



Vol. III No. 44

November 1, 1976

\$ 5.00

U.S. Labor Party Forges Coalition To Defeat Carter

In the last week, the U.S. Labor Party has made nuclear war —the policy of Jimmy Carter's backers and advisors— the primary issue of the U.S. elections. Full analysis in this week's U.S. Political Newsletter, plus exclusive publication of the November 11 release by Paul Nitze in which the Committee on the Present Danger announces its existence and its purpose

Warsaw Pact Warns Schlesinger, Nitze Against Delusions On Confrontation

Brezhnev:

Extensive excerpts from the speech of Soviet party chief Leonid Brezhnev before the Central Committee Plenum

Special Report:

How Far Will China De-Maoize?

U.S. Economy At The Crossroads

In this week's Domestic Markets Newsletter:

Carter's Domestic Program:
Slave Labor Gear-up For War

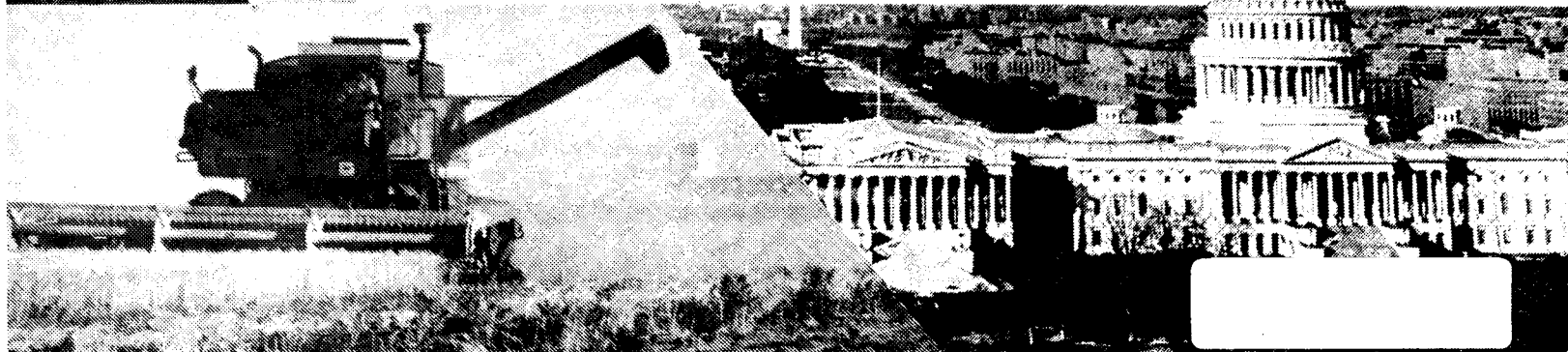
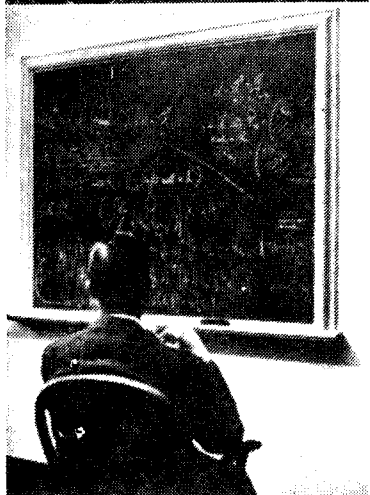


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New Solidarity International Press Service Weekly Report is published by Campaigner Publications, Inc., 231 West 29th Street, New York, N.Y., 10001.
Single issue price: \$5.00 (U.S.)
Subscriptions by mail are \$225 for 1 year (52 issues).
Address all correspondence to: Campaigner Publications, Inc., P.O. Box 1972, GPO, New York, N.Y. 10001.
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U.S. Labor Party Forges Coalition To Defeat Carter

Oct. 30(NSIPS)—The U.S. Labor Party electoral campaign has pulled together a growing political coalition of Republicans, sane Democrats, and working-class forces who recognize that Carter in the White House means war. Barring massive vote fraud, Ford is assured of victory and the USLP will emerge with 20 per cent of the vote in areas of high USLP penetration in some 24 states, signalling the emergence of a political labor movement in this country

But the danger of Carter getting in is still severe because of the vote fraud apparatus. (For full report see below.) Inside sources have told USLP representatives that the recent barrage of polls, showing Ford as "even" with Carter, is designed to make Republicans over-confident about winning, to the point where they would ignore the vote fraud issue. Even if Ford gets into the White House, it will be up to the coalition shaped during the elections to break the control that Rockefeller and Kissinger have over Ford.

Leading anti-war and pro-development capitalist factions around the world are now publicly acknowledging the central role played by LaRouche and the USLP in transforming the U.S. election. In particular, LaRouche's expose on the October 17 NBC show Meet the Press of the fact that Carter's top advisors and controllers from the secret Committee on the Present Danger are committed to early general thermonuclear war forced the war issue out into the open in the presidential campaign.

U.S. Ambassador to the United Nations, William Scranton—a close friend of President Ford, a former Governor of Pennsylvania, and a prominent industrialist—told a group of 20 top Republicans and press in Johnstown, Pennsylvania Oct. 28 that what the U.S. Labor Party says about the grave danger of thermonuclear war "is the truth."

Responding to a ten-minute briefing on the Committee on the Present Danger by Labor Party Senatorial candidate Bernard Salera, Scranton told the Republican gathering: "I saw Mr. LaRouche on TV last night. I was very impressed. Although there are things I disagree with, what you say about the danger of general thermonuclear war is the truth. I know it. Other people know it. You appropriately refer to Ford's statement in Pittsburgh in addressing just this point."

Addressing the Economic Club in Pittsburgh Oct. 26, Ford declared: "As citizens and voters you are being asked to decide whether to maintain the great tradition of American foreign policy. . . a tradition that kept us strong and at peace—or whether you wish to break from that tradition and venture into the unknown with a doctrine that is untested, untried and, in my view, potentially dangerous. . . if applied in practice there is a significant risk that (the Carter Doctrine—ed.) could lead to major international crises."

The successful LaRouche—Labor Party offensive on the war issue has forced Carter's nuclear lunatic advisers from the Committee on the Present Danger to admit their nuclear war aims.

Committee on the Present Danger member Paul Nitze — in line for the Secretary of Defense post, should Carter capture the presidency writes in a letter to the editor in today's Washington Post: "A fundamental point in Henry Kissinger's defense of detente and of unequal SALT agreements has been that, in our time, war between major powers is 'unthinkable.' It could be that war between major powers is 'thinkable,' but, if so, we should think about it carefully, consistently and with all the foresight and prudence of which we are capable."

Zbigniew Brzezinski, slated to be Carter's special adviser on National Security Affairs, speaking yesterday at a press conference on New York, "corrected" Carter's assertion that the U.S. would not send troops if the Soviet Union invaded Yugoslavia, tipping off his World War III plans by saying that such a situation would be "difficult to predict and possibly difficult to contain."

The Brookings Institution, Carter's key think-tank from which he draws most of his other advisers, on Oct. 28 explicitly called for the redeployment of U.S. military forces for confrontation with the Soviets.

The Baltimore Sun reported on Oct. 29 that high-level Brookings officials and core Carter advisers Henry Owen and Barry Blechman told newsmen that they were calling for a range of reductions and transfers of U.S. forces now in the Pacific, particularly naval units to bolster forces in the Mediterranean area. Owen is quoted as saying that the chances of averting a general conflict in the Middle East "are no better than 50-50." The two Carter foreign policy planners also pointed to Yugoslavia as a flashpoint, saying that if the Soviets were "tempted" by Western weakness and "frightened" by unrest in Yugoslavia or another Eastern European country, they might intervene. Owen said that it must be made clear to Moscow that an outbreak of fighting in Yugoslavia could spread, with unpredictable consequences, and intervention would have a "disastrous effect" on relations with the U.S.

Warhawks Zumwalt and Schlesinger Declare War

Committee on Present Danger nuclear warhawks, and top Carter advisers Admiral Elmo Zumwalt(D-Va) and James Schlesinger also made clear pro-war statements last week.

In conversations with journalists Oct. 21 and at a press conference in Richmond, Va. the next day, Zumwalt admitted the existence of the Committee on the Present Danger which he stressed as "bipartisan." Zumwalt declared that a Carter Administration would seek a confrontation with the USSR in early 1977. He then elaborated: "The U.S. must bluff... force the

Russians to back down... the Soviets will have, by 1977, a strategic war winning capability... we're preparing Carter not to back down... were we in control we would have had backed down during the Yom Kippur war."

Not to be outdone, Schlesinger while calling on the U.S. to provide military weapons to China told the Foreign Policy Association in New York on Oct. 26 that a big increase in the defense budget (which he had previously advocated) "was not the answer." Schlesinger's remarks signalled his intention to seek an immediate nuclear war confrontation with the Soviet Union.

Rockefeller Clique in Ford Administration Moves For War

Underlining the gravity of the situation, the Rockefeller clique within the Ford Administration simultaneously stepped up its own push for World War III. On Oct. 24 Secretary of State Henry Kissinger attacked Carter for not being enough of a war hawk. Appearing on NBC-TV's Meet the Press, Kissinger bluntly said that he would not rule out, as Carter had, the use of United States troops in Yugoslavia in the event of a Soviet intervention upon the death of Yugoslav leader Josip Broz Tito.

Vice President Nelson Rockefeller gave Kissinger immediate backup; telling the International Press Club in Washington, that the U.S. must "keep it's options open" vis-a-vis the Soviet Union to include war. Then Rockefeller confidante and Ford adviser Melvin Larid lied on radio yesterday that he "had reason to believe" that Rockefeller would be Secretary of State in a new Ford administration.

The Rockefeller-Kissinger barrage for war came as a pre-planned response to Jimmy Carter's statements on Yugoslavia during the last presidential debate. Asked by Kissinger's press agent Joseph Kraft whether he would send troops to Yugoslavia if the Soviet Union invaded, Carter departed from his usual warmongering to say no. The exchange was no mistake — Carter's advisers are frightened by the all-too-obvious erosion of

support for Carter and had decided to soften his blatant endorsement of nuclear war. They set up a situation in which Carter could appear as a man of peace; the Kissinger-Rockefeller response was to ensure that Ford would be identified with the party of war.

This insane barrage of warmongering has quickened the disintegration of the Carter campaign and the shift toward U.S. Labor Party candidate LaRouche. Herbert Hafif, Co-Chairman of the Democratic National Steering Committee today took out a full page ad in the Los Angeles Times to ask: "Can a man no longer trusted by the Co-Chairman of His National Steering Committee be trusted by you?" Hafif withdrew his support for Carter attacking the candidate for his incompetence and untrustworthiness "his election would be a disaster." In Washington, a group of prominent Democrats announced the formation of a Democrats for Ford Committee which encompasses 25 states.

International Impact of USLP Campaign

The clearest demonstrations of the international impact that the LaRouche campaign to prevent war has had was provided by today's Italian newspaper L'Osservatore Romano, the press voice of the Vatican. L'Osservatore sums up the U.S. elections in these words:

"... the fight is practically circumscribed to the two parties (the Democratic Party with Carter and the Republican with Ford), however, the candidate of a third party can take away votes from one of the two: one classical example is seen in the 1912 elections, when a dissident wing of the incumbent Republican party of president W.H. Taft won a larger vote percentage for its own candidate than the votes received by Taft, but the success of Roosevelt became the advantage of Democrat Woodrow Wilson, who then saw the doors of the White House opened for himself. To make another example, this year the U.S. Labor Party has conducted an intense electoral campaign, a campaign that is mainly based on the maintenance of peace. The candidate is Lyndon LaRouche."

Carter and the Party of International Terrorism

Carter and the Party of International Terrorism — IS A 130 page special report to the U.S. population on the backers, advisors, programmers and thugs who created Jimmy Carter. The pamphlet traces the links between them, under what front groups they meet, who their lawyers are, and what they do. In addition there are brief biographical sketches and abstracts on each of the more than 2000 individuals, groups, foundations and events mentioned.

The machine behind Carter is intent on starting a nuclear war by the summer of 1977. To stop this thermonuclear menace read this report today.

Send \$5 for the Special Report and separate index to:

Campaigner Publications Inc.
GPO Box 1972
New York, New York 10001



Nitze: Let's Talk About Nuclear War

Oct. 30 — The following is a letter to the editor of the Washington Post by Paul Nitze, published today. Nitze is an advisor to Jimmy Carter and a member of the bi-partisan "Committee on the Present Danger."

A fundamental point in Henry Kissinger's defense of detente and of unequal SALT agreements has been that, in our time, war between major powers is "unthinkable." I do not remember Joe Kraft ever having pointed out the improvidence of such a blanket position. I therefore find it hard to understand Kraft's support of Kissinger's wrath at Jimmy Carter for having made a lesser and included point with respect to Yugoslavia.

It could be that war between major powers is "thinkable," but if so, we should think about it carefully, consistently and with all the foresight and prudence of which we are capable.

Committee On The Present Danger Announces Its Existence

Oct. 27 — Following is the complete text of a press release announcing the existence of the "Committee on the Present Danger," several of whose members are advising Democratic Presidential candidate Jimmy Carter. The release, which spells out the Committee's post-election plans for thermonuclear confrontation with the Soviet Union, was written by Committee member Paul Nitze, and dated for release Nov. 11.

COMMON SENSE AND THE PRESENT DANGER

First Policy Statement

Committee on the Present Danger:

An Independent Citizens Committee for the Peace, Security and Liberty of the Nation

I. Our country is in a period of danger, and the danger is increasing. Unless decisive steps are taken to alert the nation, and change the course of its policy, our economic and military capacity will become inadequate to assure peace with security.

The threats we face are more subtle and indirect than was once the case. As a result, the awareness of danger has diminished in the United States, in the democratic countries with which we are naturally and necessarily allied, and in the developing world.

There is still time for effective action to ensure the security and prosperity of the nation in peace, through peaceful deterrence and concerted alliance diplomacy. A conscious effort of political will is needed to restore the strength and coherence of our foreign policy; to revive the solidarity of our alliances; to build constructive relations of cooperation with other nations whose interests parallel our own — and on that sound basis to seek reliable conditions of peace with the Soviet Union, rather than an illusory detente.

Only on such a footing can we and the other democratic industrialized nations, acting together, work with the developing nations to create a just and progressive world economy, the necessary condition of our own prosperity, and that of the developing nations and Communist nations as well. In that framework, we shall be better able to promote human rights, and to help deal with the emerging problems of food, energy, population, and the environment.

II. The principal threat to our nation, to world peace and to the cause of human freedom is Soviet imperialism based upon an unparalleled military buildup.

The Soviet Union has not altered its long-held objective of a world dominated from a single center — Moscow. It continues, with notable persistence, to take advantage of every opportunity to expand its political and military influence throughout the world: in Europe; in the Middle East and Africa; in Asia; even in Latin America; in all the seas.

The scope and sophistication of the Soviet campaign have been increased in recent years, and its tempo quickened. It encourages every divisive tendency within and among the developed states and between the developed and underdeveloped world. Simultaneously, the Soviet Union has been acquiring a network of positions including naval and air bases in the Southern Hemisphere which support its drive for dominance in the Middle East, the Indian Ocean, Africa, and the South Atlantic.

For more than a decade, the Soviet Union has been enlarging and improving both its strategic and its conventional military forces far more rapidly than the United States and its allies. Soviet military power and its rate of growth cannot be explained or justified by considerations of self-defense. The Soviet Union is consciously seeking what its spokesmen call "military preponderance." Preponderance, they explain, will permit the Soviet Union "to transform the conditions of world politics" and determine the direction of its development.

The process of Soviet expansion and the worldwide deployment of its military power threaten our interest in the political independence of our friends and allies, their and our fair access to raw materials, the freedom of the seas, and in avoiding a preponderance of adversary power.

These interests can be threatened not only by direct attack, but also by envelopment and indirect aggression. The defense of the Middle East, for example, is vital to the defense of Western Europe and Japan. In the Middle East, a just settlement between Israel and its Arab neighbors is critical to the success of our policy as a whole. Similarly, we and our allies must develop effective policies to assure our independence from coercion through further Soviet-encouraged oil embargoes.

III. Soviet expansionism threatens to destroy the world balance of forces on which the survival of freedom depends. If we see the world as it is, and restore our will, our strength, and our self-confidence, we shall have resources and friends enough to counter that threat. There is a crucial moral difference between the character and objectives of the two super powers. The United States — imperfect as it is — is essential to the hopes of those countries which desire to develop their societies in their own ways, free of Soviet coercion.

To sustain an effective foreign policy, economic strength, military strength, and a commitment to leadership are essential. We must restore an allied defense posture capable of deterrence at each significant level and in those theaters vital to our interests. The goal of our strategic forces should be to prevent the use of, or the credible threat to use, strategic weapons in world politics; that of our conventional forces, to prevent other forms of aggression directed against our interests. Without a stable balance of forces in the world, and policies of collective defense based upon it, no other objective of our foreign policy is attainable.

As a percentage of gross national product, U.S. defense spending is lower than at any time in twenty-five years. For the United States to be free, secure, and influential, higher levels of spending are now required for our ready land, sea and air for-

ces, our strategic deterrent, and above all for the continuing modernization of those forces through research and development. The increased level of spending required is well within our means so long as we insist on all feasible efficiency in our defense spending. We must also expect our allies to bear their fair share of the burden of defense.

From a strong foundation, we can pursue a positive and confident diplomacy, addressed to the full array of our economic, political, and social interests in world politics. It is only on this basis that we can expect successfully to negotiate hardheaded and verifiable agreements to control and reduce armaments.

If we continue to drift, we shall become second best to the Soviet Union in overall military strength; our alliances will weaken; our promising rapprochement with China could be reversed. Then we could find ourselves isolated in a hostile world, facing the unremitting pressures of Soviet policy, backed by an overwhelming preponderance of power. Our national survival itself would be in peril, and we should face, one after another, bitter choices between war and surrender.

IV. In domestic politics, we are independents, Republicans, and Democrats. We believe that foreign and national security policies should be based only upon fundamental considerations of the nation's future well being, not that of any one faction or party. We have faith in the maturity, good sense, and fortitude of our people and in their devotion to our nation.

But public opinion must be informed before it can reach considered judgments and make them effective in our democratic system. Time, weariness, and the tragic experience of Vietnam have weakened the bipartisan consensus which sustained our foreign policy between 1940 and the mid-60s. We must build a fresh consensus to expand the opportunities and diminish the dangers of a world in flux.

We have therefore established the Committee on the Present Danger to help promote a better understanding of the main problem confronting our foreign policy, based on a disciplined effort to gather the facts and a sustained discussion of their significance for our national security and survival.

Rita Hauser:

Soviets Are Isolated In the Middle East

Oct. 25 — Following is the transcript of an interview today with Rita Hauser, presently a member of the Committee on the Present Danger, a former member of the Brookings Institution's study group on the Middle East, and the League of Women Voters' representative in setting up the Ford-Carter debates.

Hauser: There will be no Arab-Israeli conflict in the near future. The Lebanon war is winding down and can be solved on an intra-Arab basis. That will facilitate a Syrian-Israeli entente, and Syria will bring the Palestinians to bay. Israel, as you know, is helping the Christians settle into a security band from the sea to Mr. Hermon. I urged that Israel do this months ago, that the Palestinians had to be frozen into an enclave and isolated.

Q: Do you think that, in the aftermath of the Riyadh summit, the Arabs will unite against Israel?

Hauser: I don't think so. Syria's role has been to wipe out the Palestinians in the battles. If Assad can put down the Palestinians he can settle his troubles with Israel. If there is a sanitized zone created in the south, then there is no need for keeping the Golan Heights. You can walk into Syria from Lebanon! Thus, Israel has an initiative to give up the Golan. A Geneva conference is possible, but it's iffy, could succeed or fail.

Q: Do you think that the Soviets, perhaps in alliance with Iraq and Libya, will try to upset these arrangements?

Hauser: No. The Soviets have lost their card with the Palestinians, and they have no major influence with Syria. Israel has overwhelming military superiority. I don't think the Soviets would provoke the Iraqis into doing something foolish. What I want to stress is that the opportunity that exists could be lost — but I don't foresee anything at all like a military confrontation. If Carter wins, there will be a dead period before the new administration takes office and gets organized.

Q: By the way, I have some material from the American Labor Party on an organization called the Committee on the Present Danger, and your name crops up?

Hauser: Oh, yes. I'm an active member of the executive board. We're going public on Nov. 11. We're concerned about a drift in U.S. defense policy and strategic thinking, especially about the growth of the Russian navy.

Rostow Pushes For Mideast Regional War

Oct. 28 — The following discussion with Eugene Rostow was made available by a staff member of an American Zionist organization. Rostow is a prominent member of the Committee on the Present Danger.

Q: We are very concerned about the developments in the Middle East since the Riyadh conference, especially the possibilities of a confrontation over Israel's role in Southern Lebanon. What do you think the views of the two candidates are on this? Do you agree with Zumwalt's statement we should not have backed down in the Yom Kippur War?

A: Well it's hard to say now what the candidates' views are. However I myself entirely agree with Admiral Zumwalt. I don't think we can back down now either.

Q: But what should we do about the situation. It looks like the Iraqis, Libyans and the Soviets are all very upset about the Israeli action in the South. What if they intervene?

A: The Soviets have got a black eye out of the Lebanon situation so of course they want to recoup. But let me tell you what you should do. Your group should, immediately, get out a statement saying that article 51 prohibits armed intervention of one country in another's affairs, and that since this applies to the Palestinians, they have no right to reoccupy southern Lebanon to use as base against Israel and Israel has full right to defend itself against this threat.

Traditionalists: Carter Risks War

Pittsburgh Press On Ford Speech

Oct. 28 — President Ford addressed the Pittsburgh Economic Club on Oct. 26. The Pittsburgh Press headlined its article on Ford's speech "Carter Risks War" and cited Ford as specifically criticizing Carter's threat to use economic warfare against the Arab nations in retaliation for an oil embargo. The following are the key excerpts from Ford's remarks:

As citizens and voters, you are being asked to decide whether to maintain the great tradition of American foreign policy — a tradition that has kept us strong and at peace — or whether you wish to break from that tradition and venture into the unknown with a doctrine that is untested, untried and in my view potentially dangerous.... The Carter doctrine deviates substantially from the solid principle of bipartisanship of the past. It has a

strong flavor of isolationism. If applied in practice as it has been proposed in campaign rhetoric, there is a significant risk it could lead to a major international crisis.... It will make a fundamental change in the direction and content of American foreign policy.

Scranton:

USLP 'Says The Truth'

Oct. 30 — U.S. Ambassador to the United Nations, William Scranton made the following statement Oct. 28 before a gathering of 20 top Republican Party officials and press in Johnstown, Pennsylvania; Scranton was responding to a statement by a spokesman for the U.S. Labor Party, that a Carter victory means nuclear war.

I saw Mr. LaRouche (USLP presidential candidate) on television last night. I was very impressed. Although there are things I disagree with, what you say is the truth. I know it. Other people know it. You appropriately refer to Ford's statement in Pittsburgh in addressing just this point. But the way we're doing it is the right way. If you have the truth, the more you repeat it — say it over again and again — the less credibility you get.

Oct. 27|— The following is the text of a full-page ad in today's Los Angeles Times by Carter National Steering Committee member Herbert Hafif, run under its original headline.

CAN A MAN NO LONGER TRUSTED BY THE CO-CHAIRMAN OF HIS NATIONAL STEERING COMMITTEE BE TRUSTED BY YOU?

A PERSONAL WARNING ABOUT JIMMY CARTER

(The former California State Finance Chairman and Co-Chairman of the Carter National Steering Committee)

Man's hardest act is to admit his mistakes. It is thus even harder for the co-chairman of the Carter National Steering Committee to publicly admit his mistaken support of Jimmy Carter.

I, together with so many of the friends who supported my 1974 campaign for the Democratic California Gubernatorial nomination, gave up our personal lives, our funds, and a good deal of our hearts in a successful effort to get the Democratic Presidential nomination for a man we believed represented a decent new force in responsive government.

Our support was strong enough not to note the mounting evidence that the Carter record and the promises did not quite match the image. We blindly ignored the revelation of Stephen Brill in Harpers, of Carter's traits of ruthlessness and the racist nature of the Georgian's 1970 gubernatorial campaign. Even when fellow Georgian Julian Bond publicly and often said our Jimmy lied, we plowed forward.

We disregarded exposure of the Carter record in Georgia where state employees rose over 30 per cent and spending rose over 50 per cent in a single term. And when the editor of the Atlanta Constitution called our Jimmy "one of the phoniest men I've ever known," we were already too deeply involved in our effort to believe.

We at the top, after all, were being personally reassured by the candidate himself who spoke publicly of never lying, who promised to conduct a campaign of love and compassion.

It was thus a greater shock for us to finally see a slipping Jimmy Carter become a mean, vindictive man, using language and tactics designed to destroy the integrity and person of Gerald Ford, when attacking Ford's policies should have provided target enough.

But lost in the disgust over such tactics lies the real truth about Jimmy Carter, and his campaign, a truth that I now feel compelled to speak to, and that is the real purpose of this open letter.

It is painful to spend over \$8,000 of my personal funds to confess publicly, and in print, that I was wrong, but I now keep thinking that if only one of the high-ranking Republicans who knew what Richard Nixon was really like, had sacrificed their personal advantage and party loyalty, the rest of us might have been spared the taint of the Nixon presidency.

I am a Democrat, and I would like to see a Democratic President, but I am now convinced that it would be a disaster if that Democratic President was Jimmy Carter. The reason of course, is not because he has promised all things to all people, nor is it because I witnessed such things as his private scheming to get farmer's money in California during the primary, only to see his change of position to get the farm worker vote after the primary, but rather the reason is because of one very important fact that most have ignored — independent of character flaws, the man is simply not capable by experience or ability to be President of this country.

Perhaps we have become conditioned to deviousness and deceit in politicians. Perhaps we can now swallow lustful ambition for public office. Perhaps we can pragmatically countenance a hypocritical man who would be our "savior," when all we are looking for is a President, but we can accept the fact that this man and his small Nixon-like crew have neither the knowledge nor the background to run a broad-based, responsible presidency?

It will not be the Democratic Party which runs this country, but rather a small clique of people, even more narrowly motivated and far less experienced than the Nixon crew. Hidden behind the smiles and hangloose joking of the small Carter team is the fact that it is a team experienced in only campaigning with no higher goal, save getting their man the Presidency.

More even than Nixon, here is a man and organization that confuses dissent with disloyalty.

In response to private criticism of staff racism and intolerance, Carter's response is to get rid of the messengers whether they live in California or Ohio. It is no accident that what Time's Hugh Sidney called Carter's "siege mentality" on the press is also applied to members of the Democratic party. Everyone is an "outsider" to these people.

In the same way that Nixon ignored the Republican party, Carter has ignored the Democratic party. Good people like California democratic officials Chuck Manat and Dick O'Neill are given titles but no delegated authority. It is no different for other outstanding Democratic leaders. A man who refuses to delegate even minor authority to good and honorable people, is a man who cannot run a country. Twenty-nine year old "old boys" from Georgia, jealously guarding the palace gates of power are more than reminiscent of Nixon's style, they constitute its substance.

I short, this Country is not being asked to elect a Democratic president, but to elect another imperial president who will promise anything to get elected, but whose words stand in stark contrast to his record and actions.

This campaign threatens tragedy for the future of this country. I now join with such life-long Democrats as Mimi Harris, who was the chief fundraiser for Senator Cranston and Governor Pat Brown, Sr., in saying no to Jimmy Carter.

I apologize to my many friends for my mistake in judgment. I hope this public statement at least partially undoes any damage my prior support may have caused.

(Paid for from the personal funds of Herbert Hafif, 269 W. Bonita Ave., Claremont, Calif. 91711. Permission to reprint this statement in its totality is hereby granted to anyone at his own

expense). This advertisement was not authorized by any political committee or organization.

(About the author: Herb Hafif was selected by the American Trial Bar as the nation's outstanding Consumer advocate in 1972. He formed the first Environmental and Consumer Protection Committees in the history of the California Trial Bar. He set up the first Women's Rights Committees, led by the Los Angeles County Blue Ribbon Committees on Court Congestion. He served as president of the California Trials Lawyers Assn., was co-founder of the first Mental Health groups in the State of California and was a 1974 Democratic candidate for Governor of California.)

Der Stern:

"Will A Peanut Farmer Become World's Most Powerful Man?"

Oct. 29 — The following is excerpted from the current issue of the West German weekly Der Stern:

... The challenger swore he would never at any time relinquish the Panama Canal; he reviled the Helsinki agreement as "a great diplomatic victory" by the Soviets; he threatened economic war against Moscow in the event of a new Angola. In this connection he let himself be advised by ex-Defense Secretary James Schlesinger, whom Ford had fired because he was too conservative and anti-détente for him....

... His (Carter's) tactic was to state as few clear standpoints as possible and — according to his audience — sound conservative, liberal or left-wing, trapping whole layers of voters. Thus in Illinois during the primaries, 47 per cent of Carter voters

believed he had promised to cut the defense budget, while 48 per cent were convinced of precisely the opposite.

Yet Carter's policy of vagueness, which brought him additional votes, threatens to become a boomerang. Too many voters blame him for being for and against the death sentence, for and against tax increases, for and against abortion. His edge is melting.

... The man who praised himself for never serving others' special interests allowed the aircraft manufacturer Lockheed to finance a South American trip for him, and promised in return to promote the corporation's products.

In addition, a glance at Carter's "brain trust," his advisory corps, shows that the anti-Establishment candidate employs more Establishment figures than his image merits: along with James Schlesinger, there are Dean Rusk, George Ball, Paul Nitze, Averell Harriman, Cyrus Vance, Paul Warnke, Clark Clifford, Theodore Sorenson — the entire foreign- and defense-policy cream of the Kennedy and Johnson administrations.

Carter's Kissinger, the Polish-born American professor Zbigniew Brzezinski, would even serve as a bridge to David Rockefeller, head of the Chase Manhattan Bank and brother of Ford's vice president, Nelson Rockefeller. Together with Brzezinski, David Rockefeller founded the Trilateral Commission three years ago. It is intended to unify the U.S., Western Europe and Japan into a power-bloc striking force, into a capitalist International against Communism and against the uppity countries of the Third World. The International Herald Tribune has already prophesied that a victory of the Trilateral-influenced Carter could lead to a "new Cuba crisis, a dispatch of troops to some sort of new Vietnam."

Labor Party Candidates Put U.S. Population On Alert

Oct. 50 (NSIPS) — The U.S. Labor Party, despite harassment by the Justice Department and Federal Election Commission, has broken through a national press blackout to reach a significant portion of the U.S. population with the threat of nuclear war under a Carter presidency, the scenario for vote fraud in the coming election and the party's proposal for an International Development Bank. The following is a listing of major media coverage of the party's campaign in the period of Oct. 25-Oct. 28.

Lyndon LaRouche, USLP presidential candidate, on his last campaign tour to Detroit, Chicago and Boston received the following coverage:

National Television:

"Good Morning America" — ABC-TV Oct. 26

"The Tomorrow Show" — NBC-TV Oct. 27

"Paid Political Advertisement" — NBC-TV Oct. 27

Local Coverage

"Lyndon LaRouche is a Candidate Too" — WETA-TV
Oct. 27 (National Oct. 31)

Detroit News, Oct. 26

Detroit Free Press, Oct. 26

WWJ-Detroit News-owned radio, Oct. 26

WRBR radio, Detroit, Oct. 26

Public Broadcasting Television, Chicago, Oct. 28

NBC radio, Chicago, Oct. 26

ABC-TV, Boston, Oct. 28, Oct. 29

Boston Herald American, Oct. 29

KDEN-Westinghouse radio, Denver, Oct. 28

WWRL radio, NYC, Oct. 29

Philadelphia radio, "The IrvHomerShow", Oct. 29

Congressional Candidates' Coverage

Michael MacLaurin, Wisconsin, U.S. Senate

TV debate with William Proxmire, LaCross, Wisc. Oct. 28

Radio Debate with William Proxmire, LaCross, Wisc. Oct. 28

Television interview, Milwaukee, Wisc. Oct. 29

Peter Signorelli, Michigan, U.S. Senate candidate

2 Television debates against opponents Esch

and Riegle, Detroit Oct. 25

Television debate, with Esch-Riegle, Detroit, Oct. 27

Televised press conference, Lansing, Oct. 27

Radio interview, Lansing, Oct. 28

Television debate, Detroit, Oct. 28

Public Broadcasting TV, Detroit, Oct. 28

David Hoagland, Indiana U.S. Senate Candidate (on tour with Gubernatorial candidate, Sam Washington)

2 TV and one radio news spot, Indianapolis, Oct. 25

Television interview, Muncie, Oct. 25

6 newspaper articles, Fort Wayne, Oct. 28

2 TV and one radio, interview, Fort Wayne, Oct. 28

Bernard Salera, Pennsylvania U.S. Senate candidate

2 TV interviews, Harrisburg, Oct. 25
TV interview, Altoona, Oct. 28
3 radio interviews, Philadelphia, Oct. 28
Bethlehem Globe-Times, Oct. 26

Leif Johson, New Jersey U.S. Senate candidate

WNEW-TV, New York-New Jersey, Oct. 27
WPIX-TV, New York-New Jersey, Oct. 27
WNET-TV, New York-New Jersey, Oct. 29

Will Wertz, Washington State U.S. Senate candidate

Longview Daily News, Oct. 26
Seattle Times, Oct. 26
Seattle Post-Intelligencer, Oct. 26

Elijah Boyd, New York, U.S. Senate candidate

2 TV news items, Syracuse, Oct. 26
Utica Observer-Dispatch, Oct. 25

Chris Martinson, U.S. House of Rep., Cincinnati, Ohio

Radio talk show, Cincinnati, Oct. 26
WOKR-TV, Cincinnati, Oct. 28
TV interview, Cincinnati, Oct. 27

Donna McDonough, U.S. House of Rep., Hartford, Conn.

CBS-TV, Hartford, interview, Oct. 29
ABC-TV, Hartford, news item, Oct. 29

Max Dean, U.S. House of Rep., Flint, Michigan

"Paid Political Announcement," NBC-TV, Oct. 28
TV interview, Flint, Oct. 27

Marion Porter, U.S. House of Rep., Greensboro, N.C.

Greensboro Record, Oct. 26
Greensboro TV and radio, Oct. 25

Alan Ogden, U.S. House of Rep., Richmond, Vir.

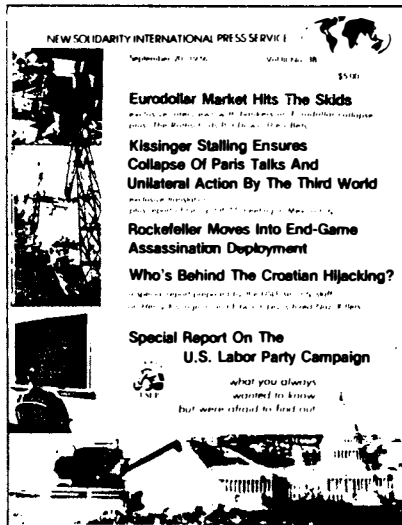
Richmond News-Leader, Oct. 27
CBS-TV, news spot, Oct. 26
WELK radio, interview, Oct. 26

EXCLUSIVE

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- Moves for a New World Economic Order
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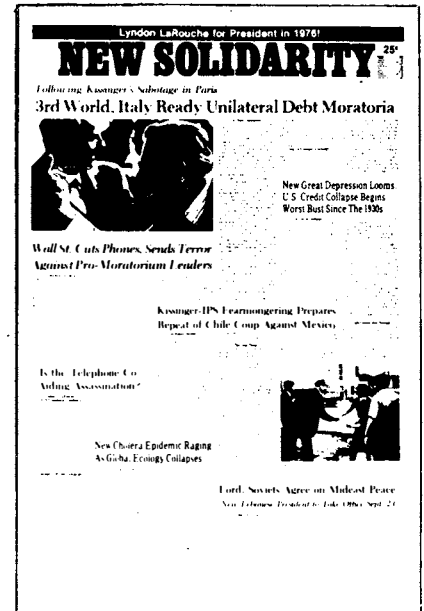


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Warsaw Pact Warns Schlesinger, Nitze Against Delusions On Confrontation

Oct. 28 (NSIPS) — Soviet Communist Party head Leonid Brezhnev was the foremost of a number of Warsaw Pact officials and journalists to state this week that they will not permit western confrontationist factions to lay hold of a world strategic advantage of any sort. Brezhnev, addressing a Central Committee plenum Oct. 25, made clear that the Soviet Union is girded to prevent this militarily if necessary. At the same time, he presented a broad package of diplomatic and economic initiatives for a new world order, including an affirmation of Soviet support for the Non-Aligned Movement's programs and new overtures towards the People's Republic of China. The total impact of Brezhnev's speech has already provoked the West German daily *Die Welt* to accuse him of hubris.

Brezhnev's strategic point was seconded by Gen. Heinz Hoffmann, Defense Minister of the German Democratic Republic (GDR) who stressed the importance of constantly perfecting military technology and science, in order to prevent an imbalance in the constellation of forces in favor of imperialist factions. The accompanying article from the GDR army weekly *Volksarmee* pinpoints these warnings as directed against the "utopian" faction which directly backs Jimmy Carter for U.S. president: James Schlesinger, Paul Nitze, et al. The Warsaw Pact is making clear that if these forces gain full hegemony, their delusions of a "final victory" against the socialist sector will send the world careening across the political "trip wire" which marks the limit of adverse developments tolerable to the Warsaw Pact and make World War III only a matter of time.

During this same week, the Soviet press has carried daily attacks on Schlesinger and Henry Kissinger for the frenetic "fabrications" these two continue to spout over the alleged "threat from the North" to China. That huge country is slipping out of Wall Street's clutches, and burying Schlesinger's dreams of a "two front" strategy against the USSR.

Brezhnev's Speech to Soviet Communist Party's Central Committee

Oct. 28 — The following is an abridgement of the second half of a speech delivered by Soviet Communist Party leader Leonid Brezhnev to a Central Committee plenum of the party on Oct. 25. Preceding this section, Brezhnev gave a report on the Soviet economy and relations within the Eastern European socialist sector.

... And now, comrades, permit me to dwell on some questions of the party's international activities. . . .

Of very great significance is the fact that the reunification of Vietnam has been completed and it has been proclaimed a socialist republic. The Socialist Republic of Vietnam now has a population in excess of 50 million. . . . Vietnam, with its great experience of heroic struggle against imperialist aggression, for freedom and independence, with its exalted revolutionary prestige, has become today an important factor of peace and progress in South-East Asia, indeed in all Asia. We ardently welcome the historic victory of our Vietnamese friends and wish them new great successes!

The victory of the patriotic forces of Laos, and the leadership of that country passing to the Marxist-Leninist people's revolutionary party, was another important event. Having taken power into their hands, the working people of that country started the building of a new life. . . . I think, comrades, that we have every ground to say that in Laos the family of socialist states has another new member.

The road of independent development has opened up to Democratic Kampuchea too.

As before, the question of our relations with China stands apart. Complicated political processes are taking place there. It is still difficult to say what will be the future political course of the PRC. However, it is clear already today that the foreign policy line Peking pursued for one-and-a-half decades has been greatly discredited throughout the world.

As to the Soviet Union, its striving to improve relations with China is our consistent course. As it was stressed at the 25th Congress of the CPSU, in our relations with China, as with other countries, we adhere firmly to the principles of equality, respect of sovereignty and territorial integrity, non-interference in each other's internal affairs, and non-use of force. In short, we are prepared to normalize relations with China in line with the principles of peaceful coexistence. More than that. It was clearly indicated at our Congress that we stand for the restoration of good relations between the USSR and the PRC in line with the principles of socialist internationalism. I want to emphasize that, in our opinion, there are no issues in relations between the USSR and the PRC that could not be resolved in the spirit of good neighborliness. We will act in this direction further. The matter will depend on what stand will be taken by the other side.

As to our relations with Albania, we, as it is known, are prepared to restore them and do not consider that any objective factors divide us with that country.

Many events of major political significance have taken place in countries that have freed themselves from colonial dependence. Mention should be made first of all of the victory scored by the patriots of Angola over foreign imperialist interventionists and forces of internal reaction.

The heroic struggle of the Angolan people met with the sympathy and support of a number of progressive African countries as well as of socialist countries, including the Soviet Union, and as it is known, also of Cuba. We gave disinterested support to the just struggle of Angola's patriots, responded to the request of Angola's lawful government, and we are proud of this!

Angola's victory became an inspiring incentive for the forces of progress on the African continent. There has been an intensification of the struggle of the peoples against such bastions of racism and reaction, such stooges of world imperialism as South Africa and Rhodesia. . . .

As to the recent visit to the Soviet Union by the President of People's Angola comrade Neto, it laid a firm groundwork for a further development and strengthening of friendship between our countries. The conclusion of the Treaty of friendship and cooperation between the USSR and Angola is a new step to

strengthening the great friendship between the world of socialism and the young emergent states, a considerable step at that, a convincing step! Our ties with the young African Republic of Mozambique are fruitfully developing; a new evidence of this was the visit to the USSR this summer by the President of the Republic, Frelimo Chairman Samora Machel.

I want also to emphasize particularly the great importance of the latest visit to the USSR this year by the head of government of friendly India, Madame Indira Gandhi. Our talks with her confirmed again that our friendship with that great and peace-loving Asian power is strengthening and deepening, that our cooperation is expanding to the great benefit of the peoples of both countries and universal peace.

Active steps are being taken on our part in support of the just demands of the developing countries of Asia, Africa and Latin America for the restructuring of international economic relations on the basis of equality, for removing all forms of exploitation by capitalist states of weaker partners in the "Third World." The interests of socialist and developing countries coincide in this field as well as in many other fields.

Of course, in the "Third World," just as in our planet in general, a stubborn struggle continues between the forces of progress and the forces of reaction. This is also testified by the Fifth Conference of Heads of States and Governments of Non-Aligned Countries, which was held in Colombo in August. The non-aligned movement has become a noticeable factor of international life, an important link of the world-wide front of struggle by the peoples against imperialism, colonialism and aggression. The documents on political and economic problems adopted in Colombo as a result of lengthy and, as it has become known, sometimes difficult discussions confirmed that on the whole the non-aligned movement retains a progressive character.

Comrades, the 25th Congress set the task of concentrating the efforts of peace-loving states on the liquidation of the remaining hotbeds of war and first of all on the attainment of a just and lasting settlement in the Middle East. This task acquired lately a special, it can be said, burning urgency. The fact is that the situation in that area has again worsened, this being connected with the bloody events in Lebanon.

If we look at the root of the events we will see that this is a new attempt by world imperialism, that is the United States and other NATO powers, to deal a blow at the forces of anti-imperialist revolution in the Middle East, to preserve and strengthen their positions there. Imperialism has now taken to the road of provoking internecine conflicts of Arabs against Arabs. The possibilities for this lie in the increased class stratification inside Arab countries, in the growth of socio-political differences between them.

In Lebanon the forces of internal reaction, armed and encouraged by the western powers, supported by Israel and Saudi Arabia, have launched an offensive against the local national-patriotic forces. But above all their blow is directed against the detachments of the Palestine Resistance Movement, that is against an anti-imperialist detachment of the Arab world. Unfortunately, Syria has found itself drawn into the orbit of military actions.

From the very outset, the Soviet Union came out for the ending of the fratricidal war in Lebanon, for the protection of that country's progressive forces and Palestinian patriots from rout, for the preservation of the state unity of Lebanon and for frustrating the reactionary plan of splitting that country.

At the same time we hold the view that it is very important to settle in a spirit of mutual good will the relations between Palestinian and Lebanese patriots, on the one hand, and neighboring Syria, on the other. This is necessary for restoring the unity of anti-imperialist forces in the Arab East.

As is known, a Conference of Heads of State of Saudi Arabia, Egypt, Syria, Kuwait and Lebanon and of the Chairman of the Executive Committee of the Palestine Liberation Organization Arafat was held recently (in Riyadh—ed.). An agreement on ceasefire, on creating inter-Arab security forces and on normalizing the situation in Lebanon was achieved.

Judging by everything, this agreement, at least the ceasefire, is being observed on the whole. We will see how matters develop further.

Our attitude to the very fact of agreement on ending the war in Lebanon is, of course, positive. We would like to hope that the process of normalizing the situation there will proceed on a healthy basis, without detriment to the Lebanese patriotic forces and the Palestine Resistance Movement. It seems that much time will yet be needed for a full normalization of the situation in that area. As to the USSR, we will further do everything for the success of the peace settlement in Lebanon.

Comrades, we clearly see that the unsettled situation in the Middle East in general is the real basis of the events in Lebanon. Recently, the Soviet Union came out with a new initiative aimed at the resumption of the Geneva Conference on the Middle East with the participation of all interested sides, including also the Palestine Resistance Movement. We proposed a concrete agenda for that conference. It encompasses all problems whose solution would really bring about the establishment of a lasting peace in the Middle East. Thereby we consistently keep to our course in regard to the conflict in the Middle East. Our policy is a principled, class, Marxist-Leninist one, and it is only such a policy that our country can pursue.

Comrades, the international policy of our party implies first of all struggle for lasting peace. We see one of the most important tasks in making full use, and not only in Europe, of the favorable possibilities created by the holding of the European Conference (in Helsinki—ed.). . . to develop equal and mutually advantageous relations with capitalist states.

It must be admitted, however, that the development of our relations with a number of states has slowed down lately, and through no fault of ours. This was caused to a considerable extent by the complex political situation in some countries, in particular by the election campaigns in the United States and in the FRG (Federal Republic of Germany—ed.).

Suffice it to say that matters are actually at a stand-still in such an important question of Soviet-American relations as the drafting of a new long-term agreement on the limitation of strategic weapons, although the main content of this document was agreed at the summit level already late in 1974. Having received our latest proposals on the remaining questions as early as March of this year, the American side has not yet given an answer to them. It has intimated to us that the reason for this lies in the complexities of the election situation. We can only regret such an approach to an issue on which the strengthening of the peace and security of two great nations depends, as well as the general improvement of the situation in the world for years to come.

But on the whole, the development of our relations with the United States retains so far its positive direction. The Treaty on underground nuclear explosions for peaceful purposes was signed recently. Mutually advantageous cooperation is underway in many fields of science and technology. Cultural exchanges have acquired a rather extensive scale. Economic ties, too, are expanding little by little, even with the existence of the obstacles created by discriminatory trade legislation in the United States. . . .

In the course of the election campaign the rival candidates—President Ford and Mr. Carter—have repeatedly made statements on matters of foreign policy, on relations with the Soviet Union. These statements, however, are for the greater

part of a general and, not infrequently, of a contradictory nature. On the whole, both contenders appear to be in favor of a further normalization of the international situation and of developing good relations with the USSR. But one often hears from them also statements of a different sort: calls for a further arms race, for the pursuance of a "position of strength policy," for the so-called "tough line" in respect of the Soviet Union, etc.

Nevertheless, whoever comes to power in Washington after the elections, it appears that the United States will have to take into consideration the actual alignment of forces in the world that had prompted the American ruling circles, on making a sober analysis of the situation, to commence in recent years a search for accords with the world of socialism. In any case, one thing must be absolutely clear: our policy of extensively developing relations with the United States, of lessening the danger of a new world war, remains invariable.

Now about relations with the Federal Republic of Germany. Regular elections to the Bundestag were held there recently. In the course of the election campaign there was a noticeable increase in the activity of the forces that attacked the government's "Ostpolitik" from anti-Soviet, scarcely concealed revanchist positions. In that situation we found it necessary to come out with a statement on our policy towards the FRG, so that the Soviet Union's position would be clear to all. . . . As we see it, the majority of the FRG's population is for peace and the relaxation of tension, for the further improvement of relations with the socialist states. This apparently creates conditions for the normal development of mutually advantageous relations between the USSR and the FRG. Our position is clear: we stand for this.

Our relations with France, I would say multifaceted relations, including also questions of foreign policy, continue to develop with success, although, of course, it is by no means in all international matters that we have common positions with the leadership of that country. . . .

We have attached and continue to attach serious importance to relations with Japan, our neighbor and one of the major Asian states. We have always considered as possible and desirable the development of broad and firm relations with Japan. . . . I had an opportunity to voice some considerations about the concrete prospects of long-term economic cooperation between our two countries . . . when I conversed in the Crimea with a prestigious delegation of Japanese business circles, led by the Chairman of the Federation of Japan's Economic Organizations Mr. Doko. The reaction of the Japanese participants in the talk and subsequent comments in Japan itself were positive. . . . However, we entertain no illusion and know that a complicated struggle for truly good Soviet-Japanese relations still lies ahead. A fresh reminder of this were the actions by the Japanese authorities during the recent incident with the Soviet plane which made a landing in Japan. . . . Here I only want to stress that the behavior of the Japanese authorities seriously beclouded the general atmosphere of Soviet-Japanese relations. . . .

Comrades! We want the peaceful coexistence of states to be not only bilateral, but to assume an even wider, multilateral character, forming, as it were, a connecting fabric of lasting peace. It is precisely towards this, in particular, that the Soviet Union's proposals to hold All-European Congresses on the problems of transport, energy, environmental protection are directed. . . .

We consistently observe also those propositions of the Final Act adopted in Helsinki which concern the expansion of cultural and other ties and contacts among peoples, the expansion of exchange of information. We proceed from the fact that in the conditions of relaxation of tension the development of such ties and contacts is quite natural — of course given the strict observance of the principles of mutual respect for the sovereignty

and non-interference in the internal affairs of each other. But to violate these principles in relations with the Soviet Union, to act counter to the interests of the Soviet people and our socialist system we — you will have to excuse us, Gentlemen — will not allow anyone. . . .

Comrades! There is not greater importance in the struggle for lasting peace today than ending the arms race, unleashed by imperialist powers, and transition to disarmament. The fact is that the aggressive circles of the capitalist world respond to their defeats in social battles, to the loss of colonial possessions, to ever newer countries abandoning capitalism, to the successes of world socialism and the growing influence of communist parties in bourgeois states, by feverishly unfolding military preparations. Military budgets are swelling, new types of armaments are being created, bases are being built, military demonstrations are undertaken. Leaning on this "position of strength," imperialism hopes to retain the possibility, rapidly slipping away, of ordering other countries and peoples about. . . .

The imperialist inspirers of the arms race stoop to any means, and do not particularly care for elementary logic. When they need new credits for armaments, they scare parliamentarians and the public by the "superior Soviet power," but when they need to show the electorate their concern for defense, they assure them of the "absolute military superiority of the West."

So far as our defense is concerned, we spend on it exactly as much as is necessary for assuring the Soviet Union's security, for the defense, jointly with the fraternal countries, of the gains of socialism, for the potential aggressors not to be tempted to try and solve in their favor the historical controversy between the two opposite social systems by force. To maintain the country's armed forces at a high level also in the future so that Soviet soldiers always have the most up-to-date weaponry, which the imperialists could not ignore — such is our duty to the people, that we shall sacredly fulfill!

At the same time we have no greater desire than to switch the assets, of necessity diverted today from the national economy, towards raising the people's living standards, towards creative purposes. We are prepared even tomorrow to start disarmament measures — either big and radical, or, for a start only partial — on a truly fair, reciprocal basis. As far as we are concerned we shall not be found wanting! . . .

Advance towards solving this task, cardinal to all mankind, even though gradually and in individual sectors, is entering the realm of the possible. Moreover, there is a gradually growing realization among the ruling quarters of capitalist states that in this nuclear age to stake on unleashing a new world holocaust is as futile as it is perilous and criminal. . . . But what has been achieved needs consolidation and further development in order to effectively put an end to the new arms race. You remember, Comrades, how sharply and as a matter of principle the question of disarmament was posed at our party's 25th Congress. . . . The Soviet Union proposed to conclude a World Treaty on the non-use of force in international relations. A substantial description of the document was given at the session of the U.N. General Assembly. Here I only wish to stress that the non-use of force in our draft covers inter-state relations without infringing the peoples' inalienable right to struggle for their social and national emancipation. We strictly distinguish between these two spheres.

The USSR also submitted for the deliberation of the U.N. an extensive complex document — a Memorandum containing a broad, all-around program of disarmament measures, most topical at this time. . . .

I want to specially emphasize that the Soviet Union continues to hold that the attainment of success at the Vienna negotiations on reducing armed forces and armaments in Central Europe is

one of the most important tasks. We propose there concrete solutions that would lead to a reduction of the military forces confronting each other in Europe without damage to any of the sides. We are prepared to discuss counter-proposals based on the same principles. We are prepared for further joint constructive search (but precisely constructive, honest, not aimed at unilateral advantage), for negotiations with our partners at any level, including the very highest. . . .

In conclusion allow me to briefly dwell on some questions of the world communist movement. . . . Acting today in three out of the six major capitalist powers, France, Italy and Japan, are mass communist parties, for which more than 20 million electors vote during elections. As a result of the latest elections the Communist Party of Italy has won such positions that in fact not a single question in the life of that state can be decided without its participation. . . . Thus, as the positions of socialism and the forces of national liberation strengthen in the world, the communist movement is scoring outstanding successes. Naturally, we welcome this from the bottom of our hearts.

But the imperialists react differently, the increasing influence of communist parties in Western Europe caused their alarm. The leaders of the USA and the FRG resorted to such gross pressure and threats against Italy in connection with the Communist Party's electoral success, that it caused indignation in many countries, even among Italian bourgeois politicians. As is known, we in the USSR did not conceal our opinion on that either.

The Berlin Conference of Communist and Workers' Parties of Europe, held last summer, was a significant event of recent times. . . . The views of 29 parties on a number of important problems had to be compared in order to reach agreement on the draft of the concluding document. . . . The speeches of the participants in the Berlin Conference were permeated with the spirit of active struggle for peace and socialism. The document it adopted is a concrete Program of further struggle for peace, security and relaxation in Europe. . . .

This, Comrades, is what I wanted to tell you about international affairs. . . .

East Germans Remind Haig BRD: 'Blitzkrieg' Is A Losing Strategy

Oct. 28—The following article appeared in last week's issue of Volksarmee, the German Democratic Republic's military journal.

The more narrow the maneuvering room of imperialism becomes, as a result of the growing strength of real socialism and all other forces of peace, the more furiously do the aggressive politicians and military officials respond with open attacks on the detente process. A slander campaign about the "Soviet threat," begun early this year and continued to this day, has been followed this fall by NATO maneuvers which are unprecedented even in the aggressive history of this war pact. A major West German (FRG) newspaper recently described the goal of these maneuvers in an unabashed fashion: it "cannot fail to be seen that the fully mechanized army display provides ever new impulses for arming."

The enemies of detene are pursuing broadranging goals with their activities. This is revealed by the fact that certain military circles in the FRG have begun a systematic "consensus" of people towards military aggression against socialism. The major target of this ideological maneuver is to convince the citizens of the FRG, and above all, troops in the Bundeswehr, that it is possible to defeat the superior military power of the Warsaw Pact, if only they proceed "correctly."

"Renaissance"

For generations, German imperialism, misunderstanding the balance of forces, has strived to attack its enemies by surprise

— thereby violating civil law — and to defeat them before the attacked are able to fully mobilize their forces. The determining concept for this is the 'Blitzkrieg' concept, according to which German imperialism unleashed the Second World War — and lost it. The present-day apologists for this appear never to have been or not now to be impressed by this outcome. Characteristically, after the successful conclusion of the European Security Conference, Colonel of the Reserves Weinstein (correspondent of the Frankfurter Allgemeine Zeitung — ed.), — the military policy mouthpiece of the anti-detente circles in the FRG, and of NATO Supreme Commander Haig — demanded a 'Renaissance of strategic thinking,' conjuring up, in particular, the spirit of the 'Blitzkrieg' strategy of von Schlieffen.

Weinstein praised Schlieffen in the highest terms: "He sought the greatest decisions in the shortest time. For that, the opponent was supposed to first march forward and then be outflanked, finally obliterated." Weinstein considers this perfectly all right. He only criticizes those who did not implement the Schlieffen plan brutally enough. Therefore, the Bundeswehr (Weinstein, exaggerating, calls it the "strongest and best troops in Europe") "deserves to be led by generals who have learned from Schlieffen's debacle."

In sum: "Blitzkrieg" as before, only perfected. For that, the appropriate weapons technology is presumed. This also has historical parallels. For with the fairy tales of the alleged war-winning German "Miracle Weapons," the propagandists of fascism during the Second World War manipulated Germans to such an extent that they sacrificed their lives — believing in a German "Final Victory" — for these deadly enemies of the German people, even after the outcome of the war had been long decided.

"Flexibility"

West German Defense Minister Leber is playing up the fairy tale of the "Miracle Weapons," in propagandistic preparation of a new war adventure. He impudently announced that the Bundeswehr will soon "be able to deploy weapons which are comparable in their destructive power to atomic bombs."

Leber is referring to the PGM weapons (precision guided munitions). Weinstein voiced Leber's intention to arm the Bundeswehr and the other NATO armed forces so that "the numerical superiority of the East can be overcome by a new quality of destructive power of the western alliance." "And," the Defense Minister said, letting the cat out of the bag, "a neutralization of the military force of the enemy gives us once again complete political flexibility."

The Supreme Commander of the Bundeswehr states it: the enemies of detente want to correct that relation of forces which was forced on the imperialists at the negotiating tables in Helsinki and Vienna. Parallel with this, they want once again, with a revival of "Miracle Weapons" propaganda, to manipulate the superstition that it is possible to defeat socialism. But while doing this, Weinstein and Leber know perfectly well that the socialist defense coalition, in the interest of their security and world peace, is able and determined not to permit a military technological advantage by the NATO Armed Forces.

As many Germans perceived the attack of the Nazi Wehrmacht against the first socialist state as the beginning of a hopeless endeavor, fascist propagandists attempted to dissolve this sense of reality with the lie of a "colossus with clay feet." Not without success, as we know.

"Advance"

From the euphoria of "Blitzkrieg" and "Miracle Weapons," Weinstein today distills a new version of this trick, wherein he compares the tank armies of the Soviet Union with... "Hannibal's Elephants," and predicts "Hannibal's elephants were no longer frightening when the Romans discovered that it was possible with one well-aimed hit to pierce its hide." With this,

military speculation spills over into war hysteria.

At the center of his present contributions, outdoing all others in number and aggressive content, Weinstein speaks of the "advance" of German troops into the Soviet Union, which "the Russians" — as he calls them — would not have time to stop.

Has he forgotten that the "Blitzkrieg" conception ran aground at the end of 1941 in the battle of Moscow, in the course of which the invaders were thrown back hundreds of kilometers and forced to go over to a strategic defense of the entire German-Soviet front?

No, Schlieffen does not embody the "secret of victory," as militarists in West Germany, ignoring all historical teachings, would like to suppose. He is identical with the imperialistic system which is attempting to drag out its historical demise through war adventures. A damned and hateful order!

New Times:

"Pentagon Weapons , Power And Policy"

Oct. 29—The following is excerpted from the Soviet weekly New Times:

In blatant collaboration with the military, a few seedy arm-chair politicians who want to enter the (U.S.) Congress are spreading news of the alleged 'threat from the East' in a search for sensationalist popularity.... All of this noise is aimed at leading the simple American away from the actual crisis-ridden problems of the economic and social order, simultaneously from the military program of the Pentagon, right before the November elections.... Recently, I received permission to visit the non-secret sections of the Pentagon with a guide, a captain of the U.S. Marines, Joseph Pratte....

(Pratte stated) "... Understand, for the first time in my entire military career, and in my service in the Pentagon, I am speaking with a Russian. What do we know of Soviet plans? Only that which they have told us. However, in any case, I am not alone in the viewpoint that your people have no more desire to throw rockets around than the majority of Americans."

... Just about one year ago, the White House had to fire the predecessor of (Secretary of Defense) Rumsfeld, James Schlesinger with the greatest haste. Schlesinger, along with a portion of the Pentagon clique, was intriguing against the Soviet-American negotiations on the limitation of strategic offensive weapons (SALT) being held in Geneva. The Washington Post reported at that time that Schlesinger has 'gone to the point of open conflict with President Ford.'

Before the replacement of Schlesinger, his cohort Nitze, a member of the U.S. delegation at the Geneva negotiations, demonstratively handed in his resignation. Secretly, quietly and

lightly, Generals in the military counter-intelligence division and the CIA leadership conspired against the negotiations. Schlesinger, however, beamed: 'The President cannot fire me.' And, although he was indeed taken out of the Pentagon, people have remained there in commanding positions who share the views of the hated minister.

Two boroughs away from the main building of the U.S. Congress, there is a hill atop of which is a Villa, the Central Bureau for Defense Information... Chief is Admiral I.R. Gene Robert Larocque. Out of his 58 years, he has devoted 31 of them to naval warfare.... In the Pentagon, one can hear extremely unfriendly opinions of him, because this sea lion from the Cold War period will absolutely never return there.

"I have become convinced," Larocque told me, "that a nation which extravagantly squanders its resources on the means of war is thereby undermining the basis of democratic society, the educational system and health care. Up until now, many of my countrymen have held back from reevaluating the problem of national security for the simple reason that their access to objective information has been blocked."

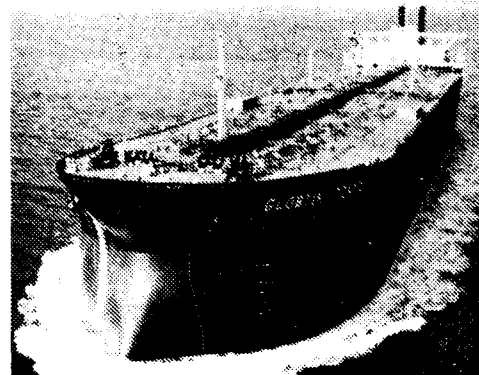
TASS:

PCF 'Captive Nations' Rally 'A Blow Against Int'l Detente'

Oct. 23—The following are excerpts from a statement issued by the Soviet press agency, TASS, in response to official French Communist Party participation in an "anti-repression" rally in Paris with known anti-Soviet agents including Noam Chomsky and Arthur London. At the rally, victims of fascist repression in Latin America and so-called Soviet "dissidents" were described as equally "oppressed."

"Soviet public opinion does not understand how representatives of the French Communist Party could have participated in a dirty enterprise of this sort. No matter what their motives and considerations, their speeches made at the Mutualité (site of the gathering — ed.) only lent support to the forces absolutely hostile to the ideals of liberty, democracy and socialism, which the PCF always used to defend."

The rally was described as "a provocative attempt to confuse the real fighters for freedom and social progress, detained in fascist prisons, with the heinous anti-Soviets who fight against the socialist system." The organizers of the meeting, said TASS, "are known for their anti-Soviet and anti-Communist opinions," and are part "of a new maneuver of the forces hostile to socialism. . . . It is an attempt to stir up a new wave of propaganda hostile to the Soviet Union and other socialist countries, to inflict a blow against international detente."



Will Britain Declare Freeze On Foreign Sterling Balances?

Oct. 30 (NSIPS) — Friday's currency counterattack by the British government of Prime Minister James Callaghan — an engineered "bear squeeze" against Wall Street banks with massive unprotected speculative positions in sterling — will probably lead to a "freeze" of foreigners' sterling balances effective next week.

All indications are that the British will make the sterling inconvertible at that time. By relieving Britain of the burden of managing a secondary international reserve currency for the dollar empire this action will immediately free the country's economy for productive expansion under triangular trade and credit arrangements. But it will also mean the end of the Euro-dollar market in the consensus view on Wall Street.

Yesterday the pound sterling shot up as much as five cents to the \$1.62 level on the Singapore markets and above the \$1.60 level everywhere else on the basis of unconfirmed rumors initiated by the British government's television network the BBC that a joint U.S. - West German - Japanese \$10 billion package was being prepared to guarantee the \$10 billion of overseas sterling balances held in London. A BBC official in New York admitted that there might be a lingering impression that this was a "grey propaganda" operation against Britain's creditors. "We are aware of that," he said. "That is why we have so much confidence in our sources." The Reuters wire services later published denials by all the supposed participants in this package but not before Wall Street speculators had lost their shirts. Later the pound dropped to \$1.58 in New York when the New York market realized they had been duped.

With his bridges burnt Mr. Callaghan has little choice about the matter come next week. The New York banks are poised for a major run on the pound next week to recoup their losses.

What Mr. Callaghan is buying time against was laid out most realistically by Wall Street's foremost "Britain Watcher" at Schroeder's Bank. According to the international banking chief there Callaghan is under triple pressure. First the Commonwealth countries do not want dollars in exchange for their sterling balances. Second the European Economic Community will not agree to any import controls by Britain which could further exacerbate the deterioration of their exports. Third the Labour Party left wing and the Trade Union Congress are adamantly against any further International Monetary Fund-dictated austerity. On top of it all he is threatened with a coalition government by Wall Street. Hence the only way out for Callaghan is total inconvertibility of the pound sterling.

In New York terrified bankers admit they have lost a crucial round of the currency warfare they began against Western Europe with the Oct. 18 devaluation of a group of European countries against the West German mark. Federal Reserve, IMF and New York bank officials planned to smash up European resistance to genocide austerity levels through what one banker called a "monetary Pearl Harbor" against Italy, Britain, France and other recalcitrant countries. Commenting on the British threat an economist for Schroeder's

Bank in New York said "Callaghan has got to back down. If he doesn't the Eurodollar market has had it."

Britain has been in full uproar following the collapse of sterling from \$1.65 to \$1.58 in a pre-arranged speculative assault on Oct. 25. The London Daily Mirror warned in a banner headline "Don't push us too hard!" The collaboration of the banks and the Federal Reserve to destroy the pound has been a matter of open discussion on the floor of the British parliament and members of the ruling Labour Party have openly accused Finance Minister Denis Healey and Bank of England governor Gordon Richardson of sabotage.

Callaghan who backed down pathetically from a fight with the banks two weeks ago is now demanding a bailout from the West Germans and Americans insisting they take over the \$10 billion in "sterling balances" — or Britain will default. But Fed and U.S. Treasury officials who admit privately they want further budget cuts and devaluation of the British currency say they won't give Callaghan an inch. The West German and Japanese government have publicly denied they will join in a bailout. In West Germany, government banking and industry officials insist that not another dollar of German reserves will go for hyperinflationary bailouts of other countries' debts. A top banker commented "If I were Callaghan I would freeze the sterling balances. The only other option would be to have West Germany buy them up. But we absolutely will not do that."

Wall Street is in a vicious bind after the British followed Italian Prime Minister Andreotti in resisting their "Pearl Harbor" attack. If they shell out another several billion dollars for Britain's bailout then they admit a major political defeat — and open the way for Italy to move for full-scale debt moratorium. Callaghan has been pushed to the limit. The \$5 billion cut in public spending the banks and reportedly the IMF are demanding for Britain would gut the economy and destroy the British Labour Party as an institution. Rather than self-destruct the Labour Party is much more likely to freeze sterling and thereby bring the Eurodollar market down. If the banks draw back and pay up they give their other victims swinging room to retaliate.

Andreotti's government in Italy which has been a strong behind-the-scenes supporter of debt moratorium and the New World Economic Order has done nothing since it imposed a "freeze" on the Italian lira last week — a partial debt moratorium which cannot stand up for long without a full move against the Eurodollar market.

The Labour Government in Britain which will accept a German-American bailout of the type Callaghan demanded but which will not go down without a fight has had a plan ready for a freeze of the sterling balances since the beginning of this month. Under this plan sterling holders mainly governments and companies of former British colonies would be "compensated" for the freeze with a long-term industrial development program.

Now that both these governments have stood up to the Wall Street offensive they cannot retreat without committing suicide.

Callaghan:

Don't Push Us Too Far

Oct. 29 — The following extracts compiled from the British press were taken from British Prime Minister James Callaghan's television interview on the BBC Panorama program Oct. 25:

Asked why the pound was continuing to fall despite assurances from the British Government, Callaghan said "It is basically because we are a reserve currency. I must say I rue it and I should love to get rid of it. From Britain's point of view I see no particular value from being a reserve currency at all. I should very much like to see us get into a position where these liabilities in our selves which we have as a reserve currency were taken over in some form or another. Germany, American and perhaps Japan had some responsibility there."

Callaghan warned West Germany, the United States, Japan, and the International Monetary Fund not "to try to force us into policies which would be so harmful to the economy that we would go into a downward spiral... (If this should happen) then we should have to say to some of these countries: 'Look, the IMF and yourselves must accept the political consequences of what you are doing.'"

If "we are pushed because there is a short-term problem into a position where we would have to make a choice whether to carry on with these responsibilities (via the British Army on the Rhine) or whether we have to say 'sorry, our economic situation demands that we put our own position first,' this would be a very serious matter for Europe."

According to the London Times, Callaghan reiterated the government's industrial strategy, stressing that "during the next three years public spending as a proportion of the gross domestic product had to come down, and that was what the Government was aiming for. But spending could not be cut to the point where it would be socially divisive. He rejected suggestions that several thousand million pounds should be cut from public spending. He reaffirmed his confidence in the Government's policies. No others would work. Of the few options available, he favoured growth at a sustainable rate, but not to the exclusion of other possibilities. Manufacturing industry had got to go ahead, that was the point to start from and other things were subordinate to that. No other strategy would work, and no other strategy which would provide the finance."

Press Labor Members of Parliament Mobilize Support For Callaghan

Daily Mirror, Oct. 26: Front-page headline warns: "Don't Push Us Too Hard" in support of Callaghan's warning to the International Monetary Fund. Their editorial castigates the "merchants of fear" on the international monetary markets who "want to panic the Government into massive public spending cuts. The atmosphere in which the sterling hitmen thrive and breed will only disappear with a return of confidence. What a state Britain is in when international financiers take more notice of a single article by a financial journalist than they do of the Chancellor of the Exchequer."

Len Murray, General Secretary of the Trades Union Congress: Following a meeting with Callaghan Oct. 26, Murray said, "We were quite clear that the TUC (Trade Union Congress) will continue to support the Government as long as it does what it said it is doing, which is sticking to the (industrial) strategy and keeping its nerve, and refusing to be panicked in the present situation... We told the government that there is a danger. We told them plainly that they should not fall into the trap of the opponents of economic growth, the monetarists, the self-appointed arbiters of the destiny of nations dictating the terms

of the argument. We think it is more important that reality should break into the discussions and we should talk in terms of output, exports and employment and not merely in monetary terms." According to the London Times, "the TUC strongly supported the view that there was no particular role for sterling as a reserve currency and there was a strong case for mobilizing the reserves to provide the necessary cushion against the 'irrational movements we have seen in the past week.'"

Clive Jenkins, General Secretary of the Association of Scientific, Technical and Managerial Staffs: "It is now time for the TUC once again to call for the pound to be withdrawn from the international gamblers' table by ending its role as a reserve currency."

Norman Atkinson, chairman of the left-wing Tribune group of Labour Party MPs: Called upon the government in Parliament to "say the time has come when we should take away from speculators the chance of dealing in this sense and for the Government to set the exchange rate, so we would adopt positive policies which will bring our external trade into balance and do away with the vulnerability which continues to exist and continues to weaken our Labour Government."

Eric Heffer, member of the Tribune Group: Heffer in Parliament said, "Many of us are convinced that there is a conspiracy both on the Opposition side of the House and by certain press barons to try to force this government out. That is the whole design behind the present policies (the collapse of the pound.) we are facing. We have to ignore the nonsensical rubbish from people like Milton Friedman who advised the Chilean junta on how to deal with its economy and they have trebled unemployment and inflation as a result of the rubbish we have been hearing from that side and from people like Milton Friedman."

National Executive Committee of the Labour Party: Passed a resolution at its meeting Oct. 27 backing the TUC's national lobby Nov. 17 against public spending cuts. "We urge the constituency Labour parties to support this lobby and call upon government to pursue socialist policies and not to cut back on the social wage." It also called for "unity in the trade-union and labour movement in resistance to the cuts."

Treasury and Fed:

"U.S. Won't Fund Sterling"

Oct. 27 — The following interview was conducted with a top U.S. Treasury official today:

Q: There are rumors that the U.S., Germany and Japan may fund sterling balances or else the British will make the pound inconvertible. Will we do it?

A: I've seen all these rumors. There have been efforts to deal with this for 30 years... My first assignment at the Treasury in 1946 was the Anglo-American sterling agreement; we tried to get the British to fund the balances themselves... Still today the balances are a British responsibility and it's up to Britain to deal with them.

Q: German sources are also denying British press reports that the U.S. and Germany might fund sterling. Are you saying we will not?

A: Yes that's correct. We are not now and don't intend to be in such negotiations. The British will have to turn the balances into long term Treasury debt or borrow on the Eurobond other private markets to fund them or let the holders hold them as working balances or some combination of these.

Q: But all these measures involve intolerable domestic austerity. Are you referring to reports I've seen that the long

term (British) Treasury debt will have to come out of government spending?

A: At least the differences in charges on servicing the debt would yes — that is it will cost more to service the debt under long term rates after it is converted to Treasury obligations than it does now under short term rates as balances. The size of the debt would not change.

Q: But Callaghan faced with the political consequences would rather declare inconvertibility and then what about the monetary system? What about the pressure on it?

A: Inconvertibility? Inconvertibility? I won't comment on that. The British have a problem and we expect them to deal with it.

Oct. 27 — The following interview was conducted with a representative of the U.S. Federal Reserve in Washington D.C.

Q: Is the U.S. in negotiations to fund the British sterling balances?

A: No we're not involved in such things and I don't expect us to be. According to the Bank of England bulletin, the balances fell in the first half of this year to £6 billion, and as far as we're concerned, let them just keep right on drawing down.

Q: They will go for inconvertibility, and then the dollar is finished.

A: I couldn't possibly comment on that. That's just not my idea of involvement. Oh, no.

New York Banks: Callaghan Must Make Cuts Now

Oct. 26 — The following is an excerpted from an interview with an officer of an influential New York-based international bank.

Q: What do you think of Callaghan's speech?

A: I **hate** the socialists....Callaghan is an idiot!

Q: Do you think he will be forced out?

A: That's a possibility. If we can get this vote of confidence through Parliament, it could force an election. But then where will we be? I agree with Macmillan (the former Conservative Prime Minister Harold MacMillan, who recently called for a bipartisan "war cabinet"). It doesn't help just to change governments. It's beyond that.

Q: And what do you propose to solve the crisis?

A: Cut government spending.

Die Welt: Higher Oil Price Endangers Western Europe

Oct. 26 /— The following interview with Gerhard Stoltenberg, Prime Minister of the state of Schleswig-Holstein and Christian Democratic Union industrial spokesman, is reprinted in part from today's Die Welt.

...Further oil cost increases would severely affect the foreign trade and balance of payments of Great Britain, Denmark and France. It could present, as Stoltenberg said, "a deadly crisis"....If our trading partners' balance of payments worsens, this could also have negative effects on the German economy...exports are 30 per cent of our gross national product.

...Stoltenberg considers it necessary to massively increase investment for technological modernization of our economy. Production and the quality of living conditions depend upon it.

BRD Chamber of Commerce Chief Demands Investment In Real Production Calls GNP Growth 'Deceiving'

Oct. 26 /— The following excerpts are taken from an article by Jess Lukomski in today's Journal of Commerce.

The six per cent real gain in West Germany's gross national product recorded for the first half of this year "is a deceiving yardstick of our economic performance" because it "says little about the quality of the growth and the basis of its potential for the future."

Contrary to optimistic statements of the Bundesbank (West German central bank — ed.) and government leaders in Bonn, the West German economy is far from having recovered from the 1974-75 recession....

This conclusion about the state of the West German economy was advanced by Otto Wolff von Amerongen, president of the German Federation of Chambers of Commerce and Industry (DIHT), speaking at his organization's annual general assembly....

...A sustained growth requires intensified investment activity to provide new jobs and to support technological advances which alone guarantee international competitiveness of West German producers, argued Mr. Wolff.

...German businessmen are worried about the course of events in their major buyer countries. "I see nowhere in Europe a favorable expansionary takeoff," said Mr. Wolff. And he suggested that in the United States a potential change in the White House could spell more protectionism and higher inflation rates "even though the foreign economic policy of Governor Carter remains a rather nebulous quantity."

French Financial Press Sees New Recession; Says Debt Unpayable

Oct. 26 /— The following are a series of three articles which appeared this week in the French financial daily Les Echos.

New Upheavals On The Exchange Markets Will Accentuate The Threat Of Recession by Michel Garibal

The financial crisis is taking on worrying proportions in Italy...Sporadic movements of panic took place at the end of last week, leading individuals to withdraw funds from the banks out of fear of a crash. Fear is also surfacing on the other side of the Channel as the debt repayment deadline (Dec. 9) of \$5.3 billion to the Group of Ten nears...

The next weeks will put the nerves of the monetary authorities of West Germany to the test, since everything indicates that a new agitation of currencies is preparing itself....The United States, more worried at bottom than official communiques let on about whether the up-swing will continue, does not hesitate to turn towards a decline in their currency to relaunch (economic) activity and improve the results of their commercial balance which is deteriorating...

London has just asked Rome for the reimbursement of a \$468 million loan by Dec. 9. This date corresponds to Great-Britain's deadline for repayment of \$5.3 billion....Will Italy be in a position to reimburse the British loan? Nothing is less certain....

There comes a time when new credit openings are not enough to reestablish a situation which is too deteriorated. This unfortunately is not the case of Italy alone. Great Britain is close to this stage. Not to mention the indebtedness of the East countries and the Third World nations, which is reaching its peak. Should a generalized debt moratoria be envisaged one day? And which governments will be in a position to ensure the indispensable discipline which accompanies a putting off of debts?

Third World States On The Verge Of Bankruptcy

With \$130 billion in debts, \$97 billion in balance of payments deficits in 1976 and \$30 billion new debts per year, the non-oil producing Third World is on the verge of bankruptcy....If one takes the problem case by case, one can see that certain countries like Egypt, Zaire or Zambia no longer know which creditor to commit themselves to. They are incapable of repaying a foreign debt which, in the case of Egypt, represents one and a half times its annual GNP, or in Zaire's case, three-quarters. Zaire has been negotiating a moratorium for several months to spread out its debt deadlines....

It is for them (the poorest Third World countries) that Robert McNamara, President of the World Bank (International Bank for Reconstruction and Development), let out a cry of alarm at the last annual assembly of the IMF and IBRD in Manila in the beginning of the month. The threat is now that of seeing these countries unilaterally decide to cease payments, thus confronting the developed countries with a *fait accompli*.

Solvency Of The Eastern Countries Put Into Question

The increasing debt of the East bloc countries is in the process of becoming a major political element in detente....Beyond the real phenomenon of the growing deficit of the East with the West...an attempt to dramatize the situation is taking place. Under American guidance.

About two weeks ago, very discretely, representatives of the main industrial countries met in Paris to attempt to evaluate the economic, and also political risks of the deteriorating financial situation of the Comecon countries...For the Americans, only a concerted thrust by the Western countries would permit (them) to prevent the USSR from using its growing weight in the foreign trade of its Western partners to obtain concessions. France, however, is above all seeking to de-dramatize the situation. The increasing weight of indebtedness is a generalized phenomenon which should be reduced. But in the name of what principles can one use more rigor towards the Comecon countries, while not

only developing countries, but also industrial nations like Great Britain and Italy are floundering in grave financial problems?

Jobert Addresses Second Congress Of Movement of Democrats

Oct. 26 /— On Oct. 23 and 24, the second congress of the Movement of Democrats, founded and presided over by former Foreign Affairs Minister Michel Jobert was held in Marseille. The following are excerpts of Jobert's statements, as reported in Le Monde:

Asked about the recent statements of the President of the Republic (Giscard d'Estaing) predicting a victory of the majority in 1978, Michel Jobert brought irony into play: "This proud statement is about as exact as that pronounced in 1940 (before the capitulation of the Vichy regime to the Nazis — ed.): we will win because we are the strongest."

The founder of the Movement reserved his most acerbic remarks for the men presently in power: "For months, we have only seen political dwarfs — no matter what their stature — agitating themselves, incapable of analyzing the world and its dangers, incapable of determining an action and sticking to it, incapable of a will to affirm the presence of France and ensure its safety. From now on, it is no longer the time for observation, warnings, criticism. Everything that we have said for more than two years in the political, military, international and, alas, especially economic spheres was aimed at being a safeguarding warning. To what avail?...We have measured the absence of resolution. In vain....Someone has to be able to keep a cool head to attempt to glue together the pieces which remain when, with their games, the traditional parties have broken everything."

Gaullist Admiral Sees No Barriers To Working With Communists

Oct. 28 — The following are excerpts from statements made by Admiral Antoine Sanguinetti, brother of outspoken Gaullist Alexandre Sanguinetti, to the second congress of Michel Jobert's Movement of Democrats. His statements were reported in L'Aurore, Oct. 25.

I see no real inconvenience, other than of propagandistic excuses, to fighting on the side of the French Communists, as we have already done during other difficult times in our history....The Left of the Common Program is not doomed to failure. I have decided to engage myself at its sides to save what can be saved. This is the real problem, and we must not allow ourselves to be taken in by the slanted propaganda of the privileged ones who dominate us."

Oil Hoax Threatened As Hammerblow Against U.S., Europe

Oct. 29 (NSIPS) — While widespread speculation has emerged internationally of at least a 10 per cent to 15 per cent increase in the price of oil to be set by OPEC at its meeting Dec. 15, Rockefeller's international network has mobilized to go for broke with a Mideast war and a full scale oil boycott to destroy any resistance to heavy-handed cutbacks dictated by Rockefeller's Wall Street and European banks.

The multinational oil companies sponsored an internationally attended symposium at the University of Colorado earlier this month. Both a former Trilateral Commission official who attended the meeting and the meeting's coordinator reported that one of the major concerns of the parley was finding a way in which to impose a sharp reduction in the standard of living of the advanced sector to be accompanied by regional energy conservation and self-sufficiency schemes. The symposium, attended by numerous representatives from the Arab oil producing states as well as representatives from the Rockefeller founded Trilateral Commission and the Aspen Institute attempted to reach a consensus for this goal and an oil boycott, thus insuring the continued domination of the world economy by Rockefeller-controlled European and Wall Street banks and the Seven Sisters major multinational oil companies.

To this end, Israeli Defense Minister Shimon Peres has openly endorsed continued Israeli provocations in southern Lebanon which threaten to explode into an Arab-Israeli war. This is precisely the scenario that both the Federal Energy Agency (FEA) and the International Energy Agency (IEA) are ready for. The FEA has full emergency legislation ready to be presented to the U.S. Congress in January 1977 which will prepare the U.S. for a national emergency complete with guidelines for rationing and measures to be followed by the president of the United States when the boycott hits. Similarly the IEA since October has been conducting a simulation exercise of an oil embargo against the 21 member countries of the agency, which includes full monitoring of all phases of fuel transport and consumption. Both the FEA and the IEA were created under Rockefeller aegis in close coordination with Kissinger after the 1973 embargo.

At the same time numerous operations have been launched against the Arab oil producers to provoke the needed energy crisis. Most importantly has been the campaign rhetoric from the presidential campaign making U.S.-Israeli relations an issue. The legislation to break up the Arab boycott against Israel and in particular Jimmy Carter's strong pro-Israeli position behind it has caused strains in U.S.-Arab relations. It is Carter's manipulated pro-Israeli stance that pressured President Ford into the untimely decision to announce a new shipment of U.S. arms to Israel this month, which was met with outrage from the Arab states. The decision to begin the IEA oil embargo simulation on the third anniversary of the 1973 war enraged the Arab oil producers so much that it required a formal apology by the U.S. State Department.

Another side of Rockefeller's manipulation of the Arab oil producers, of which Saudi Arabia is the most powerful given its enormous output, is to advise the oil producers to feed a producer-consumer confrontation with the issues being increasing western inflation and the failure of the north-south dialogue. One of the most influential Arab consultants Arthus D. Little has issued a report predicting a large oil price increase, allegedly due to the skyrocketing costs of imported goods from the West. While Morgan Guaranty in its most recent newsletter reports that it will take at least a 10 per cent increase which will

"materially intensify" the balance of payments problems for the U.S., Japan, and West Germany. Indicating the sentiment with the oil-producing sector the Secretary General of OPEC M.O. Feyide said yesterday that OPEC would have been justified during its last meeting in raising the price of oil by 40 per cent; last week the leading price hawk of the cartel, the Shah of Iran, called for a minimal 15 per cent increase.

According to the New York Times Oct. 29, the multinational oil companies are also prepared for the worst from the oil producers and have begun a speculative program of hoarding oil as they did before the last embargo and the last price rise in 1975. American Petroleum Institute reports that oil companies have stockpiled more than 10 per cent above levels earlier this year with the anticipation of making a killing on oil purchased at current prices.

The Soviet daily Pravda this week strongly condemned the practice of stockpiling, whose purpose is only to augment the profits of Rockefeller dominated "Seven Sisters." Europe, which is much more at the mercy of the oil weapon, has begun to take preventive measures to minimize injury caused by another oil hoax. The Italian nationalized firm Montedison has formed an oil company with the Soviet Union and the Italian government has been in the forefront of organizing the European Economic Community around a common energy policy to include an all-European complex comprised of the various nationalized oil companies. This week, leading West German industrialist Gerhard Stoltenberg warned of the threat of another oil embargo which he stated would have murderous effects on Europe's weaker economies such as Denmark and Great Britain.

MIDDLE EAST MONEY: ANTI-ISRAELI BOYCOTT LEGISLATION COULD TRIGGER OIL PRICE RISE

Oct. 29/— *The Middle East economic digest Middle East Money in its latest issue warns that legislation against the Arab boycott against Israel, a policy openly favored by Jimmy Carter, could force the Saudi Arabians to block with the "price hawks" in OPEC and raise the price of oil at least 20-25 per cent:*

A number of developments in the U.S. are making it more difficult for Saudi Arabia to pursue its present policy. Defense arms purchases are a current snag in Saudi-U.S. relations. The anti-boycott legislation is another issue and could have made it impossible for U.S. companies to purchase Saudi oil.... Saudi Arabia is the West's staunchest ally amongst oil producers, yet recent developments in U.S. policy are exasperating the Saudi government and putting it under pressure. A change in Saudi policy would lead to much graver consequences than might at first be expected.

FORMER U.S. AMBASSADOR: PRICE RISE CRIMINAL

A former U.S. ambassador to the Mideast commented this week:

If these guys are planning a big price increase and planning a war in the Mideast to go along with it then they are all criminal and insane and we are all in trouble.... That will be the end of the world.... An Armageddon.

Ford-Carter campaign rhetoric around breaking up the Arab boycott against Israel is weakening the Saudis ability to resist pressure from within the cartel for a price hike ... and therefore,

the Saudis might be willing to go along with an embargo and a big price rise.

BOULDER MEET ATTENDEE: OIL EMBARGO WILL EASE COOPERATION

The following is an interview with a former Trilateral Commission official who attended the Boulder, Colorado international energy symposium two weeks ago:

NSIPS: What do you think the impact on Europe and the U.S. will be if the price goes up even 15 per cent? ... Many feel it would be a big strain on these countries.

A: Well, I suppose in those countries with a high balance of payments the rise would be problematical. You know it is very difficult to define a breaking point on these matters. Everyone thought that following the 1973 increases it would cause more stress on consuming economies than it really did. Given that the recovery is shaky and inflation is still growing higher in the west, yes, this kind of an additional cost — well it will be rather uncomfortable.

NSIPS: Don't you think that there could be political repercussions from the Europeans?

A: Repercussion? ... What could any country in Europe do? I think they can't do very much. The problem is that Europe has really done nothing about its continued dependence on Arab oil. This would heighten the need for energy independence.

NSIPS: How do you propose such independence?

A: There must be some form of indexation ... some negotiated rise in prices linked to alternative energy sources. But anything that looks like this is anathema to the U.S. and Europe. You see I have been saying that it is all a question of timing. The timing of price rises often comes in relation to economic development in the advanced sector ... the influence of time could make the cooperation of the West more forthcoming.

FEDERAL ENERGY AGENCY PREPARES FOR OIL EMBARGO

The following is an interview made available to NSIPS from an FEA spokesman:

"We have just prepared and sent to Congress a plan which can be taken off the shelf for use by Congress in the event of an oil import disruption by the Arabs. The plan will be presented to the next session of Congress (in January - ed.), but if there is an oil boycott, it can be used sooner through either the president convening an emergency session of Congress or the president using emergency powers."

The spokesman admitted that the most likely trigger for such a boycott would be an Arab-Israeli war. He added that the FEA plan provides for every domestic contingency including fuel rationing.

BROOKINGS: PRICE INCREASES DISASTROUS

A senior fellow from the Brookings Institution, Charles Schultz, stated a price rise by the OPEC nations of more than 20 per cent "will require reorganization of the economy of the United States," a 15 per cent increase will be "disastrous" for Europe, and he concluded that a 10 per cent increase will be barely "assimilable."

Schultz's name has come up as a prospective Secretary of Defense under a Carter Administration. He is a supporter of Project Independence, a plan for U.S. domestic energy self-sufficiency, using labor-intensive methods for which the Humphrey-Hawkins bill is the model.

Pravda:

Oil Stockpiling Hurts Europe

Oct. 27|— The following is an excerpt from an article on oil price increases entitled "Tyranny of the Monopolies," by economic commentator Yuri Kharlanov:

PARIS, Oct. 26 — "Speculative Purchase of Crude Oil" — Under this headline, the paper *Les Echos* features the information that the largest oil companies of the capitalist world are creating gigantic stores of fuel. The organ of French business circles remarks that these purchases are in anticipation of a rise in oil prices, which is expected at the end of the year.

The Paris journal *Nouvel Economist* writes that about a hundred tankers belonging to such companies as Exxon, Mobil, Texaco, or to others leased from them, are standing right now in the biggest oil port of Saudi Arabia, Ras-Tanura. Frequently the tankers stand there for two weeks before their reservoirs are filled.

"The oil firms," writes the journal, "are creating super-supplies, in order to receive their super-profits for oil sales when the day comes."

According to press reports, the reservoirs of the oil-refining factories in Europe belonging to the "Big Seven" U.S. and British oil firms are overflowing, at the same time that the factories themselves according to the paper *Le Monde*, are utilizing no more than 60 per cent of capacity.

Le Monde indicates that this is not the first time that the "Big Seven" have set up an artificial scarcity of fuel in order to raise prices for their product. It is not only the consumers that suffer from this, but also the national oil firms of Italy, France, and the Federal Republic of Germany, which are often forced to buy crude oil from the oil cartel. Some of these West European companies — the French *Compagnie Francaise de Petrol*, *ELF-Akitani*, the Italian *ENI*, the Belgian *Petrofina*, and the West German *VEBA* — recently came out with an official memorandum to the "Common Market" commission, demanding that measures be taken against the competitors. The memorandum describes in detail how the companies belonging to the "Big Seven" avoid taxation and conclude illegal agreements in order to ensure their monopoly position on the West European market.

Israeli Pro-War Faction Seeks To Wreck Mideast Peace

Oct. 30 — A former State Dept. official has confirmed that the pro-war faction in Israel is deliberately leaking reports about cooperation between the Israeli military and the Nazi Falange in the occupation of southern Lebanon, in order to wreck the delicate Lebanese peace settlement and provoke an Arab-Israeli confrontation. By publicizing the Israeli-Falange alliance, Kissinger's Israeli allies are effectively challenging Syria and other Arab states to a showdown. The Lebanese right-wing has backed up Israel's pressure on Syria by announcing its intention to "apply an iron fist to the Palestinians."

The U.S. backers of Israel's hawks are using the growing crisis around southern Lebanon to prepare for a thermonuclear showdown with the Soviet Union in the immediate post-election period. The same planned Arab-Israeli crisis will be used as leverage to provoke another oil embargo, to bludgeon the Western European and Japanese economies in a desperate effort to prop up the dollar.

Last week's tentative settlement of the Lebanon civil war was worked out by Arab leaders at summit meetings in Saudi Arabia and Egypt to prevent the complete destabilization of the Middle East and new regional war. Receiving the tacit support of President Ford and Israeli Prime Minister Rabin, the agreement represented a face-saving solution for all parties involved in the civil war. The agreement also laid the groundwork for convening of the Geneva peace talks, to which Ford has committed himself after the Nov. 2 elections. Both Rabin and Egyptian President Sadat have given tentative indications of their willingness to move their countries toward a Geneva meeting — in the event that the pro-war faction in Israel can be eliminated.

The Israeli warhawks, led by former Defense Minister Moshe Dayan and current Defense Minister Shimon Peres, are fully mobilized to box-in the more moderate Premier Yitzhak Rabin and destroy the fragile peace accord. Using provocative and misleading press reports of an "influx" of Palestinians into the Lebanon-Israel border area, Dayan has openly demanded Israeli military intervention into southern Lebanon, while Peres and his cohorts have been warning of the "red-line" tripwire for an Israeli invasion into Lebanon's south.

The Peres annexation drive in southern Lebanon, while encountering considerable resistance from Rabin and his allies, is receiving the full support of Jimmy Carter and his warmongering Committee on the Present Danger advisors, led by former Defense Secretary James Schlesinger and Eugene Rostow. Rostow is publicly urging American Jewish supporters of Israel to join the insurrection against Rabin and lobby in support of Israel's cooperation with the Lebanese Nazis.

Sadat and Assad are quite prepared to ignore quiet cooperation between Israel and the Lebanese right-wing in the interests of regional "stability." But Israel's open alliance with the Falange is fast becoming an affront which no Arab leader, no matter how desirous of peace, can ignore.

"Israel's Interest Is Peace But They're Making War"

Oct. 30 — The following is an interview with a former State Department official who is an expert on the Middle East, now at John Hopkins University.

Q: Surely, Syrian President Assad does not want a confrontation with Israel over Lebanon, but that's where matters seem

headed, and Israel seems to be provoking it.

A: The Israelis think that as long as Syria keeps its troops from the border, it won't bother them. Israel understands Assad's problems, and they know he's embarrassed by the Israeli collaboration with the Lebanese Christians. So Israel will allow some Fedayeen to go into the Lebanese south to give Assad an opportunity to say that he's a defender of these Palestinians.

Q: In your view, then what's going on in Lebanon is for public show?

A: Of course it's for public show. What makes me wonder is that the Israelis are permitting such publicity about their collaboration with the Christians. It makes you think they want to keep the war going. This whole thing is ridiculous because it rebounds against the Christians and makes matters tougher for them.

Q: You seem to suggest that the Israelis want to keep the peace and keep Assad around, while at the same time they're acting in such a way as to provoke Assad? Which is it?

A: The Israelis are sometimes incredibly stupid when they're in situations like this. It would be in their best interest to keep their support for the Falange quiet, but they're letting all sorts of publicity get out. They could easily suppress it. Imagine leaving Hebrew markings on the Christian's weaponry in the south! They are flaunting their involvement. They're being clumsy. Nothing comes out of Israel unless they want it to come out.

Q: Are you familiar with the Committee on the Present Danger, and its intention to use the Middle East as a nuclear confrontation point with the Soviet Union after a Carter presidency?

A: Sure, there's a problem with Gene Rostow (Carter advisor and Committee on Present Danger member — ed.). When I was at the State Department, you know what he did? He was passing everything the Egyptians sent him to the Israelis, until we restrained him.

Mideast Expert:

Permanent Israeli Occupation In Lebanon Could Trigger War

Oct. 26 — Following is the transcript of an interview today with a former Rand Corporation analyst and National Security Council staff member who is a leading expert on the Middle East.

NSIPS: Today's Le Monde says that the Riyadh and Cairo accords this week have broken the alliance between Syria and the Falange in Lebanon. Le Monde predicts that as a result the Lebanese right will opt for closer cooperation with Israel, and that the outcome is likely to be full Arab-Israeli war. In line with this, there are more reports today of Israeli military moves to back up the right in southern Lebanon. Can the Arabs ignore this, and try to work out a peace settlement at Geneva, or will they go for war?

A: They're not likely to ignore it. How strongly they react, I don't know. The Lebanese right, however, will probably have to pay a price for such overt, blatant cooperation with Israel. In fact, I'm surprised at how open it is. The Syrians would probably like to wink at the cooperation in the south between Israel and the Falange, but present circumstances make it much harder to ignore.

Now, the Syrians are in a commanding position in Lebanon.

Egypt, the Saudis and even the PLO have basically acquiesced there, and Syria will therefore in return probably back away from its alliance with the right. At least, provided that the PLO remains a nice and docile client. Now, if the Christians find themselves very vulnerable, which they will, they will face a dilemma. Either they opt for closer ties to Israel, which is dangerous, or they try to patch themselves up with Syria, and

establish themselves as a sort of 'protected minority' inside Lebanon. Syria's calculations, I think, are to avoid a showdown with Israel. For this reason, they'd be prepared to wing at Israeli-Falange cooperation.

But, if Israel and the Falange openly push their operation in the south and intend to permanently install themselves there...well, then I think that Le Monde's speculation is not idle.

Factions Battle In Israel Over War Or Peace

Oct. 30 (NSIPS) — Henry Kissinger's chief Israeli warhawk, former Defense Minister Moshe Dayan, today called for Israel to intervene militarily in southern Lebanon to "prevent" the return of Palestinians to the border region. In what amounted to a call for a coup d'etat against Israeli Prime Minister Rabin, Dayan declared "only the Israeli army can keep the border quiet."

Dayan's remarks, made to a U.S. audience of United Jewish Appeal representatives, were only one of the signs that Israel's long-seething faction battle — pitting traditional political and military forces against the outright intelligence agents of the U.S. Secretary of State, Dayan and Defense Minister Shimon Peres — is now a wide-open and public fight. With President Ford of the U.S. extending cautious but real support to Rabin in connection with his tentative commitment to a post-election Geneva conference, the split between the Rockefeller-Kissinger and traditional Republican wings of the Administration in Washington is now clearly visible in Israel.

Israeli Chief of Staff Mordechai Gur, a Rabin confidant and military traditionalist, issued a statement this week refuting the existence of any geographic tripwire beyond which Syria cannot pass in Lebanon without Israeli intervention. Contradicting the provocative statements issued all week by Dayan, Peres, and their associates on this subject, General Gur identified the so-called "red line" in Lebanon as a political line, not a territorial demarcation. Rabin himself has emphasized that "Israel will not intervene in the internal affairs of Lebanon except with humanitarian aid," and today's Baltimore Sun confirmed that the Rabin government is "moving with the utmost caution now to avoid sabotaging the fragile ceasefire in Lebanon.... (Israel) may be close to something very important in terms of peace, and they do not want to spoil it."

Great Britain's Financial Times commented that Rabin's rejection of the Dayan-Peres effort to involve Israel in Lebanon "may reflect the desire not to upset President Ford with the American election only two days away." U.S. Ambassador to the United Nations, William Scranton confirmed that estimation indirectly when he ignored the partially successful destabilization campaign of Dayan-Peres against the Rabin government by telling the World Affairs Council in Pittsburgh last week that "for the first time, Israel has a strong government."

Premier Rabin this week openly rejected a fraudulent "letter" from "villagers in southern Lebanon" requesting Israeli military intervention there against the Palestinians. Dayan and Defense Minister Peres have increasingly sent the Israeli military into Southern Lebanon to support the Nazi Falange, and intended to use the letter to compel Rabin to make the intervention and virtual annexation of the area "official." But Rabin,

who refused to even meet with messengers who brought the letter from the alleged villagers, told the Israeli parliament that acknowledgement of the Falangist emissaries "would constitute interference in the internal affairs of another state." At the same parliamentary meeting, Defense Minister Peres had demanded a full military invasion of Lebanon's south, telling the delegates if the Lebanese fascists need Israel's aid "we will give it to them."

The letter episode is only the latest of Rabin's refusals to be drawn into a new Mideast war. A recent effort by the Zionist fanatic Gush Emunim movement to arouse war-hysteria in Israel over Gush-provoked Arab rioting on the Jordan River's West Bank — with public support from Peres — was halted by Rabin through a legal injunction against Gush leader Moshe Levinger's continued presence on the West Bank.

The Dayan-Peres campaign to topple Rabin has included a major "watergate" style campaign against the traditional legitimate political forces of the country centered in the Histadrut and its appendages, including Rabin's Finance Ministry. One such old-line establishment figure, Asher Yadlin who heads the Histadrut's Sick Fund, has been the target of scandalous charges "leaked" to the press that he has taken kickbacks and engaged in shady deals involving Las Vegas gambling casinos — some at the very time of his nomination to the Chairmanship of the Bank of Israel by Premier Rabin. The Yadlin affair is the biggest scandal in Israel's history, and has severely affected the entire government.

The Dayan-Peres attempted coup d'etat also saw a direct "no confidence" resolution against Rabin by the extreme right-wing Likud faction last week, defeated in parliament 57 to 38. The Likud motion called the government "weak, rife with internal and mutual mistrust and bankrupt of all morality and responsibility." Rabin responded with a sharp denunciation of the Likud as the "permanent opposition" which was determined to "poison the public atmosphere." A Likud spokesman left no doubt as to the motivation for the resolution: "The continuing feud between Rabin and Peres is causing untold harm to our country. The whole cabinet seems to be disintegrating with its sense of morality at an all time low." Mordechai Ben Porat, a Dayan protege in the Rafi faction, backed the Likud with a call for "a local Entebbe operation" to clean out the Rabin government.

Legitimate political forces in the Israeli government are aware of what's afoot in the Dayan-Peres drive for war, and have pulled together to support the government. The leftwing Mapam party which had planned to split from the Rabin government's coalition has decided to remain in the government to give Rabin the strength he needs to keep the peace.

Kissinger In Bid To Wreck Geneva Conference On Southern Africa

Oct. 30 (NSIPS) — U.S. Secretary of State Kissinger, backed by the New York Times, has been angling for another personal intervention into the Rhodesia (Zimbabwe) situation this week, in order to ensure that the Geneva conference on Zimbabwe's transition to majority rule breaks down. In the ensuing chaos, Kissinger intends — in a manner similar to his famous Middle East shuttle diplomacy — to destroy the pro-socialist elements in the Zimbabwe nationalist movement, split up the progressive Mozambique-Tanzania-Angola axis and thus project his fascist South African allies.

Kissinger's efforts have become particularly urgent due to Britain's accession, late in the week, to the demands of African leaders that the British take a leadership role in the transition, rather than their present 'neutral' role. Observers from other African countries have now been admitted to the Geneva conference, and British Prime Minister Callaghan has privately told Zimbabwean leaders that his government agrees "in principle" to run the country during the transitional period although he has not yet publically committed himself. These measures will force Rhodesian Prime Minister Ian Smith to stop hiding behind the supposed "agreement" negotiated with Kissinger, which leaves the army and police in Smith's hands, and which he made into the focus of the conference during the first few sessions to avoid any substantive discussion.

The New York Times campaign for a Kissinger intervention began a week ago before the conference started, with quotations from diplomatic sources on Oct. 24 that "...a fuller and more direct expression of American views..." might be necessary in Geneva, as well as further citations from "high State Department sources," that the Secretary "is not prepared to let the talks fail and will step up pressure on the participants if the conference appears doomed..."

Trying to keep Kissinger in the foreground, Prime Minister Smith has repeatedly stated that "It would be wonderful if

Kissinger would come to Geneva to sort out the problems threatening his plan..." and that he would "... set the record straight..." on the now irrelevant question of whether or not all parties accepted the same version of the Kissinger Package Deal. In any case, the State Department "set the record straight" in midweek by admitting that Kissinger's plan was deliberately ambivalent, and that his pressure to keep the conference from "failing" has consisted of armtwisting African leaders to "privately" condone the version of the plan agreed with Smith.

While the Kissinger-Smith operation diverts, stalls and generally confounds progress in Geneva, Henry's satraps and allies in southern Africa are increasing their war preparations.

In Zaire, bankrupt President Mobutu Sese Seko has flagrantly violated his agreement with neighboring Angola by reopening the military bases of the CIA-founded and -run National Front (FNLA), according to a statement issued by Angolan Prime Minister Lopo do Nascimento. Mobutu is rearming the thugs for guerrilla operations against Angola. Such action is against Zaire's national interests and is a reversal of Zaire's conciliatory policy toward Angola in effect previously. It was most likely ordered when Mobutu was summoned before French President Giscard d'Estaing a week ago.

At the same time, Smith has put the Rhodesian army on a war footing and is preparing major counterinsurgency operations near the Mozambican border which could easily result in another "daring daylight raid" against unarmed civilian refugees in Mozambique by Rhodesian troops.

In South Africa, outbreaks of provoked violence and provocateur terrorist incidents have been used as the excuse for the use of machine guns against rioters in the ghetto of Soweto, and for further mobilization of police and troops. Meanwhile First National City Bank has pulled together a \$125 million loan to fill South Africa's war chest.

Vorster Pushes Ahead With Concentration Camp Policy; Business Circles Panic

Oct. 30 (NSIPS) — South African Prime Minister John Vorster forged ahead with his regime's policy of cramming black Africans into self-governed barren concentration camps with the granting of superficial independence to one of these camps, the Transkei, on Oct. 26. The move is part of the Vorster policy of maintaining strict racial separation, apartheid, in South Africa under the guise of separate development for the races. Vorster intends to eventually declare independent nine such camps, called homelands or bantustans, located inside South Africa.

Reacting to this policy, and Vorster's continuing commitment to a confrontation against neighboring black African countries, South African business circles have become increasingly alarmed that the effects of these policies will be the complete

loss of their political control in southern Africa, and have panicked. Their long-simmering opposition to the government policy has broken out into open attacks against the Vorster regime. Business and industrial interests are calling for substantial concessions in South Africa's apartheid policy and wage policy as the only way to maintain control over their interests in the long term.

Independence to Transkei

The Transkei has been transformed into a self-governing concentration camp. to contain under abysmal conditions all those who cannot work in the mines and industry, or who are not needed for these jobs. Shunned by the rest of the world, the Transkei is the only homeland thus far to yield to South African pressure to accept this version of independence. Control in the

Transkei will be in the hands of the Xhosa tribal oligarchy, and consequently just prior to independence about 12,000 non-Xhosa refugees fled in terror. The nominal leader of Transkei is Chief Kaiser Mantanzima, who has his position thanks to fraudulent elections in which he imprisoned the leaders of opposition parties at the beginning of the campaign period. These opposition figures opposed the phony independence move and are still locked up.

The "independence" is fraudulent. The army and police are still to be ultimately controlled by South Africans. In addition, decisions by Transkei courts can be appealed to South African courts, making independence a complete sham. Economically, the eroded, barren Transkei will continue to depend almost entirely on South Africa. 75 per cent of its income is from South Africa, and the undeveloped territory must import about 75 per cent of its food supply from South Africa.

With the so-called independence move, all members of the Xhosa tribe living anywhere in South Africa have been stripped of South African citizenship, even if they have never lived in the Transkei. They are now considered citizens of the Transkei. One and a half million of these people work in South Africa and are now considered aliens who need passports. South African immigration officers immediately opened border control posts and are scrutinizing and stamping passports. The Vorster regime will use this fictional independence of Transkei as the legal basis for deporting any Transkei "citizen" considered undesirable back to the desolate Transkei.

Transkei has been under martial law since 1960, when a state of emergency was declared after a peasant uprising against intolerable conditions. Mantanzima has stated that the state of emergency will be maintained. In the face of widespread opposition to the phony independence, Mantanzima's brother George warned that anybody trying to disrupt the independence of Transkei would be dealt with "brutally and viciously." George Mantanzima is the Minister of Justice of Transkei.

Businessmen Panic

Business circles in South Africa think that the farce of granting independence to the homelands will become the basis for intensifying the racial confrontation, and will not succeed in sweeping apartheid under the rug of separate independent development, as Vorster maintains. On Oct. 18 this simmering disagreement broke out into a face-to-face clash between Vorster and business leaders attending as Assocom (Associated Chambers of Commerce) conference whose opening address was given by Vorster.

Vorster angrily told the businessmen present to keep out of politics and stick to business. He was referring to the widespread move among white businessmen to make concessions on such issues as equal pay for equal work done by blacks and whites, doing away with the dual wage standard in hopes that this will defuse the mounting political confrontation. Worried businessmen "have said they would like to see apartheid barriers swept aside in business," reported the conservative London Daily Telegraph of Oct. 20.

Delegates at the conference bitterly attacked Vorster's blunt remarks. Assocom president H. Wolffe replied to Vorster, calling for political and social changes, contradicting Vorster directly: "There is an inter-dependence between politics and

economics and we are worried at the implications for our economic performance. Apart from anything else, disruption has imposed heavy costs on the economy. Peaceful evolution in southern Africa is inextricably linked to sustained economic performance and business confidence." Wolffe explicitly associated his group with demands made previously by the Federated Chamber of Industries and the National Development and Management Foundation for urgent economic reform, emphasizing that: "Capitalism must truly embrace all races for the system knows no barriers."

Reporting on the conference, the influential South African financial weekly, Financial Mail, commented that "the policies this (Vorster) government seems stubbornly determined to pursue ... are fast alienating the blacks to the point where there is a real possibility that violence may become endemic."

The Financial Mail later notes that "Up and down the country businessmen have been urging government to make the changes they believe are necessary for survival, let alone a return to growth and prosperity. Those changes are, first and foremost, political changes." The Financial Mail called for: "a programme ... for the removal of all obstacles to advancement on merit, the strict application of equal pay for equal work, the equalisation of facilities, opportunities for company assisted training and study...."

In the week following the conference, Johannesburg Star political correspondent John Patten called on Vorster to launch extensive political reforms, castigating him for refusing to break with right-wing supporters: "In the climate of tension and crisis that has built up since the Soweto riots began in June, Mr. Vorster could successfully exchange his Afrikaner Nationalist power base for a broader more enlightened South African base.

"Instead he used his party's congresses last month to reinforce his commitment to the basic framework of separate development.

"This has left the urban blacks without meaningful political rights or any hope of getting any; it has left the homeland leaders with the continuing offer of an independence which most do not want...."

The Assocom conference took the initiative to create a united front among business leaders to press the government to speed ahead with sweeping racial reform, too fearful of social upheaval to let Vorster's blunt attack dissuade them. The delegates unanimously backed a motion demanding urgent action on the removal of race barriers. The Assocom executive will now seek talks with all other main business organizations — English and Afrikaans — to try to make the approach to the government a common front from the entire business world. The first organizations that they will approach to come up with a united policy will be the Federated Chamber of Industries and the Afrikaanse Handelsinstituut. They will propose moves to eliminate racial discrimination, calling for the recognition of the need for all races inside the urban areas, the relaxation of all racial restrictions on jobs in white-owned businesses, among other desegregation-oriented demands, hoping against hope that concessions such as these will calm the enraged African population, and at the same time give a lift to the ailing economy by making South Africa more attractive to foreign investors.

New Atlanticist Challenge Confronts Japan's Miki

Oct. 30 (NSIPS) — After a brief respite, the government of Japanese Prime Minister Takeo Miki has again plunged into political crisis. A month-long truce in the fierce inner party struggle within the ruling conservative Liberal Democratic Party (LDP) was broken after forces grouped around the pro-Atlanticist Deputy Prime Minister Takeo Fukuda announced their intention to force Miki out of office. The anti-Miki factions of the LDP grouped in the Kyotokyo ("Party Unity Council") met last week and declared that Fukuda was their nominee to succeed Miki following the general elections to be held in early December.

Fukuda, known as a Carter supporter in Japanese political circles, has taken advantage of Miki's foot-dragging imitation of U.S. President Gerald Ford to stage a comeback from what looked like a decisive political defeat in his earlier attempt to overthrow Miki. He gained the Kyotokyo nomination with the agreement of the previously reluctant allies within the factions of Finance Minister Ohira and former prime minister and Lockheed scandal target, Kakuei Tanaka.

Miki has been hurt not only by his failure to move more forcefully off his previous victory, but more importantly by the general political stagnation of Japan's potential anti-Atlanticist allies in Europe, the developing countries, and the United States. The sense of isolation now prevailing in political and business circles in Japan, a vulnerability to the pressures of the New York banks and Secretary of State Henry Kissinger, was demonstrated in the obsequious capitulation to U.S. pressure in Japan's handling of the affair of the Soviet MIG-25 jet that landed in Japan. The resulting deterioration in Japan-Soviet relations — not helped by the heavy-handed approach of the Soviet Union — is reflected in the complete absence of Japanese initiative at international forums in support for the new world economic order and has turned Japanese politics inward.

Miki's political maneuvering over the past month or two has failed when measured against the startling collapse of Japanese economic activity as the brief "export boom" recovery evaporated. Japan's industrial production is sinking through the floor. In September the mining and manufacturing index fell 1 per cent from August; in August it had fallen 1.7 per cent from the previous month; and it is expected to fall at least another percentage point in October. At the same time, Japan's overseas export trade has come under panicky attack from both European and American industrialists who, with Atlanticist encouragement, are turning to protectionism, and trying to use Japan as a whipping boy for the general economic collapse.

The Japanese dilemma was graphically evident in the just-completed visit to Europe by top Japanese industrialists, led by the head of Japan's major business federation, Keidanren. Keidanren head Toshio Doko, according to the Journal of Commerce's Japan correspondent, was "shocked" by the outcry from not only Britain and France but also from West Germany and Belgium for protectionist curbs against Japanese exports. Doko, whose original mission aimed at overcoming protectionist sentiment by offering the Europeans a share in joint ventures to develop the Third World, was forced by the end of his trip to issue a statement promising that Japan would use "voluntary curbs" on its exports to Europe.

Protectionist Ploy

Japan's steel and shipbuilding industries have come under special attack from the European Economic Community, and the EEC threatened to impose special curbs on Japanese steel at its upcoming Nov. 29 meeting. "Chances of an ugly trade war breaking out between Japan and the EEC before the end of the year are increasing almost by the hour," the Journal's E.A. Cullison wrote. Also eight major U.S. stainless steel manufacturers petitioned the U.S. International Trade Commission to impose restrictions on Japanese steel pipe.

The absence of political leadership from Tokyo and outside Japan has seriously undercut the ability of industrial circles to push for a new world economic order — the only real answer to protectionism.

Fukuda's Drive for Fascism

Miki has answered Fukuda's latest bid in a national television address, angrily vowing never to resign and to fight the elections with the intention of remaining premier. Miki's resistance has forced Fukuda to back down from his threat to force an LDP split at the party convention Oct. 31. This has left as the key battleground the post-election selection of a prime minister from the LDP parliamentary delegation, presuming they hold their majority in the Diet.

Fukuda is determined to establish a regime that can impose fascist economic austerity in the country. He is openly trying to force a secession from the LDP of Miki and his major factional ally, Yasuhiro Nakasone, leaving a clean LDP which he then hopes to control.

The generally pro-Atlanticist newspaper Asahi has aided Fukuda by publicizing another round of rumor-mongering that tries to link Nakasone personally to the Lockheed scandal hoax manufactured in the U.S. Fukuda fears that unless the Miki-Nakasone alliance is smashed, Miki and Nakasone, aided by other dissident LDP members and the LDP splitoff "New Liberal Club" could form a "second LDP" with widespread popular support. Such a party would rapidly gain support from businessmen like Doko who are fed up with Fukuda's policy of zero economic growth.

Where Will Miki Go?

Fukuda has tried to prepare the ground for trapping Miki should he leave the LDP with a parallel operation within the opposition parties where an anti-communist corporatist alliance is being forged. The umbrella for this is the so-called Society to Think About a New Japan, a group formed just two weeks after the Lockheed scandal broke which includes in its leadership the heads of the right-wing Democratic Socialist Party, the anti-communist Buddhist Komei (Clean Government) Party and the right-wing faction of the Japanese Socialist Party (the largest opposition party) led by Saburo Eda.

The society recently put forward its program, which calls for the creation of "civic socialism" — a label that stands for the decentralization and deindustrialization of Japan, junking economic growth to establish a "welfare society." Sound familiar? Jimmy Carter would be right at home, and so is Takeo Fukuda who has long favored a low growth policy of austerity for Japan. The main target of the society, the Japanese Communist Party, denounced the social fascist scheme as an operation to shore up the U.S.-Japan security alliance and continue conservative rule in Japan.

How Far Will China 'De-Mao-ize?'

Oct. 30 (NSIPS) — The People's Republic of China that "stood up," in Mao Tse-tung's words, upon completing its Revolution in 1949 is now trying to stand up again after two dark decades of Mao's ruinous rule. A mere month after Mao's death Sept. 9, the surviving leadership moved to reverse most of Mao's domestic policies and place China on the road back to sanity. Fatuous comparisons to the Soviet's post-Stalin period notwithstanding, Maoism was never a question of excesses or errors committed in execution of a correct general policy, but a horrible derailment of China's struggle for development that inherently could not — and did not — generate widespread support in China. The question posed by the swift demise of Maoism is not why it was junked so speedily, but why it was tolerated for 20 long years.

Since 1953, the leadership of the Chinese Communist Party has been rent with controversy over the proper development course for the country. While the debate produced no stable factional configuration until the early 1960s, the issue was always between the same two tendencies: a bureaucratic technocratic approach championed by Chou En-lai, and a paranoid schizophrenic one championed by Mao, based on magic and fantasy.

The former represented in large measure the Soviet model, based on heavy industry development and intensive scientific and technical education, administered by a state bureaucracy. The approach was by no means free of difficulties, especially in regard to agricultural development, and what China needed most by the late 1950s was the opportunity for its leaders to honestly debate out alternate courses, new proposals, etc. But by forcing his own supposed "solution" to the forefront of debate, Mao prevented the needed real discussion and created a circus show in which, in effect, the technocrats found themselves in an extended argument with a faction of functional baboons capable only of parroting phrases about the primacy of "class struggle" over economics.

The technocrat, or "economist" faction, emerged victorious for the first time in this year's early October's purge of the Maoist faction leaders including Mao's wife. But they emerged still shackled by the Frankenstein's monster of the Maoist cult they had permitted to exist for so long, and which had kept them imprisoned throughout Mao's living days, despite their overwhelming superiority of Party support at every point.

What has become known as Maoism is an eclectic accretion of policies and slogans developed or adopted by Mao at key junctures of his lifetime battle to control the Chinese Communist Party and use it to enthrone himself as a modern emperor. Its current form matured during two crucial battles against the CCP, the "Great Leap Forward" of 1958-61, and the "Great Proletarian Cultural Revolution" of 1965-68. During the former, Mao insisted that peasant muscle and will power could short-circuit decades of industrial and technological development. The result was a halving of industrial output by 1961, mass famine, and utter chaos in management and planning. The disaster forced Mao to retire for two years from economic management, but the mess he created compelled the economist faction left in control to junk their heavy industry focus and concentrate on restoring basic agricultural production.

Allowed a respite by the economists, Mao made a comeback in 1965. He made the stopgap focus on agriculture into a permanent principle, and launched an attack on the entire economist faction for having "restored capitalism" by their emphasis on economic growth. Since 90 per cent of the Party supported the economists, Mao used the Army to organize his youth "Red Guards" to rampage in the streets for a "Cultural Revolution." By 1968, Mao had wrecked the CCP, brought the country to the

verge of civil war and breakdown, and forced the Army to take over the country. Most competent economic leaders were in disgrace or dead. Mao then imposed the "cultural" part of his program: half of all school-time for students at all levels was to be spent in manual labor, much of the rest in political sloganeering; science was to be exclusively practical, with no theoretical research; college enrollment was to be kept tiny (only 20 per cent of India's, for example) and open only on political, not academic criteria; no foreign films, books (except technical) or cultural influences were to be allowed; etc.

Nonetheless, the pro-Mao faction that emerged from the cultural revolution, composed necessarily of inexperienced opportunists who used the Cultural Revolution as a short-cut to power, was incapable by background and temperament of running the country. The Party base of the economists, now headed by Chou En-lai as the only prominent survivor of that faction, was pressed back into service to avoid collapse. Chou then skillfully maneuvered the downfall of Lin Piao, the chief Maoist leader in the Army; eased some of the Armymen out of civilian roles; and began rehabilitating or "liberating" hundreds of purged cadres, chief among them Teng Hsiao-ping, a former chief Party administrator until purged in 1966.

By 1974, Chou was able to begin — without changing the Maoist rhetoric — to undermine the Maoist labor-intensive, rural strategy through the purchase of foreign technology — 13 modern fertilizer plants, many chemical plants and textile mills, and a giant steel complex. He even accepted over \$1 billion in foreign credits. In 1975, the ailing Chou sponsored his chosen successor Teng in pushing for foreign technology to help develop China's off-shore oil for export to pay for high-technology imports. Teng also attacked the Maoist destruction of education; its strait-jacketing of culture, and its mismanagement and decentralization of the economy.

But alerted to these developments, the dottering Mao moved to limit them, sponsoring a veiled attack on Chou in 1974, boycotting the National People's Congress organized by Chou in January 1975 to make official Chou's development plans, squashing Chou's acceptance of foreign credit, attacking his protégé Teng in Sept. 1975, and finally dumping Teng after Chou's death in Jan. 1976 and letting loose the Maoist faction against the Chou-Teng program.

Why Not Attack Mao

Given the overwhelming national support for the economist faction's policies, and the manifest disaster into which Maoism had plunged the country, what must be explained is why Mao and his monstrous "Thought" were not attacked and destroyed a long time ago.

Following the "Great Leap" fiasco, the economist faction then headed by Teng Hsiao-ping and Liu Shao-chi did begin an attack. A searing campaign against Mao was waged for a year in the Peking Evening News during 1961-62 in a series of 30 Satires of Mao by anti-Maoist faction member Teng-to. In "Great Empty Talk," Teng wrote: "Some people have the gift of gab. They can talk endlessly on any occasion, like water flowing from an undammed river. After listening to them, however, when you try to recall what they have said, you can remember nothing. Making long speeches without really saying anything, making confusion worse confounded by explaining, or giving explanations which are not explanatory.... I would advise those friends given to great empty talk to read more, think more, say less, and take a rest when the times comes for talking."

No Chinese reader familiar with Mao's uncensored speeches could miss the aptness of this attack on Mao.

But when Mao counterattacked, the opposition faltered and drew back. At this and other key moments, Mao challenged his opponents to purge him, or shut up, and at no point were they prepared to purge him, for to do so would mean tackling the Frankenstein monster they were complicit in creating — the public cult of Maoism. Their delusion was their belief that they could remain in practical control without challenging the words that contradicted their deeds.

Moreover, the ranks of the economist faction were infiltrated by a personally loyal Maoist, the contradictory Chou En-lai. Chou never wavered either from his support for economist economic policies or from his personal loyalty to Mao Tse-tung. At crucial points, he swung his support behind Mao to prevent his being toppled — only to later undermine the implementation of Mao's policies. His mentality was ultimately that of the Mandarin to the emperor, a capable administrator loyal only to the emperor but with the self-appointed task of saving the emperor from the consequences of his own stupid policies.

The Campaign Against the Soviet Union

The same gutlessness that induced Teng, Liu and others to concede to Mao full propaganda control led them to give Mao a free hand in foreign policy. Mao opened up the breach with the Soviet Union beginning in the late 1950s to give him factional clout within China — it was a cheap ploy to maintain power (though Mao had nurtured a peasant's intense hatred of the Soviet Union since the 1930s). By establishing the Soviet Union as an evil, expansionist and "revisionist" bogeyman, Mao could label anyone pushing Soviet-style development policies — i.e., the entire economist majority of the Party — as both "revisionists" and disloyal traitors.

Once Mao had institutionalized the anti-Soviet line, it was very difficult to challenge it. In 1965 the Chief of Staff Lo Jui-ching and others argued for a military agreement with the Soviets in a united front against the United States in Vietnam. Lo's immediate purge was the opening of the Cultural Revolution. A few months later, Liu and Teng also decided they wanted to reorient toward Moscow, but they failed to influence policy and were shortly purged.

Hence the irony that with Mao gone, practical day to day policy has already reverted to the Chou-Teng 1974-75 program, but the Frankenstein's monster outlives its creator. The current repudiation of Maoism is done in the name of carrying out Mao Tse-tung's proletarian revolutionary line." However, the farce has worn dangerously thin. Purging Mao's wife and her key lieutenants for being "capitalist roaders" — the normal Maoist epithets for the economists — strains credulity even farther than Mao dared to go. There is no viable alternative to sooner or later confessing that the emperor had no clothes, that there were no "capitalist roaders," and that Mao made a lot of mistakes.

In the same manner, the split with the Soviet Union which has never had a logical rationale — it merely cut off aid and made China appear ludicrous to the Third World — will have to be ended. Once the economy returns to an essentially Soviet-style structure, the "revisionist" charge will become completely untenable. The main question, which is no doubt at the center of continuing policy debates within the victorious anti-Maoist coalition, is certainly this one — how fast and how far to "de-Maoize."

"The dollar system is on the verge of collapse. The dollar and everything that depends on it is bankrupt —when the collapse will occur is entirely a political question. There is only one solution: the declaration of an international debt moratorium on major categories of debt, especially those related to the dollar. The IMF and the World Bank are bankrupt. Then new credit must be created to maintain production and employment. We must immediately form an International Development Bank to replace the IMF and related institutions."

—U. S. Labor Party Presidential Candidate,
Lyndon H. LaRouche, Jr.
Bonn Press Conference,
April 24, 1975

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IMF Forces Mexico To Devalue Peso In Pre-Coupo Drive

Oct. 29 (NSIPS) — For the second time in less than two months the International Monetary Fund and its right-wing agents in Mexico have forced the devaluation of the peso, in what amounts to a virtual coup against the Echeverria government. The devaluation, which according to press sources has thrown the Mexican economy into its worst crisis in 30 years, represents a high-point in a months-long campaign by the IMF and Henry Kissinger and their fascist business allies in Mexico headed by the Monterrey Group to pressure incoming President Jose Lopez Portillo into imposing a Brazil-style "economic model" in Mexico.

On the day after Bank of Mexico head Fernandez Hurtado announced the "floating" of the peso this week after a five-week "fixed float," IMF president Johannes Witteveen announced that a pending \$1.2 billion loan for Mexico would be granted. Witteveen, together with Mexican Monterrey fascists, spelled out a series of fascist austerity measures regarding every aspect of the Mexican economy as "conditions" for the IMF loan. Rightwing businessmen are already demanding the immediate imposition of some of Witteveen's major conditions: a wage freeze and massive cutbacks in public spending.

This latest devaluation, followed by the agreement to IMF drawings for Mexico, has been identified and denounced by progressive elements in Mexico as an action taken independently and against President Echeverria's stated wishes and policy by Wall Street's Mexican Finance Minister Beteta and his close associate Fernandez Hurtado. The Cuban news agency Prensa Latina warn in a release Oct. 28 that the devaluation "coincides" with the fact that "Echeverria, for the second time in less than 48 hours, has attacked groups who are promoting a coup in Mexico."

Together with the earlier float in September, the devaluation of the peso now amounts to 52.8 per cent as against the dollar. Meanwhile, according to press reports, the massive flight of capital from Mexico which helped trigger the devaluations continues unabated.

Pro-Development Politicians Denounce Devaluations

Oct. 28 — At the Congressional Memorial for Lázaro Cárdenas, progressive President of Mexico during the late 1930s, Senator Horacio Labastida, president of the National Economic Council, and Jorge Cruickshank, Secretary General of the Popular Socialist Party delivered the following remarks on the IMF devaluation:

"Purely monetary measures, like those that are presently being taken, put us in danger of a devaluation spiral.

"I think that the President has outlined coherent and appropriate measures and is taking the appropriate steps to change the way life is structured in this country. But I also think that perhaps his collaborators have misunderstood (the President's plans), because while he has recommended profound revisions in the life of our country, many of his collaborators have just skimmed the surface." — (excerpted from the daily *El Sol*)

Cruickshank:

He called for the resignations of (Finance Minister) Beteta, (Minister of Industry and Commerce) Campillo Sain, and

Fernando Hurtado, President of the Bank of Mexico "for their lack of foresight" in their financial leadership of Mexico.

He accused those officials of "disloyalty to the policies of Echeverria." The measure adopted by the Bank of Mexico the day before yesterday "is due, fundamentally, to the lack of foresight by the financial leaders of our country." He said that these men are "bad Mexicans," accusing them of "having collaborated with multinational corporations in pressuring President-elect Jose Lopez Portillo to compromise himself with Yankee imperialism."

Cruickshank also urged the search for sources of financing other than the World Bank and the IMF "which serve Yankee economic imperialism," and emphasized that phenomena such as the floating of the peso "represent aggression against the head of state (Echeverria) who has untiringly defended the interests of the Mexican people."

"Monetarist Measures Must Be Abandoned"

Oct. 28 — The following paid advertisement, by the National College of Economists, is reprinted in part from today's issue of the Mexican daily *Excelsior*.

"Mexico has been obliged to watch the devaluation of the peso which has come as the result of pressures applied by international financial agencies — which promote growing indebtedness, and thereby foreign dependency — and by the flight of capital carried out by those privileged Mexicans and foreigners who have opted for self-serving speculation instead of investment.

"These speculators have been rewarded with the recent devaluations at the expense of workers, peasants and the popular sectors, salaried or not, unionized or not — who suffer from the impact of the (resulting high) prices and unprecedented foreign debt. This lack of solidarity also affects small, medium and large national businessmen who are hurt by rising costs and decreasing markets.

"It is necessary to abandon developmentist monetarist which seeks to reimpose imperialism's financial bureaucracy and that of those nationals connected to interests which most Mexicans oppose.

The historic possibility exists to strengthen Mexico with a clear political economy which genuinely benefits the people, and which lends certainty and confidence to the common task of all Mexicans: to advance towards a democracy with benefits the majority and which promotes a greater independence from financial and industrial transnationalism.

the National College of Economists ad then called for exchange controls, precise regulation of wages and prices in order to stop the systematic impoverishment of the majority, adjustments in interest rates, and for the enactment of a profound and progressive fiscal reform.

The ad concludes that if these changes are not acted upon, "the national economy will continue along the road of more devaluations and uncontrolled erratic measures which will only lower the standard of living of the majority of Mexicans."

Devaluation: Friedman's Program

Oct. 28 — The following article is reprinted in part from today's Mexican daily El Dia.

The director of the School of Economics of the IPN (National Polytechnic Institute), Cuauthemoc Anda, asked for control of the exchange rate and for taxes on capital, stating that the floating of the peso was due to "an economic measure provoked by a powerful group of the same current as the winner of the Nobel prize in economics, Milton Friedman, and that they are the ones who asked for the currency devaluations."

New York Broker:

"Mexico Is Not Yet Safe For The Dollar"

Excelsior correspondent Fausto Fernandez Ponte interviews "the famous advisor in investment and finance" from New York, Elliot Janeway, who declares that "Mexico is not yet secure for the dollar," referring to the recent flotation of the peso decreed by Mexico. Janeway writes a column published in 900 dailies and, according to Fernandez, exercises enormous influence among small and medium sized investors. "He af-

firmed that the cause of the peso flotation was the government incapacity to cover the service payments on the foreign debt," writes Fernandez. Fernandez also notes:

"The expert declared that if the first peso flotation has caused considerable panic and lack of confidence among the investors, the second will inspire hysteria. He added that a third peso devaluation could occur if measures are not adopted which will tend to encourage the confidence of those who have to invest."

"I advise my readers," Janeway says, "not to invest until some time has passed, until one can see what type of favorable conditions there are for investment."

"He also said that the Mexican government finds itself obliged to take these measures when the debt service payments exceed the government's capacity to pay them."

"He added that the solution is not solicit credits, because this feeds an already vicious circle, but rather to encourage private investment of all sorts. He mentioned that as has occurred with England, one flotation is not sufficient to supercede the problem of the foreign debt. Others are likely to follow, as experience has shown; a third devaluation of the peso could be decreed within a relatively short period."

Deported NSIPS Correspondent Denounces Peru Coup Plot

NEW YORK, Oct. 29 (NSIPS) — NSIPS correspondent Gretchen Guthrie Small arrived in New York City this morning after being deported from Peru with the full cooperation of the U.S. Embassy in Lima. Mrs. Small had been imprisoned in Lima without charges for 11 days and for six of them held incommunicado.

Upon arriving at John F. Kennedy International airport, Mrs. Small emphasized that the repressive actions against NSIPS and left organizations in Peru are part of a plan by Henry Kissinger and the U.S. State Department to overthrow the government of President Morales Bermudez. "Luis Vasquez, NSIPS Director in Peru," Mrs. Small reported, "is still being held in prison with no charges brought against him. The NSIPS office has been closed by the right-wing-controlled Interior Ministry, and contacts and associates of our news service are being harassed daily." She reported that a third staff member who had been arrested on Wednesday, Oct. 27, and then released, is still being called in for questioning by the Peruvian Political Police (PIP).

"At the same time," Mrs. Small continued, "heavy repression of the highly-effective strike of Peru's fishermen has been stepped up, with new police attacks on the fishermen of the key port of Callao, near the capital city Lima. As well, in the last two days, arrests have begun against the youth organization of the Peruvian Communist Party and the Communist-affiliated CGTP trade union federation." The correspondent pointed out that such measures against the CP and CGTP indicate a significant escalation of the ongoing attacks against the trade union movement as a whole and are "unprecedented since the 1968 Peruvian Revolution."

Asked about the connection of U.S. Secretary of State Kissinger to the repression, Mrs. Small replied: "Kissinger is determined to carry out a fascist coup in Peru. The cabinet shakeup in August pushed the government to the right but not far enough to guarantee the subservience in economic and foreign policy demanded by the New York banks. Kissinger directed my arrest and deportation and those of my colleagues as part of this coup plan, because we were disseminating information to business

layers and trade unions on international organizing for debt moratoria and a new international economic order. Even the PIP investigators noted how little the U.S. Embassy did to obtain my release or reopen our press agency."

The NSIPS correspondent also noted that the increased repression inside Peru was being accompanied by a press-orchestrated, sudden resurgence of tensions between Peru and her neighbors. "Kissinger is using the threat of war with Chile and Bolivia to attempt to bludgeon the centrist elements in the Peruvian military, like Morales, into submission." She referred to statements by Chilean Air Force chief Gustavo Leigh charging that the Soviet Union was trying to provoke a Chile-Peru war as evidence of the push for hostilities and of Kissinger's attempts to "cover his tracks." She also noted reports in the London newsletter, Latin America, that Bolivia had received U.S. and Brazilian assurances of support in the event of war in the region.

expose Kissinger Network

Mrs. Small dismissed claims by Peruvian officials and U.S. State Department officials that she was forced to leave Peru because NSIPS did not fulfill "legal requirements." "Salcedo Peña, Director of State Security, told me while I was in Jail that 'legal issues' were not the reason NSIPS was being forced out of Peru," Mrs. Small stated. "Peña said, 'NSIPS is being expropriated and its people incarcerated because of their frontal assault on the government.' When I pointed out to him that NSIPS has consistently posed debt moratorium and the new world economic order as critical, in total agreement with President Morales Bermudez, who has openly stated his support of such policies, Peña said, 'Debt moratorium? New world economic order? Those are demagogic terms!' clearly implicating himself as a leader of Kissinger's occupation army in Peru and as a leader of anti-Bermudez forces."

Added evidence of Peña's direct link to Kissinger's fascist forces, Mrs. Small said, is the fact that he held consultations at the Interior Ministry before visiting her in prison. (Luis Cisneros, Minister of the Interior, is a known Kissinger agent in Peru and the State Security Police is an official arm of the Interior Ministry.)

"There is a raging factional battle in Peru over what to do with NSIPS," Mrs. Small said. "While I was in jail, a high diplomatic source told our representatives that 'pro-development forces in Peru understand they need your information as key to their battle for a new world economic order, but they don't want you leading a working-class movement.' "

Mrs. Small said that members of the Peruvian Investigative Police (PIP) were assigned to interrogate her. "During one such episode," she related, "an astonished PIP member said to me, 'My God, the U.S. Embassy is doing nothing for you...When a U.S. corporate official — who had stolen money — was arrested for cheating the Peruvian government, the U.S. State Department sent in a special pland and emissary to get him out and he was released, free.' "

On Oct. 19, soon after Mrs. Small's arrest, a high-level official in the PIP, Dr. Garcia, directly implicated the State Department in the affair by telling a New York NSIPS spokesman that he could not answer questions about Mrs. Samll because he had been instructed by the U.S. Consul that all inquires must be addressed to the U.S. Embassy in Lima and to U.S. Ambassador to Peru Robert Dean.

"This led to one of Kissinger's most farcical attempts to cover up his fat tracks exposing his complicity in this," Mrs. Small revealed. Shortly, thereafter, she related, "an official of the U.S. Consulate accompanied a PIP official to see me in prison. They sat down, and without a word of explanation, they told me, 'Dr. Garcia doesn't exist.' "

"A few days later," Mrs. Small continued, "I overheard two PIP officials in the State Security Office talking about Garcia. One asked, 'Who is Dr. Garcia?' The other answered, 'Garcia Nuñez, Personal Secretary to Señor Peña.' When I confronted one of these PIP officials on the clear existence of Dr. Garcia, he

said, 'Garcia? Garcia? Oh, ah, he's on vacation. He can't answer the phone.' "

"Kissinger obviously had to get me out of the country." Mrs. Small said, "in order to calm down the international pressure that we'd created by exposing his role in overthrowing the government in Peru and in shutting down a press corps in a foreign country — he could't take the scandal anymore. His won occupation army officials, involved in my arrest, were exposing his network in Peru, unwittingly. One PIP official said to me, in a very confused state, 'We're under orders to tie NSIPS to terrorism.' I told him if they did that they'd be the laughing stock of the international community."

CLLA Members In Peru Under Police Interrogation

Meanwhile, the PIP has opened up an intense campaign of harassment and maximum psychological pressure against the Latin American Labor Committee (CLLA) local here in the last three days. New Solidarity International Press Service (NSIPS) Bureau head for Peru, Luis Vasquez, continues to be detained without charges. PIP officials have begun pulling in the entire CLLA membership for interrogation on CLLA activities, and then releasing them with instructions to "voluntarily" return the next day to police headquarters for continued questioning.

The CLLA members are being questioned as to who attends CLLA's international briefings and classed and who their contacts are within the trade union movement. Police officials have been particularly insistent on CLLA's ties to the striking Fishermen's Federation of Peru, showing members pictures of various Fishermen leaders and asking them to identify which are their contacts. At the same time, systematic harassing callups of contacts has begun, by calling who openly identify themselves as Peruvian police officials.

U.S. Labor Party Presidential Campaign Statements

The Jordan Process-Reindustrializing The U.S. To Rebuild The World
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The Battle Against Vote Fraud

Oct. 29 — In a few days, Americans are to choose a new president. At this late date, it is an open question whether Nov. 2 will see a fair election, or the worst fix in history. There are Republican and anti-Carter Democrats moving against fraud, adding their voice to the campaign the U.S. Labor Party has been waging since 1974. But Jimmy Carter, who cannot possibly win on Nov. 2 without fraud, is nevertheless dangerously close to being illegally installed as President of the United States.

The fraud capability of Jimmy Carter's Wall Street backers is significantly expanded, but not new. Its elements have been fully exposed by the U.S. Labor Party over a two year period. In state and municipal elections and contests for Federal office in 1974 and 1975, large-scale fraud was perpetrated against the Labor Party's candidates in all parts of the country. The Labor Party documented the fraud with affidavits, identified its modus operandi, took dozens of cases to court — many are still pending — and appealed to honest political forces to come forward to fight it. Few came forward, and almost nothing was done to eliminate Wall Street vote fraud. The apparatus that defrauded the Labor Party (and others) repeatedly in the past remains in place to rig a Carter victory on Nov. 2.

Pre-Election Fraud

A vast pre-election fraud has already occurred in the registration of millions of "voters" by postcard and other "tombstone" methods, with no checks on eligibility, multiple registrations, or even to verify the existence of the alleged "voter." Ballot status has been granted to phony police-intelligence groups like the Communist Party, Socialist Workers Party, et al., and the Fabian agent Eugene McCarthy, none of whom have demonstrably significant voter support; they are to be used as a repository for votes stolen from elsewhere, principally from the Labor Party.

Poll-Place Fraud

For using during the voting itself, the well-known "big city machine" methods of gooning, multiple voting and the rest are available in major cities throughout the country, with the extent of such planned ballot-box stuffing augmented by the "tombstones" which postcard registration has lined up for Carter-Mondale. Mayor Daley's notorious Cook County machine, for example, is "predicting" a 70 per cent vote for Carter. In Michigan, a state which Carter has all but conceded to President Ford, the UAW machine is mobilized to produce a fraudulent "surprise vote" for Carter. In major urban areas in dozens of states, Republicans are admitting that their poll-watchers fear physical violence, especially in areas where the UAW and AFL-CIO machines are present.

Fraudulent Vote-Counting

In past elections, sophisticated methods of machine-fixing have been used, with the several instances of 1974 and 1975 tampering occurring at the level of the two intelligence agency controlled manufacturers of voting machines: AVM, Inc. and International Election Systems. Added to this capability has been the widespread introduction of computerized vote-counting by Computerized Election Systems, Inc., an IBM off-shoot, with programming designed for a miscount "untouched by human

hand." In a number of states, computerized processing of vote returns has been imposed in direct violation of the state constitution. The widespread introduction of computerized systems occurred after a study by the Rand Corporation (published in the May 1970 issue of *Datamation*) showed that one technician could modify a program to rig an election in such a way that it could not be detected.

All the methods and the agencies responsible have been exposed by the U.S. Labor Party. Now, Republican Party officials, anti-Carter Democrats and others, in California, Washington State, Pennsylvania, Massachusetts and elsewhere, have begun to join the Labor Party in taking strong steps to prevent the fraud planned for the Presidential election. More strenuous action is needed by the U.S. population, which cannot afford to wait until after the election to seek legal and political remedies. The USLP's Fair Election Guidelines provide the basis for strong public statements and legal injunctions by ad hoc "Citizens' Fair Election Committees," prominent political figures and others. Pre-emptive action is needed, and it is needed now.

Vote Fraud: Past And Present

Massachusetts

1975 Fraud: USLP candidate Robert Gibbons received 1.1 per cent, or 1,100 votes in the Boston mayoral primary. One year earlier, a USLP Congressional candidate received 10 per cent in Boston. A WBZ radio pre-election poll gave Gibbons 19 per cent. Other straw polls gave Gibbons 25 per cent and up, including 40 per cent among the city's AFSCME membership according to a union-conducted poll.

1976 Fraud: The Kennedy machine controls the state, and uses methods of machine-tampering and old-fashioned precinct-by-precinct vote-stealing during the count. The Republicans have opened themselves to major fraud by conceding the state to Carter in advance.

Anti-Fraud Action: The U.S. Labor Party entered Federal court in Boston on Oct. 28 to seek injunctive relief and stipulation of procedural guidelines for conduct of all election officials on Nov. 2, using the 1975 case of municipal election fraud as an evidentiary basis.

California

1975 Fraud: USLP candidate Nick Benton received .18 per cent, or 388 votes in the San Francisco mayoral election. Pre-election straw polls by the USLP and others showed 15-20 per cent voter preference for Benton, consistent with a New York Times poll recording 18 per cent as "undecided." Notarized affidavits from voters proved fraudulent counts in six precincts.

1976 Fraud: California now has the most voters of any state in the country, as a result of two months of registration by postcard, which increased rolls by 25-30 per cent, without checks or verifications. Rolls in Contra Nostra County alone are up 43 per cent, and in San Diego and Los Angeles counties, 25 per cent

each. In violation of state law, police intelligence gangs, the Communist Party, Socialist Workers Party and others, were permitted to pass out registration cards while gathering nominating signatures for their candidates, and achieved ballot status as a result. In a state with 8 million eligible voters, 22 million postcard registration forms were printed. No identification was required during registration, and no signature check is required before voting. The United Farm Workers Union has readied hundreds of thousands of farm workers, including aliens, into post-card registration. The UFW favors Jimmy Carter.

Anti-Fraud Action: The U.S. Labor Party filed suit Oct. 22 asking that Lyndon LaRouche be placed on the ballot, and that the CPUSA, SWP, McCarthy and others be removed for forgery and fraud utilizing "tombstone" voters through postcard registration. A Republican Party candidate for State Assembly, Dwight Tripp, warned Oct. 23 in San Francisco that his party "is extremely wary of the vote fraud that is taking place in California with the postcard registration. We want to alert the public to the danger. We have had elections stolen in San Francisco."

Michigan

1975 Fraud: USLP candidate Pete Signorelli received an extremely low vote, including only 500 votes in Wayne County which includes Detroit, in the election for governor in 1974. In an earlier USLP campaign for Detroit Common Council lasting only 10 days, a party candidate received six times Signorelli's vote in Detroit — though Signorelli campaigned for 8 months. In April 1975, the Michigan State Legislature at urging from the United Auto Workers attempted to remove USLP presidential candidate LaRouche from the ballot by enacting a new law requiring a "Third Party primary." LaRouche was reinstated on the ballot by a three-judge Federal panel.

1976 Fraud: Although the Democrats have virtually conceded the state to Ford, UAW President Leonard Woodcock has spent millions of dollars in union funds to turn out a membership vote for Carter, deploying an army of union goons as "poll watchers" throughout the state. Millions of promotional packets for the Carter-Mondale ticket have been printed up and distributed by the UAW.

Anti-Fraud Action: The USLP will enter Federal court on Nov. 1 with evidence of 1974 vote fraud as the basis for a preliminary restraining order against the Carter-UAW machine. Republicans and honest Democrats are being contacted for collaboration.

Washington

1975 Fraud: Treasurer candidate Carol Ruckert and city council candidate Marianna Stapel received 20 and 26 per cent respectively in November municipal elections in Seattle. Ruckert and Stapel received 18 and 14 per cent respectively in an earlier election with a much larger field of candidates. Twenty-five per cent of the municipal election vote was given to a Socialist Workers Party candidate unheard of in the city. The Board of elections used computerized vote counting, illegal under state law, eliminating vote totals at the precinct level, making post-election investigation impossible.

1976 Fraud: Seattle's computerized vote-counting system requires only one skilled operative to modify vote-counting to rig the election. The skilled operative will be provided by the Law Enforcement Assistance Administration which established and supervises Seattle's system.

Anti-Fraud Action: The U.S. Labor Party's Fair Elections Guidelines have been endorsed by Republican state senator Kent Pullin. They will be the subject of a pre-election press conference to finger the LEAA operated computer terminal as the source of fraud. A USLP challenge to the 1975 elections was filed in Washington State Superior Court, but dismissed in December 1975 by a judge who pleaded that he could not rule that the entire

legislature had been illegally elected, though that may be the case. The case is being reviewed by the state Supreme Court, and may be re-opened in the lower court.

New York

1974 Fraud: Tony Chaitkin was given a minimal vote in New York's gubernatorial race, including only 28 votes in his stronghold, the 69th A.D. on Manhattan's Upper West Side. A year earlier in mayoralty elections Chaitkin had received 82 votes there, and his recognition and support had since increased significantly.

1976 Fraud: New York City is a traditional stronghold of machine-rigging, ballot-box stuffing and arm-twisting at the polls — the old Tammany Hall techniques. This year, the Democrats' "postcard" registration system netted 1.2 million new "voters," increasing New York City's rolls by 557,000 or 25 per cent. The Labor Party proved some voters had registered to vote three or more times — but Board of Elections head Betty Dolan "planned no action."

Anti-Fraud Action: The USLP together with George Abrams, head of the Honest Ballot Association held a joint press conference Oct. 29, Abrams presenting evidence that at least 50,000 illegal ballots have been cast in every New York elections since the thirties. He charged that this year's post-card registration "will mean 550,000 illegal ballots."

Illinois

1976 Fraud: Mayor Richard Daley's spokesmen have already announced that Jimmy Carter will receive 70 per cent of the Chicago vote, with 25 per cent going to Ford, and 5 per cent to McCarthy — nothing to the U.S. Labor Party. The "prediction" runs counter to all regional preference polls, which show Ford leading Carter in Illinois, and a vote for LaRouche ranging 20-25 per cent by USLP estimates. AFL-CIO officials will participate in realizing Daley's "prediction" by casting their members' ballots from computerized lists at their disposal. Computerized vote-counting has been introduced into Chicago's Republican suburbs only.

Anti-Fraud Action: The Illinois Attorney General is running a 300-man patrol car operation on election day, and Chicago's predominantly Republican Project LEAP is running a 1,000 man operation to check on computerized vote-counting machines and poll-watch in Chicago precincts.

Pennsylvania

1975 Fraud: USLP candidate Bernard Salera received a tiny vote in Philadelphia City council elections which he probably won. He received only four votes in his home precinct where more than 40 members of his immediate family and campaign workers voted. Salera received a significantly higher vote in November 1974 Congressional elections, though fraud was proven by voters' affidavits in this case too. In Reading, Pa., where Mayor Kaminsky "wished he had a machine like the Labor Party," pre-municipal election polls showed 60 per cent preference for USLP mayoral and city council candidates, who received 1 and 1.6 per cent respectively.

1976 Fraud: An AFL-CIO Democrat "postcard" registration drive in the state has swelled voter rolls by up to 15 per cent in some areas. This machine is "capable of 100 per cent vote fraud" through "graveyard" voters registered by postcard, according to a charge issued by Republican Party officials this week.

Anti-Fraud Action: "Myself and Ford will win if there is no fraud," declared Republican Senatorial candidate Heinz in a Philadelphia press conference this week. The Republicans have assigned 31,000 persons to check postcard registrations, and mailed 12,000 letters to suspected non-existent or ineligible voters. Republicans are also preparing legal action against fraud, naming defendants highly-placed in the Carter-for-President apparatus.



The Monetarists' Destruction Of The U.S. Economy

The United States is being impelled toward thermonuclear destruction for essentially one reason: the Wall Street financiers, the men who run Jimmy Carter, have leached U.S. and world productive capacity so thoroughly that now nothing less than World War III can satisfy their appetite for plunder.

The U.S. economy, the world's greatest single concentration of skilled labor power and productive plant, is trembling on the verge of complete and total breakdown. The nosedive of production, earnings, social services, and every other measure of real economic processes over the last few years is accelerating as the crash approaches.

Since June U.S. steel production, the backbone of the economy, has fallen 20 per cent. Industrial orders have sharply declined the last three months, presaging another further sharp ratchet in production. New claims for unemployment insurance and manufacturing layoff rates have reached new highs for the year. General unemployment is conservatively estimated at more than 25 per cent, with rates for sectors like construction running at 50 per cent. We are fast approaching the end of the line.

Rockefeller and the rest of the Wall Street bankers have responded forcefully and unequivocally. They have frenetically stepped up the exact same policies of bailouts and cutbacks that wrought this destruction in the first place, burning whatever remains of real production to keep more and more hot air flowing into their Eurodollar and other paper bubbles. With the point of complete bankruptcy passed long ago, these maniacs are hoping only to throttle their pro-development opposition into silence and buy time until total war against the socialist bloc can (they insanely believe) provide a whole new source of loot.

And, or course, they lie. But the blather about "ongoing economic recovery" and "7.8 per cent unemployment" that appears in your local newspaper is not merely lying. The monetarist "economics" which yields up such incredible conclusions is concerned only with maintaining cancerously expanding financial claims at the expense of production, and has no more understanding of the realities of the economy than do the psychotic financiers that bankroll it.

Discovering that there wasn't any "recovery" never required more than sticking your head out the window; the facts of economic collapse are everywhere horrifyingly obvious. The "economics" of Carter, Burns, Simon, and the like functions primarily as a straightforward brainwash code, to drag businessmen, workers and politicians into a topsy-turvy debate on monetarist terms, where evident reality is ignored and the obligation to repay the debt is elevated to a principle higher even than the survival of the human race.

The recent pitiful debate performance of President Ford, who should be representing the rational interests of industrial

capital but instead ended up sounding like a reincarnation of Herbert Hoover, is exemplary of the point. So is the pathetic spectacle of leading corporate executives at the prestigious Business Council meeting last week babbling on about "the recovery" — when by simply comparing current costs of replacement for plant and equipment with receipts, these gentlemen would have discovered that their third quarter 'profit rates' are deep in the negative numbers!"

Sane Economics vs. the "Recovery" Hoax

A sane analysis of the U.S. economy must begin by examining whether the economy is generating sufficient absolute profit to qualitatively expand the nation's productive population and plant. From this standpoint it is immediately obvious that the economy has been severely maimed by monstrous speedup of the looting of both the population and industrial capacity, counterpointed by lower Manhattan's thuggish political efforts to shore up their Eurodollar bubble.

The "recovery" hoax was based on two operations. First, massive government credit creation — pure and simple paper-printing — has been used especially since early 1975 to keep up circulation of the mass of worthless paper (fictitious capital) whose ballooning debt service and similar requirements had choked off a critical portion of real production in late 1974. This grossly inflationary credit expansion was "paid for" by increased looting and anticipated looting of wages, living standards, production, and working-class savings, the actual content of the 1975 "tax cut" debates and the huge \$100 billion federal government deficits of the past two years.

Second, a gigantic bailout of the New York banks was arranged by Treasury Secretary William Simon and Federal Reserve chairman Arthur Burns, which relieved the banks of billions of dollars' worth of uncollectable corporate loans. While the corporations were encouraged to pay back the bank loans by floating record amounts of bonds, which were in turn financed by the workers' savings in pension funds, insurance, etc., the banks were freed to buy up record amounts of guaranteed government paper, and shift the flood of funds from Burns' printing presses into the Cayman Islands-Eurodollar crap game.

In response to the credit boom a very mild expansion of production momentarily occurred but never went further than the warehouse. By the first quarter of 1976 inventory accumulation was way up, but production and industrial employment flattened out toward the current downward ratchet of depression collapse.

It was lawful that the "recovery" fraud could not last more than a few months, as was signaled by the Summer-Autumn New York City crisis and the rapidly mounting Third World bankruptcies. Inevitably, the rate of wealth pillaged

domestically and, even more important, internationally to keep the Eurodollar funny-money game going could no longer be enough to cover the expanded scale of debt and interest expansion. At this point war must become the monetarists' "economic" policy alternative of last resort.

Looting of Industry

In late 1974 U.S. productive capacity was already in a tremendous state of disrepair. According to the most conservative estimates of a McGraw-Hill survey made at that time, it would have cost an astounding \$197 billion dollars simply to replace what the major industrial corporations surveyed considered their "technologically outmoded facilities" with "the best new plant and equipment." Twenty-five per cent of U.S. iron and steel industry capacity was 20 years old and more; 20 per cent was considered obsolete. The major automobile and truck manufacturers estimated that 17 per cent of their capacity was outmoded, machinery manufacturers, 18 per cent, with 20 per cent of their capacity over 20 years old. An incredible 37 per cent of railroad capacity was over 20 years old, with 19 per cent rated obsolete. Another McGraw-Hill survey conducted the year before showed that 28 per cent of all the machine tools used by U.S. industry were over 20 years old, 67 per cent over 10 years.

But faced with the immense demands for cash generated by the enormous expansion of debt over the previous ten years, producing corporate debt-equity and liquidity ratios many times worse than those of 1929, the New York investment and commercial banks decided late in 1974 to keep up payments on paper by biting ever deeper into productive capacity.

Spending for plant and equipment was accordingly cut even further, to the absolute bare bones needed to prevent existing capacity from literally collapsing into scrap metal. In constant dollars, capital spending fell 12 per cent in 1975 and declined another one per cent in the first half of 1976 to a level only slightly higher than 1967. In the last three months capital spending plans have been slashed across the board, while plant and equipment are simply scrapped.

The effects of this absolute cutback have been disastrous. Despite expenditures between 1971 and 1974 which strained corporate balance sheets to the breaking point, U.S. industry was rapidly losing ground in its effort to maintain capacity. During that period, capital spending by industry increased 15 per cent in constant dollars, yet the percentage of manufacturing capacity that was over 20 years old rose from 17 to 21. Even with this significant increase in constant dollar expenditures, the estimated cost of replacing outmoded capacity rose 47 per cent!

Although no current survey of outmoded capacity exists, it could be very conservatively estimated that the absolute decline (in constant dollars) in capital expenditures over the past two years has raised the cost of simply replacing the most outmoded U.S. industrial capacity today to a minimum of \$350-\$400 billion. (This figure accounts for the official higher rate of inflation of "nonresidential fixed private domestic investment" in 1975-6 than 1973-4.)

Short of global debt moratoria and the creation of an International Development Bank, there is obviously no way this "capital shortfall" could be covered. Moreover, without moratorium on unproductive, fictitious debt, government-generated credit expansion on the necessary scale would quickly generate hyperinflation. But if accompanied by debt moratoria, a mass of low-interest government credit could be issued to produce the necessary capital equipment, with the massive growth of trade under International Development Bank treaty arrangements ensuring that this capacity will be fully utilized and generate sufficient profit to pay off the extended credit.

The IDB would also reverse the looting of U.S. agriculture and enable the doubling of agricultural production within three years. U.S. agriculture, particularly in the past two years, has been strapped with rising debt and declining prices. From 1970 to 1975 interest and rent paid by U.S. farmers increased over 120 per cent. Then, on top of this, credit market liabilities of farmers increased 12 per cent from last summer, while the farm parity ratio, the ratio of prices received to prices paid, declined 10 per cent over the period. In the past three months, farm prices have fallen through the floor, falling an incredible five per cent in the last month alone.

Destruction of the Labor Force

Even more horrifying than the destruction of U.S. productive industrial capacity has been the accelerated looting of the labor force in the past two years. The living standards of what Wall Street regards as "marginal" layers of the population, most especially the minority populations in the ghettos, the elderly and youth, have been plunged well below the threshold point at which they can immediately become the "weak-link" entry-point for U.S.-wide epidemics of flu, plague, and other diseases.

Official government statistics show a 5 per cent drop in "real spendable earnings" since 1972 to an absolute level equal to 1965, but by not accounting for the necessity of a constantly rising level of wages, they greatly conceal the true magnitude of the collapse of living standards.

Indicative of the actual collapse of the living standards of the U.S. population is the fact that, according to Bureau of Labor Statistics reports, the "real spendable average earnings" of a worker with three dependents in July, 1976 came to **\$115.00 per week**, in 1972 dollars, less than \$6,000 per year.

This is 35 per cent of the \$16,558 in 1972 dollars computed by the Labor Department to be an "annual budget at a higher level of living for a four-person family," a budget which provides the equivalent of the modal consumption level of skilled U.S. workers in 1960, i.e., the budget minimally necessary to reproduce skilled labor power capable of assimilating advanced technology.

Cuts in family income have hit hardest over the past two years in the form of rapidly rising unemployment. From a level of 15 to 20 per cent in 1973, unemployment has now reached at least 25 per cent of the actual labor force, not the official 7.8 per cent concocted by Labor Department officials who have simply written millions of unemployed workers out of the labor force. The rapid rise in unemployment among women workers, in particular, has had a devastating effect on family income, since the long decline in spendable earnings had forced large numbers of wives into the labor force just to try to make ends meet. Unemployment is heavily concentrated in the most productive layers of society, with a current **official** rate of 10 per cent for "blue collar operatives," and 18 per cent for construction workers. Even the official statistics admit to a jobless rate of over 40 per cent for minority group teenagers and 16 per cent for white teenagers, meaning that an entire generation has been tossed on the scrapheap without ever having had any role as a productive part of society. The lack of meaningful employment opportunities combined with the resulting malaise of our youth has led to tremendous deterioration of education in the U.S., reflected in declining rates of even high school graduation and the burgeoning of nonsense courses in college at the expense of technology-oriented education in the physical sciences.

The rapid decline in living standards has been most noticeable in regard to housing and social services, especially in urban areas. New housing starts declined 50 per cent between 1972 and 1975 (to one half the level of 1950), and rose only slightly this year. During the last three years 1.3 million units of new housing have been started per year, compared to the total of 21 million

units of slum housing as long ago as 1970 that urgently needed to be replaced. The collapse of employment and essential social services in the inner cities, combined with the effects of years of rampant real estate speculation, has created hothouse conditions for the growth of urban slums in the past two years — in New York City alone, 50,000 units of housing a year are abandoned. Apartment construction, essential for replacing the most blighted inner-city areas, has ceased all together during the past two years, while 250,000 high-priced condominiums built in Florida during the height of the New York banks' Real Estate Investment Trust fever sit unoccupied. The officially calculated price of the single-family homes being built today is over \$50,000; that plus double-digit mortgage rates make a new home out of reach for all but the highest income levels of the population.

The rising costs of the increasing numbers of people forced out of productive employment (welfare, prisons, hospitals, etc.) combined with taxation levels reaching confiscatory levels on actual (as opposed to fictitious) corporate profits and wages, have produced massive governmental budget crises, exemplified by the New York City case. New York's expenditures have been gouged at least 15 to 20 per cent over the past year, with every \$15,000 in cuts directly causing an otherwise avoidable death. Nationally, state and local government expenditures have been declining in constant dollars during 1976, while the fiscal year 1977 federal budget contains a 10 per cent cut in expenditures, excluding defense and debt service.

These cuts have hit the marginal layers of the population hardest, especially in the areas of medical services. Skyrocketing medical costs — a **30 per cent increase** since October, 1974 alone, and **100 per cent** since 1967, according to the official Consumer Price Index — have made most sectors of the population totally dependent on government services. Together with the crunch in medical services, the recent trend in wage bargaining of sharply curtailing so-called fringe benefits, such as health insurance, and the sharply escalating cost of food, which in ghetto areas has drastically reduced the protein consumption of the population, has brought the U.S. population to the brink of "Third World"-style ecological holocaust. The fact that ground beef has shot up from 17 per cent of U.S. beef consumption in 1972 to 23 per cent in 1974 to more than 40 per cent today bears out what every wage-earning family knows — even those who are still eating meat must make do with the lowest quality cuts.

This process has been exacerbated by the debilitating effects of the past two years of in-plant speedup, which has further greatly reduced the resistance levels of the population while adding immense strain to the psychological stability of the working-class families. The "secular" 2 to 3 per cent per year increase in "productivity" measured by the Labor Department as "output per manhour" from 1965 to 1974 is entirely attributable to speedup, since there has been **no** technological breakthrough in industry (computerization occurring primarily in financial and related areas of data-processing), while the measurable age of capacity has continued to decline. In addition, extensive reports from workers throughout the country indicate a 15 per cent increase in speedup at minimum in the past two years, with much higher increases in many places.

This level of speed-up has directly caused the death of hundreds of thousands of workers per year, with millions more maimed or suffering from impaired health.

Why It Happened

Why did the U.S. go downhill so rapidly? Why have our cities been destroyed, our industries run down, our population decimated? Why is corruption, pornography, drug-pushing, and crime the biggest "industry" in the U.S. today? Why is the U.S., which was once looked upon throughout the world as the freest, biggest and most productive nation in the world, now equated with death, disease, destruction, and the Rockefellers' fascist "dogs of war"?

Why? Because of Rockefellers' damned debt! — the debt that Carter will blow up the world for if he and his string-pullers aren't stopped.

It is the ABC's of political economy that the amount of debt-service represented by the monetary system as a whole must be kept to fraction of the absolute profit generated by the expansion of the entire economy as a whole. The rate of absolute profit cannot possibly exceed the rate of combined agricultural, extractive, and industrial expansion.

Yet under the hegemony of the Rockefeller-led monetarists, it would be the wildest illusion to believe that all money collected in institutions of the monetary system necessarily "goes back to work" in production and circulation of useful commodities.

In fact, money circulates quite freely for extended periods without ever touching real commodity production, growing parasitically as it takes the form of an increased debt-service demand against the production and circulation of real wealth. In other words, it is a dangerous fallacy to assume that debt is necessarily incurred only by the production and circulation of newly created real wealth.

To illustrate the crucial point in the most general way: the U.S. industrial production index has increased 180 per cent between 1945 and 1975. On the other hand, credit market debt claims against the nonfinancial sector as measured by the Federal Reserve have increased 650 per cent over the same period. Even this greatly understates the case, most importantly by excluding the mammoth Eurodollar market bubble as "external" to the U.S. financial system.

Nonetheless, the issue is clear: how will the debt be paid, since there is such a wide discrepancy between the rate of growth of the debt and the rate of growth of industrial production? Two facts immediately follow. First, the above parameters define the conditions for tremendous inflation. Second and more important, to "cover" the debt expansion even more real wealth, i.e. natural resources, productive capacity, and labor power, must be gobbled up.

Clearly there are outer limits to this process, mainly determined by the political world balance of forces between the Atlanticists' Dollar Empire and the Soviet sector. The monetarists' insane attempts to alter that political map is what is driving the world to imminent thermonuclear holocaust.

But if a political decision is made by people with guts that real wealth will cease to be looted to cover the debt, then the debt is actually worthless.

That is the sane decision, which U.S. voters have the moral obligation to impose on Nov. 2.

Slave Labor Gear-Up For War

Jimmy Carter this week sent a letter to New York Governor Hugh Carey expressing his support for the establishment of a regional development bank for the northeast. Designed to strip down the region's highly developed industrial infrastructure and enforce the boxcar relocation of tens of thousands of industrial workers, the Carter plan would replace New England's electronics and machine tool industries with solar energy pyramids and windmills. This blueprint for de-industrialization and slave-labor misery is entitled the Energy Development Corporation, a resurrection of Nelson Rockefeller's deranged \$100 billion Project Independence — this time on a region-by-region basis.

Carter's letter of effusive praise for the regional slave-labor plan has followed statements during the last two weeks by Carter's campaign staff and Carter's Wall Street string-pullers in support of a barrage of genocidal plans to de-populate and de-industrialize the U.S. and put the nation under a war economy, in order to meet U.S. corporate and municipal debt payments to the banks.

In every feature the program of Jimmy Carter is modeled on the 1933-36 policies of Nazi Finance Minister Hjalmar Schacht. Their inevitable result is the physical depletion and mental destruction of the labor force, and war.

Aside from the northeast Energy Development Corp., Carter's Wall Street backers intend to carry into implementation:

- * An agreement hammered out during the last month by Carter and Big MAC's Felix Rohatyn, reported by nationally syndicated columnist Gary Wills, to provide New York City with federal loan underwriting. To insure this agreement, the banks intend to treat New York City, in the words of Rohatyn, "like a Third World country, such as Zaire" — in other words, cut public services to levels which would result in mass murder.

- * Blueprints specified by the Brookings Institution and the Northeast-Midwest Economic Advancement Coalition (NMEAC) for conventional arms build-up as the centerpiece to clamping U.S. industry under a Nazi war economy.

- * The interlocked schemes for boxcar resettlement of millions of unemployed workers to labor-intensive energy projects after unemployment and welfare payments are cut off; introduction of a complementary incomes policy based on the Chilean indexation schemes of Rockefeller Nobel Laureate "economist" Milton Friedman.

Jimmy Carter, of course, has not thought up these projects himself. He is peddling the plan to turn the U.S. back to the Dark Ages promulgated by the private and semi-public intelligence agencies in service to the Rockefeller Family. The same group of men have been attempting without success to ram the hyper-inflationary and discredited Humphrey-Hawkins bill through the Congress, and are also the men behind Jimmy Carter's drive to thermonuclear war. The Third World complement to their plans for the U.S. is Kissinger's International Resources Bank and economist Wassily Leontieff's computer "models of scarcity."

This network includes:

- the **Brookings Institution**, which drew up the slave-labor Humphrey-Hawkins bill, the centerpiece of Democratic Party domestic program;

- the terrorist **Institute for Policy Studies**, whose stooge Rep. Michael Harrington (D-Mass) has been the stalking horse for regional development bank and fascist community control schemes in the Congress;

- the **Lazard Freres** investment banking house, whose operatives, Big MAC director Felix Rohatyn and Sen. Jacob Javitz (R-N.Y.), engineered the bailout for New York City banks;

- the **RAND Corporation**, which is in charge of destroying New York City's old-line middle management bureaucracy;

- the newly created House of Representatives front-group for fascism, the **Northeast-Midwest Economic Advancement Coalition (NMEAC)**. NMEAC agents include Michael Harrington (chairman), Rep. Reuss (D-Wis), Rep. Moorhead (D-Pa) and Rep. Florio (D-N.J.), among others.

Carter Pledges Fascism

Carter's letter of last week to Gov. Carey — which has not been disclosed to the public — states that the proposed Energy Assistance Corp. is "particularly attractive" as a model of "an interstate compact" and an "innovative concept in regionalism." Carter pledges that if he is installed in the White House, he will give "federal backing of bonds issued by the corporation" and see to it that energy development banks would be created in other regions.

Senior vice-president of the First National Bank of Boston, Jim Howell, credited with creating the concept of the Energy Development Corp. — "along with Felix Rohatyn of Lazard's" — explained how it will work in an Oct. 21 interview: The EDC will be capitalized at a staggering \$16 billion in public and private equity to finance the construction of regional Tennessee Valley Authority-type primitive energy extraction processes, from coal and shale gasification to windmill-power. The emphasis would be placed on solar energy. A Solar Energy Research Institute will be built in the region for that purpose. Apart from energy, Howell added, "It will fund railroad beds and port facilities" — work for millions of relocated unemployed workers at below minimum wages — and provide capital for labor-intensive small industries. "This and conservation will revive the Northeast," Howell asserted.

Sen. Jacob Javitz and Rep. Michael Harrington both have introduced bills for the creation of regional development banks into Congress which will be pushed, according to their offices, by Carter's Wall Street backers when Congress reconvenes in January.

At the same time, in private interviews, Carter's other string-pullers disclosed plans to relocate U.S. citizens to work camps. One senior official at Lazard Freres explained that he and his colleagues will move to cut off all national welfare payments. Then "we can send them to Atlanta, the South, Omaha, Nebraska, Texas. Why did the Puerto Rican population come in the first place to make a buck. Now there are no bucks for them and they will have to move elsewhere."

A banker with links to the intelligence community said Oct. 19 that millions of unemployed will be put to work: 1) building railroad boxcars to relocate masses of other unemployed; and 2) reclaiming top soil in the Mississippi River Valley with the use of picks, shovels, and wheelbarrows. The latter plan is based on a scheme to build up U.S. agricultural output by redistributing the top soil.

Jobs For War

The other critical features of the Carter domestic "economic policy" — both a Nazi-style military production drive and the incomes policy of genocide artist Milton Friedman for Chilean-style indexation — were hammered out by speakers at the Oct. 18 meeting of the Wall Street front group Northeast-Midwest

Economic Advancement Coalition (NMEAC).

Addressing the Oct. 18 NMEAC meeting, one Mr. Bywater, President of the International Union of Electrical Workers local 3 and candidate for IUE national president this year, used the ruse of full employment to spell out the "needs" for conventional military reproduction build-up. Conventional arms buildup is also the core of the Brookings Institution-devised, Schlesinger-Nitze Committee On the Present Danger nuclear war program. Reached for comment last week, Bywater conceded that he didn't expect a pick-up in manufacturing jobs, but had been assured that 50,000 military and weapons jobs could be created in the New Jersey-New York belt alone. This was confirmed by an assistant to Gov. Carey who told a reporter Oct. 21 that Carey, in accordance with NMEAC, is studying federal allocations of military procurement contracts and ways to increase spending. "We will have no problem in the northeast tooling up for military production," the Carey aide added.

John Eden, Undersecretary of Commerce, speaking on the record to NMEAC Oct. 18, called for "federal formulas to allocate monies on the basis of regional cost of living indexes," a statistical basis for nationwide indexation. This policy, put forward by Nobel Laureate Milton Friedman, turned Chile and Brazil into diseased hellholes. "We have to take indexation more seriously these days," a spokesman for Eden added.

New York: "Lever" For National Genocide

In the forefront of the minds of Carter's Wall Street backers is the degree to which they can successfully apply in miniature this policy in New York City first. As one investment banker stressed last week, "New York City is the lever for us to get across the idea of what must be done nationally."

Lazard Freres operative Felix Rohatyn declared to the NMEAC Oct. 18 meeting, "New York City deserves equal treatment to the Third World." Delivering marching orders to the audience of New York banks' Congressional flunkies, Rohatyn explained that Americans ought to envy "a country like Zaire (which) gets 40 years of development loans at extremely easy pay-back terms....The time has come to set priorities right and do as much for the cities as for the Third World."

According to syndicated columnist Gary Wills, New York's Mayor Beame and Jimmy Carter have already agreed to put the Rohatyn plan into effect. The banks made it crystal clear this week that they are extracting from New York City advance "security" payments on loans as they moved to dismantle New York's Health and Hospital Corporation. The New York Times on Oct. 18 called for the "division of the city into new and semi-autonomous health care units" administered through fascist community control and a "fundamental restructuring of reimbursement formulas to...promote alternatives to hospitalization." Rohatyn's health-care program was previously stated by his henchman Stephen Berger of the Emergency Financial Control Board: One out of every four New Yorkers "must go," declared Berger.

The dismantling of the Health and Hospital System was an essential and integral part of a larger move the banks and the Rand Corp. had launched two weeks ago to completely replace municipal constituency politics with a bankers' dictatorship.

The important functions of city government have been concentrated in the hands of Deputy Mayor John Zuccotti, leading Rand Corp. think-tanker and his aides. Zuccotti's assignment is to rip apart the city's old line middle management bureaucracy, which still responds in a limited, but potentially positive way to popular opposition to austerity. Management of city debt was officially transferred two weeks ago from the city controller's office to Manufacturer's Hanover Bank. Mayor Beame, who commands no public respect, has thus been stripped of most of his powers, in an effective cold coup.

To kick off Zuccotti's hatchet job, the Emergency Financial Control Board (EFCB), the bankers' emergency enforcement arm over the city, on Oct. 15 rejected the city's proposed fiscal year 1977 austerity budget. The EFCB called for "restructuring of management" and the firing of the president of the city's Health and Hospitals Corp., John Holloman, who opposed the recent cuts. Holloman angrily denounced the EFCB's action as a move to "permit (EFCB director) Stephen Berger to destroy the municipal hospital system." Nonetheless, the Rockefeller-controlled media this week and last opened a press barrage against the city's Chancellor of Education and Police Commissioner, using charges of incompetence to target them for firing.

A new Office of Human Services Planning has been created under Zuccotti's control. The new bureau will oversee voluntary slave-labor work projects and the implementation of the mandate of the new City Charter to "Vietnamize" New York City's population into 33 Community Board administered "strategic hamlets."

Behind the rapid-paced moves for bankers' rule is the shattering of New York City's precarious financial situation last week.

Contradicting figures publicly released by the city government which show \$900 million in budget cuts needed over the next two years, a high-ranking official in the Treasury Dept. put the figure for fiscal year 1977 alone (this year) at over \$2 billion — a completely unmanageable magnitude. Calculations by U.S. Labor Party specialists project the figure at closer to \$2.5 billion. But the imposition of this level of new cuts will rip apart the city's revenue generating infrastructure and push the city — like Carter's Wall Street backers' plan for the entire U.S. economy — into an irreversible and self-feeding spiral of financial collapse. Like the slaves who worked the factories in Hitler's Nazi Germany, the result for the population will be death: The U.S. Labor Party has calculated that given the already depleted status of the people of New York City, one person will die for every \$15,000 cut in health, education, and transport.