

MT estimated for the current quarter ending Dec. 31. MITI said Japan steel production in the current fiscal year ending next March 31 was thus certain to fail to achieve its original goal of 110 million MT, falling off to 108.78 million MT. Domestic steel consumption in the same Jan.-March period is expected to total 12.82 million MT down 6 per cent from 13.68 million MT in the current 3 month period. This is due to sluggish demand in the civil engineering, construction, auto, and shipbuilding industries. Deliveries of steel products in the same period MITI estimates will decline 4.6 per cent to 20.5 million MT.

The belief that the closing down of their borders to imports will help their domestic industries is sheer

foolishness on the part of steel makers. Even in times of strong domestic markets many countries are required to export to maintain adequate levels of utilization necessary in an industry with high fixed costs. In this present world situation where home demand in many countries is sluggish or even non-existent the ability to export is vital not only to the life of the steel industry but to the countries themselves that require the revenues to help with their balance of payments deficits.

Protectionists measures are therefore sure to backfire, as to closedown one's own borders to imports inevitably means the loss of necessary export markets due to reciprocal measures taken by other countries.

Anatomy of the General Electric-Utah International Merger

SPECIAL REPORT

Exclusive to NSIPS

A prominent commentator of political economy has suggested that if Dr. Frankenstein had been an investment banker in lower Manhattan (probably at Lazard Freres) rather than a European surgeon, he might have dedicated his skills to the creation of the GE Utah International merger which was formally completed a week ago with relatively little fanfare. The operation, with a \$2.17 billion tax exempt stock transfer from GE, stitched together the principal U.S. banking and private intelligence networks, whose interests the new Carter government was specifically designed to represent. The most recent successes of the two companies which have been carried out since last year's decision to complete the merger have included the "Chileanization of Peru" and the devaluations in Australia and Canada.

General Electric is a large international corporation. Its sales of products and services to customers in 1975 amounted to \$13,399 million, and it has subsidiary plant in nearly every nation in the world. Utah International is another multinational giant with mineral interests in coal, copper, uranium, iron, and copper as well as other minerals. It shares ownership of a sizable fleet with the Mitsubishi Co. of Japan. Gross revenues to Utah in 1975 were \$686.3 million with approximately 16 per cent from the U.S., 12 per cent from Canada, and 72 per cent from Australia, although of \$1 billion in assets, 40 per cent were located in the U.S., 10 per cent in Canada and 50 per cent in Australia.

Merger of Sorts

The "King" of the GE-Utah Konglomerate is clearly GE Director Mr. J. Paul Austin, who is also President and Chairman of the Board of the Coca-Cola Company. Austin is reputed to have been the "discoverer" of James Earl Carter in the peanut fields, and it was he who

introduced Carter to David Rockefeller and Zbigniew Brzezinski.

Last Sunday a terrified reporter for the *Washington Post* realized that Coca-Cola is represented in Atlanta by Griffin Bell's law firm; that the new Deputy Secretary of Defense is the former President of Coke; and that Coke's lawyer in Washington is the new Secretary of Health, Education and Welfare.

The merger, itself, was not much more than a formality. The Chairman of the Board of Utah, Edmund W. Littlefield, is also on the Board of Directors of GE. The retired Chairman of the Board of GE, Fred J. Borch, is now a Director of Utah, with Ernest C. Arbuckle. (It has been noted that Arjay Miller, Dean of Stanford, is a Director of Utah, and that in 1970 Edmund Littlefield was awarded the Ernest C. Arbuckle Award from the Stanford Business School).

But this is only the beginning. The Trilateral Commission, which was created by David Rockefeller in 1973, just before the oil price hoax, includes President-elect Carter, Vice-President-elect Mondale, and nominees for National Security Council Director Zbigniew Brzezinski, Secretary of Defense Brown, Secretary of State Vance, and United Nations Representative Andrew Young, Coke's and GE's J. Paul Austin, and Utah International Director Ernest C. Arbuckle.

The major banks are well represented on the GE-Utah Boards. Morgan Guarantee Directors J. Paul Austin, Charles D. Dickey, Jr., and Thomas S. Gates are Directors of GE, while Utah Director Fred J. Borch is a member of the Morgan International Council. Chase Manhattan Bank Directors Ralph Lazarus and William Hewlett are, respectively, directors of GE and Utah. The Chairman of the Board of Citibank, Walter W. Wriston, is a Director of GE. Wells Fargo Board Chairman Ernest C. Arbuckle and Director Arjay Miller are both Directors of Utah, while Wells Fargo Director Edmund W. Littlefield is a Director of GE. Chemical Bank Director

Henry L. Hillman is a Director of GE. The Chairman of the Board of the First Security Bank of Utah, Marriner S. Eccles, and his brother George S. Eccles, a director of the bank, are both Directors of Utah International. George is also Chairman of the Board of the First Security Bank of Idaho. It is illegal for a Director of one bank to sit on the Board of Directors of a competing bank.

The banks' private intelligence community is also adequately represented. The Rand Corporation, whose Chairman of the Board of Trustees is Mr. J. Paul Austin has Trustee Walter B. Wriston also on the Board of GE, and Trustee William Hewlett on the Board of Utah. Mr. J. Paul Austin is also a member of the Hudson Institute, while Wriston is a member of the Council of Foreign Relations and a member of the Board of the Fletcher School of Law and Diplomacy. GE Director Thomas S. Gates is a member of the Advisory Council of the School of Advanced International Studies of the Johns Hopkins University. Utah Director Arjay Miller is a Trustee of both the Brookings Institution (of which GE Director Herman L. Weiss is an associate) and the Urban Institute and is a member of the President's Commission on Productivity. GE's Lazarus is a Trustee of the Stanford Research Institute, while GE Director Gilbert H. Scribner, Jr. was President of the Civic Federation from 1955-1959.

Utah Director Marriner S. Eccles, who is a member of the National Commission on U.S.-China Relations with GE Director Ralph Lazarus, is a Director of Planned Parenthood, and a member of World Population Emergency Campaign. He is also a Trustee of the American Assembly and sponsor of the Atlantic Council. In his earlier years he had been a member of the Board of Governors of the Federal Reserve System from 1938-1951 and was Chairman from 1936 through 1948. In 1944 he had been a member of the U.S. delegation to the Bretton Woods Conference. His brother George, also a Director of Utah, is a Director and member of the Executive Committee of the Association of the Registered Bank Holding Companies and a member of the Comptroller of the Currency's National Advisory Commission on Banking Policies and Practices.

Among numerous additional corporate affiliations are the following. National Steel Co. Directors Gilbert W. Humphrey and Henry L. Hillman are Directors of GE. Humphrey is also Chairman of the Board of Directors of the Hanna Mining Co.

Inland Steel Director Frederick L. Hovde, who had been at the London Mission Office of Scientific R and D Board 1941-42, National Defense Research Commission 1942-43, Chairman of the Guided Missiles Commission R and D Board 1947-49, and Consultant for the National War College 1953-55, is a Director of GE, and President Emeritus of Purdue University.

The Hewlett Packard President, William Hewlett, is on the Board of Utah, while another of its Directors, Edmund W. Littlefield, who is also a Director of Chrysler, is on the Board of GE.

Dean McGee, Chairman of the Board of Kerr-McGee is a Director of GE. He is also Trustee and member of the Executive Committee of the National Cowboy Hall of Fame. The Scott Paper Co. has two directors serving as

Directors of GE: Charles D. Dickey, Jr., who is also Scott's President, and Ralph Lazarus, who is also Executive VP of Federated Department Stores.

Dickey, Jr. is a Director of the Insurance Corporation of North America, while his colleague on the Board of GE, Samuel R. Pierce, Jr. is a Director of the Prudential Insurance Co.

Coincident with the announcement that the GE-Utah merger was completed, Secretary General Arismendi of the Uruguayan Communist Party, in an interview with the Mexican magazine *Siempre*, identified international finance capital as the source of the drive for World War III and the militarization of Latin and South America. He pointed out that fascism in Latin America is a proliferating source of the arms race and international provocations aimed in the direction of the contemporary tendencies for peace and detente.

The case of the Chileanization of Peru (*see Carter's Drive to Chileanize Peru*, an NSIPS Brief to the UN Commission on Human Rights and the U.S. Congress, December 14, 1976) provides some insight into how the GE-Utah networks can be used.

Because of the global recession caused by Wall Street's demands that \$800 million of outstanding debt be paid and the resulting collapse of Peru's copper and iron exports, by the beginning of 1976 Peru was faced with a \$1.3 billion balance of payments deficit, \$300 million debt service payments immediately due, and \$3.7 billion total debt outstanding.

Much of the debt was owed to Chase, Citibank, Morgan Guaranty, and Wells Fargo. Peru's Foreign Minister de la Flor was calling for debt moratorium and the government was negotiating for \$250 million of Soviet fighter-bombers.

Anticipating the eventual need to destabilize Peru following the 1968 emergence of a pro-development government, Mr. J. Paul Austin's Rand Corporation commissioned David Ronfeldt in 1974 to draw up an analysis of various options. The result was a blueprint for replaying the 1879 "War of the Pacific" among Chile, Peru, and Bolivia over Peruvian-Chilean border disputes and the question of Bolivia's access to the Pacific. According to the plan, the U.S. was to supply large amounts of arms to all three nations. Also in 1974 Morgan Guaranty, Coca Cola, and the Lockheed Corporation took the precaution of funding a tour of Latin America for Governor Jimmy Carter.

In July 1975, Peru nationalized the iron properties of the Marcona Mining Co., owned 100 per cent by the Marcona Corp. of which Utah International owned 46 per cent and Cyprus Mines Corp. owned 46 per cent (each owned 50 per cent of the voting stock). (The Cyprus Board of Directors includes J. Leland Atwood, Sr. Consultant and former Chairman of the Board and Chief Executive Officer of Rockwell International; Frank L. King, former Chairman of the United California Bank and Director of the British Rio Tinto Zinc Ltd's wholly owned U.S. Borax Co.; Cyprus Chairman Henry T. Mudd, Director of United California Bank, Rockwell, Union Oil Co., and Trustee of the Council of the Americas; and Charles B. Thornton, Chairman of the

Board of Litton Industries, and Director of United California Bank, Union Oil and TWA).

Shortly thereafter the CIA put the initial stages of the "War of the Pacific" into action principally through the good services of Chilean dictator Pinochet and agent networks in Bolivia and Peru.

By June 30, 1976 after being offered a new loan agreement by the Morgan-led bank consortia, the Peruvian government submitted to the threats of economic strangulation and regional war, and accepted a 31 per cent devaluation, import controls, reduction in public expenditures, and a removal of consumer subsidies which resulted in the immediate increase by 25 per cent in the cost of food.

On July 16 came the "cold coup" in which three pro-development ministers were forced out.

Since June 30, at least 17 mini-devaluations have been applied and in July inflation was projected to increase by 50 per cent by the end of the year.

On Dec. 3, the new loan agreement was finalized after Mr. J. Paul Austin and his associates were convinced that the Peruvian right-wing and Interior Minister Cisneros could enforce the requisite austerity and would cooperate in dismantling the state sector. A few days later ten political prisoners were murdered by the Interior Ministry police following the November torture-murder of a Peruvian law student. Since this summer hundreds of unionists, journalists and leftists have been arrested and others expelled.

Utah has additional mining interests in South America, principally in Brazil where it has a 49 per cent interest in Samarco Mineracao SA, a Brazilian company with considerable iron ore. The remaining 51 per cent is held by SA Mineracao da Trinitade (Samitri), a major Brazilian iron ore producer. The Samarco mine at Germaho in Minas Gerais, is designed for initial annual shipments on 7 million tons of slurry form (approximately 7 per cent of Brazil's 1975 iron production) through a 20 inch diameter 250 mile pipeline to Point Ubu on the Atlantic. At Point Ubu a plant is under construction to convert 5 million tons per year into iron ore pellets. The Samarco project is expected to cost \$400 million. It is not yet known whether Morgan

Guaranty will participate in raising a loan for the project.

In Australia Utah owns 89.2 per cent of the Utah Development Co. Utah Development is the biggest coal producer in Australia and in the year ending October 1975 its total coal shipments (coking coal, sold mainly to Japan) were 13 million tons. The Japanese participate up to 15 per cent in several of Utah Development's coal operations. Utah Development also has a one third interest, with equal shares to Cyprus and the local Consolidated Goldfields of Australia, in the high grade Mt. Goldsworthy Mining Co. Ltd., which produced 8 million tons of iron in 1975, or nearly 10 per cent of all Australian iron.

In Canada Utah has extensive molybdenum mines. In 1974 Utah expanded into oil and gas both in Canada and the U.S. through acquisition of Ladd Petroleum Corp., Clarcan Petroleum Corp., and LVO Corp. Utah produced 2.1 million barrels of crude oil and 28.5 trillion cubic feet of gas in 1975. Utah owned the Island Copper mine in Vancouver which mined and milled 4.2 million tons of ore and shipped 116 million lbs., approximately one sixth of Canadian copper production, leaving significant gold by-product.

Within the U.S., Cyprus directly mines approximately 7.5 million tons of coal in New Mexico and Colorado. Its wholly owned Lucky McUranium produced approximately one fourth of the U.S. uranium production, 3.5 million tons. Through Cyprus Pima Mining Co. (25 per cent owned by Utah, 25 per cent by Union Oil, and 50 per cent by Cyprus Mines), Utah produced about 165 million lbs. of copper in 1975. Utah's iron production, mostly in Utah amounted to 6.3 million tons in 1975. Additional mining projects exist in New Zealand and Saudi Arabia, as well as scattered additional projects.

Yesterday it was announced that a long-time law prohibiting Coca-Cola from being sold in Portugal has been lifted by the CIA's Soares government over the objections of the Portuguese Communist Party. It is not yet clear whether Utah International and its friends will be invited to develop Portuguese resources.