



October 4, 1976

Vol III No. 40

\$ 5.00

“The Time Has Come For A Debt Moratorium”

United Nations General Assembly Special

NSIPS, the only authoritative news service in the United States, this week features an exclusive report on the historic 31st session of the United Nations General Assembly where debt moratorium and the creation of a new world economic order are the critical issues of international debate.

In this issue—text of the speeches by

- Secretary of State Henry Kissinger
- Guyana’s Foreign Minister Frederick Wills
- Italian Foreign Minister Arnaldo Forlani
- Soviet Union Foreign Minister Andrei Gromyko

Britain Pulls The Plug On The Bankrupt IMF

Britain rejects ‘confetti money’ solutions and shakes down IMF for a loan

exclusive excerpts from Prime Minister Callaghan’s speech before the Labour Party conference

New York Banks Beg For A Bailout;

Chicago answers:

“There’s nothing wrong with bankruptcy”

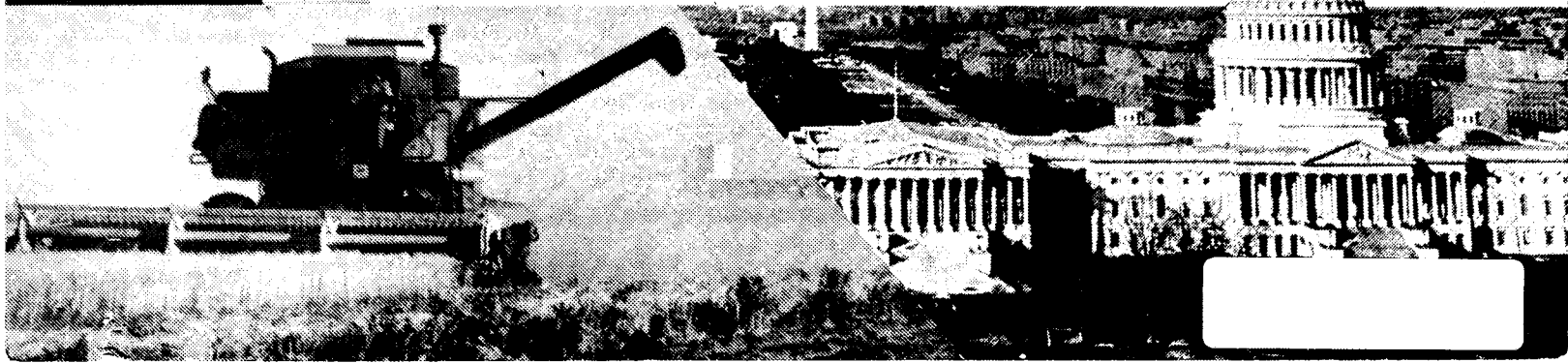


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New Solidarity International Press Service Weekly Report is published by Campaigner Publications, Inc., 231 West 29th Street, New York, N.Y., 10001.
Single issue price: \$5.00 (U.S.)
Subscriptions by mail are \$225 for 1 year (52 issues).
Address all correspondence to: Campaigner Publications, Inc., P.O. Box 1972, GPO, New York, N.Y. 10001.
Editor-in-Chief: Nancy Spannaus
Managing Editors: Linda Frommer and L. Wolfe
Production Editor: D. Phillips



Italy, Guyana Set Challenge For IDB At UN

Kissinger Threatens War Chaos; Gromyko Warns Of War Danger

Oct. 2 (NSIPS) — The foreign ministers of Italy and Guyana, in speeches to the United Nations General Assembly, laid out the essential basis for establishing the International Development Bank (IDB) and the new world economic order. Guyana Foreign Minister Frederick Wills, speaking to the General Assembly Sept. 27, called for debt moratoria and the replacement of the dollar system by a system of "international development banks." (See Wills speech reprinted in full below.) The Wills speech, which immediately polarized the UN delegates around debt moratoria and challenged the political leadership of the Third World to summon up enough courage to deflate the bloated dollar empire, was followed by Italian Foreign Minister Arnaldo Forlani's flat endorsement of the Colombo call by the Non-Aligned countries for a new world economic order.

"Italy is convinced of the need, which was also stressed at Colombo, to achieve a new international economic order which will allow every nation to follow the path of development," said Forlani, in a speech that publicly shattered the façade of Western Atlanticist unity against the developing sector. "This objective will be attained only in an economic system in which the basic problems of raw materials, trade, the indebtedness of the developing countries, and the transfer of technology have been solved." (See Forlani speech below.)

The speeches by Wills and Forlani herald the establishment of a broad new era of development and industrial expansion and scientific-technological progress. Key African states and Arab oil-producing countries, along with Egypt, have already accepted the challenge from Italy and are presently negotiating with Rome on terms of trade which will serve as the basis for new treaty relationships leading to an IDB regime.

The dangers involved in not taking immediate and unilateral action to force the establishment of the new world economic order and the Colombo Action Program of the Non-Aligned countries were underscored by Soviet Foreign Minister Andrei Gromyko. Speaking before the General Assembly Sept. 28, Gromyko emphasized the growing threat of general war: "Has the United Nations really addressed itself to solving the most burning issue facing humanity today — the elimination of the threat of another world war?" asked Gromyko. Answering in the negative, Gromyko added, "The gigantic machine of arms production continues to pick up speed." Gromyko also said that his delegation would issue a special statement soon in support of the new world economic order. (Sections of Gromyko's speech are reprinted below in the section "The Danger of War.")

As the Soviet representative spoke, a new offensive by Henry Kissinger's Syrian troops and their fascist allies in Lebanon

again pushed that war to the brink of a U.S.-Soviet showdown; and in southern Africa an escalating guerrilla war threatened to explode an entire region whose crisis worsened with the war-mongering diplomacy of Dr. Kissinger.

Delegates of key developing nations are fully aware that the engine powering the threat of general war is the maddened drive by the Atlanticist banking community, stage-managed by Dr. Kissinger, to eliminate by brute force and terror all opposition to the debt-collection policies of Chase Manhattan Bank and its allies. They are also aware that a declaration of moratoria on a minimum of \$30 billion in debt by a handful of developing countries would set off an unstoppable chain reaction that would demolish the Eurodollar bubble — and, by bankrupting the monied sponsors of Kissinger and Jimmy Carter, eliminate the political-military power of the soon-to-be extinct Atlanticists.

The war-and-chaos policy of Secretary Kissinger was announced by Kissinger in person at the General Assembly on Sept. 30. Kissinger's speech to the General Assembly was a virtual declaration of war against the developing countries and their socialist allies, leaving out the tiny carrots he usually waves to accompany his big stick. Kissinger opened his speech (excerpted below) by warning that unless there is "cooperation" — with him — then "disputes will be settled as they have been all too frequently and painfully in history — by tests of strength." In that case, the obese Secretary murmured in a depressed monotone, "It is not the weak that will prevail in a world of chaos." Diplomatic observers wondered whether Kissinger had not reached the heights of his diplomatic art of subtlety and was launching an attack — on himself, the weakest person in that Assembly hall.

In Kissinger's paranoid account of the world arrayed against him, he attacked the Colombo summit as a "bloc" taking decisions "by rigid ideologies" and "coming here for battle rather than negotiation." Following this projection of his own motivations and actions, Kissinger unveiled his familiar "get tough" attacks on the Soviet Union, terming the Soviets' defense of the liberation movements in southern Africa against Kissinger's fascist allies in the racist regimes, "crude attempts to distort the purposes of diplomacy" and "selective détente." In a final act of self-flagellation, Kissinger provided the most accurate description to date of his African diplomacy: "There may be some countries who see a chance for advantage in fueling the flames of war and racial hatred. But they are not motivated by concern for the peoples of Africa, or for peace." Diplomats from certain developing countries, interviewed at the conclusion of Kissinger's ravings, expressed concern for the

sanity of the renowned statesman and gratefully received the apologies of U.S. Labor Party representatives for his gross misrepresentation of the views and interests of the American people.

Forlani Replies to Kissinger

The speech by Italian Foreign Minister Forlani hit back at Kissinger's warmongering. On the Middle East and Africa, in particular, Forlani indicated clearly that Italian policy differs sharply from that of the U.S. under Kissinger direction. Forlani pointedly delivered his response to Kissinger's Africa policy by using as an example of Italy's "spirit of openmindedness and friendly cooperation with the developing countries" the visit to Rome of Angolan Prime Minister Lopo do Nascimento. While in Rome, at a press conference, Nascimento gave full endorsement to the call issued at the UN by Guyana Foreign Minister Wills for immediate debt moratoria and replacement of the IMF system with an alternative structure of "international development banks." On the Middle East, Forlani gave full support to a process of peace in Lebanon, warning that the failure to achieve that "involves obvious risks of repercussions on a larger scale which would be difficult to control." He linked a solution to the Lebanon crisis to a wider settlement of the Middle East crisis including support for the Palestinian movement.

French Foreign Minister Tries Scare

In a press conference at the UN Sept. 29, a frightened French

Foreign Minister Louis de Guiringaud reacted with empty bluster to a question about Guyana's support for Third World unilateral action on debt. "I don't believe that the developing countries will declare unilateral debt moratoria," he said bravely. "They would kill themselves by doing so. They would kill any possibility of credit for themselves or anyone else." With imperial candor, he then revealed to his audience that the Third World's debt problems "are due to defective structures in the developing countries."

In discussions at the UN, diplomats from the Third World indicated that they were either committed themselves to initiating unilateral action on debt, or — in some cases — to explore the possibility of such action. The deadlocked Paris North-South talks have become an object of derision by Third World delegates, and deep anger at the Kissinger-led refusal to discuss general moratoria is on the verge of being catalyzed into action, with Wills' speech on Monday setting the tone. "If we were pushed to the wall," said an Asian Diplomat, weighing the situation, "then we have no choice."

A broad layer of developing countries is that group which, while not ready to take the lead in dumping their debt, will quickly follow a handful that do. The example cited of this group is Egypt. One Arab delegate, noting that Egypt has de facto instituted a quiet moratorium on its huge debt, said, "If others move, I know Egypt will follow the next day."

Guyanese Foreign Minister:

"The Time Has Come For A Debt Moratorium"

Mr. President:

We are fortunate at this time to have you in the Chair where your long experience can so significantly assist in guiding our deliberations during this momentous session of the General Assembly. It is fitting, too, that your country, Sri Lanka, which has been charged with the task of coordinating the affairs of the Non-Aligned Movement, should provide an essential link to facilitate here at the United Nations the implementation of the mature decisions taken at Colombo. I entertain every hope that this Assembly will not be caught below the level of events and the results of our deliberations will reflect those tenets of justice for which we all strive.

Mr. President, it also gives me particular pleasure to welcome into our midst the new State, the Seychelles. We look forward to working with them in the years ahead in this organization in advancing the objectives of peace, security and development.

Mr. President, this session of the United Nations General Assembly, I feel, will go down in history as one of significance and importance to the question of freedom in southern Africa. As this question so well illustrates, all the difficulties which confront us in the contemporary international system can be traced to the strategic dilemma which faced the victorious powers at the conclusion of the Second World War. It was clear after Potsdam that the gravest threat to peace was the defence perceptions of those who saw the world in terms of an ideological confrontation between so-called free and unfree societies. This legacy informed all the important changes in the world since 1945—the Chinese revolution, the Algerian revolution, the Cuban revolution, the Vietnam revolution. Wherever a people strove to end the process of exploitation and to devise strategies of development that would increase their control over their natural resources, and to fully realize their

human dignity—wherever these existed the issues were approached from a standpoint of elimination or expansion of socialism. Looking back on this period we may well wonder at the prodigious expenditure of life-energy over matters of terminology and nomenclature.

The Rhodesian rebel leader Ian Smith said in a broadcast on September 24 this year:

"Dr. Kissinger assured me that we shared a common aim and a common purpose, namely, to keep Rhodesia in the free world and to keep it from Communist penetration."

It is significant, Mr. President, that Smith did not say that the United States and Rhodesia shared a common aim that the black majority should be free and that its will should prevail. That after all—black majority rule—should be the common aim. If this session of the United Nations General Assembly achieves anything, and I feel sure that it will achieve much, its most outstanding contribution to progress on this planet could be the universal acceptance that the fight for freedom and material equality is waged at a level beyond the strategic imperatives of competing ideologies.

Mr. President, individual freedom has this characteristic: its claims are universal. I say emphatically, Mr. President, that neither the present position in Rhodesia nor the position envisaged by the Anglo-American proposals is consistent with any definition of freedom, with any definition of democracy, with any definition of justice. Guyana wishes to make its position clear. We completely endorse the action taken by the five frontline States of Angola, Botswana, Mozambique, Zambia and the United Republic of Tanzania in reaffirming the sole conditions under which majority rule can be installed in Rhodesia through negotiation. Either Smith accepts these now or the war will be intensified until inevitable victory. It was perhaps asking too much that the Secretary of State of the

United States of America should succeed where other fearless tigers failed ignominiously. In the sense that we are told that the so-called Anglo-American proposals stem from a desire to prevent a racial war in southern Africa—in that sense I do not impugn the motives of the architects of those proposals. What I question is their judgment.

The character, the attitude, stubbornness and shortsightedness of the rebel in Rhodesia have been well documented. Here is a man who had defied international opinion for more than a decade, has been buttressed by international monopoly capital and who has vainly sought to suppress in Zimbabwe those very instincts that led in 1776 to the birth of the United States of America. George Washington was not told on the eve of victory that he would have freedom in two years; Patrick Henry was not told that the alternative to immediate liberty was temporary quasi-slavery. Yet here 200 years later a solution is offered to a problem of freedom that envisages transitional government with built in minority power structures, with cessation of armed struggle, with the lifting of sanctions and—"the most unkindest cut of all"—economic aid as a sweetener and incentive.

It is unreasonable to expect Ian Smith to negotiate power away from himself except when faced with the final acceptable casualty. It is equally unreasonable to expect the armed fighters of the majority to lay down their arms before the acquisition of majority rule. Those are the lessons of December 1974 and those are the lessons of September 1976.

But, Mr. President, Rhodesia, important though it is, is not at the heart of the southern African problem. To discuss the freedom of the majority in Rhodesia it is necessary to speak to Vorster; to install freedom in Namibia it is necessary to confront Vorster; and it is Vorster who temporarily rides roughshod over the majority in South Africa itself. The core of the entire problem of southern Africa is *apartheid*—the economic, political, social and ethical justification for what passes for government in southern Africa.

It is hoped that no assurances were given to South Africa, expressly or implicitly, in support of the *apartheid* system in order to facilitate the so-called negotiations with Ian Smith. Guyana remains resolutely opposed to *apartheid*, implacably opposed to the Bantustan system, and firmly determined to ostracize those who have sporting and cultural links with South Africa as long as this modern day version of slavery persists. So long as there is white minority rule, whether in South Africa or in any part of southern Africa, the people of Guyana will ally themselves with all opponents of that system and will support the liberation struggles of the oppressed majority.

It has been announced that the first of the Bantustans will be given a kind of portmanteau independence on October 26 of this year. Needless to say, Guyana will not recognize any such puppet creation. We are aware that there are some who will seek to justify some kind of recognition on tactical political grounds, or perhaps on military strategic grounds. At Colombo, 85 countries of the Non-Aligned Movement denounced this maneuver for what it is—a transparent fraud. We feel confident that the rest of the international community will do likewise.

The continuing conflagrations in the Middle East have increased the value of the communications routes around the Cape of Good Hope. This fact together with the mineral wealth of South Africa has blinkered the vision of those who pay lip service to their opposition to *apartheid*. How much longer can they indulge such sophistry in the face of the intensive struggle in South Africa and the brutal continuing slaughter perpetrated by a fascist government in the segregated areas of South Africa? Is it not ironic that the freedom of the majority in Zimbabwe

should be considered in dialogue with those who bring to the negotiating table hands stained with blood from the massacres in Sialola, Soweto and Capetown?

In Namibia where the illegal occupation still continues and where the South Africans are smarting from the trouncing they received in Angola, a so-called constitutional conference has been held. My delegation denounces this conference as having no meaningful relationship to the future of Namibia. We support South West Africa Peoples' Organization (SWAPO) as the legitimate representative of Namibia and the continuing efforts of the United Nations to obtain majority rule and independence within a single unitary state. Guyana supports the armed struggle in Namibia as the only viable option left to the oppressed majority. The Caprivi Strip, bristling with modern armaments, remains a threat to international peace. It must be dismantled. So long as it exists, so long will it remain an instrument of repression of the aspirations of the Namibian people, so long will it remain a base of operations against the front-line independent African States.

In the Middle East the restoration of the rights of the Palestinian people remains the sine qua non of a just and lasting peace. Huddled in refugee camps, subjected to the crumbs of international compassion, the Palestinians still await the restoration and exercise of their inalienable national rights. My delegation expresses its profound concern over the situation prevailing in Lebanon and will continue to support all efforts aimed at terminating the fighting among brothers, restoring peace and safeguarding the unity, territorial integrity and independence of Lebanon.

We reiterate that peace in the Middle East must rest on the implementation of three principles: first, the right of the Palestinian people to a homeland; secondly, the right of all States in the area, including Israel, to exist within boundaries that are universally recognized; and, thirdly, the withdrawal of Israel from all Arab territories occupied since June 1967.

Mr. President, recently the Non-aligned Movement held its Fifth Summit meeting at Colombo, Sri Lanka, in the Indian Ocean. Aware of the threat to the security of the States in the area posed by the concentration of naval and aerial strength in the Indian Ocean and on the communications route between the two greatest expanses of water in the world—the Atlantic and the Pacific—the Movement repeated its call that the Indian Ocean should be a zone of peace. My delegation reaffirms its conviction that the implementation of the declaration on the Indian Ocean as a zone of peace would contribute substantially to the relaxation of international tensions.

Mr. President, speaking from this podium last year I ventured the opinion that in Cyprus the question of peace was related to the achievement of a consensus between the two communities without duress or coercion. Today, nearly a year later little if any progress has been made in the inter-communal talks; colonization of the northern part of Cyprus has proceeded apace; foreign armed forces, despite the unanimous call of the General Assembly, remain entrenched in the island. **Force majeure** predominates. The resolution that this Assembly adopted unanimously two years ago continues to provide the only valid framework for a solution to this problem. Let us ensure that during the course of this Assembly that appropriate action will be taken to implement the decisions we have already discussed, formed and sought to have implemented.

The tragedy of Cyprus, Mr. President, is the tragedy of the *interference by other States in the affairs of a small State*. Techniques of de-stabilization are being mobilized against Governments which seek to free their economies from the stranglehold of imperialist control—Governments which seek to

create systems of development which would abolish hunger, disease and poverty, which would restructure their societies so as to provide their peoples with the quality of life for which they yearn. Mr. President, the immediate objectives of such campaigns of de-stabilization are clear and unmistakable. They range from the comparatively unobtrusive change of key personnel to bloody events which sometimes culminate in such tragedies as the assassination of political leaders.

The techniques used are equally clear and unmistakable. The promotion of internal unrest with a view to the breakdown of law and order; the fomenting of intra-regional conflicts through client States; the financing and organization of hostile propaganda campaigns; the attacking of embassies and consulates; the manipulation of international markets; the restrictions on export capabilities; the frustration of bilateral and multilateral aid; the subversion of economic objectives by the machinations of transnational corporations — all this arsenal of destabilizing techniques is aimed in the first instance at ensuring the continuation of a relationship of dependency between developed and developing countries, and in the second instance at yoking the legitimate aspirations of the peoples in developing countries to the strategic conceptions of larger nations.

Mr. President, most of the countries in the developing world were former colonies of western Europe and the radicalization of their liberation struggle has therefore been in anti-West terms. This does not necessarily mean that those terms are pro-East. Similarly, Mr. President, most of these countries have adopted socialism as an internal strategy of development. This likewise does not indicate that they are anti-West or pro-East. At Colombo the golden thread running through all the resolutions and discussions was the determination of 85 countries not to sacrifice their sovereignty and independence on the altar of ideological nicety. Mr. President, we of the Non-Aligned Movement have in effect chosen not to be for one side or the other. We have chosen to be ourselves. At Colombo Non-aligned countries denounced all forms of interference and emphasized the need for unremitting vigilance in this regard. Here in New York at this 31st session of the General Assembly I call on the Assembly to denounce these activities and I urge the international community to consider in earnest measures to safeguard the integrity and sovereignty of small States and to discourage all attempts to interfere with their right to pursue the paths they have freely chosen for themselves. This, after all, is one of the fundamental principles enshrined in the Charter to which we all subscribe.

But Mr. President, the security of developing States is inextricably linked with their economic survival and their economic advance. My delegation feels that there can be no meaningful economic advance without the implementation of the New International Economic Order as adopted at the Sixth Special Session. The Non-Aligned Movement and the Group of 77—have tirelessly sought to bring home to those in the developed world ever resistant to change, that the economic progress of the developing countries is in the security interests of the developed countries. The billions on this planet who live in the developing countries and whose existence is subjected to the constraints of the few who manipulate to their advantage the present day economic system, have pinned their hopes on the modest programme put forward in Nairobi and elsewhere. Their determination is adamant, inexorable and relentless. The IMF and the Bretton-Woods monetary system must give way to alternative structures like international development banks, which are not geared to the revival and reconstruction of Europe nor preferential arrangements for the developed

market economies, but rather to the just distribution of the gains of an equitable global system.

The crippling problem of debt and the servicing of debt has assumed a special urgency. Developing countries cannot afford to depart from their basic and fundamental demand made in Manila and Colombo earlier this year calling for measures of cancellation, rescheduling and the declaration of moratoria. We must eschew all attempts to deal with this problem by the divisive tactics of a case by case approach. We cannot afford to mortgage the future of unborn generations to the obligations of burdensome capital repayments and crushing debt servicing. The time has come for a debt moratorium.

Mr. President, on the important question of commodities, we reaffirm our unwavering commitment to the integrated programme. We therefore deplore the equivocations on the part of some developed countries in respect of the negotiations to be held on the establishment of a Common Fund for bigger stocks which remains the cornerstone of a viable integrated program. While we naturally hope for a change of attitude on the part of these countries during the forthcoming negotiations within the framework of UNCTAD to permit the establishment of a Fund supported by all countries—both developed and developing—we are firmly committed to proceeding with the establishment of a Fund as advocated by the Non-aligned countries should the forthcoming negotiations fail to yield satisfactory results.

Mr. President, the Paris Conference on International Economic Cooperation, although hailed by some as the ideal forum for producing definitive solutions to the crucial international economic issues has, after months of debate, produced only halting and insignificant progress. My delegation therefore fully endorses the concern expressed by the Non-aligned Summit in Colombo over the slow progress made at the Conference. I wish to reiterate my delegation's well-known scepticism about the attempt to find solutions to the critical international economic issues outside the framework of the U.N. system such as is being attempted in Paris. Instead, Mr. President, my Government considers that the United Nations is the legitimate forum for the settlement of such issues.

Mr. President, there is a clear need for restructuring and technically improving the United Nations system. Basically the United Nations is a political organization and changes must reflect the political realities. If the Security Council is to become more effective, its authority must not be diminished by the misuse of the veto in the service of narrow national interests. The early admission of the Peoples Republic of Angola and the Socialist Republic of Vietnam would mark and advance the universality of the membership of the United Nations and would enable it to deal more effectively with the global issues that confront mankind.

Non-aligned countries have always insisted on the importance of the United Nations as an effective instrument for promoting international peace and security and for harmonizing the interests and objectives of its Member States. The work of its various organs constitutes a coordinated attempt to shape the future for the better condition of mankind on this revolving planet of ours.

In the onward march of Man there have been many obstacles, many hurdles. There have been many Vorsters; Smiths have abounded. We must not assign the attributes of victory to an ignominious surrender to false perceptions of defence.

Peoples against whom the doors of meaningful negotiations have been closed have no other recourse but to resort to arms. The bell is tolling in southern Africa. The last call to prevent the bloodbath has died away, buffeted by the winds of insincerity.

Soon — very soon — majority rule will prevail throughout southern Africa. Those who have sought to temporize and accommodate with the forces of oppression and reaction must heed these basic truths. Those who have died in this struggle have hallowed the ground beyond any powers of oratory and rhetoric. Guyana reaffirms here at this 31st session of the General Assembly its untiring support for those who strive for justice in southern Africa, for those who strive for the removal

of racism as an ethos of government, for those who strive for the reaffirmation of the authority and respect of the United Nations organization, and for those who would perceive the unfolding logic of events. History is not side-tracked by spectaculars. The internal dynamics of the progress of mankind are dictating the results in southern Africa. We are proud to identify with those dynamics.

I thank you, Mr. President.

Forlani: Italy Convinced of Need for New World Economic Order

The following are excerpts from the speech of Italian Foreign Minister Arnaldo Forlani before the 31st session of the United Nations General Assembly Oct. 1:

Mr. President,

In speaking for the first time from this rostrum in my new capacity as Minister of Foreign Affairs of the Italian Republic, I wish to convey to you, also on behalf of the Government of which I have the honour to be a part, the warmest congratulations on your election to the Presidency of the United Nations General Assembly....

It is in our opinion particularly significant that such an eminent international personality has been chosen to discharge the highest responsibilities of the thirty-first session of this Assembly, the Representative of a country known and appreciated for its active and incisive work on behalf of the strengthening of peace and the development of world cooperation.

This year, the Republic of Sri Lanka has rightly occupied the centre of world attention for the dignified and successful way it organized and acted as host for the Fifth Summit Conference of Non-aligned Countries.

My Government has followed carefully the work of this important meeting and has noted its conclusions with great interest.

In recent years world history has evolved more and more into a single pattern in which all States, the various economic systems, and the prospects of progress and peace for all peoples of the world are united in interdependence.

Italy is convinced of the need, which was also stressed at Colombo, to achieve a new international economic order which will allow every nation to follow the path of development most appropriate for its own requirements and traditions and to enjoy a fair share of the world process of the production and distribution of goods. This objective will be attained only in an economic system in which the basic problems of raw materials, trade, the indebtedness of the developing countries and the transfer of technology have been solved.

An essential component of this new international economic order is the development of the emerging countries. Italy, within the framework of the European Community, but also in its own right, intends to continue making every possible effort to ensure progress in this direction.

In particular, we intend to continue giving our financial and political support to the initiatives taken by the United Nations in favour of development.

We support those programmes in the emerging countries which are designed to promote the balanced development of the economy, i.e. which promote not only the expansion of the in-

dustrial sector, but also are aimed at achieving a modern agricultural sector capable of ensuring self-sufficiency in food....

Italy, in agreement with the other countries of the European Community, will continue to make an active and concrete contribution to the establishment of an equitable and stable system of international economic relations, working in the various appropriate forums and primarily in UNCTAD and other United Nations bodies, as well as in the Conference on International Economic Cooperation.

The field of international economic relations is, in our opinion, and I want to stress it, one where the United Nations and its dependent bodies have an essential role to play, a role which we think should be strengthened, extended and deepened.

This spirit of open-mindedness and friendly cooperation with the developing countries has just been significantly reaffirmed by my Government on the occasion of the welcome visit to Rome of the Prime Minister of Angola, Mr. Lopo do Nascimento.

A condition which is necessary — though not sufficient in itself — to bring about the desirable strengthening of the role of the United Nations in this as in other fields of the Organization is the **universality** of the United Nations. Further progress has been made also this year towards the achievement of this goal with the admission of a new member, the Republic of the Seychelles, to which the Italian Government wishes, through me, to convey its warmest greetings hoping at the same time that other countries, whose aspirations are well known, will soon be able to join the Organization....

The Italian Government, Parliament and public opinion are deeply concerned at the tragic events which have brought mourning and ruin to a country (Lebanon-ed.) to which Italy has been and remains linked by ancient ties of solidarity and friendship.

In Lebanon there has continued for too long a situation which is further undermining security in an already very troubled region and which involves obvious risks of repercussions on a larger scale which would be difficult to control. Also in accord with other countries of the European Community, we have done our utmost to encourage every initiative to secure a truce and to support all efforts to settle the crisis, particularly those undertaken by the Arab League. The process of political settlement of this crisis can be started only if based on respect for the unity, integrity and independence of Lebanon which, in our opinion, are essential for the establishment of a just and balanced peace in the Middle East....

Now that President Sarkis has assumed the office of Head of State, I wish to confirm Italy's hope that the convergence of views necessary to achieve a truce and the beginning of a process of détente and peace may be built up, in a new climate, around his person.

Notwithstanding the complexity of their origins, the tragic events in Lebanon are also linked to the failure to find a just and lasting solution of the Arab-Israeli conflict. In particular, the connection between the general Middle East crisis and the Lebanese situation clearly reveals the crucial need to reach a just solution of the Palestinian problem. Without a definite prospect of finding such a solution, the spiral of mistrust and tension will only increase....

To this end, Italy is convinced that the negotiating process must be aimed at a comprehensive peace settlement within the framework of the resolutions of the Security Council. This settlement should be sought through the application of the following principles:

1. The withdrawal of Israel from all territories occupied in June 1967 and the cessation of all those measures which, by consolidating the **fait accompli** of the occupation, are aimed in a direction opposite to the desirable one;
2. Respect for the sovereignty, independence and territorial integrity of all the States of the region, including Israel, within secure, recognized and internationally guaranteed frontiers. Precisely in order to meet this need in a concrete way, Italy, together with its partners of the European Community, may at an appropriate stage put forward suggestions for an effective system of international guarantees;
3. Recognition of the national rights of the Palestinian people, aiming at the establishment of their own State, national rights which must be translated into facts.

The events in Lebanon and the crisis in the Middle East are not the only sources of serious concern to be found in the Eastern Mediterranean, a region of such vital importance for world peace. We continue in fact to be deeply preoccupied by the question of **Cyprus** because of the prolonged delay in the achievement of a negotiated settlement....

The people of **Namibia**, in spite of the resolutions of the United Nations, which is responsible for this Territory, have not yet been granted the opportunity to exercise their right to independence through a democratic process involving all the political forces of the country, including SWAPO, under the supervision of the United Nations.

In **Rhodesia** the spiral of armed clashes runs the risk of leading to an armed conflict with neighbouring countries and may be stopped only with the acceptance of a peaceful transition of Zimbabwe to a system based on majority rule.

In **South Africa** events have confirmed the collapse of the policy of apartheid, so often condemned by the United Nations, while tension is increasing throughout the country and prospects of achieving a just reorganization of interracial relations appear more and more difficult.

Together with the other countries of the European Community, Italy has expressed its support for the liberation of Southern Africa from colonialism and racism. Italy supports the initiatives undertaken in cooperation with the "frontline" African countries in search of peaceful solutions through which the genuine aspirations of the peoples concerned will be realized.

In particular, Italy, together with the other countries of the European Community, has followed with favour and expectation the efforts being made by Secretary of State Kissinger and the African leaders.

Accordingly, the Italian Government expresses its appreciation and support for the British Government's intention to convene a Conference to lay out the ground for the creation of a provisional Government in Rhodesia....

We are therefore taking part with conviction in the **Vienna negotiations** for the mutual and balanced reduction of the forces

in Central Europe and we are looking forward with confidence and expectation to the steps which we hope the major nuclear Powers will take along the path traced out by the first agreements for the **limitation of strategic weapons** and by the subsequent understandings of Vladivostock.

Moreover, we cannot conceal our disappointment at the limited progress so far achieved in the field of reductions of atomic weapons, in spite of the provisions of the Non-Proliferation Treaty. Everything or nearly everything remains still to be accomplished in this respect and Italy, which has signed, ratified and implemented that Treaty and expects other signatories to do the same, is fully aware of this situation.

Italy, furthermore, is continuing to be actively engaged in Geneva in the work of the **Conference of the Committee on Disarmament**. This is still considered by us as the main forum for the disarmament negotiations whether on nuclear or conventional weapons. Its work, however, I must stress, can go forward only to the extent that the States participating in it have a real desire to make progress. In this respect, we cannot refrain from emphasizing that the summer session of the Conference of the Committee on Disarmament has produced certain important new elements which could be further developed: we cite among others the new proposals for the prohibition of chemical weapons, the substantial and positive beginning which has been made by the seismic experts in their meetings on control of nuclear explosions and the progress achieved with regard to environmental war, with the elaboration of a draft Convention on this subject.

Détente

Disarmament, Mr. President, is merely an element — at the same time one of the causes and the effect — of détente in East-West relations.

Certainly, in accordance with the spirit and commitment of all the signatories of the Final Act of the Helsinki Conference on Cooperation and Security in Europe, détente must continue to inspire East-West relations but, if it is to be maintained and consolidated, détente must be given new dimensions and must be nurtured with more ambitious ideals. It is not enough merely to create better conditions for the development of substantial economic, commercial, technical and scientific links between the countries of the two areas in the North-West hemisphere. Détente must progressively and effectively remove the causes of conflict and confrontation, a confrontation which, anyhow, the European conscience has always considered as a violent, painful and undesirable tearing apart of its own historical and cultural fabric.

In this spirit and in anticipation of the Conference to be held next year in Belgrade to review the status of the implementation of the Final Act of the Helsinki Conference, Italy insists on the balanced fulfillment of the Final Act in all its parts, particularly the part concerning the free circulation of individuals and ideas....

The European Community is not, in our view, a political area sufficient unto itself and closed within itself. On the contrary, we conceive it as a new reality better suited to the needs of international cooperation and equilibrium, capable of enriching and improving the dialogue with other regions and of making a more substantial and comprehensive contribution to the peace and progress of peoples....

We maintain relations of friendship and cooperation with all the countries of the Mediterranean area to which we are linked by historical, cultural and economic ties which date back centuries, and we wish to make them even closer and more fruitful....

“The Strong Will Prevail”

The following are excerpts from the speech given by Secretary of State Henry Kissinger before the United Nations General Assembly Sept. 30. The speech is a combination of Mr. Kissinger's boastful list of his accomplishments like “11 lynchings, 19 kidnappings, 42 armed attacks, and 112 bombings perpetrated by international terrorists” in the last year, and threats to the Third World:

Mr. President, Mr. Secretary-General, Foreign Ministers, Distinguished Delegates:

...The world has shrunk, but the nations of the world have not come closer together. Paradoxically, nationalism has been on the rise at the precise time when the most serious issues we all face can only be resolved through a recognition of our interdependence. The moral and political cohesion of our world may be eroding just when a sense of community has become indispensable.

Fragmentation has affected even this body. Nations have taken decisions on a bloc or regional basis by rigid ideologies, before even listening to the debate in these halls; on many issues positions have been predetermined by prior conferences containing more than half the membership of the United Nations. The tendency is widespread to come here for battle rather than negotiation. If these trends continue the hope for world community will dissipate and the moral influence of this Organization will progressively diminish...

Let us never forget that the United Nations benefits the smaller and weaker nations most of all. It is they that would suffer most from its failure. For without the rule of law, disputes will be settled as they have been all too frequently and painfully in history — by tests of strength. It is not the weak that will prevail in a world of chaos.

The United States believes that this Thirty-First General Assembly, must free itself of the ideological and confrontational tactics that marked some of its predecessors and dedicate itself to a program of common action...

The Problem of Peace

The age of the United Nations has also been an age of frequent conflict. We have been spared a third world war, but cannot assume that this condition will prevail forever, or without exertion...

Central to our American foreign policy are our sister democracies, the industrial nations of North America, Western Europe, the southern Pacific and Japan, and our traditional friends in the Western Hemisphere. We are bound to these nations by the ties of history, civilization, culture, shared principles and common endeavors.

Our alliances, founded on the bedrock of mutual security, now reach beyond the common defense to a range of new issues: the social challenges shared by advanced technological societies; common approaches to easing tensions with our adversaries; and shaping positive relations with the developing world. The common efforts of the industrial democracies are not directed at exclusive ends but as a bridge to a broader, more secure and cooperative international system and to increasing freedom and prosperity for all nations...

Accordingly, the **great nuclear powers** have particular

responsibilities for restraint and vision. They are in a position to know the full extent of the catastrophe which could overwhelm mankind. They must take care not to fuel disputes if they conduct their rivalries by traditional methods, if they turn local conflicts into aspects of a global competition, sooner or later their competition will get out of control...

...We have been disturbed by the continuing accumulation of armaments and by recent instances of military intervention to tip the scales in local conflicts in distant continents. We have noted crude attempts to distort the purposes of diplomacy and to impede hopeful progress toward peaceful solutions to complex issues. These efforts only foster tensions; they cannot be reconciled with the policy of improving relations. And they will inevitably be resisted. For coexistence to be something better than an uneasy armistice, both sides must recognize that ideology and power politics today confront the realities of the nuclear age and that a striving for unilateral advantages will not be accepted...

The world today is witness to continuing **regional crises**. Any one of them could blossom into larger conflict. Each one commands our most diligent efforts of conciliation and cooperation. The United States has played, and is prepared to continue to play, an active role in the search for peace in many areas: southern Africa, the Middle East, Korea and Cyprus.

Racial injustice and the **grudging retreat** of colonial power have conspired to make **southern Africa** an acid test of the world's hope for peace and justice under the Charter. A host of voices have been heard in this Chamber warning that, if we failed quickly to find solutions to the crises of Namibia and Rhodesia, that part of the globe could become a vicious battleground with consequences for every part of the world.

I have just been to Africa at President Ford's request, to see what we could do to help the peoples of that continent achieve their aspirations to freedom and justice.

An opportunity to pull back from the brink now exists. I believe that Africa has before it the prize for which it has struggled so long — the opportunity for Africans to shape a future of peace, justice, racial harmony and progress...

Less than a week ago the Rhodesian authorities announced that they are prepared to meet with the nationalist leaders of Zimbabwe to form an interim government to bring about majority rule within two years. This is in itself an historic break from the past...

The United States, together with other countries, has made major efforts; and we will continue to do what we can to support the hopeful process that is now possible. But it is those in Africa who must shape the future...

There may be some countries who see a chance for advantage in fueling the flames of war and racial hatred. But they are not motivated by concern for the peoples of Africa, or for peace. And if they succeed they could doom opportunities that might never return...

The United Nations, since its birth, has been involved in the chronic conflict in the **Middle East**. Each successive war has brought greater perils, an increased danger of Great Power confrontation and more severe global economic dislocations...

...The step-by-step negotiations of the past three years have now brought us to a point where comprehensive solutions seem

children — innocent victims with no power to affect the course of events. In the year since I last addressed this body, there have been 11 hijackings, 19 kidnappings, 42 armed attacks and 112 bombings perpetrated by international terrorists. Over 70 people have lost their lives and over 200 have been injured.

It is time this Organization said to the world that the vicious murder and abuse of innocents cannot be absolved or excused by the invocation of lofty motives. Criminal acts against humanity, whatever the professed objective, cannot be excused by any civilized nation.

The threat of terrorism should be dealt with through the cooperative efforts of all countries. More stringent steps must be taken now to deny skyjackers and terrorists a safe haven. Additional measures are required to protect passengers in both transit and terminal areas, as well as in flight...

The United States will do everything within its power to work cooperatively in the United Nations and in other international bodies to put an end to the scourge of terrorism. But we have an obligation to protect the lives of our citizens as they travel at home or abroad, and we intend to meet that obligation. Therefore, if multilateral efforts are blocked by those determined to pursue their ends without regard for suffering or death, then the United States will act through its own legislative processes and in conjunction with others willing to join us...

...The plain truth — of tragic proportions — is that human rights are in jeopardy over most of the globe. Arbitrary arrest, denial of fundamental procedural rights, slave labor, stifling of freedom of religion, racial injustice, political repression, the use of torture, and restraints on communications and expression — these abuses are too prevalent.

The performance of the United Nations system in protecting human rights has fallen far short of what was envisaged when this Organization was founded. The principles of the Universal Declaration are clear enough. But their invocation and application, in general debates of this body and in the forums of the Human Rights Commission, have been marred by hypocrisy, double standards, and discrimination. Flagrant and consistent deprivation of human rights is no less heinous in one country or one social system than in another. Nor is it more acceptable when practiced upon members of the same race than when inflicted by one race upon another.

The international community has a unique role to play. The application of the standards of the Universal Declaration of Human Rights should be entrusted to fair and capable international bodies. But at the same time let us ensure that these bodies do not become platforms from which nations which are the worst transgressors pass hypocritical judgment on the alleged shortcomings of others.

Let us together pursue practical approaches:

— to build on the foundations already laid at previous Assemblies and at the Human Rights Commission to lessen the abominable practice of officially sanctioned torture...

The challenge to statesmanship in this generation is to advance from the management of crises to the building of a more stable and just international order — an order resting not on power but on restraint of power, not on the strength of arms but on the strength of the human spirit.

Global forces of change now shape our future. Order will come in one of two ways: through its imposition by the strong and the ruthless or by the wise and farsighted use of international institutions through which we enlarge the sphere of common interests and enhance the sense of community.

It is easy and tempting to press relentlessly for national advantage. It is infinitely more difficult to act in recognition of the rights of others.

Throughout history, the greatness of men and nations has been measured by their actions in times of acute peril. Today there is no single crisis to conquer. There is instead a persisting challenge of staggering complexity — the need to create a universal community based on cooperation, peace and justice.

If we falter, future generations will pay for our failure.

Angolan Prime Minister: Italy And Europe Must Lead In Africa

Oct. 1 (NSIPS) — The following excerpts are from a Sept. 30 press conference in Rome held by Prime Minister Lopo do Nascimento of the Popular Republic of Angola.

“...For a long time the Angolan people have had especially friendly relations with Italy, among all the countries of the West...During the first national liberation war (when) all the European countries closed their doors to our president, Italy, unselfishly, and with hospitality, hosted the leader of the Angolan revolution...During the second war of the national liberation...Italy did not give up its interest in Angola, despite the fact that it was undergoing a governmental crisis at that time; Italian political forces voted to recognize the (new Angolan) government proclaimed Nov. 11, 1975....

It is the duty of all the progressive forces of the world to reflect and seriously support the struggle for the freedom of Namibia, of Zimbabwe (Rhodesia — ed.) and of South Africa. In this respect I hope that Italy will be in the front row...The Italian republic is the first Western European country I have visited. At this point we take the opportunity to congratulate Italy for its new situation.”

(In response to a question on moratoria and the International Development Bank — ed.) “We believe that the proposals of the countries of the Third World deserve our support....We are not a member of the United Nations yet, but we support the Guyanan proposal (for debt moratoria) and hope that the U.S. government will support it.”

(In response to a question on Italy's potential role in southern Africa — ed.) “Italy is still lacking a large presence in Africa. Italy has all the elements for a more dynamic policy in Africa....Internal political reasons have prevented such a policy until now, and we hope that this (situation) will be rapidly overcome. Europe can make a larger contribution to the solution of southern African problems...not the countries in themselves, but the progressive forces within those countries....(These forces) should not always leave the initiative to the American political forces....”

(Answering a question on Angolan alliances) “...We are thinking of joining neither the European Common Market nor the Lome Convention (an economic agreement signed by 46 developing nations in Lome, Togo — ed.) for political and economic reasons. We do think of developing relations with countries of the EEC and with those of the Lome Convention. Our country has chosen socialism and this choice would be much more difficult within an institution that holds the opposite objectives....There is no conflict between a choice for socialism and nonalignment.”

**Peru's President:
New World Order
Necessity for Survival**

Oct. 1 (NSIPS) — The following are excerpts from a speech by Peruvian President Morales Bermudez before the Diplomatic Corps in Lima, Peru Sept. 25. Morales Bermudez' unequivocal support for a new world economic order represents a 180 degree turn-around for the Peruvian president who is currently under a destabilization seige directed by Sec. of State Henry Kissinger:

We live in times in which national and international events are ever more interrelated. Thus the events and the structural transformations which take place inside a national society affect the international arena, which likewise affects national societies.

The exponential progress of science and technology and the growth of the productive forces on the world level have woven together ever more closely the economies and policies of the various countries....

The man of the late 20th century, although circumscribed within a national State, thinks in planetary terms, since the world is ever more interdependent and since this century poses us with very grave problems, which, if not completely solved, will seriously affect the very existence of mankind....

New Economic Order

The Revolutionary Government of Peru is the government of a developing country which not only has contributed in declaring the necessity for a New International Economic Order, but which also has made substantial contributions to its creation....

An awareness of this leads to the profound conclusion that those developing countries which are authentically committed in favor of their national majorities find that no matter how great internal efforts they make, in one way or another, to a greater or lesser degree, find themselves (adversely) affected by an international economic reality which they can not control and which impinges on them through a market structure which combines a drop in the prices paid for their exports with a notable increase in the prices for food, for industrial inputs and for capital goods, and ever more onerous payments of the foreign debt and outflows of capital for foreign investments and services.

In the specific case of Peru it is necessary to clearly observe the complex reality of a society in transition, which is hit by a world crisis caused by an international economic order ruled by irrationality and injustice.

Change the World Economic Order

In this order of things, it is an unchallengeable necessity for the world economic order to be changed to facilitate the indispensable transformation of the traditional societies of the

developing countries to be made with the least possible social cost. Thus we will create a more just and egalitarian international community. If this is not done, we will be faced with the paradox of a world which is ever more interrelated, but politically ever more disunited by the deepening of poverty, by the arms race, by local conflicts, and by menaces to international peace and security.

The need for a more just New International Economic Order thus is not only a moral imperative, but is also a scientific categorical imperative for survival...

Commitment to the Third World

The impact on international relations of the national phenomena of the Peruvian Revolution brings it to make, as a result of the revolutionary humanism it practices, a commitment to fight relentlessly alongside the other Third World and Non-Aligned countries for forming of a New International Economic Order having the characteristics which I have described and within which the highest priority is place on our commitment to integration and peace in Latin America.

Wills Coverage:

**World Press Nearly Silent
On Wills UN Speech**

Oct. 1 (NSIPS) — The U.S. Labor Party and the New Solidarity International Press Service has acted as the main source of coverage of Guyana's Foreign Minister Frederick Wills' United Nations speech calling for debt moratoria for the developing countries (Group of 77) and Non-Aligned nations and international development banks.

Radio stations throughout the country have recorded statements from U.S. Labor Party candidates and spokesman outlining the Wills speech. So far radio stations in Cincinnati, Indianapolis, Detroit, Pittsburgh, Philadelphia, Seattle, North Carolina and New York City have aired these statements.

Associated Press and Dow Jones wire services put out a joint wire on Sept. 30, which has been picked up to date by the International Herald-Tribune and the Charlotte News. The wire reads:

"France warned developing countries yesterday that if they declare a unilateral moratorium they would 'kill themselves.'

"Foreign Minister Louis DeGuingaud's warning came two days after Guyana's Foreign Minister Frederick Wills called in a United Nations speech for a generalized moratorium on debt servicing by developing countries."

The United Nations correspondent for National Black Network which services 81 major cities across the country, also put out a story on the Wills' speech, which concentrated mainly on Wills' support for the black African countries in their struggle for independence.



Britain Pulls Plug On IMF



Oct. 2 (NSIPS) — British Prime Minister James Callaghan, with the direct cooperation of leading industrialist factions in the United States and continental Europe, has destroyed the International Monetary Fund as a monetary policeman and financial backer for the Eurodollar market.

A tightly coordinated operation against the International Monetary Fund (IMF) and its sponsors, the Wall Street Eurodollar banks, began this week when Britain, Italy, and other industrialized countries rejected flat-out the kind of austerity programs that would have permitted another round of bailouts for the bankrupt Eurodollar market. Leading U.S. industrial factions, represented by Sen. John Tower (R.-Texas) and Sen. Adlai Stevenson (D.-Ill), and a powerful West German industrial group speaking through West German Finance Minister Hans Apel, joined Callaghan to nail down the coffin-lid on the IMF — on the eve of the Fund's 1976 Annual Meeting in Manila.

As Callaghan and his allies know, dumping the International Monetary Fund demands an early burial for the fast-disintegrating Eurodollar market, and its main participants, the Lower Manhattan commercial banks.

One of Stevenson's industrialist backers, a leading figure in Chicago business circles, explained, "I detect that there is not exactly a public bandwagon for debt moratorium and the International Development Bank at present, but an implicit and increasingly explicit recognition of the bankruptcy of the IMF and its refinancing role. There will be on the whole a reluctant move to something along the lines (the U.S. Labor Party) has proposed and that will mean de facto debt moratorium, although I hate that term! There is too much real economic interdependence in the world to allow nations or groups of nations to embark on exceedingly desperate or final confrontations. I assure you, Nelson Rockefeller no longer controls the world."

British Labour Party Rejects IMF Austerity

In his speech to the British Labour Party's annual conference in Blackpool, England, Callaghan threw out the possibility that Britain would give further cooperation to the IMF's paper swindles. The British prime minister and his finance minister, Denis Healey, turned the tables on the IMF; demanding a \$4 billion IMF loan — with the open threat of a British debt moratorium if the IMF refused.

"We should tell the IMF that they have to bail us out or we go down; and if we go down, we pull half the developed world with us," the leader of the British Postal Workers Union, Tom Jackson, told the Labour Party meeting Sept. 30. IMF officials reluctantly confirmed that Finance Minister Healey warned them that if they did not come through with the \$4 billion he demanded on the morning of Sept. 30, Britain would immediately go into at least a partial debt moratorium by blockading withdrawals of over \$10 billion in foreign deposits of British pounds. "There has also been a lot of discussion of debt moratorium" on Britain's \$30 billion owed to the Eurodollar market, an IMF official added.

In his speech to the Labour Party congress Sept. 30, Healey warned the IMF that Britain would take no additional austerity measures to obtain the IMF credit — despite the fact that Britain has drawn almost \$2 billion from the IMF in the last two years. This is the first time any country has shaken down the IMF for a loan, flouting the IMF's demands for vicious belt-tightening as a loan condition.

Callaghan and his friends were forced to take immediate action after the pound sterling, which began the year at over \$2.00 fell to \$1.66 last week in the last of a series of ratchet-collapses on the foreign exchange markets. But not another penny would go towards the paper-swindle of propping sterling on the foreign exchange markets, Callaghan said. "We are borrowing," he told the Labour Party Congress Sept. 28, because other industrial nations volunteered credits so that our strategy and our proposals for regenerating British industry need not be thwarted by short-term speculative movements of sterling balances — a load we have still been unable to shed. We are determined that this borrowing will be used to press on with the task of rebuilding a regenerated manufacturing industry."

Repudiating 60 years of British Fabianism, Callaghan called on the delegates "to go out into the workshops, on to the streets, at the doorsteps, explaining with passion to others why this is the only way for our movement and our country."

U.S. Industry Backs Callaghan

U.S. President Gerald Ford, who spent an hour and a half on the transatlantic telephone with Prime Minister Callaghan early Sept. 29, paid tribute to Callaghan's speech when he vetoed the inflationary \$56 billion congressional appropriation for the Department of Health, Education and Welfare, and refused to

sign a \$3.7 billion public works bill. "We will fail," Ford quoted Callaghan, "if we think we can buy ourselves out by printing confetti money."

Meanwhile, on the floor of the U.S. Senate and the committee rooms of the House of Representatives, Ford ally John Tower of Texas, Chicago industrial spokesman Adlai Stevenson of Illinois, and the White House Congressional Liaison Office combined to make mincemeat out of legislation to give the International Monetary Fund new credit lines and additional enforcement powers over national currencies of IMF members. Said the White House: "The Bretton Woods system (the IMF and World Bank - ed.) was good while it lasted, but if it's got to go, it's got to go."

Said an aide to Sen. Stevenson, "We're fighting this bill (to ratify the new IMF "Articles of Agreement") all the way, and we are aware of the ramifications of this" in wrecking the 32-year old monetary policeman. "But if you really want to know who's doing it, go to the Administration. They really want to kill this bill."

Although the final status of the IMF bill on the Senate floor is in question at this writing, the IMF is dead for all intents and purposes. At present, the Fund has a mere \$7 billion in hard currency left, against more than that amount in current loan requests from Britain, Italy, and Mexico alone. Revealing the IMF's bankruptcy, a well-placed source at the Bank of Mexico reported that Mexico, which had asked the IMF for a \$1.2 billion loan 90 days from now, expected to get nothing, and was using

Britain's Prime Minister:

No Confetti Money Solutions

The following are excerpts from the speech of British Prime Minister James Callaghan at the Labour Party Conference Sept. 28 as reported in the Sept. 29 London Times. Note that when the Times is paraphrasing Callaghan rather than quoting him directly, his remarks are reported in the past tense.)

(Here Callaghan is referring to Fabian, not Marxian, socialists.)

The Bullock Committee on Industrial Democracy would reach its own conclusions and put them to the Government, but Mr. Callaghan said he was convinced that the introduction of a system of industrial democracy into British industry must be given high priority by the Government when the committee had reported.

They would also like to see much faster progress on planning agreements. So far, there was a marked reluctance by industry and management to enter into those agreements, perhaps a reflection of the "Theirs but to do or die" mentality.

Some people would like to see those agreements made compulsory but, the Prime Minister said, he was always doubtful of the long-term success of shot-gun marriages.

"We have to convince the managements of our larger firms and industries that planning agreements are in their interests too and would be a major factor in encouraging the productivity and efficiency we so vitally need. Our offer of cooperation extends to industry too.

"Until there is agreement on the place of the human being in our industrial society we shall push and pull at the economic levers in vain. We have expected too much from the economic mechanisms and have paid insufficient attention to the most important element of all, the human element.

"The worker's relationship with his tools and his integration with his working environment is the most important unresolved

the loan agreement to get funds on the private market. Once the IMF pays out its "more urgent" loan to Britain, the Mexican official said, it won't have the cash left for anything else.

West Germans, French Support British

A statement Sept. 29 from the leading West German industrial Federation, the German Conference of Industry and Trade, backed up Callaghan's speech with a call for expanded British trade with the Third World. Noting that West Germany has large investments in Britain, the statement urged Britain to revive trade with the developing nations of the British Commonwealth and emphasized West Germany's common interest.

Following telephone consultations between Prime Minister Callaghan and Bank of England Governor Gordon Richardson on Sept. 30, the European press bloomed with attacks on the International Monetary Fund. "The Bretton Woods system has not really worked to the advantage of its members," Bank for International Settlements President Renee Larre wrote in the French press today, adding the official condemnation of Europe's central bank to the blackmail of the British Labour Party. Larre noted that the existing currency system promoted currency war between weaker and stronger countries. West German central bank president Karl Klasen warned — echoing the official statement of Finance Minister Hans Apel — that West Germany would tolerate no further increase of the International Monetary Fund's cash resources, and attacked deficit spending in the industrial countries on the lines of Callaghan's "confetti money" address.

problem in our complex industrial society. We have a people who are better educated, better informed, who have escaped from the deference of my youth and who look to government, employers and trade unions to produce a framework and an environment that befits their high status."

"Britain has lived for too long on borrowed time, borrowed money and even borrowed ideas and we live in too troubled a world to be able to promise that in a matter of months or even in a couple of years we shall enter the promised land.

"The route is long and hard but I believe the long march has at last begun and I hope to lead you at least part of the way with the social contract and our industrial strategy as our guides."

Mr Callaghan said that for too long they had postponed facing up to fundamental choices and changes in society and the economy. That was what he meant by living on borrowed time. "For too long this country has trodden the primrose path and borrowed money from abroad to maintain our standards of living, instead of grappling with the fundamental problems of British industry. Governments of both parties have failed to ignite the fires of industrial growth in the ways that Germany, France and Japan, with their different political and economic philosophies, have done.

"We are, as you know still borrowing money. But this time we are not borrowing to pay for yet another short-lived consumer boom of the kind which was once supposed to buy success at the polls — or so we are told — but which never bought success the world's markets or in the work place.

"We are borrowing, partly to pay for our huge investment in the North Sea. We are borrowing, too because other industrial nations volunteered credits so that our strategy and our proposals for regenerating British industry need not be thwarted by short-term speculative movements of sterling balances — a load we have still been unable to shed.

"We are determined that this borrowing will be used to act and to press on with the task of rebuilding a regenerated manufacturing industry. This time we are no going for a consumer boom on borrowed money, we are going to invest it in our future.

"The cosy world which we were told would go on for ever, where full employment would be guaranteed by a stroke of Chancellor's pen, cutting taxes and deficit spending, is gone.

"Yesterday delegates pointed to the first sorry fruits — the high rate of unemployment. The rate of unemployment today cannot be justified on any grounds, least of all the human dignity of those involved, I did not become a member of the party or its leader to propound shallow analyses and false remedies for fundamental and social problems.

"When we reject unemployment as an economic instrument, as we do, and when we reject also superficial remedies, as all socialists must, then we ask ourselves unflinchingly: what is the cause of high unemployment? Quite simply and unequivocally, it is caused by paying ourselves more than the value of what we produce.

"There are no scapegoats. This is as true in a mixed economy under democratic socialism as it is under capitalism or communism. It is an absolute fact of life which no government, be it left or right, can alter.

"We used to think that you could just spend your way out a recession and increase employment by cutting taxes and boosting government spending. I tell you, in all candour, that that option no longer exists and that in so far as it ever did exist, it only worked on each occasion since the war by injecting bigger doses of inflation into the economy, followed by higher levels of unemployment as the next step.

"And we have just escaped from the consequences of high unemployment. Each time we did this, the twin evils of unemployment and inflation have hit hardest those least able to stand them, the poor, the old and the sick, not those with the strongest bargaining power. We have struggled as a party to try and maintain their standards and indeed improve them against the strength of free collective bargaining power which we have seen exerted by some people.

"We have to get back to fundamentals. First, overcoming unemployment now unambiguously depends on our labour costs being at least compatible with those of our major competitors.

"Second, we can only become competitive by having the right kind of investment at the right kind of level and by significantly improving the productivity of both labor and capital.

"Third, we will fail if we think we can buy our way out by printing what the Chancellor has called confetti money to pay ourselves more than we produce.

"These fundamentals are at the heart of the standard of life of the people concerned and we ignore them at our peril. It is also at the heart of the social contract and our industrial strategy.

"Britain is now at a watershed. We have the chance to make real and fundamental choices about the priorities which are absolutely necessary to achieve a growing and prosperous manufacturing industry."

The regeneration of British industry had begun. The National Enterprise Board was in business, the Industry Act was working and the detailed examination of the 39 sectors of the British industry by employers and trade unions together had produced agreed reports on what was needed in each sector regarding new plant and machinery, better use of existing plant, proper design innovation, good marketing, after-sales services, increased training and skilled manpower to avoid bottlenecks.

"They knew what needed to be done. Industry knew what needed to be done. Industry knew what needed to be done. Would both sides of industry now go through with it? If so, they were at the beginning of a new era that would expand the dwindling manufacturing base.

The willingness of industry to invest in new plant and machinery required not only that they overcome inflation but that industry was left with sufficient funds and confidence to make the new investment. They must be able to earn a surplus, which was an euphemism for saying that they must make a profit. Whether one called it a surplus or a profit, it was necessary for a healthy industrial system, whether they lived in a socialist economy, mixed or capitalist economy.

"If industry cannot retain and generate sufficient funds as a result of its operation you will whistle in vain for investment and we will continue to slide downhill."

The priority in industrial and economic strategy for the next three years must be to create more wealth and to do it with the agreement and support of the trade union movement.

Their social policy was concerned with the distribution of wealth. Those two aspects of policy should not be in conflict. They must be harmonized. The wealth must be created before it was distributed....

They had bridged the gap by higher taxation, borrowing from abroad and, worst of all, printing money. "We must get back into balance again. It cannot be done in 12 months — our creditors understand this and those with whom we discuss these matters in other countries understand it — for the disruption would be too great for the social system to bear." But it would be folly to continue to borrow at the present rate even lenders could be found.

Whatever was done in the short term, the only long-term cure for unemployment was to create a healthy manufacturing industry that would hold its own overseas and in doing so would be able to hold its grip in the domestic market. It was from a healthy and expanding manufacturing industry that Britain would be able in due course to resume the growth and improvement of the social services and also create the jobs necessary to reach what was desperately required, their employment targets.

Like everyone in the Labour movement, Mr. Callaghan said, he believed in a high level of public expenditure, but he parted company with those who believed that they could indefinitely rely on foreign borrowing to provide for greater social expenditure, a better welfare service, better hospitals, better education and the renewal of the inner cities. In the end those things would be provided only by their own efforts.

Of course, a Labor Government must not and would not stand by and do nothing about unemployment except wait for this agreed industrial strategy to succeed.

On selective import controls, whether they were introduced or whether it was right to introduce them had little to do with socialist philosophy. It was a matter of calculating where they got the biggest advantage. Already various ways of controlling imports existed in a number of spheres and the Government would continue to examine them case by case.

The Prime Minister said he was already committed to discussing the problem of Japanese imports with the European heads of state when they met at the Hague in November....

Mr. Callaghan said he had recently visited the North-east, Glasgow, Merseyside and the West Midlands and listened to some straight talking about unemployment. He accepted the criticisms but there were no soft options. A generation of decline in British industry would not be reversed by gimmicks. In asking for the movement's support for their industrial strategy he asked for more than their loyalty. That could be eroded.

"What we need," he said, "is your understanding and your conviction, and then a determination to go out into the workshops, on to the streets, at the doorsteps, explaining with passion to others why this is the only way for our movement and our country. We have a duty to fight for it, and if we follow it to the end we shall save not only our party but our Government and our country."...

The announcement by Mr. Ian Smith of his acceptance of the principle of majority rule within the two-year timescale he (Mr. Callaghan) laid down on March 22 could be a historic turning point in the future of the continent.

Mr. Callaghan commented: "For Britain a solution in Rhodesia on the basis of majority rule is a debt of honour. For Africa, without it, there is a constant threat to peace and stability."

He put on record his thanks to Dr. Kissinger for his characteristic and remarkable contribution to recent developments. Without the decisive intervention of the United States he did not think there would have been a turnabout in the attitude of Mr. Smith....

"The Labour Government wants to see the interim government set up rapidly, say within four to six weeks, and we will play a full and active part in promoting such an end. The meeting to negotiate the interim government need not necessarily be held in Salisbury or elsewhere in Rhodesia.

"The Foreign Secretary is prepared to back the convening of negotiations in any other place convenient to the parties concerned, but the essential ingredient is the rapid establishment of the interim government.

"Once that has happened there will be no going back for the Smith regime. The die will be cast.

"There will be difficulties in the months ahead, but if the forthcoming negotiations can be brought to a successful conclusion, then Britain will at long last have discharged her last colonial responsibility in Africa with honour."...

He regretted that some of the momentum of the dialogue opened by Mr. Wilson at the Commonwealth Prime Ministers' conference had been lost for the time being, but he believed that that would not persist. The Government would do all in its power to ensure that the response of the industrialized world in the North-South dialogue was constructive.

It would also use its influence to promote a more constructive dialogue in East-West relations in the search for increased international security.

Britain should not assume it was alone in its troubles. Eastern Europe and the Soviet Union had their economic problems too.

"We wish to see an expansion of economic activity in East-West trade and I do not accept the arguments of those who say that such a growth will serve only to assist the expansion of Soviet armed strength."

There was no doubt that the Soviet Union had built substantial armed forces, but nevertheless the development of economic relations could increasingly involve the Soviet Union in a more stable and beneficial relationship with the West which it would not be in their interests to disturb. That was the policy of détente.

As signatories to the Helsinki Agreement, the Government regarded it as essential that its implications should be accepted not only in economic relations but in the cultural exchanges and human relations.

"We have in common with the Soviet Union the desire to avoid the horrors of war. We proceed on the assumption that the Soviet Union is in earnest in its wish to improve relations between states, even though, as their own statements have told us, the ideological struggle will continue between parties. Let there be no doubt about their intentions on that."...

"I also draw the party's attention to a new factor creeping into the party that I warn against, namely those elements who misuse the word 'socialist' and who seek to infiltrate our party and use for their own ends. (Applause.)

"They are almost always recognizable by their jargon and their intolerance. They are as much the enemy of the **Tribune** group as they are of the manifesto group (applause) or even of the great majority of us who do not happen to belong to either, but are simply ordinary members of the party."

Tether:

Britain Must Take Initiative To Reverse World Collapse

The following are excerpts from the economist C. Gordon Tether's column in the London Observer Sept. 26:

Whatever happened to that global economic revival which, we were assured, would put the world firmly back on the path of 'sustained growth' and, in the process rescue this country from its present frightful torment?...

The answer, it now seems, is that it is not going to happen — and not at least on anything like the scale required. Since the economically strong countries appear to be in no hurry to do anything about that, it looks as though Britain and the other principal victims of the crisis will have to take the initiative in pressing for a complete reshaping of attitudes to recovery if the torment is not to become perpetual....

There have been good reasons all along for suspecting that the present global economic crisis stemmed from something more basic than the quadrupling of oil prices and a spate of wage explosions. After all, before these visitations there had been a slowing down of consumer demand that seemed to be connected with a tendency for appetites for material advancement to move nearer to satiation point over a significant part of the affluent world.

This and other developments suggest that the crisis marked the onset of one of those cataclysms that have periodically engulfed the capitalist system since its earliest days and which, once under way, are apt to roll on until a major new factor — in the case of the great 1930s depression, for example, the outbreak of World War II....

The reality would seem to be that if this complacency persists, the global economic situation will, at best, show only a slow improvement in the years ahead and, at worst, will deteriorate further as the economic warfare to which more and more countries are resorting — through currency devaluation and otherwise — to find relief hots up.

It is manifestly absurd that a world wherein so much needs to be done, with something like a third of the total population living at or below subsistence level, should allow itself to be hamstrung by incompetent or misguided economic management. A thorough and honest investigation into the underlying reasons for the turn for the worse in the economic environment would be a big help in determining where we go from here....

One would be aimed at the creation of a sound monetary base of the kind that was provided by the Bretton Woods system until that was destroyed by the Americans in 1971. For, without it, the present floating-rates nightmare and the depredations of that great fount of international inflation known as the Euro-currency market are destined to dominate the scene more and more.

... In particular, countries like the UK suffering from chronic balance of payments ill-health should be encouraged to impose temporary restrictions on imports they cannot afford.

Above all, steps must be taken to provide alternative outlets for the manpower and industrial capacity that are becoming surplus to the requirements of the advanced world. It is not only the less-developed countries that need a 'new economic order' — a concept aimed at enabling them to participate more fully in the fruits of the earth that they have been trying to sell to the advanced countries without much success for some two years. The affluent countries may soon find they stand in no less need of such a revolution, the Third World being the one place with untapped markets of the size they are going to need.

Nor should we continue to accept the proposition that such reforms must wait the convenience of the handful of economically strong countries. Every effort should be made to involve the more seriously afflicted countries in concerted action to get a new deal under way. And, if that gets nowhere, there will be strong case for their taking unilateral action.

If Britain were to argue, as it now reasonably could, that it has been driven so far into a corner that only the introduction of a siege economy makes sense, it would be striking a blow not only for its own people but also for international economic sanity.

Daily Mirror:

No Social Progress Without Industrial Progress

Sept. 30 (NSIPS) — the following is an extract of an editorial, "The Making or Breaking of Jim," which appeared in the Sept. 27 London Daily Mirror.

When Jim Callaghan speaks at the Labour Party conference tomorrow he will be addressing not only his party, but the nation and the world... The British people are anxious. Bewildered. Confused... They are told that a new prosperity is on the way. Yet they know their living standards are slipping further... They have swallowed the pay policy... They want to know if there will have to be yet more painful medicine... They want to know if North Sea oil will really bring prosperity — or merely settle old debts. Jim Callaghan must not offer bromides... He must spell out the need for profits. Not Cayman

Islands profits that wave two fingers at Britain... But profits to invest... Not investment to make an easy buck out of asset stripping that destroys jobs. Not investment for a quick killing in Singapore securities. But investment in export industries that will lead to new jobs... There can be no social progress without industrial progress. No better Britain without a better economy.

Daily Telegraph:

Pax Americana Finished

Sept. 30 (NSIPS) — The following is an extract from an editorial "The End of Pax Americana," which appeared in the Sept. 27 London Daily Telegraph.

When the IMF was set up at Bretton Woods after the war, the "Pax Americana" ruled and the Fund was its international policeman so far as exchange rates were concerned. The Pax Americana no longer rules. The United States mood has turned against the extension of "government" both internally and externally and even if it had not, new economic powers have developed in Japan, Germany and the oil producers to challenge United States dominance.

In an exchange rate world where the laws have nearly disappeared, the role of the policeman becomes almost redundant. The power of the IMF has often been exaggerated in this country, doubtless because of Britain's recurring need to supplicate the Fund for foreign currency loans. But in any case, the Fund can only exercise its discretion effectively within a framework of clear and firm rules. If that framework dissolves, as it has largely done...the Fund's effective power diminishes.

Industrialists, Regional Bankers Mobilize To Stop Bailout Of New York Banks

Oct. 2 (NSIPS) — The Eurodollar market is dead, and the capitalist factions on both sides of the Atlantic who have been swindled by it are making preparations to save their necks. In the midst of preparations for the next world economic order, the Rockefeller-connected banks and their Congressional lobbyists and Federal Reserve Board supporters in Washington, D.C. are conspiring to destroy the public credit of the United States by arranging what would amount to a trillion dollar bailout of their bankrupt Eurodollar "salad oil" operations.

What the stooges of the Rockefeller financial interests, Treasury Secretary William Simon, Federal Reserve Board Chairman Dr. Arthur F. Burns and Vice-President Nelson A. Rockefeller propose is the deliberate, complete destruction of the U.S. economy. The Eurodollar market swindle — based in the regulation-free lotus-land of Grand Cayman Islands banking rather than in London as is commonly believed — includes at least \$250 billion in loans to Third World nations, which are now on the verge of declaring a unilateral debt moratorium. Most of these debts are held by eleven U.S. banks, most of them in Lower Manhattan. Immediately upon the announcement of debt moratoria — if not before — the entire trillion dollar paper swindle of Eurodollars will come crashing down. To bail out the Rockefeller banks the Federal Reserve would have to instantaneously print upwards of a trillion dollars in additional government-backed money — an act of insanity that would destroy the entire credit structure of the United States and flatten the U.S. economy in one single blow. As one investment adviser described it: "My God, we'll have a 30-cent dollar!" Yet

these bankrupt banks and their tiny but powerful band of Washington-based supporters are prepared to go this far and further in their frantic efforts to conceal their bankruptcy.

Several leading regional banks, a majority of the 12 regional banks of the Federal Reserve System and the leading Fortune 500 U.S. multinational corporations have already blown the whistle on this conspiracy. The Chicago Federal Reserve Bank — whose sources have confirmed stiff opposition to any bailout of the Eurodollar banks — devoted the entire September issue of its magazine, Business Conditions, to a discussion of banking "triage." The magazine notes that "the failure of a bank...may serve some useful purpose; namely, it tends to weed out inefficient or mismanaged firms. To subsidize such firms by artificially perpetuating their viability through stringent regulation is unlikely to provide benefits to society that clearly outweigh social costs." At the Kansas City Federal Reserve Bank pointed out: "The letter of the law and the Congressional charter to the Federal Reserve permits only emergency assistance to salvageable, viable and well-managed banks in temporary difficulties. A bailout of the big New York banks would be overstepping that charter." Both Chase Manhattan and First National City banks of New York, the financial power base of the Rockefeller family and the banks that totally dominate the Eurodollar market, are on the Comptroller of the Currency's active "Problem List" for poor management.

Bailout Conspiracy by Fed, Treasury

The September 27 issue of Wall Street's authoritative weekly, the Money Manager, which warned of imminent unilateral

declarations of debt moratoria by a hard core of Third World Nations at the ongoing United Nations General Assembly session, indicated that Federal Reserve and Treasury officials met this past weekend to chart out bailout contingency plans, and a spokesman for Dr. Burns at the Federal Reserve Board subsequently confirmed that the meeting had actually taken place. Dr. Burns on a number of previous occasions has indicated his readiness to bailout the New York banks come what may.

Two of Wall Street's leading bank analysts confirmed that these were indeed the Fed's intentions. "Burns will never let the major New York banks go," said the bank analyst at a leading New York investment banking house. The other suspected that the bailout was already underway. According to this source the sudden, shocking \$4.5 billion jump in the nation's money supply for the week ending September 15 — a quarterly corporate tax-payment deadline — was a modest side-effect of a torrent of Federal Reserve bailout money unleashed onto the markets. This bulge in the money supply, by far the largest on record, was a first down-payment on an 80 per cent rate of annual increase in the nation's money stock — a leap into Weimar hyperinflation.

The justification for these bailout operations is the popular myth — assiduously fostered and promoted by the New York banks and their supporters — that a collapse of the major New York banks will destroy the nation's financial structure. No one should swallow this myth. A former Governor of the Federal Reserve who himself opposes a bailout of the New York banks, is confident that a "damage control" action such as the one taken during the reorganization of New York's Franklin National Bank would localize the damage and insulate the rest of the financial structure from any chain-reaction effects. "All that is needed," he told NSIPS this week, "is that the FDIC and the Fed move in, do 'damage control' operations by ensuring continued payments of maturing obligations to individual depositors, corporations, regional banks and the Fed and the Treasury." "The next step," he continued, "is to write off the uncollectable debts. Then set-up a new bank with all the healthy assets on its books." All this can be accomplished in a day or two with no side-effects to the rest of the economy.

In all probability, the doors of Chase Manhattan, First National City and Chemical Bank, among others, would have been shut already had it not been for the free-rein provided to Dr. Burns to manipulate worldwide dollar rates for his masters' benefit — a fact documented at great length in the Staff Report on International Banking of the House of Representatives' Banking and Currency Committee this August.

However, Burns is not to be blamed alone for this. Like all swindles, the Eurodollar market depends on suckers — U.S. regional banks, European banks, multinational corporations, the reserves of the large oil-producing states, etc. These folks are now saying "no go." The present pace of capital flight from the New York banks and their Eurodollar subsidiaries, estimated at "just below panic proportions" by several knowledgeable sources, is a fact. New York's Lazard Freres investment banking house, now transferring its holdings out of New York banks and into regional banks, is merely the last to pull out.

It is due to this that a conspiratorial, printing press-based bailout action is the only option the New York banks have to maintain their facade of "book solvency."

Gauging from the sentiments against such a bailout expressed by policy-making level officials at the Federal Reserve Banks of San Francisco, Dallas, St. Louis, Chicago and Kansas City, it is very likely that the Federal Reserve Board in Washington, D.C. would go for a bailout action as an emergency measure without first informing the regional Federal Reserve Banks. It is for this

reason that, despite the private assurances of the White House staff and regional interests that they will fight any such bailout "tooth and nail," the U.S. Labor Party is preparing to secure a Federal Court injunction barring a bailout of the banks.

Chicago Bankers:

"Let the Chips Fall Where They May"

Sept. 30 (NSIPS) — The following four excerpts are from a series of interviews with Chicago bankers Sept. 28 on the possibility of a Wall Street bailout scheme for the New York banks in the wake of Third World nations declaring debt moratoria.

Harvey Rosenblum, economist at the Chicago Federal Reserve Bank: "You are assuming the worst regarding these nations' debts.... It's possible.... If so, who knows what will happen.... Some New York banks will be in very bad shape.... Yes, they might go under, but, that is, as I say, assuming the worst.... If so, then Congress will have to pass emergency banking legislation.... The question is what would such legislation be designed to do: bail out these banks — or protect the rest of the banking system?"

Dr. Herbert E. Neil, Jr., Vice President and economist at Harris Trust: "I don't see any reason why the government should step in with guarantees, bailouts, or preferential treatment.... Other banks, regional banks, wouldn't stand for it.... If these nations decide to declare debt moratoria, there's really not a thing we can do about it.... I say let the chips fall where they may."

A leading regional banker: "Chicago and other regional banks have already begun to prepare for the trouble New York is going to have.... They have begun to tightly restrict their dealings, in the past several weeks, with very large Eurodollar operating banks on transactions such as Fed funds and so forth.... This, I think, reflects the growing concern of our major industrial corporations with the New York majors.... Major industrial corporations are taking a long hard look at their own dealings with these banks...."

A prominent regional banker: "Yes, you're right on target.... We picked up on this bailout scheme as you said.... We're with you 100 per cent on this one.... We'll try to force this into the open in the Senate and House Banking Committee and in the White House."

"Society May Be Better Off With Some Bank Failures"

Sept. 30 (NSIPS) — The excerpts below are from an article by Chicago Federal Reserve Bank economist Harvey Rosenblum entitled "Bank Capital Adequacy," which appeared in the September Business Conditions, a monthly economic review.

The soundness of the banking industry in general and of individual banks in particular has received considerable attention in the last few years. For the most part the attention has centered around the failures of several very large banks, the disclosure of information concerning massive loan and investment losses arising from the de jure or de facto bankruptcy of well-known corporations, municipalities, and investment companies, and from Congressional hearings scrutinizing the

adequacy of bank regulation.... Capital ratios of the banking system have declined appreciably over the last 15 years giving rise to concern whether capital is "adequate."...

Indeed, society may be better off with some bank failures if the capital that would have been used to prevent bank failures has a higher marginal return to society when employed in an industry other than banking. In other words, from society's point of view there is some optimal number of bank failures which need not necessarily be zero.... Monetary systems are based on credit and faith; when there a breakdown in the latter, a liquidity crisis is bound to follow....

The importance of adequate financial disclosure cannot be overemphasized. A crisis of confidence with respect to the banking system or individual banks comes about because the public suddenly becomes aware that a bank is encountering difficulties, whereas they have been led by regulars to perceive all banks as carrying the same (i.e., zero) risk. Uninsured depositors might have believed in this myth in the halcyon days when large money-center banks did not fail; but since the failure of Franklin National Bank of New York, uninsured depositors no longer perceive all banks as being equally risky. In the absence of complete and timely information, banks have been separated into risk classes by criteria such as size, location, and rumor. At such times, many banks were forced to pay credit risk premiums that bore little relation to their true credit-worthiness. To the extent that some uninsured depositors acted on the basis of a belief that the nation's largest banks would not be allowed to fail, the cost of funds to these banks did not rise concomitantly with the risks they were undertaking in the loan portfolios. Thus, there was no effective market mechanism which acted to discourage the favored banks from increasing the riskiness of the institution....

The mere mention of an optimal rate of bank failures implies that bank failures are not, by definition, all bad. Indeed, the failure of bank, like the failure any other business enterprise, may serve some useful purpose: namely, it tends to weed out the inefficient or mismanaged firms. To subsidize such firms by artificially perpetuating their viability ... is unlikely to provide benefits to society that clearly outweigh the social costs.

In retrospect, the large bank failures that occurred in the last few years appear to have been comparatively unimportant economic events in that they did not exert a domino effect by touching off a wave of bank or other business failures, did not cause a breakdown in the payments mechanism, and did not cause widespread or even local unemployment.... Large bank failures may even have been beneficial ... to the extent that such failures induced changes in practices at other banks — changes that might not otherwise have taken place.

Mismanagement, along with insider dishonesty and fraud, are the major causes of bank failure today. But bank failure arising from mismanagement serves a socially efficient resource use; actual failure terminates resource misallocation.

For the discipline of the marketplace to provide a stabilizing influence, investors in bank securities, suppliers of federal funds, and owners of large deposits and CDs must penalize those banks with insufficient capital by shifting or threatening to shift their funds to other banks....

High risk banks (i.e., those engaged in speculative lending activity) would be forced (with appropriate disclosure — ed.) to pay a risk premium to attract funds, surely an improvement over having to pay a premium based upon size or location....

Nearly ten thousand banks failed in the 1930-33 period when capital ratios were substantially higher than current levels.... A safe and sound banking system is not free — increased safety is available but only at the price of giving up a more competitive environment. When put in this perspective, the relevant questions become "how much safety do we want; what will it cost; is it worth the price; and can we afford it?"

New York Fed: Euromarket Story "A Bombshell"

The following is an interview with a n official at the New York Federal Reserve Bank.

Q: What do you think the effect of Third World debt moratorium will be on the Eurodollar market?

NY Fed: Those developing nations tied to the United States have not joined in the moratorium demands... (The demands) comes from countries that do not really have any substantial debts. But treat the story very carefully. It could be like a bombshell if a major New York City daily were to play up the spectre of this collapsing the Eurodollar market. The spectre is not justified... We don't want to cause distress. Who wants default?

Q: Did you know that the Italian government is supporting the Group of 77 at the United Nations on the debt moratorium?

NY Fed: Italians? I have never seen any responsible Italian official say this... I just can't believe it, that the Italians have this position. A paper would leave itself open to all sorts of implications if it printed that story.

Q: What would be the effects of any debt moratorium on the markets at this point?

NY Fed: Caution is extremely important. There's no denying that there have been a lot of statements, but there would be no significance, little significance for the markets. The substantial debtors are small in numbers. A handful of small countries hold 90 per cent of the debt. Borrowing is very concentrated.

New York Banks Force Pound Collapse

Sept. 30 (NSIPS) — A chief trader at one of the top three commercial banks in New York offered the following analysis of the collapse of the pound sterling in an interview yesterday.

"Everyone knows that the pound collapsed because the U.S. told the British that it would not finance support at these levels. In other words, the New York market thinks the pound should be at \$1.50, \$1.40 — there's no floor.

"Sure, one very important aspect of this is it creates a general run on all the weaker currencies. Look at the snake: the Belgian, Swedish, and Dutch currencies are at the bottom. After the elections, the spillover from the pound will force the Germans to revalue the snake — put the mark up from 40 to 45c, drop the others, and the French franc will fall too. The lira today came under a heavy dumping wave from New York. The oil companies battered it, directly related to the collapse of the pound — at one point it fell so much the Italian banks weren't even making a market.

"The Germans and the other central banks are crazy for defending these parities. There'll probably be a new government on Monday, anyhow. New York wants those other currencies devalued and so does Washington — it will do wonders for the dollar."

Banker Picks Countries Who Will Declare Debt Moratorium

Oct. 1 (NSIPS) — The following is an interview with the partner responsible for the Third World at a New York investment banking house.

Q: Did you hear (Guyanese Foreign Minister Frederick) Will's speech (at the United Nations General Assembly Sept. 27)?

Banker: I sure did. But I tell you Mexico and Brazil won't actually go with a unilateral declaration of debt moratorium. These two may pay lip-service to it but they aren't going to do it. They have told us so privately.

Q: Oh, yeah!! Who else has told you they won't go along?

Banker: As you know I've been traveling all over on this question. So far I'd say I'm sure about Liberia, Madagascar, Tunisia, Morocco, Brazil, Mexico, and let's see who else. I'm not really sure about Argentina, but Chile I think won't go along. Oh yes, Ivory Coast. We are working on Egypt. Algeria will go along. Yugoslavia has problems and most probably will. The Sudan won't. Indonesia probably will. That's more or less it.

Q: In that case it's all over for the Eurodollar market and the New York commercial banks, isn't it?

Banker: Oh, no, if the amount involved is around 50 billion dollars then it can be handled. The market has been preparing for it for many months now.

Q: Forget about numbers. It's the panic withdrawal of deposits that will collapse the shebang.

Banker: Hrrm! Now I gotta go, we'll talk some more later.

Third World Countries Are Already In Default

The following item is reprinted from the United Nations General Assembly Bulletin circulated by NSIPS at the UN Oct. 1.

Contrary to the lie that unilateral debt moratorium will damage the credit standing of Third World countries, most Third World countries are already in default on their debts. UNCTAD, the Swiss Bank Corporation, and other authorities note that these countries are involved in a destructive political charade, with the cooperation of their bankrupt Euro bankers, to cover up these defaults.

The following examples show that there is already general default on Eurodollar loans.

BRAZIL

Brazil, with the largest debt in the Third World of 29 billion dollars, is also bluntly characterized by Loeb, Rhoades, and other major Wall Street investment banks as "the biggest time bomb of disaster for the Euromarket." The monetarist indexation of Milton Friedman has reduced real wages by 80 per cent and so destroyed labor skills and industry that Bankers consider fully half of Brazil's foreign debt unpayable and technically in default. "The Federal Reserve is just not reviewing Brazilian paper on the banks' books," said one source.

The Brazilian government, long the favorite of the New York banking community, has been forced to demand that multinationals in Brazil accept equity shares in Brazilian industry in return for 5 billion in debts the government has openly told them it cannot pay. Under this pressure to own what is obviously bankrupt, the multinationals and banks retaliated with a trade and other credit embargo on Brazil. The country is now importing out of its dwindling foreign exchange reserves.

EGYPT

Egypt's long-term and short term debt owed to the Eurodollar market is estimated to be between 13 to 14 billion dollars. According to New York's Chase Manhattan Bank, Egypt is at least six months behind on payments of debt service. This has been going on for at least a year. Eurodollar banks are not extending any long-term to medium-term credits to the country. A facade of debt payments has been maintained somewhat by extending short-term debts by Eurodollar banks, the bulk of which is then used to "pay off" interest on past debts. No repayments of principal are being made.

ARGENTINA

Argentina, with a conservatively estimated foreign debt of over \$10 billion, has a military coup for the self-announced purpose of dealing with its debt problems. A week before the coup, the Finance Ministry announced and all bankers concurred that Argentina was in default absolutely on some \$3.6 billion in foreign commercial debts, and falling behind on more daily. Since that time, the country in international begging missions, despite its compliance with bankers' demands for a coup, has received no more than \$1 billion in international loans, and remains clearly in default on close to \$3 billion.

INDONESIA

Indonesia, which has nearly \$16 billion in debt outstanding to Western creditors — primarily Eurodollar banks — most of which were direct credits issued to Indonesia's state-owned oil company, Pertamina, is at least \$1 billion in default on debt service payments to the Eurodollar banks. Indonesia has not made any debt service payments to its Western creditors since at least the beginning of this year, according to New York bank sources.

NORTH KOREA

Almost one year ago, North Korea defaulted on almost \$2 billion of debt owed to Western creditors. No U.S. credits — commercial or official — were involved. Sweden has already accepted North Korea's debt default, while Japanese creditors are presently negotiating an arrangement with the government of North Korea on the former's debts owed by North Korea.

PERU

Early this summer, Peru went into publicly reported defaults on at least \$460 million of its \$5 billion foreign debt. Peru is now in default, months later, on over \$500 million.

ZAIRE

Zaire's public default, now put by its creditors at a mere \$700 million, is the tip of the iceberg. The country with a \$6 billion foreign debt, is defaulting daily on more payments and interest coming due, and is likely up to twice that amount in arrears. The

central bank governor announced to its creditors at a London meeting in mid-September a "debt moratorium." The government of Zaire agreed that if the banks would roll over their loans for several years, Zaire would pay interest starting in 1977, and not complain about the total cutoff of trade credits and imports which has turned the country into a depopulated area. European banking sources horrified report that what food there is in the country is now being flown in under cover of night to the Mobutu government by South Africa.

South Korea

South Korea, with a billion foreign debt, is presently in technical default on over at least the \$800 million amount of its 1976 scheduled debt service payments. The country was widely reported by Citibank and others to be well behind and in out-and-out default on over \$1 billion of its 1975 debt servicing requirements and trade credits in early 1976, and has received no more than \$1 billion in international loans since that time. Trade credits entirely cut off during 1975, have still not been fully restored.

ALGERIA

Due to the very highly political prices demanded of Algeria on the Eurodollar market because of its pro-debt moratorium and international development policies, and due to the industrial

downturn in the West and its disastrous effect on oil markets, Algeria has in the past year virtually overnight run up \$3 billion in foreign debt to a total of \$9 billion, at least half of which was for debt refinancing, not development purposes. According to Swiss banking sources active in the Middle East, even Algeria is now technically in default on close to \$1 billion in loans because Euromarket banks are refusing to refinance the Boumedienne government.

ZAMBIA

The Zambian economy, dependent on the collapsed world copper price even more than Zaire, up to 95 per cent of its income, does not exist. The country has been in default on its debt servicing obligations since January of 1975 at the latest, which were some \$150 million in 1975 and a further \$200 million at least this year. Total foreign debt is estimated by bankers at \$2 billion and trade credits have been cut off since January 1975, such that imports have ceased from the West.

CHILE

Chile's default problems are famous. In brief, with a \$4.5 billion foreign debt, the country had at least \$1.25 billion in debt servicing due in 1975 and \$1.5 billion due this year which have not been paid. Recent loans have amounted to no more than several hundred million dollars.

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Ford Responds To Industrialist Pressure, Nixes Lower Manhattan Bailout



Oct. 2 (NSIPS) — Working in close collaboration with a significant segment of U.S. industrial interests, regional banks, and their political representatives in Congress, President Ford this week took several important steps aimed at insuring that the imminent collapse of the overloaded Eurodollar market will not result in a U.S. government hyperinflationary bailout of Lower Manhattan's bankrupt financial institutions.

Ford is directly responding to pressure from influential pro-development capitalist layers in the U.S., particularly those based in the Chicago area. These capitalists were jolted into action by the overwhelming evidence which emerged this week that Western Europe and the Third World have definitively decided to junk the rotting remnants of the Bretton Woods monetary system and move toward adoption of International Development Bank-type policies. These U.S. industrialist forces decided upon two immediate courses of action: (1) make sure that Ford and the Congress reject any attempt by Rockefeller flunkies Treasury Secretary William Simon and Federal Reserve Chairman Arthur Burns to arrange a government bailout of the New York banks; and (2) begin semi-public lobbying on behalf of alternatives to debt collection policies of the International Monetary Fund and World Bank.

A leading spokesman for one of Chicago's largest and most influential corporations summed up the thinking behind this decision in an interview yesterday: "I sense that there is not exactly a public bandwagon for the U.S. Labor Party's proposals for debt moratorium and IDB at present, but rather an implicit and increasingly explicit recognition of the bankruptcy of the IMF and its refinancing role. There will be on the whole a reluctant move to something along the lines you've proposed and that will mean de facto debt moratorium — although I hate that term! There is too much real economic interdependence in the world to allow nations or group of nations to embark on exceedingly desperate or final confrontation. I assure you, Nelson Rockefeller no longer controls the world."

The official also commented that "the newspapers and others" will try to deprive the Labor Party of "credit" for its programmatic proposals, attempting to confine the Labor Party to a minor role in implementing a post-Bretton Woods international economic order.

Another prominent Chicago industrialist provided a Washington D.C.-based financial journal with a more detailed description of the policies the Chicago faction is considering. The chief elements of this proposal include imposing rigid sanctions against any bailouts of Wall Street financier interests; stripping the IMF of its debt refinancing functions; driving speculators out of the money markets; and extending credits for Third World development through private-sector channels. The industrialist will present the proposal to the convention of the American Bankers Association which opened today in Washington.

These admissions, however reluctantly made, that the basic program advocated by the Labor Party for several years must be at least partially implemented in order to avoid complete financial panic — or worse — were translated into a flurry of activity by Administration and allied congressional layers over the past several days. The most significant developments are as follows.

IMF Revisions Squeak By, But Opposition Grows

A coalition of Southern Rim Democrats and conservative, pro-gold Republicans teamed up this week for a near-successful effort to kill the IMF charter revisions proposed by Treasury Secretary Simon, that are to be voted on by the IMF at its meeting Oct. 4 in Manila, the Philippines. Only by forcing Congress to remain in session Oct. 1 until the wee hours of the morning — beyond the time that the 94th Congress was supposed to conclude its business and adjourn — were the pro-IMF forces, led by Sen. William Proxmire (D-Wisc), able to secure passage of some of the charter revisions along with 75 other bills in one hour. Reportedly only a \$2 billion credit expansion was voted up for the IMF and not the safety net the New York banks pushed for. This is a drop in the bucket for the bankrupt IMF, but Simon was narrowly saved the humiliation of showing up at Manila empty-handed.

Despite the Ford Administration's public commitment to the revisions, strong signs emerged this week that the president would have liked to see them rejected. A spokesman for the White House Congressional Liaison office commented Sept. 30 on the then raging congressional battle over passage of the charter amendments, "The Bretton Woods System was good while it lasted, but if it's got to go, it's got to go." Other Republicans were just as blunt. The chief economist in the office of a vehemently anti-IMF Texas congressman said: "Sure we know that the IMF is about to die — we're part of the bloc that's killing it. But I'm not going to dance on any grave until the body is in it."

Although the charter revisions were finally approved early this morning, according to an Associated Press wire, and sent to the President for his signature, the Fabians in Congress were forced to capitulate to the Administration on one demand. The proposed legislation imposing penalties on U.S. firms that comply with the Arab boycott against Israel was shelved on the grounds that it interfered with U.S. peace-seeking efforts in the volatile Mideast as well as with legitimate U.S. business activities. The proposed legislation had been a cornerstone of the anti-development Fabians, as well as of the Jimmy Carter campaign, and its death provoked much weeping and gnashing of teeth in beleaguered liberal circles.

Callaghan and Ford

After conferring by telephone with British Prime Minister James Callaghan — who broke sharply this week with IMF

austerity policies — President Ford vetoed a huge, \$56 billion appropriation for the Department of Health, Education and Welfare Sept. 29. In announcing his veto (which Congress successfully overrode), Ford cited Callaghan's statement that Britain "will fail if we think we can buy our way out with confetti money and pay ourselves more than we earn," as justification for rejecting the bill. The Chicago Tribune, mouthpiece for Midwestern capitalists, quickly backed up the president with an editorial Oct. 3 that quotes favorably and at length from Callaghan's strongly pro-development address to the British Labour Party conference earlier this week.

In a parallel development, the president continues to let a \$3.7 billion appropriation for public service jobs sit on his desk, thus insuring that the bill will suffer a pocket veto.

Aside from their fight against the IMF charter revisions, congressional layers linked to regional industrial interests have also put forward bitter opposition to any attempt by the federal government to rescue the New York banks from their profligate investments in the crumbling Euromarket. Aides to several conservative Republican congressmen have been carefully studying ways to block such a rescue attempt, including a court injunction and establishing a special congressional investigative committee; other congressional offices have requested that the Labor Party prepare analyses showing the detrimental effects of current IMF policies on U.S. industry and trade prospects. Among these saner congressional pockets, the reality of the current political and economic crisis has begun to hit with a vengeance, prompting an assistant to Sen. McClure (R-Idaho) to bluntly state: "The debt must be flushed out of the system."

Among Rockefeller and Fabian congressmen, however, reality is provoking temper tantrums and worse. Briefed on the collapse of the Eurodollar market Sept. 30, Rockefeller ally Sen. Charles Mathias blurted "But the thing that really stuns me is that (British Prime Minister) Callaghan is abandoning 60 years of British socialism."

Kissinger's Last Stand Versus Rumsfeld's Rationality

Two days after Guyanese Foreign Minister Frederick Wills declared to the United Nations General Assembly Sept. 27 that "the time has come for a debt moratorium," Secretary of State Henry Kissinger delivered his response. In the spirit of Custer's last stand, Kissinger called up all the bile in his system in a last attempt to poison the new world economic order. Kissinger wildly threatened the assembled U.N. delegates that "weak states" who "seek confrontation" with the "strong states" will be obliterated. Kissinger's speech was appropriately labeled by James Reston of the New York Times and by the Chicago Tribune, as his farewell address as the Secretary of State.

In sharp contrast to Kissinger's lunacy, Defense Secretary Donald Rumsfeld made two important public statements this week meant to convey to the Soviets and the Third World that cooler heads than Kissinger's are prevailing in the United States.

At a Washington, D.C. press conference Sept. 27, Rumsfeld became the first U.S. official to acknowledge publicly that the Soviet Union — on the basis of superior technology — has adopted and is improving a "war-winning capability" as its strategic policy.

Despite pressure from journalists, Rumsfeld refused to translate Soviet developments into new weapons for the U.S. or increased defense spending. Instead, he said, the U.S. should maintain "an adequate deterrent." The Soviets, he continued, "have been reasonably consistent with what we expected." Refusing to describe the current balance of power in what he termed "code words," Rumsfeld also strongly emphasized that the U.S. "would like to achieve a SALT II agreement."

In a Sept. 27 interview in the West German weekly *Der Spiegel*, Rumsfeld observed that the appointment of Dmitri Ustinov as Soviet Defense Minister underlined the Soviet

commitment to fully integrated defense planning with special emphasis on improving technology. Defense Department concern that U.S. industrial capacity, in contrast, is not being adequately utilized in the overall American defense posture was reflected in a Sept. 24 report by syndicated columnists Evans and Novak. Deputy Secretary of Defense William Clements, Evans and Novak wrote, recently urged Export-Import Bank President Stephen DuBrul to approve a long-delayed machine tool loan to Poland to build a General Motors truck plant on the grounds that: "The poor state of the U.S. machine tool industry threatens national defense."

Rumsfeld's "open diplomacy" has been complemented by less-public efforts of the president, including a formal meeting with Italian Foreign Minister Forlani Sept. 29 at which Forlani stressed the necessity for the U.S. to aid in bringing peace both to the Mideast and Africa. Commenting upon a Chicago Tribune report that Ford is planning a trip to the Mideast, the White House press office said yesterday that indeed "Ford would like to go" — in what may be an indication of how Ford is responding to Forlani's urgent message.

Rocky Replays Watergate

As Ford moves in tandem with anti-Rockefeller political forces, the Rockefeller machine has lashed back at the president and his allies in an attempted replay of its Watergating of Richard Nixon. Leading the new Watergate charge are the Washington Post's Woodward and Bernstein with other Rockefeller press conduits following suit early this week, playing allegations of Ford's wrongdoing to the hilt.

This attempt to blackmail Ford into allowing Kissinger and Rockefeller to run the government is a straight conspiracy involving the National Security Council and Nelson Rockefeller's personal hanging judge, Attorney General Edward Levi.

The scenario is as follows. Charges that campaign contributions to the Kent (Mich.) County Republican Club had been illegally diverted to Ford's 1972 Congressional campaign were referred to Special Prosecutor Charles Ruff for investigation by Deputy Attorney General Howard Tyler. Tyler, it turns out, was personally appointed in the 1960s by then-Governor Nelson Rockefeller to a New York State judgeship before moving on to the University of Chicago Law School where he worked directly under Ed Levi. After Levi was appointed Attorney General, Tyler moved to the Justice Department, where he currently functions as its representative to the National Security Council!

The Jimmy Carter presidential campaign was resurrected from its well-deserved grave this week to provide an additional vehicle for the Rockefeller-Levi operation against Ford, at the same time that Carter came under attack for accepting favors from corporations and foreign governments while he was governor of Georgia.

Unconfirmed reports in today's New York Times that the FBI has found no evidence of wrongdoing on Ford's part suggest that Rockefeller and Levi have decided to call off their jackals, for the moment at least, for fear that this particular operation against Ford will backfire, but there is every reason to believe that the controversy will be kept simmering — until Ford takes decisive action to kick these particular cabinet officers off the federal payroll.

While President Ford defended himself unnecessarily against the charges leveled at him in a press conference at the White House Sept. 30, his running-mate, Sen. Robert Dole, took a much more effective approach. Terming the Special Prosecutor's investigation "politically motivated," Dole lambasted one of the linchpins of the NSC conspiracy — the New York Times. Campaigning in the Midwest Sept. 28, Dole charged that the Times "is part of the Carter operation" and "clearly on the other side." The Times, Dole accurately remarked, "is not a good farm journal — or anything else, for that matter. All the news that's fit to tint you'll find in the New York Times."

Rumsfeld Acknowledges Soviet 'War-Winning' Strategy

Sept. 29 (NSIPS) — At a press conference Sept. 27 Secretary of Defense Donald Rumsfeld became the first U.S. official to publicly acknowledge that the Soviet Union — on the basis of superior technology — has adopted and is improving a "war-winning capability" as its strategic policy. In an interview published on the same day in the West German weekly *Der Spiegel*, Rumsfeld also flatly contradicted the line retailed earlier this year in the Rockefeller press that the appointment of "civilian" Dimitri Ustinov as Soviet Defense Minister heralded a softening of Soviet policy. Rumsfeld's realistic assessment of Soviet policy and U.S. capability represents a last line of defense against the Rockefeller-Kissinger drive for thermonuclear confrontation with the Soviets.

The relevant excerpts from Rumsfeld's remarks are as follows:

WASHINGTON, D.C.

RUMSFELD: Well, it seems to me that a reasonable person can look at the (weapons development) effort of the Soviet Union and the product of that effort and conclude that they're clearly striving to not be on the losing side in the event that those weapons are used. That, I think, is clear from the numbers and types and improvements as well as their civil defense activities. That is to say, put a slightly different way, that they appear to people who observe this, to be interested themselves in seeing obviously that they have a deterrent they need, but also in the event of an exchange that they are not on the losing side.

Q: Are you saying then that they're working for a war winning capability?

RUMSFELD: Well, you know, you start getting into these code

words and all that, I guess people will have to make their own judgments on that. I think that I can assert what I've asserted here very comfortably — that the pattern as I've described, suggests that they're undertaking a program that reflects a concern on their part as to which side would prevail at the end of a conflict, using these weapons.

Q: Is that different from the U.S. policy in its missile forces?

RUMSFELD: I think that our emphasis, if one looks at the numbers, and our capabilities, and our relative inattention to things like civil defense, could more precisely be characterized as being determined to see that we have a strong healthy strategic nuclear deterrent.

Q: Should we try to build a force to win a nuclear war?

RUMSFELD: It seems to be what we should try to do is see that the strategic nuclear deterrent stays healthy, and that we achieve the kinds of force modernizations that will be necessary in the period between now and the mid-1980s, so that in fact there is an acceptable strategic nuclear balance. That is why the proposals are before the Congress with respect to the SLBM and the bomber force; it's why we have been doing research and development with respect to the ICBM.

Q: Do you think that there is a good chance of getting a new SALT agreement before the interim pact expires in October 1977?

RUMSFELD: Well, you know obviously that's our goal. Our goal is to face the reality that the interim agreement expires in October 1977 and that we would like to achieve an agreement, a SALT II agreement, that would be consistent with our national security.

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U.S. Production Nosedives;

Ford Choice: IDB Or Ruin

Oct. 2 (NSIPS) — A barrage of economic news released by government agencies this week has blown to pieces the myth of the U.S. economic recovery and with it the Ford Administration's re-election strategy. On Sept. 29, the Commerce Department announced that its composite index of economic indicators fell 1.5 per cent for the month of August — an 18 per cent annual rate of collapse. Further statistics released over the next two days revealed that building awards had slowed by a whopping 15 per cent — sounding the death knell of the housing market — while new factor orders fell overall on a 10 per cent per annum basis for August. Responding to the Commerce Department's Sept. 29 announcement, the Dow Jones industrial average plunged nearly 18 points, and by the end of the week the Dow was down nearly thirty points from a week earlier.

The drop in the key Commerce Department indicators for August was led by plunges in the crucial categories of job layoffs, new capital formation, manufacturing production, business and consumer assets, and volume orders received by manufacturing concerns — all direct barometers of real economic activity. In falling 18 per cent per annum, the indicators registered a sharp reversal from the pattern of small consecutive monthly rises for the last year and one half — albeit rises accomplished almost entirely by means of statistical fraud.

Illustrative of the rapid unraveling of U.S. productive sectors is the shambles of the steel industry, which two weeks ago hit a seven-month low in production. This nadir, representing a 78.4 per cent utilization of plant capacity, compares with a 91 per cent utilization rate just three months ago. U.S. steel production this year will fall overall to at least 10 per cent below levels of output in 1974.

International Recovery Myth Dies Too

Nor can prospects of the U.S. steel industry staging a recovery by extending its sales to international markets be entertained: world trade figures which were also released this week showed that the U.S.'s economic debacle is being replicated internationally. The U.S. Commerce Department announced yesterday a record U.S. trade deficit for August: \$757 million, the third largest in U.S. history. With simultaneous reports of a 6 per cent collapse in Japanese exports during August and a halving of the West German trade surplus during the same month, the world trade collapse is confirmed. The U.S., Japan and West Germany constitute the principal export sectors, and the week's news has served to definitively bury what was left of the wishful "economic recovery" and "upswing" talk.

The U.S. trade deficit was worsened by a sharp 3.3 per cent drop in exports, led by coal and soy beans, and including machinery and electrical machinery. This month's trade deficit added to last month's — the second largest deficit in U.S. history — swelled the two month total to a shocking \$1.5 billion.

As a result of the week's figures, bank financial offices have begun recanting earlier economic predictions and issuing steep downward revisions of their GNP forecasts. The usually optimistic Manufacturer's Hanover knocked down their forecasts for a third quarter GNP "growth" by half, to 2.6 per cent, and predicted a fourth quarter growth of 1.2 per cent. Discounting inflation, this is a prediction for no growth at all.

Real Economic Indicators

Many business observers are awaiting a similar recantation of the predictions by Alan Greenspan, head of President Ford's Council of Economic Advisors, about "pauses and spurts" of increase in industrial production, though aware that Mr. Greenspan may elect to maintain discretion about said recantation in the remaining weeks before the election. Instead of adopting the International Development Bank and Emergency Banking Act first issued by the U.S. Labor Party presidential candidate Lyndon LaRouche 18 months ago, the Ford Administration has followed a deadly and incompetent "traditional" strategy: cannibalize the U.S. industrial and agricultural infrastructure to keep the dollar going. The Ford course has been disastrous:

*Debt — combined U.S. government, corporate and consumer debt leapt by roughly \$50 billion in the first three quarters of this year, bringing the standing total to above an estimated \$1 trillion.

*Capital spending and new capital formation — U.S. capital spending, one index of expanded reproduction and the pre-conditions for real recovery, has been declining at astronomical rates (if one corrects for inflation and needed levels of technological improvements). Even government figures, corrected for inflation, show capital spending flat for six months, when the U.S. economy requires an infusion estimated at \$225 billion (a 200 per cent increase) in spending over current levels for new capital formation just to bring industry back to 1967 levels.

*New orders — New orders for non-defense capital machinery went down 11.7 per cent in the month of August. The touted consumer-led retail sales boom (expected with back-to-school orders in August and September, and badly needed by business) has not materialized, as Sears Roebuck's Arthur Woods was forced to admit two weeks ago. Instead, leery customers have

been putting their money in savings banks at record levels for protection against anticipated future layoffs and another round of inflation.

***Employment** — The official Department of Labor unemployment rate zoomed to 7.9 per cent in August with 7.5 million Americans now out of work. The real unemployment rate as defined by national productivity criteria spelled out in LaRouche's IDB proposal is closer to 30 per cent. According to official government statistics, the number of workers in industrial production has virtually not increased since the massive layoffs of Nov. 1974-Jan. 1975. Most alarming is the sharp shift in September from a no-growth situation to accelerating layoffs.

***Inflation** — The crude materials sector index, which ultimately determines the wholesale price index and the consumer price index, has been soaring at a 9 to 12 per cent rate of increase for the last two months. Frederick J. Mancheski, chairman of a replacement parts producing company complained, "Costs of raw materials, plastics, steel, copper and aluminum are up 5 to 7 per cent from a year ago, and in the case of steel by 9 per cent and chemicals by 11 per cent. We anticipate passing a price increase on to our customers." Without debt moratoria the new double-digit rise in prices is limited only by the menacing downward trend in world trade, which will tend to depress raw material prices.

Fitness to Govern

The Ford Administration is now receiving the clearest possible signals from industrialist factions in America that they expect an end to the Administration's blocking on new economic initiatives for expanded growth.

Sounding the alarm for immediate injections to foster trade, U.S. Deputy Secretary of Defense William Clements, a spokesman for Midwestern industrial interests, last week called on the Export-Import Bank to approve a long-delayed loan to Poland to build a GM truck plant there. Clements cited as the basis for his call the depressed state of the machine tool sector which poses a threat to national security. Providing Clements with strong back-up, the influential Cleveland Plain Dealer editorially called for the increase of production and export of U.S. machine tools.

In fact, the clamor for a solution to the economic collapse by the powerful Chicago-based industrialists grew so strong last week that Commerce Secretary Elliot Richardson hastened out to Chicago to promise that the Ford Administration is committed to easing the restrictions on the export of technology — restrictions which Henry Kissinger's State Department has been pushing.

There is growing, if grudging, realization among leading industrial layers, however, that the only actual basis for industrial growth lies along the route laid out by the U.S. Labor Party's International Development Bank and debt moratoria programs. Said one leading Chicago industrial figure, "I detect that there is not exactly a public bandwagon for your proposals of debt moratorium and the IDB at present, but an implicit and increasingly explicit recognition of the bankruptcy of the IMF and its refinancing role. There will be on the whole a reluctant move to something along the lines you've proposed and that will mean de facto debt moratorium, although I hate that term!" Within the next week or two, the Ford Administration will either adopt the essential aspects of this program, or it will face political ruin.



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Gromyko Warns Of Danger Of General War

Sept. 30 (NSIPS) — The following are excerpts of a Sept. 28 speech by Soviet Foreign Minister Andrei Gromyko to the 31st General Assembly of the U.N. The translation is from the Provisional Verbatim Record provided by the U.N.

The very emergence of the United Nations as an international organization on the crest of the great victory over the forces of fascism and aggression was an expression of the will of the peoples of the world to prevent another war. In the name of those who perished and those who survived, its founding States declared their determination to save succeeding generations from the scourge of war....

Nevertheless, if the role of the United Nations is viewed in terms of the problems which still remain on the political agenda of the world there are at least two questions which arise.

First, is the United Nations potential always fully exploited whenever tension grows or blood is shed in any given part of the world? No. The United Nations does not always measure up to the situation. This was true in the case of Indochina. It is still true in the Middle East. It is true in Cyprus, and it is true in southern Africa....

The second question is this. Has the United Nations really addressed itself to the task of solving the most burning issue facing mankind today — the elimination of the threat of another world war? Unfortunately this question cannot be answered affirmatively either....

It is indeed a fact that today the world spends 60 times more money to teach a soldier the ABC of annihilation than to teach a child the science of creation. And, if one goes through the records of some parliaments, it would appear there is no greater evil than a reduction of military spending. As a result, record-breaking military budgets are being adopted. Those who work at the factory bench and in the fields or who are engaged in scientific and cultural activities are increasingly deprived of funds that could be used for improving nutrition, public health, education, housing and social security.

Science and technology have made tremendous strides forward. Opportunities for raising the material and cultural standards of the people have increased immeasurably. But a huge proportion of the material and intellectual resources of the world are being devoured by the arms race. According to United Nations data, the world today spends on armaments about \$300 billion a year, or more than a million dollars every two minutes. In the three hours of this very plenary meeting we are attending, another \$90 million worth of means of destruction will have been added to the total....

Now, what specifically do we have in mind?

In the first place, the curbing of a further build-up of weapons of mass destruction, to be followed by their complete prohibition and elimination. The conscience of mankind demands that ultimately nuclear weapons be eliminated altogether....

Independently of these negotiations, nuclear weapons testing should be stopped everywhere and by all....

The Soviet Union proposes that all chemical means of warfare be completely prohibited and destroyed, as has been done in respect of bacteriological weapons....

As it always has, the Soviet Union favours the dismantling of all foreign military bases on alien territories. The existence of such bases is one of the main causes of the complications and tensions in the world. This problem is no less urgent today than it was yesterday....

We consider it reasonable that a number of Asian and African States desire to turn the Indian Ocean into a zone of peace. In this connexion, the essential point is that there should be no foreign military bases in the area which constitute the main element of a permanent military presence. As for the Soviet Union, it has never had and does not have any intention of building military bases in the Indian Ocean....

Three years ago, the General Assembly approved our proposal that the military budgets of States permanent members of the Security Council be reduced by 10 per cent while a part of the money thus saved could be used to provide assistance to developing countries. Because of the position taken by some States, the practical solution of this problem has been blocked. Wishing to break the deadlock in this matter, we are prepared to look for mutually acceptable specific figures with which the reduction could be started. As a first step, a figure either greater or smaller than 10 per cent could be agreed upon as soon as for 1977, next year. But it is necessary to begin negotiations on this question....

That is why the Soviet Union has proposed, and continues to propose, that the problem of disarmament be considered in its entirety at the broadest and most authoritative forum — a world disarmament conference. An overwhelming majority of the States of the world have declared themselves in favour of convening such a conference. But the implementation of this proposal continues to meet with the objections of some big Powers....

The principle of the non-use of force has been developed in detail in the Final Act of the all-European Conference. The need to abide strictly by this principle has on more than one occasion been stressed by non-aligned States, and particularly at their highest forums....

The principle of renunciation of the use of force must become an iron law of international affairs. That is the purpose of the proposal made from the rostrum of the twenty-fifth Congress of the Communist Party of the Soviet Union concerning the concluding of a world treaty on the non-use of force in international relations....

There is, of course, a fundamental difference between the launching of hostilities for the purposes of aggression and the legitimate right to repel aggression or eliminate its consequences. Can the Arabs, for instance, resign themselves to the loss of their lands? And do the colonial peoples have no right to fight for their independence till final victory? They do indeed have an inalienable right to that. The substance of the matter is the prevention of aggression....

It is now common knowledge that thousands of people have been killed or crippled in Lebanon in recent months. The tragic events which have occurred in that country are the direct result of imperialist aggression against the Arabs. The events in Lebanon are a direct consequence of the lack of an over-all settlement in the Middle East....

Unfortunately, the international machinery for producing the necessary agreements on the middle East — the Geneva Peace Conference — is still inactive. The Soviet Union is in favour of a resumption of its work, and the sooner the better, for a consideration by it of all the major issues involved in a Middle East settlement — I repeat, all the major issues involved in such a settlement....

It is becoming ever more urgent to spread détente to Asia....

We insist that the Socialist Republic of Viet Nam be admitted to the United Nations without delay....

Friendly co-operation between the Soviet Union and India is an important stabilizing factor in the Asian continent....

The Soviet Union continues, as it has done in the past, to attach great importance to its relations with the People's Republic of China....

Today, as always, the Soviet Union stands firmly by the side of the fighting peoples of southern Africa. We are in favour of the unconditional ending of the policy of *apartheid* and racism in South Africa, of the immediate withdrawal of South Africa from

Nambibia, of the unreserved transfer of all power to the people of Zimbabwe....

Recently, problems of the restructuring of international economic relations have been assuming increasing importance in world affairs. We support the just demands of the developing countries to do away with discrimination and artificial barriers in international trade, to eliminate all instances of inequality, imposition of will and exploitation in international economic relations. On behalf of the Soviet Union, the Soviet delegation intends to make a special statement on these matters at this session of the General Assembly....

The States of the socialist community have thrown their prestige, their material and foreign policy resources onto the scales of the policy of defending peace. The newly independent countries of Asia, Africa and Latin America have resolutely favoured the strengthening of international security. This has also been demonstrated by the Conference of Heads of State or Government of Non-Aligned Countries in Colombo....

Red Star Lambasts Concept Of Limited Nuclear War

Sept. 28 (NSIPS) — The following are excerpts from a commentary by General Major R. Simonyon, Doctor of Military Sciences, printed in the Sept. 28 Red Star, the Soviet Army daily paper. The article was entitled "Military Thought Abroad: The Conception of 'Target Selection.'"

"...Let us recall that before the appearance of the conception of target selection, American military doctrine considered strategic nuclear war the main variation in a nuclear conflict with the Soviet Union and other states of the socialist community. During such a war it was proposed (and still is, since preparations for it have not ceased) to use all the Pentagon's deployable nuclear strategic, operative-tactical and tactical nuclear forces. Massive nuclear strikes would be launched against the armed forces and military facilities of the enemy, and also its economic and administrative-political centers. It would be precisely the strikes on cities and administrative-industrial centers which would, according to Pentagon calculations, lead to the 'guaranteed annihilation of the enemy as a viable society...'

"Former Pentagon chief, J. Schlesinger, asserted in 1974 that 'at the present time both sides have and will continue to have an invulnerable second strike capability. As a result, it is inevitable that a situation would arise in which a strike by one side against the other side — in the course of a total attack — would rapidly bring a disastrous second strike on its own cities... For this reason,' Schlesinger concluded, 'there must be alternate variations in the use of strategic force.'

"The alternative variation that appeared was the conception of a 'limited' nuclear war during the course of which, according to the same Schlesinger, strikes 'would not have to be against a large number of targets,' and strategic forces should be used 'so as to limit the damage to both sides' participating in the nuclear conflict.

"Of course it would be naive to suppose that the Pentagon leaders are worried about 'limiting damage' to 'both sides' in this way. Their goal is different: to put the 'potential opponent' in a position that deprives him of the possibility of launching a

shattering second strike against the territory of the USA, or at least to weaken the force of such a strike as much as possible....

"The conception of 'target selection' and its variation, 'limited' nuclear war, are being widely advertised and held up as new, superior achievements of Western military thought, which are supposedly appropriate to the spirit of the time and ostensibly make it possible to reduce losses among the civilian populations to a minimum, averting general nuclear annihilation. The falsity of such hypocritical assertions by the Pentagon 'humanists' has evoked bewilderment and protests even among various military specialists....

"The assertions by the proponents of 'limited' nuclear war that it could be contained within previously delineated boundaries, that it could be 'controlled' are also completely untenable. It is clear to any sensible person that any war unleashed by an aggressor, in the course of which strategic nuclear weapons are used in a limited quantity and against 'selected targets,' carries in it the real threat of expanding and growing over into a strategic nuclear war with all its fatal consequences.

"This is hardly unknown to the foreign strategists. It is not for nothing that, while adopting the conception of 'target selection,' they have not stopped their preparation for strategic nuclear war. They demand the 'limited' nuclear war variation solely in order to try to expand the range of combat applicability of their strategic offensive forces. Thus, according to reports in the Washington Post, 'the program of target selection includes all possible variations of nuclear strikes, beginning with separate strikes against several Soviet targets and ending with the destruction of up to 80 per cent of the military and economic potential of the USSR.'

"However under the influence of the strengthening of the defense might of the Soviet Union and the fundamental changes in the relationship of forces in the world, the 'counterforce strategy' fell apart. The present leadership of the Pentagon, in spite of reality, is trying — with the aid of a new cycle of the strategic arms race and 'new' strategic conceptions — to resurrect the risky and unrealizable plans of their predecessors. The essence of the conception of 'target selection' and its basic

variant 'limited' nuclear war, hardly differs from the essence of the 'counterforce strategy.' The 'new' strategic conception is even more dangerous, since it is based on more modern and more destructive technology.... Thus the conception of 'target selection' and its main variant, 'limited' nuclear war, can only be seen as an attempt by the Pentagon to 'legalize' the use of nuclear weapons in conflict situations, under conditions favorable to the USA.

"The world press greeted with great interest the recent meeting of the General Secretary of the Soviet Union L.I. Brezhnev with the well-known American political and public figure A. Harriman. Newspapers and information agencies single out the words of A. Harriman that L.I. Brezhnev resolutely disagrees with theories of 'limited' nuclear war, and believes that to speak of the permissibility of such a war is a big mistake."

Italian Press On Forlani-Ford Meet

Oct. 1 (NSIPS) — The following are excerpts from Italian press reports Sept. 30 on yesterday's meeting between President Ford and Italian Foreign Minister Arnaldo Forlani.

La Repubblica:

Forlani Talks With Ford About The Economic Crisis

"I cannot see — stated Forlani — how the fact that the PCI (Italian Communist Party) declares its availability for the development of Europe and accepts the Atlantic Alliance as a factor for equilibrium, can be considered as an alteration of our foreign policy or a weakening factor."

(Forlani) confirmed the active participation and the determined commitment of Italy in the process of European development, not ignoring the difficulties but recognizing there are no other positive alternatives... This European commitment is characterized by a conviction that the integration into the European Economic Community must occur with the collaboration of the U.S. ..."

According to Forlani the American President showed a great openness to consider a tangible solidarity, that is, possible aid, and he (Ford) committed himself to evaluate proposals and considerations made by Italy.

Il Popolo:

Exchange of Views Between Ford and Forlani

The second issue mentioned by Mr. Forlani concerned the Mediterranean and recurrent crises in a crucial region within the world equilibrium.

(Quoting Forlani) "I expressed our viewpoint, in part anticipating the judgment that we will formulate tomorrow at our

United Nations intervention. Above all I stressed our pre-occupation in regard to Lebanon — a sector about which our judgment does not indulge in optimism... Though (we) respect the attitude of the Arab League, which persists in the search of solutions... without outside initiatives we fear that much time will be lost and that the situation will be further complicated, with the worsening of security conditions in terms of that region and in general."

Il Giorno:

"Ford Assures Forlani: We Will Help Italy Overcome The Difficulties"

They talked about the situation in the Mediterranean with particular reference to the recurrent crisis there which in the gameplan of world equilibrium seems often to be the needle swinging the balance.

Minister Forlani thus anticipated part of his intervention at the United Nations General Assembly tomorrow, an intervention (in which he) will cite Italy's offer of all possible help in influence and mediation.

Coming back to foreign policy, the Minister said he stated to President Ford Italy's role of active participation and determined commitment to the process of European development, despite present difficulties. These difficulties make that commitment always stronger since there are no alternatives except those of eventual disaster...

At the end of the meeting, a White House spokesman stated that the U.S. government "wishes the continuation of consultations with the Italian government on all issues of mutual interest."

MIDEAST

Kissinger Unleashes Syria

Soviets Set Oct. 31 Deadline For Geneva

Oct. 2 (NSIPS) — Syria's long-expected full-scale offensive against the Lebanese left and Palestinian forces in Lebanon began this week as a force of upwards of 12,000 Syrian troops and several hundred tanks stormed into the mountain strongholds of the left-Palestinian alliance east of Beirut. The Syrian units are advancing in coordination with Lebanese fascist forces from the west and north behind intense barrages of heavy artillery, rockets, and incendiary devices — possibly including napalm — and have forced their way into several mountain villages. By latest account, the key towns of Mtein, Aintoura, and Hammana have fallen to the Syrian-rightist onslaught, while the village of Aley, the home town of leftist leader Kamal Jumblatt, is under heavy attack.

In response, the Soviet Union has for the first time set a deadline for the convening of a Geneva Conference to settle the Mideast conflict, Oct. 31, in a message sent to the governments of all the Middle Eastern nations near Lebanon, including Israel. This theme evidently played a significant role in the discussions yesterday in Washington between President Ford and Soviet Foreign Minister Andrei Gromyko. Earlier in the day, the Soviet chargé d'affaires in Lebanon met with Lebanon's new president, Elias Sarkis, to report that the Soviets were launching an international initiative this week to solve the Lebanon crisis "immediately."

Coupled with the Soviet peace offensive, Soviet and other socialist nations' press have mounted their sharpest attacks to

date on Syria. The German Democratic Republic's Neues Deutschland commented yesterday that "consciously or unconsciously the Syrians are easing the massacre perpetrated by the Falange." Radio Moscow last night implicated Syria for the first time in an "imperialist plot," with the Falangists and the Israelis, to liquidate the Palestinian resistance.

The Soviet initiatives have received public backing from the Foreign Ministers of Italy and Canada. At the United Nations yesterday, Italian Foreign Minister Arnaldo Forlani brought the Mideast crisis to the forefront of his speech, advocating an immediate overall solution. Canada's recently appointed Foreign Minister Jamieson told reporters that he was "closer to Gromyko" than to the U.S. on Geneva and was "working jointly on" getting Geneva talks underway with the Soviets.

From the U.S., the leading Midwest industrialists' organ, the Chicago Tribune, reprinted a months-old story that President Ford would make a Mideast peace trip a top priority upon re-election. No confirmation on this has come from the White House, which admitted that the President "would like" to make such a trip. Ford is under heavy international pressure to make some such initiative, having met Forlani the day before his meeting with Gromyko. But the President has so far not taken the explicit steps necessary to defuse the Lebanese crisis — beginning with putting Kissinger out to pasture.

On the diplomatic front, informed sources report a raging debate within Egyptian government circles over whether to continue to align with Kissinger and face what one Egyptian diplomat labelled "further disintegration and war," or to align with the Soviets and Iraq around the immediate perspective of putting a halt to Syria's bloodbath in Lebanon. The Syrian invasion was sharply attacked by Egypt's President Sadat in his Sept. 28 "President Nasser memorial address," in which Sadat vowed "not to let the Palestinians be wiped out." In an interview with an Egyptian magazine this week, Sadat unexpectedly expressed his "closeness" to Soviet leader Leonid Brezhnev, while Egypt's official Al Ahram newspaper this week for the first time ever publicly "appreciated" the Italian government's pro-peace role in the region. Egyptian Foreign Minister Ismail Fahmi suddenly travelled to Paris mid-week, and has been joined there today for consultations with the French leadership by Jumblatt, who arrived from Iraq after a several days' visit to Egypt. Late reports from Paris and Lebanon moot a possible joint Egyptian-French military intervention in Lebanon in the coming days.

Within Lebanon itself, heavy fighting has expanded to Lebanon's south and to the capital city, Beirut. Today, Palestine Liberation Organization chairman Yasser Arafat gave a "kill or be killed" fighting order to the Palestinian resistance in the besieged southern port city of Sidon. Arafat's order followed his emphatic rejection yesterday of an Assad "peace offer" calling for unilateral disarmament of the Palestinian forces and their withdrawal to refugee camps within 15 days. Arafat vowed to continue "defense of the objectives of the Palestinian and Lebanese people, side by side with the Lebanese national movement."

Yesterday's Baltimore Sun, conduiting Kissinger's gameplans, predicted that Syrian leader Hafez Assad will pursue a policy of "talk-talk-fight-fight" towards the Palestinians, i.e., issuing unacceptable demands and then escalating the confrontation. The Sun expects an Assad policy of "starvation" of the Palestinians, possibly accompanied by the "bloodiest fighting in Middle East history." In this, he will receive the back-up of the Israeli and Lebanese fascist militaries. Informed sources report that the Israelis have now penetrated 20 miles into southern Lebanon, while the hard-line fascists under ex-Interior Minister Camille Chamoun demanded that the Palestinian population in Lebanon be reduced from 500,000 to 100,000.

State Department:

Price is High for Assad

Oct. 1 (NSIPS) — The following interview was conducted with David Long of the U.S. State Department on Sept. 28.

Q: What are your estimates of Syria's role in the Lebanese crisis?

LONG: Syria would like to reunify all the elements in Lebanon by peaceful means if possible but the problem is that the various parties are so estranged that they are no longer persuadable and now they are going after each other with weapons.... Sure Assad could quit, but now that would be a disaster ... a year ago maybe, but not now... it would look bad at home.... Assad has tried for a ceasefire many times...

Q: How far do you think he's ready to go now?

LONG: Well, if he goes all the way, he will have to bear the price which will be high. He wants a Lebanon under his control so he would have to deal with the Christians... and later on, that will be a problem. When Assad makes clear he wants all of Lebanon's government, the Christians will turn against him and he knows it. His current offensive is simply to ensure that he gets somewhere in negotiations... and he'll go as far as he has to to be sure the left agrees to a settlement on his terms.... He's held his troops back in Lebanon for a long time, and nothing has happened, and now, he wants to put muscle behind his words.... He must convince the left without going whole-hog militarily. He has to support the Maronites as long as he is fighting, but the Maronites are recalcitrant. The same thing will happen with the Israelis... now they are cooperating because they have to....

DFLP's Hawatmeh Explains Split with Assad

Sept. 30 (NSIPS) — On Sept. 28 Le Monde published an interview by its correspondent, Lucien George, with Nayef Hawatmeh, head of the Democratic Front for the Liberation of Palestine (DFLP), described as "the principal ally of Mr. Arafat within the PLO ... virulent towards Syria after having played a role of conciliator until April 1976 between President Assad and the Fatah." The following are excerpts from the interview:

LG: The resistance is split into several currents. What are they?

NH: They come down to three essentially: right, center and left — or rather, national bourgeoisie, petty bourgeoisie and progressive. The essential force of the resistance is constituted by the center-left alliance, which determines the strategy and the daily policy of the Palestinian revolution. The right-wing current is isolated, and relatively weakened because the Syrian right and Arab reactionary forces play the main role in the execution of the American-Israeli plan. The Palestinian masses are conscious (of this). As for the Rejection Front, it has considerably weakened itself after its nihilist positions and its incapacity to propose a policy and a tactic in general....

LG: Do you think that Syria can be replaced as the main ally of the Palestinian resistance?

NH: ...Through its geographic position and its traditional hostility towards colonialism and Zionism, Syria constitutes a strategic base for Palestinian resistance. The loss of this base is surely irreplaceable. We can only struggle to provoke the rectification of Syrian policy, whose deviations do not date from yesterday.

LG: There is much talk about an accord between the "super-powers" on a settlement of the Lebanese crisis. What about it?

NH: We must distinguish between detente based on peaceful coexistence and entente. The facts have demonstrated that nowhere does an American-Soviet entente exist, neither in South America, nor Africa, nor Southeast Asia, nor even in Europe. In the Middle East, there is no entente, not even detente. This is why all the international decisions relative to this region of the world ... have remained dead letters. Concerning Lebanon, the United States is busy with imposing their plan, in collaboration with Syria, Arab reaction and the Lebanese right. Whereas the Soviet Union has followed a clear-cut policy of support for the Palestinian resistance and the Lebanese national movement — a policy which was notably expressed by Brezhnev's message covered by *Le Monde*, (a message addressed to the Syrian government from Soviet Party leader Brezhnev calling for their prompt withdrawal, reported in *Le Monde* on July 14 and 20 and NSIPS — ed.). Rumors about an entente between Washington and Moscow on Lebanon are based on an article which appeared in *Pravda* on Sept. 8. It is sufficient only to go through the trouble of reading this article in full to dispense with the search for hidden significance between the lines. It constitutes a long accusation against the American plan and Syrian role, and ends with a small phrase containing a criticism of the tactic followed by certain elements of the Lebanese and Palestinian left from which one can imply that a certain suppleness could be useful to gain time, prepare forces and broaden to the maximum the international, Arab and internal front in order to oblige Syria to withdraw its troops from Lebanon. It is a simple, limited criticism on purely tactical order.

Qaddafi:

“Sadat Is Bankrupt”

Sept. 30 (NSIPS) — The following are excerpts of an interview by journalist Enzo Catani with Libyan head of state Muammar Qaddafi, published in the Oct. 3 edition of Tempo Illustrato under the title, “It Is Necessary That This One Here Learns How To Rule.”

EC: Fifty thousand Egyptian troops are ready to cross the border. But Libya is paying no attention to this... I was sure of finding a frightened atmosphere at the border just like in places where a coup is about to take place. Instead people I spoke with swore that: “Qaddafi's position has never been more solid.”... Are you nervous, Colonel?

MQ: I never felt more at ease.

EC: Are you annoyed?

MQ: I am pained. Libyans and Egyptians are brothers. I do not understand why Sadat preaches war.... The sole truth is the following: part of Egypt's secret service works hand in hand with the American secret service to worsen Libya's relations with the Middle East. The attempted hijacking at Lahore is

maybe the biggest operation staged under the CIA's suggestion.... At this point I only wish one thing: to meet with Sadat — for no less than five hours — without mediators and in a neutral country. Perhaps there have been misunderstandings, perhaps there are only differences of principle to clarify.... I do not hate Sadat... Libya has never had any (closed) borders with our Egyptian brothers and they know it. This is so true that 5000 immigrants demonstrated in front of Cairo's Embassy at Tripoli. And not only that, every day at least 50 soldiers put down their arms and join our troops. I have ordered my officers to avoid any friction. Furthermore, since this is the season where heat and thirst are at their peak, I have ordered that food be given to Egyptian soldiers. As for myself, I want it known that I'll never get tired of tending a hand to Sadat. But do not mistake my gesture for weakness.... But Sadat risks ruining everything.

EC: Why would Sadat do this?

MQ: I think that many of the maneuvers put into motion (by Sadat) are for internal use. Egypt is bankrupt. It is said that its foreign debt amounts to more than \$13 billion. Parasitism and inflation are going hand in hand with the debt... At this moment Libya is nothing else but a diversion to distract Egyptian public opinion.... Diversions and scapegoats are in Sadat's tradition. In 1972 he eliminated Soviet advisors in a few seconds.... Why, for example, doesn't he say that the capitalist powers and the Eastern countries — with whom Egypt has established an economic and military dialogue — have demanded a lot from Cairo but have given only crumbs in exchange?

EC: Colonel, maybe you have not been able to digest that now pro-American Sadat is sitting in pro-Soviet Nasser's chair.

MQ: Nasser was not a pro-Soviet or a pro-anything. He was only a friend of the Arabs who preached unity among the Arabs. When Nasser talked, all Arabs were ready to listen... With his anti-Libya strategy (Sadat) has shifted the attention of Cairo's public opinion from another Arab tragedy: the massacre of Palestinians in Lebanon.... How can the world believe today those imperialist campaigns encouraged by the CIA according to which there is a coup atmosphere here?

EC: Libya has money and oil, but doesn't have iron, finished products, and most of all, technology. However, in July 1970 you said, “Out, everybody,” and in one blow you extradited 20,000 Italians.

MQ: Maybe that's all the Italian press reported at the time. But I also said this: “We do not accept the presence of these fascists in our country; we do not accept imperialists, intruders, traitors. But at the same time we welcome all those who do not come with imperialist pretensions.” We make a distinction between the Italy of 1912 (when Italy colonized Libya — Ed.) and the Italy of today which has assumed a noble position towards the Arab cause.... Today, Italy is Libya's first trading partner. Today, Italian export labor, manufactured products. They work together with the Libyans in order to turn the desert into a large oasis. Here we work. We have no time to think about war or to organize a coup.



Jannuzzi Exposes CIA— Neo-Fascist Spy Journalist Networks

The following are extensive excerpts from two articles by journalist Lino Jannuzzi, in the Italian weekly Tempo Illustrato Sept. 19 and Sept. 29. In line with the Italian government's leadership in ridding Europe of Atlanticism, the first article by Jannuzzi, a collaborator of Italian Prime Minister Giulio Andreotti, presents a grid of the networks of spy journalists who operated in the 1960s and 1970s under the direction of the CIA and the U.S. ambassador to Italy Graham Martin to subvert the government of Italy and its constitutional institutions. These "journalists," Jannuzzi charges, have used forgery, lies, bribery, and blackmail — on orders from their intelligence superiors — to carry out covert operations and have reduced the press to the status of slavery under occupation rule. In the second article Jannuzzi, warns the CIA spy journalist network that the first article is only the beginning of a responsible investigations to elucidate the network of "journalists" currently operating.

The Secret Service Cancer Assails the Italian Press: Report on the Spy-Journalists

by Lino Jannuzzi

ROME — We have arrived at a very dangerous point. A prestigious and authoritative journal ... has published false documents in order to attack a politician who happens to be the Chief of State and rules within a very delicate equilibrium which involves almost all the left: false documents, obviously false, clamorously false, so evidently false that the publisher, unless he were a perfect imbecile — and this is a trademark that we can't grant him — could not but have realized that they were false! How could this happen?

This is the question that must be answered.... Political struggle, and life generally, is full of false documents.... But why are they given credibility and printed by a journal like L'Espresso? Once upon a time this job was done by the Pisanos, the Pontederas. There have always been open channels for false documents; but why L'Espresso?

There could be many answers. There is a general situation of fragility and bankruptcy among the Italian press which, objectively, exposes it to pressures one could not imagine in the past....

But once this is stated, we would not be true to ourselves without adding that the issue of "journalists" is one that has to be discussed and no longer postponed. Over the last 10 years our profession has become complicated and muddy. Toxins and poisons have started circulating which most of us thought we would be able to fight, or repel, or keep at a distance....

Our profession has become one of forgers, bribers, spies, provocateurs, blackmailers. The grid we have compiled and published below is fearsome.... Let us read together this spy journalists grid, those who let themselves be corrupted and those who corrupted them....

Today ... false documents are not leaked to Il Borghese (fascist journal-ed.) but to L'Espresso. We have arrived at the point that the forgers ... approach a La Stampa correspondent in Washington. We have arrived at the point that SID (the Italian intelligence agency-ed.) "experts" (and the CIA behind them) reject the "services" of those "journalists" from what used to be the "Oltremare" press agency.

This is the same phenomenon as that of the Interior Ministry (and whoever is behind it) no longer nursing the Avanguardia Nazionale but instead the Red Brigades and the NAP (NATO terrorist gangs-ed.). What are we waiting for? To become "red brigaders" all of us?

These Are the People Who Defend the Slavery of the Press

1. Accame, Giano — Roman, professional journalist, collaborator of Randolpho Pacciardi from the Nuova Repubblica movement, staffer and then collaborator of Il Borghese, Il Fiorino, and the West German neo-nazi party, the NPD. Participated at the 1965 conference on "revolutionary war" held at the Parco dei Principi Hotel in Rome and organized by the Alberto Pollio Institute for Military Studies. He was one of Giorgio Torchia's main assistants in organizing the Oltremare press agency linked to the Portuguese agency Aginterpress, the French fascist organization Ordre et Tradition, and West German information service, the BND. He was given a permanent post at the Sifar (secret service agency predecessor to today's SID-ed.) by Sifar's chief Gen. Viggiani. His contract was renewed during Henke's administration.

2. Aginterpress — Portuguese press agency which served as a front for a spy network directly run by (former Portuguese dictator-ed.) Salazar's political police, the PIDE. Conclusive proof was found in its files — opened up and partially publicized after Salazar's regime fell — on its relation to the Italian right wing, particularly with Oltremare, and the links between French Nazi Guerin-Serac, the PIDE, the CIA, and the main Italian neo-fascists cells — especially those involved in the 1969 attempts and the strategy of tension.

3. Agnelli, Gianni — Called "the lawyer," Fiat president and former Confindustria president; has financed the coup plots and provocative activities of Luigi Cavallo and Edgardo Sogno; has corrupted and paid Turin's city court and SID officials to organize and feed the profiling of Fiat's workers; has corrupted and paid SID chief Gen. Vito Miceli in order to control and influence decisions on armaments and military supplies and to protect and facilitate Fiat sales abroad; has hired and paid as Fiat agents in Egypt and Spain SID agents working in those countries; has financed the group "Europa 70" and its 1971 convention on "unorthodox war and defense."

4. Allavena, Giovanni — Colonel and later general, close collaborator of General De Lorenzo, succeeding him as Sifar head; coup plotter, and co-author of profiles of thousands and

thousands of politicians, trade unionists, industrialists, journalists, and (church) prelates; has hired and paid tens of fascist journalists, with social democrat Lando Dell'Amico being his political advisor; organized the "Elect Nixon Committee" in Italy. Agnelli rewarded his efforts by opening a Fiat subsidiary at Rome (the Allavena subsidiary).

5. Beltrametti, Edgardo — Professional journalist and collaborator of *Il Borghese* (a fascist weekly—see below-ed.); participated at the Parco dei Principi conference; worked for the Alberto Pollio Institute taking care of the press bulletin "D," financed by Sifar's counter-spy head general Viggiani, Fiat, and Confindustria.

6. BND — West German information service. Through the Sifar, the secret affairs division of the Interior Ministry, and the SID, has in the past and continues to channel spies to the Italian press, serving also as a CIA conduit.

7. *Borghese* (II) — Weekly owned by MSI (Italy's neo-fascist party-ed.) Senator Gastone Nencioni. Rather than with the Sifar and the SID, it has traditionally maintained very close relations with the "Secret Affairs" division of the Interior Ministry, in particular with its de facto head Federico D'Amato. Through NATO, and sometimes directly, it has maintained relations with the U.S. Embassy and the American secret services; has been the spearhead of all campaigns organized and unleashed by our own and foreign secret services.

8. Buscaroli, Piero — Journalist, collaborator of *Il Borghese*. Having worked for the secret services for a long time, he has always found his way through both the Sifar and SID's various factions, as well as through the traditional rivalry between the General Staff services and those of the Interior Ministry.

9. *Candido* — Weekly bought by Giorgio Pisano — a spy and blackmailer — in 1968. Between 1968-72 the journal headed up the slander campaign against the Socialist Party's General Secretary Giacomo Mancini.

10. Cavallo, Luigi — Professional journalist, initially a member of the Communist Party, staff member and correspondent of *Unita*; later agent provocateur at the service of Fiat, Sifar, and the Interior Ministry's Secret Affairs division. In 1954 collaborated with Edgardo Sogno in the "Pace e Libertà" (Peace and Liberty) movement, financed by Interior Minister, Scelba, and Vittorio Valetta (acting Fiat president at the time-ed.). He directed the terror campaign against Fiat workers and the trade unions through leaflet distributions, slanders, threats, gathering profiles, and organizing goon squads. Subsequently he distributed a series of slanderous and provocative publications: *L'Ordine Nuovo*, *Tribuna Operaia*, and *Iniziativa Sindacale* — all of them financed by Fiat and the SID.

11. *Corriere della Sera* — The biggest and most authoritative Italian daily; was involved for the first time (officially) in a scandal in 1974 when it was discovered that Giorgio Zicari, one of its editors, had been working for years for the Milan SID Office. During the trial that ensued Zicari implicated *Corriere's* vice-director Franco Di Bella in the affair.

12. D'Amato, Federico — Chief of Police, currently head of the Interior Ministry's border service; for a long time he was virtually the head of the Interior Ministry's Secret Affairs division and the brain behind all defense ministers and chiefs of police from Tambroni on. He is a "policeman" in the most historically authentic sense of the term and is closely linked to the U.S. Treasury and all foreign secret services. He was the stage director of the Reggio Calabria revolt (operation launched in 1969 to discredit pro-development PSI leader Giacomo Mancini-

ed.). Unlike the SID, he did not get his hands dirty with minor details involving the spy-journalists: he dealt as an equal partner with the big companies and newspaper editors and directors. He also dealt as an equal partner with the country's economic-industrial magnates, including Vittorino Chiusano and Nicolo Gioia from Fiat.

13. Dell'Amico, Lando — Professional journalist. While a staff member of the MSI official daily, in 1953 joined the Social Democracy and worked for the Social Democratic Party daily. In 1958, under orders from the Social Democratic Finance Minister, Luigi Preti, and aided by Sifar, he put together a dossier which — with false documents — involved Giulio Andreotti in the Giuffrè scandal. Preti gave the dossier to Eugenio Scalfari who published it in *L'Espresso*, but a parliamentary commission of inquiry found everything to be false.

14. De Lorenzo, Giovanni — Sifar head from 1955-62; general commander of the Carabinieri from 1962-66; Army Chief of Staff from 1966-67. During his rising career within the secret service he introduced a decisive novelty in the hiring of journalists: he started working within the left, penetrating — directly or through his envoys — circles within left journalism which had up to that time possibly remained unsuspected and uncontaminated. In this way journals such as *Paese Sera* and *L'Espresso* published his dossier against *Alōja* (Sifar high ranking official instrumental in the hiring of right wing journalists-ed.). Thus, a new era opened up in the history of spy-journalism.

15. Di Bella, Franco — Professional journalist. Started working for *Corriere della Sera* in 1953 where he became head of the Milanese page; then editor-in-chief under Giovanni Spadolini, and later on vice-director under Piero Ottone (current director of *Corriere della Sera*-ed.). When the Zicari scandal blew up in 1974 he was put directly on the spot: "Di Bella," said Zicari, "knew about my contacts with the SID and Fumagalli's MAR (terrorist organization that played a major role during the strategy of tension-ed.). He was the one who passed the orders on to me."

16. *L'Espresso* — Political weekly founded in 1955 by Arrigo Benedetti. Beginning in 1966 it launched a campaign against deviations in the secret services and accused Gen. De Lorenzo for his 1964 coup activities, prompting two trials and the formation of the first parliamentary inquiry commission on military-secret services affairs in Italy's history. On this path it continued to fight during the strategy of tension period (Points of the Compass, neo-fascist coup plots-ed.) attacking the neo-fascist centrals and the secret services who backed them. In 1974, simultaneous with Andreotti's return to the Defense Ministry and the new course he set to the magistrature-secret service relations, *L'Espresso* unleashed a new campaign against the SID and the Interior Ministry's Secret Affairs division. At this point a three-phased breaking point began. First, in the spring of 1975, its campaign on the strategy of tension is abruptly interrupted and its editorial board retracted the last article published in this direction. Second, between July and October of the same year its most recognized journalists, including the editor-in-chief and the head of the political coverage, leave *L'Espresso*. Third, *L'Espresso* changes its political line going from socialist to undefined positions which wavered between the schizophrenic support for the Italian Communist Party to an abstract hypothesis of the political parties' "technocratic regeneration." Its 10-year long position vis-a-vis the secret services is denied and changed. They drop the charges on the Interior Ministry's role in the strategy of tension and quite abruptly shift from defending Andreotti's

work in this sense to head-on attacks against him. These attacks reach a climax this summer with the witting and self-confessed publication of false documents against Andreotti manufactured in the United States by a mixed circle of third-rate swindlers and CIA agents.

17. Europa 70 — Association of Christian Democratic spokesmen, integralists, pro-coup officials, and spy-journalists financed solely by the Agnelli Foundation. In June 1971 it organized a conference on "Unorthodox war and defense," attended by, among others, Christian Democratic spokesmen Bartolo Ciccardini and Celso de Stefanis, coup plotter Filippo De Jorio, and spy-journalist Guido Giannettini and Edgardo Beltrametti.

18. — Marino, Fabbri Giorgio — Professional swindler and mediator of illegal affairs. During 1968-69 participated in the cover-up of illegal radio-telephonic interceptions and then passed information to Pisano's Candido in order to feed the slanderous campaign against the Socialist Party's General Secretary Giacomo Mancini.

19. Giannettini, Guido — Professional journalist. Main speaker at the 1965 Parco dei Principi conference where the strategy of tension was outlined. He writes about everything and for everybody. Henke (former SID head-ed.) ordered him personally to write articles about the relations between the Socialists and the Sifar. Besides working for the SID in Italy, he has also worked for the West Germans, the French, the Portuguese and the Spanish secret services. In his last trip he visited Argentina, Paris and Spain. He gave himself over to the police and we tend to believe that somebody convinced him to do so in exchange for some guarantees regarding his future, on the condition that he accused before the judges Andreotti and those SID officers who were committed to dismantling the parallel SID. Giannettini started doing just that from the moment he returned to Italy.

20. Henke, Eugenio — Admiral; appointed head of the SID by Saragat where he remained during the entire strategy of tension period — in spite of the age limit — and then was promoted to head of the Defense Chief of Staff. He manipulated and concealed information on fascist terrorism from the judges. He denied knowing Guido Giannettini or his working for the SID. He hired for the SID more spy-journalists than all of his predecessors.

21. Martin, Graham — United States Ambassador to Rome during 1969-1972 — the decisive period of the strategy of tension. "The last man of the Cold War," as he has been defined, not only stepped over Italian constitutional institutions but also over the Rome CIA station itself, and had direct relations with SID head Miceli and the Interior Ministry's brain, Federico D'Amato. Amidst the strategy of tension he financed and nourished the fascists' subversive cells and the spy-provocateur-journalists army. The Pike Committee investigation conducted in the United States documents to its minimal details the fact that Martin gave Miceli \$800,000. On this issue Moro applied the military secret and even asserted the thesis that a Prime Minister cannot and should not know about these money deals.

22. Micele, Vito — General. SID chief from 1970 to 1974, moment at which he is replaced by Andreotti. He was issued an arrest order for his co-responsibility in subversive activities having created a "parallel organization" during his administration by which he stepped over all relevant political and military authorities to link up directly with the American Embassy at Rome. He has personally and directly directed the spy-journalists army.

23. Nelson Page, Giorgio — Owner, editor, founder and director of Lo Specchio — a journal that played a major role in the spy, provocatory and blackmail journalism. Over a period of 18 years Page has been financed by everybody: the American Embassy, the Interior Ministry and Amintore Fanfani, among others. The most consistent financing came from Merrill-Lynch Pierce agency, notoriously linked to the Americans. He usually worked by himself and was particularly linked to Federico D'Amato.

24. Paglia, Guido — Professional journalist leader of Avanguardia Nazionale — a creature of the Chief of Police Federico D'Amato. Writing for the newspaper chain owned by oil industrialist Monti, he played an important role in the slander campaign staged against the Socialist Party and its General Secretary Giacomo Mancini.

25. "R" — This is the SID division which runs the secret bases and is in direct contact with the Americans. During Miceli's administration it was the heart of the parallel SID. After Miceli's administration, it directed most of the spy-journalist sector.

26. Rauti, Pino — Professional journalist, member of the MSI central Committee and Executive. During the 1960s he was employed by the SID. After the Greek coup in 1967 he also began working for the KYP (Greek secret service) which financed him to encourage subversion in Italy.

Names Are Not Enough? Here Are Their Pay Check Stubs

by Lino Jannuzzi

ROME — Name, last name, file number, checking account number, payment case number, inventory number, record file. Every single spy-journalist has his own personal record with all the required elements. The location of the files is known. They cannot disappear or be manipulated because each one of them has a precise tally: and because none of the present people involved (the SID head, the head of the Interior Ministry's "SDS," etc.) would want to risk jail, we think, for withdrawal of State documents.

Therefore, there is nothing to be worried about. Whoever wants the truth knows where to find it and also knows that it can be found fast. We are saying this of course, for the benefit of others: our readers know that they can trust us and our investigations; they know that this has been our concern for at least 10 years and that we never have been mistaken in the essentials. They know that we have never published false documents and that our "sources" are not only "authoritative" and "credit worthy," but have been in the past and continue to be ready to testify in person, at any risk, in court and before commissions of inquiry. Those involved know that they should get ready for a new Sifar trial. The corrupted journalists know it.... The corruptors know it.

In the meantime, it would be good to clarify some mistakes. First, we are not moralists, we are not the personification of purity and freedom of the press, we did not do this investigation in order to teach lessons and build up "scandals." Moralists, as shown by recent examples, end up being provocateurs and forgers. We are just doing our job. Second mistake: the belief that the strategy of tension was the doing of a handful of excited bomb-throwers and a few bosses. Nothing farther from the truth. It is necessary to make an effort in order to understand all the implications of the slogan "the massacre was created by the

State." Yes indeed, the massacre, the bloodshed, the deaths, the crisis and the deformation of political life are "created by the State": and many, many were involved and participated in it.

And among the many, the very many, were the spy-journalists. It is not accidental that our investigation began with the 1965 Parco dei Principi conference — a conference of "strategists of tension," all of them, I repeat, all of them, "journalists." And it is no accident that the only official document published demonstrates that the major foreign strategist of the strategy of tension in Italy, U.S. Ambassador Graham Martin, financed all these "journalists."

Thus, the characters of our investigation are not just "spy-journalists" of which the sociologists, political scientists, and arbiters can be called on to lecture about; they are spies and provocateurs, the non-marginal instruments, but indeed essentials, of a precise and historically well-defined operation.

Third mistake: OK, we know it, some people say: it is just a handful of fascist journalists, so to speak, people profiled and discredited. What good is it to dig in this mud?

We do not agree. First of all, it is not a handful but an army

(the only defect in our investigation is the fact that there are many empty spaces). They are not isolated if it is true, as it is, that they participate in our glorious professional organs' social and electoral life side by side with the best bylines of "democratic" and "professional" journalism.

But this is not the fundamental point. The point, as we tried to make clear in the first part of our investigation, is that we are facing an articulated and complex move on the part of Italian and foreign secret services (especially on the part of the new OVRA (Mussolini's Gestapo-ed.) which is taking shape within our Interior Ministry) to change "horses" by substituting certain of our "colleagues" and "journals" already too exposed with fresh and "unsuspected" troops.

Who are the new recruits who will substitute the Giannettinis, the Rautis? We intend to develop our investigation in this direction. We already began doing it with all the cautiousness, sense of responsibility and prudence that we have shown in the courtroom. The past was only the necessary premise for this job. We do not want to wait another 10 years before we discover who are today's Giannettinis and Pisanos.

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Following Kissinger Flop,**British Take Initiative To Solve Southern Africa Crisis**

Oct. 2 (NSIPS) — Following closely on the heels of the British-supported rejection by the front-line African presidents of the Kissinger-Smith proposals for a Rhodesia settlement, British Secretary of State Anthony Crosland announced this week that Britain agrees to convene a conference which will produce an interim government in Rhodesia in four to six weeks, leading to a majority-rule government acceptable to the African presidents.

Tanzanian President Julius Nyerere had proposed a timetable of majority-rule in four to six weeks following the Kissinger debacle, and British Prime Minister Callaghan put on record his agreement with this demand on Sept. 28, according to the London Times of the following day. The day before that Callaghan approved of Nyerere's proposal, British Minister of State Lord Goronwy-Roberts told the Parliament that the British Government would immediately respond to the request of the presidents of Africa's front-line states (Angola, Mozambique, Tanzania, Zambia, and Botswana) for a British-convened constitutional conference for Rhodesia, and announced that Minister of State for Commonwealth Affairs Edward Rowlands was leaving for Africa in order to make preparations.

Following the rejection of the Kissinger proposal, the Zimbabwe People's Army (Zipa), the only liberation group

recognized by the front-line presidents, put out their program, firmly defining the conditions under which they would cease armed struggle.

Kissinger was not informed of the Crosland initiative by the British, and was surprised when questioned about it by reporters at the United Nations on Sept. 29. After the initial shock he weakly replied that he "supported the move."

The African presidents' rejection completely ignored Kissinger and led to rapid public revelation of Kissinger's deceitful negotiating tactics, with both the presidents and Smith revealing that he had lied about the positions agreed to by the other parties.

The Manchester Guardian commented Sept. 28 that "...the method by which Kissinger extracted a commitment to majority rule within two years seems...to have not just been persuasion, but deceit."

U.S. "strategists were initially stunned" by reports that Kissinger's Rhodesian proposal had been rejected by African leaders, according to the Sept. 27 Washington Post. After a few hours of confusion, the State Department recovered and began issuing statements claiming they were optimistic, saying the African leaders had not abandoned the principle of a negotiated settlement.

Text of 5 African Presidents' Lusaka Statement

Sept. 26 (NSIPS) — The following is the text of the statement issued in Lusaka, Zambia, Sept. 26, by the presidents of Botswana, Angola, Zambia, Mozambique and Tanzania on the agreement accepted last week by Prime Minister Ian D. Smith on the move toward majority rule in Rhodesia. The text is reprinted from Reuters.

The struggle of the people of Zimbabwe, the African and international solidarity in the implementation of sanctions and coordinated action of all anticolonialist forces and states have together brought the isolation and collapse of the illegal racist minority regime in the British colony of Southern Rhodesia.

The presidents hailed and congratulated the people and fighters of Zimbabwe whose hard and heroic armed struggle forced the rebel regime and the enemy in general to recognize and accept the inevitability of majority rule and the need to establish immediately a transitional government to implement this principle. Thus the victories achieved by the people of Zimbabwe in their armed struggle created the present favorable conditions for the convening of a constitutional conference.

'Victory for All Africa and Mankind'

This is a victory for all Africa and mankind and particularly for all those countries and peoples who made sacrifices so that the brotherly people of Zimbabwe can be free.

Now that the pressures of armed struggle have forced the enemy to accept majority rule as a condition for immediate independence, the five presidents call upon the colonial authority, the British government, to convene at once a conference outside Zimbabwe with the authentic and legitimate representatives of the people:

- (A) To discuss the structure and functions of the transitional government.
- (B) To establish the transitional government.
- (C) To discuss the modalities for convening a full constitutional conference to work out the independence constitution.
- (D) To establish the basis upon which peace and normalcy can be restored in the territory.

Two Phases Are Envisaged

To achieve these goals two phases are envisaged. The first phase will deal with the establishment of an African majority transitional government. The second phase will be concerned with working out the details of the Zimbabwe independence constitution.

The presidents have carefully studied the proposals as outlined by the illegal and racist regime which, if accepted, would be tantamount to legalizing the colonialist and racist structures of power. Any details relating to the structure and functions of the transitional government should be left to the conference.

The five presidents reaffirmed their commitment to the cause of liberation in Zimbabwe and the armed struggle.

A luta continua. (The struggle continues.)

British Gov't Statement On Rhodesia

The following statement was made in Parliament on 27 September by Minister of State, Lord Goronwy-Roberts.

I wish to make a statement on Rhodesia....

At their meeting in Lusaka which concluded yesterday the five African Presidents issued a communiqué. There are some points in this communiqué which need to be clarified, but it appears that the Presidents have accepted the principles of a transition to independence on the basis of majority rule and the need for early discussions to establish an interim transitional government. Her Majesty's Government welcome the statesmanship shown by this decision. The Presidents also called on Britain to convene a meeting outside Rhodesia to discuss among other matters, the structure and functions of a transitional government and the establishment of such a government.

Britain is ready to play a constructive role in the process of establishing an interim government.

The Prime Minister and the Foreign and Commonwealth Secretary have been in urgent consultation with the African Presidents over the weekend. Messages have been sent to Presidents Kaunda, Khama, Machel and Nyerere to say that the British Government are prepared to help organize a meeting or conference to consider the structure and functions of such an interim government, and that we wish to learn from the parties concerned how and where this conference could be arranged and especially who the participants should be. Our joint aim is to work for an independent government that will be truly representative of the people of Zimbabwe. The Minister of State for Foreign and Commonwealth Relations has put forward his departure for Botswana and is leaving tonight. In the course of his visit to Africa he hopes to have full discussions with those concerned.

While there are points arising from both Mr. Smith's statement and the communiqué of the conference of African Presidents which need to be resolved, we feel that these matters should and can be dealt with in the coming negotiations. The important thing is that the essential requirement for majority rule has been met. This provides the necessary framework and it is vital that we do not delay in building on it. It would be tragic if we failed to take advantage of the opportunity that has been created. It should now be possible for Africans and Europeans to work together to lay the foundation for peace and prosperity in an independent Zimbabwe in which all races can live in harmony. The end of guerrilla warfare and the lifting of sanctions are important to progress, and should take place after the formation of the transitional government.

Assuming that all goes well, we will at the appropriate time take such legislative action as is necessary to meet the requirements of the situation. This would initially include action to establish the transitional government. We would also at the appropriate stage, and paying due regard to United Nations procedure, revoke the existing sanctions legislation....

The following are extracts from the Minister's answers to supplementary questions.

It is difficult at this moment to forecast the likely course of events. The key event is the meeting as I call it in contradistinction to the more formal "constitutional conference" which should we hope, get under way as soon as possible, and at which representatives of all sections of Rhodesian

opinion, whatever color, creed or background, are represented. We are very willing, indeed enthusiastic to take part. From that will flow the necessary setting up of the interim or transitional government. As to the speed with which sanctions are lifted and guerrilla warfare is ceased, success with that first crucial decision would make it pretty certain — automatic — that the other two results would follow....

...We strongly suggest that we move immediately, or as fast as we can, to the preliminary conference — or to the meeting, as I call it, of all concerned including this country — so that those reservations can be accommodated in the discussions which will, of course, finally be aimed at setting up as soon as possible an interim or transitional government.

Question: "Why should they proceed with the creation of a transitional government before there is a definite decision that hostilities should cease? Why should they permit guerrilla warfare, bloodshed and violence to continue in the meantime while they are creating the transitional government? Was there any consultation, or did Dr. Kissinger intervene without consulting the United Kingdom Government or even the United Nations, which has not specific responsibility but an overriding responsibility?"

Answer: "The answer to the second question, is, of course, by consultation. The answer to the first question is that the only way to end guerrilla warfare and get a speedy lifting of sanctions is to introduce an interim government based on the aim of African majority rule."

Nyerere's Objections to Kissinger-Smith Rhodesia Plan

Interviewed in Dar es Salaam, Tanzanian President Nyerere said that the structure of the provisional government in the Smith-Kissinger plan was "decided unilaterally without the African leaders participating at all. Its composition is determined, its chairman is determined — white — its powers are determined, it is going to legislate, do general supervision and draft the constitution of independence of Zimbabwe."

"All this is decided and presented to the Africans for them to say yes or no... its minister of defense is white, its minister of law and order is white. All this is determined... If you accept this you are not really transferring power at all, you are simply entrenching that power and legalizing it."

Nyerere's remarks were reported in the Sept. 28 New York Times.

Zimbabwe People's Army Program

Zimbabwe People's Army (ZIPA) spokesman Chidawo Chirimuta outlined a program in London which must be fulfilled before Zipa would agree to a ceasefire in Zimbabwe:

- 1) Unconditional capitulation of the minority (Smith) regime;
 - 2) Amnesty for political prisoners;
 - 3) Dissolution of the Rhodesian Army and security forces;
 - 4) Permission for Africans to organize in trade unions;
 - 5) Abandonment of the Smith regime land distribution laws.
- Chirimuta stated that armed struggle will continue until these demands are fulfilled, irrespective of whether a black government is formed or not.

The program was reported in the West German daily Sud Deutsche Zeitung Sept. 28.



LaRouche-Evans On Ballot In 24 States; Court Actions Underway In More States

Oct. 1 (NSIPS) — A legal victory in Massachusetts and ballot certification in Minnesota and New Hampshire this week brought to 22 the number of states in which the LaRouche-Evans presidential slate of the U.S. Labor Party will be on the November ballot. Two more states — New York and Washington — are expected to certify Labor Party ballot petitions Oct. 8 and Oct. 15, respectively. These 24 states, originally targeted by the Labor Party for petitioning campaigns to get ballot status, represent 295 electoral votes, or 54 per cent of the electoral college. The states, which include every Midwest industrial state, are Connecticut, Colorado, Delaware, District of Columbia, Idaho, Illinois, Indiana, Iowa, Kentucky, Massachusetts, Minnesota, Michigan, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, Tennessee, Virginia, Vermont, and Wisconsin.

The Legal Fight

The Committee to Elect LaRouche is aggressively pursuing legal action to place the LaRouche slate on the ballot as the legitimate candidate of a major third party in six other states (California, Florida, Georgia, Kansas, Louisiana, Missouri, and Texas) based on the U.S. Supreme Court decision Sept. in *McCarthy v. Briscoe*. In that case, the Supreme Court decided to place bogus third party candidate Eugene McCarthy on the ballot in Texas by virtue of his claim to have "filed for ballot status in 45 states." The decision, rendered by Justice Lewis Powell out of session in consultation with the rest of the court, ignored the fact that McCarthy has been denied ballot status in more than half of these states and was exposed as a forger by the Board of Elections in the District of Columbia.

Attorneys for the Labor Party will argue that LaRouche-Evans should be placed on the ballot as nationally recognized candidates, even in states where they do not have a visible campaign machinery and voter support. To back this up a LaRouche statement to the state courts will inform them that voters have pledged and contributed \$76,900 to the LaRouche-Evans campaign since spring 1976; that LaRouche's own debt moratorium and International Development Bank proposal have been accepted by the non-aligned nations and are now under discussion at the United Nations General Assembly session; and that in the course of his campaign, party supporters and others have purchased over \$230,000 worth of campaign documents on these proposals — more literature than either the Republicans or Democrats could sell or have sold to the electorate.

A state-by-state summary of the legal battles follows:

Massachusetts

Judge Broker of the Appeals Court of the State Supreme Judicial Court placed the LaRouche-Evans slate and Labor Party candidate for senator, Graham Lowry, on the state ballot Sept. 28. Broker's decision culminated three months of litigation in the state courts to defeat the efforts of Wall Street and

Democratic Senator Edward Kennedy's machine to illegally invalidate thousands of the 50,000 ballot signatures collected by the Labor Party. Lowry is running against incumbent Kennedy.

Judge Broker granted the Labor Party an injunction against the printing of the Massachusetts ballots without including the LaRouche-Evans-Lowry line. After the judge's decision attorneys for the secretary of state announced to the court that his office would not pursue any further action against the injunction and that they would proceed with the ballot printing, which began the next day.

Florida

Attorney Samantha Bose filed suit today to put the Labor Party slate on the ballot as nationally recognized candidates of a third party. A hearing is scheduled for Oct. 8, because the judge is on circuit duty until then. The attorney is ready with motions for an expedited hearing, a temporary and permanent injunction, and a memo of law to place LaRouche and Evans on the ballot before the ballot is printed up Oct. 12. According to legal observers, at this point the case is a question of fact and not law; as long as the Labor Party's affidavits on the campaign are factual, the law provides that the candidates should have ballot status. McCarthy was placed on the ballot here two weeks ago.

Texas

The Committee to Elect LaRouche sent a telegram Sept. 29 to Secretary of State Mark White requesting that LaRouche be placed on the ballot in line with the Supreme Court decision which allowed McCarthy on the ballot. Today the head of the state board of elections told the Labor Party legal staff that he and the Secretary of State had determined that a court order would be necessary before the state would place LaRouche on the ballot, according to their reading of the Powell decision. The legal staff intends to file for such a court order Oct. 4, and feels that the procedure is pro forma under the Supreme Court decision.

Kansas

Attorney Ray Menendez is filing for Labor Party ballot status Oct. 4. There is widespread recognition of LaRouche and the Labor Party program among state officials, and the upcoming case has been broadcast on the radio. The Labor Party expects to complete the elector requirements in the state and collect the 2,500 petition signatures.

California

Labor Party attorneys are filing in federal court next week for a hearing before a three-judge panel to grant the LaRouche-Evans slate summary status as candidates, based on the Supreme Court decision. At the same time the party is continuing to gather material on the forgery of the approximately 100,000 signatures submitted by both McCarthy and the Communist Party USA.

Georgia, Missouri, and Louisiana

The Labor Party is preparing the groundwork for suits in these states. In Louisiana, McCarthy won a temporary restraining order against the printing of the state ballot. McCarthy and his Wall Street supporters tried to boost his campaign in states such as these by issuing a false report this week

that their "Clean Gene" was certified on the ballot in Maryland, a state with outrageous and prohibitive ballot qualifications. David Brinkley and various news services like AP assisted in broadcasting this black propaganda. Yesterday the State Board of Elections sent a telegram to the boards of election in all 50 states categorically denying that McCarthy was on the ballot. AP was forced to retract its mendacious report.

Strength of the U.S. Labor Party Going Into November:

The Ohio Congressional Campaign

Historically, the state of Ohio has had one of the highest concentrations of blue collar workers of any state in the union. Successive waves of immigrant skilled workers — including Germans fleeing the failed 1848 revolution to settle in Cincinnati and the later influx of Eastern Europeans coming to work in the northeastern steel mills — formed the backbone of Ohio's current 1.68 million industrial workforce. U.S. Labor Party candidates running in seven of the 25 congressional districts will reach one-third of them directly and close to two-thirds in adjoining districts. On a statewide basis, one out of every 113 workers has bought the USLP Presidential Campaign Platform totalling 19,800 in the seven districts alone.

Early this year, the Federal Power Commission approved price increases for natural gas which would have shut down or forced south most of Ohio's natural gas-dependent industry. This deindustrialization plan was followed by an attempt to sneak through the Ohio legislature bill HB 12, betterknown as "the CCC bill" to "solve" the ensuing unemployment problem by forcing slave labor jobs at \$100 a month on unemployed and welfare victims. A U.S. Labor Party mobilization of workers successfully stalled the bill for four months, but it recently passed. It is still lacking Republican Governor Rhodes' signature, however, and given President Ford's recent condemnation of the CCC bill's model, the notorious Humphrey-Hawkins bill, it is likely that combined USLP pressure and Republican self-interest will produce a Rhodes veto.

The police state apparatus of Attorney General Levi and the FBI includes two Nazi gangs available in Ohio to illegally harass or attack USLP campaign workers and candidates. The FBI's Ku Klux Klan led by agent Dale Reusch centered at Cleveland's Ford Brookpark plant, and the Croatian-Ustashi Nazis (of LaGuardian hijacking fame) have waged open war on the USLP, including a physical attack on U.S. Labor Party vice-presidential candidate Wayne Evans. The Labor Party has obtained a temporary restraining order in Federal Court in Ohio against the Klan and has totally exposed the Ustashi, including the former Nazi Minister of Labor Transport in occupied Yugoslavia, who is presently an aide to Cleveland Mayor Perk, Basilouvic.

The impact of these exposures has been more than educational. A broad response from trade unionists, particularly the generation that fought fascism and knew the value of industrial growth and their own labor, indicates the moral quality behind USLP strength.

USLP candidate in the 13th district, Patricia Cortez, a 35 year old housewife, and founding United Rubber Workers' organizer Ray Sullivan, who ran in the Democratic Party primary on the USLP program, are typical of such workers. Thousands more, from antifascist Yugoslavian World War II veterans to striking Teamsters, rubber workers, and UAW members know the USLP organizing and program is in the forefront of the fight against austerity.

First District

USLP Candidate: Chris Martinson

Incumbent: Willis D. Gradison (R)

The First District includes half of Cincinnati and the surrounding county, and most of America's advanced machine tool industry including Cincinnati Millicron, the world's largest exporter of machine tools, and General Electric's turbine plant. The congressional race for the seat now held by Willis Gradison is an analogue of the 1976 presidential campaign which has become a fight between the Labor Party and the Republicans for the vote of the industrial worker. The Democratic candidate, Bowen, supports the Humphrey-Hawkins slave labor bill and its Ohio counterpart, the HB-12 CCC bill. One of his aides has stated publicly, "Bowen is not interested in beating Gradison, but stopping the Labor Party." Gradison's office receives 100 calls a day during USLP campaigns which require responsible congressional action.

The USLP campaign for industrial expansion has put intense pressure on the Republicans. Republican political candidates are now obligated to have the USLP candidates appear at all debates and to meet with USLP candidates on crucial issues. The major industrialists in the area have also met with the Labor Party, and the General Electric management invited Martinson to tour their local plant.

This invitation came not simply because of good ideas; GE saw the impact of USLP organizing among their workers. The recent GE contract settlement which resulted in a "teamster-style" settlement nationally, i.e. sizable wage and benefit increases, was not implemented at GE's Cincinnati plant because of a provocation by the agent leadership which organizes that plant (as opposed to the IUE which organizes most GE facilities). Martinson recognized the situation as a provocation and together with rank and file leader Louis Smith revealed the set-up at a joint press conference. The result was a successful settlement with no demoralizing, isolated local strike after the national strike had ended.

Ohio's stringent election laws require that a party get signatures equal to one per cent of the number of voters in the previous election to gain ballot status. Labor Party organizers gathered twice as many. During those weeks, one out of every 30 worker bought New Solidarity. Over the past year, one out of every 37 workers has purchased the USLP platform, many of them skilled machine-tool workers.

Ninth District

USLP Candidate: Lynn Galonsky

Incumbent: Thomas L. Ashley (D)

The strongest Labor Party district in the state from the standpoint of the circulation of New Solidarity and USLP

Ohio Congressional Campaign Grid

District	1	9	13	14	19	20	21	
Cities	Cincinnati	Toledo	Lorain	Akron	Youngstown	Cleveland (West)	Cleveland (East)	Average (or total)
USLP CANDIDATE	Chris Martinson	Lyn Galonsky	Patricia Cortez	Steven Meyer	Karl Untch	Theodore Held	Antony Curry	
INCUMBENT	Wille D. Gradison (R)	Thomas Ashley (D)	Charles Mosher (R)	John Seiberling (D)	Charles Carney (D)	James Stanton (D)	Louis Stokes (D)	
Registered Voters (thousands)	252	253	253	253	253	250	251	1,765,000
Blue Collar Workers(thousands)	59	70	83	68	83	84	79	526,000
New Solidarity SOLD PER WEEK	700	900	200	675	400	385	575	3835
New Solidarity PER VOTER	1:360	1:281	1:1265	1:374	1:632	1:649	1:438	1:460
New Solidarity PER BLUE COLLAR WORKER	1:84	1:77	1:415	1:100	1:207	1:218	1:137	1:137
CAMPAIGNER SOLD SINCE 7-75	1600	3506	1500	5000	1700	2500	4000	19,806
CAMPAIGNER PER VOTER	1:157	1:72	1:168	1:50	1:148	1:100	1:63	1:89
CAMPAIGNER PER BLUE COLLAR WORKER	1:37	1:19	1:55	1:14	1:48	1:34	1:20	1:26

programmatic material (IDB, EEA, USLP Party Platform), the Ninth District is comprised of Toledo and its surroundings.

Toledo is both a major manufacturer of auto parts and a primary port for grain and coal. The UAW, the foremost counterinsurgency force in the area, tried to stop Labor Party organizing in Toledo by physically attacking organizers, notably at the Chrysler Perrysburg plant in August 1974. An international mobilization to defend the right to organize forced the UAW to capitulate and the subsequent USLP damages suit is in the final stages and the UAW has asked the USLP to accept a substantial out of court settlement rather than a courtroom expose of their activity.

The core of Labor Party cadre come from the ranks of the UAW's Toledo area plants. These workers have made the USLP a major party, with 100 per cent recognition among the electorate.

Opponents Ashley and Republican Finkbeiner are both supporters of the Humphrey-Hawkins bill and deindustrialization. Ashley is a major operative in the Northeast-Midwest Economic Advancement Coalition, a congressional unit set up to push the CCC bill; Finkbeiner openly characterized his labor policy as "labor intensive". At a recent debate, Ashley didn't even have the nerve to show up.

Thirteenth District

USLP Candidate: Patricia Cortez
Incumbent: Charles A. Mosher

The Thirteenth District centers around Lorain and its large U.S. Steel complex. The U.S. Labor Party campaign first extended into the area from strong Labor Party districts in Cleveland, and quickly tapped the demoralized ex-Communist Party base there. A strata of skilled, politicized workers was quickly attracted to the Labor Party development program. Patricia Cortez, already well known in Lorain, quickly became the USLP candidate in the district. On a recent tour, USLP vice-presidential candidate Wayne Evans along with Cortez met with

the union and management of the U.S. Steel complex to lay out the Jordan Steel process and its implications for the region's growth. In less than a year of organizing, one of every 55 workers has bought the USLP program in the district.

Fourteenth District

USLP Candidate: Steven Meyer
Incumbent: John Seiberling (D)

Akron, which comprises the bulk of the Fourteenth District, is the rubber capital of the country. It is also the district where more workers have directly contributed to the Labor Party campaign than any in the state. Five thousand copies of the EEA, IDB, and USLP Platform, one to every fourteen in the district, were bought in the past year. Much of the party's support and readership of New Solidarity was initially consolidated during the mayoral campaign of Jim Rosenblatt and the primary election campaign of Ray Sullivan, who ran as a Democrat on the USLP platform, winning 20 per cent of the vote. Strong support for USLP legislative proposals has come from Akron City Council President, Ed Davis. The USLP has put massive pressure on Rubber-heir incumbent John Seiberling — a staunch supporter of the Humphrey-Hawkins bill.

Nineteenth District

USLP Candidate: Karl Untch
Incumbent: Charles J. Carney (D)

The Nineteenth District includes Youngstown and Warren with the large Republic Steel, Youngstown Sheet and Tube, and Lordstown GM plants. The impact of USLP organizers on the large, volatile industrial workforce has prompted the FBI to literally suspend the U.S. Constitution in the district. Collaboration between police, District Attorneys and shopping center managements has been aimed at preventing the distribution of New Solidarity entirely with help from in-plant

networks of Ustashi-Croatian kapos. Despite this, each week, one of every 200 workers buys *New Solidarity* and one of every 48 has bought a Platform during the campaign. USLP candidate Karl Untch, a Lordstown GM autoworker, has turned an alienated, drug-infested workforce into one of the strongest USLP plant networks in the country.

USLP vice-presidential candidate Wayne Evans has met with the Youngstown Chamber of Commerce and the research and development departments of Youngstown Sheet and Tube to outline to them exactly how they can get their dying industry producing again.

Twentieth District	Twenty-first District
USLP Candidate: Ted Held	USLP Candidate: Antony Curry
Incumbent: James V. Stanton	Incumbent: Louis Stokes

The two districts which comprise Cleveland are among the strongest Labor Party districts in the country. The skilled work-

force has bought 6,500 USLP program documents, a ratio of one to every twenty on the city's east side. USLP candidate Tony Curry is one of the best known political figures in the city as a result of his highly successful mayoral campaign last year. This was underscored frequently after the sordid details on the TWA hijacking by Croatians was traced back to Cleveland's Ustashi organization and Mayor Ralph Perk's staff in particular. At the city council meeting held just after the murderers were arrested, Curry publicly revealed the connections while city council president George Forbes pleaded, "Tony, don't do it. Don't say it," and buried his head in his hands. The exposure of the Ustashi, Polish Home Army and other Nazi collaborators has ended the "gentleman's agreement" between the black political machine of Louis Stokes and Perk's Nazis, polarizing the city.

The Michigan Congressional Campaign

Political control of the Michigan industrial corridor is the key to controlling the largest and most productive industrial concentration in the world. When examined on a map, this concentration encompasses a quadrangle extending from Buffalo and Pittsburgh east through Chicago and St. Louis. Within its confines is the base of the entire U.S. economy, and therefore the key to rebuilding the world under the International Development Bank. The corridor's massive auto and machine tool plants must be converted to tractor production in time to harvest next spring's crops around the world.

Historically, the Michigan corridor's working class, led by the autoworkers, has been the political leadership for this entire region's workforce. 1.35 million blue collar workers reside in the state of Michigan. In Michigan, the labor movement is the U.S. Labor Party. Over 28,000 Labor Party Platform documents have been sold in the corridor since their first printing in July, 1975. Over 8200 issues of the Party's newspaper, *New Solidarity*, are sold in Michigan weekly. These sales (see charts) are heavily weighted towards the skilled blue collar workers, particularly auto workers. In Detroit and Flint over the last year, an average of 1 out of every 25 auto workers have directly contributed to the Labor Party campaign by purchasing a USLP Presidential Platform. This provides dramatic refutation to the lies being circulated in Atlanticist-controlled press of support for the de-industrialization schemes of Carter and the Democratic Party by Michigan's working class.

USLP Vice Presidential candidate Wayne Evans, a Michigan resident and former gubernatorial candidate, and candidate for U.S. Senate Pete Signorelli head up a 20-man Congressional slate that finds the USLP on the ballot in every CD in the state.

This slate represents the fruits of several years of targeted campaigning. As far back as mid-1973, Labor Party City Council candidate Suzanne Ketcham received over 3000 votes in a Detroit municipal election. The Labor Party's principal opponent in Michigan has been the agent-controlled bureaucracy of the United Autoworkers and the political machine it controls. Leonard Woodcock's hirelings have managed to shamelessly defraud Labor Party candidates of their votes. This reached the point of absurdity last November when Peter Signorelli received fewer than 5000 votes — less than Ketcham had received two years before — and in a statewide election! More recently, the UAW and related Carter forces tried, unsuccessfully, to keep the

LaRouche-Evans ticket off the ballot completely through staging a phony third party primary.

In its political campaigns of the last two years, the Labor Party has chosen Michigan as the key battleground. Rep. John Conyers (D-Mich.) of the first Congressional District in North Detroit, the district most heavily penetrated by the Labor Party in the state, was under such pressure from his constituency in 1974 as a result of an organized constituency pressure campaign that he informally committed himself to introduce the Emergency Agricultural Production Act (forerunner of the Labor Party programs the Emergency Employment Act and the International Development Bank) into Congress. Conyers, an agent of the Woodcock-Henry Ford New Detroit operation, subsequently backed off his commitment. Last year, the Detroit Free Press was targeted by the Labor Party for a boycott campaign because of its policy of printing Rockefeller-dictated psywar. The Detroit area working class was the frontline in this battle which saw sales of the Free Press drop 5-10 per cent and *New Solidarity* become the newspaper of record in the area. During the summer of 1975, a UAW-Justice Department coordinated containment operation against the Labor Party was turned around by strike action against the nationwide Kresge-K-Mart chain. A consistent pattern of harassment of Labor Party electoral campaigns emerged around K-Mart shopping centers all over the country. The chain's headquarters and Kresge Foundation were exposed to fully interface with drug- and gun-running of Rockefeller's invisible government. Thousands of Michigan workers boycotted the chain and many joined USLP picket lines against a chain which is also notorious for its non-union, scab practices. Through the successful boycott, the Labor Party gained a high profile and a fighting reputation especially compared to the AFL-CIO unions who were taking government austerity programs on the chin, or even openly collaborating with them.

This political muscle was then thrown full force into the battle to stop Rockefeller's push for a nuclear war in early 1976. In successive months the Labor Party distributed one million leaflets to the North American population — the Midwest corridor twice received 275,000 in less than a single week's time.

The Michigan corridor again was the decisive political battle ground during the June Presidential primaries when President Ford, aided by the "pro-progress" climate created by the USLP, dealt Ronald Reagan a decisive defeat in the Republican primary.

1st CD**USLP — Carolyn Nelson
Incumbent — John Conyers**

Northwest Detroit comprises one of the largest concentrations of skilled black workers in the U.S. They have bought over 7000 Campaigners from Labor Party campaign workers. Door-to-door campaigning here was a key to forcing the commitment by incumbent Rep. Conyers to introduce the Emergency Agricultural Production Act. This district has since been pivotal in every USLP political campaign waged in the state. Hundreds of workers here signed affidavits of intent to vote for the LP in the invalidated third party primary in June, 1976. The bulk of the workers from the giant Ford River Rouge complex reside in this district, whose tradition of militance goes back to the trade union battles of the 1930s.

15th C.D.**USLP — Al Douglas
Incumbent — William Ford (D)**

The myth of the Wallace crossover vote for Ronald Reagan died here in the June presidential primary, when extensive USLP polling cohered exactly with the resultant victory of President Ford. The real crossover is to the Labor Party — in this predominantly white-working class district, a heavy Wallace stronghold four years ago. Walking tours have sold hundreds of papers and Campaigners at a time to the independent, but well organized constituency. Incumbent William Ford refused to show up at a debate challenge scheduled by Al Douglas, but two precinct men and several workers came to discuss the USLP campaign. State Senator McCullough, who introduced the phony third party primary bill into the Michigan legislature drew the wrath of his constituency here when hundreds of calls a day to his office culminated in an 80-man march right to his doorstep.

16th C.D.**USLP — Susan Dalto
Incumbent — John Dingell (D)**

This district is directly adjacent to the 15th geographically, and is politically integrated with it. In addition to the huge River Rouge auto complex, the area contains a major steel complex and substantial heavy industry in the city of Detroit. At the height of the Detroit Free Press strike, a network of 30-40 Rouge workers a day here divided the entire 15th and 16th district into precinct areas where captains were responsible for getting out strike bulletins and stickers, and monitoring strike activity. Thousands of leaflets a day were gotten out in the plant and 1000 papers a week were sold at the Rouge complex alone. The Wayne County Commissioner's office was so pressured by the Labor Party campaign against the gun and drug-running networks placed in the industry here and throughout Detroit that expert testimony from party spokesmen was heard before the special city police review hearings.

Western Michigan encompasses a broad area west of Detroit from Muskegon to Battle Creek. It contains the highly automated cereal industry, as well as other basic textile, machine tool and machinery plants which the Republican Party of Michigan counts in its base. Representatives of all four industries have made tentative commitments to attend the upcoming Detroit regional Fusion Energy Foundation conference on Oct. 23, which has been the theme of highly successful USLP expansion tours into the highly skilled working class here. Sales of New Solidarity on campuses in the area have averaged 100 a day.

3rd C.D.**USLP — Leda Stevens
Incumbent — Garry Brown (R)**

Initial probes into Kalamazoo to recruit electors for the LaRouche campaign were so successful that regular USLP campaign teams now tour the area weekly. An ongoing class has been established at Kalamazoo University. Four candidates nights are being scheduled now to include the USLP's Leda Stevens.

5th C.D.**USLP — Gary Powell
Incumbent — Richard Vanderveen**

Recent tours into Grand Rapids, the home of President Ford, by USLP Senatorial candidate Peter Signorelli and Vice Presidential candidate Wayne Evans have been explosive: over 1200 papers and 200 Campaigners have been sold in one week's time. Press coverage has been extensive. Wayne Evans has recently initiated working meetings with high ranking Republicans and industrialists to map out programs for reindustrialization under the Emergency Employment Act through use of the Jordan process.

7th C.D.**USLP — Max Dean
Opponents — St. Senator Kildee (D); Robin Widgery (R)**

Max Dean has been a leading political and civil rights activist in Michigan politics since the 1940s. A veteran of World War II, he studied international law in France after the war and received a law degree at the University of Michigan, Ann Arbor. A committed socialist, he vigorously fought every aspect of the McCarthy red scare of the 1950s for which he was brought before the House Un-American Activities Committee. He was a major fighter for civil rights and participated in his firm's arguments against the poll tax before the Supreme Court. More recently he was president of the Michigan Trial Lawyers Association, and is currently Treasurer of the Flint NAACP, who last year awarded him their Freedom Fund Award of the year. This chapter requested Dean to author a series of resolutions in support of the new world economic order to the last convention of the NAACP.

For the past two years, Dean has been an active member of the Labor Party and has served on the executive board of the Labor Organizers Defense Fund.

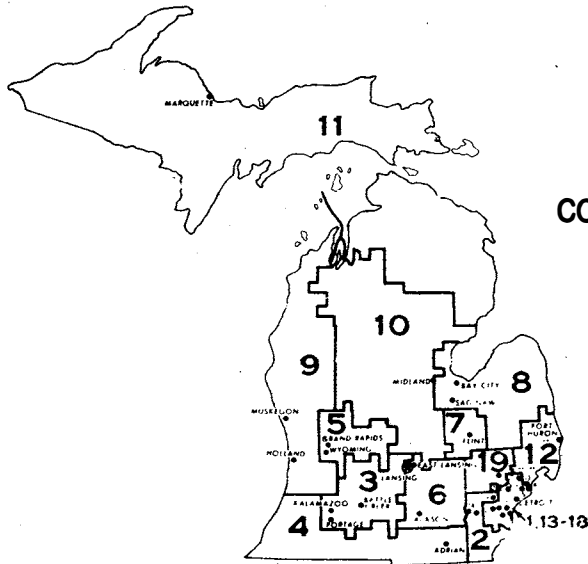
Campaign workers have sold more literature in Flint than any other C.D. outside of Detroit. Workers here, whose militant tradition goes back to the famous Chevy sitdown strike of 1937, identify with Dean's 30-year fight for progress and frequently greet campaign workers by acknowledging, "If it weren't for Max Dean, I wouldn't live here and have the standard of living I have."

The LaRouche-Evans campaign for tractor reconversion of auto plants has made the Democrats' Humphrey-Hawkins bill untouchable in this skilled workers' stronghold. Senator Kildee practically denounced his party's bill during a radio debate with Dean last month, and he can be expected to go through more gyrations on this month's TV debate.

13th C.D.**USLP — Mel Brown
Incumbent — Charles Diggs (D)**

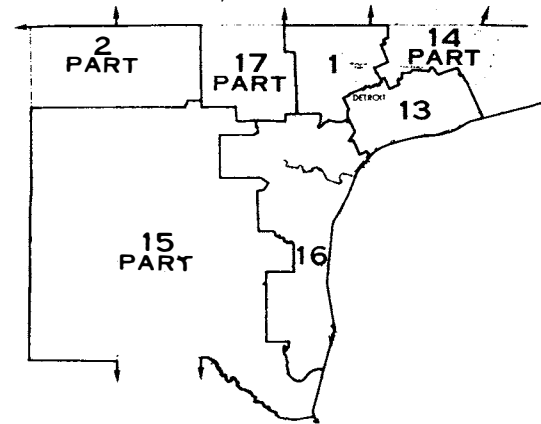
Mel Brown is the best-known USLP Congressional candidate in Detroit's six CDs because of the longstanding USLP cam-

MICHIGAN



CONGRESSIONAL DISTRICTS

DETROIT AND ADJACENT AREA



Michigan Electoral Grid—Congress and Senate

Cong. District	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Senate
Cities	NW Detroit	Ann Arbor Monroe	Kalamazoo	—	Grand Rapids	Jackson	Flint	Saginaw	Muskegon	Midland	Marquette	Detroit	Detroit	Detroit	Detroit	Detroit	Detroit	Detroit	Oakland	Average (or total)
USLP CANDIDATE	Carolyn Nelson	Ronald Zeigler	Leda J. Stevens	David Hilty	Gary Powell	Andrew Rotstein	Max Dean	David Thill	Joy Powell	Joseph D. D'Urso	John. C. Hoffman	Marielle Kronberg	Melvin Brown	Martha Hilty	Al Douglas	Susan Dalto	Scott Elliott	Kenneth Keller	Thomas Simpson	Peter A. Signorelli
INCUMBENT	John Conyers (D)	Marvin Esch (R)	Garry T. Brown (R)	Edward Hutchinson (R)	Richard Vanderveen (D)	Bob Carr (D)	Donald Riegle (D)	Bob Traxler (D)	Guy Vanderjagt (R)	Ettorf A. Cederberg	Philip E. Ruppe (R)	James O'Hara (D)	Charles Diggs (D)	Lucien Nedzi (D)	William Ford (D)	John Dingell (D)	William Brodhead (D)	James Blanchard (D)	William Broomfield (D)	Philip Hart (D)
Registered Voters (thousands)	247	247	247	247	247	247	247	247	247	247	247	247	246	248	247	247	248	247	247	4,900,000
Blue Collar Workers (thousands)	72	56	67	80	68	58	84	77	77	69	67	70	82	67	80	77	53	58	59	1,353,000
New Solidarity SOLD PER WEEK	1315	750	350	N.A.	1200	600	1300	250	100	N.A.	N.A.	N.A.	240	100	555	505	200	100	300	8250
New Solidarity PER VOTER	1:187	1:329	1:705	N.A.	1:205	1:411	1:190	1:958	1:2450	N.A.	N.A.	N.A.	1:1025	1:2480	1:445	1:489	1:1240	1:2480	1:823	1:581
New Solidarity PER BLUE COLLAR WORKER	1:55	1:74	1:191	N.A.	1:57	1:96	1:65	1:305	1:770	N.A.	N.A.	N.A.	1:341	1:670	1:144	1:52	1:265	1:580	1:196	1:165
PLATFORMS SOLD SINCE 7-75	7012	701	453	N.A.	1260	706	4650	200	100	N.A.	N.A.	N.A.	1000	800	4207	3506	800	900	1000	28,525
PLATFORMS SOLD PER VOTER	1:35	1:352	1:545	N.A.	1:196	1:349	1:53	1:1235	1:2470	N.A.	N.A.	N.A.	1:246	1:310	1:58	1:70	1:310	1:308	1:247	1:168
PLATFORMS SOLD PER BLUE COLLAR WORKER	1:10	1:80	1:147	N.A.	1:53	1:82	1:18	1:385	1:770	N.A.	N.A.	N.A.	1:82	1:83	1:19	1:21	1:66	1:72	1:59	1:47

paigns and networks on the sprawling Detroit east side. Networks in the Chrysler complexes here helped sell up to 150 papers a week at some plants during past USLP mobilizations, which put pressure on USLP targets like House International Relations Chairman Charles Diggs, who has refused to debate Brown. Brown's campaign has attracted support from a number of prominent black ministers, some of whom have endorsed the Colombo resolutions and invited Brown to speak at their church. The Michigan Chronicle has covered Brown's statements. Every institution in Detroit, from the police department to the Mayor's office to the Detroit newspapers, has felt the direct pressure of the LaRouche campaign in this district.

17th District

USLP — Scott Elliott

Incumbent — William Brodhead (D)

This district is politically and geographically adjacent to the USLP "red zones" in the 1st C.D. Walking tours in large contiguous sections of the 17th district and 1st C.D. have sold New Solidarity to every house and Campaigners to every third house. Labor Party auto workers here were involved in initial plans for converting auto plants to tractor production several years ago, and currently intervene on local radio talk shows with the Labor Party program. Joseph Spinola, a teamster and USLP leader whose trucking takes him regularly into eastside auto plants, recently ran for president of Teamster flagship Local 299. Like Conyers, William Brodhead has been forced by this constituency pressure into informal pledges to introduce USLP legislation.

6th District

USLP — Andy Rotstein

Incumbent — Bob Carr (D)

Another highly industrialized, but economically depressed area, containing machine tool, auto, and rubber industry. Since the district includes the state capital of Lansing, as well as industrialized towns, USLP employment programs have been heavily lobbied for in the state legislature. Recently, Pete Signorelli held a press conference at the capital on the tractor reconversion aspect of the EEA. Past lobbying campaigns here

have featured the EAPA as well. The capital serves as a contact point for USLP lobbyists with industrialists from around the state, including Republicans close to President Ford. The agricultural department of nearby Michigan State University has been the focus of much USLP campaigning since the EAPA bill was drawn up, and collaborative work between the USLP and individuals and departments there is now in progress.

2nd District

USLP — Ron Zeigler

Opponents — Carl Purcell (R); William Pierce (D)

The 2nd district stretches across southern Michigan, including towns as diverse as Monroe and Ann Arbor. Ronald Zeigler is a well-known teacher from Monroe who received 650 votes in a seven-way race for Board of Education there with a campaign for debt moratoria for municipalities. Currently, eight candidates' night appearances are in the making for Zeigler in his race for the seat that Republican incumbent Esch is vacating to run for Senator. The campaign has touched base at all major auto plants and those campuses in the district, and has received major coverage from the Monroe press, which printed LaRouche's op-ed column and covered Signorelli's tour through the area.

19th District

USLP — Tom Simpson

Incumbent — William Broomfield (R)

Pontiac Motors and related plants in Pontiac comprise what is potentially the largest tractor complex in the U.S. A Labor Party machine tool designer has been active in mapping reconversion of these plants under the EEA. The area itself has been a Wallace stronghold, and FBI manipulation including bus bombings involving confessed Bay of Pigs agent Vernon Higgins, has gained national prominence. Ten to fifteen workers regularly campaign for LaRouche here, and have gotten press coverage from City Council interventions and radio shows. NCLC executive member Carol White will make a presentation on advanced physics at nearby Oakland University.

Candidate For UMW President To Campaign On Progress

CINCINNATI, Sept. 29 (NSIPS) — Lee Roy Patterson, International Executive Board member of the United Mineworkers (UMW) and announced candidate for the unions presidency, gave the following statement today to a spokesman for the U.S. Labor Party. Mr. Patterson made his remarks as he prepared to attend today's session of the UMW convention here.

We are fighting an important battle here. I am committed to building a quality leadership based on this union's commitment to the future and continuing advancing technologies. (When asked to specify, Mr. Patterson referred to the Jordan Steel process-ed.). We must upgrade the skill levels and education of every miner. He must have the right to share the fruits of an expanding and developing society.

My campaign is a campaign for progress. Patterson contrasted such policies to those espoused by his opponent and UMW President Arnold Miller. Miller, he indicated stands for policies on zero-growth, of deindustrialization. Mr. Patterson then turned his attention to Joseph Rauh, Jr., the Wall Street-controlled Washington lawyer who is the guiding force behind Arnold Miller.) Joe Rauh and his ilk are not only a menace to this union. He is a menace to the entire country....

Mineworkers are not second class citizens, although that is what Arnold Miller and his staff have made them. I intend to reaffirm this union's commitment to all the working people in this country. My leadership will make the union a spokesman for all workers, like it was in the 1930s under John L. Lewis. Mineworkers are respected for what they have accomplished for working people, for the important victories that they have won. We have the potential to take that kind of leadership now. We must take that leadership again.

Trade Union President Testifies for USLP

In Redwood City, California, the U.S. Labor Party won an important legal victory in a court case this week where USLP school board candidate Doug Mallouk was charged with disorderly conduct. A surprise defense testifying in USLP's behalf turned out to be the President of the San Mateo County Plumbers and Pipefitting union who confronted the jury with the absurdity of the charges.

At the same time, three other Labor Party candidates in San Francisco addressed the International Longshore and Warehousemen's Union's Executive and Legislative Board, presenting the full scope of the recent developments which converged on the historic statement of Guyana Foreign Minister Frederick Wills for Third World debt moratorium at the United Nations this week.

These developments in San Francisco and Redwood City reflect a national pattern of trade union leaders stepping forward to provide support and open forums for Labor Party candidates and their program. This pattern is most clearly evident in the Chicago region where the USLP has successfully demolished a major Institute for Policy Studies-inspired union wrecking operation: the campaign of United Steelworkers of America District 31 Head Ed Sadlowski for union president. Teamsters, Oil,

Chemical and Atomic Workers Union and steel union leaders in the Chicago area are now extending invitations to Labor Party candidates to address their meetings. In Denver, union leaders from the International Brotherhood of Electrical workers, UMW and former USWA officials have agreed to speak at the Oct. 21 Fusion Energy Foundation Conference. Reflecting the same broad assimilation of the USLP program and support for the idea of progress, the President of the United Association of Construction Trades, Martin Ward, called for America to recommit itself to continued technological progress and development of nuclear energy before a recent national convention.

UAW Strikes John Deere

The UAW Agricultural Division today struck the John Deere Co., one of the two major farm equipment manufacturers in the U.S., following the expiration of its contract. The strike by 27,000 workers could create a critical shortage of tractors and other equipment needed to implement massive agricultural development programs under the International Development Bank. A spokesman for John Deere indicated that a large backlog of orders already exists for large tractors and combines used in capital intensive agriculture.

John Deere workers interviewed in East Moline, Iowa and Waterloo, Illinois are unanimously opposed to the strike. The UAW has presented no clear demands either to the union membership or to the public. The UAW refused yesterday to even acknowledge that they were on strike, while the Deere Co. reported they had agreed to impose a total blackout on the issues and negotiations involved in the strike. Press sources have speculated that the dispute revolves around subcontracting of work to non-union companies.

The UAW's strike against the Ford Motor Co., which has been surrounded by a similar atmosphere of secrecy, was rumored to be near settlement today. Two days ago, UAW Ford Wixom local President Robby Roberts accused New Solidarity (NSIPS) news coverage of the Ford strike of "interfering with and screwing up the negotiations." Roberts spoke as he banned Ron Bowman, a well-known USLP organizer employed at the Wixom plant, from entering his union meeting. Roberts admitted that the illegal expulsion was carried out "on orders from the top," apparently referring to UAW President Leonard Woodcock. The USLP has consistently exposed the Ford strike as a "share the work" sham jointly organized by Carter supporters, Woodcock and Ford Chairman Henry Ford II, to demoralize workers into accepting a contract which would break the pattern of last springs Teamster victory. Since that point, industrial workers have routinely won wage settlements in excess of 30 per cent.

The striking Ford workers, however, are showing more interest in discussing the Labor Party's IDB and tractor conversion programs than in Woodcock's set-up strike. New Solidarity sales are booming at Ford local union halls, with sales of over 100 each at Flatrock and Rouge local 600 halls two days ago alone. The auto workers are particularly interested in the rapid collapse of the Eurodollar bubble and the New York banks. The UAW pension funds are controlled and managed by a consortium of Rockefeller banks headed up by the bankrupt Chase Manhattan.