this country becomes a reality.

## ***Pravda On Detente:***

### **"Policy Dictated By Reason"**

*The following article entitled "A Policy Dictated by Reason," appeared under the byline of political observer Vitalli Korionov in the Soviet party newspaper Pravda Sept. 7:*

The turn from confrontation in relations between countries with differing social systems towards peaceful coexistence and mutually beneficial cooperation is an extremely important achievement of peace-loving states and peoples.

This turn was not accomplished automatically. The substantial positive developments in the international situation, as was noted once again at the Conference of Communist and Workers Parties of Europe, are the result of the changed con-

stellation of forces in favor of the cause of peace, democracy, national liberation, independence and socialism. These new factors "are of decisive significance for affirming the policy of peaceful coexistence and the development of active cooperation among all countries as the only alternative to world nuclear war."

To assure that the mechanism of detente, constructed with such great labor, works more and more reliably and fruitfully — this the Soviet Union considers its duty.

"The development and deepening of detente, CPSU General Secretary L.I. Brezhnev has remarked, "is the command of the times and the demand of all peoples, dictated by their vital interest in a firm peace. And anyone who shows indulgence towards the campaign of the enemies of detente or gives in to their pressure due to various conjunctural considerations, is taking on a serious responsibility.

"More so than ever before, adherence to detente must at this time be measured in concrete deeds, in everyday work in the name of that lofty goal."

The history of international relations in the post-war period has provided no paucity of evidence as to how monstrously the foreign policy of capitalist countries can develop in those cases, when it is guided not by rational considerations, but by anti-Soviet, anti-communist prejudices. The well-known American politician W. Fulbright, in his day, stated reasonably that, during the Cold War period, "anti-communist obsessions" drove politicians, in particular some U.S. leaders, to "irresponsible actions." "When it came to communists," remarked Fulbright, "our leaders ceased to be guided by normal practice, which requires that conclusions be based on some sort of proof. Anti-communist ideology spared us from the need to take into account concrete facts and concrete situations." This sort of stiff policy did not have a chance for success in the modern world, and it had to be consigned to the archives.

The progress in detente is visible. Take Europe. Because of the conference in Helsinki, the states of our continent have learned better and more persistently to seek ways to solve pressing international problems. Practice confirms that when a realistic and responsible approach to the conduct of affairs between states prevails, there are ways to be found for solving even the most difficult of questions.

But general peace is not yet guaranteed. Each step is taken with intense struggle. Forced — against their will — to admit the existing realities of the world, certain circles in the imperialist camp do not intend to be reconciled to them once and for all. The peace-loving forces of humanity are today encountering a massive ideological attack on the policy of detente.

The adherents of the policy of confrontation can now no longer come out openly. Therefore they resort to political mimicry, speculating on the aspirations of peoples towards peace and security. They are trying to revive years-old anti-Soviet, anti-communist prejudices; they even go so far as to say that they stand in defense of peace, which is supposedly being threatened by . . . the Soviet Union.

Millions of people on earth know, however, that the Soviet Union is the only one of the great powers which is not increasing its military expenditures every year, is not seeking military bases, and is not striving for hegemony. The history of the Soviet Union's struggle for disarmament over more than half a century indicates that, if the matter had depended on the USSR alone, negotiations on all aspects of the problem of disarmament would long ago have been crowned with success.

Those circles with an interest in poisoning the international atmosphere are conducting a noisy campaign, the true goal of which is to present in a false light the position of the peace-loving forces, which are working to give detente an irreversible character.

Attempting to "motivate" the need for the West to reject the policy of detente, the English Daily Telegraph, for example, simply asserts that the West has supposedly "been betrayed." The New York Times, in turn, frightens its readers by claiming that detente creates conditions for applying the "dominoes tactic." This "tactic" consists, they say, in the communists' spoiling to "liquidate" the countries of the non-communist world one by one.

While these circles pay lip service to detente, they try to instill their own imperialist content into this concept. They would be happy to interpret it as that situation in which the forces of imperialism and reaction had a free hand to strangle the peoples struggling for national and social liberation, and those fighting against imperialism would be unable to fulfill their international duty in regard to the peoples defending the just cause of freedom.

But all calculations on a return to yesterday are in vain. No one is able to change the laws of class struggle and the national liberation movement of the peoples. Attempts to stop the forward course of history, leading to the liberation of humanity from imperialist rule, have been undertaken before. But it is well known that they invariably failed.

It is necessary to be a realist in one's approach to the policy of detente. It would be, for instance, naive to suppose that the ruling circles in the Western countries could take the side of the working class in its struggle with the oppression of the monopolies or take the side of oppressed peoples seeking freedom. But why then make accusations against the Soviet Union and other socialist countries when they, true to internationalist principles, extend aid to legal governments and peoples who are defending a just cause? Detente is by no means a safeguard for regimes condemned by history. No one can forbid peoples to struggle for a better life. But strict observance of the principles of non-interference in the affairs of other states and respect for their independence and sovereignty are indeed necessary conditions for relaxation of tensions.

Straining to turn public opinion in their countries against the policy of detente, its enemies also advance this "argument": detente is unacceptable because communists and other enemies of imperialism do not give up ideological struggle. And the people who say this are the very ones funding the activity of ideological war centers directed against the world of socialism, such as the CIA-run radio stations Liberty and Free Europe, which function on the territory of the Federal Republic of Germany! Do these gentlemen actually wish the countries of the socialist community to stop exposing the subversive, diversionary-espionage activities of those who day and night propagandize animosity and hatred among peoples?

In our time, the idea of detente is one of the most popular in the world. In order to weaken its attractive force, scholars too are mobilized. At New York University, for example, there was a special conference on "Detente in an Historical Perspective." A particularly characteristic presentation there was that of Professor Ubank, who attempted to explain the "danger" of detente with a dubious excursion into history.

This learned man assured the audience that on the eve of World War II, England, France and the U.S. supposedly were conducting, in their relations with Hitler's Germany . . . the policy of "detente," and as a result of this policy these powers were "entrapped." And therefore, the West today ought not to go too far on the path of detente with the USSR. Thus, in an attempt to play on people's desire for security, the American professor does not stop at crude distortion of historical truth. The

Soviet Union saved humanity from fascism. At the same time, it is known that the policy of the Western powers in regard to fascist Germany was directed, not at all to achieving peace in Europe. It was a policy of supporting the aggressor and indulging his malicious plans. And there is nothing surprising in the fact that this policy eventually turned against its creators.

By sowing suspicion against the peace-loving policy of the Soviet Union and the other countries of the socialist community, the open and covert enemies of international cooperation hope to split the forces which are against war and reaction. It is no surprise that the Maoist schismatics are among the enemies of peace. The very logic of Peking's chauvinist nationalistic policy led them there.

Lawfully, the attempts to turn humanity back to the times of the Cold War are actively repulsed by the socialist countries and other peace-loving states and by the broader democratic public.

The communists are in the vanguard of this struggle. "In order to ensure the stability, further deepened, and expansion of detente," stated the participants of the Berlin conference, "it is necessary that the decisions taken in Helsinki be upheld and buttressed by the struggle of the popular masses for their complete implementation, for bridling and driving back those reactionary forces, which reject the results of the Conference on Security and Cooperation in Europe and try to foil the policy of detente and security of peoples."

Attempts to turn back the process of normalization of the international situation are not supported by the realistically thinking circles in the West either. This is indicated, particularly, by a number of recent statements by heads of state and government from France, Finland, the Federal Republic of Germany, and other countries in Western Europe. The course of the electoral campaign in the U.S. also fairly unambiguously shows that the policy of heating up tensions is rejected by broad layers of the American people. Many U.S. politicians justly note that relaxation in relations between the United States and the USSR is not some "favor" granted to the Soviet Union or vice versa, but is a policy reflecting the reality of our time.

The policy of detente has grown deep roots in the political life of today's world. There exists every ground for making the materialization of detente continuous and a more viable and comprehensive, universal process, for fulfilling political detente with military and taking concrete steps toward disarmament. This is a policy dictated by reason. It alone corresponds to the vital interests of all humanity.

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# Algeria, Libya Leaders For Mediterranean Peace And Security Pact

Sept. 10 (NSIPS) — Moves are now underway by Non-Aligned, socialist, and key Western European nations and political leaders to bring about a peace and security accord in the Mediterranean and Middle East. The moves aim at implementing provisions of last year's Helsinki European Security and Cooperation accords which call for extension of that treaty to the Mediterranean, and are in line with a call for implementation of this aspect of the Helsinki agreement issued by last month's Colombo Non-Aligned summit. The political declaration issued by the summit warned "that the security of Europe, the Mediterranean and the Mideast are closely interrelated and that it is of imperative importance to make new efforts to remove the causes of tension and attain peace and security in that area."

Algeria and Libya, two of the region's key oil-producing states, are leading the political push for the Mediterranean peace and security agreement.

\* Prime Minister Dom Mintoff of Malta, a Mediterranean island state, announced the initiative by Algeria and Libya during a visit to Algeria last week. Mintoff, who had just met with Libyan President Muammar Qaddafi, declared that Malta, Algeria and Libya "are working together for the realization of a durable peace in the Mediterranean," reported the Algerian daily *Al-Moudjahid*. Diplomatic feelers will soon be extended to Italy, France, Yugoslavia, Egypt, and "progressive forces in Spain and Portugal," according to Algerian diplomatic sources, who also stated that the proposed security pact would take Helsinki as a model.

\* The Mediterranean initiative is the political extension of the increasing cooperation between Italy, Algeria, Libya, and the Soviet Union on oil supplies and development.

Italy is actively now seeking to secure its national energy supplies in a series of trade and technology agreements with the Arab oil-producing states of Libya, Algeria, Iraq and others to gain strategic depth for breaking with the Rockefeller-controlled oil multinationals. An Italo-Soviet petroleum company has just been established, which will reportedly deal primarily with Libya and Algeria.

At the same time, Italy's Prime Minister Giulio Andreotti and Foreign Minister Arnaldo Forlani have recently taken up direct initiatives to defuse the Lebanon crisis and bring the warring parties to the negotiating table. The Malta Pact proposal thus provides an overall context in which Italy can consolidate its developing pro-development ties to the Arab states and its European allies.

\* Bulgarian Prime Minister Todor Zhivkov yesterday proposed that the prime ministers of Greece and Turkey, two squabbling NATO allies, meet in Bulgaria in a closed meeting to discuss and settle their differences on Cyprus and the Aegean Sea. The Zhivkov proposal, which came in a letter sent to both heads of state, was on Soviet prompting, according to the Greek press.

The proposal undoubtedly figures in discussions last week in Bulgaria between Greek Communist party (KKE) leader Charilaos Florakis and Portuguese Communist leader Alvaro Cunhal.

Intense diplomacy is also underway to resolve the explosive dispute between Libya and Egypt. Algerian President Boumedienne and Yugoslav leader Josip Broz Tito have both offered to mediate the conflict, and President Qaddafi has of-

fered to meet with Egyptian President Sadat for talks on ending their feud. The Libyans have moved to derail Atlanticist efforts to isolate them as part of an international "terrorist conspiracy." Following Qaddafi's conciliatory gesture toward Egypt, Libyan Foreign Minister Abu Zair Dura last week sharply dissociated Libya from international terrorist acts, and issued a biting denunciation of terrorism by the United States.

## Colombo Statement On Mediterranean

*Sept. 10 (NSIPS) — Following are portions of the final political declaration of last month's Non-Aligned summit in Colombo which deal with the situation in the Mediterranean. The statement was reported by the Yugoslav news agency, Tanjug.*

"... The Non-Aligned group expressed its concern over the increasing tension in the Mediterranean, which stems from imperialist aggression, and which is characterized by the consolidation of existing military bases and an increasing influx of foreign naval forces, despite the commitments contained in the document on the Mediterranean in the Helsinki final declaration.

"The conference also stressed that the security of Europe, the Mediterranean and the Mideast are closely interrelated and that it is of imperative importance to make new efforts to remove the causes of tension and attain peace and security in that area.

"Accordingly, the conference appealed to the countries that participated in the European Security and Cooperation Conference to tackle without delay the full application of the document on the Mediterranean contained in the Helsinki final declaration. The conference also called on the Non-Aligned countries in the Mediterranean to act in consonance with the decisions and resolutions of the conference of Non-Aligned countries, so as to remove all obstacles preventing the transformation of the Mediterranean into a zone of peace and cooperation to the advantage of the interested countries, and in the interests of international peace and security.

"Bearing this in mind, the conference called on the Non-Aligned countries in the Mediterranean to consult one another so as to attain a united stand expressing the aspirations of the Non-Aligned movement as a whole, which will be set forth at the Belgrade conference in 1977 concerning the implementation of the decisions taken at the Conference on European Security and Cooperation."

## Report On Algeria-Malta Talks

*Al-Moudjahid (Algeria), Aug. 31, "Prime Minister of Malta in Algiers, Political Discussions Between Boumedienne and Dom Mintoff":*

Political discussion (was held) on the security of the Mediterranean. . . . To a question about the political situation in the Mediterranean, the Prime Minister of Malta answered that "Malta belongs to the Non-Aligned movement and Malta, Algeria and Libya are working together for the realization of a durable peace in the Mediterranean Sea."

*Al-Moudjahid, Sept. 1, "Dom Mintoff Leaves Algiers":*

What is happening now in Lebanon and around Cyprus illustrated very well the value of this declaration of intent from these states (i.e. the declaration to promote the development of peaceful relations between the Mediterranean countries-ed.). It

seems that the political analysis made by Algeria during the conference is confirmed. Didn't we warn the participants of the threat that Europe will discover the "deus ex machina" of its security by fragmenting the world into "privileged peaceful zones" and "zones of tension and insecurity" for the Third World countries.

In its move, which was full of clarity, Algeria expressed that political detente in the center of Europe cannot be accompanied by a re-deployment of forces into the Mediterranean where certain people have some views incompatible with the independence and sovereignty of the states in the region. Such a detente cannot work. In this regard, the joint planning between Algeria and Malta is taking on a particular importance.

*Excerpts from the joint communique issued by Algeria and Malta following talks between Algerian President Houari Boumedienne and Maltese Prime Minister Dom Mintoff and reported in Al-Moudjahid, Sept. 1:*

... The Middle East situation, as well as the African one, was particularly studied by the two delegations.

Both parties expressed their deep concern in regard to the Lebanese conflict and the great loss of human life which it has caused. They stressed that the continuation of tension in the Middle East is the result of the denial of the national rights of the Palestinian people and that any solution must necessarily take into account the recognition and the restoration of such rights. They condemned the continuous aggression against the Palestinian people and the Israeli occupation of Arab territories.

Both sides expressed their support to the African people in their fight for the independence of Zimbabwe, of Namibia, and in South Africa.

In a general manner, they expressed their will to work jointly to end tension in the world. They stressed the detente now existing in Europe, and underlined the relation between security in Europe and in the Mediterranean. They reiterated their full adherence to the political and economic resolutions of the Non-Aligned meeting in Colombo.

### **Greek Socialist Papandreou: A Non-Aligned Future For Greece**

*Sept. 9 (NSIPS) — The following are excerpts of an interview with Greek Socialist leader Andreas Papandreou which appeared in the Sept. 6 issue of the West German weekly news magazine Der Spiegel. At the opening of the interview, Papandreou characterized as "interference into the duties of justice" the West German government's recent demands for the extradition of Baader-Meinhof-connected terrorist Phole, arrested last month in by Greek police in Athens. Papandreou continues his criticism with references to other interference by the West German government:*

**Spiegel:** The German public nonetheless finds it difficult to understand why the Greek left — represented not only by you — has escalated the matter into expressions such as "neo-Nazism" and "barbarism" (against West German Chancellor Helmut Schmidt's government). Aren't you giving in to your Hellenic temperament?

**Papandreou:** This is not merely a matter of Pöhle. Wasn't there recently an event of great historical significance: the unbelievable intervention by your Chancellor Schmidt into the domestic affairs of Italy, and thus in those of all southern Europe? If up that time any illusions had remained about the role currently

played by the German government in relation to other European countries, then such illusions were quickly dispelled by this statement of Helmut Schmidt. Moreover, the case of Greece not only concerns Mr. Schmidt, but also concerns (West German Christian Social Union leader) Mr. Strauss, who visits us often, keeps up regular contacts with the Junta and aids them in building up the Junta-allied Right Party.

**Spiegel:** The Greek democrats, and not only you yourself, were quite glad a few years ago when the Social Democratic Bonn government interfered by supporting the democratic forces against the colonels' Junta. Have you forgotten that so quickly?

**Papandreou:** We have not forgotten this. However, the statements of former Chancellor Brandt on the Junta, for example, were very careful and hesitant. Second, the (West) German Social Democrats have only supported certain groups of Greek politicians and were thereby preparing a solution for the post-Junta period behind the scenes — precisely as they are doing in Portugal and in Spain. In Greece they supported (Greek Prime Minister) Karamanlis and the so-called new forces, in Portugal they gave financial and technical help to the Socialist (Party leader Mario) Soares. In Spain they maintain close contact with (the Socialist Party leader Felipe) Gonzalez and are educating Spanish foreign workers to infiltrate the trade unions and from there to influence the party's future course.

**Spiegel:** So according to this the ugly German is engaged in subversive activity all around the Mediterranean and is interfering in the affairs of southern European populations?

**Papandreou:** I do not like the expression "ugly German," since I am not referring to the Germans, but rather to the political power structure in (West) Germany and the policies of your Federal government. And there we are sensitive — all the more sensitive because of your government's close ties with that of the U.S. For us, the Federal government is Washington's satrapy within the Common Market and in Europe as a whole.

**Spiegel:** You do not think much of NATO, the Common Market, the Americans and the Western Europeans — but little Greece needs some friends somewhere to realize its international interests. Where will you get them from?

**Papandreou:** You forget countries such as Yugoslavia, Algeria, Libya, Sweden and other non-aligned friends?

**Spiegel:** A good question, considering that it comes following the not-very-encouraging spectacle of the Non-Aligned conference in Colombo. Do you actually see Greece's salvation with the Non-Aligned?

**Papandreou:** Yes. Greece should primarily support itself on its own steam, and after that there will also be international support.

### **Libya Denounces Terrorism**

*Sept. 5 (NSIPS) — Following is Libyan Foreign Minister Abu Zair Dura's denunciation of terrorism issued yesterday. He said:*

Libya supports liberation forces throughout the world, but this is not terrorism.

To station American forces overseas is terrorism. To monopolize the wealth of countries is terrorism. To dominate the outlets of seas and oceans is terrorism. To provide aging regimes with sophisticated weapons to oppress the people is terrorism. To use wheat and gold as political toys when the world is starving is terrorism. We did not occupy Vietnam or go to war in Korea. We did not fight in Cambodia. We did not plan a coup d'etat in Chile. But yes, hijacking is terrorism and we stand against hijacking.



MIDEAST

## Rockefeller, Saudis Forge 'Pax Americana' Bloodbath Plot In Lebanon; Wave Of Reaction Sweeps Mideast

Sept. 10 (NSIPS) — A wave of reaction swept the Middle East this week as the Rockefeller-controlled Saudi Arabians and the outlaw faction led by Moshe Dayan in Israel prepared the region for a military showdown in Lebanon. Under military and financial pressure from Saudi Arabia and Israel, Egypt, Syria, Kuwait, and Jordan are converging openly in support of Henry Kissinger's projected bloodbath in Lebanon. Troops from Syria, Jordan, and Israel are massing in Lebanon to back up an expected offensive by the Nazi Lebanese Falangists and their allies against a coalition of leftists and Palestinians.

Lebanese ultrarightist leader Camille Chamoun visited Syrian President Hafez Assad in Damascus this week to pressure Assad into ordering Syrian support for an anti-Palestinian crusade. The visit by Chamoun, his first to Syria in more than 22 years, stepped up pressure on Assad to "cut the Gordian knot" of the Lebanese impasse by military force, according to the French daily *Le Figaro*. Just before the Chamoun visit, Beirut newspapers carried reports that a Syrian blitzkrieg would storm Lebanon if the left and Palestinians oppose the Syrian plan for creating a "federation" incorporating Lebanon with Syria and Jordan.

At the same time, Israel firmed up its military ties with the Nazi Falange in Lebanon. According to *Time* magazine, Israel and the Lebanese fascists have signed a secret treaty on mutual defense, worked out during a series of four visits to Lebanon by Israeli Defense Minister Shimon Peres, a key Dayan ally. Five villages in southern Lebanon were occupied this week by Israeli forces with artillery and tanks, and Falangist troops were sent into southern Lebanon via Israel to increase the pressure on the left-PLO forces from the south.

Backing up the Syrian-Israeli assault on Lebanon, Jordan, Egypt, and Kuwait took political and military steps to solidify an Arab front against settling the Lebanon conflict except by force. The Saudi Arabia-backed Rockefeller armtwisting was so strong that an Arab League meeting called this week to discuss the Lebanon crisis broke up in disarray, with Iraq, Algeria, and Libya all refusing to rubber stamp a League decision to look the other way in Lebanon.

— In Egypt, the government of President Anwar Sadat ordered the arrest of 8000 citizens of Cairo for questioning after a night of bloody rioting in the streets of the Egyptian capital. The Egyptian Interior Ministry blamed "delinquents and Libyan agents" for the rioting. But strong opposition is surfacing in Egypt with regard to the horrendous collapse of the Egyptian economy. According to the *New York Times*, Saudi Arabia and Kuwait are pressuring Egypt to capitulate to demands by the International Monetary Fund for the restructuring of Egypt's economy.

— In Jordan, King Hussein ordered 2000 troops to enter the fighting in Lebanon alongside Syria and the rightists, according to AFN news in Europe. Hussein, the veteran of the original "Black September" massacre of the Palestinians in 1970, is set to meet with Lebanese President-elect Sarkis on Sept. 18 in Amman.

With full support from Arab reaction and Israel, the Falange and Chamoun are issuing bloodcurdling statements of their goals. "If necessary," said Danny Chamoun, the son of Camille, "we will throw the Palestinians into the sea. That will pollute it, but too bad." Bechir Gemayel, the military commander of the Falange and the son of Hitler-worshipper Pierre Gemayel, said: "We are superfascists!" According to *Corriere della Sera*, the Italian daily, the slogan among fascist Lebanese militiamen now current is: "Who kills the most, in the evening buys the beer."

### **Soviets To Israel: "A Risky Game"**

*The following commentary appeared on the front page of the Soviet Union government daily Izvestia, Sept. 7:*

#### **A Risky Game — Israel Activates Its Interference in Lebanese Affairs**

Tel Aviv is expanding the scope of its armed interference in the affairs of Lebanon and is resorting to new aggressive actions against that Arab country, which worsen the danger of a larger conflict being unleashed in the Middle East. This is the significance of the steps and actions undertaken by the ruling circles of Israel, which, as in the past, rely on the support of their foreign patrons and "advisors."

The Western bourgeois press is full these days of reports of a sharp activation of the Israeli armed forces, and operations carried out by the Israeli command against the sovereignty and integrity of Lebanon. These operations, writes the informed London journal *The Economist*, include supplying arms to rightist groupings in Lebanon. Also involved is the naval blockade of Sur and Saida, two leftist-held ports in Lebanon. The American navy is simultaneously patrolling the area between these ports and the port of Tripoli.

On land, Israeli troops are concentrated at the approaches to the southern regions of Lebanon and are more and more frequently crossing its borders for direct actions against the national patriotic forces and the Palestinian resistance movement. In the latest issue of the American journal *Time*, it is

reported that between May and August of this year, there have been four trips by Israeli Defense Minister Peres into Lebanon to meet with rightist leaders. . . .

Israeli diplomacy is directed towards further aggravation of the situation inside Lebanon. It appears that Tel Aviv cynically reasons that prolongation of the Lebanese entanglement can only be in the interests of the annexationist policy of the Israeli rulers. Of course, Israel prefers not to proclaim this from official rostra. But nevertheless, recent official statements by Israeli leaders are indicative.

Prime Minister I. Rabin, speaking a few days ago, went through a good deal of verbal exertion in order to try to shift the responsibility for the persisting Middle East tension from sick heads to sound. He spoke as if the world knew nothing of the nearly ten-year-long occupation of substantial amounts of Arab territory by Israeli troops. . . . What does Mr. Rabin care for facts! In his attempts to cast a shadow on a clear day, he even asserted that the Soviet Union is "hindering" the cause of peace in the Middle East.

. . . . But Rabin himself gave away what torments him. In the same speech, he expressed his displeasure with the support extended by the USSR to the Arab states which most consistently advocate liquidation of the consequences of the Israeli 1967 aggression, and not for so-called "partial agreements," which leave unsettled dangerous mines in the Middle Eastern soil. Rabin calls such Arab states "extremists."

Thus, to defend the cause of sovereignty and national independence for the Arab countries is to be an "extremist" and to aim for more Arab territory. . . . is to strive for "peaceful settlement!"

Mr. Rabin permitted himself to proffer "advice" regarding the approach, policy and position of the USSR in relation to the Mideast crisis. So, let us on our part answer these unsolicited "advisors:" if you are looking for culprits regarding tensions in the Middle East, gentlemen, look in your own mirror. . . .

As for the Soviet Union, it is conducting a principled peace policy; it continues firmly to oppose any pretensions against the sovereignty and national independence of peoples and continues to defend the interests of freedom and social justice. We know that some people in the world do not like this policy. But gentlemen this, as the saying goes, does not depend on you.

## Le Monde Reports Rioting In Cairo

*Rioting erupted in Cairo on Sept. 6, according to the Egyptian correspondent of the French daily Le Monde, J.-P. Peroncel-Hugoz. Below are excerpts from his article, entitled "Scenes of Violence in Working Class Neighborhoods in Cairo" which appeared in Le Monde Sept. 8*

CAIRO — Violent demonstrations took place in Cairo during the night of Sept. 6 in the popular neighborhoods of Sayeda-Zeinab and El-Ahzar. The starting point for these troubles seems to have been a fight between policemen and civilians which, according to some witnesses, led to the death of one man. The crowd, particularly large in this sacred month of Ramadan, took sides against the representatives of authority, and then began to break street lights, neon publicity signs and vehicle windows in the long artery which links the mosque-university of El-Ahzar to the modern center of the capital.

In the middle of the night this path, as well as the edges of the city of Cairo were barred by police in civilian clothing, while at Attaba-El-Khadra Place — the passage point between the center of the city and the popular neighborhoods — the forces of order, unarmed but carrying shields and batons, chased demonstrators who were for the most part young people. By dawn, most of

the capital seemed calm again.

In the absence of any official communique, this Tuesday morning one notes that among all the Cairo dailies, only Al Goumhouriya wrote, on an inside page, that "the most important police control (operation) of Ramadan" led to the questioning of 8,000 people, the drawing up of 1,000 reports and the arrest of "arms and drug traffickers," as well as of pornographic material vendors. This Egyptian style "search and seal" operation, was undoubtedly at the origin of the troubles.

Silent on the events of the eve, the first editions of the Cairo press this Tuesday morning featured in their front page headlines the arrest of four men who have admitted to being the authors of the murderous bombing attempt at the Alexandria train station last month. Two of the presumed terrorists have admitted, according to the press, having received training in a camp in Libya "under the orders of two former Egyptian officers, of which one had Libyan nationality."

## Soviets On Kuwait Crackdown

*Sept. 8 (NSIPS) — The following article, "On the Events in Kuwait," is reprinted from the Soviet government daily Izvestia.*

A government crisis has occurred in Kuwait. The head of state Sabah as-Salem as-Sabah not only accepted the resignation of the cabinet, but temporarily suspended the constitution and dissolved the National Assembly.

Analyzing the events in Kuwait, foreign observers note dangerous "external factors": in certain Arab countries and in the West, there are attempts to suck the Palestinians into the Kuwait events as well as those Arab states which support their just cause. As is known, over 200,000 Palestinians live in Kuwait.

The Kuwaiti chief of state's move evoked many exclamations in the foreign press. Some try to ascribe to the Palestinians the role of "subversive elements" in Kuwait, while the Cairo paper Al-Akhbar described in them the "hand of Libya," which supposedly, having "ruined Lebanon," has now gone on to "destroy Kuwait."

Al-Akhbar writes the same thing as the English Daily Express. Ten days ago the Express announced that the Palestinians are "threatening" British oil deliveries out of Kuwait.

With good grounds, observers are asking: Is not the latest hue and cry around a supposed "Palestinian threat" a new attempt by certain forces to heat up contradictions within the Arab world and try anew to distract the attention of the Arab peoples away from their struggle to liquidate the consequences of Israeli aggression?

## Soviet Red Star On Gulf Arms Buildup

*Sept. 9 (NSIPS) — The following excerpts from the Soviet military newspaper Red Star appeared in a Sept. 3 article entitled "The Pentagon's Dangerous Business" by N. Setunskii, the New York correspondent for the Soviet government news agency TASS.*

The U.S. government is stepping up arms supplies to the countries of the Persian Gulf and the Middle East. A new program of supplying \$6 billion worth of arms to these regions has been submitted to Congress for approval. The lion's share of the weapons — \$5.4 billion — is to go to two countries, Iran and Saudi Arabia...

In 1975, Grumman International sold almost \$300 million or arms abroad. McDonnell-Douglas sold even more — \$419 million...

The Pentagon actively encourages the international arms business. Having accumulated American arms in various

states, the American military intends to penetrate them more deeply and therefore "supplements" the arms supplies with the dispatch of large contingents of military personnel. According to the press, by 1980 there will be no less than 60,000 American military men in Iran.

Red Star notes that the countries which get the most arms are those which are most compliant with American demands to maintain U.S. bases, and also in shaping their policy by Washington's influence...

U.S. Deputy Secretary of Defense W. Clements has admitted that arms deliveries are a "necessary and valuable political instrument."

One cannot but agree with U.S. Rear Admiral Ret. Laroque who warned in all seriousness that U.S. government policy on arms trade is fraught with the most serious of consequences for the national security of the United States itself.

## Unita Reports Italian Government Actions For Mideast Peace

*This is excerpted from the Sept. 9 Unita, newspaper of the Italian Communist Party. It appeared under the headline "Convergence on Peace in Lebanon at the Chamber of Parliament."*

... Today, a wide convergence of viewpoints was registered at the meeting of the foreign commission of the chamber of parliament. ...

Forlani (Foreign Minister) said that regarding the Italian responsibility, "We have not disregarded any possibility to encourage any initiative of compromise and truce." ... Forlani also expressed his appreciation, in conjunction with the intervention of the government, for the "admirable unleashing of spontaneous initiatives in the country" developed to face the tragic consequences of the Lebanese events.

Intervening in the discussion, Comrade Pajetta (Communist deputy in the chamber and member of the party's secretariat) demanded a wide diplomatic initiative by Italy, which cannot consist of a non-requested mediation, but in a useful intervention through the Arab countries, the allied countries and those that are interested including the non-aligned countries and the socialist ones. Even a unitary position of Parliament on the question of peace in the Mediterranean, which cannot be separated from the peace and security in Europe, can be influential for international public opinion. In particular he underlined that the Palestine Liberation Organization must be recognized as one of the interlocutors of our diplomatic action and demanded the recognition of its representatives in Italy. On the origins of the Lebanese crisis (and) polemicizing against

certain interpretations that attribute the responsibility for the conflict to the Palestinians of the "Rejection Front," Pajetta stated that the crisis developed following well-defined provocative actions by reactionary forces. Pajetta also asked for an Italian intervention such that Israel eliminate the blockade of the Lebanese Southern coast. ...

Craxi (Socialist Party's General Secretary) wished that the Italian government be able to shake Europe's passivity and push all the interested states such that balanced solutions prevail for the Mideast. ...

In conclusion, Forlani recognized that the Palestinian problem remains the key problem for any peaceful solution in the Mideast and that the PLO represents a reality that cannot be disregarded. Periodic contacts have been maintained with the PLO by high functionaries of the Farnesina (Foreign Ministry offices) and the government has no difficulty in foreseeing meetings of a different and higher level. Regarding the opening of a representative office of the PLO in Italy, he said that up to now it had been believed that the operation would be more useful if it occurred in a way agreed upon at a European level but that he reserves for himself (the opportunity) to examine at governmental level the possibility of contributing in a more effective way such that the PLO may better engage in its informative activity towards Italian public opinion.

## Italian Response To Mideast Crisis

*The following are indicative of the position of the Italian government toward the Mideast crisis:*

### According to Il Popolo, Sept. 9:

(Italian Foreign Minister) Forlani said: "The Mideast crisis remains for us the factor of the deepest preoccupation because of its repercussions which are difficult to control given the regional and international security conditions. In fact, the economic destiny of Italy and Europe, and not only the economic destiny, is to a large extent linked to the dramatic situation in Lebanon."

### According to Il Fiorino, Sept. 9:

He (Forlani) makes clear that the hypothesis of a partition of Lebanon is not acceptable because it would "export" the tensions that today lacerate Syria and would extend dangerously the line of friction between Syria and Israel. His (Forlani's) action is therefore inspired to the principle that the territorial "integrity" and the independence of Lebanon must be preserved and that the peaceful coexistence of the various components must be restored.

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# African Summit Rejects Kissinger's 'Mediation,' Destabilizes His Scenario

Sept. 10 (NSIPS) — The summit of southern African heads of state and liberation movement leaders in Dar es Salaam, Tanzania, which ended Sept. 7, dealt a stunning defeat to U.S. Secretary of State Henry Kissinger's grandiose scheme to isolate and liquidate anti-Atlanticist political forces in the entire southern Africa region. The unexpected inclusion of Angola at the summit enabled Angola, Mozambique and Tanzania to dominate the summit, thereby ensuring that the summit would not capitulate to Kissinger's threats and issue him a formal invitation to come to Africa as an ostensible mediator between the region's blacks and the white racist regimes of Rhodesia and South Africa. An invitation from the summit would have permitted Kissinger to kick off his shuttle diplomacy, initiating a deadly scenario similar to his Middle East shuttle a year ago which resulted in the bloody war in Lebanon.

After meeting South African Prime Minister John Vorster in Zurich to coordinate final arrangements for the scenario, all Kissinger needed to get his shuttle underway was an invitation for the Tanzanian summit. However, the presence of Angolan President Neto at the summit caught Kissinger by surprise. Neto ensured that the wavering Zambian President Kenneth Kaunda — who has sometime cooperated with Kissinger — along with the agent sometime leaders of two of Rhodesia's liberation movements, Bishop Abel Muzorewa and Ndabaningi Sithole, could not swing the summit to discuss Kissinger's proposed mediation. With no chance of being invited, the frantic Kissinger issued himself an invitation of Sept. 7 to go to Tanzania, claiming that the invitation came from Tanzanian President Julius Nyerere.

On the way to his meeting with co-conspirator Vorster, Kissinger laid out the threat that he hoped would force the African nations to accept his shuttle proposal: "Time is running out. If we can't get negotiations started in Rhodesia by the end of the year, it will be a bloody mess." However, as soon as Kissinger claimed that he had received an invitation from Nyerere, a Tanzanian spokesman immediately clarified the issue: "He is not coming on our invitation. He asked to come and we said: 'All right, come along.'" The Tanzanians further clarified this response by adding that Kissinger's trip was not requested by the summit, specifically pointing out that his self-invited visit to Tanzania will not be in the context of shuttle diplomacy. Kissinger then changed his line, saying that he tentatively "expects" to go to Africa next week. He then sent Assistant Secretary of State for African Affairs, William Schaufele to Tanzania to see if some kind of visit could be salvaged. The latest reports from Schaufele's trip are that the "decision remains to be made."

Noting that the summit ignored Kissinger's pleas to let him become the mediator in the crisis he himself is heating up, one diplomatic source said that "if he does visit Africa, he will only be attempting to circumvent the decisions of the summit."

## How Kissinger's Shuttle Was to Work

According to highly placed diplomatic sources, Kissinger had worked out a scenario for southern Africa very similar to his shuttle maneuvering over the Sinai issue more than a year ago.

Before leaving for Zurich, Kissinger was very confident that Kaunda, Muzorewa and Sithole could force through an agreement of unity at the Tanzanian summit based on the "lowest common denominator" of presenting a front for Kissinger to negotiate with on his proposed shuttle. Once this was accomplished, Kissinger's first move was to have been to obtain concession from South Africa on the question of independence for Namibia, which South Africa illegally controls. Kissinger then intended to use these supposed concessions to split the more moderate forces away from the progressive forces in the front-line states and liberation movements, leaving them effectively isolated when he next began to deal with the question of black majority rule in Rhodesia. With the progressive forces thus isolated, he expected to install a puppet regime in Rhodesia which could have the appearances of a majority government. Then the stage would have been set for a long-term situation of political tension and destabilization, which could be drawn out as long as necessary to eliminate the left entirely, as Kissinger is presently attempting to do in Lebanon, the final stage of his first shuttle scenario.

The fact that the summit made no attempt to arrange the fraudulent unity of agents and legitimate forces in the southern Africa region, as desired by Kissinger, is extremely significant. This demonstrates the determination of Angola, Mozambique and Tanzania, in combination with non-agent liberation movements, to concentrate on developing a disciplined cadre force capable of actually running an independent Rhodesia. The final statement issued by the summit explicitly stated that the primary concern of the summit was attaining independence for Rhodesia. Kissinger's machinations were not discussed at all, and the hodge-podge amalgam he calls unity was a monor point on the agenda.

This shuttle hoax is pretty much in shambles after the actions in Tanzania. African distrust of and denunciations of Kissinger's shuttle hoax based on close cooperation with Vorster are escalating:

\*Headlines in one Tanzanian paper on Sept. 8 openly predicted that Kissinger's trip would be a failure.

\*The Tanzanian daily "Mzalendo" of Sept. 8 accused Vorster and Kissinger of discussing "plans for installing black puppet governments which will insure that the interests of neo-colonialism and imperialism in general continue to be protected and maintained in southern Africa."

\*Responding to reports that Kissinger and Vorster had agreed to an international conference to discuss the independence of Namibia, which would include the Namibian liberation group Swapo as an equal among 20 puppet tribal organizations, Swapo President Sam Nujoma said on Sept. 6 in Dar es Salaam that he is ready to discuss directly with South Africa the handover of power to Swapo at an international conference. But Nujoma rejected the groups currently participating in constitutional talks with Pretoria as "puppets" and said they would have to be regarded as part of the South African delegation at such a conference.

\*President Bongo of Gabon dismissed the Kissinger-Vorster talks as "nonsense, a waste of time." "Vorster will not change

# Confrontation Builds In Mexico As CIA Labor Agent Velazquez Threatens General Strike

Sept. 10 (NSIPS) — Mexican CIA labor controller Fidel Velazquez yesterday threatened to call a nation-wide general strike for the end of this month unless his demands for a 65 per cent wage increase are agreed to immediately. Velazquez's demands in direct defiance of President Echeverria's assurances that all workers' salaries will be increased retroactively at the end of this month to compensate for inflation resulting from the recent devaluation of the peso. Velazquez's push for a strike is rapidly building into a major confrontation with the pro-development government forces of President Luis Echeverria.

Immediately after Velazquez announced his strike plans, supporters of Echeverria within the ruling PRI party, which represents over 15 million workers, peasants and small businessmen, issued a veiled attack against CIA labor boss. In a two page ad in the Mexican press, the "Popular Revolutionary Alliance" charged that there are "false leaders who call for anarchy and thus favor reactionary tactics aimed at preventing the wage increases" announced by President Echeverria the day after the peso was officially devalued. On the following day pro-Echeverria Natural Resources Minister Francisco Javier Alejo said that while all workers have a right to strike, the CTM strike should be called off since it would only "impede the stabilization of the country's economy."

The strike threat by the aging head of the CTM is similar in purpose and content to the truck drivers' strike which the CIA used to set the stage for the 1973 fascist takeover of Chile. If carried out, the strike, which would involve over three million workers and 15,000 companies across the country, would paralyze an economy already seriously weakened by the Wall Street-ordered devaluation. Despite Velazquez's pronouncements that he is fighting for "wages" the strike has nothing to do with increasing the standard of living of the CTM workers. It is a political power play aimed at creating a pre-coup environment in Mexico.

Velazquez's strike is finding support in some strange quarters. In a statement on August 28 a representative of the "Monterrey Group," the businessmen who comprise the center of Mexico's fascist "invisible government," explicitly expressed his support for Velazquez's wage demands. President Echeverria has repeatedly accused these layers of plotting to overthrow his government.

This is not the first time that Velazquez in his thirty years reign as head of the CTM and of the CIA's established Interamerican Regional Labor Organization (ORIT), has operated in coordination with the rightwing apparatus. It was Velazquez who in the late 1940's helped to force a "general wage freeze" down CTM workers' throats in support of then-President Miguel Aleman, the current head of Mexico's fascist "invisible government."

This time around however, Velazquez finds himself in a vulnerable position. In the last two days the smaller anti-Velazquez labor organizations have joined the Echeverria forces with cautious, but open attacks on Velazquez. Two days ago the head of the Mexico Workers' Confederation (COM), Leopoldo Zeron implicitly attacked Velazquez's strike threats by stating that his union would await the "wage adjustments"

proposed by Echeverria and would not strike. The attacks escalated yesterday with statements by the large State Workers' Union (FSTSE) and the Tamaulipas section of the CTM to the effect that they would not go out, but would instead follow Echeverria's wage increase proposal.

## Rightwing Reaction to Devaluation

Rightwing business layers, through their spokesmen have attacked the anti-austerity measures taken by the government since last week's peso devaluation. There are also loud complaints from these same quarters over the prospects of a continued peso float — a move that makes further speculation against the currency unprofitable.

The rightwing's argument for austerity was best presented by Financial Times correspondent Alan Riding in an article on Sept. 7 which stated that when President-elect Jose Lopez Portillo takes office in December, he will have to impose austerity measures similar to the "system of wage controls and export incentives adopted by then Brazilian Finance Minister, Sr. Antonio Delfim Neto in the late 1960s" in order to deal with the "serious" economic problems that outgoing President Echeverria "will bequeath" him. "To succeed," Riding adds, Lopez Portillo will have to abandon Echeverria's "militant" "Third Worldliness," and carry out repression, since, Riding concludes, how can Lopez impose "unpopular economic austerity measures . . . without repression?"

There is a strong fight against such "solutions" being waged by pro-Echeverria forces. On Sept. 7, Congressman Ramirez Cuellar blamed the devaluation of the peso on imperialist forces who hold control "over the international banking institutions such as the World Bank and the International Monetary Fund," which manipulate "foreign debt causing technological and economic dependence." Other pro-Echeverria Congressmen including Jesus Puente Leyva and Armando Labra denounced the Brazilian economic model imposed in Mexico by Aleman — the so-called Mexican Miracle. Congressman Armando Labra also went on to state that Echeverria has led Mexico to "the threshold of a new economic strategy which abandons the monetarist model."

As the Group of 77 meeting scheduled to begin in Mexico City on Sept. 13 approaches, the Echeverria forces are bringing the debt question out into the open. In a press conference in San Antonio, Texas two days ago, Echeverria stated that "the foreign debt of not only developing countries, but also of some which were once great empires is due to a bad, defective and inequitable international economic order." Echeverria also stressed the danger to world peace posed by the unbearable debt burden on these countries. "The panorama of economic insolvency in 85 countries which stop purchasing, which can't exploit their natural resources, which barely survive from hand to mouth, which can't increase the numbers of teachers, and which don't have the margin for breaking out of the vicious cycle of underdevelopment . . . is very dangerous for world peace . . . and that's ultimately tied to the foreign debt of each one of those countries."

This economic crisis effects "Mexico's economy — and let me stress — even the U.S.'s economy," Echeverria emphasized.

his policy," said Bongo, "He is racist through and through. Since no kind of dialogue can succeed with South Africa, we will have to take up arms and do what we did in Angola."

\*Focusing on apartheid in South Africa as the key issue which Kissinger is trying to protect, Oliver Tambo, exiled chairman of the African National Congress of South Africa told journalists at the Tanzanian summit: "It is improbable that Kissinger would support an African majority solution. The only way towards this goal is struggle. Fundamentally, Kissinger and Vorster are in agreement on the system in South Africa."

Meanwhile Kissinger cohort Voster, upon whom the success of Kissinger's entire scheme supposedly rests since he is supposed to put pressure on Rhodesia to agree to majority rule, is justifying every condemnation being heaped upon him. On Sept. 8 he asserted that his police forces had been "restrained" so far in their brutal repression of the provoked rioting in South African cities, and threatened that unless the riots stopped immediately "other steps" would be taken. Speaking at the Nationalist Party Congress in Pretoria, Vorster added that the government would "move against...certain whites" as well whom he accused of "inciting" the black population by their opposition to government policy.

But Kissinger is not giving up. Now he is trying to bribe African countries to cooperate with him in setting up his shuttle. Today the Senate approved aid packages of \$20 million each to Zaire and Zambia and \$10 million to Botswana, but agreed to cut out funds for Mozambique and Angola. Both Zambia and Botswana are key "moderate" states in Kissinger's efforts to launch his shuttle hoax in southern Africa. Kissinger's shuttle technique involves providing (not necessarily delivering, as Egyptian President Anwar Sadat found out) economic aid in return for cooperation with his deadly schemes.

## Soviets On Africa

*Sept. 10 (NSIPS) — The following is a full translation of an article by Boris Drekhov which appeared in the "International Week" column of Pravda, Sept. 5.*

The world's press is commenting widely on the Saturday meeting in Zurich between U.S. Secretary of State Henry Kissinger and South African Premier Vorster. The major theme of these talks is the so-called "Rhodesian formula," which states the American plan for resolving the Rhodesian question. The crux of the plan is to preserve in Rhodesia — under the cover of "a transfer of power to the black majority" — the racists' position and the position of the multinational corporations located there. As regards the question of allocation of political power to the true representatives of the people of Zimbabwe, they want to put off its resolution for an indefinite period.

The Zurich meeting, by intent of its initiators is supposed to help coordinate the strategy of world imperialism in Africa, the basic goals of which are, as before: to preserve the racist regimes in the south of the continent as strongholds of imperialism, to maintain the economic position of the imperialist states in Africa, and the battle against the national liberation movements of the African people.

From an expansive speech on the question of U.S. African policy, given by Kissinger last week in Philadelphia, it is clear that the U.S. Secretary of State is trying to protect the racist

Pretoria regime by focusing attention of the above-mentioned "Rhodesian formula". Such maneuvers can hardly fool the peoples of Africa. The powerful wave of the struggle for freedom is sweeping over the south of the continent. Statements from a number of South African cities, in unison with the widening scale of the armed struggle of the patriots of Zimbabwe and Namibia indicate that South Africa is on the eve of major events in its history. And these events cannot be averted by new "formulae" nor any contrivances of imperialist diplomacy.

## Prensa Latina On Africa

*Sept. 10 (NSIPS) — The following are excerpts of a wire from Prensa Latina, the Cuban press service, dated Sept. 8.*

The eventual trip of Henry Kissinger to the African continent is characterized by the desperate efforts of Washington to maintain its hegemony and to save the racist regime of Pretoria, some observers estimate.

From the meetings of Kissinger with the chief of the racist regime, John Balthazar Vorster and with his main allies of the western capitalist world — from France, West Germany and Great Britain — one can deduce some lessons:

1) The essential aspect of the North American plans is to try to safeguard the economic and strategic bases of the imperialists in South Africa.

2) North America wants to launch onto the political stage several so-called "black moderate organizations" in order to neutralize national liberation movements, and later, to hand over power to the "black majority" in Rhodesia, and to grant independence to Namibia.

3) The North Americans want to obtain the assistance and the support of the formerly powerful colonists of Africa (France, Great Britain, and West Germany) in order to establish a fund of millions of dollars destined to indemnitize the white European colonists in Rhodesia and in Namibia.

But this entire plan, elaborately detailed, and which Kissinger has tried to put into practice, is facing serious obstacles.

For one thing, the progressive African governments and the national liberation movements don't have confidence in the "good will" of the North American Secretary of State. The meeting taking place in Dar es Salaam of the heads of state of Tanzania, Mozambique, Angola, Botswana, and Zambia, constitutes an answer to the imperialist manipulations...

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by Lyndon H. LaRouche, Jr.

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## Italians Go After “Real Fascists” — The Atlanticists

Sept. 8 (NSIPS) — While President Ford endangers the immediate economic and political welfare of his nation through his continued toleration of Atlanticist shackles, “puny” Italy is engaged in declaring its independence from the same supra-national political controllers.

Last week the Italian magazine *Tempo Illustrato* announced that the President of Italy’s lower house of parliament, Communist Party member Pietro Ingrao, had agreed to set up a commission of inquiry to investigate charges that Italian military intelligence had for years been acting in behalf of the U.S. State Department, in collaboration with specified Italian Presidents, for purposes of subverting the Italian Republic’s Constitution.

In the article announcing this, the country’s top investigative journalist and well-known anti-Atlanticist, Lino Jannuzzi, promised that the case would call into question Italy’s position in NATO.

Jannuzzi, a member of the Socialist Party faction closely allied to Prime Minister Giulio Andreotti and his wing of the Christian Democracy (DC), followed up the article with a sequel on Sept. 6, excerpts of which appear below. The sequel pinpoints

even more precisely the nature of the charges which will be debated in Italy’s Parliament.

It squarely identifies “the CIA” and “certain financial and military circles” in the U.S. as responsible for the creation and propagation of fascism in Italy and, by implication, around the world. Real fascism, Jannuzzi correctly notes, is not located in Italy’s self-professedly fascist party, the MSI; **real fascism is Atlanticism**. And Jannuzzi proceeds to identify the major nexus points of real fascism: the anti-Andreotti wing of the DC associated with former Prime Ministers Moro and Fanfani, their allies in military intelligence also associated with the Agnelli family, owners of Fiat, and finally, certain sections of the trade-union movement identifiable by their anti-communism.

It is these same forces, Jannuzzi says, that are trying to “Watergate” Andreotti, using the now classic “Lockheed scandal” gambit, in retaliation for Andreotti’s active program for breaking Atlanticist “hegemony over Europe.” The way to defeat this maneuver is to escalate the attack — as Andreotti has, with absolute success.

### “The Plot: Who Is Firing At Andreotti?”

*Here, excerpts from “The Plot: Who Is Firing At Andreotti?” by Lino Jannuzzi, appearing in the Sept. 6 *Tempo Illustrato*.*

Dear Andreotti, I hope you will allow us to continue, in writing and in public, the conversation which we began a long time ago. (When? Perhaps already in the period of the first Sifar scandal).

... How is it possible, dear Andreotti, given your past and the image which you had (Senator Saragat has just recently reminded us that you were the man of Arcinazzo, the DC notable who shook the hand of the fascist general Graziani), that you have seemingly all of a sudden become the Italian politician most hated by the national and international right-wing?... The fascists are taking pot-shots at you — the false fascists, the paper fascists of the MSI. But also the real fascists, those nested in the SID (Italian intelligence service —ed.), and from much, much further away who pull the strings of our down-at-the heel and pathetic right-wing. Why do they have it in for you? Why do they have it in for you?

... Suddenly it is being said that they are taking pot-shots at you because you have brought the DC to power for the first time with the support of the Italian Communist Party. This seems to us to be at the very least a very simplistic and hurried hypothesis. Everybody on both sides of the Atlantic knows that, with the way things are today, even if they had gotten rid of you there would have been no alternative except, possibly, a worse one (from the point of view of the anti-communists)...

These famous Lockheed documents were manipulated and falsified in such a crude way that, were it not for their context, we would be tempted to think, dear Andreotti, that it was you who paid the overworked forgers and certain journalists (speaking with all due respect)...

... And it was precisely from Miceli, moreover, that we learned that already in the spring of 1972 our secret services

were expressing a “disfavorable view” over your designation as Prime Minister. And in 1972, dear Andreotti, you were certainly not involved in intrigues with the Honorable Berlinguer (head of the Italian Communist Party —ed.), but were instead forming the government together with that personality considered so dangerous to the Atlantic Alliance, the Honorable Malagodi (head of the tiny Liberal Party —ed.). So what’s going on?

You were chased out of the government twice, and each time, rather shoddily, by the Defense Minister because you were suspected of being in cahoots with the KGB. You will certainly remember better than I that when they chased you out the first time — taking you by surprise — Saragat from the President’s palace and Moro from the Prime Minister’s palace let it be understood on that occasion (and, I confess, I believed them) that that operation represented a decisive shift toward the left and above all increased autonomy from the Americans...

Why for the past ten years have you been the target not only or merely of your friends and enemies inside the DC... but especially of the social democrats from Saragat to Preti (the Giuffre case) to Tanassi?...

Saragat and the designs of the social democrats have had substantially two godfathers for quite some time: ... and a particular type of Italo-American “syndicalism” of which it has never been well understood to what extent it is led solely by anti-communist workers and at what point, on the other hand, it may be directly governed by the CIA... In all that decisive period (after Andreotti’s second ouster from the government —ed.) you spent your days (together with the Honorable Ingrao) in dialogues in parliament with the Communists and in learning in Brussels how one can remain in the West and NATO without however being treated as a colony by the most powerful of the allies and by its foreign agents. Your speech at the last national DC Congress was exemplary of this acquired knowledge. Depending on one’s taste, it could be judged to have two opposing meanings. But one thing is certain: no matter which way one

interpreted it, it could not have been to the liking of the specialist "readers" in the CIA...

We have recently reminded certain military and financial circles on the other side of the Atlantic of your two statements issued during the period of the first Sifar scandal, i.e., those made in court à propos of the conditions "imposed" by NATO which "were objectively at the roots of the process of deviation of the Sifar..."

The breaking point was reached on June 1974 when you returned to the Defense Ministry... and gave the famous interview to Massimo Caprara. And what is even worse, you followed up the interview with action: the liquidation of Miceli, ... the abolition of the military secret, the destruction of the files, and the handing them over to the courts... These files put into question an entire system of relations between our so-called security apparatus and the centers of political and economic power in Italy, the multinationals, and the industrial and military apparatus of the United States...

It certainly cannot be expected, therefore, that the leaders of the CIA feel at ease about you. The best that can be hoped for, it seems, is that the State Department and the White House will not let themselves get too shaken up and will resign themselves to run the risk involved...

You certainly believe that in the meantime that sector of the secret services and economic potentates — Italians as well as Americans — who were already allied with Saragat, Fanfani, and Moro and were always against you... (now that they have completely lost faith in you and are suspicious of you and hate you in the way in which one would hate a traitor) will now calmly fold their hand and allow you to develop your program, which aims to give Italy away to Moscow, but on the other hand is certainly moving in the direction of European autonomy — which these people are certainly not willing to let you achieve.

Therefore, dear Andreotti, you must expect to be hit with the worst.

## SPECIAL REPORT—JAPAN

# Japanese Premier Miki Tightens Hold, Rocky's Men Lose Ground With Business

by Kevin Coogan

Sept. 10 (NSIPS) — Japanese Premier Takeo Miki tightened his hold on the leadership of the government and ruling Liberal Democratic Party (LDP) over the week amid mounting evidence that efforts to unseat him are losing steam rapidly. Miki's opponents, led by Atlanticist Deputy Premier Takeo Fukuda, have been hit with the defection of numerous former anti-Miki LDPers and major industrialists, who fear that Fukuda's continued efforts to force Miki to resign will bring economic ruin to Japan.

Early in the week a series of compromise proposals aimed at ending the chaos in the LDP, sponsored by party executives and supported by the Premier and leading business circles, was blocked by Fukuda and some of his more stalwart supporters. The compromise would have allowed the convening of a special session of the Japanese Diet (parliament) to pass several badly needed economic bills to finance the budget and avert fiscal disaster, including a fare hike for the nearly bankrupt Japanese National Railway system — measures that business is desperate to get passed. Fukuda has attempted to use this desperate economic situation to blackmail businessmen and others into supporting his call for Miki's resignation, as the price for getting the government and Diet to function again.

Fukuda's tactics have begun to backfire, as Miki continues to refuse to bow to these pressures and business leaders hit back at Fukuda. The business-linked daily Yomiuri Shimbun ran a sharp editorial Sept. 3 on "Support for Miki" which denounced the attempt to use the budget bills "as a weapon to shake the Miki government," and declared: "Judging from this behavior, they (Fukuda and Finance Minister Ohira) do not seem qualified to criticize Miki's ability to govern."

But Fukuda, Chase Manhattan Bank's leading crony in Japan, is holding out in the hope that the continued uproar in the LDP and the threat of a split in the party if no compromise unity is achieved will force Miki to capitulate. An editorial in the Sept. 2 daily Mainichi strongly backing the premier caught the LDP's mood: "Despite the proposal the anti-Miki forces remained unsatisfied on the grounds that no mention was made when and how the premier would resign. They are asking for the im-

possible since no premier would dare announce the date of his resignation while in office. His resignation is not a personal affair but a matter involving the future course of the nation. Should the dissident forces push through their demand, there will be no room left for a dialogue. The party will be torn asunder, ending in a collapse of the conservative party structure."

The continuing chaos inside the LDP is playing right into the hands of Fukuda, whose own personal maneuvers to oust Miki have so far ended in dismal failure. Fukuda (whose Japanese nickname is, appropriately, "the Eel") has in the past few months ingratiated himself with his former major rivals — principally the faction of former premier Tanaka who was arrested on "Lockheed scandal" charges last month — in the hope that he will be supported by them to replace Miki.

As Fukuda realizes, only the continuing instability of Miki's government stands in the way of a major, open reorientation of Japan's foreign policy away from Henry Kissinger and towards closer economic ties with both the Third World nations and the Soviet Union. Right now successful negotiations for a major Japanese-Soviet peace treaty, in which the Soviet Union would make significant concessions on the question of some Soviet-occupied territory of Japan's in exchange for joint Japanese-Soviet economic development of Siberia, are being held up only by the Soviet perception that the political situation in Japan is too unstable to permit serious talks. Premier Miki's inability so far to publicly support the demands of the Third World nations, as Italy's new anti-Atlanticist premier Andreotti is doing, is also directly due to the pressure on his government at home. Fukuda's role inside the LDP has been to egg on the growing factional hatred there to insure that Miki remains bogged down in a day-to-day struggle to defend his very political existence.

Enraged by Fukuda's maneuvers, the Yomiuri newspaper warned in its Sept. 3 editorial, "The anti-Miki forces seem to be aiming at destroying the party rather than unifying it, as they claim. . . . The people do not understand and support the present situation in which the next extraordinary Diet session has not been convened and the state budgetary difficulties are being prolonged. Do the anti-Miki forces really want to block

any move to open the next Diet session until Miki steps down? Or do they plan to hold a convention of LDP Dietmen of both houses in which a motion to 'fire' Miki could be submitted and a new party president elected? This would risk a split within the anti-Miki forces as well as the party as a whole. Both Fukuda and Ohira should think and act more seriously and more consistently."

The almost universal support for premier Miki from Japan's major newspapers reflects Miki's widespread support among Japan's population, as well as from certain major business circles, whose only serious gripe about Miki has been his inability to "restore order" to the LDP in the wake of the "Lockheed scandals" — which last month were widely identified in the Japanese press as a Rockefeller operation. Major business leaders like Toshio Doko, the pro-Soviet head of Keidanren, Japan's major business association, are more than willing to support Miki in his attempt to end the domination of "money politics" inside the LDP itself.

Although business itself supplies the LDP with a great deal of its money, major corporations' "contributions" are to a large degree extorted by the "money mafiosi" inside the party who will sell themselves over and over again to the largest bidder. The center of this "money politics" was the faction of Japan's former anti-Atlanticist premier Tanaka. Miki's failure to block the inevitable arrest of Tanaka this summer threw the "money mafiosi" into a panic. Fearing that their very existence would be at stake in the near future under a "clean" LDP, the "mafiosi" abandoned any anti-Atlanticist commitment and whorishly joined hands with Rockefeller ally Fukuda to launch the current attack on Miki. Without the support of these jerks, Fukuda today would be virtually powerless in Japan. It is this unholy alliance which is now threatening to split the LDP itself and throw Japan's economy into chaos.

## SPECIAL REPORT—INDIA

# India Proposes Constitutional Changes Which Reflect New World Economic Order

Sept. 8 (NSIPS) — The Government of India on Sept. 1 introduced into Parliament a series of wide-ranging changes on the Indian Constitution which finally sweep aside the British colonial legacy in Indian law and replace it with a firm statement of the economic and political principles which underwrite India's national existence. In recasting the vague formulations of the Constitution, first written under heavy British Fabian influence in 1950, the government of Prime Minister Indira Gandhi has taken a definitive step toward resolving a longstanding deadlock that has plagued the Indian government structure.

For the last 26 years, the efforts of India's committed pro-Soviet development planners and their allies, who represent Indira Gandhi's political base, have been systematically undercut by a powerful alliance of entrenched pro-zero growth landlords and a faction of British Fabian-influenced industrialists represented by the Birla interests. The proposed amendments underscore Gandhi's programmatic alliance with the pro-Soviet Communist Party of India (CPI) and are aimed at sharply curtailing the power of these landlords in her own party to utilize the delaying tactics of court orders to sabotage land reform and moratorium on peasant debt.

Major Japanese business circles backing Miki are actually aware that Rockefeller is out to sabotage Japan's economy as the exposés of Rockefeller's use of "Lockheed scandal"-mongering already indicated. That understanding is clearly spelled out in a Sept. 6 Yomiuri editorial which charges, "Since the so-called 'Nixon shock' of August 1971, the U.S. government seems to have wanted to check the expansion of the Japanese economy and, if possible, make the current Japan-U.S. economic power relationship immovable. The Western industrialized nations tend to regard Japan as a destructive force in the economic status quo of the world because of its rapid economic growth since World War II." In order to counter any U.S.-backed Fukuda attempt to oust Miki, these business circles are willing to threaten a new scandal against the Fukuda wing of the party, which is heavily involved in corrupt money deals with other Asian countries, especially South Korea. Any such exposé would also weaken the Tanaka "money mafiosi." Rumors of such an exposé in the making have explicitly been confirmed by an interview by the Kyodo News Service with a leading pro-Fukuda rightist and CIA agent Ryoichi Sasagawa, who is terrified that the scandal will directly focus on him. Hints of this potential Miki-directed "Watergate in the making" were also picked up by The Patriot, an Indian newspaper, which in an editorial on Japan on Sept. 4 noted that a scandal involving Japanese dealings with South Korea might soon explode into the press.

Miki and his business allies are making it clear to the "money mafiosi" as well as Fukuda that Japan is too far along the path of a new pro-development policy to be stopped by the cheap tricks that Fukuda and his friends are attempting. But unless there is a major break in the Japanese political deadlock, the Liberal Democratic Party could actually split. Both sides in the struggle have been engaged in a very deadly game of "chicken," and the game cannot continue much longer.

The Constitutional amendments come as the consolidation by Gandhi on a national level of the power generated by India's increased international commitment to forge a new world economic order. At the recent Non-Aligned Summit at Colombo, Sri Lanka — where 85 nations made public their commitment to moratoria on Third World debt and a new world monetary system to replace the shambles of the dollar empire — India, a founder and pivotal member of the Non-Aligned Movement, forged the critical alliance between oil producers and other developing countries and called for collaboration with the advanced sector. At that conference, and again through the parliamentary amendments, India has drawn the line against Henry Kissinger's debt collection and destabilization operations, indicating that the proposed legislation is India's critical insurance to realize its central goals of economic progress.

For instance, a critical feature of the proposed amendments is the emphasis on centralization of all government and other planning activities, placing a total ban on the use of linguistic, racial and religious divisions to incite chaos. Manipulations of these divisions was the modus operandi of CIA agent Jayaprakash Narayan's destabilization operations against the

Gandhi government which were aborted by the declaration of the state of emergency last June.

#### Constitutional Amendments

Calling on the nation to take a "new look" at all obstacles to economic justice, the government has proposed over 59 amendments, the most prominent of which located the goal of making the directive principles (the articles on economic equality and fundamental rights) supersede the fundamental rights (those that uphold property rights). The bill removes from the jurisdiction of courts the power to rule on the economic directives of the government and places severe limitations on the ability of India's Ford Foundation-linked bureaucracy to function autonomously. Both these measures curb the ability of the big landlords to block land reform.

In the section on political changes, the most salient is a ten-point code banning "anti-national activities." The activities specified include the use of linguistic, racial and religious divisions to incite riots. A British counterinsurgency method perfected in India — which has at least fourteen major languages and three major religions. This code also involves an as yet undefined category of family planning.

The most significant changes proposed are in the redefinition of the powers of the judiciary, with a clear statement of where the powers of the court end and where the power of the state to implement economic justice begin. The High Courts will continue to hold power to enforce Fundamental Rights but will have no longer any unilateral power to rule without government advice on the Directive Principles, or to intervene in any way in the civil service disputes. The two latter points, the high courts may only refer cases to the offices of the Supreme Court or the Attorney General for a policy clarification. These measures strike out severely at the situation in several Indian states where the Judiciary has functioned consistently in favor of the existing landlord structure to delay government policy — policies that are in favor of the peasant land reform demands. In particular this has occurred over the past year in land litigation cases and cases where landlords have claimed loss of property papers to stall on turning over surplus land holdings to the government.

#### Question of Elections

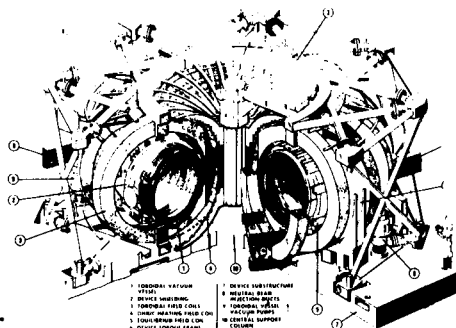
The proposed amendments by the government have become the central focus for national concern and debate on when the state of emergency will end, on what basis and on what economic platform the ruling Congress Party will enter new elections. Such questions have brought into issue the entire political structure of independent India and make the Congress

Party itself the subject of the parliamentary amendments. By composition, the Congress, the party that brought independence to India, is an uneasy alliance of an entrenched landlord oligarchy national capitalist interests under the Birla group; a left-wing faction that is represented by both Fabian socialists and pro-soviet socialists. The Congress' base is a vast array of peasants organizations and one large trade union, the Indian National Trade Union Congress (INTUC). What has kept the party on a centrist road capable of balancing the forces has been the huge political and financial network of the Birla group, which has until last year successfully kept the peasant-worker base of the party away from the pro-socialist intelligentsia in the party and the government.

The Birla group, which made its initial fortunes in the textile and jute industries, was the cornerstone of British Fabian counterinsurgency in India. In the party itself, the Birla group built its support by funding Mahatma Gandhi and through him gaining control of the party's state level apparatus. In the post-independence period, the Birla grouping has gradually adopted the position of national spokesmen for the World Bank's demand that India have an export-oriented economic policy at the expense of internal development.

The declaration of the state of emergency against the CIA destabilization last June provided the pro-Soviet wing of the party with the ideal opportunity to begin the battle to break the stranglehold held by the Birlas. The pro-development forces (who in the 1950s and 1960s built the institutions of the public sector of steel, engineering goods, heavy industries with Soviet aid, effectively shutting the private sector out of this area of development) have increasingly utilized the organizing strength of the Communist Party of India (CPI) to make the final break. In this respect there lies ahead a critical battle in the next months — a battle around which the CPI has already mobilized its forces. For the past six months the CPI has organized national campaigns for the economic program of the Gandhi government, thus creating a situation in which any new elections will be seen by India's population as a battle on economic program. Already, the Birla-linked forces and portions of the bureaucracy in the Congress Party have defined their bankrupt strategy: family planning (compulsory birth control) and austerity on the working class and peasantry to increase production for export to pay debts. A competent strategy for the pro-development forces would have to be predicated on the creation of a new world economic order, which is the necessary precondition for any further economic growth in India.

## FUSION POWER BY THE 1980s?



Design of a Tokamak Fusion Test Reactor

# Fusion Energy Foundation Newsletter



## Chief Justice Burger Tells Swedes 'U.S. Constitution Nothing Holy'

*Sept. 10 (NSIPS) — The following excerpts are taken from an exclusive interview given by U.S. Chief Justice Warren Burger to reporter Harald Hamrin, published in the Swedish newspaper Dagens Nyheter Sept. 4. The article was run under the double headline "More Influence Than the President" — "Warren Burger, Chief of the Supreme Court: The U.S. Constitution Is Nothing Holy."*

As a general consideration, says Warren Burger, it might be an exaggeration, but there is no doubt that potential to lead a nation, to exercise far reaching influence is built into the office (of Chief Justice). Much depends on the nature of the times and which questions are important. John Marshall, the first Chief Justice of the Supreme Court, had without doubt more influence than any other judge in this country and probably also more influence than many presidents.

A Constitution that was worked out almost 200 years ago at the end of the 18th century by a group of businessmen, lawyers and farmers — what kind of value does such a Constitution have when the USA has developed into a superpower and we are nearing the year 2000, Burger asks.

It is a common misconception that the American Constitution should be something holy, something you can't touch, Burger says. Not less than 25 times we have added to the original text and many more times additional proposals have been voted down. While our Constitution is very clear and categorical on certain points, it leaves great room for flexibility in other areas.

Burger mentions the death penalty as an example. It is wrong, he says, that, as sometimes happens, the Supreme Court is criticized for not having abolished the death penalty.

In not less than four places the Constitution permits the taking of American citizens' lives. But it is also written that "life, liberty and property" cannot be taken from anyone without

"due process of law." The Supreme Court can only interpret the content of the concept "due process," says Burger. If the death penalty as such should be abolished, it is the task of the politicians, the President and Congress.

But the Constitution also forbids "cruel and unusual" forms of punishment and Burger admits that those who claim that the death penalty should be considered as "cruel and unusual" have an argument with weight. Burger's own interpretation of the Constitution, however, is, as in so many other cases, literal.

This doesn't necessarily mean that I am a follower of the death penalty, he says....

The situation is the same when it has to do with the attempts to push through a general registration of guns. . . . It is true that the right "to own and bear arms" is written into the Constitution, . . . Burger says.

In his home in Arlington Warren Burger has four hunting rifles. When he moved here 20 years ago, he says, he called up the police chief and asked to voluntarily register the weapons.

"I was told that there was no way to register the weapons. . . . Democracies often work slowly. Dictatorships are often more effective. But weapons registration will even come to the U.S. some day...."

The Tillberga prison outside of Vaesteraas where the prisoners receive wages according to contracts for their work is on Warren Burger's program during his Swedish visit.

But in the USA, he says, we have a problem with the trade unions. They are working against the efforts to engage our prisoners in meaningful work.

As an example he mentions the trade unions' resistance to transporting goods made by prisoners across state lines to be sold freely under normal competitive conditions.



## The Fund For Investigative Journalism: Rockefeller's Terrorists In Print

by Fay Sober

Aug. 31 (NSIPS) — The controlled press's near-canonization of "investigative journalism" illustrates the fact that straight-out lying and censorship are not the only tricks the prostitutes of the press can turn. What Anglo-American psychological warfare experts in World War II archly termed "propaganda of the deed" is now a major part of their stock in trade.

Originally referring to more traditional forms of terrorism, "propaganda of the deed" was redefined by these psywarriors as the use of media to not only control what populations know but to directly determine events through phony exposés and other press hoaxes. This is the specialty of today's "investigative journalists" — turning Rand Corporation scenarios into bloody reality through hatchet jobs and scandal-mongering, while recklessly suppressing the monstrous crimes committed by the gentlemen who pay their bills.

In charge of this end of Rockefeller's 1984 press conspiracy is the Fund for Investigative Journalism (FIJ). Every major "leak" and "exposé," from the sewer outpourings of the "anti-war" underground press to the Washington Post's press assassination of Richard Nixon, was carried out by FIJ personnel, with FIJ funds and coordination.

The FIJ has functioned as the joint psychological warfare project of the Council on Foreign Relations, the Democratic Party, and the Institute for Policy Studies since it was founded as a "private project" by Philip Stern, Institute for Policy Studies trustee, veteran of the State Department's Public Affairs Division under Kennedy, and director of his family's Stern Fund, a conduit for laundered CIA and other funds. After its incorporation as the Fund for Investigative Journalism in 1969, the FIJ, like its parent, the Institute for Policy Studies (IPS), gained the status of a "non-profit corporation." The proto-FIJ had originally described itself as "an arm of the Stern Fund," and the Fund continued to be the chief funding source for the FIJ, along with other Stern Fund clientele like IPS, Common Cause, the Fund for Peace, the League for Industrial Democracy, and the Young Peoples' Socialist League.

Like their founder Philip Stern, other leading "radicals" among the FIJ's personnel are veteran State and Defense Department agents who maintained their top positions in Democratic Party covert operations and terrorism while on "undercover" assignment to coordinate propaganda of the deed through the FIJ. One such "radical journalist" who helps steer the Fund's investigative hijinks and staff its Advisory Board is columnist Charles Yost, a member of the Council on Foreign Relations and of the Democratic Party's Foreign Affairs Task Force who gained his expertise through long service with the U.S. State Department. U.S. Vice-Consul to Warsaw in 1932-33, Yost went on to become Director of the Department's Office of Eastern European Affairs in 1949-50, then Minister to Greece, then Deputy High Commissioner to Austria; an ambassadorship in Laos in 1954-56 was followed by further diplomatic service in Paris and Morocco, and a stint as chief U.S. representative to the United Nations in 1969-71.

Another FIJ Advisory Board member is William Attwood,

publisher of Long Island Newsday, also a member of the Council on Foreign Relations; Attwood was for years a State Department African Affairs agent and also served on the 1960 Kennedy campaign staff. Yet another FIJ Advisory Board "radical" is nationally syndicated columnist Clayton Fritchey, who is likewise a member of the Council on Foreign Relations; in addition, Fritchey, an important Jimmy Carter backer, boasts a long record of service as a State and Defense Department cold warrior.

Thus the FIJ's own public relations image as a maverick muckraking outfit, a round table of crusaders against official criminality, is perhaps the biggest hoax of all. For while lifelong Wall Street political intelligence operatives like Yost, Attwood and Fritchey control the FIJ directly, it is the gaggle of "former" National Security Council, Law Enforcement Assistance Administration, State and Defense Department attachments centered at the Institute for Policy Studies that have deployed the Institute's political fronts to give the FIJ an appropriate "left progressive" cover.

But the actual, insurrectionary intent of this Wall Street press conspiracy was rubbed in the public's face by the FIJ crew's most devastatingly successful caper, the "Watergating" of Nixon. A crowd of veteran CIA agents stage the Watergate break-in whose clumsiness would have made the Three Stooges blush. FIJ Advisory Board members Woodward and Carl Bernstein of the Washington Post take the lead in a crescendo of "exposés" hammering on the bamboozled Nixon's involvement in the affair, while the glaringly obvious leads to the National Security Council and Rockefeller forces actually running the operation are ignored and suppressed.

Scandal is piled upon scandal, and the public is battered into acceptance by the incessant repetition of the same theme in every newspaper and on every news program. Combined with arm-twisting, blackmail and worse against Congress, the White House and so forth, the press campaign succeeds. Nixon is forced to resign. Constitutional government is delivered a body blow, and as the press plunges into an orgy of self-congratulation, Nelson Rockefeller moves to a heartbeat away from the Presidency.

### A Study in "Cover-up"

The apparatus through which the FIJ conducts its mass manipulation and deception is a private network of "investigative reporters" and other agents and conduits who channel FIJ hoaxes to major press and media around the country. At the same time the IPS set up the FIJ, it was creating its radical twin, the "anti-war movement" underground press, for use against all aspects of elected government in the U.S. In 1967, just two years prior to the formation of the FIJ itself the IPS hosted a conference of "underground press" publishers in Washington, D.C., soon to become the counter-culture laundering network for IPS "investigative exposés."

For its part, the FIJ immediately began to churn out appropriate "anti-war" propaganda, beginning with FIJ Advisor Seymour Hersh's My Lai whitewash of the CIA and embracing a host of other anti-war journalism projects by agents like An-

drew Kopkind, Danny Schechter, and Fred Branfman. The FIJ also created and legitimized its own "left alternative" press network by subsidizing rags like Ramparts, Mother Jones, Hard Times, (MORE), ad nauseam, until the operation reached take-off point in 1971, when the Fund initiated its wholesale subsidy program for "alternative journalism reviews" around the country. Such reviews sprang up immediately in Chicago, Dallas, Houston, St. Louis, southern California and Minnesota, spewing "radical critiques" and other forms of harassment against press in those areas still outside Rockefeller control.

Additionally, the FIJ equipped itself with the ability to create its own "left" press service and publishing fronts on short notice when necessary to give a particular operation added credibility. This was precisely the technique used to put the FIJ in business with Seymour Hersh's My Lai fraud.

The essence of the My Lai "exposé" was the hoary tactic of misdirection: a tremendous outcry was orchestrated around the murder of over a hundred Vietnamese civilians by one Lt. William Calley — while the murder of hundreds of thousands of Vietnamese civilians by the CIA's genocidal "Operation Phoenix," of which My Lai was just one moment, was vigorously concealed. While the Phoenix "pacification program" continued to be test-run undisturbed in Vietnam for later, slightly more sophisticated application in U.S. cities, the Rockefeller forces used My Lai as a club against the Nixon White House and the Pentagon's military traditionalists.

To simply publish the My Lai story in the New York Times would have made the phoniness of the venture a bit too transparent. So in 1969 the CIA leaked information on the 1968 My Lai bloodbath to "freelance reporter" Seymour Hersh, who obediently covered up the CIA's bloody hands and turned the full weight of his moral indignation on stooge Calley. Through an FIJ-directed publicity stunt, Hersh's story was ostentatiously shut out of the major press. At this point the FIJ-funded fly-by-night Dispatch News Service sprang into existence on cue to publish Hersh's story and "embarrass" the major press into carrying it. This "News Service" was set up by one Fred Branfman of the International Voluntary Services — a State Department technical support and intelligence operation run through the Agency for International Development.

The affair became a cause célèbre and immediately thereafter My Lai became headline news across the country, syndicated by the New York Times. The charade over, Seymour Hersh was embraced by the Times as its new star "investigative reporter," and the Dispatch News Service disappeared into oblivion almost as quickly as it had emerged (only to reappear later in exactly the same role). In a final insult to the public's intelligence, Hersh's exposé was published in book form in 1972, with an FIJ grant, under the title, "Cover-Up."

#### **Anatomy of A Black Propaganda Mill**

The Hersh story is just one example of the operations made possible by the FIJ's extensive two-tiered network of press control. At the top level of the FIJ is its Board of Directors and Advisory Board, which together program and trigger the FIJ machine for the required printout. Under this directorate are the component agents and media groups situated in the field to crank out the product. The top-level executive performs a key covert function, issuing marching orders directly to the press through nationally syndicated columnists, who comprise the bulk of the Fund's directorate. The directorate's overt function, meanwhile, is to award "project grants" for investigative story proposals submitted by "freelance" journalists in the field — the cover for the FIJ's specially prepared dirty tricks.

Both executive boards together total some 30 members, a number of whom trace 10- to 40-year histories with the New York Council on Foreign Relations, the Democratic Party leadership

apparatus, and the U.S. State and Defense Departments. Nearly a third of the FIJ executive's members are representatives from the Fund's two top member institutions — the Institute for Policy Studies and the New York Times. Four members from each of these two agencies sit on the FIJ's boards: Institute officials Richard Barnet, Philip Stern, Karl Hess, and James Ridgeway, and New York Times scribblers Seymour Hersh, Eileen Shanahan, Ben Franklin, and E.W. Kenworthy. Together they comprise nearly one third of the FIJ's Board of Directors and fully one fifth of its Advisory Board, which also counts Washington Post Watergate twins Bob Woodward and Carl Bernstein among its members. The FIJ executive board's syndicated columns pipeline is manned by a full array of "right" and "left" columnists like Jack Anderson, Robert Novak (Of Evans and Novak), James J. Kilpatrick, Clayton Fritchey, Charles Yost, and others whose writings appear daily in the nation's press. The FIJ also taps Washington bureau chiefs of major press in areas around the country where Rockefeller control over the press is not hegemonic to sit on its Advisory Board, so as to ensure the smooth flow of FIJ marching orders to all localities.

The executive board then draws in its pool of assorted sewer operatives like Andrew Kopkind, Paul Jacobs, Sidney Lens, Jeremy Rifkin, John Marks, Victor Marchetti, and so on — the "project grant" recipients who put the FIJ's programmed swill into article form. The FIJ itself proudly lists hundreds of grant recipients and hundreds of thousands of dollars worth of grants awarded since 1969 to reporters, authors, film-makers, alternate media publishers, media front-group organizers, and "investigative journalism" training schools like those at the Center for National Security Studies and universities around the country.

Naturally these projects are tightly interdigitated with sister Democratic Party-Institute for Policy Studies operations, providing press play for the Institute's ersatz "political" terrorists, playing the media counterpoint in hatchet jobs against Constitutional government, and taking care of the propagandistic covering fire in attempts to destroy trade unions and political institutions.

An example is the FIJ's role in bringing the Institute for Policy Studies' terrorist umbrella group, the People's Bicentennial Committee, into existence. In 1972 the FIJ published Institute stringer Jeremy Rifkin's "Probe of the American Revolutionary Bicentennial Commission" in its Wisconsin-based Fabian outlet, Progressive magazine. Following the same well traveled "alternate press" route as Hersh's My Lai hoax, the Rifkin manifesto was soon published by major Rockefeller press outlets — the Washington Post, Boston Globe, and Philadelphia Inquirer — after they had first ritually blacked out Rifkin's piece. Using this mass exposure and much-needed credibility buildup, the Peoples' Bicentennial Committee was built from the whole motley gamut of Institute-controlled "radical" fronts. The subsequent preparations for a nuclear terrorist blowout this past July 4, to which the FIJ conduits enthusiastically contributed, fell flat largely because the Committee and the rest of the Institute web was so widely discredited by the U.S. Labor Party's exposure of its as a Rockefeller-run terrorist apparatus.

#### **The Watergate Hoax**

Through the FIJ's "underground" arms, the press assassination of Richard Nixon was actually set into motion long before Washington Post scribblers Woodward and Bernstein ever published their first phony leak. On Oct. 20, 1967, the date of a scheduled "anti-war" demonstration at the Pentagon, the Institute for Policy Studies hastily called a conference for "underground press" editors coming to Washington that day. Attending the conference were the founders of such journalistic

flotsam as the "Underground Press Service," and the "Liberation News Service," and assorted "frustrated progressive writers ... radicalized by the Vietnam war."

According to the "Alternative Journalism Review" account of underground press history in its March-April 1976 issue, IPS launched these rebel writers on "foundation-funded projects," like the following: "One of alternative journalism's finest hours was the Louis Tackwood story. Tackwood was an undercover agent for the Los Angeles Police Department who turned 'people's evidence' and revealed a plot to disrupt the San Diego Republican Convention, blame it on radicals, and then use the situation to round up leftists and gain sympathy for conservative politicians. Tackwood said the plan had roots in the White House. Unbeknownst to the alternative press, it had stumbled onto the first dirty trick of what became the Watergate scandal."

Clearly demonstrating the patent method for laundering propaganda hijinks, the "Alternative Journalism Review" continues: "The 'more established services' often ignore stories exposing corruption in government of corporate circles.... Sometimes the straight media will ignore a story in the alternative press and then later 'discover' it and release it, with much breast-beating, as a major scoop."

The IPS foundation-funded "left press," both inside and outside the FIJ's immediate orbit of "alternative media," consciously conceived its "anti-war movement" propaganda as weapons for replacing legally elected government officials with Nelson Rockefeller's outlaw terrorist apparatus and its Democratic Party center. By the time Woodward and Bernstein produced their first CIA-supplied story, the necessary groundwork had already been laid by the underground press. It remained only for Woodward and Bernstein to lend the thin shred of Washington Post "legitimacy" to the affair.

The famous Washington Post "investigative team" of Carl Bernstein and Robert Woodward have very likely never seen an honest day of investigative journalism in their lives. By their own account (in their book, "All the President's Men"), the Watergate story was fed to them in continuous leaks over a period of months, painting a picture of unfolding cover-ups going "straight to the top." Whenever these two "reporters" had to rely on their own resources in the "investigation," they were unable to come up with anything, by legal means or otherwise. The Watergate scandal resulted entirely from the unsolicited, coordinated "leaks" and Watergate burglars' own clear trail leading deliberately and directly to the White House.

One of the earliest "leakers" of White House "complicity" to the Watergate burglary, for example, was former Washington Post reporter Ken Clawson, who joined the White House communications staff and rapidly moved into a position of closeness to the President just five months prior to Watergate. Clawson first leaked hints of White House involvement in a larger picture of "dirty tricks" and later confessed his authorship of the notorious "Canuck letter" used to destroy Edmund Muskie's Democratic presidential campaign. Other ex-journalists highly placed in White House ranks and various anonymous sources from top positions in the intelligence community and the Justice Department comprised most of Woodward and Bernstein's "leakers." At the only point in the entire operation where the set-up leaks dried up, the pair resorted, by their own admission, to the most ham-handed unscrupulous misdeeds. For example, they were caught illegally pressuring Watergate Grand Jurors to "spill" their sworn secret testimony, an illegality for which Watergate Judge John Sirica never saw fit to prosecute or even publicly rebuke the pair.

When Robert Redford's heavily fictionalized movie glorifying the two intrepid journalist-detectives premiered in Washington, D.C. this year, all proceeds — appropriately were donated to the

FIJ! FIJ Advisory Board members like Woodward, Bernstein, and Seymour Hersh thus now serve as "calling cards" to attract stooges to the Fund for project grants awarded by the Board of Directors.

### The Pike Report Hoax

The FIJ has also built its own "radical" civil liberties arm in the form of several press organizations for "protection of civil liberties," to insure that the destruction of the First Amendment freedoms of the press proceeds smoothly. The most successful of these is the Washington, D.C.-based Reporters' Committee for Freedom of the Press. The way the FIJ-spawned Reporters' Committee shafted independent reporter Daniel Schorr and the House Pike Committee investigation of illegal intelligence activities last February is a classic case of how the FIJ machinery is used.

As this news service has documented, the Pike Report was leaked by Institute for Policy Studies associates Milton Kotler and Stanley Bach and the State Department to Institute heavy and FIJ founder Robert Borosage, who oversaw its transmission to CBS reporter Schorr. As usual, a temporary press blackout was part of the operation; even though most of the had already appeared in the New York Times and other major press around the country, no one would publish the Report when Schorr offered it, not even that haven for investigative journalism, Katherine Graham's Washington Post.

But the Village Voice, on the contrary, **offered** to publish, with the helpful Reporters' Committee acting as a go-between. The Committee also made all arrangements for the Pike Report's publication with Voice lawyer Peter Tufo, of the Institute for Policy Studies-connected law firm Tufo, Johnson and Zucotti in New York City. The Voice itself was tightly connected to the FIJ through particularly Voice publisher Clay Felker, a close Rockefeller and Institute for Policy Studies associate who is also the publisher of the FIJ's (MORE) magazine. In addition, the Voice editorial board boasts not only Rockefeller "radicals" like Jack Newfield and Nat Hentoff, but Nelson Rockefeller's own son-in-law, Thomas Morgan.

Once the Voice went to press with the report, the stage was set for a witch hunt against Schorr and those in Congress and the press who might refuse to play the CIA "self-exposure" game by Rockefeller's rules. The same papers which had aided the FIJ set-up now cried the loudest for "discipline" and "ethical control" of "national security secrets" in the press and Congress. While the Reporters' Committee and the Village Voice culprits went unscathed Schorr was fired from his job at CBS and placed under subpoena to testify before the House Ethics Committee's investigation into the Congressional leakers. The FIJ Reporters' Committee finally decided it could not defend Schorr in such a "national security" matter. Its official statement on the case not only pleaded neutrality, but went so far as to lie that Committee had never received from Schorr the "voluntary contribution" customary in such cases for services rendered. (The fact is that in its entire history the Reporters' Committee has never once taken up a defense of freedom of the press; it restricts its activities to bleeding-heart defenses of the public's right to pornography and similar "radical" issues.)

### Toward Mass Organizing

By 1975 the FIJ was forced to look for ways of achieving more systematic and thorough control of independent press around the country than it had previously exercised. The main spur to this effort was the impact of U.S. Labor Party organizing in catalyzing political forces around the country into motion against Rockefeller and his machine. The FIJ responded by attempting to take over the regional press particularly in the South and Midwest, largely outside direct Rockefeller control. The FIJ brought its Investigative Reporters and Editors group (IRE) into existence in early 1975 for this purpose.

The IRE springs from the FIJ's Jack Anderson, his associate Les Whitten, Washington-based New York Times reporter Dave Burnham, Len Downie of the Washington Post, and a contingent of FIJ-nurtured Midwest media agents. Key to this group is the



three-man Pulitzer Prize winning "police corruption investigating team" at the independent Indianapolis Star newspaper and Chicago Tribune terrorism reporter and FIJ agent Ron Koziol.

This core organizing group met secretly in Reston, Va., in February of 1975 to plan out the creation of IRE as a Midwest-based center for the organization of an "alternative investigative press" network by the summer of 1977, complete with a university journalism school and "resources center" at Ohio State University.

Last June the IRE held its founding convention in Indianapolis to announce its plans, with the FIJ's "Psywar" Hersh, Jack Anderson, Jim Drinkhall (publisher of *Overdrive*, the "independent truckers" magazine which won fame with its organizing for "another Chile here in the U.S.") and Ron Koziol of the Chicago Tribune among its keynote speakers. The theme announced there by Seymour Hersh was a mass Watergating against what he called the "Mafia of the 1950s who are legitimate businessmen and industrialists today." The conspirators who brought the conference about had already specified the International Brotherhood of Teamsters and powerful House Ways and Means Chairman Wilbur Mills as top targets. Only six months after the Reston meeting, Mills was indicted, tried, and sentenced to brainwashing "alcoholism treatment" and political oblivion by the nation's press, and Seymour Hersh and other FIJ project grant recipients were leading the way with attacks on the Teamsters. FIJ stringer Dan Moldea of the Detroit Free Press has currently taken over the job, shoveling lies on Teamster "corruption" and "crime" into Jack Anderson's national columns in perfect synchronization with the rest of the Institute for Policy Studies' Teamster takeover plans.

#### **The End of Journalism**

The FIJ's "perfect crimes" are facing a crisis in credibility, however. "We toppled a president from power — there is a latent feeling on the part of the public that the press has gone too far," Jack Anderson warned his audience at the IRE's founding convention last June. FIJ exposés have indeed gone too far, violating the basic principle for black operations that they remain both secret and discreetly limited, and thus providing the Labor Party and allied forces with a barn-door-sized target. With the use of its exposed and discredited "alternative press"

conduits increasingly risky, the people behind the FIJ are now turning to a new brainwashing technology for computer-processed "precision journalism," developed and funded by the FIJ's own sugar-daddies — the Russell Sage Foundation, the Rand Corporation, and the John and Mary Markle Foundation.

Precision journalism's point is to make "objective" reporting more "subjective," to appeal to your "natural feelings" and "psychological needs," while any coherent sense of what is going on in the world is ruthlessly deleted from the program. In fact, for precision journalism, reality ceases to exist; there are only the readers' psyches and the Rand and Russell Sage computer technicians' ability to manipulate those millions of minds.

Precision Journalism training programs were initiated by the Rand Corporation and the Russell Sage Foundation at Columbia University Journalism School and Northwestern and American Universities in 1964, one year after the formation of IPS, and culminated in 1969, the year of the FIJ's inception, nicely timed to produce the required crew of journalist zombies. Reorganization to purge resisting editors and honest journalists and to train the rest in precision journalism computer programming are now underway at the New York Times, the Washington Post, the New York Daily News, the Associated Press wire service, and the Knight newspaper chain. Training schools have been started at Ohio State University and Northeastern University journalism schools.

One signal for this reorganization was given by Seymour Hersh at the June IRE convention, when he warned in FIJ newspeak that "conservative editors and publishers are the biggest enemy facing investigative journalism today." The Associated Press has announced that it perceives a "shift in the perception of news," away from foreign and national news coverage toward the "subjective and interpretive" and toward more "relevant" local news coverage. For this reason it is introducing precision journalism computer technology and retraining its reporters at the Northwestern University precision journalism center. The Knight newspapers chain has already integrated the use of precision journalism for "long-range investigative stories" on topics like Third World commodity cartelization, police and white-collar crime and corruption, and the forecasting of nuclear terrorism.

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