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**World Weekly Report**

**Fiat Deal Leads Way  
to New World Order**

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# Kissinger Forces Cancellation of North-South Talks

Dec. 11 (NSIPS) — The Group of 19 developing countries representing the Third World at the Paris "North-South" talks this week voted to accept a postponement of the scheduled Dec. 15 closing session of the year-long Conference on International Economic Cooperation, until sometime next year. In a statement issued in Paris Dec. 9, the Group said it was "prepared to meet on December 15 but has accepted the postponement in view of arguments advanced that at this time some industrialized countries in the Group of 8 are not able to assume political positions which will ensure the success of the conference."

The failure of the conference is a direct result of a massive pressure operation staged by U.S. Secretary of State Henry Kissinger and other backers of Jimmy Carter, against the Third World and anti-Atlanticist forces in Europe. Kissinger has, since at least the November session of the conference, circulated the lie that any further discussion on general debt moratoria and other action demanded by the Third World must await the assumption of power by Carter. If the talks are resumed before then, Kissinger warned, nothing could be accomplished.

Despite the strong protests of a core group of progressive nations, including Pakistan, Algeria, and Indonesia, the more timorous nations within the Group of 19 succumbed to Kissinger's lies, with the desperate hope that a Carter Administration will be more "sympathetic" to the Third World. This was preceded by pressure against European efforts led by Italy, to break with Kissinger and convene the December session. The final postponement was effected with the help of the agent co-chairman of the Conference, Canada's Allen Mac Eachen and Venezuela's Perez Guerrero.

Kissinger's successful sabotage will almost surely prove to be a meaningless "victory" however, as pro-development forces within Europe and the Third World, spurred on by the incontrovertible evidence that Rockefeller's Lower Manhattan forces will never allow a new world economic order to be negotiated, are moving faster than ever to implement the new order *unilaterally*. Not waiting for Carter and the much-promised future North-South talks, key OPEC countries such as Iraq, Algeria and Libya are organizing broad based oil-for-technology deals with Italy and other Europeans — prototypes of the necessary economic cooperation between the developing and developed sectors. The recent deal between Libya and Italy's Fiat, a deal which is being expanded to include the Soviet Union in a tripartite cooperative arrangement, is being cited as a

model for use of Arab oil money to expand European industry, and development in general.

The upcoming meeting of OPEC, now scheduled for December 15 in Qatar, is expected to be used by the progressive OPEC countries as a forum for discussing a strategy of expanding these arrangements with Europe and the socialist countries. The rest of the Third World is looking to the meeting as key in reviving the drive for the new world economic order. A high level Third World source in Europe reported this week that part of the thinking involved in the Group of 19 decision to postpone the talks in Paris was that the Third World will likely not return to the Paris talks. "There was no dialogue in Paris, only a Third World monologue," he said, adding that the Third World will support the action taken by OPEC at its meeting. Sources at the United Nations report that Yugoslavia and Algeria are suggesting that the OPEC meeting be followed by a Group of 19 meeting in Paris.

Statements issued by Third World leaders, especially from OPEC countries, since the postponement of the Paris talks, have made very clear the commitment to a unilateral course of action. The Minister of Mines of OPEC member Venezuela, Hernandez Acosta, told the Venezuelan press several days ago that OPEC is now preparing to apply oil as a weapon selectively against those countries sabotaging negotiations for a new world economic order. Reminding the press that Venezuelan president Carlo Andres Perez had warned the industrialized nations of the consequences of sabotaging North-South, Hernandez added that OPEC "would have preferred to find solutions in a global manner, at the North-South conference" but "sufficiently powerful elements" in the world "force us" to raise the price. Hernandez made clear that OPEC is considering granting preferential treatment to the Third World and some industrialized countries, a position also voiced publicly by Libya. The Libyans have indicated that such preferential treatment might take the form of increased oil-for-technology deals with European nations. This was stressed by the head of the Libyan Foreign Bank, Abdalla Saudi at a press conference in Rome last Wednesday where he said that the recent heavy investment of Libyan funds in Fiat was only "a first step."

At the same time, OPEC member Iraq has launched a strong attack against attempts by the International Monetary Fund and the World Bank, together with private western banks, to establish "economic dictatorships" in the Third World. A Radio Baghdad

broadcast two days ago pointed out that the motivation for such measures is to enforce debt payments. The broadcast also attacked certain Arab countries' policy of placing deposits of oil revenue in western banks, as these funds are then used to "strangle" the Third World.

The Group of 77 developing countries is scheduled to hold a meeting at the United Nations in New York next week, where strategy for the future will be discussed. Pakistan, which played a leading role in the Paris talks, is expected to urge that the General Assembly of the world body be given the responsibility to review the results of the Paris talks and supervise the implementation of the new world economic order.

## State Dept. Bares Post North-South Plans

*The following is an excerpt from an interview with an official in the Fuels and Energy Office of the U.S. Department of State.*

**Q:** There have been repeated reports of sharp political fights between the United States and the EEC over what policies to take with the Group of 19 developing countries. Is there any truth to this?

**A:** Sure there are differences. The Europeans are in a very different position now than they were a few years ago. They are vulnerable on their foreign accounts and are feeling pressure from OPEC. Also there is this political shift in Germany and the particular economic crisis in England.

**Q:** So the Europeans were more anxious to reach an accommodation with the Developing countries?

**A:** They are very afraid of a failure of CIEC. Now there are two kinds of failure. One, we put a proposal on the table that is reasonable and the G19 refuses to accept it...but at least we proposed *something*. Two, we are not able to move on any areas for one reason or another and no proposal comes out of the industrialized countries. In the latter situation it is still not a disaster, after all the North-South dialogue is a long term affair and will not be finally resolved for perhaps thirty years or so. It is in our interest to continue the dialogue but it must be channelled into mutually beneficial channels. Even if there is a failure in the second sense, it will not be *fatal*. We will, though, probably be back where we started at Nairobi.

**Q:** What do you mean by channelling the dialogue?

**A:** The Third World has wanted to discuss indexation and debt relief generally. We have made our position clear on these questions; that is, we'll discuss them case by case, but not generally. We must redirect the talks into channels where progress can be made, such as trade liberalization and development assistance.

**Q:** What sort of development assistance? Are you talking about Kissinger's International Resources Bank proposal?

**A:** The IRB does have some utility in the energy field, but somehow in the other areas the Third World has been particularly resistant.

**Q:** What are you thinking of for energy development assistance?

**A:** Principally of course there is the IRB-type arrangement that could facilitate investment at an encouraging rate of return that would help the developing countries become energy self sufficient via domestic alternate resources. India for example has a lot of coal. Of course the real problem is not just the shortage of capital but the shortage of confidence of creditors in the political reliability of LDCs in their contractual obligations. The history of the last year has been that once an LDC finds the resources that can be exploited — or rather — developed, they renege on the contract and the creditor loses.

**Q:** What countries are you looking at?

**A:** Well we mentioned Indian coal. We are also interested in Brazil, Malaysia and Pakistan for oil. Chad has a lot of oil, too, we recently learned. We'd like to encourage investment there. This might also put pressure on OPEC....

**Q:** But how are you planning to ensure the investments?

**A:** Well the question is how to get private capital into these Third World countries. There's the IRB and we might work out Ex-Im-OPEC type government guarantees. Additionally we have been talking about World Bank and UN assistance. These two approaches would be politically more acceptable to the Third World and actually would be better for the creditors as well. The World Bank has a lot of political leverage there now and could guarantee.... There is also the possibility of World Bank equitable investment as a supplement. The UN might be encouraged to step in through their revolving fund program which could be partially expanded. Here the UN might partially guarantee and partially issue credits with a moderate interest. If the exploration is successful the recipient pays a premium.

**Q:** Frankly it all sounds a bit utopian; with a collapsing international economy it is not at all clear that they will be able to sell sufficient resources of any type to keep paying the debt off with any arrangement of loans.

**A:** That's probably true. I say debt is a theological question. You have to be a metaphysician to solve that one. As to the collapse in world trade there is the danger of competitive devaluations and more talk of the advanced sector reflating quickly.

**Q:** Well, just don't forget what Kant said about debt....

# Fiat Deal Leads Way to New World Order

Dec. 9 (NSIPS) — The Dec. 2 announcement of a deal between Libya and Italy's FIAT involving Libyan purchase of nearly 10 per cent of FIAT stock has been revealed to be one aspect of a much larger package involving efforts by particularly Britain and Italy together with the Soviet Union and the leading Organization of Petroleum Exporting Countries (OPEC), to create the basis for a new monetary system.

All the major Italian press announced Dec. 10 that FIAT president Giovanni Agnelli had flown to Moscow on the day before to join Libyan head of state Colonel Qaddafi who was already in the Soviet Union. What followed was the announcement of a "gigantic" trilateral deal of unrevealed precise magnitude involving Libyan financing, FIAT technology and equipment, and the Soviet home market.

While these negotiations were underway, a meeting was taking place in Italy between visiting Soviet Foreign Trade Minister Komarov and Giuseppe Ratti, "Foreign Minister" of the Montedison conglomerate headed by Eugenio Cefis who is recognized as the leading architect of Italy's anti-Wall Street policies. During that meeting, which included other top spokesmen from Montedison and FIAT, Ratti spoke in favor of the creation of a new banking institution based on multilateral financing for the purpose of discounting Soviet commercial paper on the international market.

In proposing this Ratti was referring to a proposal which is already on the table of the European Economic Community's (EEC) Monetary Committee under joint British and Italian sponsorship. This involves the creation of an EEC-wide Export-Import Bank that would generate low-interest credit in the financing of exclusively development projects involving two or more EEC member nations. As reported by the Milan daily *Corriere della Sera*, the bank would be particularly geared to financing industrial projects in Eastern Europe but would also include projects based in Third World countries.

Italian Foreign Minister Arnaldo Forlani will be traveling to Moscow early next month in order to discuss this proposal further with the Soviet Union.

## Press Reports On Three-Way Deals

*La Repubblica* Dec. 10 — Reports that the Libyan-FIAT deal announced earlier this month involving Libyan purchase of nearly 10 per cent of FIAT shares is being followed up with a "giant" trilateral arrangement involving FIAT, Libya, and the USSR. Gianni Agnelli, FIAT president, flew to Moscow this week to meet with the Soviet leadership and Libya's Qaddafi who was already present in Moscow. According to *Repubblica*, the trilateral arrangement under negotiation will utilize Libyan financing, FIAT technology and equipment, with the Soviets providing the market. *Repubblica* attacks the negotiations as "political fiction," and advocates "political control" to stop the negotiations from going through. These new developments, says *Repubblica*, "put into an increasingly frightening light the recent FIAT-Libya agreement." *Repubblica* backs up its denunciation by citing statements from Ugo La Malfa, founder of the now defunct Action Party under OSS auspices and recognized Atlanticist spokesman. La Malfa's statement, made subsequent to the announcement of the FIAT-Libya agreement, is a warning that the proliferation of similar arrangements would cause Italy to "sink into the Mediterranean."

*Unita*, Dec. 10 — Confirms that "The Soviets had a part in the FIAT-Libya agreement." *Unita* affirms that the Soviet involvement in these types of negotiations plays a "positive role" together with Libya in securing "peace in the Middle East."

*Financial Times*, Dec. 8 — Reports that: "At a Rome press conference on Dec. 8, Mr. Abdalla Saudi, chairman of the Libyan Arab Foreign Bank said that the deal in which Libya will become the second largest shareholder in FIAT, Italy's largest private company, could

represent the start of greater cooperation between the industrialized countries and oil producers. Saudi said that direct investment and cooperation of this sort could help to reduce the rise in manufactured goods imported by the oil-producing countries which lies behind the pressure to raise oil prices.

"Asked why the Libyan bank had chosen Italy and FIAT in particular for its first major foreign investment, Saudi replied, 'Italy is a country which we know, with which we have things in common and in which we have confidence. It has difficulties but who doesn't?' Saudi added that through the FIAT deal, Libya became a partner in a company with worldwide contacts, contracts, and joint ventures.

"Libyan diplomatic sources indicated that from a wider political point of view, Libya sees the FIAT deal as a means of obtaining closer links between Libya and Europe and of encouraging European countries to take a greater interest in their relations with the Arab world," reports the *Times*.

"Asked whether a representative of the Lazard Freres banking firm would remain on the Board of FIAT and one of its main financial advisors, Saudi said, 'If Lazard Freres is not popular, FIAT should break its relationship with Lazard.'"

*Washington Post*, Dec. 8 — In an interview Italian Prime Minister Giulio Andreotti "endorsed the idea of a new economic summit meeting in which heads of state could put together a 'global policy' to help solve international financial problems." The summit, Andreotti proposed, should be scheduled "some time early in 1977." Andreotti "noted that the Puerto Rican (Rambouillet II) summit called for slow economic growth, a policy that some international economists have suggested should be replaced by a policy of stimulus... Simultaneously, this (new summit) should put a brake on inflation without limiting the possibility of using human resources. I don't think this is impossible... It is essential that countries must be put in a position where they can truly recover, not merely that their (external) payments be brought into balance."

*Corriere della Sera*, Dec. 7 — "The EEC Monetary Committee, which will be meeting in Brussels tomorrow, has as its order of the day a problem which is very close to the heart of Italian exporters and other (Italian) monetary authorities: the creation of a new European bank to facilitate exports to third countries... This means the creation of a new European bank that would function like the U.S. Export-Import Bank or that of Japan. The project provides that, in cases of export contracts stipulated by at least two EEC countries, there could be access to, for example, refinancing at low interest rates... (and) the possibility of offering the importer a prolongment of the repayment date... The British, who are next scheduled to get the rotating presidency of the EEC, are interested in the project. This favors a favorable acceptance of the project. Other than Great Britain, the project enjoys enthusiastic support from the Italian Treasury and the Central Bank. The new European Bank could solve an important problem referred to by Bank of Italy governor Paolo Baffi during his last annual report, that of salvaging credit to the East European countries."

*La Repubblica, Dec. 10* — Reports that during meetings in Italy between visiting Soviet Foreign Trade Minister Kamarov and Giuseppe Ratti, "Foreign Minister" for the Italian Montedison petrochemical conglomerate, Sig. Ratti repeated the proposal for the creation of a bank capable of providing "multilateral financing" in order to "discount Soviet commercial paper on the international market." Foreign Minister Arnaldo Forlani will be travelling to Moscow in January to discuss this further with the Soviet leadership.

*Unita, Dec. 9* — "It is necessary to establish a new monetary and economic order, a new order capable of overcoming the role of the dollar and be independent of American internal policy...A new Marshall Plan is not necessary, but rather a new international economic, political, and monetary system based on a more equitable balance."

*Financial Times, Dec. 9* — Reports that a British delegation, including newly-appointed chief of overseas sales at the United Kingdom Ministry of Defense will fly to Teheran on Dec. 12 in connection with Iran's demands that Britain switch the basis of certain key export sales from cash and credit to the oil barter method of payment. High on the agenda will be the future of ordnance complex in Iran — the largest single contract being undertaken by United Kingdom contractors in the Middle East — on which work has been suspended pending an agreement. Mr. Ellis will also discuss other crude oil purchases against the supply of arms, including tanks,

supply ships, and armoured vehicles.

Iran's Planning Minister, Mr. Abdol Majid-Majidi said in London, according to the *Financial Times*, that nations willing to conclude barter agreements with Iran for the purchase of oil against payment of military or civilian projects stood the best chance of obtaining a continuing flow of orders from Iran. This would follow from the "close and friendly relations" established. Writes the *Financial Times*: "There is a conviction here (in Teheran) that absorbing some of Iran's heavy import requirements can best be financed and bilateral trade with Western industrialized countries most effectively promoted by such purchase arrangements."

*Financial Times, Dec. 5* — Reports that Dickson Mabon, British Minister of State for Energy, told a conference on off-shore oil exploration in Birmingham, England Dec. 8 that latest government estimates put Britain's North Sea gas and oil reserves at £300 billion (\$465 billion) and that the "huge value of our oil and gas riches cover today's overseas debts many, many times over." According to the *Financial Times*, which sponsored the conference, Mabon said: "North Sea oil and gas must be used to square this country's accounts with the world, but it is wrong to assume that the resources are mortgaged up to the hilt." Mabon further stressed that "those who have been taking a jaundiced view" of Britain's economic prospects recently should "take note of the strong economic position which our self-sufficiency in energy will give us in the 1980s."

## Saudis Prepare for Takeover of ARAMCO

Dec. 10 (NSIPS) — Saudi Arabia expects to have nationalized the 40 per cent of its giant oil business held by the Rockefeller consortium ARAMCO by as early as the end of this year, according to official announcements by the Saudi Oil Ministry. Speaking from Kuwait last week, the Deputy Oil Minister Adel Aziz Turki reported that a finalized proposal for assuming total control of ARAMCO, presently owned by Exxon, Mobil, Standard Oil of California and Texaco Oil companies, is being considered by the Saudi Council for Petroleum.

The Saudis, according to the December Citibank international report, are driving a harder bargain than when negotiations began in 1974 and are now demanding control of not only the facilities in Saudi Arabia but also subsidiaries in the Hague and Houston. But the major obstacle to finalizing the nationalization centers on who will control the marketing rights on Saudi oil production, the largest in the world at about 8.5 million barrels a day. The Saudis this time around want more than just a transfer of property title on their oil wealth, they are claiming the political right to decide independently of the Rockefeller-owned companies to whom and on what terms oil will be sold.

An article soon to appear in *Forbes* magazine, written in close consultation with the oil companies, predicts that a fully nationalized ARAMCO will give the Saudi government independent marketing rights for only 20 per cent of their oil and leave the remaining 80 per cent in the hands of the four majors under a newly formed consortium, AMARCO. According to a former Mideast

ambassador, the major reason why the oil companies will probably be able to maintain 80 per cent control has nothing to do with the Saudis' willingness to take over 100 per cent but rather stems from the fact that a high percentage of the foreign markets are under the thumb of the multinationals.

The Saudis and all the world oil producers' ability to break the oil companies stranglehold on the international oil business depends on European and Japanese cooperation in supplying badly needed markets through government-to-government level transactions. The momentum for expanded state-to-state oil deals has dramatically increased, particularly since the election of Jimmy Carter, whose hated policy for world economic austerity and warmongering military posture toward the Soviet Union has triggered Arab-European motion away from the U.S. Ray Vicker of *The Wall Street Journal* reported last month that based on the current pattern of oil sales, over one third of the Organization of Petroleum Exporting Countries' (OPEC) sales will be sold over the head of the oil companies. In the case of the European nations alone, if the decision were made to buck the network of Wall Street backed companies and gear up their own nationalized oil firms to full capacity, a full 75 per cent of Europe's oil needs could be provided for. Such arrangements would automatically give depressed European industry a major boost, and supply the Arab oil producing sector badly needed technology and infrastructure in exchange for the petroleum.

The Italian government has taken the lead in the

European organizing toward such a common independent energy policy by actively involving the Arab oil producers in new trade arrangements with the aim of supplying Italy's vast oil refining capacity with crude. The recent Libyan government purchase of 10 per cent of Italy's Fiat has been widely heralded as an example of closing Euro-Arab ties. The British *Financial Times* reports that the Libyan purchase will not only give Italy badly needed revenues, but Fiat will build an assembly plant in Libya. *The Times* quotes the head of the Libya Arab Foreign Bank, who arrived in Italy this week, that the Fiat deal could "represent the start of greater cooperation between the industrialized countries and the oil producers." The Fiat deal comments *The Times* is a "first step" toward closer relations between the Arabs and the Europeans.

Italian Trade Minister Rinaldo Ossalo is presently visiting Iran, Saudi Arabia and Libya, three of Italy's largest oil suppliers, to extend these oil for technology arrangements "now that Libya has bought part of Fiat," says the *Journal of Commerce*. Ossalo has already successfully closed a long sought multi-billion dollar deal with Iran, involving the building of a steel plant on the Persian Gulf by the Italian state-owned complex ENI. In return Italy has pledged to press the European Economic Community (EEC) to give Iran preferential trade status.

Although the financing of the ENI-Iranian deal has not been disclosed, it is possible that the Shah has pledged to pay for the steel mill with oil. Last month the Shah in an interview with the West German *Der Spiegel* called on the BRD to engage in oil barter deals with Iran and currently the British are negotiating similar barter arrangements with Iran. ENI has been a longstanding customer of the National Iranian Oil company (NIOC), whose aim has been to step up state-to-state oil sales, thus to undercut the Rockefeller-dominated Iranian Oil consortium.

Informed sources reveal that Ossalo's visit to Saudi Arabia this week could give impetus to Saudi efforts to break with the oil companies, if he brings a strong enough commitment from Europe and Italy to support an independent Saudi oil company. This means demonstrating the political will to create a free European oil market minus the multinationals. Already the Italians with Soviet backing have organized various European nationalized oil concerns into a consortium. The European consortium has put pressure on British Petroleum (BP), of which the British government owns the controlling interest, to join. This would add significantly to Europe's ability to buy oil independently.

According to today's *Daily Telegraph*, the German state-owned oil company Veba-Demenex may buy up a portion of British Petroleum, and it also speculated that the Iranian government may buy into BP. The Callaghan government has been pressing BP to act as a third party in receiving Iranian oil as part of a far reaching oil for technology deal between the two countries. BP already has extensive operations in Iran.

Veba, too, has been working closely with a number of Arab oil producing states, including Saudi Arabia, to set up and expand oil marketing and exporting facilities. Last month the Arab members of OPEC met in Kuwait to establish an Arab Petroleum Institute for training new personnel to run newly nationalized oil companies.

The Soviet Union has been working in tandem with anti-Atlanticist Europeans to build strong three-way trade relations with Europe and the Arabs. A central focus of the Comecon in this effort is Iran. In recent months, the Comecon has signed over \$5 billion worth of trade agreements with Iran, including Czechoslovakia's largest ever foreign trade deal, a \$2.5 billion barter arrangement in which Iranian natural gas is exchanged for Czechoslovakian technology.

Increasing East-bloc-Iranian economic relations are calculated to have an effect in delimiting the Shah's Rockefeller-manipulated military aspirations to dominate the Persian Gulf. A Middle East banking source connected with the Saudis emphasized that the Saudis fear the Shah's military arsenal, which could act as a deterrent to keep the Saudis in line with Rockefeller's oil companies.

At the same time the Soviet Union has been working very closely with the U.S.-based Occidental Petroleum Corporation on a \$20 billion development contract for Libyan industrial development. Similarly the Soviets worked hand-in-hand with the Italians in finalizing the Libya-Fiat deal. Following the announcement of the sale of the shares to Libya, Libyan president Muammar Qaddafi left for Moscow for talks with Brezhnev and other Soviet leaders on a strategy for a Mediterranean development bloc of which Italy is a key exponent. During his stay of several days, Qaddafi signed a 2-year agreement for joint industrial projects in Libya and special maritime agreements. The Soviets have signed similar recent shipping agreements with both Greece and Italy. An ARAMCO Vice President this week smugly boasted that the oil companies controlled about 70 per cent of all shipping, making any large scale independent oil transporting difficult, but the Soviets, the Arabs and the Europeans for their part are working overtime to alleviate this problem.

#### State Dept. To U.S. Press:

### "The U.S. Should Nuke the Saudis"

Exclusive to NSIPS

WASHINGTON, D.C., Dec. 8 (NSIPS) — State Department officials are pressuring American newspapers and periodicals to publish the line that the United States should attack Saudi Arabia and other oil-producing countries with nuclear weapons. According to well-placed sources, the motivation of top State Department officials is to terrify oil-producing countries who are now concluding independent marketing and oil-for-technology deals with Western Europe.

These sources say that the form of State Department intervention includes direct manipulation of editorial planning in leading journals, post-deadline alteration of articles relating to the Mideast oil situation, and pressure directed against individuals. The line that the State Department wants to force into print, one source said, is that "the United States should nuke the Saudis."

State Department officials are monitoring in detail all political developments in Western Europe and the Arab world relating to moves for energy independence, and admit "grave concern" and "worry" over the likelihood of a European-Arab energy bloc.





elect Carter's victory in New York will provide him with the margin of victory in the Electoral College, which meets on December 13, 1976, to complete the nation's quadrennial task of choosing a President. If New York's electors are disqualified from casting their ballots, and a new election in New York is necessary, possibly no candidate would receive sufficient votes in the Electoral College to be elected President. The delay attendant in holding a new election in New York might disrupt the governing process and leave the nation without a legitimate leader for an unpredictable length of time.

"The point, however," Judge Mishler continued, "is not that ordering a new Presidential election in New York State is beyond the equity jurisdiction of the federal courts. Protecting the integrity of elections — particularly Presidential contests — is essential to a free and democratic society. It is difficult to imagine a more damaging blow to public confidence in the electoral process than the election of a President whose margin of victory was provided by fraudulent registration or voting, ballot-stuffing or other illegal means... The fact that a national election might require judicial intervention, concomitantly implicating the interests of the entire nation, if anything, militates in favor of interpreting the equity jurisdiction of the federal courts to include challenges to Presidential elections.

"But before a federal court can responsibly order new elections," Judge Mishler stated, "the claimants seeking this extraordinary relief must come forward with the most clear and convincing evidence that state officials or persons acting under color of state law, by intentionally depriving qualified voters of the right to vote, altered the outcome of the election. A party contesting a Presidential election carries a heavy burden. Not to put too fine a point on it, this standard implies conduct of a most egregious nature, approximating criminal activity..."

### *Ohio Federal Judge Sets Final Evidentiary Hearing In Fraud Cases; Denies Temporary Restraining Order*

NEW YORK, Dec. 9 (NSIPS) — Judge Joseph Kinneary of the Federal Southern District Court of Ohio today rendered a decision to hold a final evidentiary hearing on a Federal suit to set aside the outcome of the 1976 general election in Ohio. While Kinneary denied the plaintiffs in the suit — electors representing the U.S. Labor Party, the American Party and the Republican Party — their requested emergency relief of a Temporary Restraining Order, he has set the date for a final hearing: Saturday, Dec. 11 at 9:00 a.m. This will permit the opportunity to complete judicial relief prior to the meeting of the Electoral College Dec. 13.

In setting forth his denial of the Restraining Order, Judge Kinneary held that "The Court finds that certain irregularities did occur (in the general election) that cannot be condoned." However, Judge Kinneary raised doubts as to the conclusive nature of the evidence thus far presented, and therefore declined to grant emergency injunctive relief.

The plaintiffs are now making final preparations for the Dec. 11 hearing. On that occasion, Dr. George

Bardwell is scheduled to present the scientific basis for statistical evidence which challenges the election results. Dr. Bardwell has just completed testimony in a similar court challenge in New York.

In the event that an appeal of the Dec. 11 decision is necessary, the plaintiffs will continue to pursue relief in the Sixth Circuit in Cincinnati. A precedent established in a 1960 case in Hawaii allows for electors to be disqualified or changed even after the meeting of the Electoral College.

### *Ohio Secretary Of State Brown Announces Statewide Fraud Probe*

COLUMBUS, Ohio, Dec. 8 (NSIPS) — In a statement released to the national press from his office here this morning, Ohio Secretary of State Ted Brown has announced that he will undertake a full investigation into possible fraud in Ohio's Nov. 2 presidential elections. The investigation could take up to two years and will include criminal indictments, sources at the state capital report. Brown has also announced that he will not certify Ohio's presidential and vice-presidential electors in the Nov. 2 contest pending a decision on the U.S. Labor Party's court request for a re-balloting of the Ohio election due to fraud, which was heard yesterday before Judge Kinneary of Ohio's Federal District Court.

Brown has appointed George Ferris, a former Ohio undersecretary of state to lead a team of investigators in the statewide probe, and will request 500,000 dollars in funding for the investigation from the State Board of Control. Anticipating possible stalling from this Democratic Party-controlled joint legislative body, Brown is also drafting a bill for the appropriation of 695,000 dollars in funding by the state legislature, which he estimates will be the full cost of the investigation.

Brown's decision follows his receipt of a letter urging action on the vote fraud signed by Republican Party State Representatives John Galbraith and Linda Carmel of Lucas County. The open letter to Brown, which attacked a Dec. 1 Lucas County Board of Elections meeting during which massive evidence of fraud documented by the U.S. Labor Party was summarily dismissed, was published today on the front page of the *Toledo Blade*.

The *Associated Press* and *United Press International* news services have placed Brown's announcement on their national news wires.

#### *Pennsylvania Filing*

Also today in Pennsylvania, U.S. Labor Party lawyer John Bradley filed an appeal with the State Supreme Court to overturn a Dec. 3 low court decision requiring the USLP to file a 50,000 dollar bond to cover "possible investigative expenses" in party allegations that fraud was carried out under Pennsylvania's post-card voter registration law. The Labor Party's constitutional challenge of the post-card law was dismissed by the Court when the party failed to meet the bond requirement.

## Carter's Cabinet

# The Trilateral Commission Moves to Washington

### CARTER REPORT

Exclusive to NSIPS

Dec. 10 (NSIPS) — It has come to the attention of a number of European and Soviet publications that almost everyone being considered for a top cabinet position by president-elect James Earl Carter is a member of the Trilateral Commission. The reins of political power in the U.S., from Carter himself and his running mate Walter Mondale on down, are to be placed in the hands of members of this secretive Commission, which was created by David Rockefeller as a "supernational" agency, frankly dedicated to controlling all the policies of mere national governments around the world.

The Rockefeller brothers, primarily David, pulled the Trilateral Commission together immediately prior to the 1973 Middle East war and Arab Oil Embargo. The "working papers," policy statements and related activities of the Commission show it to be dedicated to reform of governments along "corporatist" lines, deindustrialization of the developed economies of North America, Europe and Japan, and absolutely "negative growth" for the developing sector nations. The Commission's watchword for their policy is "labor-intensive," but some spokesmen for the commission openly speak of "triage," to eliminate "over-population" in the Third World, and of "fascism with a human face" to summarize their governmental reform initiatives in the advanced sector. The Commission itself is composed of key Rockefeller associates as well as allies of the family's banking kingdom on Wall Street, including European and Japanese figures.

The fact is, every prominent name mentioned this week for a cabinet post with the prospective Carter administration is a Trilateral Commission member:

*Paul Warnke* is a member of Clifford, Warnke, Glass, McIlwain and Finney, the legal counsel for Standard Oil of California and coordinating arm between government and private intelligence networks. Warnke himself is closely associated with the Institute for Policy Studies, which has been linked to international terrorism. As a Pentagon official under Kennedy, he was key to the Vietnam war's build-up. Warnke is a candidate for both Defense Secretary and CIA Director.

*Clark Clifford* is a partner in Warnke's law firm and actually was the late 1940s architect of the CIA. As Defense Secretary in 1968 he, too, was a major figure in behind-the-scenes escalation of the Vietnam war.

Clifford is a contender for several unstated cabinet and other positions.

*Harold Brown* was Air Force Secretary under Johnson and Nixon, and was the overseer of the saturation bombing of Vietnam.

Brown is under consideration for Defense Secretary or a foreign policy post.

*Michael Blumenthal* is the head of Bendix Corporation,

a member of NATO's Atlantic Council, and of the German Marshall Fund. Blumenthal has been one of the leading advocates of labor-management "co-participation" schemes. He was the director of the corporatist Tennessee Valley Authority. Blumenthal is being mooted for Defense Secretary, Treasury Secretary or a State Department post.

*Henry D. Owen* is a proponent of the current NATO military buildup and co-editor of the Brookings Institution book, *Setting National Priorities*, which recommends a corporatist reorganization of the U.S. economy. He is proposed for Treasury Secretary.

*Robert Roosa* is a partner in Wall Street's Brown Brothers, Harriman, and executive director of the Initiatives Committee for National Economic Planning, a Rockefeller-proposed organizing body admittedly dedicated to "Fascism With a Human Face."

Roosa is a candidate for Treasury Secretary.

*Gerard C. Smith* is North American Chairman-trustee of the Brookings Institution and was a key State Department consultant throughout the 60s Vietnam War period.

Smith is being mooted for Defense Secretary.

*Richard Cooper* sits on several top Rockefeller-linked organizations including the German Marshall Fund, NATO's Atlantic Council, and the Rockefeller Brothers Fund. Cooper is a key contender for several top economic posts.

*Thomas Hughes* is head of the Carnegie Endowment for Peace.

Hughes is being considered for CIA Director.

*Zbigniew Brzezinski*, Trilateral Commission Director, is the leading architect of "destabilization" operations against Eastern Europe, and is reportedly credited with organizing the 1968 "Prague Spring" crisis. A consultant to the CIA, State Department and Rand Corporation, Brzezinski is the only one mooted for the position of Presidential Assistant for National Security Affairs.

*Cyrus Vance* is already designated Secretary of State. He was organizer of the bloody Greek military coup in 1967, architect of the 1965-U.S. invasion of the Dominican Republic, architect of the Cyprus crisis, and architect of the Vietnam War. Vance was reportedly responsible for paratroopers being sent into Detroit during the 1967 riots.

The other leading contenders for cabinet posts are members of the Trilateral Commission "sister organizations," persons who have worked closely with the Trilateral Commission in organizing for its programs. These include fired Defense Secretary and Rand Corporation member James Rodney Schlesinger, advocate of the "limited nuclear war" scenario and covert founder of the Committee on the Present Danger, which is dedicated to a "limited war" with the Soviet Union. Schlesinger is a main contender for Defense Secretary. Patricia Harris, a member of Schlesinger's Committee, is a candidate for Attorney General.

Others mooted include John Doar, counsel to the House Judiciary Committee during Watergate and a prime organizer of the 1960s race riots, also an Attorney General candidate. Congresswoman Barbara Jordan, who advocated Nazi "Volksgemeinschaft" ("National Community") programs at the Democratic Convention, might also be Attorney General. Charles Schultz of the Brookings Institution, co-editor of its latest book on plans for corporatist economy, is widely mooted for the chief post at Treasury, Defense or a State Department post.

### *Trilateral Domination*

The details of Trilateral Commission programs which the Carter Administration can be expected to implement include a complete reorganization of the Executive Branch of the U.S. government, making it into a tightly centralized, streamlined apparatus, but one in which the power Jimmy Carter will personally exercise is at least questionable. Zbigniew Brzezinski, the Trilateral Commission director and probable National Security Council head, for over a decade has been advocating a "symbolic presidency in which functionally necessary experts replace parties and government bodies." To this end, Trilateral Commission member Graham Allison and former New York RAND Corporation head, Peter Szanton — the authors of the Murphy Commission Report on government reorganization — have given Carter "transition" aide Harrison Wellford a proposal to form an "Executive Committee" of the cabinet, composed of the secretaries of Defense, State, Treasury, Health, Education and Welfare, and a merged Commerce-Labor Department representative. The executive committee would replace the President's Domestic Council and

National Security Council, setting up what Brzezinski admittedly hopes will be a "technocratic dictatorship" over all foreign and domestic policy matters. Under the plan, White House aides apart from the executive committee will be reduced to four, and even these will share "back-up staffs" with the committee.

The Trilateral Commission has identical reorganization plans toward "technocratic dictatorship" in almost every nation in the world. These are outlined in a recent Commission policy-document authored by the Brookings Institution's C. Fred Bergsten, entitled *The Reform of International Institutions*.

Despite the press fanfare which claims an intense debate over just who Carter will select for his cabinet, the evident facts of the matter are that the names up for selection are all closely associated persons, "functionally necessary experts" who are so many "interchangeable parts" as far as the Trilateral Commission and the Rockefeller brothers are concerned. Carter's presidency was long ago planned for by such persons as Vance and Brzezinski, who surely did not forget about who should be in the president's "cabinet." The press coverage of Carter's "difficult decisions" is just so much cover-up of the coming government's Trilateral Commission identity.

The cover-up is understandable from the Rockefellers' standpoint. Arthur Schlesinger, Jr., wrote in the Dec. 6 Wall Street Journal that he and another former Kennedy Administration aide, Pierre Salinger, tried to convince a group of Paris businessmen that the Trilateral Commission was not "some sort of horrible bankers conspiracy... to no avail." The French businessmen told them that "any organization started by the Rockefellers must be up to no good."

## Rockefeller Tries to Dismantle GOP for Carter, Rebuild Party In His Image

### GOP REPORT

Dec. 10 (NSIPS) — When President Ford joined Nelson Rockefeller, Ronald Reagan and John Connally in calling for a "political technocrat" to be chosen as the new Republican National Committee chairman yesterday, it capped a post-election drive by Rockefeller and his retainers in the Republican Party to dismantle the GOP and transform it into a sickly adjunct of Carter's Democratic Party of war and fascism. Since the fraudulent "election" of Jimmy Carter last month, Rockefeller has attempted to divert Republican attention and resources away from the joint U.S. Labor Party and American Party vote fraud suits which contest Carter "victories" in Ohio, New York, and Wisconsin. Rockefeller has specifically retailed the lie that the Republican Party lost the election fair and square because of its failure to address Fabian fascist "quality of life" issues. This month, the lame-duck Vice-President

staged a series of GOP leadership confabs to convince the party's bureaucratic apparatus that its "failure" to attract blacks and other minority groups on Nov. 2 can only be rectified by choosing a "technician" as chairman of the Republican National Committee to rebuild the party from the ground up. At these meetings, the USLP fraud cases were dismissed by the Veep and his political hatchetman, New York State GOP chairman Richard Rosenbaum, as mere "trifles" whose only significance lay in the 1980 election.

While Rockefeller was corralling GOP bureaucrats in Washington, D.C., rank-and-file Republicans throughout the country at the county and district level, have been remoralized by the progress of USLP suits to overturn Carter's "election," and have been meeting to debate the merits of Committee for a Fair Election (CFE) fraud cases in Ohio, Wisconsin, and New York, and to consider providing financial and institutional support. On Thursday, a meeting of the 48th Republican District in

Washington voted to invite CFE representatives to present their case to the Kings County Central Committee on Dec 11. The same night three other Washington GOP districts were asked to publicly censure the Republican National Committee for its failure to provide support for the fair elections fight. Last week, five GOP county chairmen in Oregon passed a resolution calling on the Republican Party to back the CFE, and in Indiana, American Independent Party and GOP county organizations are holding meetings to mobilize support for the Committee.

Such motion at the grassroots level, coupled with the public evidence now before the U.S. courts of massive vote fraud in Ohio and New York, has sent shock waves through the Republican Congressional delegation, which met in Washington, D.C. Dec. 8 and buzzed with the news of the latest vote challenge developments. Republican Congressional Caucus chairman Guy Vander Jagt greeted USLP representatives warmly and congratulated them on the progress of the Ohio suit, while Rep. Tim Lee Carter (Ky.) volunteered that he knew of vote fraud "all over Kentucky." A number of Caucus members were appalled by the refusal of the National Committee Executive on Dec. 6 to render assistance to the CFE in Ohio and New York, and privately acknowledged they were considering making their own financial sources available to the Committee, provided decisive legal victories are shortly forthcoming.

By contrast, National Committee Executive legal counsel Craemer told the USLP that they plan no action on the vote fraud, an assessment seconded by National Committee Executive director Eddie Mahe and vice-chairman Bob Carter, although privately they conceded: "Damn, you've got us between a rock and a hard place." At the National Committee Executive meeting the same day Dick Rosenbaum, who as New York State GOP chairman sabotaged a White House-initiated Republican vote fraud case in New York City, steered all discussion away from the fraud, declaring, "The law does not bother with trifles and the cases will hence get nowhere." Rosenbaum demanded that the meeting instead address itself to the selection of a new National Committee chairman to replace the retiring Mary Louise Smith, a ploy which sparked hopeless wrangling between regional representatives, each arguing for their own candidate. The ensuing deadlock offered Rosenbaum the opportunity to second his political boss Rockefeller's insistent "suggestion" that a "technocrat" be named to the post.

The Republican National Committee's acquiescence to the Rockefeller gameplan is matched only by President Gerald Ford's hat-in-hand concessions to Messrs. Rockefeller, Connally and Reagan at a meeting yesterday. Ford announced after the meeting that the four were in agreement that a "technician" rather than a public spokesman should be the next party chairman. Among the five or six being considered for the post, according to sources close to the President, are Utah GOP chairman Richard Richards, who was an early Reagan supporter; Indiana GOP chairman Thomas Milligan; Ohio GOP chairman Kent McGough, a constant saboteur of the Ohio CFE vote challenge; Wisconsin

National Committeeman Ody Fish, key state figure responsible for the Republican withdrawal from the CFE suit in Wisconsin; James Baker III, former Ford campaign chairman, defeated Tennessee Senator Bill Brock, a member of David Rockefeller's Trilateral Commission; and Treasury Secretary William Simon.

Reagan emerged from the meeting to announce that he favors a "technician" — as opposed to a prominent spokesman to head the party: "We need a man to build the party organization from the ground up." Connally, in the spirit of such compromise, withdrew from the contest, saying, "I'm really not available and I don't see any circumstances under which I would be." Ford also announced the establishment of a GOP Coordinating Committee which will serve as a policy-making body for the party, while the National Committee carries out the nuts-and-bolts party reorganization work. Already, Ford, Connally, Rockefeller, and Reagan have offered their service to sit on the Coordinating Committee.

The nature of this reorganization was spelled out at a conference of Republican Governors in Washington, D.C. early this month at which Tom McCall of Oregon and Jim Thompson of Illinois condemned the GOP for its failure to appeal to minorities and address "quality of life" issues in the Nov. 2 election. Rosenbaum followed up on this theme at the Republican Executive meeting Monday, advocating the Party model itself on the AFL-CIO COPE apparatus (responsible for much of the Carter's "Get Out The Vote" fraud on Nov. 2) in its restructuring.

Simultaneous with the effort to rope GOP bureaucrats into debilitating party reorganization, Rockefeller has directed the Buckley family right-wing networks, led by William Rusher and his National Review crowd, and M. Stanton Evans of the American Conservative Union to carry out a sweeping slander campaign against the USLP to discourage honest conservatives from joining the CFE effort; a by-product of this slander operation to fracture the growing USLP-conservative alliance to overturn Carter's election is a drive to recruit conservatives directly into the Carter camp.

American Conservative Caucus renegade Richard Viguerie is touring the country urging conservatives to organize support for Jimmy Carter. Informed sources report that Viguerie, an admitted Carter voter, is telling conservatives that Carter is really a small businessman who is a "conservative-at-heart" from the "independent South." This week's National Review echoes Viguerie. An article by Roland Evans and Robert Novak proclaims that the GOP is dead and should be buried; Carter is the hope of the country.

The Buckley-sponsored press barrage of slanders against the USLP and CFE ironically borrows much of its material from the slanders circulated by Rockefeller's left-cover operatives at Marcus Raskin's Insitute for Policy Studies. The latest of such slanders is a nationally syndicated column appearing in the Dec. 8 St. Louis Globe-Democrat under the byline of American Conservative Union head S. Stanton Evans, entitled "Politics Produces Strange Bedfellows." Evans lambasts conservatives for working with a "violence-ridden group," the Labor Party, and lies that the party has been involved in "kidnappings, brainwashings and at



least one shooting." Viguerie, the publisher of "The Right Report" conservative newsletter, ran a feature article containing the same slanders by William Buckley in the Nov. 19 issue of the Report. Buckley associate William Rusher penned the same slanders in his nationally syndicated column, which appeared in the San

Francisco Chronicle Dec. 7.

One knowledgeable conservative source confided to the USLP that honest conservatives do not give any credence to the Buckley slanders. "People dismiss it as a personal vendetta against the Labor Party by the Buckley family," he said.

## Revolt Brewing Against Carter on Capitol Hill

### CONGRESS REPORT

WASHINGTON, D.C., Dec. 11 (NSIPS) — Developments this week on Capitol Hill, where members of the Democratic and Republican Congressional caucuses convened to elect a new leadership and to vote on a slate of "reform" proposals, strongly indicate that a growing number of Southern and urban-based Democratic Congressmen are inching towards an open break with their nominal party leader James Earl Carter, his backers, and his programs.

A significant number of these traditionalist-oriented Democrats are "horrified" as the aide to one Alabama Representative put it, at the fact that nearly every prospective Carter cabinet appointee belongs to the Trilateral Commission, Rockefeller Foundation and other Wall Street policy groups. They are also becoming increasingly uneasy as court challenges to Carter's election in several key states expose the nature and scope of the conspiracy which stole the election for the puppet president-elect and which is now mapping out austerity economic measures which will destroy the constituency base of their own political machines.

The first public signs of this brewing revolt came Monday at the House Democratic caucus meeting when a bloc of southern conservative Representatives teamed up with their colleagues from Midwestern industrial areas to elect Texas moderate Jim Wright as the new House Majority Leader by one vote over the Carterite "Liberals," Richard Bolling of Missouri and Phil Burton of California. Since Bolling and Burton are known as leading Congressional advocates of those policies for stripping down U.S. industrial capacities and labor skill levels, and Congressional "restructuring" proposals which have been closely identified with the Carter campaign, Wright's surprise victory over the two front-runners implies a partial repudiation of Carter.

Although Wright himself is by no means a staunch conservative — he supported the bailout of the New York City banks by the Federal government last year and generally favors public works jobs programs — his election as Majority Leader is a sign of Congressional resistance to Carter for two main reasons. First, in contrast to Carter, Wright personally advocates industrial development especially in the areas of high-technology and energy, as the Dec. 9 *Christian Monitor* noted. Second, and more significant, is the nature of the coalition which formed to win Wright the post. Consisting

of Congressmen from the South, Southwest and Northern cities, this bloc presents a potential to contain the Carterite push towards hyperinflationary policies based on pick-and-shovel labor programs.

Although the pro-Carter media have tried to play Wright as a "yes man" who will obediently assist the new Speaker of the House, Thomas "Tip" O'Neill of Massachusetts, in lining up votes for the Carter legislative package, their anxiety over the unexpected turn of events has been surfacing. Exemplifying this jitteriness was an Evans and Novak column in Friday's *Washington Post*, in which the duo decry the coalition of urban Democrats, such as Dan Rostenkowski of Illinois (who was just named Assistant Majority Whip), and the "Dixiecrat faction" which joined forces to elect Wright. "Wright," moan the columnists, "will contribute to Thermidor in the House — moderate counter-revolutionary reaction following turbulent radical reform... Wright moves the House power equation rightward... Bewildered liberals hope Wright will be crushed between O'Neill... and the Liberal aggressive new Majority Whip, Rep. John Brademas of Indiana." Brademas is a member of the Trilateral Commission.

### *Why The Revolt?*

Key urban-based Democrats are privately blasting Carter's hideous schemes for the cities, knowing they would destroy their constituencies. An aide to one high-ranking Democratic Congressman from the Midwest this week specifically singled out the "planned shrinkage" proposals advanced by Roger Starr, mooted as Carter's Secretary of Housing and Urban Development, as "something we are absolutely against. This smacks of Big Brother and 1984." Significantly, this Congressman belongs to the Northeast-Midwest Economic Advancement Coalition which was founded several months ago to gain Congressional support from these areas for schemes like Starr's. Southern Democrats are highly suspicious of Carter and his Wall Street connections; an assistant to a member of the Alabama delegation told a Labor representative: "We were behind Carter — but we'll buck him if we have to. Nobody around here is really sure what he's all about."

The massive vote fraud which elected Carter has made both Republicans and Democrats fearful of him. Several Democrats have said of the vote fraud suits: "We're all watching them very closely."

The anti-Carter mood on the Hill is also being reflected in the unfavorable reception given most of the administrative and structural "reforms" which the Carter camp is hoping to use for reorganization of the Congress into a rubber-stamp for the Carter program. Although several of the "reforms proposed by the Commission on Administrative Review, chaired by Wisconsin Carterite Rep. David Obey, were voted up by the House Democratic Caucus this week, the most important ones were roundly defeated. In addition, a resolution strongly backed by the Rockefeller-funded Common Cause to set up a House Select Committee to

investigate allegations that Congressmen received bribes from the South Korean lobby was also overwhelmingly rejected by House Democrats. On the Senate side, a number of leading figures from both parties have vowed to fight the Stevenson plan for streamlining the Senate committee structure because, as one Southern Senator said privately, "It's a play by Carter to ram his legislation through Congress." A final bad omen for the Carterites on Capitol Hill this week is the fact that Sen. Robert Byrd (D-W. Va.), a prominent conservative, is favored to win the race for Senate Majority leader over Sen. Hubert Humphrey of Minnesota.

## Air of Rebellion In D.C. Over Rockefeller Push to Ensure Carter Presidency

### WASHINGTON WEEK

Exclusive to NSIPS

An air of rebellion reportedly exists among Republican Congressmen and party officials in the D.C. area after they were openly informed last week by the Rockefeller-controlled Republican National Committee that it intends to sabotage four court cases (Ohio, Wisconsin, Pennsylvania and New York) aimed at overturning the fraudulent election of Jimmy Carter as President of the United States. One California Republican Congressman was the first to be told. Executive Director Eddie Mahe told him that the National Committee is well aware that President Ford actually won the states of Ohio and Wisconsin, but the Committee still intends to have nothing to do with the court cases.

The treachery was more publicly displayed by Robert Carter, Vice Chairman of the D.C. Republican Central Committee and one of the top five representatives of the National Committee. At a Dec. 9 meeting of the D.C. executive, Carter forced the meeting to reject a proposal offered by 8 other Central Committeemen to endorse the four relevant court cases. Carter told the men that the northeast section of the Republican National Committee under New York's Rockefeller-puppet, Richard Rosenbaum had met Dec. 2 to plan sabotage of the cases, and then threatened them with dire consequences if they dared buck the National Committee on this issue.

As a result of all this, rebellion is simmering in Republican ranks. Why Mr. Rockefeller is acting to ensure a Carter presidency became a heated topic of discussion at a Dec. 8 meeting of the Republican Congressional Caucus. At least 50 congressmen there gave an overwhelmingly favorable response to a U.S. Labor Party spokesman who discussed the court cases, all initiated by the USLP. Several individual Congressmen admitted they are contemplating personal action to help the legal fight.

This sentiment has been aided by the continuing flood of facts concerning Carter vote-fraud which have been hitting the D.C. area. To top it off, the official report of the Carter for President campaign expenditures filed with the Federal Election Commission show that Carter

overspent the FEC limit by 175,000 dollars in the closing weeks of the campaign — because of more than \$6 million spent to "Get Out the Vote" in the last six campaign weeks. The FEC has acknowledged that their \$2.5 million limit was exceeded by Carter, and that this violation entailed a jail sentence and a fine on the order of \$500,000, but did not indicate what action the FEC will take.

There may have been some hanky panky in Carter's past no one knew about, but which will soon surface. Sources indicate that Carter has been receiving financial and other forms of "aid" from the scandal ridden Lockheed Aircraft Corporation since at least 1970, when Lockheed, with headquarters in Georgia, funded a private Carter junket to Latin America. Consternation in political circles in D.C. was enhanced by the fact that one of the first people Jimmy sought out when he arrived in Washington was Richard Cook, chief Lockheed lobbyist. Cook, it so happens, has devised a plan for Executive Branch reorganization which is indistinguishable from one developed by the Rockefeller-owned Brookings Institution.

Smart alects here point out that Lockheed's activities have been used to "watergate" opponents of the Rockefeller family, but have covered up illegal involvement with the firm by such figures as Gianni Agnelli of Italy's Fiat. Agnelli is a member of the Trilateral Commission, set up by David Rockefeller. So is Jimmy Carter!

In off-the-record discussions this week, mainstream Democratic Congressmen expressed opposition to Carter's cabinet nominees; the Carter cabinet will be the Trilateral Commission by another name. Some Democrats are even threatening to break with Carter on key aspects of the Trilateral Commission's fascist programs. The most visible sign of this discontent was the upset election of Texas Democratic conservative Jim Wright as House Majority Leader, defeating Carter's selection, arch-Fabian Phil Burton by one vote. Burton directs the Democratic Study Group, one of whose staff members complained bitterly that Wright's election will make "many businessmen and industrialists, like the oil interests in Texas and the South, very very happy." Carter's more "radical" legislation like the Humphrey-Hawkins bill for forced labor will have tough going, he

said. Columnists Evans and Novak, known as Rockefeller retainers in D.C., denounced the Wright election as "Thermidor, a counter-revolution" giving constituency based traditionalists and conservatives like Mayor Daly's Rep. Rostenkowski (named Majority Whip) and southerner Joe Waggoner "a new lease on life."

Rumors have it that this mainstream Democratic leadership in the House and the southern powerhouse in the Senate are now engaged in substantive discussions to arrive at an alternative to Carter's "zero-growth" economic program. These layers plan to "start fireworks" in January against Carter's plan to reorganize Congress, the Stevens Plan, as well as Trilateral Commission schemes for regional "development" which will wreck the American industrial economy.

Carter's appointment of Cyrus Vance as Secretary of State is giving him similar headaches in the diplomatic community. According to one Third World diplomat "the

Vance appointment clinched it. Vance is known for his Vietnam war involvement and his Cyprus involvement. It's going to be Kissinger all over again." Another Third World diplomat summed it up: "We have conducted a thorough study of Carter and he is 100 per cent Trilateral."

A bevy of laughter broke out last Friday in conservative circles when the Buckley family's latest *National Review* magazine came out with a lead item by columnists Evans and Novack. Evans and Novack in the *Washington Post* had just attacked House Majority Leader Jim Wright and whip Dan Rostenkowski, the hope of conservatives in their opposition to Carter's Trilateral Commission policies. The honor accorded Evans and Novack by the "conservative" Buckylys led one card to quip: "Jim Buckley deserves a 100 per cent rating from the ADA."



# The Dollar Is Weakening

## FOREIGN EXCHANGE

NEW YORK Dec. 9 (NSIPS) — Despite the rumors circulating on Wall Street that two of the world's "strong" currencies, the deutschemark and the Swiss franc, are about to take a dive, European bank foreign exchange chiefs believe that a U.S. dollar collapse is much more likely. "I'm very pessimistic about the dollar," stated the chief trader at a West German controlled bank here, "although few people in New York would agree with me...The dollar is now the only reserve currency. Sterling is out, and the deutschemark is only used a little as a secondary reserve, against the will of the West Germans. As the reserve currency, the dollar is *always* in oversupply...I'm bullish on gold."

The "weak dollar" prognosis was seconded by a spokesman for Chartered Bank, one of the largest British banks, who noted that fears of Carter-imposed inflation had already provoked a shift out of the dollar into Swiss francs, West German marks and gold during the past week. Heavy bidding for gold at yesterday's International Monetary Fund (IMF) auction forced that venerable, Wall Street puppet institution to sell at \$137 an ounce, the highest price set at an IMF auction in several months.

According to the latest scenarios developed by Lower Manhattan "braintrusters," the current collapse of world trade should hit hardest at the export-oriented economies of Western Europe and Japan. "Ideally," the braintrusters fantasize, OPEC will be provoked into jacking up their oil prices 15 per cent, blowing the European and Japanese currencies sky-high and channeling tens of billions of idle petrodollars into the dollar. In this crisis atmosphere, the Carter regime will call a second "Rambouillet Summit," where all major currencies are to be devalued and directly pegged to the "rejuvenated" dollar. Such braintruster fantasies account for the wild projections emanating from one so-called "gold bug," James Sinclair of the New York firm Vilas and Hickey, who predicted a 14 to 17 per cent collapse of the deutschemark and Swiss franc against the dollar in a press release issued this week.

### *British "Spoiler"*

Developments in Britain, however, have thrown all such "ingenious" calculations into a cocked hat. British Prime Minister Callaghan — with the full backing of his Labour Party trade union base — has refused point-blank to implement the level of austerity demanded by the U.S. banks' debt-collecting agency, the IMF. According to British press accounts, government spending cuts will amount to *at most* £1.5 billion, compared to the £3 to £5 billion demanded by the IMF, and the cuts will not be

implemented until April 1977 at the earliest. In the face of this British defiance, reliable banking sources say the IMF will have no choice but to fork over the \$3.9 billion loan to Britain *without* the required austerity, rather than risk a British debt moratorium and an international crisis.

Callaghan has dealt a deadly blow to the credibility of the IMF, which reflects on the dollar. U.S. banks have at least \$400 billion outstanding in "problem" loans to the Third World and European countries. If the IMF is destroyed as a mechanism for imposing austerity to repay these dollar debts, these investments can only be "salvaged" by resorting to the printing presses, flooding the world with useless dollars.

Further, OPEC has refused to play Wall Street's game. Instead of torpedoing Europe with a gigantic oil price hike, the Saudis, Venezuelans, Libyans, and others have provided Britain and Italy critical financial backing, strengthening their hand at the IMF bargaining table, while negotiating large-scale oil-for-technology deals which could destroy the U.S. multinationals' hold over Europe once and for all.

According to a source close to the Saudi government, the Saudis are getting out of dollars and putting the bulk of their idle funds into British pounds, (halting the run on the sterling balances) as well as into deutschemarks, and gold.

It is this informal political agreement between Britain and OPEC which has been the primary reason for the pound's recovery from the "depths" of \$1.55. This week, the pound jumped another cent to \$1.67, allegedly on the basis of an announcement by British Treasury Secretary Healey that he "hoped" an agreement on funding the sterling balances would be reached by next week. Healey, in fact, said no more than he has on previous occasions, and his remarks were greeted with scepticism in British banking circles. The reality is that sterling is strong because Britain, in cooperation with OPEC, has succeeded in flouting the IMF and is getting its money anyway. Banks and corporations which attempt to take "short" positions on sterling under these conditions may be in for an unpleasant surprise.

### *Interest Rates Strengthen Mark But...*

This week's critical shift in the interest rate differential between the dollar and deutschemark sectors is another major factor in the dollar's decline. For the first time this year, the interest rate charged to borrow Euro-marks was higher than the Euro-dollar rate. This shift in the interest-rate differential is a direct result of the collapse of U.S. domestic interest rates, due

to the depressed state of the U.S. economy, and the simultaneous tightening in West German domestic rates. As a result, even more funds will be attracted out of the dollar into the deutschemark, but under conditions not at all beneficial to the West German economy.

As long as West Germany does not move politically to establish a new monetary system wiping out billions of dollars of worthless dollar debts, the flow out of dollars into the country's money supply will produce a hyper-inflationary disaster. During the month of October, another 2 billion marks worth of foreign funds were monetized by the central bank. This has forced the Bundesbank to hike domestic interest rates, squeezing out domestic corporate borrowers, but attracting still more footloose dollars into the deutschemark, in an unending vicious cycle. Thus, the deutschemark is strong only in the short-run; future trends depend wholly on West Germany's political orientation.

#### *U.S. Corporations — Agents Or Victims?*

During the past week the key role of U.S. multinational corporations in the foreign exchange markets has emerged into the spotlight due to a controversy over a new accounting rule. As a result of the extreme chaos on currency markets this year, (much of it planned at U.S. bank head offices), U.S. multinationals have racked up half a billion in losses on the third quarter alone. Their losses have been aggravated by a Financial Accounting Standards Board (FASB) ruling, dating back to January of this year, which requires multinationals to report their assets and liabilities in current dollar terms. The new

rule has accelerated the trend of multinationals junking their investments in the "weak"-currency areas, putting the companies in the position of demanding that countries devalue before any more investment comes in. In effect, the corporations, willingly or not, are being forced to act as policeman for the IMF-U.S. banking austerity policies.

According to sources at the New York Federal Reserve, the Fed hopes to regiment world investment flows in precisely this way. The Australian and Mexican devaluations are the model: first, a massive currency collapse followed by a marginal revaluation in order to "tease" capital back in.

This type of currency warfare evoked a mild protest from the Journal of Commerce this week, indicating some layers of U.S. industry have begun to wake up. In its Dec. 7 editorial, the Journal noted that last week's 7 per cent depreciation of the Canadian dollar had been precipitated almost singlehandedly by the (Rockefeller-allied) New York investment house Oppenheimer and Co., Inc. Oppenheimer's extremely pessimistic report on the Canadian economy succeeded in panicking U.S. corporations into a virtual stampede out of Canadian dollars. Although the Canadian currency has temporarily stabilized, the Journal warned that Oppenheimer and allied banks now possess the power of life or death over the Canadian economy. Should the Canadian government attempt to ease credit in order to aid the country's depressed industry, U.S. multinationals could easily dump \$6 billion in Canadian investments and the Canadian dollar would fall through the floor.

## Gold Up After IMF Sale

### GOLD

The most significant indication of gold's strength is that 780,000 ounces of gold auctioned by the International Monetary Fund on Dec. 8 were sold at \$137 per ounce — a price exactly \$1.35 per ounce higher than the previous day's closing price on the London bullion market. Today, gold continued to be sold at \$137 per ounce in New York.

Although the Basle-based Bank for International Settlements (BIS) was not included in the list of bidders for IMF gold released this afternoon, market insiders stated that Western European, Middle Eastern, and perhaps Japanese central banks were among the major bidders at yesterday's auction. These sources indicated that the said purchases were undertaken via major Swiss banks. According to bullion traders in New York, the Swiss Bank Corporation and the Union Bank of Switzerland — both purchasing gold on behalf of central banks — placed bids at over \$150 per ounce.

The reason behind the steady resurgence in the price of gold since at least the last IMF auction six weeks ago, a resurgence that has rendered gold mining stocks extremely attractive on the stock exchanges and marked

the failure of IMF-U.S. Treasury efforts to turn gold into "just another commodity," are basically two-fold. One, havoc on the international currency markets including outright devaluations such as those of the Australian and New Zealand currencies, have temporarily steadied the collapse of the U.S. dollar even when compared to the traditionally strong Deutschemark. Under such circumstances, private investors, multinational corporations, and others who are aware of the inherent weakness of the U.S. dollar, are beginning to hedge by getting into gold.

The other reason, far outweighing and largely the cause of the first is that Western European, Middle Eastern and other central banks stuck with billions of dollars in their foreign currency reserves, are steadily beginning to convert their dollar assets into gold. While Kuwait, Persian Gulf states, France, Switzerland, and Belgium are in the forefront on this movement, even the Japanese have been seriously considering converting their large dollar assets into gold.

As one knowledgeable Arab monetary source put it in

New York today "Gold will go to \$200 per ounce. Kuwait and the Persian Gulf States are aggressively getting into gold. The only thing stopping the Saudis and others from moving more aggressively toward a gold-based international monetary system is the threat of economic and military retaliation by the United States." Essentially, the same sentiment was expressed by a major gold bullion trading house in New York today.

Whatever the pace of motion toward an international monetary system backed by gold, the weakness of paper currencies in general, and the lack of confidence in the U.S. dollar in particular, can only mean that gold will continue up and up. Even today's IMF decision to auction its gold every month instead of every six weeks starting next March will hardly affect the market's bullishness.

## Post-Election Stock Market Rise In Japan

### INTERNATIONAL STOCKS

Dec. 9 (NSIPS) — The Tokyo stock market registered its strongest rise of the year this week with the Tokyo Dow climbing 5% to 4,782 yen. The Dec. 5 election, market analysts agree, was the overwhelming reason for the jump; the ruling Liberal Democratic Party (LDP) made such a weak showing that while it will retain a majority with the support of independents, Prime Minister Miki will be forced to step down. The succession of his arch-rival, Takeo Fukuda, is assured, they said.

However, the underlying real economic factors show this trend to be short-lived and speculative.

Fukuda's much-touted rise buoyed the market primarily because of his stated plans for reflating the lagging Japanese economy, and his intention to quash anti-American independent industrialist factions within the LDP, reunifying the party under strong pro-Washington leadership, spokesmen for the Tokyo financial community said.

The government and the Bank of Japan are already planning a second "package of fiscal and monetary measures" of public works and corporate investment programs which will require an additional 200 billion yen in government bond issues off the General Account fiscal 1976-77 budget, the *Japan Economic Journal* reported Dec. 7.

#### *Here's To Inflation*

The measures will have to be taken, according to the journal because the \$5.4 billion reflation package of mid-November failed to stimulate the Japanese economy; strong pressure is being applied on Japan by the International Monetary Fund and the Organization for Economic Cooperation and Development, the economic arm of NATO for a revaluation of the yen which would destroy Japan's export economy but would establish the yen as a buffer currency for the dollar. Finance Minister Ohira was quoted as saying that Japan would have to somehow step up imports or risk "trade war" with the distraught European Economic Communities, whose own economic woes preclude continued high levels of Japanese exports there.

The second reflation package will be a .5 per cent cut in

the discount rate. New York financial sources pointed out that, on the whole, this sort of pressure, obviously emanating from Washington, would not have met with such cooperation from Prime Minister Miki.

The market also apparently believes that Fukuda will be able to halt moves within the Japanese industrial community to set up more independent relations with the developing countries, particularly the Organization of Petroleum Exporting Countries, and the Comecon. This "independent resources faction," led by Sohei Nakayama, counselor of the Industrial Bank of Japan, and including many top steel and heavy industrial magnates related to the Industrial Bank group, was described in a controversial series of articles in the magazines *Bungei Shunju* and *Chuo Koron* this summer as opposing the Rockefeller financial and oil interests control over the Japanese economy. The "independents" efforts in particular to gain security of oil supplies from the Exxon and U.S. multinationals, the articles alleged, were the real cause of the Lockheed scandals which have discredited many "faction" members as well as Miki, their spokesman. Fukuda has from the beginning taken advantage of the scandals to oppose Miki at every turn and it is widely acknowledged that his coming rise to power is due to the Lockheed affair. Now "only Fukuda will be able to unify the party," one Tokyo analyst said.

#### *But Prospects Dim*

In the general advance of the Tokyo market this week, the stocks making the favorable showing were, as would be expected, the cyclicals which will benefit from the reflation program, as well as the export sector industries. Matsushita Communications, TDK, Pioneer, Sanyo Electric, Toyota Motor, Nippon Electric, Dai Nippon Printing, and Fuji Photo Film all showed strong gains, especially on investment trust buying.

But not only is the prospect for any real boost from the reflation program — other than to the consumer price index — thin, but the export sector cannot possibly maintain its current position and in fact will suffer in the first quarter of 1977 from the general world recession,

especially in Western Europe.

Although much of the excitement in the Tokyo market has been due to the impressive rate of growth of corporate profits — pre-tax profits rose some 55 per cent during the third quarter — a Dec. 7 survey of 100 industrials by the *Japan Economic Journal* found that “no optimism can be warranted.” The profit hikes, over dismal base rates to begin with, are by far due to “fat cutting” — debt repayment and thus lower interest charges, cessation of capital investment, workforce reduction, and price increases — rather than actual sales volume. Some 60 per cent of the third quarter rise in the rate of increase of the ratio of pre-tax profit to sales, the journal survey found, was accounted for by declining debt service payments. Indicative of the “fat cutting”

approach is Nippon Steel which announced this week that it will cut its fiscal 1977 capital expenditures by 40 per cent to 180 billion yen, after a cut in fiscal 1976 expenditures to 280 billion yen from 295 billion yen in fiscal 1975. Overall, plant and equipment investment in the first half of the accounting period this year declined for major corporations by some 56 billion yen vis a vis last year.

Similarly, many firms have attributed over 60 per cent of their profit increase to a rise in prices, rather than in sales volume, the *Japan Economic Journal* reported. Furthermore, inventories are being reduced such that inventory turn-over dropped precipitously. The number of workers in the companies surveyed dropped from 1,179,000 to 1,171,000 during the third quarter, which usually has the year's highest hiring rate.

## World Trade Contracts; IMF Demands Renewed Consumption Cuts

### WORLD TRADE

Dec. 7 (NSIPS) — International Monetary Fund recommendations for a \$12 billion cut in consumption, implemented by Western European nations during August and September have resulted in a contraction of trade attested to by the October-November figures.

This summer's slowdown hit hard at the 25 per cent of European and Japanese goods exported to the Third World and the Comecon countries. The October-November results now show a decline of approximately 50 per cent of the average country's exports to Western Europe itself. West German, Japanese and French exports in October dropped to March levels — a drop of 10 per cent in real terms. New incoming orders for West German industry dropped in October at an annual rate of 36 per cent; import cuts in Western Europe's “second tier” — Britain, Italy, France and Denmark — decisively dampened the overall internal European economy.

New York banks and the International Monetary Fund are not offering Western Europe or Japan trade, expansion, or even quick deflation. Japan, according to Chase Manhattan's economics department, should simply cut its export surplus with the United States in half — and don't concern the U.S. with the critical domestic problems that would arise in this export-oriented nation.

The presently available statistics, moreover, do not reflect the mid-October round of austerity cuts which decreased Italian imports another 20 per cent and froze credit to Great Britain's ailing industry. Western European policymakers are now saying that their efforts to stabilize the dollar through consumption cutbacks since the oil-price hoax of 1973-4 have afforded them no benefits, they cannot tighten the belt another notch.

For the last six months, West Germany and Japan have been the only Western economies with any

semblance of a growing economy. Now, these relatively strong export nations are following the rest of Western Europe into deficit.

In the first half of this year, West German exports to the non-oil-producing countries of the Third World fell 6 per cent in real terms to less than 14 per cent of total exports. Deliveries to the Comecon nations dropped 3 per cent due to that sector's heavy indebtedness and politically dictated cutoffs. The percentage exported to the U.S. also fell, leaving only Western Europe to absorb other nations' goods. West German exports now make up 57 per cent of West European total imports — a rise of 8 per cent.

### *Downward Spiral*

But, starting in August with their austerity programs, Britain, Italy, France, Denmark and other West German trading partners began to cut industrial imports, West Germany's mainstay sales. The 1976 summer drought and the Shah of Iran's threat of a 40 per cent oil price increase forced food and oil imports and stockpiling in expectation of a crisis. As a result, Italy had a non-oil trade surplus — exports over imports — of \$300 million in October, due to large cuts in industrial imports. The overall trade deficits of Italy, Britain and France nevertheless rose to an aggregate of over \$12 billion by October 1976, prompting additional IMF recommendations for consumption cutbacks.

In the same two-month period, the second-tier West European countries, which had undergone large-scale currency devaluations, have experienced double-digit inflation instead of the hoped-for deflation. Raw materials, and thus the wholesale price of manufactured goods in Britain, rose at an annual rate of 36 per cent during October and November; increased import costs

pushed Britain's cost of living up by an annual rate of 24 per cent. In Italy, the cost of living increase at an annual rate was 41 per cent in October.

To stop inflation, IMF teams in Britain and Italy have proposed further cuts, and Citibank suggested this week that France, West Germany's single largest trading partner importing 14 per cent of its exports, may need full import controls.

Such trade policies, if implemented, would close off one of the last remaining markets for Japanese industrial goods. After a "recovery" earlier this year, based on shipping 85 per cent of its steel, automobiles, appliances and other goods to the U.S., the Japanese were slapped with a block-off by Washington trade officials this summer; the outcome intersected the West European trade downturn. New steel orders within the European Economic Community dropped by 10 per cent during October as the Japanese routed into West European nations over 6 million tons of steel at below-cost discounts during the first three quarters of the year — up 70 per cent over 1975. European steelmakers have less than four weeks of work left on their books, the *Financial Times* reported last week. West Germany, once the steel exporter to Europe became a net importer for the first time in 20 years this fall.

In this situation of exacerbated competition, industrial production in the basic capital goods sectors, so heavily dependent on exports in both Japan and West Germany, began to collapse this fall.

West German machine tools, 75 per cent of which are exported showed a 12 per cent drop in orders and 10 per cent in production during January through September. Japanese machinery orders and production fell 10 per cent and 5 per cent during that time.

Both the West German and Japanese chemical industries have announced substantial short-time work hours, layoffs and production schedule cuts in September and October.

West German steel production fell in September and October by 5 per cent per month. While domestic orders fell during August and September by 12 per cent per month, export orders from the EEC fell by 25 per cent per month. European threats of trade war forced Japanese steelmakers to cut back by 4-5 per cent in the October-December quarter.

That this vicious circle could produce global economic decay and currency panic was enunciated in this week's *London Economist*. In an article titled "The First Competitive Devaluation," the *Economist* described the 17.5 per cent devaluation last week of the Australian dollar as the result of a crisis of confidence in the economy leading to a capital flight. Devaluations are supposed to cut trade deficits by cheapening exports and reducing imports, the *Economist* says, but this time Australia will get nothing but more inflation while the rest of the world devalues along with it to sell their exports, too.

## Capital Spending Collapse Sends U.S. to Brink of New Depression

### BUSINESS OUTLOOKS

Dec. 8 (NSIPS) — U.S. industrialists have sharply cut back their spending plans for new plant and equipment in the first half of 1977, according to a Commerce Department report released Dec. 6. Taken in conjunction with the collapse of Western Europe, a vital export market for critical sectors of the U.S. economy, the latest news emphasizes that the U.S. must either quickly join negotiations for a new world economic order or face a new deep depression starting the beginning of next year.

The collapse of business confidence in the U.S. since Carter's fraudulent victory is staggering. Last month, McGraw-Hill, a private forecaster predicted that spending for plant and equipment would increase 9 per cent next year. The just-released Commerce Department report shows that no growth is planned in capital spending by business in the first half of the next year.

Yet even this report, which the nation's business press headlined as devastating, understates the case. By the

third quarter of 1976, capital spending in the U.S. had risen a scant 5 per cent above the depths of last year and remains a full 10 per cent below the levels reached in 1973-74. In terms of the potential and need for expansion of this singularly important sector of the economy, capital spending is at least 100 per cent below what it should be.

From this pitiful level, spending will not only fail to increase, as the Commerce Department report indicates, but will begin to plummet sharply.

A report released by the Conference Board, a major business organization, on Dec. 1 makes this clear. Capital appropriations, which are authorizations to spend money in the future compared to capital expenditures, which are actual outlays, were down 9 per cent in the third quarter for the nation's 1,000 largest manufacturers, 18 per cent excluding the petroleum companies. Since appropriations are the first step in the investment process, a sharp downward revision in future

spending is likely.

### *Industrialist Logic*

The dumb logic of austerity assures sharper cutbacks. The latest sharp revisions of capital spending plans is the result of the following calculations in the minds of industrialists. First, industrial capacity utilization has been falling — e.g., steel reached 68 per cent last week — as final sales have dropped with income. Second, prices have continued to skyrocket — the wholesale price index for industrial commodities has hovered around double digits for months. This assures that future costs will be driven up while markets shrivel up. Finally, business regards with fear the threat of a Carter Administration.

The industrialists' inevitable conclusion is that capital expenditures must be sharply curtailed. The result is a further fall in income, another drop in sales and a capacity utilization etc., in a vicious cycle. As some ignorant but well-meaning government economists have recently realized, from the point of view of austerity, the economy seems to be stuck with an insoluble chicken-and-the-egg problem, where what gets cut first, workers' living standards or capital spending, becomes the question.

The real world results of such nonsense are criminal, both in terms of real production of goods and because the spiralling downslide of the economy leaves the door wide open for Carter's Schachtian advisors to ram through a fascist reorganization of the economy.

### *And Its Consequences*

The latest figures show that key sectors of the economy are on the verge of total breakdown — precisely these areas which the Carterites have pinpointed as the first for liquidation. For example, Commerce Department figures show that capital spending by railroads will drop 26 per cent between the third and the fourth quarters of 1976; that total spending in 1976 will be over 11 per cent lower than last year; and that no improvement is expected in 1977! These figures mean that the nation's railroads, especially in the Northeast, will simply fall apart, since it comes on top of a situation where railroad expenditures for roadway and structures has declined over 60 per cent per gross ton mile in the past 25 years and over 140 million ties alone need to be replaced.

According to a plan for a U.S. Rail Trust proposed by

Pennsylvania Governor Milton Shapp at last month's Saratoga, N.Y. governors conference, ghetto youth would be hired with pick-and-shovel at \$5,000 per year to "solve" this problem.

Similarly, under the rubric of the Regional Energy Development Corporation and the Humphrey-Hawkins bill, the fascist backers of Carter want to reorganize other sectors set to collapse, clustered in the vital U.S. industrial corridor. The bottom is about to fall out of the coal mining industry. Coal inventories at utilities, which are operating at 66 per cent of capacity, and steel companies are high, while inventories of metallurgical coal in Japan, to which the U.S. ships 40-45 per cent of its exports, are prohibitively high. The electronics industry, which realizes a third of its sales of semiconductors abroad is plagued with inventory problems and will fare miserably due to the recent downturn in Europe. A similar situation exists with the computer industry, which derives half its earnings overseas. Aerospace is operating at 60-70 per cent capacity, and this figure is being reached simply due to military exports.

The electrical equipment sector is severely depressed; appliance factories are running at 70 per cent of capacity and have recently announced heavy layoffs. Shipments of gas turbines to utilities are running 50 per cent or more below the peak levels reached in 1973. Farm machinery manufacturers plan lower production schedules in 1977. The farm sector, the U.S. second biggest exporter after machinery, is now in a make-or-break situation due to rapidly declining income. Overall, machinery inventories are excessive, and with an average 45 per cent of their sales outside the U.S., most major machinery producers will shortly be in serious trouble. Auto and steel, of course, will soon totally collapse. Finally, construction, the single largest sector of the economy, simply doesn't exist anymore in many parts of the country, particularly the Northeast.

As a result of this rapidly deteriorating situation, the U.S. population must now make a fundamental decision: will we continue to progress as a nation dedicated to industrial and agricultural technological advancement, or will the Carter fascist forces be permitted to de-industrialize?

## Wheat Leads World Grain In Trade Tailspin; Dollar Crisis Blocks Market Expansion

### AGRICULTURE

Dec. 10 (NSIPS) — Last week, the Commonwealth Secretariat in London announced an estimated 11 per cent collapse in world grain trade for 1976-77. According to the projections the trade downturn will be paced by a 14 per cent drop in wheat trade, with coarse grains falling 8 per cent. Corroborated in the main by most official and unofficial parties to the international grain

trade, these projections have already created explosive pressures in the U.S. farm sector, where plunging export demand for wheat and the lockstep price collapse has reduced farm income by 45 per cent since June — despite steadfast producer withholding of stocks.

Taking a quick glance past the end of his nose, the typical bourgeois commentator observes that Canada,

the Soviet Union, Argentina, Turkey, and even India and Bangladesh, harvested bumper crops this season, and that this "overproduction" has already precipitated a near 30 per cent plunge in world grain prices over the past six months.

Such simplistic "supply-demand" arithmetic contains a vicious fallacy, properly identified as a political problem. In fact, the functional bankruptcy of importing countries and the heavy indebtedness and related financial problems of farm producers has turned an important if inadequate increase in world wheat production into a full-scale "glut," with immediate obvious consequences for the U.S. farm sector.

Trade sources confirm that the current ferocious price competition in wheat markets signals not a fight to capture new markets, but a dog-fight over existing markets, markets defined in principal by the balance sheets of the New York banks and their International Monetary Fund collection agency. A review of the gross trade statistics confirm that despite cut-rate prices, the wheat market is being choked off at precisely those points throughout the developing sector, where two-thirds of the world's population reside, that would be the areas of its most rapid and vast expansion under conditions of effective world economic development.

In 1974-75 wheat imports by the developing countries of Asia, Africa and Latin America peaked at 41 million tons. In 1975-76, as the International Monetary Fund's Exchange and Stabilization Division began to batten down the hatches in emergency defense of the dollar credit system, developing country wheat imports fell 10 per cent. This year, according to the U.S. Department of Agriculture, they are expected to drop by approximately another 10 per cent.

Nor do the unusually excellent 1976 harvests in key developing sector countries explain this serious underlying trend. India, for instance, had a bumper harvest and is currently holding 22 million tons of wheat in "reserve." Lacking adequate storage capacity and sufficiently developed transportation systems to fully utilize the crop domestically, India is forced to try to export a portion of their own population's subsistence — for a potential double loss. With a premium on foreign exchange, India is not surprisingly holding out for better prices, a fact which by definition orients the search for importers to traditional markets largely in the advanced sector.

At the same time, India, one of the U.S.'s best cash customers, cut its U.S. wheat imports from more than 4 million tons in 1975 to zero in 1976, widespread slanderous prejudices to the contrary. U.S. Department of Agriculture sources report that if India's next crop, harvested in April-May, is poor, they may need up to 3 million tons of wheat — but that transaction is not likely to occur, if at all, until the 1978 marketing year.

Turkey, too, which has had excellent crops for two years running, has to date refrained from "dumping" in hopes of higher prices, trade sources report.

#### *Canada, Argentina Challenge U.S. Exports*

Apart from the otherwise happy cutback in U.S.

exports to countries like India, U.S. exports are being heavily challenged by Argentina and to a lesser extent Canada. Canada had a bumper wheat harvest this year, and while the Canadian Wheat Board sets its prices in tandem with the Chicago futures market, transport facility on the Canadian side and U.S. farmers' exercise of their prerogative to withhold wheat for higher prices on this side has created a marginal but important effective price differential for Canadian wheat.

Reportedly, international traders may take a loss on 4 million tons they bought from the Canadian Wheat Board last spring and shipped to the West Coast — where the same Canadian Wheat Board is giving them heavy competition for sales to the Phillipines and Taiwan. Market sources say that the trading companies are considering re-transporting the Canadian grain back to Thunder Bay for desperation discount sales to U.S. millers and others.

But it is Argentina which is by all accounts the swing factor in a market hamstrung by international financial collapse. Argentina's record 12 million ton wheat crop — up nearly 50 per cent from last year — was produced strictly as a foreign exchange-raising gambit, at the expense of livestock development. Following the logic of the policy, the peso devaluation and government elimination of the 10 per cent export tax has propelled Argentina into the center of international wheat markets where it is now wheeling and dealing at 20 per cent discounts.

This week, according to market sources, Argentina offered wheat at an average of \$85 per ton (FOB) — compared to the U.S.'s cheapest \$107 per ton. In recent weeks the U.S. has lost every tender to Brazil, where last year the U.S. shipped more than 2 million tons of wheat, to Argentina.

Argentina is also taking over U.S. markets in Chile, Peru, and even horning in on the Soviet and European markets, according to sources. Significantly, one of Argentina's primary customers in Europe is financially embattled Italy, otherwise a \$60 million a year wheat importer from the U.S.

Under the circumstances, Soviet importing of U.S. grains is hardly the issue and does not have a significant impact on the wheat market, where the price spiral is most devastating. U.S. wheat exports had already declined by 15 per cent in fiscal year 1975 — despite the 4 million ton Soviet purchases. Under the current arrangement, Soviet wheat purchases will be approximately 3 million tons, a drop of a mere 1 million tons compared to a possible further fall-off of up to 15-20 million tons in Latin America, Asia and Europe. If anything, recent Soviet decisions to switch a portion of their purchases from corn to wheat was interpreted as a move to help stabilize U.S. wheat prices in the past week.

#### *U.S. Farm Sector Squeezed*

The pressure is on in the U.S. farm sector. Cash prices for wheat have collapsed 30 per cent since the spring, bringing farm income down 45 per cent since June and enforcing the lowest farm cost-price ratio since the fateful year of 1933.

Seventy-five per cent of the record near 60 million harvest, plus more from last year, is still stockpiled on



farms and in commercial warehouses. The farm cash crisis is dramatically indicated by the fact that since Oct. 13, when wheat crop loan rates were increased from \$1.50 to \$2.25 per bushel, more than 100 million bushels of wheat have been put under loan. Another huge rush into the loan program is widely anticipated for the first of the

year when tax regulations make such a move financially practical for farmers.

Regional banks report rising farmer demand for refinancing and a corollary fall-off in debt repayment, with several sources notably anticipating possible sharp financial difficulties in the farm sector this year.

## Carter's Businessmen

### CORPORATE WEEK

Exclusive to NSIPS

Dec. 9 (NSIPS) — It must have struck everyone following Jimmy Carter's discussions with businessmen in recent weeks that the same faces keep turning up at his meetings. The guest list for today's meeting in Washington, D.C. arranged by Carter faithfuls J. Paul Austin, chairman of Atlanta-based Coca Cola, and Bert Lance the Atlanta banker who is Carter's designated budget chief, included Irving Shapiro, chairman of DuPont, Henry Ford II, chairman of Ford Motor, Edgar Bronfman, chairman of Seagram's, and other regulars. On the basis of this small clique of businessmen, Carter's controllers are trying to give the impression that the peanut farmer is winning over the business community at large.

These individuals are as much business leaders as Leonard Woodcock is a labor leader. Take two of Carter's leading supporters — Irving Shapiro, who has declined a post in the administration, but is one of the most visible Carter supporters, and W. Michael Blumenthal, chairman of Bendix Corporation and one of the leading contenders for Treasury Secretary.

Both men epitomize the new breed of "professional managers" who infiltrated corporate bureaucracies over the last decade and pursued policies on behalf of the New York banks, policies *against* the real interests of business in expanded world trade and development and growing real profits. As a result of the policies implemented by business traitors like Shapiro and Blumenthal, U.S. industrial capacity is presently a pile of outmoded junk and real profits of industry are negative.

#### *Blumenthal*

Werner Michael Blumenthal's allegiance to the Rockefeller clique is attested to by his membership in numerous Rockefeller-controlled international policy bodies: the Trilateral Commission, the Rockefeller Foundation (of which he is a trustee), the Council on Foreign Relations, the Atlantic Council, and the Atlantic Institute. Blumenthal also participated in the now disbanded ICNEP (Initiatives Committee for National Economic Planning) along with Robert Roosa and Leonard Woodcock, Carter's favorite banker and "labor leader". ICNEP was the self-described corporatist group whose stated aim was to replace the corporation with top-down national economic regimentation to phase out

basic industry. Now Blumenthal is touted as a business leader!

Blumenthal's field has always been "labor relations — achieving productivity through speedup rather than technological development. He fled the Nazis, arriving in the U.S. in 1947, only to become one of Rockefeller's kapos. Trained as an "economist" at Princeton University, he did a research project on "Codetermination in the German Steel Industry" while a research associate there. He then became labor arbitrator for the state of New Jersey from 1955 to 1957 and Kennedy's deputy special representative for trade negotiations in Geneva from 1963 to 1967 before going to Bendix. Bendix, in Southfield Mich., jointly sponsors labor relations studies with the Institute for Social Research at the University of Michigan, which pioneered in-plant brainwashing techniques. It is these credentials that have earned Blumenthal the reputation of having good relations with labor!

#### *Shapiro*

When Irving Shapiro was named chairman of E.I. DuPont de Nemours and Company, December 1973 the Wall Street Journal, Fortune, and other business publications remarked that his selection was quite a departure for the company, which, with the exception of Shapiro's predecessor, had always selected DuPonts or their in-laws for the chairmanship. Shapiro was an outsider — a Democrat and a Jew — and was the first lawyer to rise to the post; most previous chairmen had been scientists by profession. The business publications did not note the other obvious point — that Shapiro was key in implementing the final phases of the operation that destroyed the DuPont family as a right-wing independent power base. Shapiro, from within DuPont's legal department, was the main lawyer "defending" DuPont in the famous decade-long Justice Department anti-trust suit which charged DuPont with using its block of General Motors stock to control GM and influence it to do business with DuPont — the suit that DuPont lost. Shapiro together with Rockefeller-allied Clark Clifford was the main architect of the final plan for divestiture of DuPont's GM stock, which involved getting a bill through Congress lightening the taxes of the DuPont shareholders who were given the divested shares. Shapiro won the admiration of the added DuPonts for



this settlement which softened their final demise.

The second service Shapiro performed for the DuPonts was the merger of Christiana Securities, the family holding company which owned 28 per cent of DuPont's common stock, into DuPont. The Wall Street Journal remarked at the time, "A tempting target for a takeover was removed — but so was the vehicle by which the DuPont family for more than a century has exercised control of DuPont. Increasingly, professional management within DuPont had chafed at the family's influence, and although the merger was proposed by several family members themselves, it was considered a touchy matter."

Shapiro was the son of Lithuanian immigrants who fled Czarist oppression in the early 1900s for Minneapolis. His first job after law school was with the Office of Price Administration in 1941, setting up a wartime rationing system. From there he went to the Justice Department Criminal Division, where he stayed from 1943 to 1951. In the course of his Justice Department career he prosecuted eleven leaders of the Communist Party on charges of advocating the overthrow of the government and helped to usher in the McCarthy witchhunts. Shapiro went to DuPont in 1951 just as they were putting together a legal team for the GM case. He quickly became the anti-trust specialist and starting in 1953 played the pivotal role of liaison between the legal team and management.

After Shapiro became chairman in late 1973 Fortune remarked that he was a man well suited to deal with pressing "public policy issues" such as environmental control, fair employment practices and anti-trust —

unlike DuPont's previous scientist chairmen. Exemplary of Shapiro's outlook was his cooperative attitude toward the Nader "study group" which invaded DuPont in 1970, when Shapiro was vice-chairman. Most of the DuPonts wanted to throw Nader out on his ear.

When Shapiro was elevated to chairman, DuPont was well into a "streamlining process" — massive slashing of employment and capacity and a management restructuring which was the model for numerous corporations including General Motors. Charles McCoy, Shapiro's predecessor, had accelerated the move toward establishing 12 competing "profit centers" within the corporation: speedup for management and workers alike. Shapiro helped that "modernization" process along.

Despite its notorious labor policies, until the 1960s, DuPont's orientation was toward developing better products through technology. In 1939 after years of development and millions of dollars of investment the company produced Nylon. This innovative orientation was in keeping with the tradition of the company. Pierre Samuel DuPont de Nemours, the paterfamilias, was a Physiocrat who wrote treatises on the nature of real social wealth. He left France for the U.S. in 1799 to escape the growing reactionary character of the Directorate, and in 1802 he and his son Eleuthere-Irenee, who had studied in France with Lavoisier, established a powder mill in Delaware with the explicit purpose of manufacturing the explosives America needed for national defense, to keep her independent of British imperialism.

U.S.-USSR Presentation:

## The Current State and Prospects for Development of Controlled Thermonuclear Fusion

Exclusive to NSIPS

*Dec. 10 (NSIPS) — The following are excerpts from a joint presentation by E.P. Velikhov, Director of the Kurchatov Institute in Moscow and Edwin E. Kintner, Director Division of Magnetic Fusion Energy, U.S. Energy Research and Development Administration, Washington, D.C. before the Nov. 18 meeting of the American Nuclear Society and the European Nuclear Society. The presentation is the most important joint U.S.-USSR statement on the scientific feasibility of the mainline approaches to developing fusion power.*

### Introduction

Those of us working in fusion energy research and development are more confident than at any time in the past that practical fusion power can be achieved by the end of this century. The national plans of a number of countries are directed to this objective: first of all, the USSR plans presented in the XXV Communist Party Congress Directives on Socialist Economy Development for the Xth five-year period, and the USA national plans laid down in ERDA program plans. The plans of other European countries and Japan support this objective.

We are extremely encouraged by experiments in the last three years that suggest our present aggressive strategies are correct and have a good chance of success. In tokamak research, we have seen important progress in the confinement and magnetic thermoinsulation of plasma as well as plasma heating with injected neutral beams and radio-frequency waves. Questions of larger plasma size, higher magnetic fields, and higher currents have been answered so that we now know much more about the laws governing plasma transport and scaling to larger plasma sizes. As a result, higher plasma temperature, density, and longer confinement times are attainable and we are getting closer to reactor parameters. Thus, we have passed through the phase of concept demonstration, confirmation of main physical principles and establishing certain regularities, both theoretical and experimental, and now we are in the phase of attaining near reactor parameters and elaborating the basic engineering means needed for reactor construction. In the next phase, in an appropriate generation of devices which we will discuss in our report, we intend to study plasma with reactor parameters and develop scientific and engineering bases for thermonuclear power reactors. This first generation of actual reactors is in various stages of design in the Soviet Union, Japan, the Euratom countries, and the United

States. Both the US and the USSR are considering the following step — the creation of prototype experimental power reactors. We will tell you about these plans later. Finally, we would like to discuss our ideas on power reactors and directions for their improvement over designs already put forward. There exist optimistic considerations that practical fusion power plants can well be much smaller and less costly than the earliest conceptual studies indicated.

At the same time that great progress is being made in tokamaks and other magnetic confinement concepts, investigations of using thermonuclear microexplosions (so-called "inertial confinement") have moved forward as well and now we are in the second stage of that development — the stage of confirmation of main physical principles for systems using lasers and electron relativistic beams to compress and heat microtargets, and also systems using magnetic fields for these purposes. The feasibility of more than a hundred-fold compression of thermonuclear fuel and its heating up to tens of millions of degrees has been demonstrated. Thermonuclear neutrons have been obtained in both the USA and the USSR by this method. Elaboration of the engineering necessary for reactor construction has begun. Devices of the next generation on which one can expect obtaining significant thermonuclear yield and establishing the main principles of the complex hydrodynamic and plasma processes of energy absorption, its transportation, acceleration of compressible shells, and compression and burning of fuel, are being designed and built. We would like to discuss briefly the potentials of this energy production method, called by Prof. E. Teller the "internal combustion engine of the XXIst century."

We must find solutions to a number of exceedingly difficult problems in order to build practical demonstration fusion power reactors toward the end of this century. Continued international collaboration is essential in fusion development. It is clear to us that no nation working alone is likely to deliver this vital energy alternative....

### Recent Experimental and Theoretical Achievements

Let us now discuss how far we are from the goal. In the main we will base our conclusions on important experimental and calculational achievements of the last three years which give us confidence that fusion research and development is progressing in the proper direction....

## PLASMA PARAMETERS IN TOROIDAL DEVICES

<u>YEAR</u>	$\tau_E$ <u>SECS</u>	$T_1$ <u>KELVIN</u>	$N^7_E$ <u>CM<sup>3</sup>SEC</u>	<u>SUSTAINMENT</u> <u>TIME - SEC</u>
1955	$10^{-5}$	$10^5$	$10^9$	$10^{-4}$
1960	$10^{-4}$	$10^6$	$10^{10}$	$3 \times 10^{-3}$
1965	$2 \times 10^{-3}$	$10^6$	$10^{11}$	$2 \times 10^{-2}$
1970	$10^{-2}$	$5 \times 10^6$	$5 \times 10^{11}$	$10^{-1}$
1976	$5 \times 10^{-2}$ (T-10, PLT)	$2 \times 10^7$ (TFR, ORMAK)	$10^{13}$ (ALCATOR)	$10^0$ (T-10, PLT)
<b>NEEDED FOR A REACTOR</b>	$10^0$	$10^8$	$10^{14}$	$\geq 10$

The continuing studies being made in learning how to generate and control plasmas is shown in the following summary of progress — the major plasma parameters since 1955. This summary was made at a recent fusion power meeting of the IAEA by Dr. Bas Pease, Director of the Culham Laboratory in Great Britain. It shows continuous almost exponential advance in all important fusion parameters (see fig. above).

.... In the last two years we have witnessed great progress in use of the well-mastered technology of relativistic electron beams to accomplish microexplosions. The main results here are the following:

1. It was experimentally proved that there exists a number of ways for magnetic focusing of electron beams on the surface of targets, providing sufficiently effective energy absorption.

2. A theoretical model (IAE) of the target was suggested in which the possibility is provided of electron energy absorption in the dense shell and the transfer of this energy in the form of heat, as in the laser target, for ablation and compression of the inner target and fuel.

3. Processes of energy absorption and transfer during acceleration of the shell up to the velocity of 10 million centimeters per second (that is only two times less than that required to initiate the fusion ignition), a thousand-fold compression of fusion fuel and its heating to kilovolt temperatures were verified experimentally. These measurements are confirmed by measurements of output and energy of fusion neutrons ( $1-3 \times 10^6$  per impulse in pure deuterium targets).

Thus, the main principles of electron beam compression is confirmed experimentally. Much research work on the study of all the main plasma and hydrodynamic processes, and comparison with calculations, lies ahead.

III. There is also progress in the field of magnetic compression of plasma targets though the combined experiment on plasma compression and heating by accelerated shells has not been carried out....

...In the near future it should be expected that a proof

of principle experiment similar to those previously described for lasers and beams is to be carried out.

Thus, there are three concepts in the field of fusion microexplosions — the use as an energy source of lasers, relativistic electron (or ion) beams, and magnetic fields. In all three cases approximately equal source power — 100 terrawatt — is needed. Less power is required with the use of magnetic plasma thermostats in the target. From the viewpoint of reactor technology for the present, even in principle, we have no lasers with the necessary parameters — the high efficiency, the needed wave length and repetition frequency. The needed parameters of electron accelerators are state-of-the-art engineering. For systems with magnetic field we have magnetic compression generators with the necessary parameters, and inductive storages are in the process of development. The next few years will give us grounds to choose the leader among these three inertial confinement concepts.

A number of other programs are being developed in parallel with magnetic confinement systems and microexplosions. As experimental and theoretical material is accumulated in this field, it can be a source of new ideas or lead to significant improvements in already established concepts....

*Fusion Technology and Design Development.* Since the essential physical parameters necessary for creation of fusion reactors are being rapidly approached, technology and engineering should be developed in tandem to put these physics insights to practical use. Our fusion technology programs have made steady progress on many important engineering problems. In the field of stationary systems the solution of all problems is possible, in principle, on the basis of modern levels of technology, but significant efforts are necessary ...

So, in the field of stationary systems we have established the major elements needed for future reactors. Extrapolation of progress in these developments permits us to hope that applying appropriate efforts we shall reach in time the technological level needed for creation of the reactor.

....

In such a way, at the beginning of the eighties we should obtain in tokamaks plasmas with parameters sufficient from the physics viewpoint to build reactors. Within the field of microexplosion, understanding the main physical principles have to be confirmed and theoretical and experimental principles have to be established. It is possible that fast progress in this field will permit proceeding to the next phase.

#### *Next Generation Devices*

We are prepared now to take the next steps to larger machines capable of producing sizeable quantities of fusion energy. Important milestones in the short run are:

1. The production and understanding of reactor-level hydrogen plasmas in 1979-1980.
2. The production of substantial quantities of fusion thermal energy by 1982.

In the USSR the project of another prototype experimental fusion reactor — Tokamak T-20 — is being developed. This device is designed for longer operation nearly at the ignition threshold of fusion reaction in a D-T mixture. In this manner it will be able not only to study the ignition mechanism but to carry out tests of reactor construction material, elements of energy conversion system, etc. The main parameters of T-20 are: major radius-5m, minor radius-2m, the toroidal magnetic field-35 kg, the impulse duration of current 5-20 sec, the power of additional plasma heating systems (the beam and high-frequency heating) - 50 MW, the mean ion temperature- 7-10 KeV. This installation will probably be put into operation in 1984-1985....

In addition, the conversion of "Angara-5" to the high repetition rate mode of operation (1 impulse per 10 sec) will enable us to solve a number of key questions of this approach such as the radiation and mechanical resistance of construction of the explosion chamber and energy blanket under conditions of great impulses....

Based on research results which are beyond the scope of this talk we can see that relaxation of assumed physics limitations may result in smaller and economically more attractive tokamak reactors. The next slide indicates the range of dimension from the earliest design concepts based on conservative assumptions to UWMAK III, the University of Wisconsin's latest study. The figures for PEPR-ITR and EPR come from preliminary studies performed at Oak Ridge and reflect changed views on scaling, beta, first wall life and better understanding of MHD instability.

There is another point of view on a fusion reactor economy popular in particular in the USSR. It is known that the atomic power industry on the basis of existing reactor-breeder types cannot be developed to the needed

level without production of artificial nuclear fuel — plutonium or U-233. The reactor-breeders, because of their low production of commercial plutonium, cannot provide for a high rate of increase in electric utility development. Hybrid reactors offering high plutonium production are capable of converting the nuclear systems to plutonium fuel without a high investment in a uranium base development.

As far as the need for plutonium fuel can be answered at the cost of a few hybrid systems, fusion hybrids can turn out to be economically profitable despite high cost of a fusion reactor program.

#### *International Support*

Extensive collaboration exists among all the nations active in fusion R and D over 20 years. The beginning of this collaboration was initiated by I.V. Kurchatov, who in 1956 for the first time made a report on the Soviet fusion program at Harwell. This cooperation is affected through bilateral agreements, both formal and informal, for exchange of information and manpower, through multilateral arrangements facilitated by the International Atomic Agency.

A particularly close collaboration has arisen between the US and the USSR during the past three years. Both national programs consider the "tokamak" type system as priority. L.A. Artzimovich was prominent in popularization of this system in the United States when he gave a course of lectures on this subject in 1969 in the USA. This joint presentation today is evidence of the extensive communication and mutual support exchanged between our two national programs. Our exchange agreement is supervised by a group called the Joint (US-USSR) Fusion Power Coordinating Committee. By collaborating we have gained much technical knowledge. More important, we and our colleagues have learned to advance our programs in complementary steps. Although neither program is dependent on the other, our discussions and exchanges are undoubtedly increasing the probability of success in the overall effort.

Besides the programs of the US, the USSR, the Euratom countries and Japan there are several other national efforts which contribute materially to progress in fusion energy development.

Although we may not know the final form which fusion power reactors will take, we are confident that safe, economical fusion power will become a reality, and that the achievement of practical fusion power will be materially advanced — at a lower cost — by increasingly close multi-national collaboration as fusion development moves from plasma physics research into reactor engineering.

## Soviet Press Call For Renunciation of First Use of Nuclear Arms

### Call To Renounce Use Of Nuclear Arms Linked to Trade and Development

*Dec. 5 — Today's Pravda, the daily paper of the Soviet Communist Party, has a weekly press review by Vitalii Korionov, excerpts of which are reprinted below.*

The progressive world press observes that the declaration of the Bucharest meeting (Nov. 26-ed) is an international programmatic political document. The vital interests of all humanity are met by the socialist countries' call to all states that signed the Helsinki Accords to commit themselves not to make a first use of nuclear weapons against each other.

It should be noted that Western responses to the new proposals have been diverse. The ideas put forward by the socialist countries are being studied, as a U.S. State Department spokesman stated, for example. It is certainly good if a responsible approach prevails in ruling circles in this study.

But it is impossible not to see the fact that the challenge of the socialist countries was greeted in quite a different fashion by militarist circles, which want a "nuclear sword of Damocles" to hang over the peoples. To judge by the Western press, NATO headquarters these days is diligently looking for "arguments" to mask their unwillingness to renounce the use of nuclear weapons demanded by all humanity.

In this situation, the deliberate course of the CPSU and Soviet state for affirming the principles of peaceful coexistence... takes on ever greater significance for the cause of peace.

The speech of Comrade L.I. Brezhnev at the Kremlin dinner for the fourth session of the American-Soviet Trade and Economic Council (Nov. 30-ed) has evoked a lively response in the U.S. and other countries.

The Soviet Union strives to develop trade and economic and other ties with business circles in the U.S. and other capitalist countries. But no one should be under illusion: the USSR does this not because its economic development depends on the goodwill of its Western partners. The groundlessness of such presumptions is convincingly demonstrated by the entire history of the Soviet state...The USSR's stand on this is a deeply principled one. We are for the development of trade and other ties with the U.S. and other capitalist countries, of

a sort that facilitate the consolidation of general peace. This is not a conjunctural but a long-term policy, intended to apply for years and decades ahead...

There is a distinct contrast between the situation in the socialist world and the situation in the capitalist part of the globe. In reviewing the first results of the year now ending, the Western press prefers not to remember what it was writing a year ago in December 1975, but it might behoove them...

Reuters, for example, characterizing the mood of Washington at that time, asserted that economists were unanimous in the prediction that the firm recovery would continue at a steady pace throughout 1976. United Press International announced boldly: "The world is emerging from its decline, which will end in 1976."

Now the Western press is writing differently. *Business Week* described "the spectre of a new prolonged collapse, when the vestiges of the last one are not yet erased."

### Bonn Generals Lust For Control Of Atomic Weapons

*Dec. 5 — The following are excerpts of a commentary by Radio Moscow's V. Sakharov that appeared in the East German daily Neues Deutschland today under the headline "The Bonn Generals' Nuclear Weapons Drive."*

Without doubt, the army of the Federal Republic of Germany has been suffering from symptoms of a grave illness. Now the West German Bundeswehr is seriously sick indeed. With them it is like a person obsessed with sex: give him a psychotest, show him a rectangle or triangle or square, and he thinks about Theme No. 1. No matter whether a right conservative or a social liberal government is in power, the Bonn generals think only in the categories of the Nazi Wehrmacht traditions. And indeed, the Bundeswehr now stands in these Wehrmacht traditions, as the instance of the Air Force generals Krupinski and Francke (who recently permitted an ex-Nazi to speak at a military base - ed) shows clearly.

Part of this Theme No. 1 is the Nazi military tradition in Bonn's military leadership. Bonn's generals are lusting for control of atomic weapons, as the case of the Army General Schnell elucidated once more...The case of General Schnell shows that wherever the mentioned atomic-power politicians in Bonn stop off, other atomic addicts pick up. A spokesman of the Federal Defense Ministry endorsed Schnell explicitly, by stating that in no

way did Schnell contradict the basic concept of the ministry... And, the government in Bonn has still not poured cold water on this atomic drive and its proponents.

## NATO Admiral Hill-Norton's 'Swan Song'

Dec. 8 - "Why Does the Admiral Cry SOS," a commentary by Tass political reporter Vladimir Goncharov is excerpted below.

On the eve of yesterday's press conference of Adm. Peter Hill-Norton, Chairman of the NATO military committee at the NATO headquarters, where the NATO council is currently meeting, journalists were exchanging confidential remarks such as "Admiral Hill-Norton will resign," "The captain of the NATO ship is leaving the bridge," "Hill-Norton's report to the present NATO council session will be the last," and "What will poor old Peter tell us?"

At last the admiral presented himself before journalists assembled to hear his "swan song." He struck an exceedingly gloomy note, judging from the reports of newsmen who heard it.

However, Admiral Hill-Norton lamented not his own

fate and the prospect of wiling away his time by the fireplace. The admiral was anxious about the fate of NATO.

He said that events were developing extremely unfavorably for the North Atlantic bloc, that the Soviet military threat to the West was growing and that Warsaw Pact strength was increasing rapidly while that of NATO slowly; in a word, that the NATO ship was about to sink! SOS! SOS! SOS!

After uttering this naval distress signal, the admiral made a dramatic pause; then an inspired look came into his eyes again.

Reports on the press conference say that in conclusion, Admiral Hill-Norton called on the political leaders of the NATO countries to increase allocations for armaments in order to strengthen the bloc's military potential.

In other words, his final statement means that the NATO ship could avoid being wrecked, but only if the hole in the hull is immediately stopped with dollars, pounds, marks and guildens!

This brought to a close the melodramatic act put on by the British admiral before he retired. However, this bit of theater is unlikely to impress the West European public as Hill-Norton had hoped. It is not the first time such farces are acted out on the NATO stage, each preceding another dangerous spiral in the arms race.

## MILITARY STRATEGY

# Furor Over Soviet Civil Defense Program Betrays U.S. Confusion on Soviet Strategic Posture

Dec. 10 (NSIPS) — Major articles appearing in *Science* magazine and the *National Observer* this week indicate that the recent report by the Boeing Aerospace Corporation on the Soviet civil defense program has forced the question of Soviet strategic warfighting superiority out of intelligence back rooms and into the public spotlight. The raging debate over Soviet civil defense capabilities and their ongoing development also betrays the fact that most U.S. analysts are attempting to adduce Soviet policy from the available "hard" facts, not from estimations of the significance of those facts in the light of long-standing of oft-stated Soviet strategic policy.

*Science*, the official weekly publication of the American Association for the Advancement of Science, gives extensive coverage of reactions to the testimony by Boeing analyst Thomas K. Jones, a former member of the U.S. Strategic Arms Limitation Talks (SALT) staff, that 98 per cent of the Soviet population would survive a nuclear war and that Soviet industry would recover in two to four years, while the U.S. would be devastated for more than a decade. Strongly supporting Jones' analysis

is the leading member of the nuclear-confrontationist Committee on the Present Danger, former Navy Secretary Paul H. Nitze. Nitze argued in the January issue of *Foreign Affairs* that the Air Force M-X, a mobile ICBM, is needed to alleviate the strategic imbalance. According to *Science*, beyond Nitze and an expert on Soviet civil defense, Prof. Leon Gouré of the University of Miami, Florida, the strongest intelligence agency supporter of the Jones thesis is the Air Force Intelligence Service. The CIA, on the other hand, is reportedly skeptical of realized or planned Soviet advantage, while the Defense Intelligence Agency, which is in overall charge of the armed services' respective intelligence operations and officially responsible for intelligence on targeted Soviet cities and facilities, has taken an intermediate position. The *National Observer* adds Nobel Laureate and physicist Eugene Wigner, a close associate of Nelson Rockefeller's advisor Dr. Edward Teller, and Conrad Chester, chief of the Emergency Technology Section of Oak Ridge National Laboratory, to the list of those who concur in the Boeing finding of a decisive "civil defense gap."

### *The Flak over Hard Facts*

As the *Science* and *National Observer* articles make clear, the existing evidence of realized Soviet civil defense capacities, while substantial, does not in and of itself make the case one way or the other. The evidence includes discovery of among others an eight million square-foot factory hidden under a mountain "west of the Urals and east of Moscow; 30,000 blast- and fallout-proof shelters for military personnel and equipment; population shelters in major cities such as Moscow, Leningrad, and Kiev; 40 underground grain silos; and a pattern of dispersal of new industrial plants away from urban centers. The difficulty in assessing the significance of these facts as such is supposedly related to uncertainty about two basic questions: do the Soviets have plans to disperse their entire population out of the cities into quick-dug "hasty shelters" and into dirt-covered urban shelters? What percentage of strategic Soviet industry is or can be rapidly "hardened" through dispersal? Neither *Science* nor the *Observer* mention one of the essential findings of the Boeing report — the experimentally verified ability to effectively protect semi-dispersed vital machinery with suitable shock-absorbent packing.

As *Science* has put it: "All sides agree, however, that the crux of the question for U.S. strategic policy lies in the Soviets' program of industrial hardening. The United States has assumed it could destroy 75 per cent of Soviet industry, and the question is whether that assumption is still valid." *Science* alleges without citing any sources that a secret interagency report came to the conclusion that "the recent study of Soviet civil defense has not revealed any major changes in the Soviet program since about 1971, nor does it suggest a crash program. Rather, the Soviets have been proceeding gradually but steadily to implement decisions evidently taken previously."

In a similar vein, *National Observer* quotes John Collins, a senior defense specialist at the Library of Congress, on the results of a recent crash study undertaken by an interagency task force: "Nobody really knows how good the Soviet civil defense program is...what it all means to our national security still isn't clear."

The issue has thus been largely divided between the Committee on the Present Danger camp which offers evidence of a Soviet military buildup as proof of aggressive intentions of "Soviet imperialism." Notable arguments for this side were offered by Admiral Sir Peter Hill-Norton at the recent meeting of NATO defense

ministers in Brussels. Opposing them are those less overtly ideological intelligence analysts who cling to the position that no firm conclusion can be drawn from available discrete elements of physical evidence.

An approach which tends at least in a direction more proximate to guiding Soviet principles was developed by Defense Department Research chief Dr. Malcolm Currie at the recent Texas meeting of the Electrical Engineering Society, and reportedly by Secretary of Defense Donald Rumsfeld at the NATO Defense Ministers conference in Brussels. While not coming directly to terms with motivating Soviet strategic doctrine, Currie and Rumsfeld both made clear that quantitative Soviet advances based on a broad and expanding scientific research program had given the Soviets a qualitative edge. Rumsfeld concluded that this reality necessitated a re-thinking of Western defense policy.

Behind the present flap over the Soviet civil defense preparations lies the more basic point that while the West has periodically factionalized over the strategic issue of the Schlesinger-Schnell brand of tactical nuclear warfare versus the doctrine of Mutually Assured Destruction, the Soviets have with near-perfect consistency proceeded from the standpoint of coordinating all offensive forces and defensive systems for victory is a *total* thermonuclear exchange if Western political-economic policies render war unavoidable. Available information on civil defense coheres with this policy, which is based on optimal use of limited resources to gain marginal strategic advantage. This is exemplified in the design and force build-up of the MIG-25 Foxbat aircraft, whose systems are not suited to one-on-one "dogfights" but are superior for total force deployments against squadrons of incoming fighters and bombers, and of Soviet communications, anti-communications, and anti-missile systems.

Given the overall Soviet posture, and the definitive evidence of its application across the full spectrum of weapons systems as well as in overall strategic capacities, there can be little doubt that such a vital ingredient as civil defense preparations is at least at the threshold of providing survivability to the majority of the populations and industrial facilities. Given the extensive training of the Soviet population in civil defense procedures, and the high level of organization of civil defense under General-Colonel A. T. Altunin, who ranks with the heads of the Soviet armed forces, the threshold can be rapidly crossed in the course of a full mobilization.

## United States Has Stopped Negotiating on Economic Issues

UNITED NATIONS, New York, Dec. 9 (NSIPS) — The United States announced last week that it will no longer participate in the usual informal consultations in the General Assembly's Economic Committee because so many of the resolutions proposed by the developing countries concerning the New World Economic Order are "unacceptable."

Robert Kitchen, the U.S. representative on the Economic Committee said, "We disagree with about 90 per cent of the language" of the Group of 77's proposed resolutions "and there's nothing to negotiate about."

At UN-sponsored economic negotiations in Geneva, the United States announced this week that it "saw no basis at the present for a positive judgement on the need for common financing" of support prices for Third World commodity exports — the only substantive topic which that conference was called to discuss.

The proposals in these United Nations bodies are broadly similar to those proposed for discussion over the last year at the North-South talks in Paris. In Paris, the United States has maneuvered an all-inclusive anonymous "consensus" for postponement of the talks, so as to avoid the diplomatic hatred and blame which it would incur if formally asked for the postponement of the Paris negotiations. A look at the U.S. delegation's insulting obstruction at the United Nations, however, makes the U.S.'s true attitude clear.

**AT UN HEADQUARTERS:** As the General Assembly draws toward the Dec. 21 adjournment of its 31st Session, Pakistan has introduced for the Group of 77 half a dozen resolutions approximating the proposals made by the Third World at the Paris talks. The proposals call for implementation of 1975 General Assembly resolutions on the new international economic order and "not for regret that the developed countries have yet to display the necessary political will to implement these fundamental decisions and fulfill their commitments and obligations and to adjust their policies for this purpose." Complementary resolutions have been introduced by a group of developing countries including Bangladesh, the Dominican Republic, Indonesia and the Phillipines. The sponsors are "disturbed by the stagnating flows of official development assistance which during the current Development Decade has averaged only 0.33 per cent of the gross national product (of the developed countries — ed.), or half the target stipulated in the International Development Strategy..."

The Group of 77 says further, "...despite the

expectations rested on the Conference on International Economic Cooperation (Paris talks — ed.), there has been no concrete progress so far, even in the face of the most urgent and pressing problems of the developing countries." This resolution makes the link to issues of war and destabilization of Third World governments: "We consider with deep and increasing concern that parts of the developing world are still subject to foreign aggression and occupation, apartheid, racial discrimination and neo-colonial domination, which constitute the major obstacles to the economic emancipation of the developing countries as a whole, as well as some of the greatest threats to international peace and security." This is the language that the United States felt was beyond negotiation.

"Of course we will go ahead and submit these proposals with or without U.S. participation," said one of the sponsors. He noted that in a recent session of the consultations, after the U.S. had "stonewalled" out, "Norway said openly that it felt that the developed countries were not participating honestly. I was so moved by this that I proposed a round of applause. I also suggested that his statement be put on the record — humorously, because the meeting was private and off the record." It was also reported that the Netherlands, which is the spokesman for the Common Market on many U.S. matters, would henceforth not feel itself bound by the United States' dictates to the West European group. These European countries have made no public break with the U.S., however.

**AT THE GENEVA COMMODITY-PRICE NEGOTIATIONS:** The United Nations Conference on Trade and Development met at its headquarters here from Nov. 29 to Dec. 3 to see whether the developed countries are willing to agree to contribute to a common fund to support the prices of major commodities which the Third World exports. This was the first negotiating session since the May 1976 Nairobi UNCTAD conference. An unofficial U.N. press release summarized: "The representative of the United States said his government did not agree to the principle of common fund, and saw no basis at present for a positive judgment on the need for common financing. He considered that the report by the Secretary-General of UNCTAD (in favor of a common fund — ed.) prejudged the issue."

It is important to note that two United States opinion-making institutions which are very close to the State Department — the Brookings Institution of Washington,



D.C., and Chase Manhattan Bank's London branch — are on the record as urging negotiations on common-fund commodity-financing. Is the State Department in a disagreement with the Brookings Institution and Chase Manhattan Bank? Hardly. The purpose of the Geneva negotiations is to waste time with talk, talk, talk. The press release proves it: "However, the United States delegation intended to participate fully and constructively in the preparatory meetings, and in the light of the outcome would decide on its participation in the negotiating conference."

Of course, if a commodity-indexing fund ever were set up, the general increase in commodity prices would hurt Western Europe far more than it would hurt the United States; Europe is relatively much more dependent on imports for its raw materials.

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Mr. Leonid Romanov, the Soviet press spokesman here, said this week that, "The main reason we do not participate in the Paris North-South talks is that we were not invited when they began." The Soviet attitude, he said, continues to be that "Perhaps if a firm invitation were made, our government could seriously consider such participation."

Recently President Carlos Andres Perez of Venezuela and Chancellor Helmut Schmidt of West Germany have made general public statements in favor of Soviet participation in the Paris talks.

The Soviet Union usually abstains on U.N. resolutions concerning the Paris talks, as do other Eastern European countries with the exception of Rumania and Yugoslavia.

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*SEEN IN THE DELEGATES' LOUNGE:* That fresh-faced young man or woman who introduces himself as "a student from Columbia University journalism school" may be one of the journalistic intelligence-agents-in-training being sent out by the *New York Post's* U.N. correspondent Michael J. Berlin.

This is the chain of command:

The *New York Times* and the *New York Post* represent the political interests of the major New York investment and commercial banks. The *Post's* publisher, for instance, is Dorothy Schiff, descendant of the Jacob Schiff who founded Kuhn, Loeb bank. The *Times* and the *Post* helped Jimmy Carter steal the U.S. election. Cyrus Vance, not coincidentally, is on the Board of Directors of the *New York Times*.

Columbia University journalism school is a training school for empty-headed, amoral young careerists who wish to become stars in the world's second-oldest profession. The *New York Post* correspondent, Berlin, teaches a class at the journalism school, and brings a platoon of his young charges to the United Nations delegates' lounge to ask questions such as, "Why are all you Third World countries so full of terrorists?" and "Don't you think it's wonderful that the State Department is trying to solve the problems of southern Africa as they solved the problems of the Middle East?"

The best way to shake these jokers is to look them in the eye and ask: "Can't the CIA dream up a better cover story for you? You people are so obvious."

*UNITED NATIONS, New York, Dec. 10 (NSIPS) — Following are excerpts from a resolution entitled "Debt Problems of Developing Countries" now being discussed in the Economic Committee of the General Assembly.*

*The negotiating positions taken here approximate the stand of the Third World at the Paris Conference on International Economic Cooperation (North-South talks). This is the type of proposal which the United States felt unworthy of honest negotiation.*

*This resolution was sponsored by Bangladesh, Ethiopia, Pakistan, Phillipines, Sudan, Uganda and the United Republic of Cameroon.*

The General Assembly...noting with grave concern that heavy debt-service payments, current account deficits stemming from maladjustments in the world economy, inadequate balance-of-payments support and long-term development assistance, coupled with tight conditions and the high cost of loans in international capital markets and difficulties of access to markets in developed countries for exports of developing countries, as well as declining real prices of primary commodities exported by developing countries, have among other things, combined to impose a serious and critical strain on the import capacity and reserves of developing countries, thus jeopardizing their development process,

Aware that the deterioration in the terms of trade of developing countries and the high cost short-term borrowing they have had to resort to recently have seriously aggravated their debt burden.

Convinced that the situation facing the developing countries can be mitigated by decisive and urgent relief measures in respect of both their official and commercial debts and that these are essential to restore the momentum of growth lost during the economic crisis and to achieve the targets of the International Development Strategy,

Acknowledging that, in the present circumstances, there are sufficient common elements in the debt-servicing difficulties faced by various developing countries to warrant the adoption of general measures relating to their existing debt,

Recognizing that, in the present circumstances, there are sufficient common elements in the debt-servicing difficulties faced by various developing countries to warrant the adoption of general measures relating to their existing debt,

Recognizing the especially difficult circumstances and debt burden of the most seriously affected, least developed, land-locked and island developing countries,

1. Stresses that all these measures should be considered and implemented in a manner not prejudicial to the creditworthiness of any developing country;

2. Considers that it is integral to the establishment of the New International Economic Order to give a new orientation to procedures of reorganization of debt owed to developed countries away from the past experience of a primarily commercial framework towards a

developmental approach;

3. Affirms the urgency of reaching a general and effective solution to the debt problems of developing countries;

4. Agrees that international action for debt relief should include the following:

**Official Debts:**

**Bilateral Debt owed to developed countries:**

The least developed, developing land-locked and developing island countries should have their official debts converted into grant;....

Debt relief should also be provided by developed bilateral creditors and donors to other developing countries seeking relief;

**Commercial debts:**

International agreement should be reached to consolidate debts of interested developing countries and to reschedule payments over a period of at least 25 years;

The consolidation of commercial debts and the rescheduling of payments should be achieved by the funding of the commercial debts of the interested developing countries;

A financial facility to refinance the burdensome short-term loans such as those contracted in recent years should be established for the use of interested developing countries;

With respect to commercial debts contracted through financial markets or credit institutions by developing countries seeking debt relief, two possible relief solutions may be applied:

The Governments of the countries of origin of credit

institutions should adopt measures to persuade these institutions to reschedule or refinance the total capital and interest due. This refinancing should be made at the lowest markets rates, or at the original rate, whichever is more favourable to the debtor. The amortization period should be at least the same as for the original operation being refinanced at the time of such refinancing;

The grant of a loan and interest subsidy by the Governments of the developed creditor countries participating in the rescheduling of the official debt of the debtor country for refinancing of the private financial debts of the country. The amount of this loan should be equivalent to the capital and interest due and should be on the same conditions established for the rescheduling of the public debt;

*Urges* the International Conference on Economic Cooperation to reach an early agreement on the question of immediate and generalized debt relief of the official debts of the most seriously affected, least developed, land-locked and island developing countries, and on the reorganization of the entire system of debt renegotiations to give it a developmental rather than a commercial orientation; *Requests* the Ministerial Meeting of the Trade and Development Board of the United Nations Conference on Trade and Development, to be held in 1977, to review results of negotiations on this question in other forms and to reach agreement on concrete measures to provide an immediate solution to the debt problems of developing countries, and requests the Secretary-General of the United Nations Conference on Trade and Development to report thereon to the General Assembly at its thirty-second session.

# British Cabinet Forces Fundamental Change In IMF Loan Package

Dec. 10 (NSIPS) -- A majority within the British Cabinet successfully turned the tables on the International Monetary Fund team during their month-long stay in London when they clarified this week the conditions that would be acceptable to the British government in exchange for a 3.9 billion pound loan. The left faction, led by Energy Minister Tony Benn and Environment Minister Peter Shore, joined forces with the moderates in the cabinet, notably Foreign Secretary Anthony Crosland and Chancellor of the Duchy of Lancaster Harold Lever, to reject the package prepared jointly by the IMF, the British Treasury, and Chancellor of the Exchequer Denis Healey. The package reportedly called for immediate cuts in public expenditure of up to 3 billion pounds in exchange for the loan to be granted in tranches while British economic recovery was being monitored.

What has emerged from the two-week-long cabinet deliberations is a compromise package, which is clearly a blow to the prestige of the IMF as the "world's economic policeman" -- a package which, as the London Times warned Nov. 3, "the members of the IMF will have to accept" since "international institutions are not in the business of bringing down the elected governments of its major members."

Although the official package will not be announced before Dec. 15, informed press sources agree that the basic outline of the measures includes an immediate reduction of government expenditure by 1.5 billion pounds. According to the press sources, only 500 million to 1 billion pounds will be in actual spending cuts with the remainder made up of a reduction in debt-interest payments and a possible sale of government shares in British Petroleum, and future cuts of a similar magnitude in fiscal year 1978. These further cuts, the London Times reported Dec. 7, would "hinge on a commitment from other large countries to stimulate their economies and boost world trade thereby permitting Britain's export industries to re-absorb labor made idle through cuts in the public sector."

The fundamental issue in the opposition to the IMF's original package of draconian cuts was the industrial strategy of the government of Prime Minister James Callaghan which outlines a long-term revitalization of the British economy through export-oriented trade and investment. Significant backing for the government's stand against the IMF came from trade union and industrial representatives on the grounds that cuts in government expenditure would stifle the spending necessary for industrial recovery.

## *Government, Trade Union, And Industry React To IMF Loan Package*

*Dec. 10 (NSIPS) — The following are extracts from major speeches or public announcements on the debate over IMF loan conditions to Britain.*

### *Trade Union*

**David Ransett, General Secretary of the General and Municipal Workers Union**, statement of Nov. 27: "If we cut back on public spending in this destructive manner--closing hospitals, reducing school building programs, cutting out sheltered housing, reducing nationalized industry investment--there is no way in which these resources will be transferred automatically into manufacturing. Quite the reverse. Such cuts, particularly in public sector investments, mean cutbacks in private manufacturing too."

**Alan Fisher, General Secretary of the National Union of Public Employees**, statement of Nov. 29: Cuts in spending would "seriously disillusion trade unionists...I urgently appeal to you (the British government--ed.) to resist proposals to cut public expenditure. Such cuts will increase unemployment in both private and public services while making no contribution to the solution of basic economic problems confronting Britain."

**Geoffrey Drain, General Secretary of the National Association of Local Government Officers**, statement of Dec. 6. The government should start "standing on its own two feet" instead of following "Treasury-inspired policies."

### *Confederation of British Industry*

**Lord Thorneycroft, President and John Methven, Director General of the CBI**: impressed upon Prime Minister Callaghan during a meeting with him Nov. 25 that they would support minimal public spending cuts but that generally "contraction of the economy had gone far enough." In a subsequent meeting Dec. 2, they warned against further "massive deflation."

### *Press*

**London Observer, Nov. 28 editorial**: "The IMF operating in a world already afflicted by recession, ought to have no more wish for deflationary policies than the

Government does. Such trends can too easily become internationally cumulative...Common-sense indicates that economic recovery depends on growth rather than deflation; that it is in the world's interest, as well as our own, that the IMF grants the present loan on terms which make that growth feasible."

#### *Government*

**Prime Minister James Callaghan, Dec. 7:** "There is no prospect of savage deflationary economic policies." He reiterated "the importance of the industrial strategy and continuing to follow a policy which tries to ensure a higher rate of investment and concentration on exports."

but warned that "there is no soft option...I do not promise any real easement in living standards for some time to come."

**Minister for the Environment Peter Shore, speech of Dec. 5** warned about the threat resulting from cuts in social services "on which so much of the present standard of living is based...But serious though this threat is, the still greater and more abiding danger arises from external economic forces. We must by whatever means, achieve economic independence...It is the central task of a democratic and Socialist Britain to see that the government of Britain remains not only within Britain but in the hands of the British people."

## Schmidt to Take Personal Charge of New Cabinet

Exclusive to NSIPS

Dec. 10 (NSIPS) — West German Chancellor Helmut Schmidt plans to keep his own Social Democratic-Free Democratic coalition cabinet on a tight leash when the new West German government is sworn in on Dec. 16. Schmidt "wants to run the important ministries himself," according to the Dec. 8 daily *Seuddeutsche Zeitung*, and will place his lieutenants in key positions while he personally undertakes foreign policy initiatives for peace and development.

According to numerous West German press reports, Development Minister Egon Bahr will move into the job of SPD Business Director, enabling Schmidt to control Bahr's extensive international contacts as a direct SPD foreign policy conduit. Next, Undersecretary Marie Schlei presently Schmidt's right hand advisor in his Chancellery, will get the crucial Development Ministry post.

The Foreign Ministry, which has been sabotaging West German participation in the North-South talks in Paris, may see Undersecretary Hans Juergen Wischnewski move into the Chancellery and Foreign Ministry Undersecretary, Karl Moersh resign.

Schmidt is already circumventing his junior Kissinger, Foreign Minister and FDP Chairman Hans Dietrich Genscher, by conducting his own foreign policy. After months of silence from Genscher on the Mutual Balance Force Reduction talks in Vienna with the Warsaw Pact, Schmidt stated publicly that he wants the MBFR talks to "achieve a controlled and balanced disarmament for the entire world." Schmidt is also planning a diplomatic initiative to get both Saudi Arabia and Iran to help the European countries' balance of payments problems, according to the *London Daily Express*, after a year of Foreign Ministry sabotage of European-Arab dialogue.

SPD parliamentarians have proposed that Defense Ministry Undersecretary Herman Schmitt be replaced by Andreas von Buelow, an SPD faction leader. One of the leading corporatists in that faction, Herbert Ehrenberg, will become an official in the Labor Ministry. Although he is seriously ill, no one is proposing dismissing SPD Defense Minister Georg Leber, and Schmidt's only change in the military command will probably be naming General Manfred Wust as the successor to the recently deceased Inspector General Armin Zimmermann.

## W. German Parties Battle For Policy Control

Dec. 10 (NSIPS) — Since neo-Nazi Franz Josef Strauss split his Bavarian-based Christian Social Union (CSU) from the Christian Democratic Union (CDU), several weeks ago, West German politics has turned into a struggle between Atlanticists like Strauss and pro-development forces in both the Christian Democracy and Social Democratic Party (SPD) over who will benefit from the split.

Strauss was pushed into making the break by the pro-development faction of Christian Democrats; CDU chairman Helmut Kohl has recently been guided by pro-development CDU spokesman Gerhard Stoltenberg, Minister-President of Schleswig-Holstein, and Hans Koeppler, CDU chairman in the industrial state of North Rhine-Westphalia. Strauss formalized the split by stepping up his organizing of a nationwide fascist party.

The CDU responded by preparing a major organizing drive into Bavaria. A Christian Democratic local has already been set up in the Bavarian town of Erlangen. Strauss is also under fire from his own CSU, which is convening a party conference in January to challenge his chairmanship.

As a result of the split, Christian Democrats have been allying with the centrist SPD faction around Chancellor Helmut Schmidt, who praised Stoltenberg as "the best economics spokesman the CDU could have" after a joint CDU-SPD committee began coordinating federal and state budgets.

Strauss has been aided by both right and left wing SPD agents, who have threatened to split the SPD. Right and left groupings each claim they could split away 50 of the SPD's 200-odd parliamentarians. So far, the SPD has

expelled a dozen or so right-wing SPD members, for supporting Strauss's nascent fascist party. Left SPD agents grouped around SPD chairman Willy Brandt are threatening to split if the SPD does not adopt corporatist policies.

A surprisingly abrupt outcry by both left and right over the SPD-controlled government's inability to increase federalized pensions by 10 per cent is the latest development in the factional brawl, adding what the press has characterized as a Weimar Republic aura of instability to the situation.

### CDU Spokesman Opposes Transfer of Control of Nuclear Weapons

*Dec. 7 — The following are excerpts from a news article in the Frankfurter Allgemeine Zeitung, one of West Germany's national circulation daily papers, entitled "Woerner Demands Strategic Clarity":*

The opposition in the Bonn Parliament is expecting clarifying statements on the strategy of flexible response from the upcoming meeting of the NATO council, especially from the meeting of the defense ministers. Namely, something must be said on flexibility... (Christian Democratic military spokesman Manfred) Woerner has opposed drawing tactical nuclear weapons more strongly into the defense planning for Europe, in the sense, particularly, of handing over disposal of certain nuclear weapons to military commanders. The stated considerations of military leaders (who have requested such control, such as West German General Schnell... ed.) are certainly legitimate, he states, but unrealistic, because it would be entirely uncertain whether the opponent would agree to such a western scenario. Tactical nuclear weapons should also not be withdrawn from the European continent and stationed on the northern sea.

### Warsaw Pact Proposal Should Be Considered

*Dec. 7 — The following are excerpts from a press commentary by Adalbert Weinstein in the Frankfurter Allgemeine Zeitung, West German's national circulation daily, entitled: "Soviet Tanks Against Tactical Nuclear Weapons":*

"The proposal of the Warsaw Pact for both sides to 're-nounce first strike with nuclear weapons' should thus not only be seen as a 'routine psychological intervention' with which to provoke confusion in the western camp during this year's NATO conference. One must certainly

accept that the Soviets will repeat the proposal. They will want to 'test' the new American President and his foreign minister. They know too that the socialists in the European Parliament are vulnerable to such ideas. Not least, the proposal propitiates those American experts who for years have favored a drastic reduction of tactical nuclear potential in Europe.

"Considering this, Atlantic military politicians have come to the conviction that a strict rejection of the Soviets' thoughts is not sufficient by itself. A psychological counter-offensive by the west is called for. Why should the Warsaw Pact proposal not be discussed, and thereby a new nuance be given to deterrence through an Atlantic political initiative! The Soviet initiative is technically in the foreground, and politically utopian. It needs, should it be taken seriously, filling out; better, to be strategically broadened.

"Everyone knows that the application of atomic weapons on a battlefield would eliminate all standing prescriptions for battle... A simple abandonment of 'first use of nuclear weapons' can also only benefit the Soviets with their conventional superiority... It should thus be proposed to the Soviets, NATO experts believe, that the abandonment of first strike be politically clarified in such a fashion that in military praxis, genuine advantages result for both sides... The west could pull the majority of its tactical nuclear weapons behind the Rhine, the East withdraw the greater portion of its tank troops behind the Weichsel.. Both sides would have no disadvantages through such strategic regrowth..."

### Bonn Denies Bid for Nuclear Weapons

*Dec. 7 — The following is a translation of a press release by the Bonn government published in the Frankfurter Rundschau, a local liberal daily. It is an official statement by the Bonn government on the proposal that control of certain categories of nuclear weapons be handed over to field commanders:*

"The Federal government, according to government spokesman Klaus Boelling, is not striving to be given a partial voice in the use of nuclear weapons. Boelling stated before journalists on Monday in Bonn, 'in the quarters of the federal government' such proposals, as that voiced by Free Democratic Defense expert Juergen Moellemann, have never been discussed. The Federal government learned of these proposals exclusively from the newspapers. The decision on the use of nuclear weapons within the Atlantic Alliance lies in the hands of the U.S. President."

# New Gaullist Movement Calls for Break With Dollar, Cooperation With Third World

Dec. 8 (NSIPS) — The resurgence of Gaullism as the hegemonic political force in France has sent shockwaves throughout the Atlanticist community now at a loss to prevent the almost unavoidable fall of the pro-Wall Street government of French President Giscard d'Estaing. Foremost in the Atlanticists' mind is the Dec. 5 founding conference of a new Gaullist movement, "Rassemblement pour la République" (Rallying for the Republic — RPR). With attendance at over 50,000, the conference has been characterized as the "biggest political rally in French history."

While the delegates voted up the nomination of Jacques Chirac — who was a faithful implementer of Atlanticist policy during his tenure as France's Premier earlier this year — as its president, the conference was clearly a massive endorsement of the policies of non-alignment put forward by Gaullist "baron" Michel Debré. Delegated to address the gathering on foreign policy, Debré reiterated the need to "fight inflation," that is, break with the dollar empire (where the Gaullists publicly locate the primary source of inflation). Outlining what will be the official policy of development and cooperation with the Third World. The nomination of Jérôme Monod as RPR general secretary, an experienced hand in Third World policy and a delegate in the Debré-led cabinet under de Gaulle (1959-62), was further evidence of Debré's influence.

The founding principles of the RPR proclaim the need for an "independent France," free from foreign (i.e., American) interference, for the massive development of industry combined with raising the educational level of the population and eradicating poverty at home, and for a French role in fostering world cooperation.

## "All Layers of Society Represented"

*The following excerpts are taken from correspondent André Passeron's account of the Gaullist congress proceedings in Le Monde Dec. 9.*

UDR militants by the thousands, sympathisers in the thousands and thousands, 60,000 in total gave M. Jacques Chirac a triumphal but wise reception on December 5 at the Porte de Versailles... He was heard by this unusual crowd where youth were numerous, where all layers of society were represented and among whom some had come great distances on ten special trains, three hundreds busses, and innumerable cars...

Not a single incident marred this great conference of the population, which took place in a serene and sometimes serious atmosphere, but above all without any outbursts despite the frequent applause which punctuated the speeches — 90 times for Chirac, 38 for Debré...

The provocation so feared by the Rassemblement organizers came with the intervention of police forces against the *Parisien Libéré* printing workers... M. Labbé (head of the Gaullist parliamentary group —ed.) clarified that this was a "contemptible maneuver" on the part of the government as it would have the effect of provoking a press strike, thus reducing the audience of the Rassemblement, to which 600 French and foreign correspondents attended, as well as diplomatic representatives of 60 countries...

... M. Chirac underlined in his morning speech that the Gaullists "have become the essential force of the majority and are the only ones there to represent the totality of the French people," while for M. Sanguinetti, the Rassemblement is "alone capable of making hope change camps" (from the Left to the Gaullists)"; meanwhile M. Debré expressed his hope for "a government of public safety and national unanimity" and according with his habit, made the room buzz with his speech...

*Debré:*

## Cooperation of Nations France's Supreme Objective

*The following are excerpts of the speech given by former French Prime Minister Michel Debré on Dec. 5 at the extraordinary congress of the Gaullist party on the occasion of the founding of the "Rassemblement pour la République":*

The fight once again begins tomorrow. The fight once again begins tonight. You are the soldiers of this immense, always renewed, army which General de Gaulle inspired for 30 years... Because France is going through a grave economic, social and political crisis, because we feel it (France) undermined by aggressive forces, because we feel the hesitations of the government,... you intend to take up the task once again, this task which has but one name: the greatness of France...

Conquest, domination through arms... are no longer the path we follow. The greatness of France is its will for progress, its will to shine both peacefully and usefully. Progress? It is first the progress of dignity. Then the progress of the spirit (or mind). And we know its road: an ardent policy of science, of high technology, of culture. The will to shine? It is the audacity for undertakings. The effort to be present in the entire world through the products of our labor and the capacity of our engineers, it is the constant diffusion of our knowledge and our ideas.

Let us encourage our youth to be passionately concerned with these struggles, of which they will be both the artisans and the beneficiaries. This is how by giving them confidence in themselves, pride in themselves, they will embark upon this crusade for the

greatness of France by putting this greatness at the disposal of the universal cooperation of nations. For this cooperation is our supreme objective!"

...

May France remain master and sole master of its destiny! May it never be chained down through alignment... It is not prohibited to want to be faithful to the camaraderie of Free France and the Résistance... During the course of the months to come, I will lead a great struggle. With others. With you. We must not accept, under present circumstances, under conditions which are imposed upon us, the election of 81 deputies to a multinational assembly, supposedly named European Parliament... The Europe for which we have ambition will be the expression of the will of States which want their legitimate authority only to decide on their destiny and ensure their alliances, détente, cooperation, without getting their instructions from outside of Europe. Europe will move towards a confederation, that is to say an association of nations which will respect the sovereignty of France, or else it will not be...

I have spoken in the desert since 1972. Less investment, less employment, social tensions, balance of payments deficit, devaluation of the Franc... And everything will continue in the same way as long as our will to ensure the strength of France will not be translated by:

- an incomes policy, without which any contractual policy is a risk,
- an ardent and voluntarist plan, without which fossilization and Malthusianism will reappear.
- strict management of public finances and the social budget of the nation...

Brutally reject those who proclaim the dangers of world over-population...

General de Gaulle was able to seize popular affection because the people recognized in him the fundamental qualities which call for the most humble confidence... Let us dare to make an exception of ourselves in political circles, and bring ourselves up to the level of the French people. To put ourselves in a position, if it became necessary, to form the soul of a government of public safety and national unanimity...

Friends, compagnons, militants,... you have never disappointed me... May the wind of history once again lead us to victory!"

### Communists Will Not Support 1981 Socialist Candidate

Dec. 10 (NSIPS) —George Marchais, Secretary General of the French Communist Party, told a radio audience last Sunday that the French Communists will "almost certainly not" support a Socialist candidate in the 1981 presidential elections. Marchais' statement came on the same day as the Gaullist party held its national congress and, like the UDR meeting, marks the developing split between Gaullists and Communists on the one hand, and the Socialist Party and President Giscard d'Estaing on the other. By threatening not to support the SP, the PCF is warning the SP against moving any closer to a coalition with President Giscard. In a similar move, at a

parliamentary vote on increasing the budgetary powers of the European Parliament, the Socialists voted with the Giscard government, while the Communists voted against. Leading Gaullists, such as Michel Debré, abstained.

### France Out of Wall Street Control

Dec. 10 (NSIPS) — In a feature article in the *Wall Street Journal* Dec. 8, Wall Street vented its fear that France is rapidly slipping out of their control, both politically and economically. According to the WSJ there are three probable fates awaiting France over the next months: 1) The economic program of Prime Minister Barre succeeds and the Gaullist-Giscardian ruling coalition wins the legislative elections in 1978; 2) the plan fizzles and the electorate turns to the Union of the Left alliance of Socialists and Communists; 3) "The plan fails disastrously, touching off massive unrest that could tip France suddenly into the leftists' hands, or somewhat more likely, further to the right"... "France scares the hell out of me," said a Ford Administration spokesman... A politically unstable France would be bad news for NATO, while France in many ways does not cooperate with NATO, it does cooperate more than it is willing to admit... The political hazards (only) intensified with last weekend's rally of a revitalised Gaullist party that could undercut the governing coalition."

### LAZARD FRERES:

#### Economic Investments Await Spring Elections

##### Exclusive to NSIPS

Dec. 10 (NSIPS) — A spokesman for the Lazard Frères investment house informed NSIPS this week that because of the political uncertainties in France, there could be no real hope for resolving the economic crisis until after the spring municipal elections are out of the way. Accusing President Giscard d'Estaing of only further confusing the economic situation by his "personal touches" to the economic plan of Prime Minister Barre, the Lazard spokesman assured NSIPS that investment in France at the present time was completely "unjustified." On the political front, the banker was, however, quite optimistic that the rejuvenated Gaullist Party, nominally led by former Prime Minister Jacques Chirac could successfully challenge the Union of the Left alliance of Socialists and Communists and President Giscard's centrist "mish mash." The Lazard spokesman concluded his comments with speculation that in fact, the new Gaullist party would successfully sweep significant voters out of the Communist Party and into their own camp. This, he insinuated, was the real source of worry for Socialist leader François Mitterrand, who last week hysterically accused Chirac of being a fascist.

*Israel In Crisis:*

## Rabin Pursues Peace Policy; Carter Forces Back Hawks

Exclusive to NSIPS

Dec. 8 (NSIPS) — A behind-the-scenes fight within the ruling circles of the Israeli Labour Party (Mapai) and its government coalition partners is raging over the necessity for Israel to decide whether to formulate a real strategy for peace — or prepare for war.

Prime Minister Yitzhak Rabin, a general and a former ambassador to the U.S., is caught in the middle of the storm. According to reliable reports, Rabin himself is committed to pursue a policy of peace, and in so doing is supported by the traditional center of Mapai and the leftist-leaning Mapam party. One experienced Israeli, a former Knesset member, commented on Rabin, "He is a dove of doves. Just before he became prime minister, I heard him say that he would even be willing to enter East Jerusalem on a visa, and give back all the territories for peace." But Rabin is a weak personality, and his ability and will to resist the warhawks is not unlimited.

In recent weeks, the Israeli government has undertaken a series of political initiatives of a sort designed to counter, at least on the level of propaganda, an Arab peace campaign led by Egypt's President Anwar Sadat. Although Rabin has generally been the source of this effort, the substance of Israel's moves thus far have been defensive. Observers believe that Rabin is seeking to create an atmosphere within Israel that would favor a real peace campaign by the Israeli government, and they state that Rabin is planning — in the near future — to call for early elections to win a mandate from the voters on achieving peace at a reconvened Geneva conference. The key indicator of the delicate nature of the Israeli internal fight is the fact that Rabin and his allies have so far managed to avoid even a hint of a concession on the explosive issue of Israeli recognition of Yasser Arafat's Palestine Liberation Organization.

The elements of the fight in the Labour Party emerge around the proposed platform drawn up for the February 1977 conference of Mapai. The crucial section of the platform calls for the withdrawal of the Israeli occupying forces from the West Bank and its return to the Arabs in exchange for a peace agreement. The plank was authored by Abba Eban, the former foreign minister who is the leader of the Mapai peace faction. Golda Meir, the ex-prime minister, has announced her opposition to the plank, and the top extremist warhawk, former Defense Minister Moshe Dayan, has threatened to pull out of the Mapai with his supporters in the Rafi faction if the plank is adopted, according to Time magazine.

For Israel, the determining question is whether Rabin can succeed in holding together the government, now

under assault from the Dayan forces who have identified their interests with the election of Jimmy Carter as U.S. president. The tactic of these forces is to create and sustain enough centrifugal motion in Israeli politics, led by a cluster of "new" parties each headed by right-wing generals and so forth, that Rabin backs down from his position of seeking early elections for fear that the fanatic opposition Likud bloc, supported by the splinter parties, could seize power.

### *Carter's Israel Connection*

The Carter forces are explicitly lending their support to the madmen of Likud and Moshe Dayan.

Defense Minister Shimon Peres, an ally of Dayan in the Labour Party's Rafi faction, is in the U.S. this week for a round of meetings with "all of the top Carter people," according to one source. The Jerusalem Post reports that Peres will meet with Secretary of State nominee Cyrus Vance and with Carter advisor James Schlesinger, the extremist former Defense Secretary. According to a source at the American Israel Public Affairs Committee, the purpose of the Peres talks with Carter's backers is to decide on a common strategy "for pulling the plug on Rabin." The source stated flatly that Peres and Dayan were considering the withdrawal of Rafi from the Labour-led Alignment, possibly for an alliance with Likud.

The extent of Carter's involvement with the Israeli extremist fringe is revealed by the fact that Paul Austin, a top Carter backer since 1974 and the chairman of Coca Cola, provided major financial backing in 1975 to Moshe Dayan's Israeli newspaper Hayom Haze; although Hayom Haze closed down two weeks ago and may appear soon as a weekly instead of a daily. The Carter forces have other links to the Dayanists and the Israeli right. A reliable Israeli source revealed that Carter is "very close" to General Ariel Sharon, a fascist military officer who recently founded a new political movement in Israel.

In addition, Carter's top controller, Zbigniew Brzezinski, has developed close links with the leader of the ultra-Zionist Likud opposition, Menachem Begin, a former terrorist. Twice in the last two months, Brzezinski met with Begin, once in Israel in October — when Brzezinski stayed at Begin's home, according to Ma'ariv, the Israeli daily — and once three weeks ago in the U.S. According to L'Aurore, the French newspaper, Begin said that Brzezinski told him that a Carter Administration would be inalterably opposed to an independent Palestinian state on the West Bank, which Brzezinski reportedly described as "an annex of Soviet



intelligence." Brzezinski's position virtually ensures that the Israeli right will rally against any moves by Rabin to lead the country toward peace, for which a Palestinian state is considered a *sine qua non*.

A national security advisor close to Schlesinger said of Rabin's moves, "Of course, Rabin will run on a peace platform in the elections. But the Likud will run on a program of no withdrawals, and if they win only six seats they can establish themselves as the leading party and form a government."

Backing the Likud motion to upset the chances for peace are a rash of rightist splinter parties. The most prominent backed by the New York Times, is an "independent" candidacy of Yigal Yadin, a former chief of staff of the Israeli army. Yadin, in consultation with a core group of former Israeli generals, has formed the Movement for Democratic Change, and includes among its supporters the ex-Director of Israeli Intelligence Isser Harel. Two weeks ago, Moshe Dayan endorsed the Yadin movement, in a statement over Israeli radio. Rabin has labeled Yadin's Movement as a "threat to Israeli democracy." The threat of a coup d'etat — or at least a quiet ultimatum from the General Staff — is implicit in Yadin and the other shadowy movements like that of Sharon and Dayan's Rafi.

#### *Internal Crisis*

At the present time, it is not clear to what extent the fascist grouplets of Sharon, Yadin, Dayan et al. have found actual support within the Israeli population. Most observers believe that the bulk of the Israeli electorate would eagerly support Rabin if he chose to announce a real campaign for peace. Eban, who is supporting Rabin's peace moves, has announced plans to launch a

national campaign beginning Dec. 14, according to the Jerusalem Post, for "national recovery." The planned Eban action is viewed as testing the waters for measuring the political support Eban has, within or outside an alliance with Rabin.

Two internal factors are feeding the organizing of the hawks. The first and most important is the grave economic crisis in Israel, which has reached the stage of a national emergency. The country has just weathered a series of national strikes, and the balance of payments is so lopsided as to make actual accounting seem almost pointless. The fascist splinter parties are using the crisis to undermine the traditional centers of power in Israel that support the Rabin-led center of Mapai, such as the trade-union organization Histadrut. The right wing has cheered a number of corruption scandals that have discredited some of Rabin's supporters, including the Rabin nominee to head the Israeli Central Bank, Asher Yadlin. Yadlin is now in jail after being convicted of bribery charges.

The second internal crisis is the simmering Arab-Israeli conflict on the occupied West Bank. For two years, riots and demonstrations have flared consistently on the West Bank, almost always as the result of deliberate provocations on orders from Peres' Defense Ministry, which administers the area. Although Rabin has attempted to challenge Peres' authority in the West Bank, he has so far not managed to assume control there. The spreading chaos on the West Bank is used to feed the fears of Israelis against the Arabs, and an armed fascist-religious movement called Gush Emunim has sprung up, with Peres' support, to march in support of annexation of the West Bank.

## AFRICA

### Geneva Conference on Rhodesia:

## "Progressing Too Fast"

Dec. 10 (NSIPS) — At the Geneva Conference on Rhodesia this week, Britain moved toward setting up a transitional government for that nation and received support from other members of the Commonwealth. In direct proportion to the increase in the prospects for peace in the region, U.S. Secretary of State Kissinger and his allies are increasing their efforts at fomenting war, either directly or through muscling into the transition process with their own agents.

The British government is now considering specific working papers presented to them by the "moderate" governments and the black delegation around Joseph Nkomo for staffing the transitional government. The External Affairs Minister of Canada, Donald Jameson, said that his government favored a Commonwealth presence in Rhodesia during the transition, and added

that Canada would be willing to contribute to a fund for the development of a black-ruled Rhodesia, but that they were *not* prepared to allow that money to be used for reimbursing whites who wanted to leave the country.

Arriving Dec. 8 in Geneva, Rhodesian Prime Minister Ian Smith expressed his shock and dismay at the progress of the conference. Referring to the Kissinger agreement, Smith said "Once you break the agreement, it could have serious consequences." At the same time the Rhodesian government announced the killing of 18 "terrorists" near Salisbury, the latest in near daily kill-announcements from the government.

After Smith arrived in Geneva, Kissinger arrived in London to meet with British Foreign Secretary Crosland.

The threat of violence in South Africa itself is also imminent with new outbreaks of urban terrorism

emerging this week. Justice Minister James Kruger last week warned of this after a "terrorist" — more than likely employed by the government — exploded a bomb in a white restaurant in Pretoria wounding only himself, while a seal and search operation near the border with Mozambique according to the Daily Telegraph Dec. 9, produced a box of Soviet-made grenades. Terrorizing the white population, a South African civil defense leader

warned yesterday that the civilian population would be hit harder than the army if urban terror breaks out, while Tsietsie Mashinini, a student who led last summer's demonstrations in Soweto and who has since been picked up by Institute for Policy Studies-connected "anti-apartheid" circles, threatened that blacks were going to pick up guns and kill whites in the near future.

## Africans Reject No-Growth, Look to Europe and Soviets for Development Aid

Exclusive to NSIPS

Nov. 10 (NSIPS) — Ghana's Commissioner for Economic Planning resoundingly rejected zero growth and labor-intensive "development" hoaxes by asserting recently that the threat of world hunger can be averted if industrialized and developing countries join forces in application of science to modern agriculture. Dr. R.K.A. Gardiner told an International Conference on "Agriculture and Industry in Developing Countries" in Italy last month that traditional agriculture based on folklore and folkways is not likely to provide the answer to food shortages in the developing world. He counterposed the necessity of "science and modern technology," emphasizing the role of agricultural machinery and engineering equipment for irrigation and dam construction, land preparation, sowing and harvesting as well as post-harvest activities.

The Ghana official's statements are indicative of the marked change in African nations' view of development possibilities. For years institutions associated with the Ford Foundation and the International Monetary Fund (IMF) have bombarded Third World countries with rhetoric claiming that 'natural' limits to growth made development impossible for them. But the steps taken by Italy (in particular), Britain and other countries in threatening to break with the dollar rather than submit to austerity dictated by the IMF has remoralized the developing world, and Africa in particular, demonstrating that there are viable alternatives to austerity.

A recent editorial in the semi-official Algerian daily El Moudjahid exemplifies this change in view. El Moudjahid attacks the Club of Rome affiliate, the Club of Dakar, like its parent organization a rabid propagator of no-growth rhetoric, and denounces its proposals as "superficial transformations...a new form of exploitation." What is necessary for the Third World, says El Moudjahid, "is to engage in a real industrialization process, and not to satisfy oneself with a few little bits of marginal industrial activity, engendering no real surplus value for the country."

Another aspect of this same shift in attitude is the increased emphasis on region-wide and continent-wide development perspectives. The participants in the extraordinary session of the Organization of African unity

(OAU) ministerial council which met in Kinshasa, Zaire Dec. 6-10 called for a common strategy of development, and proposed that the OAU take a greater role in expanding economic cooperation between African countries and giving assistance to regional economic organizations such as the recently formed West African 15-state economic union, Ecowas. The conference has proposed the formation of a permanent body in the OAU to coordinate activities to realize the program of economic development and cooperation of independent African states.

### *The Debt Question*

Debt is the key factor holding up rapid development. In an apparent effort to give the lie to the New York bank dictat that no debt renegotiation is possible, president Omar Bongo of the equatorial country of Gabon declared that he is stopping his country's debt payment until 1979. Up to now the New York banks have been using the "deal" forced on beleaguered Zaire, in which all past debts were supposedly to be paid irrespective of how much austerity this would demand, as the precedent.

In an interview published Dec. 6 in Danielle Hunebelle's International Newsletter, Bongo said that he is trying to consolidate Gabon's \$1.2 billion public debt and would refuse to pay back any loans until 1979. "Our loans are too short term," he said. "I've made a decision. Until 1979 I will not pay anyone, nor will I repay anything."

Later in the week Bongo reportedly retracted his statement, indicating heavy armtwisting by those who knew that if Gabon were successful with its debt moratorium, the flood gates would break open, and every debt-ridden African country would demand to renegotiate their debt.

As West Germany swings into line with the European anti-dollar forces, it is attempting to alleviate the debt situation on a smaller scale in bilateral negotiations with particular countries which have contracted debts to West Germany. This week a delegation from Zaire is going to Bonn to begin debt negotiations, and in addition, Guinea will send a delegation to Bonn in the near future to conclude similar negotiations which were initiated on a trip to Guinea last month by Wischnewski, State Secretary in the Foreign Ministry, to renegotiate 62 million marks of debt.

### Arab Cooperation

Arab oil-producing countries are playing a key role in the anti-dollar fight by making bilateral oil-for-technology deals to guarantee oil for Europe if the Rockefeller-controlled multinationals go ahead with threatened cut-offs. The oil-producers are also increasing their ties with African countries, with the goal of facilitating trade and development.

Radio Baghdad announced Dec. 8 that a meeting of both the Arab and African Chambers of Commerce will take place soon in Tripoli, Libya, to discuss the creation of a common Chamber of Commerce between the two sectors. According to Radio Baghdad, this will permit an increase in joint cooperation in economic and development matters. The creation of a \$200 million Arab Fund for African Development will also be discussed, as well as a fund of \$500 million for development projects. Simultaneously, an Iraq-Guinea treaty has been announced that increases ties and cooperation between the two countries.

### Soviet, Cuban, and Indian Cooperation

The Soviets are forming strong economic relations with Angola to facilitate development. A 26-man

Comecon delegation is presently in Angola to set up a cooperation treaty similar to those which both Iraq and Mexico have with the Soviet Union.

Cuba has also just concluded more economic and technological cooperation agreements with Angola, on the occasion of the visit to Cuba by Angolan Prime Minister Lopo do Nascimento. Cuba will send more doctors, technicians, and qualified workers to train the necessary professional workers in Angola, in addition to helping build up rural equipment, light industry, and communications there.

Likewise India has been playing an active role in development and economic cooperation with Africa. Early this month a four-day meeting was held of all 14 Indian ambassadors to Africa, plus the ambassadors to India from Nigeria, Ghana, Senegal, Ethiopia, Kenya, Uganda, Guinea, and Zaire, with discussion concentrating on technological and economic aid for infrastructure. Prime Minister Indira Gandhi addressed the meeting, and asked for immediate blueprints for development so that work could begin right away. In addition, Nigeria has worked out a transport deal for oil with an Indian company, for the express purpose of allowing shipping of oil to Europe and India outside control by the multinationals.

## ASIA

# Japanese Elections A Blow to Miki, Ruling Party

Dec. 8 (NSIPS) — Japan's ruling conservative Liberal Democratic Party and its leader, Prime Minister Takeo Miki, suffered the worst defeat in LDP history in the general elections three days ago. For the first time the LDP failed to win a majority of the seats in the lower house of the Diet (parliament) and lost far more seats than expected.

The defeat has thrown the country into crisis, prompting calls for Miki's resignation to "take responsibility" for the defeat and a push for his replacement by former deputy prime minister Takeo Fukuda, the leader of the anti-Miki forces in the LDP and the arch-reactionary representative of Wall Street interests in Japan.

The blow to the LDP promises to prolong and worsen the political chaos which has prevailed since the Wall Street-inspired Lockheed scandal hit Japan almost a year ago. The LDP will retain the government, due to the entrance of nine elected "independents" into the party giving them a bare two seat majority in the Diet, but its power is severely weakened. This situation makes it extremely difficult for Japan to take strong steps toward an independent policy in collaboration with Europe and the developing countries for the creation of an anti-dollar new world economic order.

PARTY	SEATS		PERCENT	
	1976	1972	1976	1972
LIBERAL-DEMOCRAT	249	265	41.9	46.8
KOMEI	55	30	10.9	8.5
COMMUNIST	17	39	10.4	10.6
SOCIALIST	123	112	20.7	21.9
DEMOCRATIC SOCIALIST	29	19	6.1	7.0
NEW LIBERAL CLUB	17	5	4.2	—
INDEPENDENTS	21	4	5.9	5.6
TOTAL	511	491	100	100

NOTE: This is the first time in post-war history that the LDP has received less than a majority of the Diet seats. Although nine "independents" have announced they are joining the LDP, giving the LDP a bare majority of 258 (250 needed), even that number is below the 271 level necessary to control the Diet committees.

## Japanese Left Parties Face Post Election Shakeup

Dec. 11 (NSIPS) — The post-election crisis shaking Japan is not confined to the Liberal Democratic Party. On the Japanese left, a crisis of similar proportions is developing as the Japanese Socialist and Communist parties review their failure to gain from the conservative LDP's losses. In particular, the Communists, who lost more than half their seats in the parliament, must now seriously reassess their policies of the past decade in pursuit of a Japanese version of "Eurocommunism", the so-called "national road" to socialism in their country.

The central issue of debate on the left in Japan is the replacement of the single-party rule of the conservatives which has prevailed during the entire postwar period with the exception of a brief coalition government led by the Socialists in 1948. There are two basic alternatives which have been discussed: a united front of the Communists and Socialists; or a broad coalition, including other "moderate" parties, and possibly dissident conservative elements. The election results will now bring this debate to a heightened stage of struggle both within and between the left parties. The loss of a majority of the Diet (parliament) by the LDP, although temporarily solved by the addition of some "independents" to the conservative lineup, makes the question of an alternative government no longer an academic but an immediate political issue.

Neither the Communists nor the Socialists, who gained insignificantly in the elections despite their position as the major opposition party, can avoid the conclusion that their pursuit of a coalition at all costs and at the expense of the most fundamental principles has resulted not in their gain but in the gain of the right-wing anti-communist opposition parties, particularly the Buddhist Komei and Democratic Socialist parties. The Communists, led by their chairman Kenji Miyamoto, responded to a Socialist proposal for a coalition government made during the election campaign by first balking at an alliance with the avowedly anti-communist parties and then offering to join any such coalition so long as it was vaguely committed to the "peoples welfare" and preserving "democracy". Even the insistence that such a coalition have as a fundamental principle of agreement the abrogation of the NATO-type U.S.-Japan Security Treaty alliance, for years the baseline of "leftism" in Japan, was dropped in the hurried rush to prove their "respectability". The irony of this agreement is that the Komei and DSP are avowed enemies of the Communists, have led McCarthyite slander campaigns against them in recent months, and consistently refused to join any coalition with them.

### *The Socialist Party Split*

Both the Communists and the right-wing parties have focused their attentions on the wooing of the major party, the Socialists. The JSP is profoundly split, divided into at least five major factions, and has been paralyzed for fear of making that split formal, something which has occurred in the past when the SP broke up into "Left Socialists" and "Right Socialists" in the early 1950s, then

reunited and were split again when the DSP was formed in the early 1960s as a right-wing CIA created splinter formation.

The split is in fact unavoidable. The leadership of the party, Chairman Narita and Secretary General Ishibashi, have defacto led the party into the right-wing camp while covering that decision up with centrist games of offers to the Communists to join an impossible all-party opposition coalition. The Socialist leadership's program is increasingly an abandonment of traditional left themes in favor of zero-growth austerity, clothed as a transition from a "growth" society to a "welfare society" and including support for massive deficit spending by the government financed by sales of debt creating bonds. This is already close to the fascist corporativism of the so-called Society to Think About a New Japan, an alliance of the Komei, DSP, and right-wing Socialist, whose announced program for Japan is a Swedish-way "civic socialism" complete with deindustrialization, decentralization — community control, and anti-progress policies.

At the center of this is the fundamental issue of the Japanese alliance with U.S. imperialism, its role as a military outpost against the Soviet Union and the socialist camp in the Far East. Increasingly the right-wing opposition has sought to put forward formulas to back the maintenance of the alliance — now even the Socialists, who always called for the end of the alliance and the "neutralization" of Japan, are going this way. Secretary General Ishibashi, a suspicious character known to maintain regular liaison with U.S. Embassy officials in Tokyo, will visit the U.S. in February to discuss the issue and no doubt to follow up the contacts made last year by right-wing Socialist leader Eda Saburo (member of the New Japan grouping) who held talks with the highest circles of the Eastern Establishment — including the Brookings Institution, the New York Council on Foreign Relations, and the Rockefeller-founded and controlled Japan Society of New York.

These elements in the SP face fierce though sometimes unsophisticated opposition from the major left-wing faction, the Socialism Society (Shakaishugi Kyokai) which though hardly represented in the party's parliamentary delegation, controls a major portion of the actual party machine, which is based almost entirely on the major left trade union federation, Sohyo. Kyokai, while feuding constantly with the Communists over who is more "Marxist-Leninist" (although the CP of late no longer wishes to be identified as such), favor a CP-SP United Front, have sharply attacked the right-wing factions of the party, and internationally support the Soviet Union and the socialist countries, opposing the Maoist and "neutralist" elements in the SP leadership. Their position will be strengthened by the election results — added to by the incredible loss of their Diet seats by the leaders of three of the major SP factions, right-winger Eda Saburo, centrist Katsumata (Ishibashi's faction) and Maoist "leftist" Sasaki. Provided the Kyokai overcomes its fear of the Communists, and goes beyond its pronounced tendency for syndicalist trade union militancy over politics, and most important is prepared to split the SP itself, some far reaching changes are afoot.

The Communists also face profound choices. While following the Miyamoto line of making themselves "lovable" seemed to have won the CP dramatic gains over the past years, increasing their Diet seats from 4 in the late 1960s to 39 and over 10 per cent of the vote in 1972, such dubious gains must now be cast into doubt. The CP loss was not as dramatic as it seemed however — they received almost the same vote percentage but lost seats due to the peculiar Japanese election system which allows a kind of built in fraud. Japanese election districts have multi-seat constituencies, ranging up to five or six seats, but the voter only writes one name on the ballot, thus allowing for de facto cooperation between parties not to run against each other in certain areas so as not to "split" the opposition vote. The CP found itself running against not only the conservatives but also the right-wing opposition which has set up cooperation agreements including the Socialists in many areas.

With even this proviso however, the CP is in for a fight. While there are no clear factional lines inside the tightly run party, observers have noted growing evidence of a more militant and "internationalist" tendency that seems to be more associated with party Secretary General Tetsuo Fuwa than Miyamoto. Evidence for this is found in recent moves to end the longtime hostility between the JCP and the Soviet Communist Party, moves resulting in the decision to send a delegate now on its way to Moscow led by Politburo member Tomio Nishizawa to hold talks on "normalization" of relations between the two parties. In addition Fuwa will head the JCP delegation to Hanoi this coming week for the party congress of the Vietnamese Workers party, with whom they have close relations, and a good location for talks with other communist leaders. Fuwa will go on from Hanoi to Italy for talks there with the PCI where it could stand to learn some valuable lessons on how to function as an ally of anti-Atlanticist and pro-development capitalist elements.

## U.S. Plans to Revive SEATO Meeting Trouble

Dec. 7 (NSIPS) — The Philippine government of Ferdinand Marcos has effectively charged U.S. Secretary of State Henry Kissinger with attempting to "pressure" the Philippines into signing an agreement to maintain the extensive United States military installations in that country. In New York, Philippines Foreign Secretary Carlos Romolo confirmed reports that he had met with Kissinger in Mexico and discussed the negotiations for bases which have been going on for several months. Romolo then stated, "There was never an agreement" as alleged in the U.S. press. Romolo charged that "this seemed an effort to pressure us into signing an agreement." Kissinger reportedly offered Romolo \$1 billion in military and economic aid to maintain Subic Bay naval base and Clark air base, two of the largest U.S. military installations on foreign soil.

In the Philippines, as government spokesmen two days ago told the press that the government not only disavowed reports that it had come to an agreement on a new treaty on the U.S. bases, but the Philippines continues to demand national sovereignty over the bases if they are to remain in Philippine territory.

Pressure to maintain the U.S.' bases in the Philippines is part of broader plans by the U.S. to revive and expand the Southeast Asian Treaty Organization (SEATO), the defense pact which was useful in the U.S. war in Vietnam in the 1960s.

In a press conference Dec. 1, Thailand's prime minister Thanin Kraivichien, who came to power during the Oct. coup, called for the formation of a military alliance that would include the states of the Association of Southeast Asian Nations (ASEAN), Indonesia, Malaysia, the Philippines, Thailand, and Singapore. Thanin had reportedly made this proposal to the leaders of Singapore and Malaysia whom he visited last week and is expected to repeat the proposal when he visits Indonesia and the Philippines.

Thai interior minister Samak Sudaravej charged that Vietnam was "looking for a chance to invade us (Thailand—ed.) on D-Day, Feb. 15." The charge, for

which no grounds were cited, went on to accuse the Vietnamese of trying to induce Vietnamese refugees living in Thailand to fight among themselves, put the blame on Thailand, and send its forces to help.

Thailand's defense minister Admiral Chaloryu announced that the government would be seeking \$1 billion in loans to purchase sophisticated weaponry to combat the "threat" posed by the neighboring communist states of Vietnam, Laos, and Cambodia. In addition, plans have been made for the building of a weapons factory and a \$275 million naval shipyard with U.S. aid. According to the Dec. 3 issue of *Far Eastern Economic Review*, the shipyard will be capable of building small, fast guided-missile cruisers.

Various pro-development countries throughout the region, such as Indonesia and Malaysia, have made it clear that they will not tolerate regional militarization. Indonesian Foreign Minister Adam Malik stated in a Jakarta press conference, "There can be no question of and no need for transforming the already existing bilateral cooperation in military affairs into a joint military pact." In a reiteration of the Indonesian government's policy of detente with Vietnam, the government announced last month that it will actively aid Vietnam in acquiring Organization of Petroleum Exporting Countries funds for its reconstruction efforts. Indonesia, which never belonged to SEATO, has also opposed expansion of the U.S. military base at Diego Garcia in the Indian Ocean.

President Suharto of Indonesia and Prime Minister Hussein Onn of Malaysia, both of whom oppose Thailand's anti-Indochinese policies, are under attack by Lee Kuan Yew, Prime Minister of Singapore, a close U.S. ally who last week met privately with Thai Prime Minister Thanin. Lee is reportedly behind a series of anti-communist arrests directed at Prime Minister Onn's political allies, and is also "arranging" a meeting between Indonesian president Suharto and the Thai Prime Minister.

# The Black Heart of Takeo Fukuda

## Part II

Exclusive to NSIPS

In the first part of this series on former Japanese Deputy Prime Minister Takeo Fukuda two issues ago, NSIPS detailed the role played by Fukuda in sabotaging the efforts by the government of Prime Minister Takeo Miki to secure Japanese support for a new international economic order over the past two years. Since that article appeared, Miki has suffered a major setback in nationwide elections, and Fukuda has emerged as the leading candidate to succeed him as prime minister.

Faced with this situation, many Japanese business leaders and industrialists — although fully aware of Fukuda's role in wrecking the Miki initiatives toward economic expansion — are attempting to convince themselves that they can "live with" Fukuda in the premiership.

Such ideas are disastrous wishful thinking and self-deception.

Fukuda and the faction he represents was tailored and actively pieced together by the U.S. CIA and occupation officials in the aftermath of World War II, when the U.S. Rockefeller faction found that post-war Japanese leaders such as former Premier Shigeru Yoshida were resistant to the Rockefeller plans for remilitarization of Japan and an active Japanese role in "rolling back" Communism in Asia by means of nuclear confrontation. Yoshida, Japanese ambassador to the Court of St. James and an ally of the Morgan interests in Japan, was well aware that the provocations of Standard Oil had brought Japan to war and defeat, therefore he could hardly be relied upon to act as agents of the Rockefeller occupation.

Yoshida and other Japanese leaders among the nation's elite of businessmen were willing to ally themselves with Wall Street only as long as they believed it was in Japan's interest. Faced with demands presented by John Foster Dulles that Japan re-arm and become involved in U.S. military adventures in Asia, Yoshida et al. stood fast beside Japan's U.S.-dictated Constitution that prohibited any revival of Japan's military forces.

The Rockefeller-Wall Street interests — whose pre-war efforts to dominate Japanese affairs had directly provoked Japan's entry into the war against the U.S. — were determined to exercise their complete will over Occupation Japan. They turned the newly-formed Central Intelligence Agency to the task of creating a faction of puppets to run Japan as the Rockefellers wanted Japan run.

With business layers insisting on a measure of autonomy, the CIA turned to a collection of pre-war fascist bureaucrats and convicted war criminals grouped around Frank Buchman's pro-Nazi "Moral

Rearmament" movement, including Class A war criminals Nobusuke Kishi and Ryoichi Sasagawa, known today as Fukuda's "godfather," and others. Among them was a young bureaucrat and Kishi protege, Takeo Fukuda.

Operating with the active support of the U.S. State Department, the CIA began to fashion this group into what is today the Fukuda faction, in what was probably the first CIA covert operation inside Japan.

Since that time, Fukuda has functioned loyally in a host of Rockefeller-initiated black operations both inside Japan and throughout the Far East. Today, with the Rockefellers committed to a policy of austerity and trade contraction worldwide, there is no doubt that Fukuda will loyally carry out that Rockefeller policy, even though it means the death of Japan's high-technology, trade-oriented economy.

*Fukuda and Nobusuke Kishi*

The story of Fukuda's rise to power is the story of his mentor, Nobusuke Kishi, tried as a Class A war criminal following the second World War, whose association with the Rockefellers subsequently gained him the post of Prime Minister of Japan. Fukuda is the designated heir of the Kishi faction in Japanese politics.

The origins of this faction of CIA stooges go back to Rothschild policy in the late years of the nineteenth century, when the nationalistic industrial development policies instituted by the post-1868 Meiji dynasty began to arouse alarm in Rothschild-dominated London banking circles.

Under the Meiji, the development model which still governs Japan's progress was developed by the great Japanese intellectual Yukichi Fukuzawa. Fukuzawa's goal was to prevent Japan from becoming a colony of western imperialism, and he saw the unbridled industrial development of Japan as the only means of achieving that goal. Fukuzawa's followers achieved a position of power in the Japanese government bureaucracy, and from there used the power of the government to force the nation's development as an industrial power in the late 19th and early 20th century.

In order to bring the Japanese under control, the Rothschild interests imported into Japan their synthetic intellectual creation, the "German historical school," established in the 1860s and 1870s to promote attacks on high-growth industrialism, which the Rothschilds snubbed as "Manchesterism." The decaying Rothschild-dominated British Empire correctly understood that it was the expansion of a powerful industrial-based rival capitalism which led to the ultimate loss of British control over the United States economy — especially

with the victory of the North in the U.S. Civil War. To block this growing threat, the Rothschilds and the British Foreign Office fostered a deliberate low-growth ideology. Through their ideologues in both the British Fabian Society and in Bismarck's Germany, the "theory" was developed which holds that capitalist modernization must be subordinated to more important things: "national culture" and immaterial "values" and "ethics." Opposing the laissez faire attack on the state, the new ideologues of "national" and "welfare socialism" glorified the role of the state bureaucracy as the "mediator" between capitalist growth and the rest of society.

The British saw in this strategy the perfect ploy to spike the industrialization policies of Fukuzawa and reinforce the old Tokugawa-based feudal system of rule — but dominated by an obedient, European-trained bureaucratic elite. The role of this elite would be to administer the growth of the Japanese economy, but only at the rate allowed by the U.S. and British overseas banks which controlled the development of Japan's modern industry sector.

At the turn of the century, accordingly, one Noburu Kanai, Japan's first academic economist, returned from training in Germany to launch an attack on Fukuzawa's "Manchesterism." Kanai, along with his follower Kumazo Kuwata, rejected the "universalism" of Fukuzawa, which held that "all men possessed a common humanity and hence all were subject to the same laws of social development." Instead, they argued, "history was the mold of a national spirit that gave Japan unique qualities."

Kanai and Kuwata founded Tokyo University's German Law School, to train a cadre of bureaucrats instilled in their protofascist, zero-growth ideology, and counteract the influence of the followers of Fukuzawa.

Both Nobusuke Kishi and Takeo Fukuda graduated from the German Law School.

The post-World War I period saw the growing influence in Japan of the German Law School-trained fascist layers in the Japanese bureaucracy, which ran the Japanese war economy from positions in the corporatist "Cabinet Planning Agency," and gained experience administering the statist economic experiment carried out in Japanese-occupied Manchuria.

Among the members of this body was Kishi. Kishi became personally acquainted with Hjalmar Schacht, later to become the Nazi Finance Minister, in 1930 at a world power conference in Berlin. He remained in Germany to study its economic "nationalization" austerity plans, and later built up Japan's war economy by making Japan's economic programs of the 1930s almost a direct copy of Schacht's fascist economy in Germany. (It was partly through Kishi's influence that Schacht was called into Indonesia in the 1950s, as an "economic consultant." Schacht was officially invited by the Indonesian Finance Minister Sumitro, who was a personal friend of Takeo Fukuda. When Sumitro had to flee Indonesia after the failure of the CIA-run "Outer Islands Rebellion," he fled to Tokyo where Fukuda gave him direct financial aid.)

#### *The Rise of Rockefeller in Japan*

The rise of Rockefeller power in Japan dates back to the same post-World War I period. By 1941, American

corporations held three-quarters of all direct foreign investments in Japan — a total of about \$110 million. The Rockefellers' key investments were tied up in their special field, energy. The Rockefellers sank large U.S. investments into Japan's power companies beginning with a \$2 million Dillon-Read investment in the Daido Power company in 1924.

Yet throughout the 1930s it was not the Rockefellers but the Morgan family and its largely Rothschild allies in the City of London which dominated Anglo-American interests inside Japan. With such U.S. ambassadors to Japan as W. Cameron Forbes, a director of the Morgan-dominated American Telephone and Telegraph and Joseph Grew, a cousin of J.P. Morgan, the Morgan-British line stressed a policy of cooperation with Japan's financial elite, centered around the Mitsui firm.

The Rockefellers, whose empire was built on the looting of natural resources and not in the financing of heavy industry like the Morgans, were not content to sit back and allow the Morgans and their British friends to control the Far East. Insisting that *Americans* must dominate the world and not "share it," the Rockefellers set out to provoke a confrontation that would once and for all break the power of the British-Morgan-Mitsui alliance. The initial stakes were control of China. Through their extensive Standard Oil-linked networks, the Rockefellers, following the earlier footsteps of U.S. cabalist E.A. Harriman, began to sponsor Chiang Kai-Shek's Kuomintang government. At the same time, the Rockefeller-Harriman wing of U.S. capitalism set out to break up the hated "Anglo-Japanese Alliance."

At the same time, the Rockefeller family's law firm, Sullivan and Cromwell, and the Dillon Read banking house forged the Rockefeller-Nazi alliance. Sullivan and Cromwell partners Allen and John Foster Dulles were the chief liaison men between the Standard Oil empire and the fascist German industrialists — in particular I.G. Farben, the principal financial backers of Hitler.

The fruits of the Rockefeller policy in Asia was Pearl Harbor. Six months before the attack, the Rockefellers clamped an oil embargo on Japan. The regime of the Rising Sun was provoked into a war which Japan's top military strategists knew from the start was doomed to failure. The war in the Pacific insured the U.S. of direct dominance of not only post-war Japan but China and entire sections of the former British, Dutch, and French Empires in Asia which, like Indonesia, were opened up to U.S.-sponsored "national independence" movements. These old empires, bled by the war in Europe and heavily in debt, were forced to accept the inevitable and become junior partners in a dollar-dominated world.

#### *Moral Rearmament*

One product of this pre-war Rockefeller-Nazi collaboration that was to have vital significance in the formation of the post-war Rockefeller networks in Japan — and the Rockefellers' collaboration with Kishi and Fukuda — was the Moral Rearmament movement of Frank Buchman.

The history of "Moral Rearmament" begins in the early 1920s, when Buchman established the "Oxford group" of English upper class university students to promote his right-wing Fabian "religious" movement. Buchman, a skilled brainwasher, used his movement as



a way of penetrating England's elite by first establishing control over the children of England's rulers. Behind Buchman in his early days stood men like racist Cecil Rhodes, the South African multi-millionaire and leading Atlanticist "Round Table" organizer. An American by birth with good friends in the Rothschild-controlled Democratic Party, Buchman first began organizing U.S. students, principally at Princeton University, in the early 1900s around the Rothschild's Fabian programs.

By the early 1930s, Buchman had extended his elite brainwashing network to Germany and Japan. Buchman's "religious" views at the time were summed up in his famous quote: "I thank god for a man like Adolf Hitler." In 1938, while he was in Germany, Buchman announced that God had come to him and instructed him to form the "Moral Rearmament Movement." According to Buchman, God — suspiciously echoing the policy of Standard Oil at the time — was calling for an alliance between the United States, Great Britain, and Nazi Germany to exterminate (in Buchman's words) "the antichrist Soviet Union."

Besides the Rockefellers, other leading Moral Rearmament supporters included Henry Ford in the U.S. and Heinrich Himmler and Rudolf Hess in Germany.

Buchman's contacts in Japan went back to his first visit to that country, in 1917-18, as the secretary to the head of the U.S. Young Men's Christian Association. There he became acquainted with members of the Sumitomo and Mitsui families, heads of two leading cartels. But his most crucial ally in Japan was the famous Baron Eiichi Shibusawa. The Shibusawa-Buchman connection was not an accident: a "Christian," Shibusawa was also Japan's top business liaison with Great Britain and the U.S. Shibusawa was also the leading business community sponsor of the "legal" Japanese trade union movement created in the 1910s by the German Law School under the police agent Suzuki. (Later, in the early 1960s, the official head of Moral Rearmament in Japan was another member of the clan, Masahide Shibusawa, and it is almost certain that the "old samurai family" which CIA agent E. Howard Hunt praises so warmly in his recent autobiography for aiding CIA operations inside Japan is in fact the "progressive" Shibusawas.)

In the post-World War II period, Buchman and Japan's Moral Rearmament movement was to become a magnet for Japanese war criminals, including Kishi, Ryoichi Sasagawa, wartime Finance Minister Kaya, former Finance Minister, Planning Board head, and Great East Asian Minister Kazuo Aoki, and numerous others. Quickly winning active U.S. State Department backing for its activities, Moral Rearmament would become the core of the Rockefeller-CIA control networks in Japan.

#### *Control of Japan*

Wall Street's post-World War II planners for Japan were quickly confronted with a problem which haunts them today — how to control Japan. The main problem was that the vast majority of Japan's old elite — epitomized by former Premier Shigeru Yoshida — were rooted in the British-Morgan clique, with no loyalty to Standard Oil. Under the Occupation this aristocratic business elite would serve Wall Street, and serve it well, as long as they believed it was in Japan's interest. (One

noteworthy pro-American Japanese was current Japanese Premier Takeo Miki.)

The problem for Rockefeller became acutely apparent when, despite the pleadings of then-U.S. Secretary of State John Foster Dulles, Yoshida and his allies prevented a full-scale remilitarization of Japan during the Korean War.

But even before this, the initial springtime of America's "democratization" of Japan had been laid by the wayside, as U.S. Occupation officials moved to create a machinery which could reliably rule Japan in an era of confrontation and possible war with the Soviet Union. Japan needed a "Marshall Plan."

Japan's "Marshall Plan" arrived in the form of the Draper Mission, led in March, 1948 by Undersecretary of the Army William H. Draper, a leading figure in the Wall Street firm of Dillon Read before the war who had helped to plan the U.S. war effort prior to Pearl Harbor and other leading businessmen including Chemical Bank head Percy H. Johnston. Draper's mission was to restore order to the chaotic and inflation-plagued Japanese economy and to rebuild its industry so that Japan could serve as the U.S. bastion in Asia. As it became apparent that the Communists would soon control all of China, Wall Street was more determined than ever to "roll back" the Soviet Union, "liberate" China, and remilitarize Japan as their loyal base in this adventure.

Immediately, Draper reversed the initial Occupation policy or "decartelization" of the old *zaibatsu* conglomerates and accompanied this with a reversal of the purge of the old regime and the release of the fascists, who were deployed against the rising Communist and labor movement.

Draper's special qualifications for this job stemmed from his service as post-war economic advisor to General Lucius Clay, the head of the U.S. Occupation of Germany, from which post he had joined with top Wall Street diplomat Robert Murphy to play a crucial role in reversing the German Occupation's "de-Nazification" policy.

In 1948, the same year Draper arrived in Japan, Class A war criminal Nobusuke Kishi — who was responsible for organizing concentration camps for Japanese military production where thousands of Korean and Chinese prisoners died — was released from Sugama prison. One of Kishi's first acts out of jail was to ingratiate himself with the top post-war CIA-controlled network of Japan's elite, who were avid supporters of Frank Buchman's "Moral Rearmament Movement."

After the end of World War II, the U.S. State Department took an active role in promoting Buchman's movement, according its members privileges that were being granted to almost no other Japanese during the early Occupation. At a time when almost no Japanese were being permitted to leave the country, the State Department gave special permission for several Japanese, including Takasumi Mitsui of the Mitsui family to visit the U.S. for a Buchman-sponsored conference. Besides the Mitsui heir (who was recruited to Moral Rearmament while attending Oxford in the 1930s), some of Buchman's post-war followers included Kichizaemon Sumitomo, Tetsu Kayayama, the Socialist premier of Japan, Baroness Shidzue Kato, another "Socialist"

member of Japan's parliament and a leading advocate of Rockefeller-sponsored population programs, the post-war head of the Japan National Railroad, Mr. Sogo, a head of the Ministry of Finance, Mr. Hisato Ichimade, a governor of the Bank of Japan, Mr. Yamigawa, Iyachi Sadao, a former ambassador to Taiwan and vice foreign minister, and Saburo Chiba, the Princeton-educated rightist former chairman of the Security Committee of Japan's Parliament. It was also supported by two former Keidanren heads, Tadashi Adachi of Oji Paper (which had been founded by Baron Shibusawa in the 1880s) and Toshiba's Taizo Ishizaka, another graduate of the "German Law School" and now one of the few Japanese members of the International Advisory Board of Chase Manhattan Bank.

One of the principal concerns of the Moral Rearmament Movement involved the creation of a "counter-ideology" to head off communist organizing in the labor movement. Moral Rearmament used U.S. and British Intelligence organizing against labor in West Germany — where MRA also played an important role — as its model.

One of the key figures in MRA and anti-labor activities was another war criminal, Ryoichi Sasagawa, who served in Sugamo Prison with Kishi, and was also released in 1948. Prior to the war, Sasagawa had had personal meetings with both Hitler and Mussolini to promote plans for a Japan-U.S.-Britain-Nazi Germany alliance against the Soviet Union — precisely Buchman's program. Sasagawa's underling, Yoshio Kodama, who also served time with Kishi in Sugamo Prison, is known to have been involved in dealings with the CIA beginning in the late 1940s.

It was from this network of pro-fascist members of Japan's elite that the CIA built its web of agents inside Japan. With his friendship with Rockefeller associate Hjalmar Schacht and his experience in fascist economic planning, Nobusuke Kishi was a perfect choice to be the "political leader" of the Wall Street-created operation.

Later, in 1960, Kishi was to say: "But for Moral Rearmament Japan would be under Communist control today," and avowed that it was necessary to make "the ideology of MRA the policy of the Japanese government and its people so that Japan could play its part in saving Asia from tyranny."

*Robert Murphy and Wall Street's  
Plan for Nuclear War in Korea*

In early 1952, top Wall Street diplomat Robert Murphy — the U.S.'s and Wall Street's wartime liaison with pro-Nazi Vichy France — was named the first U.S. ambassador to Japan. Murphy's mission was to push through the military rearmament of Japan.

In his memoirs, "Diplomat Among Warriors," Murphy related that in a conversation with General Douglas MacArthur, Murphy asked "a question about Japan which was of great importance to my mission. That question concerned the amazing clause of the Japanese constitution, ratified in May, 1947, which prohibited Japanese rearmament 'forever.' The Korean war seemed to make it imperative that the Japanese should rearm immediately but their politicians were determined to *avoid* the issue." Murphy then questioned MacArthur about the origins of Article 9 and how the

constitution could be changed.

The remilitarization of Japan was an aspect of Wall Street hopes for a major showdown against the "Communists" in Korea. The Korean War was meant by Murphy and his Wall Street allies to be a testing ground for U.S. nuclear weapons on a large scale to terrorize the Soviet Union and China into submission to U.S. world hegemony — the Dulles "roll back" strategy. In his memoirs, Murphy moans that "the horde of badly equipped Chinese soldiers could have been forced to evacuate if the U.S. had been willing to utilize all our resources, including atomic weapons. We had nuclear weapons.... We have nuclear weapons and the Chinese had none at all. If the U.S. would use its power, our military estimates indicated that we could win...." It was only thanks to the stabilizing influence of Presidents Eisenhower and Truman that the Wall Street maniacs both at the time of the Korean War and later during the siege of Dien Bien Phu were blocked from testing their nuclear terror strategy.

During Murphy's stay in Japan, the "Murphy Fund" was established to assist Japanese anti-Communist and rearmament groups. It is almost certain that some of that money flowed to Kishi, and was the beginning of the CIA funding of Kishi that was revealed by Roger Hillsman, a former top Kennedy aide and long-time CIA official, at the time the Lockheed scandal first broke in Japan. It is probable that a good deal of the CIA "dirty money" was funded through the Coudert Brothers law firm which originally represented the fascist French Vichy government when Murphy was the diplomatic liaison there. More recently, it was Coudert Brothers which funneled money to the CIA-linked firm of Deak and Company for Lockheed-related bribes to another CIA agent in Japan, Yoshio Kodama.

Murphy and the CIA's motives for funding Kishi through their Moral Rearmament network are not hard to fathom. Kishi set up the Japan Reconstruction Federation to oppose Shigeru Yoshida, Kishi's bitter enemy and leading anti-rearmament spokesman. Kishi toured Japan arguing for the "revision of the Constitution" to permit rearmament, as per Murphy's program.

Kishi biographer Dan Kurzman comments on this operation, "Kishi had considerable difficulty getting the item on constitutional revision approved by many of his colleagues, since the principal aim of this provision was to permit rearmament.... But Kishi won his point with the argument that this measure was necessary to protect Japan from communism." Certain rightist Japanese nationalists like Yomiuri Shimbun publisher Shoriki were also duped into backing Kishi's CIA front.

Despite Kishi's campaign, the Japan Reconstruction Federation was utterly crushed at the polls. "Perhaps the idea of a mass movement frightened the people, reminding them of the Imperial Rule Assistance Political Association," Kurzman suggests.

Kishi and his CIA controllers then decided to "invade" Yoshida's Liberal Party to weaken the premier from the inside.

Quite simply, they bought their way in. Kishi colleagues in the Reconstruction League "wined and dined influential Liberal Party leaders, dropping hints of considerable financial support behind Kishi which could be channeled into party coffers.... Pressure on Yoshida

finally grew irresistible, and he agreed" to let Kishi in. The origins of the CIA-funded Kishi — later Fukuda — faction of the Liberal Democratic Party begin here.

#### *The CIA in Asia*

The CIA also used Japan, and Kishi's group in particular, as the center of their operations throughout all of East Asia. At the end of the Second World War the Rockefellers and the OSS-CIA moved to coopt some of the worst scum of the Nazi terror network into their own Die Spinne ("The Spider") operation, for use against the Soviet Union and in other intelligence black operations.

In Asia, the Rockefellers moved to take over old Britain, French, Dutch, Kuomintang, and Japanese intelligence networks and integrate them into their own extensive Standard Oil operations. One of the leading CIA operatives who was assigned to build up this new network in the mid-1950s was E. Howard Hunt, a close friend of the U.S. Buckley family. The main vehicle that Hunt and the CIA used to coordinate the consolidation of its network was once again the Moral Rearmament network.

It was out of a Moral Rearmament conference in Hakone in 1954 that a CIA "umbrella group" the Asian Peoples Anti-Communist League was formed. The official leaders of the group included Ngo Dinh Diem of South Vietnam, Chiang Kai-shek, Ramon Magsaysay of the Philippines and Kim Chong Pil of the South Korean CIA. In the 1962 session of the League, the Japanese delegation was led by Kishi personally, and attended by (among others) Mitsujiro Ishii, Naokichi Kitazawa, Naka Funada and Saburo Chiba, all top rightist LDP leaders. One of the U.S. delegates to the meeting was William Rusher of William Buckley's National Review magazine.

This entire Asian Die Spinne network was controlled through Wall Street and the CIA by the top U.S. law firm of Corcoran, Youngman and Rowe. The firm's clients have included Mr. and Mrs. Chiang Kai-shek, Claire Chennault's Flying Tigers (which spawned the CIA's Air America), and Sun Myung Moon's Unification Church. Former Corcoran member Robert Amory Jr. is the legal counsel to KCIA colonel and Moon advisor Bo Hi Pak's "Korean Cultural and Freedom Foundation (KCFF)", now the subject of a "Watergate"-type investigation. Amory himself was a former Deputy Director of Intelligence for the CIA from 1953-62, and it is an Amory-linked firm, Colt Industries of Hartford, Connecticut, which gave Moon's factory in Korea a contract to manufacture shotguns, according to Ann Crittendon of the New York Times.

This CIA network was expanded in April 1968 into the World Anti-Communist League through the efforts of top Moral Rearmament agent Ryoichi Sasagawa — one of Kishi's buddies in Sugamo prison and the man known as Fukuda's "godfather." The WACL was founded in the conference room of the Sasagawa-run Water Sports Center of the Motosu Gensei Faculty at the foot of Mt. Fuji with both Sasagawa and Kodama present.

Sasagawa, incidentally, visited New York and Washington D.C. on Oct. 6, 1975, at the invitation of the Draper Fund for World Population Control, named in honor of the now-deceased William Draper, who had so much to do with reviving Sasagawa's fortunes from their nadir of his term in prison as a war criminal. Sasagawa is "honorary chairman" of the fund by virtue of being its largest initial donor (\$689,655 to start). Other members of the fund include Prince Bernhard of Lockheed notoriety, Kishi, George Ball, Robert McNamara, Club of Rome head Aurelio Peccei, General Maxwell Taylor, Henry H. Fowler of Goldman Sachs, and C. Douglas Dillon of Dillon Read (Draper's old firm), and former U.S. Ambassador to Vietnam Ellsworth Bunker.

During his U.S. visit, Sasagawa met personally with many of these Wall Street leaders, including C. Douglas Dillon and McNamara, as well as members of Lehman Brothers and Bache and Co., another large Japan-linked U.S. banking house.

#### *Who Pays Kishi*

Kishi, Fukuda, and Sasagawa are closely linked financially to the international Rockefeller oil interests, and have profited handsomely from this association over the years.

Kishi's own offices are located inside the main office of Nippon Oil — the subsidiary of the Rockefeller's Caltex Oil firm. In his book *Mitsui* John Roberts reports that "it is perhaps worth observing that Dillon Read handled a great deal of investment banking business for Texaco and Standard Oil of California which together controlled Caltex....Caltex, in turn, owned a half interest in Nippon Oil Refining, the production subsidiary of Nippon Oil...Caltex's biggest customer was the U.S. Department of Defense, whose assistant secretary (later Secretary of the Navy and now head of Wall Street's Committee on the Present Danger — ed.) was Dillon Read vice-president Paul Nitze. Caltex, fueling the Pentagon's gargantuan war machine in Asia, profited richly from the war in Indochina. It may be only a coincidence that between 1965-71, the escalation years, Nippon Oil more than doubled its proceeds and its profit rate."

Kishi and Sasagawa were also instrumental in the establishment of JAPEX — the first Japanese petroleum exporting company in Caltex-dominated Indonesia. JAPEX's oil goes to one, exclusive client in Japan — Nippon Oil, Caltex's subsidiary. When former premier Kakuei Tanaka, along with Japanese rightist Tanaka Seigen and Sohei Nakayama of the MITI-linked Industrial Bank of Japan tried to break up the Kishi-Caltex monopoly, a whole series of "Watergating" operations broke out against Tanaka — including (according to the July 15, 1974 Far East Economic Review) the dispatch of two members of the Fukuda faction of the LDP to Indonesia immediately prior to Tanaka's visit in 1974 to help organize the riots that greeted the then-Japanese Prime Minister when he arrived in Jakarta.

*Kishi Fukuda and the CIA  
Make War on the LDP*

Since it gained entry into the Liberal Democratic Party, the Rockefeller-CIA-Kishi-Fukuda faction has waged a 20-year battle against constitutional government in Japan. This battle has been centered around its efforts to destroy the representatives of constitutional government in the LDP, the constituency-based political layers supported by Japanese industrialists broadly grouped in what is called the "resource faction" of the *zaibatsu* (leading business families).

The Kishi-Fukuda campaign against this faction has not only drawn on the resources of the Rockefeller-DIA allies inside Japan; it has made use of forces contributed directly by the Rockefellers and the U.S. CIA, including covert operations carried out by such "dirty tricksters" as, among others, E. Howard Hunt of Watergate notoriety. The dirty tricks operations used by Kishi, Fukuda and Co. against other LDP forces have included the recent, staged "Lockheed scandal," "Cointelpro"-type operations to sabotage Japanese trade relations with mainland China, and others.

The constituency based politicians in the LDP are typified by such men as former Prime Minister Hatoyama, who headed Japan in the mid-1950s. Hatoyama was the first post-war Japanese premier to come up out of political constituency layers. Hatoyama built his career not in the bureaucracy but in party politics, and was therefore beholden to and based on a real, constituency-based political machine. This characteristic is common to all of the post-war political leaders from the conservative LDP who have acted in some fashion to follow policies that are in accord with Japan's self-interest.

The determination and content of such policies has shifted along with the major changes in the post-war strategic situation, but their constant, underlying theme has been the development of an expanding economy functioning in an international atmosphere of peace which fosters the growth of world trade, upon which the Japanese economy depends for its existence.

The party politicians who share this broad view, with the support of the "resource faction" circles, include Ichiro Kono, an ally of Hatoyama; Yasuhiro Nakasone, former Secretary General of the LDP, Prime Minister Miki's major factional ally, and the inheritor of the Kono faction of the LDP; Prime Minister Takeo Miki himself, a man who has held a seat in the Diet since the late 1930s; and former Premier Kakuei Tanaka, the victim of the Fukuda-engineered Lockheed scandal and the only LDP leader who did not graduate from a university, having made his career in the construction business after the war.

It is these men who have been the targets of the Fukuda-Kishi-CIA fascist-bureaucratic conspiracy to cleanse Japan of "politicians," a conspiracy which has reached its peak with the Lockheed scandal and the corruption scandal which made Tanaka its primary target.

The "dirty tricks" conspiracy against the LDP goes back 20 years, its first major operation being Kishi's succession as Prime Minister to the pro-detente Hatoyama cabinet.

Hatoyama's moves to develop Japanese trade relations with the People's Republic of China drew the ire

of both Kishi and his CIA sponsors in Washington. Under Hatoyama, a Chinese-Japanese trade fair system was established, along with the *Nitchu yushutsunyu kumiai* (Japan-China Export-Import Union), with the support of the government and the participation of about 240 private firms. CIA dirty trickster E. Howard Hunt was dispatched to disrupt the Chinese trade fairs in Osaka and Tokyo in late 1955 by distributing fake tickets to the meetings.

When Kishi took over Japan's premiership in February, 1957 (after Tanzan Ishibashi's sudden illness), he immediately moved to break off all economic ties with the People's Republic of China. One of his first moves as premier was a June, 1957 visit to Taipei, where he reportedly encouraged Chiang Kai-shek to accomplish the reconquest of the mainland. It was only after Japanese business forces forced Kishi's ouster for his outrageous pro-Wall Street fascist policies that Japanese trade with China even began to resume.

(Japanese were given a lesson in politics Kishi-Fukuda-style when the Rockefellers recently adopted a policy of recognition of China. Overnight, Kishi, Fukuda, and Sasagawa abandoned their "firm commitment" to their Taipei friends and lined up behind the new policy. Their flip-flop drew bitter, but perceptive, charges from die-hard rightist, Bin Akao, quoted in an article by Hideo Ooka in the June, 1976 issue of *Gekiyu* magazine titled "The True Colors of Ryoichi Sasagawa — a Rightist Mammonist." Akao charged: "Then the situation changed, and Kissinger came to oppose confrontation with communism and speak of peaceful co-existence by talk. Sasagawa quickly stopped and withdrew from the anti-communist movement. Anything he does is all for money." Fukuda himself, despite his rightist posture, was using such people as Tokyo governor Minobe and others are "go-betweens" between Japan and Peking.)

A more far-reaching accomplishment of the Kishi government than its wrecking efforts against Japan-China trade was the signing of the 1960 U.S.-Japan Security Treaty, which bound Japan in a military alliance with the U.S.

The model for the Kishi-Fukuda wrecking operation against the LDP was the *Soshinkai*, which was initially created in 1959 by Kishi, Fukuda, former Tojo Finance Minister Kaya, and Saburo Chiba - all open supporters of Moral (and military) Rearmament. The *Soshinkai* was not only rabidly anti-communist; members were also opposed to the incomes-doubling policy later to be adopted by Premier Ikeda!

To complement the *Soshinkai's* call for a "constitutional revision" which would permit rearmament, Okinori Kaya and Hirokichi Nadao set up the Asian Problems Study Group. This group was aimed at countering the influence of the pro-development Afro-Asian Study Group inside the LDP.

In an article in the October 1965 issue of *Foreign Affairs*, the organ of the New York Council on Foreign Relations, Kishi explained that the main problem inside the LDP was the factional arrangement of the party, and said that in order to mold the LDP into a unified, fascist apparatus, it was necessary "to dissolve the intraparty factions, thereby putting an end to intraparty politicking." For Kishi, the way to force such unity was to unite the party around the question of a revision of the Constitution to permit rearmament. "We should not find it impossible to reconcile the internal party factions," Kishi stated, "The best method is to find an issue on

which all factions can unite in confronting the opposition parties. And I advocate that this issue should be the revision of the Constitution." And that is precisely what "Premier Fukuda" intends to do today.

#### *Fukuda Engineers the Lockheed Scandal*

It was Takeo Fukuda, continuing Kishi's commitment to transforming the LDP into a fascist austerity machine, who engineered the Lockheed "Watergate" scandal in Japan.

The first phase of the Lockheed operation was the overthrow of the Tanaka cabinet. Tanaka had defeated Fukuda in a bitter inner-party election to succeed Prime Minister Sato (Kishi's brother and Premier from 1965 to 1972), despite the fact that Fukuda was Sato's choice to succeed him.

In the summer of 1974, following the Rockefeller-engineered "oil crisis" which quadrupled the price of oil, Tanaka initiated moves to sever Japan from U.S. policy toward the Middle East. Fukuda, who was serving as Tanaka's Finance Minister, promptly resigned from the Tanaka cabinet with a call for "party reform" and the cleansing of factional politics in the party.

In the fall of that year, an article appeared in the influential monthly magazine *Bungei Shunju*, detailing Tanaka's allegedly corrupt funding of his construction business interests and his machine in the party. The information for that article, written by a "journalist" named Tachibana who has since been involved in "dirty tricks" operations against the Japanese Communist Party, is known to have been leaked from financial records controlled by the Fukuda-run Finance Ministry.

Sasagawa is also reported to have played a role in that operation. According to the "new left" magazine *AMPO* and confirmed this year by Murray Sayle, the Tokyo correspondent for the British magazine *New Statesman*, a portion of the *Bungei* article first appeared in print several months earlier in the Chicago newspaper *Rising Sun*, a publication of Reverend Sun Myung Moon's Unification Church of America. The Moon organization, which Sasagawa was instrumental in creating, and which enjoyed the public support of Fukuda, has direct ties to the CIA through men like Robert Amory.

After the *Bungei* article was published, little reaction followed until members of the foreign press, most prominently the same *New York Times* and *Washington Post* which had trumpeted the Watergate scandal, used an appearance by Tanaka at the Foreign Press Club to create a furor over the new "scandal." The questions thrown at Tanaka at the press club were followed by heavy black propaganda campaigns to push the "exposé" in the Western press, which — with help from inside Japan — led to Tanaka's being forced to resign in late November, 1974.

Tanaka was succeeded by Miki, who became premier after a long battle inside the Liberal Democratic Party in which Miki and his allies blocked Fukuda from gaining the premiership and won the post for Miki, a compromise choice. Miki, with Fukuda serving as his deputy premier, was intended to fill the role as Japan's Gerald Ford, a weak front man for his "Nelson Rockefeller," Fukuda.

Initially, the arrangement functioned in this way. But then Tanaka emerged from a brief period of "retirement" to lead a comeback which made his faction increasingly the most powerful in the LDP; and Miki revolted against his assigned role as Fukuda's puppet — just as U.S. President Ford revolted against Nelson Rockefeller with his "Halloween massacre" — and

made a bid to establish himself as a secure and dominant prime minister. Miki's moves were met by the crisis surrounding Japan's role in the November, 1975 Rambouillet economic summit (see part I of this series).

"Phase two" of Japan's Lockheed "watergate" scandal followed, a scandal manufactured in the boardrooms of Wall Street investment banks led by Lazard Freres and funneled through the U.S. Senate Subcommittee on Multinational Corporations investigation led by former OSS-agent Senator Frank Church. The Lockheed scandal has succeeded in destroying Tanaka, creating almost a year of political chaos in Japan, and destabilizing the Miki government. Now Fukuda is poised to split the LDP and depose Miki as Premier.

Without waiting for Fukuda to take office, the same press and "watergate" network that was used against Tanaka is now working to prepare the political ground for him to adopt his long-sought rearmament policy. Ironically, the pawn in this operation — which is illustrative of the far-flung intelligence operations which bind Fukuda to Wall Street — is the "Unification Church" of Reverend Sun Myung Moon, which Fukuda, Kishi, Sasagawa and Co. helped to create through their "Moral Rearmament" networks.

The *New York Times*, the *Washington Post*, et al. are presently engaged in an "exposé" of Moon's operation as an alleged "black operation" against the United States Congress by the South Korean CIA and the government of President Park Chung Hee. Not mentioned in their exposés is the fact that Fukuda, described as "brilliant" by these same fawning Rockefeller press conduits, was in attendance at the June, 1974 reception for Moon at Tokyo's Imperial Hotel, nor the fact that the head of New York's Rockefeller University, the Hudson Institute's Herman Kahn, Club of Rome advisor Ervin Laslo, as well as former U.S. Ambassador to Japan Edwin Reischauer are all connected with Moon's "International Cultural Foundation."

The upshot of the carefully-tailored "exposés" of Moon's lobbying in the U.S. Congress is to hand Wall Street policy-makers the threat of a U.S. military pullout from South Korea (in "retaliation" for the Moon-South Korean CIA lobbying activities) to use to pressure Japan to accept remilitarization under Fukuda. (This, of course is only one aspect of the multi-faceted Moon "Watergating" operation; another target is U.S. Congressmen who oppose the domestic fascist programs being pushed by the Brookings Institution and other controllers of Jimmy Carter.)

Despite the decades of open agency of both Kishi and Fukuda, many Japanese business leaders are trying to convince themselves that they will "just have to live with" their Wall Street-imposed, new "Premier Fukuda." These business leaders should first ask themselves why the Rockefeller-CIA forces have been organizing so furiously — especially over the past three years — not just to place a special friend of theirs in power, but in an open effort to politically destroy two Prime Ministers of Japan, Kakuei Tanaka and Takeo Miki, and to split the ruling Liberal Democratic Party itself.

There is only one reason why the Rockefellers would risk so great and open an intervention into Japan: the Rockefellers are committed to imposing a fascist, zero-growth economic and political austerity regime on

Japan, a regime — as spelled out in the zero-growth programs of the Club of Rome, which the Rockefellers created and Fukuda supports — which models its policies on the economic programs of Nazi Finance Minister Hjalmar Schacht and his *Reichsführer*, Adolf Hitler. Such a regime is premised on a strongman leader who can keep Japan within the confines of the crumbling dollar empire irrespective of the desires of the majority of Japanese businessmen and the Japanese people.

A prolonged zero-growth policy would have a drastic effect on Japan's economy; since the late 1940s the strength of the Japanese economy has been premised to one degree or another on rapid technological progress and economic growth, and Japanese businessmen know it. Faced with the choice of accepting a collapsing world economy so that Chase Manhattan's vast paper debt empire can be maintained or supporting a radical restructuring of global economic relationships to growth through international debt moratoria, the vast majority of Japanese businessmen and politicians, no matter how otherwise "conservative," would accept a new world economic order for the good of Japan. But not Fukuda.

Takeo Fukuda's economic outlook is determined, not so figuratively speaking, by cabling Chase Manhattan headquarters in New York and asking what economic

policy the Rockefellers wish Japan to adopt. That policy happens to be a policy of zero-growth austerity and military rearmament, and that is the policy loyal bureaucrat Fukuda will carry out, in spite of the wishes of the majority of Japan's businessmen, ordinary citizens, and large sections of Japan's most nationalist bureaucracy, MITI. Fukuda's entire history is the history of a servant to higher powers: his own power derives entirely from his ability to carry out his master's orders, whether it be Nobusuke Kishi or David Rockefeller. Once in the office of Prime Minister, Fukuda cannot suddenly "change his stripes" and adopt a sane, growth policy because that is the interest and desire of the people of Japan. Fukuda is the quintessential Tokugawa servant: it is his master, not Japan, which must first be served.

In a conversation recently, a Japanese businessman who knew both Fukuda and Kishi, and was retelling some of Fukuda's "blackmail" operations against the Ikeda government, summed up the differences between high-growth advocate Kakuji Tanaka and Fukuda in this way: "You know, Tanaka had a very 'dirty' mouth. He was always saying 'give me this money and give me that.' But inside Tanaka was not so bad. Fukuda has a very 'clean' mouth and is very careful. But inside, I think, Fukuda's heart is black."

## Political Prisoners Murdered In Peru; Carter Behind Drive to Chileanize Continent

Exclusive to NSIPS

Dec 10 (NSIPS) — The Peruvian daily, *El Comercio* reported this morning that nine Peruvian political prisoners were shot in Lima after a bus returning to the Lurigancho prison “broke down” and the prisoners allegedly tried to escape. The Republican Guard, controlled directly by fascist Interior Minister Luis Cisneros, shot the prisoners. It is common under Latin American military dictatorships like Chile and Argentina for political prisoners to be shot in the back by police and prison guards who claim that they were trying to escape. Last week Cisneros’ State Security section tortured a 22 year old Peruvian student to death after arresting him on charges of “subversion.” Hundreds of labor leaders, students and leftists are presently detained on similar charges in Peru.

### *NSIPS Director To Come To Trial*

Today’s atrocity follows the announcement two days ago that NSIPS Peruvian director Luis Vasquez, jailed illegally for 52 days, will be brought before the Judge of the Second Judicial Zone’s war tribunal early next week. Vasquez will be charged with “violation of national symbols” and violation of the press law, also with being the “intellectual author” of various NSIPS international press releases detailing International Monetary Fund austerity and coup plans for Peru. In addition to

charging Vasquez, the judge can order the arrest of all NSIPS staffers in Lima who have been cited as collaborators in the alleged crimes.

This escalation in the drive to Chileanize Peru has been directed from Wall Street by Rockefeller-controlled New York banks including First National City Bank and Morgan Guaranty Trust, whose directors are the financial backers and policy makers for Jimmy Carter. For six months, Morgan has led a consortium of banks demanding that the Peruvian junta drastically cut living standards, and impose harsh austerity — dismantle the progressive Peruvian Revolution — to meet requirements for loans. The right-wing faction of the Peruvian military, Wall Street’s “Occupation Army” has steadily stepped up repression against the population and any organized union resistance to enforce this austerity, with the ultimate aim of carrying out a Chile coup.

Jimmy Carter’s direct involvement in determining this policy for Peru, and for all of Latin America, occurs through Paul Austin, one of his leading financial backers. Austin, a member of the Trilateral Commission and Chairman of the Board of Trustees of the Rand Corporation, is Director of Morgan Guaranty and thus dictates his and Carter’s orders to the Peruvian fascists. The scenario for a Second War of the Pacific between Chile, Peru and Bolivia, an integral aspect of Carter’s Latin American policy, was devised by the Rand Corporation.

## Peru-Ecuador Border Tensions Could Spark War of Pacific

Exclusive to NSIPS

Dec. 10 (NSIPS) — The military crisis wracking the entire western littoral of South America has taken a turn for the worse with the dramatic breakdown of relations between Peru and its northern neighbor Ecuador, occurring simultaneously with a new heightening of tensions between Peru and Chile.

The stepped-up conflict areas on both Peru’s northern and southern flanks are viewed as an ominous portent that a replay of the 1879 Peru-Chile “War of the Pacific” catastrophe is on the agenda; while such pro-Carter U.S. press as the New York Times have signaled that Carter’s

backers see the build-up as ample pretext for intervention to impose “Pax Americana” on this entire region.

The hardening of Peru-Ecuador relations was confirmed last night in terse communique from the Foreign Ministries of both countries, announcing that a brief visit by Peruvian President Francisco Morales Bermudez to Ecuador had been cancelled due to “failure to agree on an agenda of questions to be discussed.” The unresolved questions apparently involve Ecuador’s insistence on recovering oil-rich jungle areas which Peru took from Ecuador after a short war over three decades



ago. Over the past several months, the long-settled border question has been fanned into a flaming issue by U.S.-linked right-wing chauvinist elements on both sides, as a means to block reforming, progressive potentials in the two countries' military regimes.

The hardening of relations between Peru and Ecuador was revealed last night in terse comuniques from the Foreign Ministries of both countries which announced that Peruvian President Francisco Morales Bermudez' short visit to Ecuador had been cancelled because of "failure to agree on an agenda of questions to be discussed." The problem is evidently Ecuadorian insistence on recovering oil-rich jungle areas which Peru took from Ecuador after a short war in the 1940s. Right-wing chauvinist military elements in Ecuador and their counterparts in the Peruvian Navy and Peruvian Army Genral Gonzalo Briceno have fanned up the long-resolved border question over the last few months to facilitate their wiping out the progressive reformist potentials of the military regimes of the two countries.

At the other end of Peru, rapidly escalating tensions with Chile over the still unresolved Bolivian petition for access to the Pacific Ocean have accentuated the grave danger of an armed conflict between the two nations. The New York Times on Dec. 9 cited Bolivian "concern over what it regards as the possibility of a Peruvian-Chilean war," and reported that Bolivia has asked the U.S., Brazil, Argentina, and Venezuela to guarantee Bolivian neutrality in the event of a repetition of the 1879-83 War of the Pacific.

The trigger for this latest, and hottest, flare-up between the two countries was the late November mutual rejection by Peru and Chile of each other's proposals for a Bolivian corridor to the sea. Both are now set on a collision course, and-for the first time in generations--

mobilizing their populations behind their respective positions.

At least six major Peruvian unions and popular organizations have gotten sucked into publically supporting Peru's proposal, which the Chileans regard as a provocation. On the Chilean side, *El Mercurio*, the semi-official press organ of the Pinochet junta, published in its Dec. 5 edition three full pages of "man-in-the-street" interviews which unanimously condemned Peru's proposal for trinational authority over the Chilean port of Arica.

Pinochet himself put teeth into Chile's determination not to relinquish control over Arica by traveling there Dec. 3 and declaring the city a "free port." Pinochet stressed that the city was of great "strategic" and "geopolitical" importance as a seaport not only for Bolivia and Peru, but also for Paraguay and southwestern Brazil.

In addition to undercutting the Andean Pact by facilitating massive smuggling of duty-free goods into Peru and Bolivia, Pinochet's "free port" strategy sets the basis for defining the entire dispute as a "continental" problem requiring outside intervention.

The New York Times of Nov. 23 has already urged that escalated U.S. intervention in "negotiating a halt to the arms race in the Andes...ought to be a priority for the Carter Administration." Ironically, legal pretext for Carter to impose U.S. dictates on the region could be provided by the same 1929 Treaty settling the first War of the Pacific — upon which the Peruvians found their claims to rights in Arica. The 12th article of the 1929 Treaty states: "In case the Governments of Peru and Chile are not in agreement with the interpretation given to each of the points of this treaty and despite their good will cannot reach an agreement, the President of the United States will decide the controversy."

## Mexico: "Big Mac" Under Discussion

Dec. 9 (NSIPS) — There were increasing indications this week that Mexican planners are considering a "Big MAC" scheme for Mexico. Exactly as in New York's Municipal Assistance Corporation model, there would be consolidation and some re-negotiation of debt in exchange for stringent austerity measures and increasing creditor oversight of finances.

This possibility has arisen from a "crisis" climate around Mexico's \$28 billion foreign debt that has developed in recent weeks. Liberal circles as well as conservative business groups have inveighed against the evils of "further indebtedness." starting Dec. 4, the national daily *Excelsior* began printing a series of articles on the foreign debt and revealed that a Wall Street bail-out offer in September was rejected by then-president Luis Echeverria Alvarez.

Manuel Gaudiano, head of the Mexican Chambers of Commerce, called Dec. 6 for "debt reorganization" in response to the *Excelsior* revelations. The next day the *Journal of Commerce* in New York reported the

government development bank, NAFINSA, already anticipated short-term restructuring of debt.

The content of the renegotiation proposal was most clearly presented in an *El Dia* column Dec. 8 (see below). Mexico, by accepting austerity and promoting accelerated exporting, would pay what it could of immediate obligations; the rest would be restructured.

The alternative method of closing Mexico's payments gap, still the general preference of New York circles reached by NSIPS this week, would be through direct granting of roll-over loans that would further jack up Mexico's overall indebtedness.

With or without a "renegotiation," all signs point to more rapid export of Mexico's oil — primarily to the U.S., according to confidential Washington memos political maneuvering room to sell the "belt-tightening" a key ingredient of debt repayment plans.

The particular appeal of a Big MAC for newly installed president José López Portillo derives from his need to satisfy Wall Street and IMF austerity demands, while

simultaneously avoiding an explosion of the peasant and worker sectors. Measures of temporary debt relief, most likely worked out as a demonstration of Carter Administration interest in Mexico, would allow López political maneuvering room to sell the "belt-tightening" and "budgetary discipline".

Barely a week after his inauguration, López faces continued strong pressure from the right. The new president of the ruling Institutional Revolutionary Party (PRI), Carlos Sansores Pérez, began his tenure with a stinging attack on outgoing President Luis Echeverría and effusive praise for previous PRI presidents closely associated with the right. A major meeting of government and right-wing business representatives is set to celebrate an eight-point austerity "pact" on Dec. 10.

But at the same time the peasant and labor sectors, which were the beneficiaries of many Echeverría measures, have shown they will try to maintain and extend their gains. In the critical rural areas, mobilized peasants continue to pressure for land redistributions such as those decreed by the former president, though López' first moves indicate he will discourage their drive.

In the labor sector Jaime Espinoza Galindo, head of the labor umbrella group Congreso de Trabajo and a supporter of Echeverría, has firmly put off discussion of a Worker's Bank proposal which on the model of several Brazilian institutions would represent forced savings for the benefit of illiquid banking institutions and relatively little benefit for workers.

The press has backed up these signs of resistance with coverage of British resistance to International Monetary Fund loan conditions and reprinting of an article from the French weekly *Nouvel Observateur* warning Britain not to mortgage its oil for debt repayment — a timely message to Echeverría circles in Mexico, whose leader had linked his internal economic policies to an international drive for a new world economic order.

### *Rockefeller's Oil Export Plan For Mexico*

*Dec. 8 — The following are excerpts from an article by Fausto Fernandez Ponte, Washington correspondent for Excelsior, the Mexican daily entitled "A Rapid Recovery for Mexico... If She Exports Crude Oil to U.S."*

The Mexican economy will recover in a few months if the economic policy of the new government is to promote the "independent exportation" of oil to the nearest market, the U.S. This is the opinion of international financiers in Washington. However, the president of the Organization of Petroleum Exporting Countries (OPEC), Mohamed Sadli, declared today at the National Press Club in Washington that "the independent exportation of crude oil to the international market, and particularly to the market of the industrialized countries, or to an industrialized country, would weaken our political position by knocking down prices."

Memorandums that circulate from office to office, in international financial organizations as well as in government entities, say "The hydrocarbon resources in

Mexico — resources which have increased with the discovery of reserves in various regions throughout the country — are the most important element that should be included in the economic policy of the government with a view towards the recuperation of the economy."

A xerox copy of one of these documents, stamped "for confidential use only", affirms that "such an economic policy could promote the independent exportation of oil to the nearest markets, with advantages both for the exporter and for the importer, defined by the close geographic proximity.

### *IMF Pushes "Big Mac" For Mexico*

*Dec. 4 — The following are excerpts from an article by Fausto Fernandez Ponte, Washington correspondent for the Mexican daily, Excelsior. The article was headlined "Eche Rejects Support for Peso; InterNation Bank Offer In Aug. — Condition: 'Continuous and Direct Control of Economic Policy.'":*

The private banking network offered the Mexican government a "rescue operation" when the peso plummeted, but then president Luis Echeverría rejected it vigorously, according to sources here...the offer consisted of financing Mexico's foreign debt service on the condition that a consortium of private New York banks 'directly and continuously oversee' government economic policy.

According to the same sources, the rescue operation was proposed to Mexican government officials at the highest levels, as well as nongovernment individuals who have access to the President...The operation was proposed as soon as the government made it known to the IMF that it would float the peso and request additional funds to support the currency.

...Representatives of the international private banks indicated when they made the offer that the conditions...would be accompanied with 'administrative discipline' which the IMF proposed to Mexico when it was asked for the currency support....

...Among the conditions was the creation of a commission to be made up of representatives from banks and the government, which would oversee the execution of the economic policy....However, then president Echeverría rejected the offer, since he thought it to represent a direct intervention of foreign banks in the internal national economy....

### *Renegotiate The Debt*

*Dec. 8 — The following are excerpts from an editorial by Enrique Padilla Aragon in the Mexican daily El Dia entitled "Renegotiate the Foreign Debt":*

The debt of the dependent countries has tripled from 1969-1975, and our country, as with the rest of Latin America, has seen its foreign debt grow from 1970 to the present date, in such a way that its debt service constitutes a heavy burden.

According to information from international banking sources, the interest on Mexico's foreign debt which has to be paid in 1976 has grown to the huge sum of \$2 billion; in relation to the payments that we made last year, the figure has more than doubled.

### *Renegotiation Is Necessary*

It is obvious that a sum like this cannot be paid every year. It is not that we do not have the available natural resources and industrial capital. The problem is strictly financial. We need time to pay the foreign debt and its interest as is being asked for by other countries who find themselves in the same situation.

To continue resorting to the vicious expedient of asking for a loan to pay is an error, for soon we would lose our

capacity to take new loans.

I believe that if we get to work and adopt the necessary austerity measures, we can pay the debt, but in the present circumstances we have to increase the time limit for these payments.

Of course 5 or 10 year payments have to be lengthened. A renegotiation basis would have to be proposed in terms of 25-50 years to create the necessary relief to permit the Mexican economy to recover.

...we shall see the fruits of these great investments after no less than ten years. This justifies the renegotiation of the foreign debt for longer periods than ten years.

We are not asking for a debt moratorium, but renegotiation, which means that we are willing to pay on a longer-term basis or with a lower interest rate.

## Carter Forces Turn Argentina Into Fascist, Corporate Model

### Exclusive to NSIPS

Dec. 9 (NSIPS) — A rapid realignment of military forces within Argentina is presently underway, laying the groundwork for the creation of a mass-based fascist movement. Drawing on the ideological remains of the proto-fascist Peronist movement, an alliance of "moderate" and "right-wing populist" layers within the military command structure have begun to mold a corporate fascist state.

Last month, two leading Argentine military men spent three weeks in the U.S., shuttling between Washington, D.C., where they met with numerous National Security Council and State Department officials, and in Atlanta, where they were received by members of the "Carter-Mondale" election committee. Since then, the Argentine junta has initiated several "face-saving" measures, including the release of political prisoners and the purge of the "chileanist" hardline within the army to, as one Associated Press dispatch plainly described it, ingratiate itself with the incoming Carter Administration.

Since the addition last month of a new and powerful Planning Ministry to the traditional eight-man cabinet, a "five year plan" called the National Project, has been launched under the guidance of Planning Minister Diaz Bessone. Bessone has defined his National Project as a "short, medium and long term" process of "national reorganization" to "give the nation a new destiny", to provide a "common" and "coherent" life for Argentina which can provide a distinct set of national values to bind the nation. The insecurity and chaos of an "arbitrary" society will be eliminated. Bessone's slogan is "Without a National Project, there is no Nation!"

Bessone, long identified with the most extreme right-wing forces in Argentina, has nonetheless begun to issue broad popular appeals to the Argentine masses to unify in support of his "revolutionary" National Project. "Neither law nor force, but strictly a consensus... the free will of citizens" will bring about the National

Project. "We propose to consult (read "coopt" — ed.) major nuclei of leaders and the populace in all areas."

Argentine President Videla, considered the leader of the moderate faction of the military, has fully endorsed the ambitious plan of his Planning Minister while leading a purge of the more inflexible "chileanists" within army ranks whose opposition to any sort of dialogue with civilian layers threatens to prove an obstacle to the realization of the National Project. During the last week, eight hardline generals were purged from command.

Central to Bessone's National Project is a tightly controlled labor movement which can serve as the tool of the corporatist planners and as a self-policing bulwark against penetration and takeover by the mass-based socialist resistance movement under the leadership of the Montoneros. The question of how to control a highly class conscious and rebellious labor movement is the subject of a raging debate within the military command which has centered on the issue of the national labor confederation versus the local trade union. Labor Minister Liendo, speaking for the Videla-Bessone axis, has demanded that the national structure of Argentina's trade union apparatus be allowed to remain intact, and that the task of the junta is to purify the working class of its resistant "ideology". "The weakness of an atomized and geographically isolated trade union structure would force the local union into mere wage struggles." Unable to organize nationally, it would become "a mere protest movement and prone to ideological infiltration." We must purify labor of its political excesses, insists Liendo, "but we must learn how to operate without killing the patient." The neanderthal hardliners of the Navy and Air Force, choosing to ignore the long history of organized labor resistance carefully nurtured by Juan Perón, trust nothing but sheer brute force to decimate the working class.

The most serious obstacle facing both factions is the

Montonero-led General Labor Confederation in Resistance (CGTr). The recently published program of the CGTr represents the political core around which an anti-fascist movement can defeat Bessone's National Project. The CGTr program calls for: guaranteed minimum wage and defense of living standards; an end

to political persecution and labor repression; an end to military rule; cancellation of the foreign debt; decent health care, education and housing guaranteed by the State; and a broadening of international links with progressive governments and national liberation struggles around the world.

PRESS

## Whose Voice Is It?

Exclusive to NSIPS

In October 1975 columnist Mary Perot Nichols submitted to her editor at the Village Voice a detailed exposé of New York's Urban Development Corporation, showing how the UDC was set up in 1968 by then Governor Nelson Rockefeller as a gigantic speculation designed to prop up his brother David's Chase Manhattan Bank.

Nichols' editor, Thomas Morgan, refused to print the story. In February 1975 the UDC went bankrupt, threatening to take the entire state with it. Nichols rewrote the story and submitted it again to Morgan. Again the story was rejected. Editor Morgan immediately thereafter took a weekend trip — to the Pocantico Hills estate of his father-in-law Nelson Rockefeller! When he returned Monday morning, Mary Perot Nichols, a featured writer at the Village Voice for more than ten years and an associate editor, was fired.

In any honest journalistic enterprise, an incident like the Nichols case would have provoked a mass exodus of protesting writers and editors.

Instead, within a week of Nichols' firing, Voice journalists Jack Newfield and Pete Hamill penned a slander piece for the nearby Villager newspaper defending the firing of Nichols because she "sounded like the Labor Party" and had become a right winger. Nichols recently won the first round of a legal battle against Morgan, Newfield and Hamill when a New York judge found the Voice reporters' characterization of her libelous.

The Nichols case spotlights one of the rawest hoaxes perpetrated on the American population by the Rockefeller family — in the name of journalism — the development of the so-called "alternate media."

Founded more than twenty years ago by counterculture hero Norman Mailer, the Village Voice is the grandfather of a whole slew of publications claiming to represent a "radical alternative" to the establishment press. The pages of the Voice are filled with supposed "anti-establishment" scandals and exposés; Voice writers constantly pat themselves on the back for printing stories the New York Times won't carry. A vast swamp of radical academics, collegiate rock fans, dope-smoking junior executives, and artists of the absurd certify their membership in the counterculture with the weekly purchase of the Voice, which now has a national circulation. And the establishment press rewards the Voice for its "stinging criticisms" by certifying its credentials as a "left-wing" organ.

In fact, as the Nichols case illustrates, the Village Voice is a private political intelligence operation run by the Rockefeller family for the New York banks.

*Who Owns the Voice?*

The *Village Voice* is owned by New York Magazine Co., Inc. (publishers of *New York* and *New West* magazines in addition to the Voice) which is controlled by assorted tentacles of the Rockefeller financial empire.

\* 17 per cent of the corporation's stock is owned by CEDE and Co., a Wall St. dummy corporation through which individuals and banks anonomously own stock. CEDE is a wholly owned subsidiary of the Depository Trust Co. which is headed by William Dentzer, formerly the New York State Superintendent of Banking under Nelson Rockefeller and a top official in the CIA's Aid for International Development (AID) throughout the 1960s.

\* New York Magazine Co. stock is floated by Unterberg-Towbin, a Chase Manhattan-linked securities brokerage. The younger Towbin brother, A. Robert, is on the board of the company and the older, Belmont (both are senior partners in the firm), has been a close personal friend of Laurence Rockefeller for 35 years. A. Robert Towbin is a major fund raiser for the New York Democratic Party.

\* Among the other major stockholders are John Loeb, a member of the Council on Foreign Relations and a senior partner of Loeb-Rhodes, a large Wall St. investment bank, and Loeb's son-in-law, Edgar Bronfman. Loeb Rhodes partner Thomas Kempner is on New York Magazine's Board of Directors. Last fall Bronfman, along with J. Paul Austin of Coca Cola and Henry Ford II, introduced Jimmy Carter to Wall Street at a "21" Club luncheon in Carter's honor.

Riding on top of this sea of Rockefeller money and Carter backers are Voice publisher Clay Felker and Carter Burden, the Kennedy team New York socialite who masquerades as a city councilman. In 1967 Felker started New York magazine, a slick publication selling chic to New York's social-climbing petty bourgeoisie, after a career with Time-Life, Inc. and the New York Herald-Tribune. In 1963 he served with Gloria Steinem as the U.S. delegate to the CIA-run International Cultural Youth Festival. In 1974 Felker bought the Voice from Burden and proceeded to install Rockefeller-in-law Thomas Morgan as

editor. Burden has continued to tag along as a major stockholder.

#### *Who Runs the Voice*

The make-up of the Voice's Board of Directors gives some indication of the political policies the Voice backs:

\* Peter Tufo — A founding member of the law firm of Tufo, Johnston and Zucotti with his close associate John Zucotti. Zucotti, Deputy Mayor of New York City, is Lazard Frères banker Felix Rohatyn's inside man in the city government. One aide to Mayor Abe Beame said of Zucotti, "I walk into Zucotti's office and it's like I'm in the enemy camp." Tufo also serves as head of New York's Department of Corrections and was responsible last winter for fingering Daniel Schorr in the leaking of the Pike Report on the CIA.

✓ \* Theodore Kheel — Kheel is the founder and president of the Automation House, a brainwashing center for labor unions affiliated with Nelson Rockefeller's Cornell School of Industrial and Labor Relations; a director of the Ford Foundation's Metropolitan Applied Research Council (MARC) and a director of the New York City Rand Institute. Kheel has been a key figure in wrecking any union resistance to Rockefeller austerity proposals for New York.

\* James Q. Wilson — The "neo-conservative" writer on the Editorial Board of Public Interest magazine, which is a mouthpiece for right-wing Social Democratic circles around Daniel Moynihan, Lane Kirkland and the Committee on the Present Danger. Wilson has co-authored several books with the racist urbanologist Edward Banfield which urge that inner cities be abandoned and ghetto youth be taken out of school at age 14 and put in menial jobs.

#### *Who Writes the Voice — And Why*

The editorial policy of the *Village Voice* is entirely consistent with the political policies of its controllers.

*The Village Voice* endorsed Carter for President, painting him as the Great White Hope for New York. Columnist Ken Auletta, who replaced Nichols, wrote a stream of pro-Carter and anti-Ford material during the campaign. Auletta is a former campaign manager for Carter backer Howard Samuels and was a Deputy Mayor under John Lindsay. Even Voice "Marxist" Alex Cockburn (widely rumored to be a British MI-5 Intelligence agent) gave his stamp of approval to Carter.

In January, 1976 the Voice published the Pike Committee report on the CIA, allegedly in the name of the "public's right to know." In fact, the Voice publication was the beginning of a CIA-directed campaign to terrorize Congress, the press and the population to stop further investigations. Voice Director Peter Tufo conned CBS reporter Dan Schorr (who had the report) into giving it to Clay Felker. Felker then printed the report, the

contents of which had already been fully revealed. What the *Voice* didn't say was that the original leak of the report came from the CIA's own lawyer, Mitchell Rogovin! The CIA investigations were terminated, Schorr was fired and the *Voice* had a bigger anti-establishment reputation.

In October 1976 the Voice began to go after the City's Patrolmen's Benevolent Association in a classic Theodore Kheel operation. "Who's Policing the Police?," Voice reporter Denis Hamill asked, and then proposed that "they (PBA) clearly need a professional civilian who understands bargaining and union politics to represent them — as Victor Gotbaum represents District 37." Gotbaum, who learned to "bargain" as a State Department union organizer in Turkey in the 1950s, has been the leader in forcing a wage freeze and Big MAC bonds down his own and other unions' throats. This week counterinsurgents purporting to represent black policemen threatened to split the union on racial lines.

A leading sponsor of local control, the *Voice* feels that the smaller and more atomized a population is, the better. *Voice* writers not only write about it, they practice it. James Ridgeway, who splits his time between the Voice and the Fabian Institute for Policy Studies, played a key role in destroying the United Mine Workers while he was a "community activist" in Appalachia in the 1960s. Geoff Stokes, whose more recent work includes calling the Labor Party "fascistic and dangerous" was an official in the administration of John Lindsay carrying out Ford Foundation "community control" projects in New York's racially tense lower East Side.

In January 1974 *Voice* columnist Nat Hentoff libeled the Labor Party in a column entitled "Of Thugs and Liars." Hentoff is, according to reliable sources, an intelligence operative whos serves both as controller of the degenerate Socialist Workers Party and the leader of a slander network against the Labor Party.

#### *Sisters in Crime*

*Voice* czar Felker also publishes *New York* magazine and its California counterpart *New West* as part of the same corporation as the Voice. Felker and his financial backers bankrolled *Ms.* magazine in 1971-72, the magazine of Felker's old CIA cohort, Gloria Steinem. Felker recently did the same for Michael Kramer, a former *New York* writer and son of a top New York State official under Rockefeller, who bought out *MORE* magazine, which styles itself as a reporters' watchdog on the press. Among the top stockholders of New York Magazine Co. is George Hirsch, who owns the swampy periodical *New Times*. Rockefeller son-in-law Thomas Morgan just left the *Voice* using some of his wife's inheritance to buy *The Nation*, a nest of Jimmy Carter liberals. Finally, the Voice's main East Coast "competition," Boston's *Real Paper*, has been owned by David Rockefeller, Jr., since 1974.

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