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IN THIS WEEK'S ISSUE —

As **Jimmy Carter** announced the situation in **Zaire** had “stabilized” last week... the U.S. National Security Council was moving to **split Africa** and the **Arab nations**... and hurtling America toward a **showdown with the USSR**. Our **International Report** carries a news analysis of the operation... reprints the repeated warnings issued by the **Soviet leadership**... reports on French President **Giscard's** attempt to set up an **African NATO** for **Rockefeller**... and describes the **NSC mercenary forces** aimed at **Angola**.

* * *

Two special reports from U.S. Labor Party National Chairman **Lyndon LaRouche** assess the global strategic situation. LaRouche warns that a **thermonuclear confrontation** is now in place, scheduled to occur **by mid-May**... explains how it can be stopped. “On sea as on land, **Schlesinger is all wet**,” says LaRouche... who also analyzes why Carter Administration plans for a “**naval crisis**” with the Soviets are as mad as his land-based “limited nuclear war” scenarios in Western Europe. See **International Report**.

* * *

“It’s **un-American**,”... “It’s **treasonous**...” The reception **Carter's energy program** got in the U.S. Congress and the country at large shows why the **Rockefellers** are desperate for a crisis... The **National Report** features a run-down on **congressional responses**... the explosion of support for Labor Party **fusion energy bills** in the **state legislatures**... highlights attacks from **industry, labor** and the U.S. **press**... reports what major European

newspapers are saying. Plus the text of a statement issued by **Lyndon LaRouche** identifying the **energy package** as identical to the policies pursued by **Adolf Hitler**.

* * *

The Carter program itself... excerpts from the **President's April 21 message to Congress**... is reprinted in the **Energy** report... along with a preliminary estimate of its **real costs to the U.S. economy**. Also included is a statement by a top nuclear scientist heralding **thermonuclear fusion power**... not even mentioned in Carter's package... as the “**next major baseload energy source**.”

* * *

Europe is making “**contingency plans**” for the **collapse of the dollar** monetary system... but avoiding a frontal assault on **David Rockefeller's** bankrupt New York banks. Our **Economics** section reports on the latest maneuvers around Rockefeller's demands for an **IMF-bailout fund**... **Japan's foreign exchange “judo”** against the dollar... the progress of **Italian-Soviet** negotiations for expanded use of the **transfer rouble**.

* * *

The Soviets have said... in terms even the Carter Administration can no longer credibly conceal... that they will have nothing to do with **Zbigniew Brzezinski's SALT arms package**. For the text of the **Pravda editorial** laying out Soviet disarmament policy... plus a special analysis of the Soviet leadership's Achilles heel. See **Soviet Sector**.

INTER-NATIONAL
NATIONAL
ECONOMICS
ENERGY
SOVIET SECTOR
COUNTER-INTELLIGENCE
EUROPE
MIDDLE EAST
ASIA
LATIN AMERICA
LAW

“Unless Europe bows to the environmentalists, **there will be nuclear terrorism.**” With these words a leading participant in the upcoming “**Conference for a Non-Nuclear Future**” in **Salzburg, Austria** announced that a “nuclear Pearl Harbor” was still a very live option for the Rockefeller forces. Our **Counterintelligence** section provides a complete rundown on **the participants** in the Salzburg conference... shows you who’s behind the so-called “environmentalist movement.”

* * *

The **Communist Party** will enter the **Italian government** sometime in the immediate weeks ahead... But which CP... and whose government? See **Europe** for an account of the battle between the pro-development forces supporting Prime Minister **Andreotti** and the factions behind Rockefeller agent **Aldo Moro**.

* * *

A new flashpoint in the **Middle East**... Sadat is threatening **war with Libya**. The Egyptian government’s days may well be numbered... see our **exclusive interviews** with diplomatic and private intelligence sources... excerpts from the **Soviet press**.

* * *

Our correspondent was on the spot for the recent **Conference of the Non-Aligned Nations** in New Delhi. For his **eyewitness report**, analysis of the political state of the Third World... and excerpts from the conference communiqué. See **Asia**.

Japan is bucking Rockefeller’s economic policies... despite the best intentions of Prime Minister Fukuda. See our **Asian Economic Survey** for an in-depth profile of Japan’s economy. Also featured is a **complete** region-wide survey of **Asian agriculture**.

* * *

Venezuela’s President **Carlos Andres Perez**, is on tour in the OPEC nations on behalf of a **new world economic order**. CAP has asked **the U.S. population** to rally to his **support**. For the text of his statements, see **Latin America**.

* * *

Is **Brazil’s** military leading a “right-wing” national “**breakaway**” from U.S. influence under the spur of Carter’s “human rights” and “non-proliferation” crusades? Then why were the draconian measures announced by President **Geisel** planned months ago at **One Chase Manhattan Plaza**? See **Latin America** for the story.

* * *

To deal with domestic discontent, Carter lieutenant **Ted Kennedy** has designed a new version of the notorious Senate Bill 1 “reform” of the criminal code... for a “**clean**” **police state**. See **Law**. Plus a special report on the state of national opposition to Carter’s “**universal vote fraud**” bill.

NSC's Zaire Crisis Threatens Split of Africa, Arab Sector

The unfolding crisis in Zaire, launched last month by the Carter Administration's National Security Council through French President Valéry Giscard d'Estaing, is already well on the way toward establishing Africa as a permanent "free-fire zone" in which conservative and pro-Soviet African regimes will be pitted against each other in unending destabilizations.

"After Asia, it's Africa's turn to become the bloody continent, the continent of destabilization," declared Senegal's pro-Atlanticist President Leopold Senghor.

The conscious intent of the Carter-Giscard provocation in Africa is to shatter the ability of the Organization of African Unity and the Arab League to act politically in the interests of Africa as a whole, instead polarizing the entire African and Arab sector around the issue of anti-communism. By raising the bogeyman of a "Soviet-Cuban threat" to Africa, Carter hopes to open a wedge into the continent through which the NSC can insinuate itself along traditional 1950s Cold War lines.

An African diplomat summed up the situation this way: "What I am afraid of is that this latest crisis in Africa will destroy the OAU, and will plunge Africa into an extremely serious and permanent crisis. What I see is an attempt by the United States to return to the Dulles policy of Cold War blocs and alliances, and this will be extremely dangerous for Africa. It is no accident that this crisis erupted just as the entire continent was beginning to unite around the question of the liberation of Rhodesia."

This Carter policy, confirmed also by other sources, presents the entire globe with a fundamental threat to peace, since it represents a direct challenge to the security of the Soviet state that cannot be left unanswered. Along with deteriorating crises in the Middle East, Latin America, and the Indian subcontinent, the cumulative impact of the crisis in Africa brings the world dramatically closer to the brink of general war.

The African Cold War policy was explicitly put forward this week in Dakar, Senegal, by Giscard d'Estaing and a gaggle of puppet presidents of African republics like Senegal's Senghor and Houphuet Boigny's Ivory Coast. At the summit of French-speaking African states, Giscard proposed the formation of a "strike force" of elite troop units from these countries under French command for use in putting down rebellions and coups across Africa. *L'Humanite*, the newspaper of the French Communist Party, called the French proposal an "African NATO."

Senghor reportedly motivated the formation of the force by calling on Western Europe to "secure its supplies of raw materials," supposedly threatened by the

Soviet-Cuban "conspiracy." And Houphuet Boigny said flatly that the force was needed because the "security of Africa is one with the security of Europe."

Such hysterical rhetoric is not unanimous in either Europe or Africa. Even at the Dakar meeting there were signs of dissent among some of the states present, and the Giscard-Senghor proposal did not receive formal approval. In Western Europe, where sharp Soviet warnings of the danger of continued NATO escalation in Africa are having an effect, there is also no unanimous position. The Belgians, the Dutch, and the Italians are bitterly attacking Giscard for his unilateral intervention "in the name of Europe," and it should be recalled that two weeks ago West German Chancellor Helmut Schmidt stated unequivocally that NATO had absolutely no role to play in Africa.

Soviet Warnings

In a series of statements, including a major speech by Soviet Communist Party Chairman Leonid Brezhnev, the Soviet Union this week put Wall Street on notice that it will not tolerate a military adventure by the Carter Administration and its French and Moroccan lackeys in Africa.

The Soviet blast at the NATO plot in Africa is not merely an affirmation of Moscow's lawful understanding that defense of the Third World is crucial to the defense of the Warsaw Pact. There are indications that the USSR is beginning to address the real issue in Africa — continent-wide development vs. Rockefeller's debt. A commentary in the East German Communist daily *Neues Deutschland* targets "international bankers" concerned about Zaire's more than \$3 billion debt as a primary factor behind the Atlanticists' frantic "defense" of Zaire.

The Soviets are answering the continued escalation of the Zaire crisis by the surrogate forces of the U.S. National Security Council: the French and Moroccan troops, Israeli advisers, and the swarm of mercenaries from South Africa, Britain, France, Belgium, and the U.S., assembled by Rockefeller's decades-old African intelligence networks.

"If in the center of Africa a new dangerous source of tension is emerging, then the whole responsibility for that lies on those who are violating the fundamental principles of international relations," Brezhnev declared April 18. He warned that those violators must "give serious thought to the consequences that may follow."

Commentary in the Soviet press demonstrates that the USSR stands ready to oppose the growing threat of an

armed attack on its African allies, especially Angola, Mozambique, and Libya. A *Pravda* statement of April 18 warned that "imperialists, trying to pit African against African," are planning an assault on Angola, and coverage in the Soviet armed forces newspaper *Red Star* declared that the "purely local conflict" in Zaire is being exacerbated "to reinforce NATO's political and military positions in Africa."

The USSR, Iraq, Libya, and Angola have begun campaigning to clarify that the crisis in Zaire is the result of a NATO effort backed by Israel and South Africa, the arch-enemies of the Arab-African sector. This cooperative push against the USA's surrogate war-makers is showing up the connection between the National Security Council's "breakaway ally" war scenarios in the Middle East and southern Africa. *Pravda*, quoting an Iraqi newspaper, stated, "Those Arab capitals fighting against the peoples of Zaire play the same role as the racist regimes of South Africa and Rhodesia in relation to the liberation movements." Another Soviet statement blasted Egypt's President Sadat for "subversive activities against liberation movements in Africa."

Such propaganda is isolating the few Arab and African states which have dared to lend support to the French-NATO Zaire operation. The influential Nigerians, who initially adopted a position of foolish "neutrality," are beginning to swing against France. The Nigerian *Daily Herald* yesterday blasted France for its involvement in Zaire, following a visit to Czechoslovakia and East Germany by Nigeria's foreign minister. A Nigerian swing away from neutrality would almost certainly bring a majority of Africa into line against the NATO buildup in Zaire.

A significant sign of real opposition to the Carter offensive in Africa came from Iraq. According to the Soviet government daily *Izvestia*, the Iraqis plan to call for an Arab League meeting immediately in Cairo to denounce the complicity of Morocco and Egypt in the Zaire operation. The possibility of such a meeting has further

terrified the Egyptian regime, which is already scrambling to protect itself in the wake of universal domestic revulsion against Sadat's cooperation with the U.S. and France in Africa. (See *Middle East Report*.)

African Vietnam

This week Morocco's primordial King Hassan II — an outright stooge of Atlanticism — gave his royal blessing to the French-U.S. scheme against Angola, citing a Cuban-led Angolan invasion of Zaire. This frontal attack on Cuba and Angola, both nations under the Warsaw Pact defense umbrella, is doubtless considered by the Soviets to be an intolerable provocation to the strategic position of the USSR in Africa.

Thus the Soviets are carefully tracking the National Security Council operation to transform Zaire into a base from which Rockefeller can build a military stockpile and manpower pool to open a second front against the African states and guerrilla movements now in a showdown against the South African and Rhodesian minority regimes. According to African diplomatic sources, the Carter Administration intends to establish a deployed capability to wage an escalating, "Vietnam"-style offensive in the region.

The attack on Angola has already begun. According to the *Christian Science Monitor*, brainwashed cannibals of the tribal UNITA group — left over from South Africa's 1975 war against independent Angola — have renewed attacks on Angolan positions from bases in South African-occupied Namibia. The Angolan government has counterdeployed search-and-destroy missions against the UNITA-South African forces.

In addition, there are growing reports that a "vengeful President Mobutu of Zaire" may order reprisal raids on Angola by the French-Moroccan brigades in southern Zaire. The *New York Times'* military correspondent Drew Middleton solemnly warned two days ago, "The Moroccans may get restless. They may wish to prove themselves by some striking offensive operation."

East Bloc Press Tears 'NATO's Zaire Adventure'

'NATO's Adventure in Zaire'

Red Star, April 17, "NATO's Adventure in Zaire," by Major Y. Gavrilov:

The conflict in Zaire was caused by strictly internal reasons, reflecting deep internal contradictions. The foreign press has particularly stressed the dissatisfaction of the population of Shaba and other regions with the worsening economic situation, the dominance of foreign monopolies, and the growth of corruption.

However, despite the obvious facts, certain circles in NATO countries and in Zaire itself are trying to give the conflict an international character....

This is all being done in order to hide the attempts of the imperialist circles in NATO countries to use the purely internal conflict in Zaire for their own goals, to

justify military intervention by the West into the affairs of this African country. And this is increasing every day. The world noted well the haste with which the U.S. and other NATO countries responded to the request of the leadership of Zaire for military aid....

It is notable that the imperialist circles are leading things toward a dangerous internationalization of the internal Zairean conflict, drawing into it other African states. France has provided transfer for Moroccan troops to the region of military activity. The foreign press is reporting negotiations on drawing Egypt and the Sudan into the Zairean events on the side of the Kinshasa regime....

Along with this, the U.S. and Western Europe are actively leading a campaign to recruit mercenaries to fight against the insurgents. The American press notes that

the CIA has most often come forward in the role of recruiter....

Certain NATO circles are trying to use the purely internal conflict in Zaire to strengthen their military-political position in Africa. Some people in the West, for example, would have no objection to seeing Zaire as a springboard for subversive activities against Angola and other member countries of the Organization of African Unity, to create a new international problem, yet another hot spot of dangerous tension in the world. By pulling other African states into the conflict, these circles hope to split the unity of the peoples of the continent in the struggle against racism and imperialism. In particular, noted the Algerian *El Moudjahid*, they would like to distract the attention of world and African public opinion away from the South African situation, to give breathing room to the racist regime to strengthen its position.

The adventurist actions of the NATO countries in Zaire are threatening the peace and security of the African peoples. Such actions once again confirm that the imperialists have not given up their bankrupt policy of using local conflicts in "Third World" countries to interfere in their internal affairs. The experience of the past, however, has demonstrated the shortsightedness and danger of such a course, which contradicts detente.

As concerns the position of the USSR, a recently published Tass release stated that the leading circles of the Soviet Union consider the interference of any foreign forces in Zaire to be intolerable. "Each nation itself," stressed the statement, "and only that nation, can decide its own internal affairs."

East German Party Daily: 'Zaire Owes U.S. Banks Billions'

Neues Deutschland, April 19: "For the banks, a good \$400 million is at stake," said a recent *Financial Times* commentary on the situation in Zaire. "These \$400 million are part of some \$800 million due them from Zaire which are not guaranteed by the Exim Bank or export credit institutions of other countries."...

Despite enormous natural wealth, the foreign debt of Zaire, according to a report in the (West Germany) *Sueddeutsche Zeitung*, comes close to \$3 billion. Its creditors include, according to Western publications, a consortium of 40 banks led by ten big finance empires....

According to the *Wall Street Journal*, the U.S. is both the biggest capital investor in Zaire and the biggest purchaser of Zairean raw materials. In this connection, the *New York Times* reports that the investment of U.S. firms in copper alone amount to half a billion dollars.

'West's Monopoly Interests Are Behind Zaire Invasion'

Red Star, April 19: According to reports reaching here, Moroccan and Zairean troops have succeeded, under massive air cover, in advancing 40 kilometers to the

Brezhnev: 'Stop And Think About The Consequences'

The following is taken from General Secretary of the Soviet Communist Party L.I. Brezhnev's speech welcoming Syrian President Hafez Assad to Moscow, published in Pravda April 19:

We have already spoken of this, and I would like to stress once again: if a new and dangerous source of tension arises in the center of Africa, then all responsibility for this lies with those who violate one of the fundamental principles of interstate relations — the principle of noninterference in internal affairs. We are resolutely against such actions wherever they occur. Those who enter into the affairs of others and conduct a line of growing conflict in Zaire and around it ought to stop and think seriously what consequences this could bring...

The struggle for further improvement of the international climate, for the consolidation of international security and the progress of detente is not, of course, limited to the elimination of existing armed conflicts and hotspots of tension. It is no less important not to create such hotspots.

Today this must be said especially of attempts by imperialist forces and their henchmen to interfere into the internal military conflict in Zaire.

northwest of the mining center of Shaba-Katanga province.

The Paris papers *Matin de Paris* and *Humanité* report that French military servicemen are participating in the suppression of the popular uprising. According to *Matin De Paris*, Colonel LeBlanc of the French Army is commanding their actions. The same newspaper writes that French pilots are taking part in reconnaissance and bombing flights in Mirage fighter-bombers.

Speaking on the radio, General Secretary of the French Communist Party Georges Marchais decisively condemned France's interference in the internal affairs of Zaire, which, he noted is in gross violation of the French Constitution.

Red Star, April 19: The West is acting with haste and nervousness, and using military intervention, in its efforts to put down the uprising in Zaire. There are very particular reasons for this, writes the Yugoslav weekly *Nin*.

Private American capital investments in the Zairean mining industry alone exceed \$1 billion. These means are invested in mines which produce seven percent of world copper production and 67 percent of world cobalt. Substantial reserves of manganese, zinc and uranium are located in Shaba province and diamonds in neighboring Kasai.

It is well known that precisely this is one of the main reasons for the Western interference in the internal af-

fairs of Zaire. In this distant African country, the West is upholding the vital interests of its monopolies by force of arms.

'Shadows Over the Red Sea'

Izvestia, April 16: The progressive Arab and African press have recently been reporting with great alarm the stepped-up activity of imperialist forces and their agents in the Red Sea region....The basic method to which these forces resort in order to establish their rule over the region (stresses the Aden paper *As-Sauri*) is "enflaming hostilities between the peoples of the Red Sea."...

It is widely known that the imperialist circles of the USA have in recent years preferred to act in many regions of the world — Africa, Asia, and the Middle East — through the hands of others, while themselves remaining behind the scenes....

Primarily in certain circles in the Arab countries the term "Arab lake" has become current in relation to the Red Sea, patently smelling of nationalism, and all the more so since not all the coastal countries are Arab....The stress on the Red Sea as an "Arab lake" is necessary to some, in order to play on nationalism and to set the Arab countries against Ethiopia, which has a 625-

mile coastline and for whom this strip is the sole outlet to the sea.

The nationalistic campaign around the "security" of the Red Sea is combined in the reactionary press with a no less violent campaign against Ethiopia, which is undergoing a difficult period in setting up a new independent, progressive power....

Saudi Arabia is playing an active role in all of these Red Sea affairs. The French bourgeois paper *Aurore* wrote that Saudi Arabia is striving to forge a bloc of Arab countries of the Red Sea region, and "proposes to give these countries significant financial aid."...

The Egyptian paper *Al-Ahram*, which has recently been defending American interests more than Egyptian ones, has put forward a whole program for the creation of a military bloc in the Red Sea, through the organization of a unified command of the naval powers of all the coastal states "on the model of the allied command existing within the framework of NATO." What could be clearer!...

The uproar raised around the threat to the security of the Red Sea region, which allegedly has been aroused by rivalry of the two superpowers, has not only anti-Soviet motives, but also the job of splitting the anti-imperialist unity of the Arab states, detracting their attention from the basic task: the elimination of the consequences of Israeli aggression....

Yugoslavs On Africa Border Wars: A Strategy Against The Non-Aligned

The Yugoslavian daily Vjesnik published this analysis of the African situation on April 15, under the headline, "They Make War For Others":

An Ethiopian-Somalia armed conflict was not unexpected. Reasons for disagreements, crises, and even sporadic flare-ups between the two nations have existed for many years — although never as intense as the one now occurring in the Ogaden province. Through the will of previous colonialist forces the province became Ethiopian, but Somalia thinks that it belongs to Somalia, and is constantly demanding its return from Ethiopia.

Thanks to the recognition by Ethiopia, Somalia, and the Organization of African Unity that changing the presently existing borders would start a chain reaction on the whole continent, there were never any intense

conflicts there. However, what is happening presently on certain African borders (Somalia-Ethiopia, Angola-Zaire, Morocco-Algeria, and Algeria-Mauritania) — and there are threats that soon this will occur in other regions as well (Uganda-Kenya, Senegal-Gambia, Somalia-Djibuti, Benin and its neighbors) — indicates that there are those who are forgetting the catastrophic scale of the consequences which would ensue as a result of border wars in Africa.

Certainly this did not occur primarily through the will of African politicians. Old disagreements — tribal, ethnic, religious, territorial — were all calculated and fabricated, frequently to the benefit of outside forces, in order to destabilize independent, sovereign Africa, which has been united for almost 10 years. In that special war against Africa's sovereignty, there are attempts to divide Africa up both ideologically and politically. This inevitably polarizes Africa, a situation which does not correspond to its vital interests but only to those outside interests who are causing the polarization. Their goal is clear: Africa must be divided up and then divided again on the ruins. If these attempts succeed...the Non-Aligned movement would be broken up, or would be skewed from its present policy....

Europe Waffles On Giscard's Zaire Adventure

French President Giscard d'Estaing and the French-speaking African heads of state led by Ivory Coast President Houphouet-Boigny and Senegalese leader Senghor reportedly agreed April 20 to "institutionalize" the French-Moroccan intervention force recently dispatched by Giscard to help battered Zairian President Mobutu put down the rebellion in the copper-rich province of Shaba, according to a British radio report. This decision follows by two days the European Economic Community's (EEC) failure to condemn Giscard's airlift of troops to the routed Zairian army.

Giscard justified the action in the name of protecting the "community of French-speaking African nations" from "foreign aggressions" allegedly led by Soviet- and Cuban-trained national liberation forces.

A Tacit Approval

This French neo-colonialist escalation in West Africa could not have come about without the (at least) tacit approval of France's partners in the EEC, whose nine Foreign Ministers met in London April 18. Although several EEC countries — predominantly Italy, but also West Germany and Britain — are known to have had serious misgivings about Giscard's interference in the Zairian conflict two weeks ago, they failed to raise more than formal objections at the meeting, focusing instead on the issue of France's pretense to have acted "in the name of the EEC."

This followed French Foreign Minister Guiringaud to alter the content of Giscard's initial formulation to mean "in the spirit of Europe," a juridically innocuous enough interpretation to be immediately endorsed by West German representative Hans-Dietrich Genscher. After Guiringaud explained that France had taken care of "informing" Belgium, Great Britain and West Germany of its impending intervention because of these countries' "historical ties" to Zaire, the other European ministers could only grumble some remarks about "absence of consultation" and then agreed on a communiqué denouncing "foreign interventions in Africa!"

Italian, West German and British press organs had repeatedly expressed reservations about Giscard's internationalization of the Zaire conflict, and the London *Financial Times* wrote this week that British government circles are privately quite hostile. The actual content of the British position was expressed by an aging Fabian in France, Claude Bourdet, who in a lengthy op-ed column in the Paris daily *Le Monde* April 19, characterized Giscard's French-Moroccan troops as "the Cubans of the Americans."

This apparent contradiction between European mouths and feet is resolved once we look at the respective interventions of British Premier Callaghan and West German Chancellor Schmidt at the "Socialist International" conference held April 16-17 in Amsterdam, Netherlands. Speaking on the first day of the conference, Schmidt indirectly criticized Soviet involvement in Africa by calling for an immediate "geographical ex-

tension" of the regions of the world where East-West cooperation can guarantee peace. The next day, Callaghan granted that the USSR has "legitimate rights in Africa," but added that it must assume "super-power responsibility" and thus "know when to stay out." At a later press conference, Callaghan said African problems should be solved internally or Africa would once again become a cause of superpower rivalry. "In the present state of our nuclear armory, that is not a development I would want to see," he concluded.

French Press: Is Giscard One Of 'The Americans' Cubans'?

The French daily Le Monde published this response to Giscard d'Estaing's Zaire policy on April 19, headlined "The Americans' Cubans":

The pertinent question of Gaullist spokesman General Buis asked on television: "Will America also have its Cubans?" can be applied to others besides the king of Morocco. Despite the amusing remarks of Valéry Giscard d'Estaing on the "spirit of independence" which marks the French engagement in Zaire, it must be emphasized that the new foreign policy of the United States, conceived by the Trilateral Commission and applied by its 16 representatives in the Carter Cabinet and other high administrative posts, implies the intervention by sub-imperialisms in a more methodical manner than during Kissinger's time. What David Rockefeller, Brzezinski, and the Trilateral Commission reproached Kissinger for is not this strategy, which is theirs as well, but the visible, provocative aspect of the former Secretary of State's methods.

What is essential today is that the hand of the U.S. is never seen. Who will believe that Hassan, who never makes a step without consulting Washington and whose country is the United States' number one African base, sent his troops to Zaire without consulting Carter? Who will believe that the French airlift cooperation, indispensable for this operation, was called for?

However, there is a big difference between the Cubans and Giscard d'Estaing. The former supported the more modern and progressive elements in Angola than did their competitors aided by Zaire, South Africa, and the U.S.; the Moroccans and French support in Zaire one of the most reactionary and unpopular chiefs of state in the continent....

But this attitude (support for Mobutu in return for access to raw materials - ed.) is habitual and not occasional, and those knowledgeable about Africa must have had a good laugh when they heard the French President defend himself from any charges of neo-colonialism! At Cotonou, the failure of the Jan. 16

aggression against the Popular Republic of Benin has permitted access to the list of European mercenaries of the commando squad: they are almost all French, were trained in Morocco, and there were also indications of the French banks where their pay was deposited in their accounts. Without doubt, it is not Paris which organized the aggression; it is the African states, "friends of France," precisely those whom Giscard wants to "protect."

Was it done without the green light from someone in Paris? One can try to believe that if one wants. In Brazzaville a few weeks ago, President Ngouabi was

assassinated by an ex-captain, a former super-cop who was linked to the French intelligence services, and was the collaborator of Massemba-Debat, minister of Fulbert-Youlou, one of the principle African straw men of the French Fifth Republic....

The ideology that Africa is rejecting is neo-colonialism. And it is doubtful that the Soviets will ever get a foothold in Africa. If they do it, it will be because the Africans have had to defend themselves against the racism of South Africa and against the intrigues of the Americans, and their French, Moroccan, and other agents.

The National Security Council's War By Proxy

A modern-day Wallenstein's Army has descended on the southern Zaire province of Shaba as the military component of the U.S. National Security Council's war by proxy against Angola and the Soviet Union. The military arm of the forces fighting the Shaba insurgents is currently made up of 1,500 highly trained Moroccan troops, 200 French officers, U.S. advisors, Israeli advisors, a rag-tag Zairean army, and an undetermined number of private mercenaries who were conducted through private intelligence networks associated with Interpol.

Just as in Vietnam, the orchestrated counterinsurgency of these combined forces is geared to provide the pretext for a long-term commitment of military strength to the central African region, and an open confrontation with Angola in the near future.

From the "purely military" standpoint of opposing the Katangan insurgents, the larger part of the mercenary army is superfluous. The Moroccan forces on the scene are sufficient to at least hold a stalemate with the Shaba insurgents, who are largely grouped near and supplied through the Benguela railroad.

The counterinsurgent specialists, the mercenaries, and the advisors are the "militarily superfluous" sections of the forces fighting for Zaire. They are there to provide for the National Security Council's political aims — the use of "limited, surrogate warfare" to internationalize the conflict through continual escalation of various components of the scenario. While protecting the outlaw Mobutu government from an already overripe coup, these privately controlled outfits provide the special operations capability at the front lines for border raids into Angola and similar provocations. The model for these incidents is Operation "Cobra 77" (also known as Operation "Christmas in Luanda"), a U.S. special forces-designed hit and run campaign to retake the Angolan capital this coming fall.

Reports emanating from the area (which is barred to the press) indicate a Goebbels-type media escalation designed to provide the pretext for a move into Angola itself. Every so-called "reliable" report which has come from the fighting has been qualified or reversed within hours of its appearance, and at the time of this writing

absolutely no accurate assessment of the balance and composition of forces there is available.

The Mercenary Option

Well known military sources, including Drew Middleton of the *New York Times*, agree that the deployment of private mercenaries to fight in Zaire is in itself the most provocative thing that puppet Mobutu could do vis-à-vis the Angolans. The fact that there are limited numbers of mercenaries in Zaire, however, does not restrict the scope of the provocation solely to the "justification" which it provides the Angolans for a counterattack against invading mercenaries. The mercenaries themselves represent the easiest way in which formal command channels can be bypassed by the National Security Council and its political controllers, for the initiation of special incidents which would create a crisis-level atmosphere which the entire NATO chain of command would then be forced to enter.

The current deployment of private mercenaries comes from three related sources. David Bufkin is recruiting special forces veterans from his base in San Diego, California. David Sterling, a former operative of Britain's Special Air Services, is reportedly recruiting from London. And Colonel Franceschi of the French OAS is recruiting scattered elements of that fascist organization. In addition, South Africa and Portugal have also reportedly been sources for mercenary forces.

It is highly significant that the CIA has denied involvement in recruiting activities. The CIA's non-involvement has been substantially confirmed by well placed sources, several of which were themselves formerly involved in similar types of mercenary operations have elaborated on the difficulty that mercenary recruiters are having in the wake of the Angola trials last year. More generally, they point to the reluctance of major portions of government intelligence networks, especially in Britain and the U.S., to support the aspirations of the Carter regime.

The relevant case in point is David Sterling, the former SAS operative, who was cut loose from British government sponsorship and has since become the premier "networks" and assassination agent for Rockefeller

interests in Africa. Reliable sources confirmed that it was Sterling who oversaw the assassination of Congo President Nguabi and who planned the coup attempt in Benin. He is now in Zaire shaping mercenary units for special assignments.

In this context it is also noteworthy that the recruitment effort in the U.S. has been a dismal failure. There has been very little participation by some of the people

who are normally involved in such operations, leaving the dirty deeds to be largely carried on by Bufkin and Robin Moore, the author of *The Green Berets* who is now a colonel in the Rhodesian Army. A recent meeting in New York sponsored by Moore for the purpose of bringing together another effort similar to last year's mercenary adventure in Angola was a flop. Estimates indicate that no more than 300 to 400 mercenaries have been recruited from the U.S. and Britain.

Britain's Owen 'Behind The Times' With Rerun Of Kissinger's Africa Policy

Zambian Foreign Minister Siteke Mwale told reporters in Luanda on April 21 that he considered British Foreign Secretary David Owen's much-trumpeted tour through southern Africa to be simply a delaying tactic. Owen was behind the times, he added.

Mwale was responding to Owen's proposed "new approach," essentially a refurbished version of the same old strategy employed by former U.S. Secretary of State Kissinger last year. It has the further disadvantage of suggesting to the black front-line alliance states — Angola, Botswana, Mozambique, Tanzania, and Zambia — and to their allies in the Rhodesian Patriotic Front that they simply forget the progress they have made in the last six months: the formation of the Patriotic Front and the firm aid commitments from Cuba and the Soviet Union.

Furthermore, Owen catered to South Africa and Rhodesia with his suggestion that the United States be deeply involved in his "new approach." "I was en-

couraged to attempt a new approach by the support of the United States government," he told Parliament April 19, "with which there has been the closest possible cooperation."

This collaboration has pleased Parliament, the United States, Rhodesia, and South Africa. But Robert Mugabe and Joshua Nkomo of the Patriotic Front summarily rejected Owen's plan. "There is no need for us to sit in a conference involving the intrusion of the big powers," said a Patriotic Front statement. The Front went on to elaborate its position that Britain alone, in its capacity as colonial power, convene an independence conference between Britain and Rhodesia's black nationalists; neither Ian Smith, the outlaw Prime Minister of Rhodesia, nor other pseudo-nationalists groups should be allowed to attend. Furthermore, said the Patriotic Front leaders, Britain should be prepared to enforce a settlement on the illegal Smith regime.

Owen has already made it clear that the British are not prepared to commit themselves to any responsibility in Rhodesia, and additionally was explicit in his support for U.S. United Nations envoy Andrew Young's line that Smith is key to the negotiations. Said Owen, "If Mr. Smith's administration does not accept the constitution and the arrangements leading up to it, no immediate progress will be possible, sanctions (against trade with Rhodesia) would continue and so would the war...."

New Thermonuclear Confrontation In Place

With this week's actions by French President Giscard, putting a NATO-linked "Cobra 77" invasion of Angola into place in Zaire, U.S. National Security chief Zbigniew Brzezinski completed preparations for a simultaneous "thermonuclear showdown" with Western Europe and the Soviet Union over a coordinated launching of regional wars in both the Middle East and southern Africa.

Unless the already-operational scenario is aborted, a threatened or actual thermonuclear showdown with the Soviet Union will most probably occur by no later than the first two weeks of May.

On the military side of the operation, the initial phases of the projected showdown will be coordinated through Brzezinski's office, by-passing the chain-of-command of the U.S. joint chiefs of staff. The U.S. forces involved will be mainly Atlantic and Mediterranean naval forces, plus "special forces" units attached to several U.S. services, already detached to the NSC command for this operation. The immediate, first-level confrontation will be directed against Cuban and Soviet naval forces — aiming for a "controlled escalation" scenario, if an actual showdown begins.

Either the NATO-backed "Cobra 77" operation, the Peres-launched Middle East war, or a combination are the presently-known capabilities of the overall operation now ready for deployment.

The overall operation is designed to by-pass as much of the regular NATO chain-of-command as possible during the initial phases, thus aiming to create a crisis-level at which the NATO-governments and the regular U.S. military chain-of-command can be drawn into full participation once the actual confrontation forces such broader elements into commitment.

The most probable of these variants is the "breakaway-ally" gambit. If this option is used, either or both South Africa-Zaire and Israel will initiate the operation under conditions of "cosmetic disapproval" by the White House. The U.S. naval and special forces now detached to Brzezinski's command will intervene at their option, meanwhile using the threat of such interventions as a threat-tactic against the Soviets, Cubans, and others.

The South African "breakaway-ally" scenario option has been officially in place since the Carter Administration intervened to nullify the agreements between Prime Minister Vorster and Britain's Ivor Richards. The Israeli "breakaway-ally" capability, developed during the course of the Lebanon crisis, was activated by the Brzezinski-coordinated blackmailing of Prime Minister Rabin into resigning, placing NSC favorites Peres and Dayan in a position to exert a free hand. The initiatives of Giscard, plus token cosmetic commitments from

Morocco, Sudan, and Egypt, created the final essential piece of the combination: a Zairean-front trigger at nominal arm's length from the White House, to put the South African forces into motion.

Central Africa

At first glance at the financial statistics, the Rockefeller's motives in Zaire and Rhodesia are so overwhelmingly obvious as to be most distracting. During the 1950s, Rockefeller interests bought heavily into Union Minière and other mineral and railway holdings in the Katanga-Rhodesia and adjoining regions. After the Rockefeller-coordinated, Kennedy Administration operation in Congo at the beginning of the 1960s, massive additional sums of Rockefeller and Rockefeller-allied funds flowed in to the prostrated area. To all practical debt-ridden purposes, Rhodesia, and Zaire are Rockefeller's private colonies.

The south-central African area marked out for the new Vietnam or "Thirty Years War" holocaust also features another special strategic point of interest for the Rockefeller cabal.

The Rockefeller and immediately allied financial interests are presently rated by top Wall Street insiders as overripe for a collapse by about the end of the second quarter of this year (June 10-June 30). The Rockefellers' lack of success with their attempts to break the will of the OPEC oil producers, the failure of the "International Resources Bank" and "Common Fund" commodities swindles, the resistance to funding an International Monetary Fund bailout of the tottering New York banks, and the resistance to the Schlesinger "energy program" have put the Rockefellers into a desperate frame of mind.

A regional war cutting off the world market from south-central African mineral supplies would aid the Rockefellers' efforts to quickly skyrocket a whole range of related primary commodity prices, and paper over some of the financial overhang through a speculative raid into those commodities. Giscard said as much as he justified the French intervention into Zaire to the President of the African country of Rwanda on April 13. Giscard emphasized that "the aid that a country like ours can and must bring can only have its full significance by situating itself in a more just world economic order that conforms more with reality. Nothing solid or durable can be built while raw materials prices are subjected to ruinous and unforeseen market variations."

The Big Issue

These two features of the south-central Africa situation have undoubtedly helped to shape the selection of the "Cobra 77" operation for the present deployments. The

most relevant considerations are much broader and more profound.

At the outside, without some drastic shift in global political-financial arrangements, the Rockefeller financial empire might barely squeak through the June 10-June 30 crisis point but would not make it through to September 30 of this year. That is the maximum estimate; informed sources doubt the Rockefellers could stumble into the third quarter.

A second consideration is the rapid weakening of Rockefeller's influence in top Soviet circles.

Although top U.S. agents in the Soviet Union and Eastern Europe have not yet — apparently — begun tossing hand grenades into their own agent's cell-meetings, the winds from the East make it clear that the days of Georgii Arbatov and his "systems analysis" cronies are being methodically counted. While the outcome of current Eastern European and Soviet political developments cannot be predicated with certainty, the Institute for Policy Studies' Richard Barnet and other key officials of Rockefeller's network into top Soviet circles must realistically consider the possibility that by about May 1 of this year, the neo-Fabian penetration of leading Warsaw Pact political command circles will have been mainly neutralized.

Moreover, if Carter indeed goes for war in southern Africa, his Administration would be faced with nationwide riots among U.S. blacks at the first sign of U.S. involvement with its racist breakaway allies of Rhodesia and South Africa. Such unrest would both create the conditions for and spur the implementation of the Justice Department's "Operation Garden Plot" police state guidelines, a course which would swiftly end Carter's "honeymoon" with the U.S. population.

In total, the Rockefeller interests are rapidly running out of time and alternative options — and since the SALT breakdown, their puppet president Carter's credibility has been plummeting inside and outside the United States.

The Danger

While the Rockefeller machine inevitably follows the pattern it first exhibited during the Kennedy Admin-

istration, it would be a grave error of intelligence evaluation to regard the present situation as simply a re-make of the old Kennedy script.

The Rockefeller machine is following the Kennedy-period script because that has been its committed strategic profile since approximately 1957-1958, and that profile has determined and thus delimited its pattern of strategic capabilities. That is the beast's built-in-behavior pattern, and therefore it follows that pattern.

During the Kennedy period, the Rockefellers took a major gamble — but then they had fall-back options to which they could retreat without facing financial and political collapse. This time, they are virtually out of alternative fall-back options and are inclined to "go for broke."

This time, the Rockefeller interests are governed by the logic of the "cornered beast." They are *subjectively* at approximately their most dangerous level of capability for the most desperate of gambles. While the present thermonuclear scenario countdown can be stopped, it will not be halted by ordinary methods of diplomacy. It can only be stopped by neutralizing one of its essential features of overall capability.

If the plug is pulled on this scenario, the Rockefeller group has only one remaining option: to throw itself on the mercy of this writer and his collaborators. Therefore, the writer commits himself publicly and requests his various active and prospective collaborators to join him in communicating to the Rockefellers our commitment to be charitable, if the Rockefeller and allied interests will back away from their mad course.

Despite all the evil that has been done in the world, we can be forgiving, if that is the price of getting the menace out of the way, and permitting us to proceed with building the new gold-reserve based international monetary system for global industrial development which can get the world out of its present depression and the related risks of general holocaust.

Meanwhile, the Brzezinski-Interpol wave of assassinations must stop, and the scenarios now under way toward confrontation must be aborted.

— Lyndon H. LaRouche Jr.

Naval 'Schlesinger Doctrine' Is Also All Wet

Zbigniew Brzezinski's use of France's President Giscard as the lever for putting NATO-Brussels into a "Cobra 77" invasion of Angola leads directly toward a scenario in which U.S. naval forces are pitted directly or implicitly against Soviet naval forces.

Given Atlanticist strategic doctrine, such an alignment sets into operation the so-called "Schlesinger doctrine." An actual or implied showdown between naval forces operates as a theater-limited nuclear confrontation in central Europe.

There are, no doubt, perceptions within the utopian strategy circles to the effect that the psychological warfare principles of the Schlesinger Doctrine would operate more effectively for an Angola-centered operation than

through a confrontation more geographically proximate to the Warsaw Pact nations. Given the psychological profile of the Atlanticists' utopian strategists, such an element in the situation can be adduced with virtual certainty.

It is extremely probable that the activation of such a variant on the "Schlesinger Doctrine" would trigger immediate full-scale general war. The following summary points show why that is the case. The order of their listing does not represent a scale of priorities respecting weight, but rather an analytical ordering.

1. It neutralizes the "realist" factor.

The David Rockefeller character of the Carter Ad-

ministration and the fact that the rail and mineral interests of the Zaire-Rhodesia centered region are Rockefeller interests, discredits those elements of the Soviet leadership which take the side of the Rockefeller's against the Soviet military-centered faction.

At their worst, Warsaw Pact strategists fail to reconcile their overall strategic outlook with the piecemeal policies and analysis of localized special situations. Make a threatened showdown with Cuba in Angola, and the Soviet piecemeal analysis of that region is thus sensuously connected — like a detonator to a charge — to the implications in overall *political* strategic posture. *Suddenly, the entire Soviet policy posture globally shifts.*

David Rockefeller, Richard Barnet, et al. become the principal adversaries of all Soviet leaders, and the Soviet circles most closely linked to Warnke, Barnet, and Rockefeller vanish from the scene.

With such a development, the crucial piece upon which all recent and current utopian doctrine has been premised vanishes — together with all connected strategic capabilities.

2. Naval forces are not a peripheral or supplementary feature of Soviet defense capability.

The Soviet naval forces are at the very core of the Soviet war-winning capabilities. To confront these forces would be the politically strategic equivalent to dropping bombs simultaneously on Leningrad, Moscow, and Novosibirsk. It would be folly to imagine that the Soviet command does not view the matter in this way.

3. Given the existing profile of the Middle East, Latin

America, and south of the Himalayas, a major operation in Africa would represent a strategically intolerable cumulative "outer world" configuration for the Warsaw Pact command.

The issue is not Angola itself, but what such an added development represents cumulatively.

4. Any naval encounter of theater-scale implications would oblige the Warsaw Pact command to go directly to full-scale general war posture.

The only exception to this is that the U.S.-NATO command might hypothetically accept a theater defeat by Soviet forces. That is the only condition under which vital Soviet strategic defense-capability interests do not prescribe general war *as the least penalty.*

One must assume that the Soviet military command is highly intelligent, and that under the sensuous conditions of crisis involving Rockefeller interests, the influence of known friends of David Rockefeller within the Soviet leadership would be less than zero.

In summation: On political intelligence, a majority of the Soviet leadership compares badly with the intelligence services of small Caribbean nations, even of island dimensions. On military intelligence and political evaluations from the standpoint of military strategic posture, the Soviet command is excellent. Once the latter is activated, that profile comes to the fore and psychological warfare based on the dominance of the former ceases to function. *On sea, as on land, Schlesinger is all wet.*

—Lyndon LaRouche

Stop Rockefeller's Energy Policy Before It's Too Late

Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman, issued the following statement on Jimmy Carter's April 18, energy message to the American people:

Americans in their fifties or older immediately recognize Carter's energy policy as a demand that they relive the agonies of the Great Depression of 1929.

The Congress ought to publish the collection of governmental and industry reports concerning the problems faced by the war mobilization — effort during the 1940-1941 period. Those reports on the collapsing condition of industry, and loss of skills by our grey-faced labor force of 1940-1941, wipe away in one blow the drivellings of energy czar Schlesinger and others and Schlesinger's fraud: "There is no connection between rising energy consumption and growth in the real GNP."

Although the 1929-1939 bitterness of the Great Depression is the U.S. precedent for Carter's proposed program, the Carter program goes far beyond even the cruel winter of 1932-1933 in its specified goals. There is only one modern precedent for the savagery of the "labor-intensive" austerity Carter proposes: Hitler's Germany.

Only in Hitler's Germany, and especially the nazi "labor-intensive" and deindustrialization policies in the occupied territories, is there a precedent for the magnitude of energy cuts which the Carter-Schlesinger-Bundy package demands.

Energy Supplies

Carter's Administration is lying when it asserts that we face an objective energy shortage. Let this be underlined: *The Carter Administration is not honestly mistaken, it is lying.*

With combined fission-energy programs and high-technology extraction and use of fossil fuels, the world would face no necessary energy-shortage into the twenty-first century. However, to expand our energy resources adequately to maintain technological and economic progress, we must begin the process of converting the world into a fusion-based energy economy during the next decade, the 1980s.

Take the most basic facts about energy point-by-point, and then turn attention to the hard truth, the real reasons the Carter Administration is proposing its fraudulent, and indeed criminal energy program.

The world has massive fossil fuel supplies — petroleum, coal, and natural gas. The potential shortages we might face during the 1990s would occur only if we failed to make progress in technology of extraction and combustion.

Petroleum: The difficulty of defining petroleum reserves is the fact that *accessible reserves* and *total reserves* are two different quantities. The problem is getting to the oil, and getting it out economically. Both of these problems are problems of technology.

If we draw a line at the present level of exploration and extraction technologies, if we stop advances in technology, then *accessible reserves* fall automatically way below *total reserves*. conversely, if we make it a policy to accelerate the development of exploration and extraction technologies, we will expand the quantity of accessible reserves by very large amounts.

This is an old story. During the sixteenth century, England was running out of forests because of use of wood and charcoal as basic fuels. Tudor England launched a major effort to develop coal as a fuel and the problem was solved. Any time the progress of technology is stopped, humanity faces a potential resource shortage. If technological progress is pushed properly, the primary resource shortage disappears.

Coal: We have coal reserves adequate for an estimated 200 years. Here, the policy problem is both the technology of extraction and the technology of combustion.

The Rockefeller and related interests have bought heavily into coal reserves — "cornering the market", so to speak — and are demanding that the taxpayers *pour out hundreds of billions of dollars* to make the Rockefellers rich through use of an insanely incompetent technology called "coal gasification."

There are two points at which we can reduce energy costs: extraction and combustion. To reduce the energy-cost at the point of combustion means to increase the efficiency of combustion. There is only one basic way in which to increase the efficiency of combustion by significant ratios: Operate the combustion process at much-higher temperatures.

We should be burning fossil fuels and running large-scale combustion processes generally at no lower than 3,000 to 5,000 degrees, and up to levels of thousands of degrees higher for more sophisticated processes. In large-scale combustion of fossil fuels, in utility power and industrial applications, we should be committed to rapidly developing combustion efficiencies in the order of from 40 percent to 60 percent, and aiming upward toward the 90 percent levels potentially available with MHD techniques.

More efficient combustion means less thermal and chemical waste-product, and permits us to burn high-sulfur fuels without putting pollutant by-products into the atmosphere.

These points cover the gist of our fossil fuel energy policy. Now, turn to the basic facts of nuclear and thermonuclear energy policies.

The future energy-source of the human race is fusion energy. For practical purposes of illustration, we can say that we must begin fusion-energy production on a pilot-scale during the 1980s, and reach a full-scale fusion economy during the early decades of the coming century. To all intents and purposes, that covers the human race's foreseeable energy needs fully for at least a thousand years to come. The way to get into a fusion-energy technology and economy is to push immediately ahead with forced developing of existing and on-line fusion-energy technologies.

The need for forced development of fusion energy *now* is not essentially because of energy shortages which might otherwise be faced during this century. With a fast breeder technology, the world could move comfortably into the twenty-first century on the basis of early-twentieth century rates of overall technological progress. What we most urgently require from thermo-nuclear energy programs are the by-products of fusion-energy production.

We need high-energy plasma technology. Once we have such plasma technologies the human race no longer faces a primary resources problem on any front. With high-energy plasma technology, the lowest grades of ore, including basalt and granite become economical mineral sources.

With fusion energy, we can solve major problems the world needs to solve, which we could not solve with a fossil-fission energy technology.

The points just made are merely basic scientific and engineering facts, the common property of every authoritative source to which any government of the United States could turn for advice on energy and related questions. Therefore, it is clear that the Carter Administration's policy is not merely a mistake, but an out right lie.

Why

Carter's effort in behalf of his proposed policy is in itself a major impeachable offense of every officer of the Administration, including Jimmy Carter, responsible for this proposal to destroy the most vital interests of our nation.

Rockefeller's multi-hundred-billion dollar coal gasification swindle illustrates the point that the Carter energy proposals have nothing to do with concern over (in fact non-existent) energy problems. It has exactly the same motives as the Hitler Germany "labor intensive" (*primitiv bauarbeit*) austerity program, the program on which the Carter proposals are directly modeled.

As a result of the Versailles Treaty, Weimar Germany had an insoluble foreign and domestic debt problem. This was temporarily rolled over by the 1923-1924 negotiation and implementation of the Dawes Plan. A second try, the later Young Plan, failed. From 1928 on, under the guidance of Hjalmar Schacht, the unworkable Young Plan was abandoned in favor of savage cuts in wages and capital development, scraping the flesh, blood, and steel out of the German population and industry in the effort to

roll over Germany's cancerously self-expanding debt-structures.

This 1929-1932 effort, the Schacht pilot-model for the Carter Administration policy, produced a social crisis in Germany. Hjalmar Schacht, during 1932, warned the financiers in London and New York City that Hitler was beginning to lose his influence, and that Schacht required their support for putting Hitler immediately into power if Germany's debt structure was not to collapse.

With the aid of the Nazis, Schacht transformed Germany into a war-economy, including the recruiting of the unemployed into the "labor-intensive" *arbeitsdienst* program upon which the Humphrey-Hawkins bill and related legislation are directly modeled.

The Schacht-Hitler 1933-1936 version of Carter's proposal didn't work. By 1936, even top Nazis were complaining to Hitler that Schacht's "Carter energy policy" was leading to an early breakdown of the economy's industries and labor force. The industrialists agreed with these warnings. The accelerating looting of Germany to save Schacht's debt-structure could no longer be tolerated without destroying Germany's ability to produce.

As a result of the 1936-1937 crisis produced by the initial Hitler-Schacht model of Carter's program, Germany turned from increasing the looting against its own population and industries *to looting its neighbors*.

Schacht's problems of 1928-1933 were identical with those of David Rockefeller today. That is the "why" of David Rockefeller's Trilateral Commission Carter Administration, and that is the "why" of Carter's domestic and foreign policy capers. The "energy package" is nothing but the effort to push down a savage fascist economic-austerity, modeled upon Hitler's, upon both the United States and the rest of the countries presently under the monetary control of the bankrupt International Monetary Fund.

The Alternative

The crushing of the vital interests of the United States in the interests of a foreign power — the International Monetary Fund and the Eurodollar swindle — is nothing but treason against the United States according to the clear intent of the U.S. Constitution on this point. Carter's energy program and its auxiliary packages must be stopped cold.

Yes, the United States must indeed mobilize as if for war — against the deadly adversary in whose interests Carter is acting.

In stopping this treasonous Carter policy, we must also be responsible in understanding the immediate consequences of such a successful defense of our nation. Defeating Carter's energy policy and preventing Carter from starting up a new Vietnam in central and southern Africa means the end of the financial power of the Rockefeller interests.

We must be prepared to deal with that situation. We must immediately enact legislation which will protect essential banking and related institutions of credit and deposit from chain-reaction collapse as David Rockefeller and company go under. We must establish quickly a new, hard currency source of credit to pour capital into

high-technology job-creation in manufacturing, utilities, mining, transportation, and construction, and into both agriculture and research and development programs.

What will be required is the establishment of a national bank, for which local banks act as correspondents, to get the credit into the places where it will bring our production back up toward capacity levels and get us out of this

deepening depression.

We need a government that can do that job. Impeach the Carter Administration and quickly install a new President and Administration, dedicated to act in concert with a mobilized Congress, to get us out of this depression.

Lyndon H. LaRouche

Congressional Stampede Against Carter's Energy Package

Less than 48 hours after Jimmy Carter's April 21 presentation of his Administration's energy program to Congress, the *Baltimore Sun* reported the Democratic leadership in Congress was scrambling "to prevent a stampede of opposition" from the President's own party. Both Senate Majority Leader Robert Byrd (D-W.Va.) and Speaker of the House Thomas O'Neill (D-Mass.) were described as "hopeful" the President's package could be passed "in September or October" before Congress adjourns; Deputy House Majority Whip Rosentkowski (D-Ill.) observed more honestly, "That program is going to be difficult if not impossible to get people to vote for. People up here have to get reelected, but Carter doesn't seem to realize that."

As Democrats, particularly those from industrial constituencies, scrambled to disassociate themselves from energy package, Republican leaders Howard Baker (Senate Minority leader), John Rhodes (House Minority leader) and Republican National Committee chairman Bill Brock issued statements condemning the Carter plan as "not the American way" and stressing expanded energy production and high technology development of alternate energy sources as the solution to the USA's energy needs.

It was a Democrat, however, who most accurately assessed the content of the Administration's energy package. "It is treasonous," said Rep. Jack Hightower of Texas.

In this atmosphere, even such dependable allies of the Rockefeller interests as Senators Jacob Javits (R-N.Y.) and Edward Kennedy (D-Mass.) were forced to voice "reservations" about aspects of the program, notably the gasoline tax proposals, which Kennedy complained "hit the average worker too hard."

The explosion of opposition has been so violent that the Administration's lieutenants in Congress are telling the press that the first hearings on the Carter package will not occur for nearly a month, to give the situation a chance to cool down.

While the Administration house organs, the *Washington Post* and *New York Times*, are striving to picture the program as passable after a "tough fight," press in West Germany flatly reported it doesn't have a chance. Barring the creation of a "national emergency" in the USA through war or terrorism, that assessment is undoubtedly correct.

The Carter team is presently pursuing a "divide and conquer" strategy, attempting to channel the population's anger against the gas tax proposals in particular, generally seeking to play the program as a series of "constituency" issues subject to negotiation with individual interest groups; and attempting to pit fuel producing states in the south and southwest against the industrial northeast and midwest.

This "profiling" of Congress promises to be no more successful than the Administration's recent SALT II gambit with the Soviet Union.

First of all, the AFL-CIO organized labor-Democratic Party apparatus on which Carter depended to put him in the White House, and on which his congressional majority rests, is becoming convinced that American workers will not tolerate the energy program. Following Carter's nationally televised April 18 preliminary sales pitch for the Rockefeller energy policy, U.S. Labor Party lobbyists in Washington, D.C. found a mood of rising panic, particularly among Democrats from industrial areas, alerted to the devastating impact of the plan on the U.S. economy. A score of such Congressmen contacted early in the week were privately questioning the entire "conservation is our best source of energy" premise of the Carter program, ready to discuss a comprehensive alternative energy policy — all the way up to the USLP's Third National Bank proposal for reorganizing the U.S. financial sector. Most were extremely inquisitive about the Administration's motivations for putting forward a "Pearl Harbor" package which offered nothing but "sacrifice," and listened respectfully as representatives from the party which is well-known as the most vocal and hard-hitting opposition to Carter since his nomination as the Democratic candidate last summer unraveled the fascist "logic" behind the Carter proposals. "I've never heard opposition to the program expressed so cogently and forcefully. You could be right on down the line," was the way a staffer for a top Democratic policymaking body in the Senate expressed a general mood.

Highly placed labor officials in Washington are now reporting that the AFL-CIO union bureaucracy is split with a section of the leadership "wanting to hold the line and not go for the jugular against Carter, others know that if we don't go for the jugular, we're going to get killed." In the Building Trades, United Steelworkers,

International Brotherhood of Teamsters, and even in the Carter-allied bureaucracy of the United Auto Workers, such debates are known to be raging at the highest levels.

Spokesmen for U.S. industry, while so far publicly guarded, are highly critical in private, and Congressmen from auto, aerospace, and oil and gas based constituencies have been doing some loud talking for them. An end of the week editorial in the *Wall Street Journal*, the nation's most prestigious financial daily, which warned of "a new dark age" in the wake of Carter's speech, could presage a burst of vigorous public opposition from business.

In the 24 hours after Carter spelled out the details to Congress, the lid came off on Capitol Hill: Rep. John Conyers, Democrat from Detroit and until now a loyal stooge for Carter, told the press, "There is no way I can support this program. It will cripple the auto industry." Rep. John Anderson of Illinois, a high-ranking Republican and a member of David Rockefeller's Trilateral Commission, personally telephoned USLP offices to assure that he was "100 percent for nuclear power and the breeder reactor...My district is pro-growth and I represent my district." Rep. Slack of West Virginia, a major coal producing area, charged that the Carter coal conversion program was a hoax which could not be implemented as presently planned. Sen. Carl Curtis, from the farm state of Nebraska, blasted the program as "a blueprint for unemployment and a regimented economy." Dozens of other Congressmen rushed to voice their objections (see below).

Significantly, certain Congressmen are now speaking in support of a labor-industry alliance on behalf of expanded energy production and industrial growth. A spokesman for Rep. Thomas Kindness (R-Ohio) noted that

the Carter program has given the "GOP the opportunity of a lifetime — to go with a pro-growth energy program to create jobs and capitalize on labor's disaffection with the Democrats." Rep. Duncan (R-Tenn.) issued a public statement at a Knoxville press conference called by the Fusion Energy Foundation endorsing the idea of "a coalition for energy growth."

Increased motion in this direction is indicated by the explosion of activity in state legislatures in support of USLP-initiated pro-fusion power bills directly following the Carter speech (see below).

The press is currently reporting that the Republican Party leadership is closeted to hammer out an alternative energy program to be presented within the next week. Should the Republicans pursue the line laid out by Baker and Rhodes, making a frontal assault on the Carter program and proposing an alternative for broad-based energy and industrial expansion, Carter's days would be numbered. On the other hand, if Republican statements are couched in the "Conservation, yes, but..." mode in which much of Congress is still reacting, the Administration will have gained some precious maneuvering room and time for its nuclear confrontation policy.

Obviously fearful of the impact that a single decisive public action in defense of the national interest by a major figure could have at this critical juncture, Vice-President Mondale blew up at former President Gerald Ford on the front page of the *New York Times* last week, charging Ford with irresponsibility for "criticizing the President." Ford had stated the simple truth that had he been allowed to continue in office, the USA and the USSR would have already signed the SALT II pact negotiated last year.

Congress: Carter Is Treasonous

The following is a compilation of congressional response to Carter's energy program.

REPUBLICAN PARTY LEADERSHIP

Senate Minority leader Howard Baker (R-Tenn.): "This is not the American way. The American way is increasing production and developing new technologies to solve the energy problem."

House Minority leader John J. Rhodes (R-Ariz.): "Carter's energy program means no-growth...Conservation is not a solution."

National Committee Chairman William Brock: "We should be finding new technologies to solve the energy crisis...We really like the idea of nuclear power."

DEMOCRATIC PARTY LEADERSHIP

Senate Majority leader Robert Byrd (D-W. Va.): "I hope the package will get passed by October."

House Speaker Thomas O'Neill (D-Mass.): "We can get most of it through in six months if we get some help from the President."

House Majority leader Jim Wright (D-Tex.): "This will be the severest test Congress has ever had or will ever have."

CONGRESSMEN EXPRESSING OPPOSITION

The following Congressmen expressed opposition, in whole or in part, to the Carter proposals.

Rep. John Hightower (R-Tex.): "It is treasonous!"

Rep. Mike McCormick (D-Wash.): "Carter's energy program is crazy."

Sen. James McClure (R-Idaho): "President Carter has apparently given up on finding answers — on the American system, on the future of this country. None have been more vocal than I about the energy crisis we face, but conservation is not the total solution...We don't have to give up; there are many alternatives. But the President acts as though we will learn nothing new."

Rep. Dan Rostenkowski (D-Ill.), Deputy Majority Whip: "That program is going to be difficult if not impossible to get people to vote for. People up here have to get re-elected but Carter doesn't seem to realize that."

Rep. Gary Meyers (R-Penna.): "I was disappointed in President Carter's speech...Nuclear fusion was not mentioned; nuclear fission was switched from a major to a minor emphasis...I am especially concerned about Carter's decision to scuttle the breeder reactor...(if Carter's current program stands) we can expect a severe electricity shortage."

Sen. Carl Curtis (R-Neb.): "This is a blueprint for unemployment and a regimented economy...Conservation is not enough upon which to build a program for a growing America, a strong economy and expanding jobs. We can save energy by cutting down activity, but when we do we cut down on employment. We could save energy by closing all of our factories and returning to a way of life of hermits and nomads, but this is unthinkable. A police state can compel everyone to ride bicycles or to drive only the smallest of compact cars. But what happens to the jobs involved? What happens to the economy of the most powerful industrial nation on earth?"

Rep. Robert Bauman (R-Md.): "The issue at hand is one of growth versus zero growth."

Rep. Thomas Kindness (R-Ohio): "The GOP now has the opportunity of a lifetime — to go with a pro-growth energy program to create jobs and capitalize on labor's disaffection with the Democrats."

Rep. Phillip Crane (R-Ill.): "Few Democrats are enthusiastic about the message. It stands not the remotest chance of passing."

Rep. D. Derwinski (R-Ill.): "The speech was unrealistic, contradictory, and probably the most demagogic speech any U.S. president has ever made. Carter's program is automatically in trouble."

Rep. John Duncan (R-Tenn.): An aide to Duncan stated at a Fusion Energy Foundation-sponsored conference, "We agree that there is a need for a coalition on energy growth."

Rep. Henry J. Hyde (R-Ill.): Attacked Carter for not opting for nuclear power, which provides an immediate solution.

Rep. Manual Lujan (R-N. Mex.): Accused the Administration of violating the nonproliferation treaty, and thereby contributing to the dangers of nuclear proliferation.

Rep. Olin E. Teague (D-Tex.): Scored Carter's plutonium ban and nuclear proliferation policy.

Rep. Barber Conable (R-NY): "This is not the American way. We can do anything, we can solve any problem. That is how Carter should mobilize the American people."

Sen. Dewey Bartlett (R-Okla): "Carter's energy program is a disaster for the nation and a calamity for Oklahoma. It invades and destroys the free intra-state market...We cannot ignore the relationship between energy and the standard of living of the American population. This will have an adverse effect on lower income layers with its stress on conservation, sacrifice, and deprivation. This will drastically reduce employment. This is not a positive program."

Rep. James Abdnor (R-S.D.): "I am more worried about what the President didn't say than about what he did say." Particularly upset about the program's effect on farmers, "who can't pass along the costs."

Rep. E. Thomas Coleman (R-Mo.): Worried about the "impact the energy program would have on the American farmer" and its lessening of food production.

Rep. Ted Risenhoover (D-Okla.): "The rich will not suffer under this proposal and the welfare recipients will be taken care of. I am not going to stand for the middle-class working people of America having to bear the full burden of the cost of conversion from oil and gas to nuclear and coal energy...I will venture to say that this legislation will look a lot different when it gets back to the White House."

Rep. Al Ullman (D-Ore.), Chairman of the House Ways and Means Committee: "The President has prescribed a tough, direct approach that leaves no doubt about his personal commitment to ease the energy crisis...(The Committee) will test and challenge each proposal, seeking energy goals that are achievable...Two years ago the House defeated any gas tax increase by a five-to-one margin...The House is not likely to reverse itself for yet more severe measures."

Sen. Edward Kennedy (D-Mass.): "The gas tax hits the average working man too hard." His office: "Forcing industry to convert to coal when there is not evidence that coal could be mined cleanly and efficiently, much less transported, could tilt production in the U.S."

Sen. William Roth (R-Dela.): Had an economist study the impact of the program and found that \$38 billion would be taken out of the economy. "The study raises serious questions about the implications of the energy program."

Sen. Russell Long (D-La.): "It could be a year before (the Senate Finance Committee) acts on the bill...We won't act on it until the House has passed the measures."

Rep. John Conyers (D-Mich.): "There is no way I can support this program."

Sen. Don Riegle (D-Mich.): "I basically have a mixed reaction...I am concerned about some of the recommendations that will affect the auto industry in Michigan and the economy in Michigan."

Sen. Robert Griffin (R-Mich.): "Frankly, part of (Carter's) program have just got to be bad news for Michigan. And I think it's discriminating against hundreds of thousands of workers in our state whose jobs depend on our three big industries — automobiles, tourism, and agriculture."

Sen. Harrison Schmitt (R-N. Mex.): "Carter's energy goals are aimed in the right direction but most of his steps are way off course.... I remain adamantly opposed to any new massive government intervention into our private lives.... Throwing away the breeder project and plutonium as a possible fuel is an unfortunately premature decision."

Rep. James Florio (D-N.J.): "President Carter's plan gives the Congress something with which to work ... (but) personally I have found that generally the idea of levying taxes as a way of rationing fuel to be inequitable.... We need plans to develop new resources."

Sen. John Heinz (R-Penn.): "I strongly approve the President's emphasis on conservation and increasing reliance on coal... (but) I am skeptical about the gas tax... Price increases have doubled in the last five years and not reduced consumption."

Rep. Jim Mattox (D-Tex.): "My constituents are

prepared to make sacrifices to conserve energy and they fully understand the gravity of the energy crisis, but don't believe that the hardship caused to working people by taxing gas is fair." Said his constituents favored rationing over a gas tax by an eight-to-two margin.

Sen. Jacob Javits (R-N.Y.): "I have grave doubts about some aspects ... the gas tax increases and the wellhead tax on crude oil...."

Congressmen Expressing Support

These Congressmen were in favor of Carter's energy proposals.

Sen. Charles Percy (R-Ill.): "Carter's program is

bold and imaginative." Claimed that it will have more support from the Republicans than from the Democrats. "This is a nation of swine."

Sen. Thomas Eagleton (D-Mo.): "I will support rationing and coupons for low cost energy."

Rep. Robert Nix (D-Penn.): Although he had received calls "all morning" from "rural electric people crying, 'Help! Help!,'" he feels that Carter's energy policies won't hurt the rural producers.

Sen. John Glenn (D-Oh.): Generally supports the program and especially likes its emphasis on conservation.

Sen. Lloyd Bentsen (D-Tex.): "The President is doing what has to be done. He has proposed a broad, comprehensive national energy policy and it should be given a fair hearing, not nibbled to death."

States:

Legislatures Pass Memorials For Fusion

Within hours of President Carter's energy messages, legislative bodies in three states voted in support of memorial bills calling upon the U.S. Congress to ensure the expansion of fusion and breeder-fission research and development in this country. These state actions are the clearest indicators of national resistance to the Administration's energy plan — which calls for the essential elimination of breeders and fusion development.

The combined Delaware State Legislature passed a fission-fusion memorial yesterday 31-3 with six abstentions, and has sent the bill on to Congress.

The Delaware legislative victory marks the second state to follow Maryland's example and pass a fusion memorial. This week, U.S. Labor Party-initiated fusion energy memorials passed the Washington State Senate 27-0 and unanimously passed the House Trade and Economic Development Committee in Oregon.

Fusion memorials have been introduced in a total of 11 states so far. This week, energy memorials are expected to be introduced into Ohio, Missouri, Colorado and are under consideration in New York, Texas and North Carolina.

The rapid movement of fusion energy memorials through state legislatures has been a self-feeding process since the unveiling of the Carter energy plan this week. U.S. Labor Party initiated fusion resolutions were introduced into the Vermont Legislature on April 14 by State Senator Melvin Mandigo (R-Glover) and into the New Jersey State Senate on April 18 by State Senator Pat Dodd (D-Essex).

The Delaware memorial, Senate Concurrent Resolution 24, was introduced and passed in two days under the sponsorship and management of Democratic Rep. Ronald Darling and Republican Senator Robert Berndt. The day after Carter's energy message, Berndt, a chemist at Du Pont motivated the need for the bill on

the floor by citing Carter's incompetent proposals and explained the role which the breeder reactor and fusion had to play in solving world energy needs. There were no comments or questions. The Senate voted up the resolution 18-0, including Senator McDowell, the head of the Energy Committee, who had asked Berndt to water down the resolution. The resolution then went to the House, where it passed by a voice vote of 35-4.

Other Mid-Atlantic region legislators expressed delighted surprise that the Delaware legislature could pass such a resolution so quickly, noting that Delaware was formerly "crawling with ecologists." Evidence of the turnaround in the state came in last week, with the favorable coverage by the DuPont-influenced *Wilmington News Journal* of the Fusion Energy Foundation's forum on April 14 at the University of Delaware, which formerly misdirected resources into solar energy research. In the wake of the quick passage of the pro-breeder and fusion resolution, a coalition of legislators in Delaware is now preparing legislation to repeal most of the Coastal Zoning Act — a law which has effectively banned new plants from Delaware.

Pennsylvania, a heavily Democratic and highly industrialized state, is now shaping up as a bellwether national fight for a pro-breeder and pro-fusion memorial which directly attacks the Carter policy. After state Rep. Ivan Itkin (D-Pittsburgh) drafted such a resolution, subsequently sponsored by the entire Energy and Mines Subcommittee, a Carter Democrat from Erie County and a Rockefeller Republican from Montgomery County began an hour-long floor fight on April 20 with a motion to remove three clauses of the memorial which attack the Carter Administration's cuts in the breeder and fusion budgets. Rep. Itkin, a nuclear engineer, took up their challenge with a strong 20-minute defense of why the United States must have a national energy policy which rests on the development of new energy sources such as

fusion power. Itkin tabled the resolution until April 25 to do a maximum mobilization before the vote.

The Pennsylvania resolution has strong but unofficial backing from labor and industry in the state. The Pennsylvania Association of Manufacturers called a meeting of nine major business organizations on April 22; the representatives then took the pro-nuclear message out to their organizations, representing several hundred different businesses. Sources at the state capital of Harrisburg who are close to the Federal-State Committee believe that the bill will pass next week. At the congressional level, a source has indicated that 65 percent of the State's congressional delegation would now vote for the breeder. Democratic Congressman Joseph Gaydos blasted Carter's ban on plutonium two weeks ago in the *Pittsburgh Press* as a solution on the same conceptual level as "banning crowbars because they could be used in burglaries." Gaydos has strong backing from both labor and industry in the Pittsburgh area. The developing alliance between labor and industry in the state will be deepened by the widely publicized Pittsburgh Fusion and High Technology Conference sponsored by the FEF, Three Rivers Coalition for Science and Industry, and the Allegheny and Pennsylvania Rural Electric Cooperatives.

Itkin typifies the layer of engineers and scientists who are now stepping forward to take responsibility for formulating competent national policy, including Delaware State Senator Berndt, a chemist at Du Pont, and Washington State Senator Kent Pullen, an engineer at Boeing. The opposition to these policies is typified by Philadelphia Democrat state Rep. Sam Rappoport, who declared "I'll vote against HR 54 just because Itkin is for it.... I think living standards should go down again and again.... American living standards are much too high."

The New Jersey Resolution, Senate Concurrent Resolution 3007, is expected to pass the New Jersey Senate quickly, and will be introduced into the House this week. Republican Congressman Matthew Rinaldo's letter to Carter demanding restoration of fusion budget cuts paved the way for this, and illustrates the dynamic which operates once a public stand on fusion is forced on lawmakers up for re-election. Response from heavily scientific layers in northern New Jersey, including Princeton, with its tokamak fusion reactor has been so strong that even Rockefeller Republican Congresswoman Millicent Fenwick, and Carterite Democratic Congressmen such as Frank Thompson and Peter Rodino were forced to publicly endorse Rinaldo's call for increased fusion funding.

In Washington, the fusion memorial sponsored by the Senate Energy and Utilities Committee passed the Washington State Senate 27-0. The resolution also implicitly endorsed the breeder as part of "nuclear expansion to bridge the gap" until fusion is brought on line. As Republican Senator Kent Pullen motivated the memorial on the floor and explained how fusion worked, smiles broke out among the senators as they realized that it was an explicit rejection of the Carter energy policy. NBC-TV in Washington directly labelled it as such, reporting that the Senate had put the bill on the

agenda in response to Carter's energy package because "If the state level doesn't act on it, it will be left to the federal government." The same day the Washington Senate debate and tabled a resolution to expand research into the so-called "Conservation Industry." The Washington resolution now goes before the fabianized House Energy Committee, which is already under strong pressure to either give up its jurisdiction over the bill or pass it.

In Oregon, USLP-initiated House Joint Memorial No. 5 unanimously passed the House Trade and Economic Development Committee on April 21, but now must go through the House Energy Committee which is heavily weighted toward environmentalists. Strong pressure is being exerted on this committee by the fact that the Oregon State AFL-CIO officially endorsed the fusion memorial while simultaneously urging the defeat of five pieces of energy legislation. Last week an official of the Bonneville Power Authority spoke at a Fusion Energy Foundation Teach-in at the University of Portland. The Bonneville Power Authority is recognized as a key scientific grouping of opposition to Carter. As soon as he took office, Carter began moving to fire its strongly pro-nuclear head, Don Hodel. Last month, area industrialists invited the Fusion Energy Foundation to testify at Nuclear Regulatory Commission hearings in the state.

In Michigan, the USLP-initiated memorial is sponsored by 18 Democrats and Republicans, and will be heard shortly in the House Policy Committee. Its sponsors are under strong attack from Trilateral Commission strongholds but massive support for the content of the bill is building at high levels in the Michigan State AFL-CIO and even the United Auto Workers. It was initiated by Rep. Wilbur Brotherton (R-Farmington), like many of its Republican sponsors from the area near Gerald Ford's former Grand Rapids district.

In Wisconsin, a coalition of eleven Republicans and three Democrats introduced a USLP-initiated fusion memorial, Assembly Joint Resolution No. 44 now before the Environmental Protection Committee, which is expected to hold hearings soon that will be a major attack on Wisconsin fabian Congressmen Reuss and Proxmire. Already, agricultural equipment producers, labor spokesmen and industrially-oriented conservatives are favorable to the bill.

In Illinois, a USLP-initiated fusion memorial sponsored by three Republicans and one Democrat was originally mishandled and will be given its number this week. Pro-nuclear energy sentiment is so strong in areas like Rockford that this week Republican Congressman John Anderson, under attack from the USLP as a Trilateral Commission member, personally phoned the U.S. Labor Party office to say "I support the breeder 100 percent because my constituency supports the breeder and I represent my constituency."

Meanwhile, the population of Connecticut must mobilize likewise to get the USLP-initiated fusion memorial out of Committee in this heavily pro-nuclear state.

Industry:

Publicly Guarded, Privately Critical

Thomas Aquinas Murphy, President of General Motors:

General Motors support the President and commends him for forcefully focusing public attention on this major national problem... In addition to conservation there is an urgent need for increased energy supply, basically founded on free market principles. National priorities should be established... We support the President.

A senior officer at General Motors:

The package of rebates and excise taxes is extremely simplistic... The plan is very deficient on R and D, and I'm very sorry to see the development of the breeder reactor stopped.

Continental Trailways, in a statement entitled "Common Sense '77":

The question isn't, "Do we bite the bullet?"; rather it's, "When do we bite the bullet?"

The current energy crisis isn't our first 'national emergency.' Two hundred years ago the American spirit faced up to a common problem and conquered it... Common sense tells us the same is true today.

Malthus said there could be "no such thing as over-population... when the numbers of humans outstrip the ability of the planet to feed them, they will simply starve and die-off until a balance of food-to-population is once again restored..." By enduring small hardships today we can avoid hardship tomorrow...

So, we praise President Carter... We pledge our support, even though some parts of his energy policy will cost us as a company.

We do, however, have one additional suggestion for conserving energy. We would suggest encouraging more people to ride the *bus* on their intercity trips.

Colin Lee, a planner for the Continental Oil Company:

Energy is Carter's Gordian knot, but this program is like trying to cut the knot with only one-half a pair of

scissors. The emphasis is on conservation and there is nothing for oil and gas exploration.

A senior official at International Harvester, one of the country's leading farm machinery producers:

Guarded by the insulation of Mr. Schlesinger, there is no way of influencing President Carter on energy policy. As far as I can see, Mr. Carter isn't committed to the growth of *anything*... It's difficult to see how we are going to get along without nuclear energy.

An official at Union Carbide Nuclear Division:

Mr. Carter's position on the fast breeder amounts throwing away a valuable asset... As far as his inclusion of some nuclear energy in his program, frankly we don't know what he's talking about.

An economist at Ford Motor Co.:

If the full amount of the gasoline tax is implemented, this will reduce production by 4 percent. Domestic sales will be affected more, of course... The main problem is not a 1-2 percent rate of inflation, but the uncertainty factor in the market...

An officer of the Corporate Planning Department of Allied Chemical:

Carter says he wants more nuclear development, but I've scoured the program and can't find anything specific.

The head of an independent oil association:

We felt that the glaring shortcoming is no increase in production. They're writing off the ability of the U.S. to increase production.

Gene T. Kinney, editor of Oil and Gas Journal:

Carter's program is artificial austerity without real benefit.

Labor:

National Leadership Stalls; Members Ready For A Fight

The first response of the labor movement to this week's formal announcement of the Carter energy program was uneven and marked by contradictions between the wishy-washy statements of the top leadership and the general rejection of the program by secondary leaders and rank-and-file unionists.

AFL-CIO President George Meany offered his "tentative support" to Carter's April 20 speech, stating that

on behalf of the federation, he accepted the five basic premises of the program: the call for conservation, the call to create a strategic oil reserve, the call for increased coal production, the plan to convert utilities to coal, and the need for fair strip-mining regulations. The AFL-CIO President added that he felt the proposed gas tax was unfair, and that the program must guarantee "equality of sacrifice." To this Meany added that the

federation still felt that the President's decision to kill the breeder reactor was "unwise."

Robert Georgine, head of the AFL-CIO's Building Trades Department also was "supportive" of the Carter program, qualifying this with statements that much of the Carter plan was still "undefined" and would require further review. Georgine's public relations man reported that the building trades president had specifically ordered the deletion of statements about support for the breeder reactor — "though we feel damn strongly about what Carter has done to it" — out of fear that "the press might interpret it as meaning the building trades rejected the program and we wouldn't want that to happen."

The office of I.W. Abel, the president of both the AFL-CIO's Industrial Union Department and of the United Steelworkers made a similar if more brief statement. "Sure we have some disagreements with parts of the program," said the union's press officer, "...but we can't just reject it out of hand."

Members Reject It

However, a sweeping rejection came from almost every layer below the top national leadership and even from some members of the national union staffs.

"Goddamn George Meany should have kept his mouth shut if he wasn't going to say what we really think," said a national legislative director of a building trades union. "A whole bunch of us have been screaming all along that you have to go for Carter's jugular on the energy question or he is going to kill us all." Said another building trades leader from the Midwest: "That speech by Carter infuriated me more than anything in the last 12 years. We can't accept any of it."

"Show me one worker who will support this program of Carter's," said a Midwest steelworker bureaucrat. "If you can find him — I show you a fool."

Back Tracking

Both Meany and Georgine had been singing a different tune when addressing the 3000 delegates to the Building Trades national legislative conference in Washington earlier in the week.

There, Meany told cheering delegates, "Plutonium means jobs... there must be breeder reactors. Labor must lead the fight against zero growth and environmentalism. Little Jimmy," said Meany, is knifing the labor movement in the back.

Georgine attacked Carter's decision to kill the breeder reactor program as "sheer folly":

"32,000 people lost their jobs (because of that decision)," he stated. "\$1 billion in wages lost. Do you think that the Soviet Union and other nations will follow our 'wonderful' example. Well, they won't. Because it makes no sense..."

"We know how many roadblocks the environmentalists and obstructionists can throw up to stop vital programs," he continued. "If all the nuclear plants under construction and blocked by environmentalists were built, we

would have 13 percent less unemployment and less fear of energy shortages.

"But the environmentalists aren't alone in making us hostages to fuel and water shortages. The President's decision to chop off dam projects has cost some 206,000 man years in construction alone. Despite this and despite the needs of our farmers he (Carter) has decided to make these cuts... We oppose such short-sighted budget chops. The dam cuts must be restored... Fighting mad describes how we feel today. We are going to get tough and stay tough. This is our message to friends and foe alike..."

"A bunch of hot air," said one building trades leader from the Midwest, describing Georgine and Meany's conference speeches. "Let's see them act on what they said. We're ready for a fight."

James O'Connor, executive vice president of Chicago's Commonwealth Edison also addressed the conference. Introduced by Georgine as one of "labor's real friends," O'Connor told the delegates: "I support your desire for more and better... We in industry are with you all the way... Democracy will surely crumble if good men do nothing. We will all hang separately if we don't fight together." Thereafter, talk on the floor of the conference was against "any compromise with those guys" in the Carter Administration.

Attempts by three Administration or Administration-linked spokesmen to speak on behalf of the Carter program to the delegates met with no success. Charles Percy, a Rockefeller in-law and the Republican Senator from Illinois tried to argue that "conservation means jobs." As the co-founder of the so-called Alliance to Save Energy stepped to the podium, half of the Building Trades Department's leadership and an equivalent number of delegates left the hall.

James Schlesinger spoke to the Wednesday session and was greeted with silence.

The Crisis of Leadership

In sum, the top leadership of the AFL-CIO has entered into a holding pattern on the energy question, although secondary leaders closer to the membership have no doubts as to what stand the labor movement should take. Sources report that in separate meetings over the last two weeks and especially over the last week, Carter and Schlesinger told various labor leaders that "compromises" on parts of the program would be forthcoming provided they would go along with the "concept of conservation." Similarly, at a special meeting, Carter and Schlesinger reportedly told building trades leaders, including Georgine that the details of the energy program still remain to be worked out and put into legislative form and that there was a lot of room for their "input." They were cautioned against coming out with any "rash statements."

Yet another Washington-based trade union leader gave indication that a second line was being circulated to keep labor in tow. It would be a mistake, he stated, "to burn our bridges with the Democratic Party by attacking the Carter program. We may still be able to get some people to change it."

U.S. Press:

The President Sounded Un-American

Journal of Commerce, April 22 editorial:

Mr. Carter deserves every credit for stating bluntly the stark facts about the nation's energy crunch and for orchestrating them in the somber tones that occasion requires.... The crunch is not only going to be with us for a long while, but perhaps forever.... Our main criticism of his plan is that while it has the appearance of being comprehensive, it is nowhere near as comprehensive as it should be.... No energy policy that fails to bring about a drastic reduction in public consumption can rate as an energy policy at all.

Detroit News, April 21:

commentary column by John Peterson, "We Need to Ask More Questions About Energy":

...It (the Carter energy program-ed.) requires among other things a suspension of public disbelief — which is exactly what Jimmy Carter in his best soft-spoken 'I love y'all' manner was asking for this week....

Mr. Carter suggested it was our patriotic duty to limit national growth and to cut back our lifestyle...

He was aided by a conveniently timed CIA report that found the world's energy demands will far exceed the world's energy supplies within a decade. No one in the press so much as snickered. That alone ought to make the public suspicious.

The press — rightly or wrongly — never has hesitated to attack CIA credibility where the Agency was dealing solely within its area of expertise such as estimating the military strength of the Soviets...

If you're worried that civil liberties might be subjected to restrictions by an all-powerful federal energy czar you may lose some sleep over a proposal advanced by the President's old softball buddy, Ralph Nader on "Meet the Press" last Sunday. Nader, who has become the President's top adviser without portfolio in recent weeks has favored the creation of an energy conservation corps.... Cutting through his attempt to finesse the

Wall Street Journal:

Carter Will Return Us To The Dark Ages

The following are excerpts from the Wall Street Journal editorial of April 22, entitled "Energy Psychology":

...At best the package is a confusing mish-mash...some parts of it are actually destructive...the proposal to push prices up through taxes gives you all of the supposed disadvantages of price decontrol with none of its advantages.... His package should have more stress on production incentives...

Mr. Carter's call for sacrifice, his total emphasis on conservation instead of production, plays upon and nurtures one of the most dangerous psychological impulses at large in society today.

This is the neo-Malthusian notion that the essential task for mankind is rationing and parceling out a finite and constantly dwindling store of resources. The Club of Rome led this attack on the belief in progress, and then saw that it was in general undermining the intellectual and moral foundations of modern civilization, and in particular undermining the hopes of the poorest people everywhere. But though the Club of Rome recanted, its original paralyzing pessimism has taken an extraordinary grip on broad sectors of the American mind.

Yet the factual foundations of this notion are hard to discern.... Mankind is in the extraordinary position of being able to see conceptually where its energy will come from for as many generations ahead as its mind can conceive.

Laying aside our own hunch that a good deal more oil and natural gas will be found when the price is right, everyone concedes that there are a couple of centuries worth of coal. Even without manufacturing plutonium, present nuclear power technology can probably carry us until fusion can make energy from seawater.... There are no meaningful physical limits to energy; the problems are economic ones. And these problems can be solved....

...Investment in new energy sources must be encouraged, or at least not discouraged.... In the Carter package, the revenues from higher energy prices would be dissipated.... The package has no recognition (of this) whatsoever....

...We do worry that perhaps Mr. Carter's ringing call for sacrifice will not open and broaden the debate, but instead lead it down the path of sterile pessimism into self-realizing fears of energy disaster. We would even go so far as to say that if the neo-Malthusianism runs too long unchecked, it will lead not only to dim lights but to a dark age.

question, what Nader is talking about, pure and simple, are brigades of youthful and often uneducated government inspectors snooping into the private lives of Americans. Nader's proposals seldom are scrutinized for fascist intent but the gauleiter aspects of his Energy Konservation Korps are too pronounced to be ignored.

Chicago Tribune, April 19,
editorial, "The Two Sides of the Energy Policy":

The *Tribune* views with "skepticism"... "the conclusion that we must so restrict energy consumption as to lower living standards and economic growth significantly.... Creating a jobless America for the sake of energy security is not an acceptable tradeoff... It is time to see more Edisons, Bells and Einsteins, perhaps yet unborn, to invent or discover new energy sources as yet undreamed of."

Chicago Tribune, April 20:

President Carter's energy message Monday night misled the American public by almost ignoring the potential and existence of nuclear power, a nuclear advocate charged Tuesday.

It is very misleading to the American public to mistake the fact that nuclear power is one of the few existing possibilities for growth without major resource or environmental impact, said Dr. Chauncy Starr, president of the Electric Power Research Institute. Starr spoke to the American Power Conference at the Palmer House here....

St. Louis Globe-Democrat
(Newhouse Newspapers), April 22,
editorial, "Jimmy's Jumbled Energy Plan":

Attacks Carter's proposals for their restraint on the oil and gas industry, and strongly endorses the need for the breeder reactor program.

New York Daily News, April 22,
editorial, "The Energy Plan":

...However, Americans just haven't responded to calls for self-discipline. Somehow, it has to be brought home to them that the careless wastefulness of the past cannot be tolerated.... There shouldn't be a question in anyone's mind about the need for cutting way back on the amount of gasoline we burn.... But for a long-term solution, we need to expand our search for new energy sources — and Mr. Carter's proposals, admirable as they are in many respects, were disappointingly sketchy in that area.

Boston Globe, April 19 news analysis by Martin Nolan:

Carter is restoring a "commodity even more rare than petroleum — presidential credibility."

Newark Star Ledger, April 19,
editorial, "Energy — A Sound Beginning":

Any sound energy policy must begin with conservation... Americans must learn to be prudent with the use of energy in the future.

Greensboro Record (N.C.), April 20,
editorial, "Energy Czar Jimmy":

Jimmy has warned us, "don't expect the best, don't

even expect the mediocre." His program consists of silly taxes and will lead to silly conservation.... If you must hear all the details watch Carter's message but if you want to save energy turn off your TV set.

San Francisco Chronicle, April 19,
editorial, "That Nuclear Fuel Decision":

Commenting on the recent Persepolis meeting on nuclear power in Iran, the editorial quotes Director General of the International Atomic Energy Agency, Sigvard Eklund, who said that Carter's proposals violated the nuclear non-proliferation treaty of 1969. Says the *Chronicle*, "We do feel the President must face the objections that came from the Iran meeting. He cannot be unmindful of the desperate energy needs of other countries."

Tacoma News Tribune, April 14, editorial:

Work on the breeder reactor is continuing in the Soviet Union, France, Britain, West Germany, the Benelux nations, Italy, Japan and India.... So while France and the other nations with similar programs are moving ahead, the U.S. will be lagging further and further behind. And it seems to us to be totally unnecessary.

Tacoma News Tribune, March 28
editorial, "Harming the Energy Search":

The breeder reactor which produces more atomic fuel than it consumes, is considered the next step in nuclear power technology.... Furthermore, exciting advances in nuclear fusion research have been taking place. What was only a theory a few years ago has progressed to the point where ERDA had set 1981 for the first production of significant amounts of controlled thermonuclear fusion energy. The date for demonstration will now be set back six to nine months because of the Carter Administration's slowdown order.

Portland Oregonian, April 14,
editorial, "Atomic Backfire":

President Carter's plans to curb the export of plutonium, vital for breeder reactors that would stretch out the world's energy supplies, has had a not-unexpected reaction among the nation's allies that depend on the United States for reprocessed nuclear fuels....

The Japanese, who ratified the treaty (non-proliferation treaty — ed.) only last year, were greatly upset by the Carter proposals.... Two other allies, West Germany and France, both deeply involved in breeder technology requiring plutonium, were highly critical, as expected, of Carter's proposals... The United States, as the principal world supplier of peaceful nuclear technology, will lose vital trade dollars by restricting it....

New York Times, April 18,
William Safire column, "Bless the Blitz":

This week, Jimmy Carter will make the most extensive use of the television medium of any President in our history. If he goes through with it, he will become the first one-man mini-series.... Understandably, many media-men are queasy about becoming doormats for the selling of a Presidential policy. They worry, rightly, about being criticized tomorrow for participating in an

unprecedented orchestration of opinion-molding today. Accordingly, some networks are planning coverage of divergent points of view, providing time for rebuttal, and engaging in what used to be called 'instant analysis.' That is to the good....

I am not worried about the Carter media blitz because a one-shot rallying of support for a 'package' does not result in the passage of that package....He (Carter) has been a malleable President; he wants to be popular.... We'll take what we like, and he'll like what we take. Years from now, when our children ask "Where were you during the blitz?" we'll tell them we dutifully tuned in, believed what the President said the first night about saving energy so we turned off the television set and picked up a book.

CBS Morning News, April 18,

by Jerry Landay:

What scientists want to harness is nothing less than this: the energy that powers the sun. The energy is called

fusion energy... There's still a long way to go, but in tests like these completed last month, Alcator (MIT fusion project — ed.) has come within shooting distance of proving the feasibility of fusion power... Practical commercial fusion is forecast for the 1990's. Some scientists say, with a crash program, it could come sooner; but President Carter has cut \$80 million from the new fusion budget... In Alcator C, the scientists here say they hope to achieve break-even in two years, the possible "open sesame" to the achievement of unlimited power.

Indianapolis Star, April 20:

"Carter has sounded strangely un-American on Monday..."

Boston Herald, April 20:

Carter ignores the need to "expand our energy supply and to develop new alternative sources of energy to meet the nation's demands of future economic growth..."

Media Covers Fusion Energy Foundation Drive For Pro-Development U.S. Policy

Some newspapers have expressed their opposition to Carter's energy plan with increased coverage of the Fusion Energy Foundation (FEF) campaign for an energy policy based on the transition to a fusion-based economy. During the first two weeks of April, FEF Director Morris Levitt toured Texas and Oklahoma. The following is a sample of the press coverage of the tour.

*The Houston Post, April 9, by Jim Maloney,
"Fusion Proponent Criticizes Carter Policies":*

If President Carter's energy policies in regard to nuclear power prevail, "The United States is on the way toward becoming a second-rate power," Executive Director of the Fusion Energy Foundation said here Friday... Depending on what happens internationally, Levitt said, these policies are a prescription for either a slow or a fast suicide for the country... During a visit to Austin, Levitt said he got a commitment that a bill will be introduced in the Texas legislature "supporting the full use of fission and all out fusion research and development effort."

The Houston Chronicle, April 12, "Labor Party Exec. Plugs Fusion Energy":

The research director of the U.S. Labor Party says fusion energy must be developed if the nation is to resume its dynamic growth by fulfilling the needs of Third World nations.

Dr. Morris Levitt says the alternative to a dramatic change in the nation's monetary and energy policies is disintegration of the economy beginning next year... Development of fusion as well as fission energy has received a sharp setback by President Carter's decision

to delay indefinitely the commercial reprocessing of plutonium..."

The Austin American Statesman, April 7, by Larry Besaw "Massive Fusion Effort Urged":

A federally financed \$6 billion effort to produce electricity from nuclear fusion by 1990 was called for Wednesday by the director of the Fusion Energy Foundation. Otherwise, said Dr. Morris Levitt, fusion may never be commercially available and the result could be 'deindustrialization' of the country...

Tulsa Daily World, April 14, by War Byers, "Nuclear Fusion Called Energy of the Future":

Nuclear fusion can draw enough energy from the world's oceans to provide power for the next one million years as the first step in a 'new industrial revolution', an energy expert said here Wednesday... "With sufficient research and development commitments, we could have fusion reactors on line by 1990," Levitt said. "This would provide a nice, smooth transition with high use of existing energy resources..."

Levitt also appeared on KLIF radio and WFAA radio in Dallas, KTRH radio, KHOU-TV and KPRC radio in Houston as well as on talk shows in Austin, Texas and Tulsa, Okla.

Other coverage of the Fusion Energy Foundation:

4-21 — Morris Levitt appeared on the Roy Fox show on KDKA radio in Pittsburgh, one of the largest talk shows in the Midwest

4-21 — Levitt Press Conference in Pittsburgh drew reporters from AP, the Pittsburgh Press, the Pittsburgh Post-Gazette, three radio stations and a TV station.

4-21 — New York-CBS all-news radio played interviews with Dr. Morris Levitt, FEF Director in response to Carter proposals to Congress.

4-22 — Pittsburgh Post-Gazette, by Henry W. Pierce, "Nuclear Energy's Full Push Urged"

A New York physicist yesterday called for full development of nuclear energy, including the controversial breeder reactor and the more glamorous but technologically uncertain, fusion reactor. "We have a beautiful spectrum ahead of us of ever more efficient nuclear processes," declared Morris Levitt, executive director of the Fusion Energy Foundation. Levitt, here to

announce an energy conference to be held next Friday at the William Penn Hotel, said failure to develop nuclear energy and other forms of power represents "the first step toward deindustrialization of the United States..."

4-22 Pittsburgh Press, *Pro-Nuclear Group Hits Carter Plan*":

Dr. Morris Levitt, National Director of the Fusion Energy Foundation, termed the Carter policy "the first step toward de-industrialization of the United States."

European Press:

U.S. Won't Accept An Energy Diet

West Germany

Die Welt, April 20, editorial by Heinz Heck "A Report on the Plague of the Nation":

... since 1973, the words "energy conservation" have been spreading throughout the world... except in the U.S., where the search for new energy resources was systematically blocked by an incorrect energy policy. Conservation can be used, pedagogically, to convince the critical environmentalists that the government's energy program is fine, so that they will agree to extending energy production. But otherwise, even with conservation, — you will not get zero growth. Whoever is demanding that it be implemented in this way either does not know anything or is lying...

Take that meeting of the SPD leftists in Erkenschwick. If they want what they voted for, then they should also tell the population what this means: more unemployment, fewer industrial jobs... There is no realistic alternative to nuclear energy.

... the Federal Republic of Germany, as an export-oriented, highly industrialized country, needs more energy... the Third World, especially those nations which are just at the threshold of industrialization, need abundant and cheap energy... conservative estimates say that the Third World alone will need 400,000 MW in the next twenty years... which can only be supplied by the industrial nations... otherwise, we can tell our highly skilled workers to go home.

I hope this is not what those leftists who met at Erkenschwick really want... but we will get the same bad results if we bow down to Carter's energy program. This will not be accepted by the U.S. and the reactions from the U.S. Congress and the BRD too in this connection will be very interesting..."

Frankfurter Allgemeine Zeitung, April 20, by New York correspondent Sabina Lietzmann:

The U.S. population really does not believe that there is a "real" energy crisis, they think it has been artificially created by the multinationals to raise prices... As an industrialist from Texas said: "America didn't come about as a nation by conservation, but by expansion"...

Henry Ford says: "I don't see any reason to build small cars for this country"... A representative of an oil company says: "It's not an energy crisis, it's a political crisis"... Another oil firm representative says: "The environmentalists are the main evil." Already, 20,000 letters have gone to the White House that reject Carter's energy policy.

Die Welt, April 20, by Kurt Leissler, Washington correspondent:

...The only way to get rid of dependency on oil is through fission... Europe wants it, Carter does not. Until something better is available, (solar and fusion energy are still far away), Europe needs fission too... Neither Europe nor Japan can drop plutonium, for then they would become more dependent on oil than they were before 1973. Carter should remember that this was what was behind the BRD government's rejection of transporting U.S. weapons to Israel in 1973... Viewed in terms of foreign policy and strategy, Carter has to ask himself if he can go on like this if he really wants the tripartite alliance between Europe, the United States and Japan. When two of these three still depend on resources whose transportation is endangered, this is a strategic question.

Die Welt, April 21, front page article by Heinz Heck, "The German economy is protecting itself against Carter's Atomic Reprimand. It is too late to reject the use of Nuclear Power":

The German nuclear industry has rejected Carter's nuclear energy policy. Yesterday, the Nuclear Fuel Cycle Industrial Association was established in Bonn...

Guenter Scheuten, chairman of the board of the German Society for the Reprocessing of Nuclear Fuel, said: "The USA can afford to reject uranium, but it is not possible for Europe and the Third World to do this, because of limited raw material supplies. There is no other solution if people do not want to be dependent on oil..."

State Secretary Schmid-Kuester from the Federal Research Ministry: "No sovereign state can be prevented from introducing nuclear energy. One cannot reject its peaceful use... We could not and we cannot

prevent its military use. The FRG will not reject sending technology to other nations, for otherwise this would mean a violation of Article 4 of the Nuclear Non-Proliferation Treaty, which would mean the dissolution of the treaty..."

Kieler Nachrichten, April 22, by Washington correspondent Marlene Mathey "Carter is Hitting Up Against Tough Opposition":

There isn't the slightest chance that more than ten percent of Carter's program will be accepted by Congress... the opposition ranges far beyond Congress... people are laughing at the CIA study, recalling that the crude oil czars in Washington have been predicting for decades that the oil would dry up... Is Carter trying to produce an energy psychosis, and if so, then why?... Washington has recognized somewhat late in the last quarter of the twentieth century that a state's position of power depends more on its ability to mobilize energy and raw materials for itself than on always developing new missile systems. However, for some years, certain American publications have proposed that America occupy the Arab oil fields, and that this would get them out of the grip of the Soviets. Many observers in Washington precisely fear that the indication in the so-called CIA report which Carter made the basis of his energy conservation program — i.e., that the Soviets would need Middle East oil in a few years, — sprang from similar motivations.

Great Britain

The Financial Times, April 22:

Carter's proposals, it must be remembered, are only proposals. They will be widely unpopular and will be fought hard in Congress for that reason, let alone by the various business interests apt to be upset by them... For all that, the rest of the world has good reason for being grateful to him. The more his program is accepted and potential U.S. demand for imported oil brought down, the less daunting will be the prospect — for both supplies and price — facing other countries... The resumption of

enriched uranium supplies may lead the way to an agreed solution of the nuclear reaction question, while the U.S. example may now lead the European Community to work out an energy program of its own.

The Times, April 22:

Few statements that President Carter is likely to make during his term of office will have the fundamental importance of the energy program which he unveiled on Wednesday night... President Carter's comprehensive and radical approach to the whole problem must be generally welcomed... The central weakness of the Carter program, however, seems to lie on the side of production... Combined with the lack of clarity about where the sources of capital are to be found for the development of the alternative energy sources, this appears to be the major gap in what purports to be a comprehensive policy. It is virtually certain that the policy as a whole will fall short of its objectives unless that gap is filled.

The Economist, April 23:

President Carter's energy plan is weaker than it looks, and certain to be made still weaker in Congress. But it is America's first attempt to tackle politically-created problems with political weapons, and is welcome as such... Mr. Carter on energy is, as in his relations with Russia, saying and trying to do the right thing in his own quite dangerous way. He is extending his practice of treating economic issues in moralizing terms, his habit of restling his politics on the puritan streak in America. He is saying "Thou shalt not guzzle" and adding that offenders against this moral rule will have to pay... nothing now, you understand, but five cents some time maybe... To any non-American Mr. Carter's energy policy is rather feeble than its eschatological sales patter has implied. To Americans it proposes a revolution in thinking, if not immediately in the motor cars that Americans drive... He is meeting the political problems of energy head-on with political weapons — publicity, congressional arm-twisting, the authority of the presidency... He is right to want, however hesitantly, to discourage demand, and needs to do far more to encourage supply.

Italy

Corriere della Sera, April 20, front-page article by Ferrante Pierantoni, professor at the University of Bologna, and expert on nuclear power plants (Pierantoni directs himself to the Carter policy banning nuclear reprocessing plants and banning uranium sales to Europe, ostensibly because of the danger of nuclear terrorism):

The USA... has thousands of persons who in one way or another have learned to construct atomic devices and who today work disseminated in the most disparate sectors... It is easy, not to say inevitable that they would be contacted by countries intent on a short cut to owning an atomic arsenal... To construct atomic devices... with plutonium produced in electrical power plants... presents enormous difficulties due to the high radioactivity. Working with highly enriched uranium, the difficulties

Giscard Out On Limb For Carter

Following President Carter's April 18 televised speech representing the initial outlines of his energy program, French President Giscard's spokesman Jean-Philippe Lecat issued a statement endorsing the program: "It is of great importance for the French economy and the European economy for the United States to examine the problems of their own energy consumption. The French government has in fact been in contact with Washington on this problem."

Last weekend, Giscard declared a "National Day of the Tree" and announced that "France must take the lead of the world ecology movement."

one finds in production of atomic devices are such that they must be confronted by a group of skilled workers under the guidance of two or three specialists.

Already today, energy consumption per unit of national production is greatly inferior in France, Germany, Japan and Italy compared to the U.S., which has placed as its own objective the attainment in the year 2000 of consumption levels equal to the current Italian level.

Why doesn't the U.S. note well that Carter's proposal to

ban peaceful uses of plutonium sounds to European ears as a proposal to ban carbohydrates from their diet would to famished nations of the 4th world?

France

Le Matin de Paris, April 20:

The Carter plan for reducing energy and oil consumption in the U.S. will incite business men to reduce

Il Fiorino Asks:

Are Oil Multinationals Behind The Attempts To Stop Nuclear Progress?

The Rome financial newspaper Il Fiorino 4-19 reported on "The European Crusade of Dr. Steven Bardwell for Plasma Physics and Nuclear Fusion" in a prominent feature article, excerpted in translation below. Italia Nostra is the leading Naderite environmentalist organization in Italy; the self-styled Indians are left-fascist drugged youth who have been pitted in riots against the Communist Party and unions. Frascati, near Rome, is the site of Italy's major nuclear fission and fusion research projects.

...A young American scientist, Dr. Bardwell, came to visit our editorial offices... He is touring Europe to combat President Carter's theories tending to abruptly cut off the development of peaceful applications of the atom. Two weeks ago he was in Stockholm for a conference organized by the Fusion Energy Foundation where he spoke to about 30 industrialists and 40 researchers from the Royal Swedish Institute and to trade unionists...

The FEF in Stockholm is supported by Bo Lehnert, a physics professor engaged in polemics with his colleague Hannes Alfvén, the scientific advisor of ex-Premier Olof Palme who, in line with the more recent ecological fashions, upholds the development of solar energy...

Now Bardwell has set up relations with a group of young researchers at Frascati. In Frascati, too, in the past few years there has been a considerable struggle carried out by the researchers to be able to further their studies, against blocking tendencies which amount to nuclear self-castration. (The research) gets stopped at one point with the excuse of disarmament, at another point waving the banners of preserving the landscape and the ecology craze.

In the USA Dr. Bardwell and his friends support the small U.S. Labor Party, and they have relations with the Soviets and also some links to the Republicans which go as far as the extreme right of Barry Goldwater. Above all, they are in a fight with

the anti-development forces of Ralph Nader, Barry Commoner, Forrester, Meadow and the various Zero Growth groups etc. "These circles are fostered by the CIA" and they follow "the directives of the Trilateral Commission" inspired by the Rockefeller brothers, and even Carter with his energy line would express the line of the Trilateral Commission and not that of the Democratic Party.

They see everything in an extreme way as a conspiracy, a conspiracy which goes so far as to make President Carter, in addition to being an enemy of nuclear development, a sort of incendiary already disposed to unleash World War III to save the tottering banks of Manhattan from the disaster which threatens them... (In effect) Carter's policy is assuming gravely provocative points, above all in relation to Germany and France...

Even in Italy

Even in Italy, the ever-more organized and aggressive movement is causing the loss of precious and irreplaceable years to the country's nuclear progress, from the phony salon progressivism of Italia Nostra and the World Wildlife Fund to the provocations of the urban Indians, the exploitation of disinformation and collective hysteria appears in effect ever more massive and less genuine...

How much are we to believe researchers like Steve Bardwell, Jon Gilbertson and Moe Levitt, who go around denouncing as a well-articulated plot which is exploited by various rich foundations — Ford Foundation, Kaplan Foundation, and Rockefeller Brothers Fund — what might be only the spread of misoneism, the hatred of the new?... We are obviously not willing to swear on their revelations, just as we have never been convinced by the suicidal theories of zero growth, but the hypothesis that certain delaying battles might be fed by the oil multinationals themselves... and hence by the Manhattan banking establishment, of which the Rockefeller family is the major expression, must at least be reported from the standpoint of curiosity and journalism...

their investments, according to the Democratic Senator from Wisconsin, William Proxmire... This is also the opinion of Bill Brock, President of the Republican National Committee, who fears an increase in inflation without a relaunching of energy production... The obvious unpopularity of these measures, which will be accompanied by heavy taxes on consumption, will only make the debate which is beginning in Congress more tempestuous... So, following the suppression of credit for the development of the (nuclear) reactors of the future, American atomic scientists charge: "Under the fallacious pretext of preserving the independence of the United States and preventing nuclear proliferation, Carter is compromising any possibility for the industrial and economic development of the United States, Europe and the Third World." This is the declaration of Professor Bardwell, director of the American Fusion Energy Foundation. He deplors the elimination of investments for the development of fast breeder reactors, plutonium recycling and controlled thermonuclear fusion. And he affirms: "The only real motivation of the Carter plan is the necessity for the Wall Street banks and international financial institutions to direct each available dollar to finance the enormous debt burden of the developing countries, Europe, American industries at

the expense of all long term productive industrial investment." Professor Bardwell adds: "All the speeches about the will to conserve resources are aimed at forcing the acceptance of the policy of deindustrialization defended by the Trilateral Commission, creation of banker David Rockefeller, and of which 16 members sit in the Carter Cabinet.

Le Monde, April 20, editorial:

He (Carter) brandished the spectre of a "National catastrophe" as if the United States had lived until now in a dream — the ancestral dream of inexhaustible resources accorded by Providence to its chosen people... But the positions taken by Mr. Carter are based on studies accumulated for months by different groups of experts... which leave no other option for a responsible President but to come out for a policy, if not of austerity — the word is un-American — at least of serious adjustment... But we also have to think — it is too early to weigh them — of the international consequences of Mr. Carter's 'cure'... How will the U.S.'s oil suppliers take a brutal drop in order they are given? How will world exchanges develop if the American economy, more or less willingly, puts itself on an economic diet?

Japanese Industrialists Judo Yen Speculations

FOREIGN EXCHANGE

Japanese industry conducted a successful "judo operation" this week against speculative pressures which were steadily pushing up the Japanese yen and threatening to destroy the country's exports. The Bank of Japan's sudden and totally unexpected slashing of its discount rate from 6 to 5 percent on April 19 rudely snatched the rug out from under the yen speculators, among them the major New York-based international banks. The yen promptly fell more than 3 percent from last week's three-year high of 270 to the dollar down to 277 as of April 21.

The Japanese central bank's move was forced by industrial interests and sections of Prime Minister Fukuda's own party, the LDP, which are opposed to Fukuda's policies of accommodation with the Carter Administration in the USA. It has been widely reported in the international financial press that during Fukuda's trip to Washington earlier this month, he agreed to allow the yen to appreciate so as to eliminate Japan's large trade surpluses, which have been endangering the stability of the Eurodollar debt structure. Japan would aid the refinancing of dollar-denominated Third World debt by importing *more* raw materials and semi-finished products from the Third World, while, paradoxically, exporting *less* manufactured goods.

Following his meeting with Carter, Fukuda announced his tacit approval of the revaluation, publicly stating that the Bank of Japan would pursue a "free market" policy and would no longer intervene to keep the yen down. The London financial press reported that Fukuda would allow the yen to go as far as 260 to the dollar.

When the dollar slipped below 270 yen last week, however, Japanese industry revolted. The steel industry complained that it is already slashing prices in order to maintain its competitive position in international markets and actually requires an exchange rate of 290 to make a profit.

The Bank of Japan resumed its heavy intervention to depress the yen and then, on April 19, announced its judo move — the discount rate reduction.

This rate cut was a laudatory move in itself since it removes part of the financial burden on Japanese corporations, thereby helping to sustain the economy without the inflationary effects of big government

"pyramid building" programs Keynesian-style.

As a side effect, the large Japanese trading companies took advantage of the fact that yen-sector interest rates had dropped below dollar rates. Instead of borrowing dollars to finance their imports, the trading companies began to borrow yen and then sold the yen for dollars both to cover their imports and to meet their short-term dollar obligations; this exerted strong downward pressure on the yen.

The leading New York international banks were, meanwhile, caught completely off guard by the Japanese maneuver. A Bankers Trust trader complained: "A lot of people had long positions on the yen. They took their profits when the market was very thin (triggering the sharp fall)...The U.S. prefers the yen up rather than having to resort to protectionism against Japanese exports. That's why we still see a stronger yen."

The reduced yen exchange rate does not necessarily entail a slowdown in the internationalization of this currency. In fact, international use of the yen for trade financing has steadily increased, since it is seen by many countries as a means to insulate themselves against dollar inflation. According to Japanese bankers, during the last three months, the proportion of Japan's imports which are invoiced in yen has risen from 3-4 percent to 5 percent, while the proportion of exports invoiced in yen has risen from 20-25 to 25-30 percent.

...But Bundesbank Buckles Under

The actions of the Japanese central bank contrast sharply with those of the West German Bundesbank this week, which appears to have acquiesced to the Carter Administration's demand that West Germany eliminate its trade surplus. In its April report, the Bundesbank announced that the country was "aiding the world economy" by slashing its 1977 current account surplus to \$1.59 billion, half last year's total. The report stated that during the first two months of this year, West Germany actually ran a current account deficit of \$253.9 million, which the Bundesbank traced to the stagnation of exports.

On April 21, Otmar Emminger, who just replaced Karl Klasen as the president of the Bundesbank, announced his support for the \$15 billion special bail out facility proposed by IMF managing director Witteveen. Emminger stated he believed the Witteveen plan would be approved at the IMF Interim Committee meeting on April 28 — a move which would prop the Eurodollar market and hence the dollar itself.

Europe Stalling On Break With Dollar; Make 'Contingency Plans' For Collapse

BANKING

Financial leaders and government policymakers in Japan and Western Europe have continued to stall on delivering a flat "no" to a Rockefeller bailout. The Carter Administration, the New York banks, and the International Monetary Fund directorate are demanding that the OECD balance-of-payments surplus countries and the Arab members of OPEC provide an immediate cash infusion to cover the default-prone debt payments of Third World and other debtors. The cash, it is proposed, would take the form of a new \$10-15 billion lending fund, the so-called Witteveen facility, to be financed half by the Arabs and half by Japan, West Germany, the U.S., Switzerland and Holland. Without it, the IMF has only \$4 billion left in "hard" currency to lend, roughly a six-months' supply.

This proposal was left hanging at last weekend's gathering of the "Group of Ten" (G-10) leading advanced industrial nations in Paris. After insisting for weeks that Saudi Arabia had approved the plan, IMF director H. Johannes Witteveen was obliged to report that he had received no reply from the Saudis to his request that they supply \$4 billion to the new facility.

The non-U.S. members of the G-10 had made it plain that they would not press the plan without Saudi commitment to it, and they accordingly let it drop until the April 28-29 meeting of the IMF's Interim Committee in Washington, which will be attended by 20 key finance ministers. The G-10 meeting also told the Treasury Department-led U.S. delegation not to raise the other immediate bailout proposal — the \$25 billion "safety net" for advanced-sector debtors originally proposed by Henry Kissinger — until the Treasury could show some semblance of support in Congress, which axed the enabling legislation last year. The editors of the *New York Times*, however, called again for the safety net this week — because "what is urgently needed is a new institution that could be a lender of last resort for the industrial nations but independent of political control by others." The "others," the April 22 editorial explains, are the OPEC countries, who should merely continue providing bank deposits for the OECD to allocate to bailout recipients.

The *Times'* sensitivity to OPEC policy interventions reflects the fact that Saudi Arabian leaders and their contacts and advisors in British banking circles are not merely stalling on the problem of what to do about the Chase Manhattan group's resolve to salvage its balance sheet at the expense of world trade, production, and peace. While they stall, they are drawing up contingency plans based on the premise that the bankruptcy of several major Wall Street commercial banks may soon

be exposed by some combination of defaults on principal installments, requiring a restructuring of the world financial system.

The head of the Middle East department at one of the London investment banks most heavily involved in the region said in an interview this week that Saudi Arabia will not support the IMF bailout plan. "It is unfair to advise them to do so, to tell them to take any initiatives to help the Western banking system. It would create an intolerable situation for them."

Instead, he added, the New York banks should be allowed to collapse, and "We should do to the dollar what was done to the pound" — presumably, remove its role as the chief international reserve currency and assign it a limited, subordinate role. What it would be subordinate to was not explained, but this banker-diplomat believes "it is inconceivable to let the whole Eurodollar market go." He indicated that his Anglo-Arabian group's preference is to restructure the International Monetary Fund and the Eurodollar market after excising New York's domination of them. Debt rollovers would be granted, but according to the pleasure of non-Wall Street creditors: this is already happening to some degree with, for example, Kuwaiti loans of Saudi currency to the Philippines, Algeria, Yugoslavia and Poland.

Some Arab policymakers are cautiously moving on an institutional level. Last week 20 member-nations of the Arab League formed an Arab Monetary Fund with \$1.4 billion geared for "mutual assistance." While Wall Street sources claimed that the fund would be an adjunct to the IMF, the election by the Arab central bank governors of the former Iraqi planning minister to head the institution showed an orientation toward regional development rather than bailouts by the small fund. The fund intends to make the Arab dinar (previously a simple unit of account) into "a fullfledged currency independent of the international money market," according to the West German daily *Die Welt*. The Moscow Narodny Bank's Middle East department believes that the fund will be directed toward Third World development even *beyond* the region, and will gradually move toward basing the dinar on gold, a topic of discussion at the May meeting of Arab central bank officials.

Moreover, Saudi Arabia and Kuwait have granted Egypt a five-year moratorium on several billion dollars in debt owed to the Gulf states, according to Washington IMF sources. The Saudi action seems designed to forestall revolutionary agitation in Egypt by relieving Egypt of the austerity conditions tied to IMF debt-refinancing loans. The Saudis are also under pressure from forces throughout the Arab world, as well as elements within their own government, to use their petrodollar resources for industrial development.

Europe Hedges Its Bets

The Arabs, at all events, are moving within the poli-

tical and financial parameters set by what Western Europe and Japan are ready to do to maintain and expand that real international economic activity now jeopardized by the policies of the U. S. government, Federal Reserve Board, and IMF. Among advanced-sector policymakers, there exists a broad common-denominator agreement (bracketing hard-core Atlanticist operatives like French President Valéry Giscard d'Estaing) that the Carter Administration is a public menace. Beyond this, a positive anti-Carter policy is still absent, and might remain so until the enormous U.S. opposition to Carter becomes visibly organized.

On April 18, following the G-10 meeting, the finance ministers of the European Economic Community (EEC) announced that they had approved the Witteveen facility "in principle." British Chancellor of the Exchequer Denis Healey commented to the press that "in principle" means merely that the Fund has EEC permission to "carry on exploring the sort of scheme that might be put in place." Healey, himself a pro-IMF factioneer, "will have to restrict himself mainly to generalities" when the subject comes up at the Washington Interim Committee meeting, wrote the London *Financial Times* April 19, perhaps reflecting the opposition of lynchpin British bankers to the bailout. Their opposition to a clean scrapping of the IMF and the Eurodollar market simultaneously finds a sympathetic reflection in West Germany, which holds a decisive swing vote on the question of a new international monetary system. Leading Frankfurt bankers do not actively favor a bailout. On the other hand, they neither foresee a New York banking collapse nor plan the near-term kind of withdrawal from the Eurodollar market, which, if made in tandem with Anglo-Arab interests, would "pull the plug" on New York without further ado.

The British are suffering from the stupidity of mere cleverness in imagining that the world economy as a whole, with or without David Rockefeller, can begin to run at a net profit. That is quite impossible so long as "policy" emerges from this kind of maneuvering to salvage short-term particular interests — as opposed to a fierce drive for expanded development of a world economy relieved of the obligation to devote capital resources to debt refinancing.

For their part, West German financial circles are remaining "slow and steady," as one Commerzbank official put it, reacting rather than acting. So are Swiss bankers, though some of them wax unusually profane on the subject of the U.S. President.

The Press Reaction

The Italian financial daily *Il Sole 24 Ore* minced no words in its criticism of the EEC for paying lip service to the IMF proposal. The Witteveen push, wrote *Il Sole* April 20, should be identified out loud as a U.S. attempt to impose a monetary order "whose high priest of recycling would be Chase Manhattan." Following Carter's failure to force hyperinflationary fiscal and monetary policies abroad, the article charges, New York and Washington simply want the IMF to assume the burden of the Wall Street banks' "overextended debt."

The French financial journal *Les Echos*, alongside an interview in which U.S. Treasury Secretary Blumenthal

calls once more for worldwide "stimulation" — editorialized April 19 that Carter must now be confronted directly and across the board by the EEC. Blumenthal and Zbigniew Brzezinski are using a variant of the "human rights" ploy, writes *Les Echos*; they hope to put the EEC on the defensive by screaming about its import protection, then make Europe swallow Carter policy on the IMF, inflation and energy. Behind the Carter smile is an "unprecedented intransigence" toward Europe which puts EEC leaders in the same position as the Soviets during Cyrus Vance's SALT mission. At the London summit of advanced-sector heads of state, *Les Echos* concludes, the EEC must take a unified stand on behalf of its "legitimate interests."

On the subject of the IMF, the West German business daily *Handelsblatt* merely stressed this week that nothing has been agreed upon regarding the bailout. In its scathing coverage of Carter's energy program, however, *Handelsblatt* emphasized that, having antagonized every segment of the U.S. population, Carter has lost all credibility for the May summit meeting — a reminder to West German policymakers that they need not negotiate with him as if he headed a legitimate government.

Japan Considers Moratoria

In Japan, concrete steps have been taken to explore the alternative to a Rockefeller bailout, namely, an official suspension of repayments from Third World and other debtors. Japanese bankers told NSIPS this week that, having extensively reviewed Japanese bank loans to the developing sector, the Japanese Finance Ministry is reluctantly allowing suspensions of up to two years for both principal and interest payments by countries "with a basically sound basis for industrialization," potentially including Argentina, Brazil, Peru and Mexico. These bankers — fearful for their trade with Third World partners as well as defaults — are even willing to grant new development-project loans to the recipient of a moratorium, again on a case-by-case basis, the sources said. Meanwhile, Japanese financial authorities continue to resist the Witteveen proposal, as the *Wall Street Journal* and *Journal of Commerce* have acknowledged. A U.S. Treasury spokesman blithely commented off the record, "Sometimes we have to explain things to them more than once."

The most vigorous European voice on behalf of debt moratoria came in *Le Monde* April 13, when Angelos Angelopoulos, chairman of the largest private bank in Greece, the National Bank, proposed that Third World nations be granted a general debt moratorium for seven years, linked to 15-year development credits at low interest rates. Angelopoulos, whose statement converges on the International Development Bank proposal initiated by the U.S. Labor Party in 1975, said that, by raising demand for exports from the advanced sector, the Third World could "become the engine that gets the West out of the depression." His bank has extensive Arab as well as Western European ties.

Throughout the postwar period, but especially since the dollar crisis that finally scrapped the Bretton Woods fixed-parity monetary system, there have been periodic efforts abroad to organize a gold-backed, trade-and-

investment-oriented monetary system, new energy-development policies, and so forth. The Mideast war and oil crisis of 1973-74 were the reward for the retarded velocity and oblique direction of such efforts. Now, with a new conjuncture forcing a revival of such plans, the favorable nature of world conditions is unprecedented: the political and financial vulnerability of the New York banks and their Trilateral Commission executors; the

new leverage of the Arabs, ironically due to the New York banks' own earlier bailout strategy; and the breadth of popular support internationally for sensible policies on the explicit basis of scientific and economic progress. Whether full advantage is taken of this potential by Western Europe and Japan appears at this point to depend on what they see happening in the U.S. itself.

Progress On T-Ruble Negotiations

SPECIAL REPORT

Use of the transfer ruble as in international reserve instrument is still on the front burner as a European financial option, indicated senior Italian officials. According to authoritative Italian government sources, the visit to Italy last week of Soviet foreign trade minister Komarov produced some progress on transfer-ruble trade financing between Italy and the Soviet Union, although results will not be known until the visit to Moscow in June of Italian trade minister Rinaldo Ossola.

A transferable ruble agreement between Italy and the Comecon, which would involve Italian acceptance of T-rubles in payment for Italian exports to the East bloc, and Soviet and other East European willingness to make a pool of goods available for sale for T-rubles, has been mooted in Italian official circles, with a start-up deadline of June or July. But Italian sources, who say they were encouraged by last week's round of negotiations, emphasize that a major factional battle inside the Soviet leadership will determine the outcome. One stumbling block, an Italian banker reported, is fear among a stratum of Soviet planners whom the banker referred to as "agriculturalist faction," that more Soviet economic integration with Western Europe would disrupt internal planning controls. There is also stiff opposition to the internationalization of the T-ruble on the part of the "pro-Carter" faction in the Soviet leadership, Italian sources said.

Following a meeting of its governing council, the International Bank for Economic Cooperation (IBEC), the Soviet sector's central financial institution, issued a cautious restatement of its policy on making the transfer

ruble available internationally. Contrary to rumors circulating in the West, IBEC said, plans to make the T-ruble directly convertible into Western currency or other financial assets, or to create a "Euroruble" market, "do not conform to the reality of the situation." However, IBEC stated on what terms non-IBEC members would be permitted use of the T-ruble, on approval of all present IBEC members. These include financing of 100 percent of the value of a trade transaction through transfer ruble issues at nominal interest rates, whereas the T-ruble could only be issued previously to cover 25 percent of the value of such transactions; and provision to allow payment in T-rubles of only one side of a trade transaction, where previously IBEC demanded full balancing of transactions before non-members could pay in transfer rubles.

In addition, the German Democratic Republic newspaper *Neues Deutschland* reported, observers from banks in Latin America, Asia, and Africa, were present at the IBEC council meeting. This development is not totally unprecedented, but still extremely unusual. Although the banks participating were not identified, the move probably indicates negotiations in an advanced stage of completion for use of T-ruble in trade between Comecon and Third World countries, or in triangular arrangements with Western European countries, such as Italy. There is some speculation among Western observers that the 14 billion transfer ruble development fund at the IBEC's sister institution, the International Investment Bank, may finally be tapped in a significant way, especially since development credits from the West are becoming virtually unobtainable. However, for the Soviets to undertake major development efforts in the Third World, they would require Western European participation to provide a significant share of the flow of infrastructural goods.

Carter's Energy Program

Excerpts From His April 21 Speech To Congress

INTRODUCTION

"... In the months ahead, we must work together even more closely to deal with the greatest domestic challenge that our nation will face in our lifetime. We must act now, together, to devise and to implement a comprehensive national energy plan to cope with a crisis that otherwise could overwhelm us..."

"The heart of our energy policy is — uh, — the heart of our energy problem is that we have too much demand for fuel...Our trade deficits are growing...The time has come to draw the line.

"We could continue to ignore this problem...but to do so would subject our people to an impending catastrophe."

I. "our specific goals for 1985":

1. "To reduce the annual growth rate in energy consumption by more than 2 percent;
2. "To reduce gasoline consumption by 10 percent;
3. "To cut imports of foreign oil to less than 6 million barrels a day, less than, half the amount that we will be importing if we did not conserve;
4. "To establish a strategic petroleum reserve supply of at least a billion barrels, which will meet our needs for about 10 months;
5. "To increase our coal production by more than two-thirds, to over a million tons a year;
6. "To insulate 90 percent of American homes and all new buildings, and,
7. "To use solar energy in more than two and half million American homes."

II. "Specific Steps By Which We Can Reach These Goals"... "voluntary compliance will not be enough."

A. CONSERVATION

1. "A graduated excise tax on new gas guzzlers that do not meet Federal mileage standards" — 27.5 miles per gal. by 1985, 18 mpg today. "This gas tax will start out low and then rise each year until 1985. In 1978, for instance, a tax of \$180 will be levied on a car getting only 15 miles per gal., and for an 11 mile-per-gallon car the tax will be \$450. That's at the beginning. By 1985 the taxes on these wasteful new cars with the same low mileage — 15 miles per gallon or 11 miles per gallon — will have risen to \$1,600 and \$2500." This money will be returned to consumers, through "rebates on automobiles that are more efficient than the mileage standard" of 27.5 mpg by 1985.
2. "A standby tax on automobile gasoline...We simply must save gasoline, and I believe that the American people can meet this challenge. It's a matter of patriotism and a matter of commitment." (See target of reduced consumption by 10 percent by 1985, point I.2. above.) "I propose that we...write into law a gasoline

tax of an additional 5 cents per gallon that will automatically take effect each year that we fail to meet our annual targets in the previous year.

"As an added incentive, if we miss one year but are back on track the next year, then the additional tax should come off..." "As with other taxes, we must minimize the adverse effects on our economy. We must reward those who conserve and penalize those who waste. Therefore, any proceeds from the tax, if it is triggered by excessive consumption, should be returned to the general public in an equitable manner..." "we should compensate for loss (in gas tax revenues) through the highway trust fund."

3. "reduce waste in our homes and buildings" through insulation. "Strict conservation goals for new and old Federal buildings." A tax credit of 25 percent the first \$800 invested in conservation, and 15 percent for the next \$1400 for individuals; a weatherization service which will be required from all regulated utility companies to offer to consumers. The utilities would arrange for contractors and provide reasonable financing to the homeowner. The customer would pay through small regular additions to the utility bill each month.

Other proposals:

- a. "direct Federal help for low-income residents;
- b. "An additional 10 percent tax credit for business investments in conservation;
- c. "Federal matching grants to nonprofit schools and hospitals;
- d. "And public works money for weatherizing state and local government buildings.
- e. "we must also make electrical home appliances more efficient. I propose legislation that would, for the first time, impose stringent efficiency standards for household appliances by 1980."

4. "We must also reform our utility rate structures. For many years we have rewarded waste by offering the cheapest rates to the largest users. It's difficult for individual states to make such reforms because of the competition for new industry. The only fair way is to adopt a set of principles to be applied nationwide."

a. "First, phasing out promotional rates and other pricing systems that make natural gas and electricity artificially cheap for high-volume users and which do not accurately reflect actual costs.

b. "Next, offering users peak-load pricing techniques which set higher charges during the day when demand is great and lower charges during the day when demand is small.

c. "We also need individual meters for each apartment in a building instead of one master meter.

"The Tennessee Valley Authority will be made to

“act as a model in implementing such new programs as I’ve described to conserve energy.”

5. “Cogeneration projects, which capture the steam power production which is now wasted from electrical power production.” A 10 percent tax credit for investments in cogeneration.

B. “PRODUCTION AND RATIONAL PRICING.”

1. *Oil and Natural Gas*

“We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure our pricing system is sensible...proposals for immediate and total decontrol of domestic oil and natural gas would be disastrous for our economy and also for working American families.”

“The price of new discovered oil will be allowed to rise, over a three-year period, to the 1977 world market price, with allowances from then on for inflation...Because fairness is an essential strategy of energy policy, we do not want to give producers wind-fall profits, beyond the incentives that they do need for exploration and production. But we are simply misleading ourselves if we do not recognize the replacement costs of energy in our pricing system.

“Therefore, I propose that we phase in a wellhead tax on existing supplies of domestic oil, equal to the difference between the present controlled price of oil and the world price, and return that money collected by this tax to the consumers and the worker of America.

“We should also end the artificial distortions in natural gas prices in different parts of the country which have caused people in the producing states to pay exorbitant prices, while creating shortages, unemployment and economic stagnation, particularly in the Northeast. We must not permit energy shortages to divide, or balkanize our country.

“We want to work with the Congress to give gas producers an adequate incentive for exploration, working carefully toward deregulation of newly discovered gas as market conditions permit.

“I propose now that the price limit for all new gas sold anywhere in this country be set at the price of the equivalent energy value of domestic crude oil, beginning next year, 1978. This proposal will apply both to new gas and to expiring interstate-intrastate contracts. It would not affect existing contracts that are presently in effect.”

2. *Coal*

“Our third strategy will be...conversion from scarce fuels to coal wherever possible.”

a. “Increase the use of coal by 400 million tons, or about 65 percent (we now use about 600 million tons), in industry and utilities by 1985.

b. “I propose a sliding-scale tax starting in 1979, on large industrial users of oil and natural gas. Fer-

tilizer manufacturers, crop dryers and so forth, which must use gas, could be exempt from the tax.” Utilities would be exempt until 1983 to give them more time to convert.

c. “I will also submit proposals for expanded research and development in coal...We have already spent billions of dollars on nuclear power, but very little on coal.”

3. *Nuclear Power*

“Even with this conversion effort, we will still face a gap between the energy we need and the energy that we can produce or import. Therefore, as a last resort we must continue to use increasing amounts of nuclear energy...Domestic uranium supplies can support (our 63 nuclear power plants now in operation and 70 others licensed for construction),...for another 75 years at least.

“Effective conservation efforts can minimize the shift toward nuclear power. There is no need to enter the plutonium age by licensing or building a fast-breeder reactor such as the proposed demonstration plant at Clinch River.”

Makes gestures toward cutting the time required to license, design and build a nuclear plant down from the current ten years to three years.

C. “Develop permanent and reliable new energy sources.”

1. solar energy. “A gradually decreasing tax credit, to run from now through 1984, for those who purchase approved solar heating equipment.” “Increased production of geothermal energy can be insured by providing the same tax incentives as for gas and oil drilling operations.

Our guiding principle, as we developed this plan, was that above all it must be fair.

“None of our people must make an unfair sacrifice.

“None should reap an unfair benefit.”

D. Asks power to investigate energy industries’ records and internal affairs.

“We need more accurate information about our supplies of energy and about the companies that produce it. If we are asking sacrifices of ourselves, we need facts we can count on. We need an independent information system that will give us reliable data energy reserves and production, emergency capabilities and financial data from the energy producers...I recommend that individual accounting be required from energy companies for production, refining, distribution and marketing, separately for domestic and foreign operations. Strict enforcement of the antitrust laws based on this data may prevent the need for divestiture.”

The Cost Of Carter's Program To The U.S. Economy

Many industry leaders are foolishly commending President Carter for taking the long-awaited initiative on energy conservation — reserving their criticisms for the parts of the energy package which will cripple their respective industries directly. But senior people at the same corporations, in strictly off-the-record comments, are denouncing the Carter package as a non-policy, which is anti-growth, anti-industry and will be the death of technological progress and capital formation. Such sentiments were publicly reflected in a major attack on neo-Malthusianism by the Wall Street Journal on April 22. The editorial said there are sufficient reserves of oil and gas to get us through to fusion power and warned that the Carter energy program “will lead not only to dim lights but to a dark age.”

The fact that business layers are having such thoughts is sufficient proof of the incompetence of the Carter Administration's claim that its program won't destroy the U.S. economy and of its blatherings that the program will even add so many tenths of a percent to GNP growth and 100,000 jobs by 1985. The fact is that all linear projections of the impact of the program on the economy are a calculated fraud. Carter's non-program has already had a devastating impact on business confidence, which can't be measured in any computer model. Everyone in the manufacturing industries knows this and will ignore the various computer projections in making key business decisions.

The program's clear bias against capital-intensive industry and the immense uncertainty surrounding the program — including the expectations that it will entail months and even years of Congressional debate — will have the instantaneous effect of postponing U.S. industry's meager capital investment plans indefinitely. Econometrician Michael Evans reflected the perplexed state of U.S. businessmen recently when he pointed out that anyone with plans to build a new factory doesn't even know what kind of heat to put in now.

In the face of the gigantic monkey wrench Carter has thrown into the economy, Brookings Institution economist Arthur Okun's projection that, in sum, the energy package will add 1 to 1.5 percent to the consumer price index per year, or Citibank economist Leif Olsen's considered opinion that the program will have no major impact, are downright ludicrous.

Somewhat more reflective of reality, the stock market fell 16 points in the two days following the President's energy speech to Congress; and in recent days all news of the “recovery” — the big rise in housing starts in March, the lower-than-feared March inflation rate, etc. — has been drowned out by the fears about the energy program and its implications for inflation and capital investment.

The essence of Carter's energy package is that it is a raw materials control program, and as such must be grossly inflationary over the long-run. Carter's adherence to the Ford Foundation script in scrapping pluto-

nium reprocessing and the government's fast breeder reactor program, and his failure to even mention fusion power in his April 20 address, condemn the economy to a future of scarcity and rising prices for energy and all raw materials.

Every feature of the Carter program follows from the policy of limiting raw material supplies. The scheme devised by the Rockefeller Brothers Fund of raising domestic oil prices through a federal well-head tax and levying additional taxes on industries which persist in consuming oil and natural gas will have the wasteful effect of discouraging capital-intensive industry in favor of unproductive labor-intensive production. The only precedent for Carter's energy taxes is the gabelle and other taxes imposed by history's bankrupt monarchs to replenish their empty coffers. Carter's grand scheme of putting the billions of dollars in federal tax revenues back into the economy via rebates to consumers is a fraud, as everyone is beginning to suspect. The funds will be earmarked for “welfare reform,” Treasury Secretary Blumenthal's Urban Development Bank, and other funds for bailing out debt-laden cities and industries — and the New York banks.

On the basis of a survey of U.S. corporations, Townsend-Greenspan, the New York-based consulting firm, concluded last winter that most corporations think it's only a matter of time before inflation accelerates and the economy will be back in recession; therefore, why invest in new capacity which will only come on stream when the economy is in the midst of a new recession? The prospect of Carter's energy program alone will exacerbate this cycle.

While it's hard to take the insulation program seriously, the result of such a program would be to channel more funds out of useful capital investment into pure waste spending. This pie-in-the-sky boondoggle would dwarf the last decade's spending on pollution control and other environmental control claptrap — spending which diverted resources away from the development and application of more advanced technologies that would have really solved the environmental problems.

Carter's program will ensure that domestic oil and gas reserves lie undeveloped, not because the program doesn't provide for immediate decontrol of prices, as the oil industry is protesting, but because of the general inflationary character of the program. The promise of an eventual \$13.50 a barrel price on newly discovered oil will simply be insufficient to encourage new exploration and development under conditions of general inflation and rising interest rates.

As if the penalties on factories and utilities that don't switch from natural gas to coal were not enough to phase out natural gas as an energy source, Carter's decision to bring intrastate natural gas (gas produced and sold within the same state) under price controls, reducing the price from the present more than \$2.00 per thousand cubic feet (mcf) to a maximum of \$1.75 per mcf, will wipe

out the independent gas producers in Texas, Louisiana, and Oklahoma who have played an important role in the new discoveries of natural gas. Needless to say, Carter's program singles out the natural-gas based southwestern economy for special attack.

While the long-term impact of such a program would be unmitigated disaster, the short-term impact of the program — even of the announcement of the program — is serious enough. Writing in the *New York Times* on April 21, Leonard Silk simply took for granted that the program would be inflationary and hinted that Federal Reserve Chairman Arthur Burns — an enthusiastic supporter of Carter's "conservation" program — would not respond to the escalating energy prices by reining in the money supply. Back in 1974 in the wake of the 400 percent increase in oil prices, Burns tried to curb inflation, Silk wrote, "and therefore helped bring on the recession of 1974-75." With men like Burns at the helm, it's no wonder that U.S. businessmen are already terrified of renewed inflation and that the interest rate structure will soon rise accordingly.

According to computations of Data Resources in Cam-

bridge, by 1980 the cost of the various fuel taxes — the tax raising domestic crude oil to world prices, the penalty on the industrial use of oil and gas, and the gasoline and "gas-guzzler" taxes — will amount to \$37 billion a year. Data Resources also predicts that in the first year in which the gasoline and gas-guzzler tax would be in effect, Detroit would sell 200,000 fewer cars. Executives at Ford Motor company are predicting, off the record, that the added \$.05 per gallon in year one of the gasoline tax would produce a 4 percent drop in auto sales. It's no wonder then that Detroit is presently haunted by the memories of the production cuts and unemployment lines that followed the 1973 Oil Embargo.

Sensing what the real mood of U.S. industry must be following Carter's energy address, the enterprising Trinidad and Tobago Industrial Development Corporation placed an ad in the U.S. financial press explicitly addressed to energy-intensive U.S. corporations inviting them to come to the islands where natural gas and offshore oil are abundant, and deep water port facilities are newly constructed, and the sentiments are decidedly pro-growth.

Fusion Pioneer Gough: Utilities See Fusion As 'Next Major Base Load Energy Source'

The following speech was delivered by William C. Gough, Program Manager for Fusion Power, New Energy Resources Department, of the Electric Power Research Institute to the American Power Conference in Chicago on April 18.

During the 1950s and 1960s a modest but determined research effort was underway to assess the possibility of generating power from an unlimited energy source by fusing light elements such as the isotopes of hydrogen. The goal was to harness the same energy source that powers our sun and the stars, and was demonstrated on earth in 1952 by the massive energy release of the hydrogen bomb.

Today, as we draw nearer to this goal, fusion energy deserves careful attention by the utility industry. Progress in the 1970s has been rapid. The federal government's fusion program has expanded by an order of magnitude. The U.S. program is coupled to a closely cooperative and growing worldwide research and development effort currently about \$2 billion per year. A combined Electric Power Research Institute-utility effort of about \$6 million per year, representing the user input into the fusion program, assures that the industry will be accurately informed of developments in this major energy area.

This paper will examine the prospects for utility application of fusion power. Several points will be emphasized, including progress to date, the critical phase that fusion research and development effort is entering,

the urgent need for the utility industry to assure that a useful product will evolve, the multiple uses of this primary energy source, and its role in the energy supply of the future.

Progress Toward Fusion

To generate power from fusion, three factors must be achieved simultaneously. Sufficient fuel must be held at high temperatures long enough to produce net energy, ... the steady and encouraging progression of experimental results that are drawing closer to achieving the "energy breakeven". Fusion experiments at near reactor densities routinely operate up to temperatures of 130,000,000 centigrade. This is about 15 times the temperature of the center of the sun — more than adequate for a fusion reactor. The plasma has been confined in fusion experiments at loss rates quite adequate for fusion power plants, assuming current plasma scaling laws hold. Several devices which will be close to or equal to the goal of "energy breakeven" are under construction or being designed for operation in the early 1980s. These experiments cost up to a quarter of a billion dollars each. Thus, we conclude that fusion is within seven years of a major research goal — the demonstration of a fusion reactor core....

The Critical Phase

Fusion power development is entering its most critical phase. The physics goals of the program are now within reach, the plasma physics community is confident that

the fusion conditions necessary for a power plant can be achieved. There is a good basis for this confidence. In the 1950s the fusion program was three orders of magnitude away from the "Lawson breakeven criterion" of density compounded by time, 10-14 particles per cubic centimeter (a mathematical expression demonstrating the plasma is producing as much fusion as it consumes.) They are now only a factor of five away and the ignition temperatures for fusion plasma have been exceeded in many experiments.

The main thrust of the national and world fusion programs is to proceed rapidly towards plasmas that demonstrate the combined conditions of temperature, density, and confinement time required in a fusion reactor core. The engineering problems that may require solution before fusion power becomes a reality have been evaluated. Although very formidable, they appear amenable to a massive research and development effort of the type mounted in the U.S. to develop technologies of comparable sophistication. The program, therefore, is in a transition phase from research goals to product development. This technical progress has justified the program's recent large funding increases. However, these funding increases have projected the fusion program to the level where it must compete in the political arena on the merits of the product it can deliver. To carry the program to a successful conclusion will require a massive commitment of funds sustained over a long time. As the fusion program rapidly moves toward the demonstration of a fusion reactor core, it is, therefore, equally important that the foundation for a true national commitment to fusion be well established.

This will require the development of a constituency. Such a constituency would include the public who must understand the importance and benefits, the manufacturing industry who must see an opportunity for reasonable profits, and the utilities and other energy-intensive industries who must be convinced that fusion can provide a clear advantage in meeting their critical energy supply problems of the future. No such strong constituency exists today.

There are some who do not view this lack of constituency with the same alarm as I do. They look to the next severe energy crunch to bring in the needed support. I believe this is a *dangerous* assumption. In a crisis we do things we know how to do and which can be done with greatest assurance. New energy sources like fusion even though they offer environmental and other advantages will be sacrificed and their development delayed.

Need To Assure A Useful Product

The key to the successful and timely development of

fusion power requires a national commitment to do the job; this commitment in turn requires a strong constituency who believe the job needs to be done expeditiously. This constituency requires the definition of appropriate goals and a working methodology for carrying out an extensive development program to a useful commercial product. (he goes on to say that the utilities must have major input)....

Research and development decisions made during this transition period will have enormous impact upon the utilities. The situation is analogous to that in the 1950s with regard to nuclear fission power. Research and development decisions made then, largely without utility involvement, are the underlying cause of many problems affecting the industry today.

Gough discusses various design modes for utilities, additional application for fusion in power production such as fission hybrids, fusion production of fission fuels and chemical fuels.

What role can fusion power play to solve or ease some of the future energy supply problems of the utility industry? Most utility persons agree that fusion will be the next major base load energy source to supplement fossil fuel and nuclear fission.

Fusion will provide an inexhaustible supply of fuel at insignificant cost....

....A first step in this process might be to provide convincing proof that fusion has passed from a scientific curiosity into a serious product development stage. For example, a possible government-utility cooperative program might be established to construct a fusion reactor core on a present utility system site. Such a reactor core could generate some steam for the existing plant or produce some fission or synthetic fuel and thereby illustrate a useful product output from fusion at an early date. This would represent only the first step towards demonstrating the engineering feasibility of fusion

It must be followed by proof of commercial feasibility, integration into the utility system, and eventual significant use of fusion as a major new energy source.... Just as adequate water is essential to life, so adequate energy is essential to maintain life in our present society by assuring plentifully food, ease of transportation and communications, hospitals, and free time for education and cultural arts. We would not gamble with an essential for life like water. Nor should we gamble with the essentials for the survival of our society's future.... the utility industry should assure that the national program is targeted to produce a power plant that the industry can use. By assuming this responsibility, the utility industry will provide its unique expertise towards the early achievement of a virtually unlimited energy supply for our children, our country, and our world.

Sleeping Oblomov Disturbed By Mr. Colby's 'Sleeping Giant'

Two recent items in the Soviet press signal that a distressing possibility still exists that certain Soviet policy circles may yet do their incompetent best to botch up their nation's policy toward Western Europe. Both items relate to Jimmy Carter's energy policy, and its implications to détente. And both represent, typically, the extreme danger that Rockefeller agent Georgii Arbatov's analysis of the internal U.S. situation represents to Soviet policy.

One such item is the April 18 treatment in Pravda of the West German-Brazilian nuclear energy deal, written by the innocuous Mr. Mikhailov, that newspaper's correspondent to West Germany. The good Mr. Mikhailov displays his political innocence by means of a series of assertions respecting the evil character of that deal to ship needed nuclear reactors to Brazil, liberally sprinkled with various nostrums on "interimperialist rivalries" and other such "highly complex" reasons why the Carter Administration also opposes the West German-Brazil deal. The gist of the article is that Mr. Mikhailov has surprised himself by agreeing with Jimmy Carter that the nuclear energy deal is evil and to hell with both the West German and Brazilian economies. To explain to himself this embarrassing concurrence of views, the dutiful Pravda correspondent constructs the childish myth of otherwise unexplained "intra-imperialist rivalries." But beyond that, his argument is based on the very poorly informed belief, though not stated in that particular article, that President Carter is "sincere" in his efforts to shut down nuclear energy production throughout the Western world. Mr. Mikhailov and several of his co-thinkers are convinced that Carter has been compelled to follow this program as a result of the massive popular pressure emanating from Ralph Nader's environmentalist movement.

Arbatov At Work

Of course, every American worker knows that there exists no such "massive popular movement" in this country, and he also knows that Carter's offensive against the nuclear energy industry is directly the result of Carter's commitment to stabilize Mr. Rockefeller's financial position. But, Mr. Mikhailov has been denied the wisdom of the ordinary American worker because, unfortunately, he is the victim of the black propaganda manufactured and disseminated by the so-called "USA-Canada Institute" of Moscow, which is headed by Rockefeller agent Arbatov. Arbatov's analysis is that

"finance capital" and Rockefeller are "the party of detente" in the USA while the "military industrial complex" and the conservative "Right wing" (i.e. this country's industry-based anti-Rockefeller opposition) are the "party of war."

The second item in the recent Soviet press which typifies the same kind of naiveté, is a recent TASS dispatch from Washington which reveals to skeptical Soviet readers that the Los Angeles Times has revealed the existence of a super-secret Pentagon program submitted to Congress, for the development of super laser beams designed for the destruction of "enemy satellites." The gullible TASS correspondent fails to note that the Los Angeles Times is controlled by Secretary of the Treasury Blumenthal, and thus falls for this little bit of gray propaganda, hook, line and sinker. As everybody associated with the various relevant U.S. research and development programs is painfully aware, no such program is even being discussed anywhere in the country. Even an ignoramus, however, could adduce from the absolutely miserable shape of high-energy physics in this country that reports on such weapons development programs are highly suspicious. At any rate, it is a matter of verified fact that that particular Times report was a little intelligence community "plant" intended to be picked up by Soviet observers. And it was.

One of the more likely authors of this cheap hoax would be William Colby, the former Director of Central Intelligence. In point of fact, this gentleman, in a testimony to Congress last January, gave assurances to concerned Congressmen that the Soviet Union is bound to accept Carter's atrocious SALT proposals because "Soviet leaders are afraid of America's sleeping technological giant" and, presumably will go to any lengths to prevent that giant from being provoked to awake.

Putting the Giant to Sleep

As it is now becoming evident to even less well informed layers among Soviet officials, it is the fundamental policy of the international financiers behind Carter to put America's technological giant to his final sleep. Such an unlikely eventuality would leave the USSR faced with an America completely controlled by the fascist beast of the Trilateral Commission whose ultimate, short-term commitment is nuclear war.

We would therefore advise our untutored friends in the Soviet press to speedily abandon Georgii Arbatov's "analysis" of the alleged war danger represented by the mythological "military-industrial complex" and to

realize that a technologically progressing America would be their nation's best partner in peace. Otherwise, it is high time that we demand a decent level of sophistication in Soviet news media. Without such

sophistication, our journalistic colleagues from the socialist camp will remain the incorrigible suckers of imperialist psywar games.

— Criton Zoakos

Pravda Says No To Carter's SALT Proposals: That's Final

"I've been somewhat concerned lately," said Jimmy Carter at a press conference in Washington, "that (Soviet leaders) have decided to go public as much as they have." This was Carter's reaction to the publication April 14 of an extraordinary 5,000 word editorial in *Pravda*, excerpted below, exposing in detail his policy on strategic arms limitation (SALT). The Soviet government's rejection of the proposals put forward by Secretary of State Cyrus Vance in Moscow last month was final, said *Pravda*, and furthermore the Administration's package was never intended for serious discussion. The whole charade about a negotiating process, *Pravda* charged, was a pretext for accusing Moscow of "intransigence."

Carter's "deep cuts" proposal would have reduced Soviet nuclear weapons arsenals by half while leaving U.S. stockpiles virtually untouched, and would have forced a halt to the Soviet R and D programs which are far advanced of those in the U.S. Carter's "fall-back" proposal was to proceed with the 1974 arms limitation agreement signed in Vladivostok, but omitting the U.S. cruise missile and the Soviet "Backfire" bomber. The Soviet Union has long maintained that this represents a breach of the Vladivostok accord by the U.S., and the *Pravda* editorial for the first time explained why: the Ford Administration had secretly agreed to include bombers carrying cruise missiles with ranges over 360 miles, as equivalent to a vehicle with multiple warheads. Carter's crew simply threw this agreement out the window.

Pravda rejected both of Carter's "packages" out of hand, just as Soviet Foreign Minister Andrei Gromyko had done in his Moscow press conference following the collapse of the talks with Vance.

Carter's response? He told reporters after his press conference that the Soviets have rejected the "deep cuts" proposal because they "prefer to take our second option." Carter dismissed Soviet statements to the contrary, saying primly that "it's very encouraging to know that now Mr. Brezhnev and his other leaders, through *Pravda*, are explaining the Soviet position to the people of Russia."

The strategy the Carter Administration has now adopted may be an even bigger miscalculation than its original expectation that the Soviets would agree to bargain with Vance in March. National Security Advisor Zbigniew Brzezinski frankly told reporters April 13 that U.S. policy is now to persuade the Soviets to "comment on" the U.S. proposals, thereby to restart the "bargaining process." After *Pravda* did "comment" in no uncertain terms, some Administration officials

crowded: you see! We got them to do it! "*Pravda* is discussing our proposals in a way," said one specialist interviewed by the *Washington Post* "despite the Soviet contention that they do not warrant discussion."

This behavior from White House circles can hardly have a reassuring effect on Warsaw Pact leaders. In a speech given during Soviet Defense Minister Ustinov's recent visit to Berlin, East German Defense Minister Hoffman warned that the alliance of the fraternal armies of the socialist countries makes for a fighting force which is invincible and superior to the "imperialist aggressors." The danger comes from "the reactionary circles of international finance capital (i.e. Carter's Wall Street backers, not the "military-industrial complex" as Rockefeller's agent in Moscow Georgii Arbatov would say), and their policy of economic and military pressure on the socialist countries combined with psychological warfare.

'The Limitation Of Strategic Weapons— A Problem Which Can And Must Be Solved'

The following are excerpts from the editorial of the April 14 issue of Pravda.

... The essence of the position of the Soviet Union, and the principled evaluation of the proposals which the American side put forward in these negotiations, was outlined at a press conference which A.A. Gromyko held in the name of the Soviet leadership on March 31. It was underlined that the principles of equality and identical security of the sides must be consistently embodied in a new agreement, and that limits must be established which effectively curb the strategic arms race, and at the same time do not give unilateral advantages to anyone. The Soviet Union will never waive its legitimate interests and sign an agreement which damages its security

The Soviet Union never has and does not now consider the limitations established at Vladivostok as a final stage in the efforts of the countries on the path of curbing the nuclear race and lessening the war danger. It is known that both sides have already agreed that after the conclusion of the new agreement, they will continue negotiations on further steps in the field of strategic armament limitation and reduction. And the Soviet Union is true to its word. In his speech in Tula, L.I. Brezhnev underlined that the USSR "is prepared to go further in the questions

of strategic arms limitation and reduction. It is only necessary first to strengthen what has already been achieved and to realize what was agreed upon in Vladivostok — all the more so, since the interim agreement comes to an end in October of this year. . . .”

“The new Washington administration from the very beginning behaved as if it was not at all bound by the agreement reached in Vladivostok and by all that was done to embody it in the text of the agreement. The very posing of the question in this way cannot be called acceptable — what stability in international relations can there be if each American administration renounces the commitments adopted by its predecessors? . . .

The American side also proposed in Moscow a so-called narrow version of the agreement. However this version also meant a revision of the Vladivostok accord....

It was proposed by the American side to reduce the total ceilings for strategic arms carriers established at Vladivostok from 2,400 units to 2,000 or 1,800 units, and the number of launching installations of missiles with Multiple Independently Targetable Re-entry Vehicles (MIRVS—ed.) from 1,320 units to 1,200 - 1,000 units. Outwardly this appears to be an attractive proposal. But only outwardly. In reality, the very proposal of equal substantial reductions by the USSR and the USA from the earlier agreed levels of strategic arms — which is put forward separate from and without considering a number of factors as the American nuclear forward bases in Europe and Asia, the aircraft carrier aviation of the USA, the nuclear arms of U.S. allies and others — can pursue only one goal: to guarantee one-sided advantages for the USA. All these numerous nuclear weapons would not be affected at all according to the American plan, and consequently their role and significance would grow correspondingly, to the detriment of the USSR's security, in case of the proposed reduction of the number of intercontinental ballistic missiles, submarine-launched missiles and heavy bombers.

In order thoroughly to expose the meaning of this kind of “daring” proposals, as Washington nicknamed them, one need only imagine in what situation the Soviet Union and its allies would find themselves with the elimination by both sides of all intercontinental ballistic missiles, submarine-launched missiles and heavy bombers. What would happen then? After such a step, which would deprive the USSR of the means of delivery to the United States territory, the United States would still have forward-based nuclear systems in the immediate vicinity of the Soviet Union (about 800 carrier aircraft and land-based missiles). . . .

An inseparable part of the American “package”,

which is being advertised in the USA as nearly a historical step towards disarmament, was the proposal that the so-called cruise missiles with a range up to 2,500 km. would not be subjected to any limitations. In other words, it was now proposed — contrary to the Vladivostok agreement — to give the “green light” for the production and development of a new type of offensive strategic weapon. . . .

What good are the loud but false words being articulated in Washington in favor of a “radical” reduction of a strategic arms and a lessening of the dependence on nuclear weapons, if in reality it turns out that along with the remaining intercontinental ballistic missiles, ballistic missiles on submarines and heavy bombers, a fourth component of strategic armaments would be created, i.e. thousands and thousands of long-range cruise missiles, threatening people with the same nuclear death?

Proceeding from the Vladivostok agreement and striving to close down a new channel of the strategic offensive weapons race, the Soviet Union resolutely has and continues to come out for strict limitations on long-range cruise missiles.

Not only did both sides reach a principled agreement on the inclusion of strict limitations on cruise missiles in the agreement being worked out, but during the negotiations in 1975-76 they studied concrete variants of such limitations.

What is more, in respect to “air-ground” cruise missiles a formula was already agreed upon, according to which heavy bombers equipped with cruise missiles of a range of more than 600 km. . . would be equivalent to missiles with multiple warheads and would accordingly be counted in the levels fixed for such missiles.

Concerning sea- and land-based cruise missiles, the question of the nature of limitations on such missiles remained unsolved. The Soviet Union for its part proposed and is still proposing that such missiles with a range of more than 600 km. should be generally banned.

The new Washington administration now attempts to cast aside everything that had been achieved at the cost of considerable efforts in the negotiations up to the present date and to completely revise the previous American positions. It insists on a completely free hand concerning the development of cruise missiles of all three types, with a range up to 2,500 km. These, it turns out, are those “strict limitations” on cruise missiles, which, it is now being asserted in Washington, were proposed in the framework of the American “package.”

For clearly propagandistic — or more precisely, fraudulent — purposes, the proposal by the American side to include a clause in the prepared agreement which allegedly bans the creation of “any new weapon systems” is being played up in the USA.

In reality however, the American side proposed to ban only the creation of new types of intercontinental ballistic missiles, and not at all new weapon systems in general. As in the past, they do not want to listen to the proposals of the Soviet side, for example, to ban such new weapon systems as the “Trident” type submarine and the B-1 type bomber in the USA and the analogous weapon systems in the Soviet Union, although those

proposals, as has been repeatedly stated, remain in force....

Thus, by taking a closer view of the much-publicized American "package," which is being presented as allegedly the last work in questions of armament limitation and disarmament, it becomes completely clear that not only does it have no constructive basis, but it cannot in general be the subject of serious discussion. It clearly was not even intended for such discussion. This was clearly said to U.S. Secretary of State Vance in Moscow in confidential discussions as well as publicly in the press conference of the USSR Foreign Minister. Therefore some quarters are trying in vain to make it seem as though the Soviet side did not give a final answer and that

The much publicized American 'package' which is being presented as allegedly the last word in questions of arms limitations and disarmament...cannot in general be the subject of serious discussion. It clearly was not intended for such discussion.

it allegedly needs time to study the new American proposals because of their "radical character."

Their meaning is perfectly clear: they represent a complete revision of the Vladivostok agreement, and signify the creation of new obstructions on the way to an agreement. It is no coincidence that statements have now appeared in the USA acknowledging that the American side was aware of the deliberate unacceptability of its position. One asks oneself: why then was it necessary to bring such a position to Moscow? Was it not to be able to speak afterwards of the "intransigence" of the other side? The result of such a tactic is apparent: the negotiations are stalled. But the intended propagandistic effect is also lacking.

The American side also proposed in Moscow a so-called "narrow" version of the agreement. However this version also meant a revision of the Vladivostok accord

and the Soviet-American accords derived from it, and did not in any way correspond to the very purpose and tasks of Soviet-American negotiations on strategic arms limitation.

Suffice it to say that according to this variation, all cruise missiles would have been placed outside the framework of the agreement, i.e. no limitations at all on them, neither in quantity nor in range, would have been introduced: make as many of them and any kind you like. . . .

Wishing, evidently, to "play it safe" by making this version even more unacceptable to the Soviet Union, the American side proposed to discuss during the ensuing negotiations the question of the Soviet medium range bomber, named "Backfire" in the West, together with the cruise missiles — that is to say, a plane which does not belong in the category of strategic armaments and therefore cannot be a subject of the negotiations. All necessary explanations on this account were given to the American side at the highest level, and not only once; to return again to this question means consciously to complicate things further.

In an attempt to somehow justify the link of the "Backfire" question with that of the cruise missiles, Washington put out the argument that the range of this plane (2,200 km.) is the same as the range of the cruise missiles (2,500 km.). The absurdity of such a linkage is self-evident. Even a layman understands that with such a range the Soviet plane is unable to reach U.S. territory. The picture is different when it comes to the cruise missiles of that range: these missiles are strategic weapons because, when placed on submarines, warships, bombers, or the territory of U.S. allies, they will certainly be quite capable of hitting targets of the territory of the USSR. . . .

On the other hand, (the Soviet Union) has every basis for raising the issue of American forward based nuclear systems, that is, the nuclear arms and means of delivery in Europe, around Europe, and in other regions from which Soviet territory is accessible, and also the aircraft carrier aviation and U.S. submarine bases located near the USSR. There is no doubt that in setting limitations on strategic offensive weapons, these nuclear systems and these factors cannot be left out of consideration, in view of the necessity of strict observance of the principle of equality and identical security for both sides. The one-sided character of the latest American proposals only confirms once more that it is right for the Soviet side to raise the question of the American forward based systems. . . .

EXCLUSIVE

Environmentalists To Plan Nuclear Terrorism At Salzburg Conference

"There will be nuclear terrorism unless the European leaders come to terms with the demands of those insisting on a non-nuclear future. Unless they support alternative energies there will definitely be nuclear terrorism in Europe."

This threat was issued in an interview last week given by Jim Harding, the former energy project director of the Friends of the Earth and a featured speaker at the Salzburg Conference on a Non-Nuclear Future, April 29 - May 1. As Harding's remarks indicate, this international conference of environmentalists in Salzburg, Austria intends to plan a global strategy to end nuclear energy development with tactics that range from law suits to street demonstrations to nuclear terrorism.

The conference is sponsored by two of the Rockefeller brothers' private intelligence front groups, the Natural Resources Defense Fund and the Friends of the Earth. It is timed to coincide with major anti-nuclear demonstrations in the United States sponsored by the same Rockefeller family-initiated and funded environmentalist groups, including the planned illegal occupation of the Seabrook, New Hampshire nuclear installation (see EIR No. 15, "April 30 Demos to Kick Off Nuclear Terror Drive").

The location of the Salzburg Conference was chosen with care: the anti-nuclear conference immediately precedes the International Atomic Energy Agency (IAEA) conference in Salzburg, May 2 - May 13, a major annual scientific gathering.)

Another anti-nuclear conference is planned as a follow-up in Strasbourg, West Germany May 4. This one is sponsored by the European Environmental Bureau, a co-sponsor of the Salzburg anti-nuclear conference and an umbrella group for 35 environment and conservation gangs related to Interpol's private intelligence apparatus.

The overt "conservational" purpose of such anti-nuclear activities as the Salzburg conference — while objectionable enough in itself — is only a cover for a much more sinister design. As the Rockefeller financial group sees it, given their extremely weak position internationally, only a "Cuban missile crisis" confrontation with the USSR or a terrorist "nuclear Pearl Harbor" in the USA or Western Europe is likely to provide the climate of crisis in which Carter's energy program could pass the U.S. Congress, or Europe would agree to implement a multibillion dollar bailout for the IMF.

The Salzburg and related conferences are intended to organize for and enhance the credibility of such a "nuclear Pearl Harbor" terrorist incident — despite the

documented fact that the "backyard atom bomb" or "terrorist takeover of a nuclear plant" scenarios for producing a nuclear explosion are completely unworkable without the cooperation of top government officials in either the USA or a major nuclear producing nation acting under Rockefeller network orders.

Aiding in the effort to make nuclear terrorism credible, the Rockefeller press has turned such scenarios into a front-page scare story. The British weekly *Economist*, for example, last week printed a cover picture of an atomic explosion with the caption "Not for the Hands of Children." To give the Rockefeller "Pearl Harbor" scenario an anti-communist twist, Harding and his colleagues are putting out the palpably absurd line that "the East Germans are funding the most violent of the anti-nuclear groups." The Rockefeller group, of course, runs both international terrorism, through their Interpol and Institute for Policy Studies networks, and the environmentalist groupings purportedly concerned about the danger of nuclear terrorism.

Origins of the Nuclear Terror Scenario

The nuclear blackmail voiced by Harding and others follows similar warnings made by Paul Levinthal at the March 28 Conference on the International Regulation of Nuclear Energy at the Columbia University Law School. A scheduled speaking at Salzburg, Levinthal is currently writing a book on "nuclear proliferation" financed by a grant from the Ford Foundation.

The Ford Foundation played a major role in developing the idea of nuclear terror. It should be noted in this context that the foundation's current president, McGeorge Bundy, was the White House National Security Council advisor in the early 1960s during the Cuban missile crisis.

Nuclear terrorism scenarios were originally developed in the early 1970s — not in the brain of some anarchist "revolutionary," but in the Ford Foundation, the Mitre Corporation and the Rand Corporation. They were first made public by Theodore Taylor of the Ford Foundation, a former Los Alamos weapons designer, and also a featured speaker at the Columbia Law School conference.

As materials for this terrorism scenario, these think tanks used the experiences gleaned by the intelligence agencies during World War II, specifically the "high-intensity" psychological warfare strategies first developed by the Tavistock Institute in London and the

Strategic Bombing Survey. More recent experience for the nuclear terrorism plot came from the counter-culture and anti-war movements manufactured and controlled under the aegis of the counterinsurgent Institute for Policy Studies during the 1960s. The planning of the April 30 anti-nuclear demonstrations in the U.S. is in the hands of Institute operatives.

Rockefellers' Environmentalists

The environmentalists were created out of thin air and Rockefeller agents in the early 1970s as part of the Rockefeller initiatives to induce the world population to accept reductions in living standards so that any liquidity could be freed to pay and roll over what was then rapidly approaching \$800 billion in outstanding debts.

In 1967 the Rockefellers set up the Club of Rome at their private Italian estate at Bellagio, a group that most notably came out with the "Limits to Growth" thesis. In the same year, the Rockefeller Brothers Fund and the Ford Foundation launched the Natural Resources Defense Council, with Laurance Rockefeller and Barbara Ward (Lady Jackson) on its board of directors. This group coordinated the legal backup and planning for the subsequent attack on nuclear-based industrial expansion. At about the same time, the Rockefeller-allied Kaplan Foundation, identified by such magazines as *Newsweek* in 1967 as a CIA funding conduit, financed the creation of Friends of the Earth. The so-called Friends, under the guidance of Norman Cousins, were grafted on to the international networks of the World Federalists, a group set up after World War II by Cousins, a leading propagandist in the Office of War Information, and the CIA's Cord Meyer, Jr.

The Kaplan Foundation is also a major funder of the Institute for Policy Studies and *Counterspy* magazine, published by a collection of so-called ex-CIA agents. The Institute's Swedish arm is a group called Filansgruppen. The Frilansgruppen is linked to the anti-nuclear Swedish *Folket i Bild* and is the funnel for anti-nuclear scare stories into the Swedish media through its members on newspapers like *Dagens Nyheter*, *Aftonbladet*, *Arbetet*, and others.

The Ford and Rockefeller Foundations also fund the Union of Concerned Scientists, a rabid anti-nuclear group that along with the Kaplan Foundation's Scientists' Institute for Public Information, provides bought-and-paid-for zero-growthers to lend scientific legitimacy to anti-nuclear conferences, trials, and hearings.

The International Networks

"The people who are critical of nuclear energy have internationalized their activities very rapidly," said Jim Harding, "realizing that the monolith they are taking on cannot be held within national borders. The Salzburg conference will be an excellent place to develop international affiliations."

The chief dispatchers for the international operation are Robert Fleischer and Jacob Scherr of the Natural Resources Defense Council, who are also principal coordinators for the Salzburg conference. Scherr, one of the key international strategists for environmental groups, personally sent Robert Pollard, Union of Concerned Scientists' agent and a former U.S. Nuclear

Regulatory Commission staffer, and the discredited Ernest Sternglass to testify in West Germany against the Whyl reactor. Scherr also dispatched Union of Concerned Scientist agents Greg Minor and Richard Hubbard to testify against the reactor at Grafenrheinfeld, West Germany. And it was Scherr in a December 1976 trip to Europe who made the final arrangements for the Salzburg conference, after meetings with Friends of the Earth associates in Europe including Holger Strom and Helmuth Wustenhagen.

The environmentalists have also begun penetration operations into the Soviet sector. According to Harding, the work is run out of the Friends of the Earth office in Zagreb, Yugoslavia. Although that office is still relatively small, he said, "Scandinavian tourists have been the principal conduits of environmentalist ideas into Yugoslavia and are preparing a climate where such groups can develop." Harding noted that Yugoslavia is close to Salzburg and that he expected several Yugoslavs to "unofficially" attend the counter-conference. He plans a visit to Zagreb next month.

The interface of the various environmentalist operations with well-established counterinsurgent and fascist operations is revealing. For example, the J.M. Kaplan Foundation, the principal funder of Friends of the Earth, has also funded — along with members of the "Clivedon Set" which openly backed the British fascist leader Moseley — the Columbus Center at the University of Sussex, England. This outfit helped spawn the European wing of the environmentalists and sponsors articles written by associates of the Tavistock Institute, like Military Intelligence operative H.V. Dicks's *Licensed Mass Murder*.

The International Institute for Environment and Development, whose president is Barbara Ward, was established in 1971 (initially as the International Institute for Environmental Affairs), and brought together various international "nongovernmental organizations" at the University of Sussex. The Sussex meeting led to the creation of the European Environmental Bureau and the Environmental Coalition for the Law of the Sea. Both the International Institute and the European Environmental Bureau will be represented on panels at the Salzburg conference.

In addition to its private foundation funding, the Bureau receives grants from various governments. The International Institute is now seeking funds from the Canadian government and is actively cooperating with the U.S. Agency for International Development (AID) in distribution of its publications.

The Board of Directors of the International Institute for Environment and Development is a roster of notable Rockefeller agents, including:

- Robert O. Anderson* — chairman of the board of ARCO; chairman of the board of the Aspen Institute
- Aurelio Peccei* — founder, Club of Rome
- Hendrik Beer* — secretary-general of the League of Red Cross Societies
- Gerardo Budowski* — former secretary-general of the International Union for the Conservation of Nature and Natural Resources, Morges, Switzerland
- Aklilu Lemma* — professor, Institute of Pathobiology, Ethiopia
- Saburo Okita* — original member, Club of Rome;

president, Economic Cooperation Fund of Japan
Benjamin H. Read — president, German Marshall Fund; former director, Woodrow Wilson International Center; former head of the Secretariat of the U.S. State Department
Joseph Slater — president of the Aspen Institute; Ford

Foundation
Maurice Strong — former executive director, UN Environment Program
Sir John Foster — IIED co-chairman, Member of Parliament, member of International Commission of Jurists

Schedule For The Salzburg Conference

The coordinating committee was initially conceived by Natural Resources Defense Council and Friends of the Earth, and included:

Peter Weish — Austrian Conservation Society (Der Osterreichische Naturschutzbund)

Vincent Richet — European Environmental Bureau

Hubert David — European Environmental Bureau

Thomas Burke — Friends of the Earth International, Britain

Juro Ikeyama — Japanese Congress Against A and H Bombs (Gensuikan)

Thomas B. Stoël, Jr. — Natural Resources Defense Council

Keynote Speech-Welcoming Address:

Robert Jungk — physicist, author of *Brighter than 1000 Suns* about the Manhattan Project

David Lilienthal — former head of the U.S. Atomic Energy Commission; present head of Development and Resources Corporation, a consulting firm

Hannes Alfvén — Swedish physicist; Nobel laureate; currently teaching at University of California at San Diego

First Session: Review of National Debates

Representatives from 14 countries scheduled to attend will each make a ten-minute presentation on developments in their country. The moderator is:

Dean Abrahamson — board of directors, Laurance Rockefeller's Natural Resources Defense Council; public affairs director, University of Michigan; organizer of anti-nuclear energy Goteborg Energy Conference, May 1976; member of board of directors, Scientists Institute for Public Information (along with David Rockefeller's daughter, Abby)

Second Session: Spread of Nuclear Energy and Proliferation of Nuclear Weapons. National and International Responsibility

Brian Johnson — senior consultant for International Institute for Environment and Development

Paul Levinthal — former staff consultant Senate Government Operations Committee; currently writing book on nuclear proliferation under grant by Ford Foundation

Kanobu Sekiguchi — director, political department, Japanese Railway Workers Union

Third Session: Economics of Nuclear Power

Jim Harding — former energy projects director, Friends of the Earth; currently advisor to California State Energy Resource, Conservation and Development Administration

Zalmay Khalilzad — Afghani Ph D candidate, University of Chicago; consultant with Pan Heuristics-Science Affiliates, Inc. California

Clarissa Niehheys — Department of Physical Chemistry, University of Groningen, The Netherlands
Bert de Vries — professor, University of Groningen, The Netherlands

Fourth Session: Alternative Economic Futures

Dr. Joe Camilleri — lecturer, La Trobe University of Melbourne, Australia

Amory Lovins — Friends of the Earth, Britain

Professor Amulya Kumar N. Reddy — Indian Institute of Science, Bangalore, India

Luncheon Speaker

Robert Pollard — former U.S. Nuclear Regulatory Commission employee; Union of Concerned Scientists (sponsored by the Ford and Rockefeller Brothers Foundations)

Fifth Session: Radioactive Waste Disposal

Dean Abrahamson

Konradin Kreuzer — secretary, Forum for Responsible Advocacy of Science, Basel, Switzerland

Yves Lenoir — engineer, Friends of the Earth, France

Sixth Session: Plutonium Reprocessing and the Breeder — Risk to Workers' Health, Public Safety, and the Environment

Bernard LaPonche — national staff, French Democratic Confederation of Workers

Walter Patterson — physicist, Friends of the Earth, Britain

Seventh Session: Public Participation in Energy Decision Making, NFOs, Tactics and Strategies

Dr. Sadao Ichikawa — Laboratory of Genetics, Faculty of Agriculture, Kyoto, Japan

Robert Pollard — (see above)

Eighth Session: Public Participation in Energy Decision Making, NGOs, Tactics and Strategies

Dr. Cheryl Bernard — Department of Political Science, University of Vienna

Thomas Burke — director, Friends of the Earth, Britain

Brice LaLonde — Friends of the Earth, France

Kathleen Seelman — energy resident consultant, National Council of Churches

Helmut Wustenhagen — National Federation of Citizen Action Groups, West Germany

PCI To Enter Gov't. But Which PCI? Whose Gov't?

ITALY

That the Communist Party (PCI) will enter the Italian government within the next several weeks, there seems little doubt. The question now uppermost in everyone's mind is who will lead the new government: Prime Minister Giulio Andreotti, who since mid-1976 has headed a minority Christian Democratic cabinet, or former Prime Minister Aldo Moro, and which faction of the PCI will be included, the pro-development allies of Andreotti, or the Rockefeller agents linked to Moro.

The PCI has made it clear that it expects to be in the government in a matter of weeks, according to party leader Chiaromonte, who gave an interview to the Italian daily *La Stampa* last Sunday calling for Communist entry into the government as soon as possible. Even the Italian businessmen's association, Confindustria, has said that it is a foregone conclusion that the PCI will enter the government, but that the question is whether or not it will be in a Moro government or an Andreotti government.

Andreotti, whose current government has enjoyed tacit PCI support, has called for the PCI's entry into the government for months, in the form of PCI-linked "technicians" in the ministerial posts. Moro, a vintage "anti-communist," has suddenly changed his mind about the inclusion of the PCI in just the last two weeks — announcing PCI participation in his planned "majority," consisting of representatives of all the six constitutional (non-fascist) parties. Moro's proposed "emergency" government, whose PCI representatives would be those grouped around faithful Atlanticist Giorgio Amendola, would ensure that the austerity levels that have been imposed on the Italian people would be maintained and

deepened, in order to assure that Italy pays the debts owed to Rockefeller banks.

Andreotti, on the other hand, has engaged in a two-fold operation to consolidate his position and prevent Moro from taking over. On the international side, he has been making a strong push to sign the long delayed transfer ruble agreement with the Soviet Union, which would immediately give Italy \$600 million in credits to be used for financing expanded trade and economic development. Although the April 21 issue of the Rome financial daily *Il Fiorino* reports that no agreement has yet been signed, all indications are that negotiations will be completed at the beginning of May, when an Italian government delegation arrives in Moscow to discuss questions of duration of credits, interest rates, etc. The final agreement is to be signed by the beginning of June, when Foreign Trade Minister Rinaldo Ossola is scheduled to go to Moscow. With a new source of credit for development in Italy lessening her dependence on the IMF, Andreotti would have much more maneuverability in dealing with the economic and political crisis.

Domestically, Andreotti has been trying to clean out the nests of Atlanticist agents who work under the surface in Italy. Yesterday his long-time ally, Socialist Party (PSI) leader Giacomo Mancini, issued a call on Italian national radio for the repeal of the State Secrets Act, which Moro in particular has used, especially when he was Prime Minister, to prevent his associations with terrorist networks from being exposed. Most notably, the details of the 1974 "Sogno affair," the right-wing coup attempt to which Moro's name has been linked, could be brought out into the open. The most likely result of this would be the destruction of Moro's political career. Since Mancini's call is supported by leading members of both the Communist and Liberal parties, according to PSI leader Labriola, it appears that Andreotti and his PCI allies may be getting the upper hand.

Fight On Nuclear Power In SPD

WEST GERMANY

Federal Research and Technology Minister Hans Matthofer has turned the ongoing debate within West Germany's governing Social Democratic Party over whether or not to develop nuclear power resources into an all-out political fight and some observers think, the fight may even provoke splits by "radical" pro-conservationist party factions.

In coordination with the release by President Carter

this week of his program for drastic reductions in U.S. energy consumption, Matthofer has passed out to Social Democratic (SPD) regional offices a special 300 page report on domestic energy perspectives. The report alleges to represent the viewpoints of the Federal SPD executive of which Matthofer is a member. With its strong emphasis on conservation, increased usage of natural fuels like coal, and de-emphasis of nuclear power development, the report glaringly contradicts the Federal Cabinet's and SPD Chancellor Schmidt's often stated commitment to promotion of advanced nuclear power technologies.

It is still unclear under whose authority Matthofer

endorsed conservation, and a wave of confusion has erupted in the SPD's ranks. On April 27-28, party functionaries will be meeting in Cologne for an extraordinary congress on energy policy, and Mattofer has taken a leading role in aiding Carter operatives to turn that congress into a forum for "left-wing" attacks on the federal government. The confusion within the SPD is peaking just as the federal trade union movement has begun to consolidate strongly around a pro-nuclear energy position, and conservative and industrialist-tied newspapers have issued unprecedented attacks on Carter's energy policy.

On April 16, Trade Union Federation chairman Heinz Oscar Vetter endorsed nuclear power development at a meeting of factory councilors in the industrial city of Mulheim. The terms of his endorsement made clear that Vetter — who as a "former member" of the Trilateral Commission has withheld support for nuclear power until now — is under tremendous pressure from the trade union's ranks to support the official government policy. Vetter announced that the trade unions will be opposing the environmentalist movement which in West Germany goes under the name "Citizen's Initiatives," and has documented financial links to the Ford Foundation and National Resources Defense Council in the U.S.

Industrial layers are organizing hastily on an international scale to find means for bypassing and eventually defeating Carter's announced ban on plutonium processing and exports of enriched uranium. On April 21, nuclear producing corporations founded a formal "Industrial Association for the Nuclear Fuel Cycle". The industrial daily *Handelsblatt* has provided consistent coverage to calls issued by Yugoslavia for guaranteed nuclear development in the Third World and new international agreements governing non-proliferation. A chief commentator of the conservative daily *Die Welt* moreover emphasized that Carter and West Germany's conservationist movement had the same exact policy, and noted "the response of the West German government and the U.S. Congress" will determine whether or not

Carter's policy actually goes through.

Thus in industry and trade union layers, backing for an energy expansion policy is so strong that the environmentalists have little chance of awakening genuine support. Carter's operatives are aiming at creating a climate of chaos, a development which meshes with numerous predictions that a wave of "terrorist" attacks, possibly including "nuclear terrorism," is about to erupt in West Germany. Last week, Karl Herold, chief of the Federal Criminal Office, the domestic branch of Rockefeller's private intelligence agency Interpol, reported to Federal Parliament that terrorist attacks on leading politicians are expected in the near future. The terrorist groups are directly connected with the "environmentalists" who have been organizing violent demonstrations at nuclear power plant sites to disrupt the government's energy program.

The regional *Stuttgarter Zeitung* accused Mattofer on April 21 of "being responsible" for a "split between critically minded intellectuals and the trade union organized base" in the SPD. In the latest issue of the trade union weekly, *Welt Der Arbeit*, SPD Business Manager Egon Bahr voiced his "fear" that a split in the party may be unavoidable. Bahr is an intimate associate of party chairman Willy Brandt, the chief linchpin of Rockefeller run networks in West Germany, and presently a close collaborator with Ford Foundation whiz-kid McGeorge Bundy.

The internal destabilization around energy questions is also being fed by disorienting publicity maneuvers further aimed at demoralizing the party ranks. Volker Hauff, Mattofer's state secretary, has just publicly invited Klaus Traube, a nuclear engineer around whom a major watergate scandal erupted earlier this year, to attend the April 27 conference. Government intelligence agencies were accused of unconstitutional activities during the scandal for surveilling Traube who was suspected of maintaining contacts with terrorists. The controversial Traube's appearance will give the "ultra-left" wing of the APD an avenue to attack the government around illegal surveillance activities.

New Series Of East-West Overtures

A number of public diplomatic feelers are now being exchanged between West European governments and the CMEA countries, indicating the likelihood of upcoming firm agreements in at least some areas of East-West cooperation. Although much of this discussion is flowing through well-traveled channels, the simultaneous negotiations over the expansion of the transfer ruble for use in non-CMEA countries gives the current round a much greater significance than in the recent past.

Helmut Schmidt, West Germany's Federal Chancellor, gave the dialogue its latest push at last week's meeting of the Socialist International in Amsterdam. Referring to the Soviet Union's proposals for establishing pan-European conferences on energy, environment, and transportation questions, Schmidt warned against Western tendencies to "just react to Soviet proposals." He identified

economic policy as the most urgent international issue, and in that light called for the "extension of detente" to third-country sectors. Schmidt's explicit support of the pan-European conferences has been prominently covered in the East German Communist Party newspaper, *Neues Deutschland*.

Schmidt's speech came three weeks after the West's first positive response to the Soviet conference proposal. Herbert Wehner, the influential parliamentary leader of West Germany's Social Democratic Party, had directly connected the question with the necessity for a rapid agreement at the Mutual and Balanced Force Reduction talks in Vienna. Wehner's statement — made just as the Soviet Union was rejecting the Carter Administration's SALT proposals — also included a positive view of the Warsaw Pact's standing proposal to outlaw "first strike"

by strategic and "tactical" nuclear weapons.

This is only one of the many East-West discussion areas showing new signs of life. Polish diplomatic officials, for example, have delivered a note to the British embassy, proposing that the European Economic Community begin formal relations with the CMEA. The proposal is similar to one rejected by the Community six months ago — but that was under very different international political circumstances.

CMEA spokesmen have been repeatedly emphasizing the need for progress on the pan-European conferences, which they hope will be adopted at the Helsinki follow-up meeting to be held in Belgrade this June. East German radio has suggested that the most appropriate form for a broad discussion of the proposal is the United Nations Economic Commission for Europe, a body which includes representatives from both East and West Europe. Although it is still unclear whether this is indeed being discussed at the Commission's session in Geneva which began this April 20, the CMEA is using this as a forum for a detailed discussion of long-term prospects for their

five-year plans.

There are also some encouraging signs in relations between East Germany and West Germany. West German government spokesman Klaus Bölling has announced that an 80-point program on cooperation with East Germany would be issued soon. Although the details are not yet known, a further deemphasis of the Berlin question as a point of contention is likely to be one feature.

From the East German side, the *Liepziger Volkszeitung* recently published a response to a letter written by a Leipzig worker asking "Why are there so many capitalist firms settling into the DDR? What is happening to our economy?" The paper replied that these firms, especially the chemical firm Hoechst with its polychloriviny plant, are a concrete expression of détente; they draw the DDR more broadly into the international division of labor. With regards to that Hoechst plant, another newspaper, the *Financial Times*, notes that Hoechst's West German production is now being included in East Germany's 5-year planning books as basic data.

Mitterrand Declares War On Left Socialist Faction; Union Of The Left Faces Crisis

FRANCE

François Mitterrand, the General Secretary of the French Socialist Party (SP) and leader of the Second International, declared war this week on the pro-Communist faction in his own party, the CERES. Mitterrand's efforts appear somewhat as a desperate gambit in the context of the up-coming renegotiation of the Union of the Left's (Communist, Socialist and Left Radical parties) Common Program. It is well known that these parties hold widely differing views.

In articles in two SP publications this week, Mitterrand declared that the existence of "organized tendencies" in the party will no longer be tolerated, since they increasingly function as parties within the party. Mitterrand called on the tendencies — leaving no doubts that he means the CERES — to commit themselves to self-dissolution before the party's congress takes place in June. The CERES faction is being accused of making "unnecessary" electoral and programmatic concessions to the French Communist Party (PCF).

The leader of the CERES group, Jean-Pierre Chevènement issued his response in an interview in *Le Matin de Paris* April 19: Mitterrand is making a grave error. "I think that if Mitterrand cuts himself off from the most dynamic part of the Socialist Party, far from giving himself a guarantee for the future, he will be sawing off the very branch on which he sits." Chevènement added that Mitterrand's ultimatum to the CERES "is unacceptable."

But Mitterrand is in a dilemma. The longer he waits to purge the CERES group, the more impossible a task it will become; CERES will grow at faster rates than the SP majority tendency as worsening economic conditions in the country draw more and more workers into the PCF and CERES.

Mitterrand's declaration of war on the CERES will correctly be understood by the PCF rank and file and secondary leadership levels as a war cry against them. As the Common Program comes up for renegotiation, the opportunist pro-Atlanticist faction of the PCF centered around General Secretary Georges Marchais is equally anxious to quickly settle the matter lest its base call the unholy alliance into question altogether. At preliminary talks between the leaderships of the parties to set up a date and agenda for final renegotiation talks, Marchais' secretary and Politburo member Charles Fiterman made clear that the PCF will be willing to make certain concessions to meet the SP, provided all the issues can be settled quickly, without much ado and public debate. In a preliminary indication of how the PCF leadership will compromise, Marchais declared this week that the PCF is now willing to accept the creation of a European Parliament, provided its powers are limited. In return, the PCF expects the SP to accede to the PCF's demand that more nationalizations be included in the Common Program, particularly in the steel sector.

The Communist-led trade union, the CGT is adamantly and urgently demanding such nationalizations of the steel sector. Crippled by an overall debt amounting to more than 100 percent of the sector's annual turnover, the steel industry and its workers are faced with the grim prospect of tens of thousands of layoffs in the short and mid-term future.

Egypt – Libya War Tensions Rise As Egypt's Social Crisis Worsens

Relations between Egypt and neighboring Libya took a perilous turn for the worse during the past week. According to both *Reuters* and *TASS* news agencies, sources in Libya are now "expecting an attack by Egyptian armed forces on Libya." High-level East bloc sources report war-planning sessions taking place in Cairo led by War Minister Mohammed Gamassy, while U.S. State Department officials insist that a faction within the Egyptian high command favors immediate military action against the Libyan Qaddafi regime. The government-controlled Egyptian press is escalating its propaganda campaign against Libya and anti-Libyan demonstrations erupted last weekend in the western Egyptian city of Alexandria. Moreover, reliable Egyptian diplomatic and journalistic sources speculate that elite Egyptian units may attempt an "Entebbe-like" raid into Libya to overthrow Qaddafi.

None of these actual or predicted occurrences makes sense outside of the context of a devastating social crisis in Egypt which is being selectively manipulated by highly placed Rockefeller family intelligence operatives. These private networks are centered in Saudi Arabia, and they have decisive influence over powerful Egyptian military circles — and evidently over President Anwar Sadat himself. One Arab officer at a leading lower Manhattan banking institution confirmed that "private Saudi individuals," acting outside of the Saudi government, are exploiting Egyptian internal instability by funding and activating the religious extremists of the Muslim Brotherhood.

Thus in Egypt an unprecedented and undoubtedly bloody social confrontation is rapidly coming to a head. The intelligence agency-controlled fanatics, with increasingly overt support from Sadat himself, are being utilized to contain and bludgeon mass-based leftist and Nasserist networks at the very moment when Sadat's readying of a new round of implementation of the highly unpopular International Monetary Fund-ordered "reforms" of Egypt's beleaguered economy is giving the left and nationalists increasing credibility. Sadat is moving into the untenable, *short-term* position of relying upon the right and the nouveau riche, whose legitimacy in the population is almost nil. Such a correlation of forces cannot possibly sustain itself for long.

How far Sadat has gone along this path is evident from a number of signs. Aside from thrashing Libya, the Egyptian press — in particular, the right-wing *Al Akhbar*, which Sadat seems to be utilizing more and more as a mouthpiece — has issued vitriolic attacks against the Soviets. The high point of hysteria was reached last week

when *Akhbar* equated Soviet Communism with Zionism — purportedly in response to Soviet Communist Party head Brezhnev's support of Israel's right to exist securely. Earlier, *Akhbar* accused Soviet envoys of fomenting Libyan and Ethiopian aggression against Egypt, while the traditionally more centrist *Al Ahrām* and *Middle East News Agency* have been running "revelations" about Soviet arms shipments and Cuban advisors being sent to Ethiopia and to Zaire.

For the past week, trials have taken place in Egypt of leftists and Nasserists accused of fanning January's anti-IMF mass upsurges. The editor of the leftist *Al-Talia* magazine, Lufti el-Kholy, has been removed from his post, and the editor of the prominent leftist weekly *Rose el-Youssef*, Abdul-Rahman el-Sharkawi, has been given a meaningless sinecure in the Egyptian Arts Council. Right-wing religious elements in the National Assembly have taken advantage of this atmosphere to demand the

Story Of Rabin Resignation Revealed

The real story behind the resignation of Israel's Prime Minister Yitzhak Rabin in an April 7 coup d'état by allies of the Rockefeller forces Moshe Dayan and Defense Minister Shimon Peres was revealed today to NSIPS by sources in the U.S. intelligence community.

According to the source, the U.S. National Security Council in late March ordered Israel to launch an operation in which Israeli commandos, disguised as Palestinian "terrorists," were to attack and blow up a TWA jetliner in the Mediterranean region. The raid, which was widely predicted at the time in the European press, which cited Interpol-ordered alerts at Athens and Rome airports, was to provide a pretext for an Israeli raid into southern Lebanon as "reprisal" against Palestinian commandos there.

The source said that Rabin flatly rejected the operation. The behind-the-scenes coup by the Dayan forces of the military, a public Watergating barrage against Rabin came only days later.

With Rabin out of the way, it becomes entirely possible that Peres, his designated successor, will revive the terror-counterterror Rabin wrecked.

legal institution of the death penalty for "atheists and communists" and the reinstatement of Islamic law as the law of the currently secular Egyptian nation.

Aware of the untenability of Sadat himself continuing on this "Pinochet" path, American embassy officials are reportedly circulating the rumor in Egypt that right-wing army officers are plotting a takeover. To give this tale credibility, the *Washington Post* ran an otherwise non-descript "leak story" about the "deprivation of rights" of Kamal Eddine Hussein, the most right-wing member of the "Free Officers" group that came to power in Egypt in 1952. Last week, Hussein, a hero of the Muslim Brotherhood and related groups, was not allowed to regain the Parliament seat which had been taken from him when he lashed out at Sadat after the January upsurges. It is possible that Hussein is being primed as a rallying point for the Saudi-funded rightist thug networks.

The Soviets and Sadat

There is substantial evidence that the Soviet Union has determined that restoration of normal relations with Egypt is no longer possible as long as Sadat remains in power, and is taking action to isolate Sadat and encourage the left-Nasserist factions in Egyptian military and intelligentsia circles to organize a solid opposition bloc.

Unofficial reports have it that the USSR has suddenly stopped shipments of spare parts to Egypt in retaliation for Sadat's anti-Soviet diatribes of the past few weeks. Meanwhile, the Soviet News agency TASS and other Soviet journals during the last week bitterly attacked Egyptian support actions for President Mobutu of Zaire as acts of open cooperation with Israel and U.S. imperialist circles. The Soviets also extended the stay in Moscow of Syrian President leader Hafez Assad, in an attempt to pry Assad away from the anti-communist tripartite alliance of Sudan-Egypt-Syria formed earlier this year.

A further telling sign is the sudden, unprecedented public surfacing of the pro-Moscow Egyptian Communist Party abroad. In Athens, officials of the Egyptian and the Greek Communist Parties issued a joint communiqué attacking the economic and foreign policies of the Sadat regime.

Egypt Key To Mideast, African Diplomat Says

The following assessment was made this week by a Middle East diplomat:

The key to the whole situation, both in Africa and the Middle East, is Egypt. Egypt and Sudan are very close; they have a special relationship...

The problem in Africa is not Sudan, or even Numeiry. He was pushed forward as a popular officer in 1969 by the people who made the coup, most of whom are still around and are much more progressive than Numeiry. There is

no real problem with the Sudan regime, however, except that Sudan is a captive of Egypt.

It works like this. After 1967, to protect the Egyptian Air Force from the Israeli bombing raids, Nasser sent the Air Force to Sudan and built an airport. It is still there, as are the Egyptian troops, which act as insurance for Numeiry. In addition, there are three Sudanese units on the Suez front, which, if the Egyptian forces now in Sudan could not protect Numeiry, would be flown down to Khartoum. The Sudanese units at Suez are kept there by Sadat as an anti-coup force. Therefore do not expect any real changes from the Sudan side — the problem is Egypt.

In Egypt there cannot be a simple coup. The Egyptian army is one million men, and is not like Sudan where a few people take the radio station and the palace and there is your coup. No. Not with such a large army. The army could only take over on condition of a mass social upsurge inside Egypt, which could easily create the conditions for the Army to step in. This almost happened in January. It was very close. I think it is long overdue.

The Communists are not strong, but have some important people. There are a lot of Nasserists, but they are leaderless, decapitated. The Army is the only real force. And it is a sophisticated army, well-educated, many with college degrees, scientists, engineers. They are not stupid.

Part of what holds them back is Israel. Egyptians feel that they are in a war situation, and think twice before upsetting the situation.

'Private Saudi Funding' For Muslim Brotherhood

The following are excerpts from an interview with an Arab banker at a leading New York bank, who requested not to be identified:

Q: For how long can Egypt continue to meet its payments through receiving last-minute hand-outs from the Gulf states?

A: My estimate is that Egypt is \$450 million in arrears, and that's a fundamental problem. Money is coming in too little, too late. The process is a completely negative one. What the Egyptians argue is that they can't manage with little outlays. Egypt is hoping that the World Bank-creditors' consultative group meeting in May will look at a comprehensive Egyptian plan, and allocate \$12-13 billion to get the country through 1977 and 1978, just through the bottlenecks, so the country can then get into 1980 alive. The Egyptians never have enough to get out of the bottleneck. The way things stand now is that the Egyptian government cannot impose consumption cuts, for political reasons, and therefore they must finance more imports than exports.

Q: How will the consultative group treat these problems?

A: The consultative group sees these problems in very preliminary ways. They will ask the Egyptians a couple of questions, but it's too early to say it will produce anything now. Probably not until July, or August at the earliest, will money materialize for Egypt....

Q: Has Egypt actually given in to IMF demands yet?

A: They certainly have, although they don't want to admit it because of the left in the country, which is making a big issue about the turn to the U.S. and the IMF.

Q: But U.S. sources tell me that the left is weak and small and not influential.

A: The left is strong, the only reason it may not seem to be is because ruthless measures have been taken to repress it. Sadat's liberalization policy, so-called, is a joke, the government has completely suppressed leftist publications. But the January 18-19 riots proved the left is not under control, they emerged as superb organizers. Therefore I hesitate in agreeing that they're not very strong. They're well-organized. And they're the best elements in the country. There's no operative ideology in Egypt outside of the left that commands the interest of people who are important. The government has no ideology. The right has no muscle in meaningful circles. Only the left has a following, among workers, intellectuals, and so on.

Q: But I've heard claims that the Muslim Brotherhood has been recently organizing.

A: They're coming out because of the vacuum in the country. There's a very, very strong resurgence of the Muslim Brotherhood. I've just seen a recent edition of *Al Akhbar* which reports that some prominent religious elements are demanding the return to the Islamic law, the Shar'ia, the cutting off the hands of thieves, all the elements of a Saudi set-up. This is amazing in Egypt, it's quite a move to make, in a country that has been a secular state since the days of Napoleon!

What makes it worrisome is that the government is making no efforts to suppress the right-wing religious groups. The reason is that the Saudis favor the trend. Saudi influence is obvious. Now, the government is liquidating the left, while allowing the Brotherhood to come back, the same group that brought such a strong reaction under Nasser that they were brutally suppressed, they were the persecuted few. So they're basically a local effort, like the opening of a box, when the spring flies out and stretches to its maximum potential. But there is outside funding, and it's Saudi, but not the Saudi government, rather from *private* individuals in Saudi Arabia.

When I was in Cairo, all the mosques were repainted, reequipped with spotlights, and all the money for this was not from the Egyptians.

Recently a law has been submitted to Parliament demanding a death sentence for atheists. I'm still reeling from reading these *Akhbar* accounts. I was told repeatedly when I was in Egypt that this would happen, but I didn't believe it. Now, people are alarmed, more so because Sadat is doing nothing to stop the right. Sadat has cut himself off from the left — not just from the left per se, but from the Nasserites as well. This is a very powerful coalition, they're *really powerful*. They're a minority, but they've successfully blamed the liberalizing trend on the U.S. and Sadat is therefore seeking any alliance possible against them.

Q: That leaves open the question of the loyalties of the army.

A: The army is the big question mark. Although it's very hard to get information on them, my estimation is that on the lower officers' level, there is a great deal of dissatisfaction with the regime, even though the army has been under surveillance since at least 1967 to prevent its politicization. People tell me that the army on the higher levels is extremely dissatisfied, not so much about arms, but about the disturbing social changes in the country. There has been a resurgence of the rich, of the vulgar layers. And standards of living are deteriorating, and the army is affected by this — the army comes from the workers, peasants.

The American embassy officials I spoke to in Egypt tried to tell me that the dissatisfaction at the higher levels is coming from the right wing in the army, but I can tell you that this is not correct.

U.S. State Department: Egyptian Military Faction Considering War Against Libya

The following are excerpts from an interview with a Middle East Arab affairs desk officer at the State Department.

Q: Wouldn't you say that the Egyptian military is upset by Sadat's actions toward both Zaire and Libya, don't these detract from the fight against Israel?

A: Insofar as the military is at all interested in foreign policy, Zaire is very far away. The anti-Libya campaign in the Egyptian press is, admittedly, being carried out because other people read the Egyptian press besides Egyptians. Nonetheless, in the military high command, there is in fact a belief in an incipient military threat from Libya. My feeling is that this is a good *military* assessment. The military is not comfortable professionally with a primary threat from the Israelis on the eastern border while there is a potential threat on the western border.

When the military men meet in the same room, I am sure there are differences of opinion. One faction says, "Let's move tomorrow and end the western threat so that we can concentrate forces later against Israel." Another faction says that a western front fight would only dilute the battle against Israel. But a case for the former argument could easily be made.

New IMF-Egypt Agreement Reached

The following are excerpts from an interview with John Gunter, Mideast director for the IMF.

Q: You recently referred to an early April meeting of the Gulf Organization for the Development of Egypt (GODE) and Egypt mediated by the IMF. Did this take place? And what happened?

A: The meeting did take place. Things went quite smoothly. There was an agreement reached between

GODE and Egypt and we will have a role in implementation. Everything was very amicable, very useful. There was a discussion on how GODE's money was to be used.

Q: There seems to be a confusion about exactly what GODE has given Egypt.

A: There are no real discrepancies. It's only a question of what has been included. The loan under discussion here was just under \$1.5 billion. Last year, there were discussions between GODE and Egypt for \$250 million and this went through earlier this year. Also, GODE has made a guarantee available for a \$250 million Chase loan to Egypt. Egypt has received nothing yet beyond the \$250 million earlier agreed on. If you add it all together, it comes to the \$2 billion figure (Egyptian economic policy czar) Kaissouny referred to recently.

Q: Would you say that Egypt has officially agreed to the IMF reforms?

A: There is a press release due this afternoon, or early tomorrow, on an agreement reached for a standby loan to Egypt by the Fund. The decision was acted on by the Fund's Executive Board, so it has gone through from the Fund's side.

Q: Has the Egyptian press already reported an agreement between the IMF and Egypt?

A: Oh sure, the Egyptians have announced the agreement. They tend to do these things prematurely. Kaissouny has made public statements indicating that an agreement has been reached.

Aggravation Of Relations Between Egypt And Libya

Pravda published on April 19 the following series of Tass dispatches on the conflict between Egypt and Libya.

LONDON — According to Reuters reports from Tripoli, tension in relations between Egypt and Libya has reached a culmination point. The agency, alluding to government circles in Libya, indicates that they are expecting an attack by Egyptian armed forces on Libya.

According to the same sources, the agency reports, "details of a plan of attack" were discussed between the Military Minister of Egypt General al-Gamasi and the commanders of the armed forces of the country. The result of this conference was the recall of all Egyptian officers from leave. In the same circles it is being said that "several days ago Egyptian forces took up positions on the border with Libya with the main task of occupying the city of Tobruk, and then moving on, depending on how the situation develops and on the international response.

CAIRO — The government of Egypt discussed at its session the development of the crisis in Egyptian-Libyan relations, and passed a decision that the Egyptian government "will completely fulfill its duty, if the Libyan authorities do any harm to Egyptians in Libya."

As is evident from press reports, the discussion of this question abounded with malicious attacks on Libya.

TRIPOLI — The Libyan press is publishing material indicating that investigations conducted by the competent Libyan organs have shown that all subversive actions against the Libyan revolution — arson, diversions, acts of sabotage — have been carried out with the knowledge of and under the direction of the Egyptian authorities.

The consulate of the Arab Republic of Egypt in Benghazi, notes the Libyan paper *Al-Fadjr al-Djadid*, has over the course of recent years been turned literally into a military arsenal, and cadre officers of the Egyptian special service have been named to staff it. During a search conducted in the "consulate" of the ARE in Benghazi, a great quantity of firearms, grenades, and explosives were revealed, and also documents testifying to the improper activities of Egyptian "diplomats" on Libyan territory.

The People Of Egypt Oppose Sadat's 'Open Door' Policy

Following is an edited text of the joint communique issued after a meeting between the representatives of the Greek Communist Party (KKE) and the Communist Party of Egypt. The meeting took place in Athens on March 31.

The delegation of the Communist Party of Egypt informed the Greek Communist Party representatives on the political situation in Egypt and the "open door" policy presently implemented by the government, which leads to the country's submission to foreign monopoly capital and to imperialist influence. This policy is against the interests of the nation and its people.

The Egyptian delegation stressed that the present regime follows a policy which is against the basic principles of the 1962 National Progressive Charter, by allowing foreign investments in all sectors of the economy, such as banking, insurance, agriculture, mining, trade, and other sectors which were nationalized or otherwise developed only by state investments according to the Charter.

The Egyptian government undermines the role of the state sector, and has adopted measures which submit this sector to the interests of that section of the bourgeoisie which is closely connected with the foreign monopolies and multinationals, at the expense of the national interests. The inevitable result of this policy is the uncontrolled activity of a plutocratic oligarchy and a blow against the living standards of the people.

The present regime goes on making concessions and giving privileges to domestic and foreign capital, submits to the terms imposed by the IMF, U.S., Saudi Arabia, and United Arab Emirates. All these lead to an uncontrollable inflation and high prices which make living unbearable.

The Egyptian delegation told of the growing struggle of the Egyptian people and of the Communist Party — a struggle expressed in the strikes and massive popular

demonstrations in the cities and suburbs which reached their peak on January 16, 1977.

Egyptian And Israeli Military Collaborating, Soviets Report

The following commentary appeared in the Soviet military paper Red Star on April 18.

BAGHDAD 18 April (TASS) The newspaper Tariq Ash-Shaab writes that the policy of Egypt and the Sudan,

which are obediently carrying out Washington's plans in Zaire, is causing irreparable damage to the basic interests of the peoples of the African and Arab countries. The Iraqi people and all progressive forces, writes the paper, angrily condemn the Arab regimes which have sent their troops to help their U.S. friends and Tel Aviv instead of fighting for liberation of the occupied Arab territories and restoration of the legal rights of the Arab people of Palestine.

In this connection, the Arab press points out the fact that Israeli and Egyptian specialists are closely collaborating in Zaire under U.S. supervision.

Carter's Turkish Arms Package To Trigger Eastern Mediterranean Crisis

After a "three-month policy review" of the eastern Mediterranean situation, the Carter Administration pulled out and endorsed the controversial four-year, \$1 billion Turkey Defense Cooperation Agreement that was signed last year by Secretary of State Kissinger but was not approved by Congress. Qualifying — and essentially contradicting — his endorsement of the package, Carter stipulated that Congress need not give the proposal serious consideration until the Turks make major territorial concessions on Cyprus. By talking out of both sides of his mouth, Carter is consciously aiming to play upon and exacerbate Greek-Turkish hostilities in order to prevent a Soviet-backed Cyprus peace effort from successfully drying out the region.

Carter's insistence on linking the defense accord to Cyprus concessions reverses the Ford Administration's policy of keeping the two issues separated. Carter's linkage threatens to sabotage delicate regional peace maneuvers currently taking place outside of NATO's aegis by making it politically impossible for the Turks to make any concessions on Cyprus whatsoever. With Turkish general elections slated for June 5, and anti-U.S. sentiment in Turkey widespread, it would be political suicide for the Turkish government to buckle under — or even appear to consider — Carter's demands.

On April 20 commentary by syndicated columnists Evans and Novak described Carter's decision to use the defense agreement as a lever against the Turks as "filled with danger." The Carter decision, wrote Evans and Novak, "has thrown Turkey off balance and is undermining its political center of gravity."

Greece, too, has been thrown off balance by Carter's ploy, with the Rockefeller-linked Greek lobby in the U.S. Congress and its networks in Greece leading the hue and cry. Having supported Carter in his election campaign because of his so-called pro-Greek tilt, these Greeks and Greek-Americans are now complaining that Carter has let them down by endorsing the Turkish military pact prior to Turkish concessions. In addition, a request to Congress by Carter for additional arms sales credits for

Turkey — a request designed, supposedly, to placate the Turks — has, predictably, evoked an outcry from the Greek lobby. The State Department "explained" that the President had "hoped" that the two acts — endorsement of the arms agreement and a request for further credits for Turkey — would not arouse Greek animosity!

A Philadelphia-based specialist on eastern Mediterranean affairs assessed the Administration's policy: "I think Carter's proposal to Congress on the Turkish arms question is stupid! It's typical and illustrative of the overall foreign policy of the administration. There's going to be a lot of trouble in Congress over this package."

Makarios: "Carter Can't Fool Us"

Carter's Turkish defense pact caper was timed to derail a major diplomatic effort by the Soviet Union in the eastern Mediterranean for a Cyprus settlement. This month, a high level Soviet delegation led by Vassily Grubiakov, chief of the Turkey-Greece-Cyprus division of the Soviet Foreign Ministry, visited Athens and Nicosia. The talks in Athens between Greek Prime Minister Constantine Karamanlis and Grubiakov marked the first high-level public contact between the Soviet and Greek governments in more than a decade. Both parties warmly described the meetings as a "rapprochement" between the two countries, which in the words of a Greek government spokesman, open the way for "the systematic improvement of relations between Greece and the Soviet Union."

On April 18, the Soviet delegation arrived in Cyprus from Athens and met with Greek Cypriot leaders. Significantly, Grubiakov also met with Turkish Cypriot leader Rauf Denktas, who, in what amounted to a clear signal from his Turkish government backers, praised the Soviet peace efforts.

Also squarely behind the Soviet initiatives is Cypriot president Archbishop Makarios. According to the April 19 *Financial Times* of London, Makarios is engineering a major policy shift away from the U.S. and toward the

Soviets following the collapse last month of intercommunal talks in Vienna after only two days. Makarios ridiculed Carter's statement last week praising the "progress that was achieved at the Vienna talks" and exposed it as a ploy to prevent the internationalization of the Cyprus issue. He extended his denunciation of Carter to "all those (in the Carter Administration — ed.) who think that they have fooled the Cypriot population," and attacked Carter's emissary to Cyprus, Clark Clifford, for obstructing peace. Makarios also endorsed the Soviet call for a Geneva-style peace conference for Cyprus and announced his plans to issue a new appeal for an international settlement at the United Nations.

Makarios has received support from several quarters. General Secretary Papaionnou of AKEL, the mass-based Cypriot Communist Party which maintains an alliance with the Archbishop, has left for Italy, France, Spain, and Czechoslovakia to organize backing for the Soviet initiative and for the removal of the Cyprus problem from NATO control. Greek socialist leader Andreas Papandreou, a long-time critic of the Soviet Union, has also come out in open support of the Soviet peace offensive. Finally, the Greek Communist Party (KKE) attacked the Carter Administration for launching a "new plan to strengthen U.S. dominance over the region." The U.S. operation, charged the KKE in its newspaper *Rizospastis*, is to be combined with a coordinated anti-Soviet propaganda campaign "to prevent the implementation of the Soviet proposals for an international Cyprus conference, which has been officially endorsed by the Cypriot government."

In retaliation, pro-Carter Greek press attempted to downplay the significance of the Soviet initiatives. The more rabid dailies unleashed a slanderous campaign against Grubiakov, reprinting an article from the *Manchester Guardian* alleging that Grubiakov is a pro-Turkish KGB agent! In Cyprus, the pro-NATO paper *Mesimbrini* printed the "real" Carter plan for Cyprus, which does little to get Jimmy off the hook. The essence of the plan, which Carter will present to both Karamanlis and Turkish Prime Minister Suleyman Demirel in May at the London economic summit conference, is virtual partition of the island and the formation of a weak central government — the perfect breeding ground for continued regional instability.

Terror On The Agenda

Top Aegean watchers affirmed last week that if the momentum for peace begins to drag, a new outbreak of terrorist activity is imminent. As part of this scenario, immediately following the announcement of the Soviet delegation trip to the region earlier this month, *New*

York Times editor C.L. Sulzberger trumpeted predictions of a sudden outbreak of Armenian terrorism against Turks between April 10 and 24. Similarly a wave of terror in Greece has been predicted for this month, the tenth anniversary of the junta's seizure of power. The Greek press reports that a plot by pro-junta conspirators on the island of Corfu to kidnap Prime Minister Karamanlis was recently uncovered and deactivated. One thinktanker predicted the first of a regular series of flare-ups of the Aegean oil dispute in the near future — including a possible Greek attack on the Seismic I oil sounding ship that Turkey has been sending out.

A former U.S. diplomat now working closely with Secretary of State Vance on Carter's new eastern Mediterranean policy developed a "likely scenario" in more detail: "Immediately after the Turkish elections in June, Clark Clifford, Carter's personal envoy, will return to the region. As soon as Clifford arrives, he will put the screws on the Turks. But it will be hard for the Turks, regardless of who becomes the next government, to go along with him. What I foresee then is an outbreak of violence, of forays by Greek terrorists on Cyprus that will be brutally put down by the Turks. The situation will be explosive...."

Greece Demands Debt Moratorium

Behind the Carter drive to reimpose NATO hegemony over the region is the reality of deteriorating control over both Greece and Turkey by the New York banks. This month, Angelos Angelopoulos, governor of the National Bank of Greece, issued a concrete proposal for the development of his country. Angelopoulos, whose bank maintains extensive Arab links, proposed that Third World nations be granted a seven-year general debt moratorium, linked to low-interest, 15-year development credits. The proposal, printed in *Le Monde* on April 13, asserts that such a policy could, by raising Third World demand for exports from the advanced sector, "become the engine that gets the West out of the depression." The Angelopoulos proposal, which bears remarkable resemblance to the International Development Bank proposal of the U.S. Labor Party, coincides with growing Arab demands for debt moratorium and for the use of petrodollars for development.

In a parallel development, the Greek government moved last week to dissolve the contract between Greece and the consortium of multinational oil companies (Mobil, Shell, and BP) signed during the junta period and due to expire in 1980. The consortium was to supply Greece with 1.9 million tons of crude oil per year. The dissolution follows the earlier takeover of the bulk of the Aspropyrgos refinery controlled by Exxon and opens the way for possible state-to-state oil arrangements with the Arab oil producing countries directly.

Non-Aligned Nations Meeting Resolves Nothing

NEW DELHI, APRIL 11 (NSIPS) — One of the participants (not the author) in the meeting of the Coordinating Bureau of the Non-Aligned countries held in this city summed up the results of the conference simply as: "a waste of time." The Bureau meeting, held on a Foreign Ministers level, was intended to review the progress of the implementation of the declarations and programs adopted at the heads of state summit meeting of the non-aligned held last August in Colombo, Sri Lanka and to assess the current international political and economic situation. What was clear from the start, however, was that no one intended to take any serious initiatives that could create controversy at the meeting and upset the fragile "unity" of the non-aligned movement.

EYEWITNESS REPORT

The task before the meeting was defined by the almost complete failure during the past eight months to implement the 1976 Colombo declarations, themselves a compromise formula, since that summit meeting. Everyone in the non-aligned is aware that little progress has been made, but few are willing to face the necessity for ending the stream of constant talk and taking some decisive action — in particular to force the advanced capitalist countries to seriously negotiate on debt moratoria, the establishment of a new monetary system and related commitments of the developing countries, and particularly at a moment when the results of inaction are hurtling the world towards war.

The tone of the meeting was set by the inaugural address of Indian Prime Minister Morarji Desai whose theme was "self-help" for the developing countries as the ultimate solution to their severe economic problems. Desai disappointed everyone — Western observers who were hoping to witness a dramatic expression of the new Indian government's alleged "pro-Westernism," and optimists looking for a tougher stand by the non-aligned on the dismal state of the "North-South" dialogue.

In fact, the Indian setting of the meeting, following so closely after the downfall of the Gandhi government, one of the mainstays of the non-aligned movement, was an important numbing factor here. The Indian government, as the hosts of the meeting and following non-aligned standard procedure, was responsible for drawing up the draft political and economic communiqués for the conference. On the whole, as many delegates lamented in private, the drafts were extremely weak and in certain cases represented a step backward from the positions taken at Colombo. Within the committees where the drafts were discussed the Yugoslavs, in the spirit of

keeping "unity," worked with the Indians to keep the proceedings smooth and quiet. The drafts raised little open controversy, although a number of the more radical members of the Bureau succeeded in forcing changes in the drafts such that the final communiqué at least held the line at the Colombo position.

The plenary session of the conference, where the Foreign Ministers delivered their formal speeches, was, even by Third World conference standards, impressive for its anesthetic effect, as minister after minister rose to congratulate the group on the "growing strength of the non-aligned" and their role in the world, and to reaffirm the sacred integrity of previous non-aligned stands on various issues such as southern Africa, the Middle East, and the Indian Ocean. Even less attention than would be expected was paid to the international economic situation, a striking avoidance of reality considering the miserable collapse of the Paris North-South and UNC-TAD talks over the past months. These developments were, however, ritually condemned.

There were exceptions to this. Some governments rose to speak about reality in less abstract terms and were in turn heartily congratulated later by their colleagues who, for political reasons at home or out of sheer cowardice, were unable to speak so directly. The speeches of the Cuban, Iraqi, Vietnamese and Angolan Foreign Ministers showed more fight in this regard, particularly on economic issues.

Cuban Foreign Minister Malmierca attacked the role of the developed capitalist nations at the Paris North-South talks and pointed out the sharpening economic crisis characterized by the accelerating debt problem. While he did not make debt a focus of his presentation, Malmierca called for the problem of foreign debt to be "approached outside the IMF" and urged that there be found a "mechanism for the solution of the causes and effects of debt." The Cuban Minister also pointedly called for the Arabs to invest their surplus petrodollars in Third World development.

The Vietnamese address was even more harsh on these issues than the Cubans. The Vietnamese Foreign Minister, referring to the North-South stalemate, said: "Imperialism will never voluntarily make concessions to the non-aligned and developing countries and will never accept at the negotiating table what is unfavorable to it." Unfortunately the Vietnamese, like the others, had little concrete to offer in the way of a solution to this impasse.

This stagnant view of the international economic situation was reflected in the Economic Committee itself, where the actual work of the conference was carried out in discussion of the draft communiqué. By all accounts the work in the committees was nearly as stirring as what occurred on the floor of the plenary. Some fight

was conducted by a group of countries, led by Guyana, Jamaica, Sudan and Iraq in forcing a toughening of the draft; but one of the participants in this, commenting on the meeting, was disgusted with the complete lack of serious discussion.

On the North-South issue, the best these weary diplomats could come up with, was a commitment that if the Paris talks failed in its final session, the developing countries should bring the issue back to the United Nations — once again — and hold yet another meeting of ministers to decide on what action should be taken. Veterans of such conferences say this is not exactly an innovative solution.

On the political side the fare was even more meager. The Political Committee, chaired by the Cuban delegation, was the scene of an effort by numerous of the more radical states to prevent a backslide from stands taken previously. By the account of one Arab participant, the first excitement of the meeting was an effort by the Zaire delegation to open up a nominalist discussion on the definition of non-alignment. The excursions into semantic niceties was abruptly halted when several delegates politely pointed out to the Zaireans that defining non-alignment should hardly be a burning issue at this point, although perhaps the Zaireans are having some difficulty in this regard.

From that point on the meeting was downhill, as the linguistic debate shifted to wrangles over the wording of the draft, adjective by adjective. In one case the Indian delegate objected to the wording proposed that called for

the U.S. to “promptly” conclude its negotiations with Panama on the new canal treaty. A Latin American delegate reminded his colleague that the United Nations General Assembly had passed a resolution calling for the negotiations to be concluded by the end of the year and suggested that perhaps his Indian friend would prefer the word “immediately.” This test of wills was finally settled with the Indian relenting to the use of the word “promptly.”

The Bureau meeting left many delegates wondering why it had been held. One participant from Africa commented that: “It’s just the same faces going from conference to the next talking to each other.” This, of course, need not have been the outcome had some of the participants been willing to inject a few undiluted doses of reality into the conference. The closest there was to that was on the southern African question where the Cubans, Angolans and others made some strong statements on the U.S. efforts to encourage confrontation there, and called for full backing for the frontline African states and the liberation movements in Rhodesia, Namibia, and South Africa. Surprisingly, even the Indian Foreign Minister was unequivocal on this question and voiced Indian support for armed struggle if necessary to overthrow the racist regimes.

But the initiative for a new world economic order that will quench Carter’s war and looting plans will not come from the non-aligned; it has been left for others.

— Daniel Snieder

The Non-Aligned Nations’ Communiqué

Below are some excerpts from the final communiqué adopted at the Conference of Foreign Ministers of the Coordinating Bureau of the Non-Aligned Countries which took place from April 6-11 in New Delhi, India. The members of the Bureau (the official steering committee of the movement) are: Algeria, Angola, Bangladesh, Botswana, Chad, Cuba, Guinea, Guyana, India, Indonesia, Iraq, Jamaica, Liberia, Niger, Nigeria, Palestine Liberation Organization, Peru, Sri Lanka, Sudan, Syria, Tanzania, Vietnam, Yugoslavia, Zaire, Zambia.

Africa

9. In Africa, despite the fact that the struggle for freedom has intensified and developed, imperialism continues to obstruct the right to self-determination and the achievement of freedom and independence by the peoples of this continent, thus perpetuating the existence of racist and minority regimes and encouraging foreign occupation and domination.

10. In their attempts to destabilize African countries and affect their right to sovereignty, the forces of imperialism have increasing recourse to interference and intervention, to the use of mercenaries, political assassinations and causing conflicts between friendly neighbouring countries.

11. The Bureau expressed its deep indignation and condemnation of such acts. It called for vigilance and

solidarity by the non-aligned nations in order to bring to its conclusion the irreversible process of political, economic and cultural freedom of their nations and to continue their support to the freedom movements that are struggling towards these objectives.

Southern Africa

12. The Bureau reviewed the developments in Southern Africa since the Colombo Summit Conference of Non-Aligned countries. It expressed its concern at the further deterioration of the situation in the area arising from the continued intransigent and repressive policies of the racist minority regimes in their desperate determination to maintain the ruthless system of colonialism, apartheid and racial discrimination. Not only have the racist minority regimes broadened and intensified their oppression of the African peoples of Zimbabwe, Namibia and South Africa but they have also become increasingly more aggressive and provocative against the neighbouring independent African States.

Detente

64. The Bureau welcomed the progress achieved in the relaxation of tensions between the Great Powers. At the same time the Bureau reiterated that detente to be effective and meaningful, must be extended to all parts of the world and should benefit all countries, developed and developing, big and small, in keeping with the spirit of

absolute respect for national sovereignty, non-aggression, territorial integrity and non-interference in the internal affairs of States.

65. The Bureau notes with satisfaction the efforts of European non-aligned and neutral countries to secure the success of the Belgrade Follow-up Meeting to the Conference on Security and Cooperation in Europe. Recalling the position of the Colombo Conference concerning the Mediterranean, the Bureau underlines the need for the intensification of the efforts of the Non-aligned Countries of the region aimed at creating conditions for transforming the Mediterranean into a zone of peace and cooperation.

Review of the International Economic Situation

75. The Bureau noted that since the Colombo Summit, the existing unfavourable economic situation in the world is rendered even more difficult due to the absence of any substantive progress towards the restructuring of world economy. There has been little or no improvement in the situation of developing countries. Developing countries continue to face critical situations, both as regards their external trade as well as their growth prospects. The inequalities and imbalances in the international economic structure persist and the economic gap between developed and developing countries continues to widen.

76. While the effects of inflation and recession generated in the developed countries have had serious consequences for developing countries, the measures taken by developed countries to counteract the high rates of inflation and recession have only aggravated the adverse effects on developing countries. In addition, the instability of the international monetary situation, has continued to affect the economies of developing countries. The Bureau, therefore, reiterated the need to adopt ways and means to establish a new rational, equitable and universal monetary system.

78. The Bureau further noted that international measures to assist developing countries to meet the economic crisis have been ad hoc palliatives rather than structural solutions of a comprehensive nature. Measures taken have been shortlived, grossly inadequate and at times even discriminatory. On the other hand, aid flows increased only marginally in nominal terms, while they declined in real terms. Most multilateral institutions such as United Nations Development Programme and International Development Agency were faced with resources crises due both to inflation and inadequate contributions.

79. This trend, together with the rising costs of essential imports of developing countries have forced them to rely on commercial borrowing thus accentuating their debt problems. The situation facing most developing countries, as regards debt servicing, has assumed critical proportions and is likely to be further exacerbated. Their position will continue to be vulnerable, due to the staggeringly large amounts of finance which they have to arrange year after year to repay their debts, thus having an adverse impact on their growth rates.

Conference on International Economic Cooperation

82. The Bureau reaffirmed its strong support to the position adopted by the Group of 19 in its negotiation in

the Conference on International Economic Cooperation being held in Paris. The Bureau expressed its sense of deep concern over the lack of progress at the Conference. The developed countries have not yet responded positively to the concrete proposals submitted by the developing countries in spite of the fact that strenuous efforts have been made for over a year to reach agreement. The Bureau considered that a failure of the Conference on International Economic Cooperation will have serious repercussions on the relations between developing and developed countries. In this connection the Bureau drew attention to the following view expressed in the Economic Declaration adopted at the Fifth Non-Aligned Summit in Colombo: "The developed countries will be held responsible for a failure of the Paris Conference which would result from their persistent refusal to accept the proposals concerning a wide range of questions of importance for the developing countries. Such a failure would prompt the developing countries to reconsider their attitudes".

87. The Bureau also noted with concern that despite the important resolutions adopted at UNCTAD IV in the priority areas, no progress has been achieved so far on the debt problems of developing countries, transfer of resources and commodities. The Bureau felt that the persistent lack of political will on the part of developed countries would have far-reaching negative effects on the prospects of international economic cooperation.

Decisions of the Bureau

97. The Bureau Meeting therefore decided that:

(c) In recognition of the grave economic crisis currently facing developing countries, and bearing in mind their call for solidarity and unity, the Bureau called upon all countries to seriously consider the steps necessary to prevent the failure of the Conference on International Economic Cooperation. The Bureau regretted the delaying tactics of the developed countries and was of the view that the onus was clearly on those countries to ensure that the Conference was able to reach decisions in keeping with the importance and urgency of the issues it had been discussing over the last 12 months. However, it was also imperative that all countries participated in efforts to bring the Conference to a successful conclusion.

(d) The problem of external indebtedness should be dealt with across the board in terms of universally applicable principles and not on a case by case basis except when the debtor country so desired. Debt relief should be regarded as a transfer of resources and not as a device to meet temporary difficulties in the balance of payments.

(e) The Bureau noted that at its resumed thirty-first Session the United Nations General Assembly would consider the outcome of the Conference on International Economic Cooperation. In keeping with the catalytic role played by the non-aligned countries within the Group of 77, the Bureau recommended that on the eve of that Session the Group of 77 should meet at Ministerial level to take stock of the situation and to evolve a further course of joint action at the resumed session. The non-aligned countries should bring their solidarity to bear and preserve their political identity in charting out a combined strategy within the Group of 77 for negotiations with developed countries.

What's Behind Japan's No To An IMF Bailout

JAPAN

Sometime around February of this year the businessmen and bureaucrats who guide Japan's economy decided that, from a global standpoint, the economic policy of the Carter Administration was an unmitigated disaster. Previously they had resisted this or that aspect of Trilateral policy — upvaluation of the yen, reduction of Japan's exports, domestic deflation, import cuts by developing nations, etc. — on the basis of its deleterious effect upon Japan. Nonetheless, they usually ended up compromising — on the assumption that the measure was yet another temporary burden to be endured until they were rescued by a world economic recovery that always seemed to lie several more months into the future.

Sometime around February their views changed. These gentlemen determined that the New York banks, the Brookings Institution, and the Carter Administration in fact have no economic strategy for global recovery. They simply have a policy of collecting the debt owed to Chase Manhattan, Citibank, et. al. and "let the real economy be damned." As one Japanese banker recently put it, "It is now widely believed in Tokyo banking circles that the International Monetary Fund austerity policy means five or six more years of zero growth for Japan."

At first the new attitude was expressed in cautious, hesitant tones. The Bank of Japan released a report March 1 that the Southeast Asian nations were "running deeper and still deeper into international debts with no hope of an early financial recovery." They noted these countries' 300 percent increase in private debt and 180 percent increase in public debt between 1974 and 1976 and said they feared this situation would become protracted. The Japanese then became a bit more forceful when, at the February OECD meeting in Paris, their delegation joined West Germany in criticizing Carter's three-nation deflation strategy as ineffective and fraught with inflationary dangers. Prior to the meeting, Japanese delegate Vice-Finance Minister Matsukawa had held consultations in Bonn.

By the end of March, the normally discrete Japanese adopted a strident pose. On March 97 the prestigious business daily *Nihon Keizai Shimbun* reported a leak from the International Finance Bureau of the Ministry of Finance (MOF) denouncing a proposed increase in IMF

funds and a special new fund as "for the purpose of bailing out the unsound credits of the U.S. banks, (and) we cannot agree... They (the banks) must take care of it themselves by stretching out payment deadlines or some such."

Ten days later, Bank of Japan Governor Teiichiro Morinaga — usually restrained in his comments — told a Tokyo press conference that the proposed IMF fund "may have stemmed from an ulterior intention to make the governments of various affluent nations take over the huge overdue American commercial bank credits to collect from such developing nations. The U.S. commercial banks would then be the principal beneficiaries."

While the Bank of Japan has been resistant to David Rockefeller's deflationary strategy for a year and a half, hitherto the Ministry of Finance had been advocating a softer posture toward New York. The change in the Ministry's view is due to a shift among those influential businessmen who previously had bent over backwards to cooperate with the U.S.

These businessmen and bureaucrats have not decided upon a positive alternative strategy beyond determining that a commitment to capital formation is central. According to Japanese banking sources, Morinaga is counterposing to the IMF a proposal to increase aid to the developing sector tied to definite industrial development projects, exactly the type of projects that the New York banks want to sacrifice in favor of pure raw materials extraction. On the other hand, Morinaga and his business advisors are quite willing at this point to accept other types of austerity.

Not having a clear alternative, the Japanese have remained paralyzed with fear at the possibility of the collapse of the international monetary system, a fear admitted by the March 27 *Nihon Keizai Shimbun*. Their only actions have been negative: to refuse to accede to the IMF bailout plan and to refuse to commit Japanese funds to syndicates being organized by the New York banks. The Japanese refused to go in with Chase Manhattan and Wells Fargo on two consortiums for Brazil's Petrobras totalling \$300 million and they are now very reluctant to go in for proposed syndicates for Indonesia and Mexico. Japanese bankers observe that there will even be some cases in which they will refuse to roll over existing syndicate loans coming due in the next two to three quarters. According to the Long-Term Credit Bank of Japan, surveyed financial institutions in Japan plan to decrease direct overseas investment in fiscal 1977 by 48 percent from 1976. This is sheer panic.

Unfortunately for the Japanese businessmen and bureaucrats, barring an early reform of the international monetary system, if they are not able to keep up their high export levels — which already show signs of deterioration — then within two or three months, their economy could be in a shambles. They would face the spectre of 30 percent inflation or 20 percent annual rates of production decline.

Fukuda's Program Is A Fraud

Business' shift in thinking was prompted by the spectre of the financial disaster that looms if the present economic situation continues. GNP in the October - December quarter rose only 0.6 percent and the January - March quarter will probably prove to have been just as dismal. Prime Minister Takeo Fukuda, a longtime loyal ally of the Rockefeller political machine, promised business that his policies would lead to 6.7 percent real growth in the fiscal year that began April 1, 1977. Instead business sees the following situation: 1) January was the only month since the summer that real personal consumption rose above levels of the previous year, and then only by 1 percent. February daily department store sales were only 6.4 percent above February 1976, far below 8.5 percent inflation. While real wages have ranged 1-2 percent above year-before levels in recent months, consumers have refused to spend for fear of inflation and unemployment. The brunt of the 1976 sluggish 4.4 percent rise in real consumption occurred in the first half of the year as a byproduct of the phenomenal export growth of that period.

2) Capital investment in fiscal 1976 increased by 1.7 percent in real terms (up 12.2 percent nominally) after a 14.5 percent fall in 1975. But most private sources now predict another fall in real terms for fiscal 1977. Predictions for nominal growth range from Bank of Japan's zero growth prediction (an 8-10 percent real cut) to 2.2 nominal growth from Japan Development Bank (6-8 percent real cut). Capital goods shipments already fell

Table 1 — Production

(SEASONALLY ADJUSTED INDEX 1970=100)				
	PRO- DUCTION	SHIP- MENTS	INVEN- TORY	OPERATING RATIO
1973	127.3	-----	-----	100.6
1974	123.3	123.3	148.9	91.4
1975	109.7	114.8	162.7	81.2
JAN 1976	115.7	-----	-----	84.3
APR 1976	126.2	128.9	158.3	90.6
JULY 1976	128.2	132.0	157.0	89.1
OCT 1976	125.4	127.4	160.4	85.5
NOV 1976	128.9	132.3	163.4	-----
DEC 1976	128.8	131.1	167.8	87.0
JAN 1977	128.6	132.3	168.3	85.8
FEB 1977	127.7	131.7	168.7	-----

Table 2 — Trade

(SEASONALLY ADJUSTED IN BIL \$)				
	EXPORTS*	IMPORTS*	BALANCE OF TRADE*	OVERALL BALANCE OF PAYMENTS (IMF BASIS)
1975	55.9	58.8	+5.0	3.1
JAN 1976	3.6	4.8	.4	-.07
APR 1976	5.3	5.1	.9	.3
JULY 1976	5.9	5.6	.7	.3
OCT 1976	6.1	5.7	.7	-.5
NOV 1976	5.6	5.8	.6	---
DEC 1976	5.9	5.9**	.8	.5**
JAN 1977	6.4	5.6**	1.3	.5
FEB 1977	6.4	5.3**	1.4	.5**

* EXPORTS, IMPORTS AND TRADE BALANCE ON CUSTOM-CLEARED BASIS (CURRENT SHIPMENTS), ON THIS BASIS, EXPORTS AND IMPORTS ARE MEASURED DIFFERENTLY IN TERMS OF WHETHER SUCH ITEMS AS FREIGHT COSTS, INSURANCE, ETC. ARE CONSIDERED; THUS COMPARING TWO ITEMS DOES NOT YIELD THE TRADE BALANCE THAT REFLECTS THE ACTUAL RELATIONSHIP.

** IMPORTS FOR DEC-FEB AND PAYMENTS BALANCE FIGURES FOR DEC AND JANUARY ARE NOT SEASONALLY ADJUSTED. PRESS REPORTS INDICATED THAT AFTER SEASONAL ADJUSTMENT IMPORTS ONLY ROSE AT 4% ANNUAL RATE IN DEC-FEB WHILE EXPORTS ROSE AT 40% ANNUAL RATE.

NOTE:

IN COMPARISON WITH 1975 TOTAL EXPORTS OF \$55.9 BIL, 1976 EXPORTS WERE \$66 BIL AND, IF JAN-FEB RATES CONTINUED, 1977 EXPORTS RATE WOULD HIT \$77 BIL. TRADE SURPLUS WAS \$9 BIL IN 1976.

3.7 percent in January and new orders for machinery fell 17 percent in February to a level below that prevailing for most of 1976.

Yet, Fukuda had in large part based his 6.7 percent GNP growth projection on a promise of 12.2 percent nominal (3-4 percent real) growth in capital spending, which comprises 30 percent of GNP.

3) After six months at the same level, exports rose at an annual rate of 40 percent in December-February. Nonetheless, production fell during that period to a level lower than July 1976 and no higher than 1973 levels. In contrast, a similar export boom last year at this time produced a 20 percent annual rate production increase. This was because of spinoffs in production of consumer, capital and especially intermediate goods based on expectation of sustained growth. No such expectation prevails now. (See Tables 1 and 2.)

4) The Economic Planning Agency, the section of the bureaucracy most supportive of Fukuda, admits that the export boom cannot continue. They project that in April-September, exports to the U.S. and Europe will be no more than 3 percent above year-before levels. This is in contrast to October 1976-March 1977 levels when they rose 24 percent above year-before levels to those countries. Seasonally adjusted exports in February were 3 percent below January.

Japan could produce nothing near Fukuda's 6.7 percent growth without fiscal measures that would be wildly inflationary. The government is now running a 39 percent budget deficit. With some qualifications as to degree, this judgment is generally accepted both in Tokyo and in New York. Columnist Mitsuo Kono reports in the April 6 *Yomiuri* that a majority of bureaucrats have determined that it is too dangerous to try to achieve the 6.7 percent growth. Since Fukuda had made the promise to Carter (as part of efforts to increase imports from debt-ridden developing nations) Kono reports, "The government will actually take the course of averting the danger of inflation, while pretending to be fulfilling honestly the role of a traction engine (the codeword for increasing imports)."

The problem faced by business and the bureaucrats is not "economic wizard" Fukuda, but the difficulty in producing growth at all, as export growth becomes impossible. Export-led high growth since the mid-1950's has been the only way Japan has been able to sustain its internal debt structure — the highest debt-to-GNP ratio in the advanced sector outside of the United States. Not only the high growth but the surplus profits gained on terms of trade on both export and import side were necessary to maintaining debt service. When exports are threatened there can be no effective domestic substitute for any significant length of time. Thus, the post-1971 stagnation in world trade produced a sudden rise in Japan's inflation from negligible to nearly 30 percent. When anti-inflation measures were taken, production collapsed 20 percent. Although inflation has stabilized in the last two-three months, it can erupt suddenly. Financial strain is indicated by a predicted 15 percent drop in corporate profits in April-September.

In order to alleviate the strain, the Bank of Japan — under strong pressure from politicians of the ruling conservative Liberal-Democratic Party — announced another 1 percent cut in the official discount rate to 5 percent following a 0.5 percent cut on March 12. This will not stimulate either capital investment or overall growth but will ease the pressure of interest charges of the immense debt of Japan's corporations.

Until recently, Japan's policymakers assumed they could hang on with an artificially based export-boom in consumer durables until world trade recovered. Now they recognize that such a recovery is impossible under current policies. Nonetheless, they will strive to sustain the export levels they now have for another few months. They will make compromises with protectionism and upward pressure on the yen in order to do it, as indicated in April 7 *Yomiuri* editorial.

How Long Can the Exports Hold Out?

Barring fundamental international monetary reform by midsummer, exactly how long the economy survives depends almost entirely on the export situation. This is difficult to assess because of its dependence upon political decisions in the U.S. and Europe on such matters as consumer credit and protectionism, as well as New York bank-organized upward pressure on the yen. At least in the short-term, the Japanese have shown an amazing ability to suddenly jack up exports at phenomenal rates, e.g. the 40 percent annual rate in-

crease in December-February to \$6.4 billion after a July-November period hovering around \$5.9 billion.

Nonetheless, the situation looks weak. No one predicts any significant rise for the rest of the year from \$6.4 billion monthly level — this is a \$77 billion annual rate compared to \$66 billion in 1976. Moreover, there are already signs of erosion, e.g. a 3 percent seasonally adjusted drop in custom cleared exports in February, and a seasonally adjusted 3 percent drop in February letters of credit for exports, a two-three month leading indicator.

In addition to the normal economic factors, the export situation will be determined by a political battle now in progress over the value of the yen. By April 13 the New York banks had managed to force the yen up 8 percent from its January level to 270 per dollar. According to press reports they were aiming at a 260 level. This, as one leading Brookings Institution economist indicated, is being used as a political bludgeon since they cannot budget the Japanese either on the 6.7 percent growth issue or on the IMF bailout. A Manufacturers Hanover official confirmed: "It's political."

While insiders report that Prime Minister Fukuda agreed to let the yen rise to 270 or higher, other political and business circles have since moved to force it back down. The discount rate cut announced by the Bank of Japan on April 18 sent the yen back to 277 as of April 21, and it may go a bit lower. The fight over the yen has not been settled yet by any means. (See Foreign Exchange report for more details.)

The 270 rate had already begun to hurt the steel industry and smaller and medium business who cannot raise their overseas prices due to slack markets, but would sell at a loss if the yen remained at 270. Prior to the discount rate cut, Economic Planning Agency officials and Federation of Bankers Association chief Toshio Nakamura both told press conferences that the yen was overvalued, and should be no higher than 280 to the dollar. Bank of Japan head Morinaga declared that "outside speculators" had helped fuel the rise.

Table 3— Inflation

	(1970=100) WHOLE- SALE	(1975=100) CONSU- MER
1974	152.2	89.2
1975	156.8	100.0
APR 1976	163.5	109.3
JULY 1976	166.5	109.6
OCT 1976	168.2	112.5
NOV 1976	168.7	112.9
DEC 1976	168.9	114.1
JAN 1976	168.8	115.5
FEB 1976	169.4	116.1
MAR 1976	-----	116.7

Table 4—Bankruptcies

	CASES	VALUE
1974	12,600	\$6.3 BIL
1976	15,640	7.5
APR 1976	1,205	.55
JULY 1976	1,223	.47
OCT 1976	1,489	.84
NOV 1976	1,597	1.10
DEC 1976	1,685	.73
JAN 1977	1,285	.68
FEB 1977	1,364	.63
MAR 1977	1,706	.90

The fate of exports will primarily be decided by the fate of the following products, each of about equal weight (10-15 percent) in total exports, together comprising 75-80 percent of total exports of Japan:

STEEL: Steel exports have been stagnating in recent months after a sharp rise in early 1976. Even before the yen rise it was expected that steel exports would deteriorate in April-June to a level 1.3 percent below January-March and 5.6 percent below the previous year. According to press reports, steel has been particularly hard hit by the yen rise. While prices (quoted in dollars) can be raised somewhat in the U.S., weak markets prevent such action in Europe. For the large makers, the breakeven yen rate was 290, for the smaller makers it was higher. Steelmakers now lose money on every ton they export. Some sources predict the smaller makers may cut exports 50 percent this year, leading to an overall cut of 15 percent. Exports, one-third of total production, had been vitally important to the deficit-ridden steelmakers whose domestic sales are 28 percent below peak levels.

COLOR TV, STEREOS, ELECTRONICS: Electronics goods are being hit hard by protectionism, particularly in the U.S. where a New York Customs Court has ordered countervailing duties on Japanese electronic shipments ranging from 5 percent to 40 percent of the product. The court reached back to an 1897 statute to countermand the rules of GATT (in which the U.S. participates) which state that it is not considered a subsidy for a foreign government not to apply to U.S. citizens the sales taxes it imposes upon its own. While the duties do not apply pending appeal, importers have been ordered to post a 13-15 percent bond in case they lose the case. In addition, the Carter Administration will most likely impose tariffs or quotas to reduce Japanese color TV shipments here from the 1976 3 million to 1-2 million. Talks in Tokyo to get the Japanese to voluntarily reduce shipments failed to reach agreement. As of this moment, there is no word on results of talks begun April 14 in Washington with Japanese representatives. In any case, in anticipation of protectionist action, Japanese color TV shipments here in January-February were 23 percent below 1976 levels for that period while Japanese total color TV exports at 290,000 in January and 380,000 in February were far below 480,000 unit levels prevailing in 1976. (TV exports are approximately half of total production.)

SHIPS: At present ship exports remain high, but these are based on orders from two to three years ago. While construction on these orders continues, new orders are falling rapidly.

AUTOS: One of the few bright spots, January-February automobile exports hit all-time record highs at 24 percent above year-before levels. This is only partly due to rise in total imports by the U.S.; a larger factor is the Japanese replacing other countries as top suppliers to the U.S. Exports have now risen to about half total auto production.

PLANT AND EQUIPMENT AND OTHER MACHINERY: Plant and equipment remain a bright spot with sales to the Mideast and the East bloc. The total is rising from \$6 billion in 1975 to \$12 billion in 1976. Other machinery is stagnating.

— Richard Katz

Asia's Battle For Food

Asia, with half the world's population, remains today, 20 years after the proclamation of the United Nations' first "Development Decade," an underdeveloped area, with its agriculture still dependent on the year-to-year fluctuations of the weather, which ultimately determine whether the population eats or not. Agriculture still absorbs 60-80 percent of the labor force in most countries and accounts for 30-60 percent of the Gross Domestic Product. With the rise and fall of agriculture, rises and falls the yearly economic fortunes of most countries in the region. A close look at the battle for food in Asia is warranted to assess the progress in recent years and to identify the obstacles to improving the prospects for the continent to escape its fatal agrarian dependence.

Most literature available today either argues for the World Bank's plans of labor-intensive rural-based projects, or merely deals exclusively with short-range monitoring of year-to-year fluctuations. The latter approach would content itself with the figures presented in Table 1. Asia's foodgrains production from 1975 to 1976, excluding China and the other socialist countries for which reliable data is unavailable, dropped an alarming 5.5 percent. Eliminating India, which fell 10 percent from an all-time high of over 120 million tons (mt) to an estimated 108 mt, reveals that the rest of Asia rose by 1.4 percent — still not impressive, and well below the rates of population growth of 2.1-3.3 percent. A more optimistic picture is obtained by examining the movement from 1974 to 1976, because 1975 was generally a bumper year. Output for all of Asia jumped over 7 percent, and over 6 percent without India.

However, such a superficial reading of the figures belies the real situation, as indicated in Graph 1. Graph 1 compares indices of per capita foodgrains production from 1966-76 for the five most populous countries of the region: India, Indonesia, Bangladesh, Pakistan, and the Philippines. The pattern holds for most other countries as well. (The index for each country was derived by dividing foodgrain production — omitting minor crops which showed little year-to-year variation — by population, and indexing for 1969-70 equals 100; 1969-70 were years of high production for all countries.) Per capita levels of production have yet to reach the modest highpoints of 7 to 8 years ago on a sustained basis with the exception of Indonesia. Conventional wisdom says that viable economic development requires an annual average increase of per capita foodgrains of at least 2 to 3 percent. By this measure, all of Asia is hopelessly behind.

The failure over the past decade of Asian agriculture to stay even with population increase raises the question: What happened to the vaunted "Green Revolution?" The

figures presented below in the analyses of each national program hold the key. The Green Revolution has been responsible for substantial increases in overall national output and in yields for the regions affected by it. This has been primarily based on the use of high yield varieties of seeds (HYVs) which require irrigation and fertilizer to be fully effective. However, a phenomenon surrounding their use has gone almost entirely unremarked. Where applied, initial large jumps in yields have been followed by a levelling off, or even falloff in yields, even when the full potential of the HYVs is only 30-50 percent realized. This means that when all lands suitable for HYVs (which demand irrigation) in a country are planted, all further increases in output will cease — unless a way is found to augment yields on the lands already planted in HYVs.

The other approach to the problem of Asian agriculture is the World Bank's notion of labor-intensive rural infrastructural projects. As the following report will document, keeping people on the land in this way is a sure-fire method of perpetuating the food production-population crisis. It precludes addressing the solution to how to realize the potentials of the Green Revolution: capital-intensive regional development projects which are capable of rapidly extending irrigation, reorganizing rural social patterns, and providing foci for rapid urbanization and industrialization. Such programs cannot be carried out under any form of "self-reliance" but demand international aid in the tens of billions of dollars for the region, converging on the "International Development Bank" program put forward by the U.S. Labor Party. A continuation of present trends, as shown by Graph I, dooms the region at best to a neck-and-neck race with population; the World Bank would greatly hasten the mass starvation and death inevitable with a non-capital-intensive approach.

Note: All 1976 production and most other crop data used in this report are from the U.S. Department of Agriculture Economic Research Service. Figures for 1966-1975 are from the ERS *Statistical Bulletin No. 555* and the *Foreign Agricultural Economic Report No. 121*, both dated June 1976. 1976 crop data is from unpublished Agricultural Situation Reports for each country, supplemented by data supplied directly to the author. Nearly all fertilizer figures are from the International Fertilizer Development Center in Muscle Shoals, Ala. Population figures used in computing per capita figures are from the U.S. Agency for International Development and Census Bureau data in the *Statistical Bulletin*, with some unpublished adjustments supplied to the author. Certain data were obtained from the World Bank.)

The Indian Subcontinent

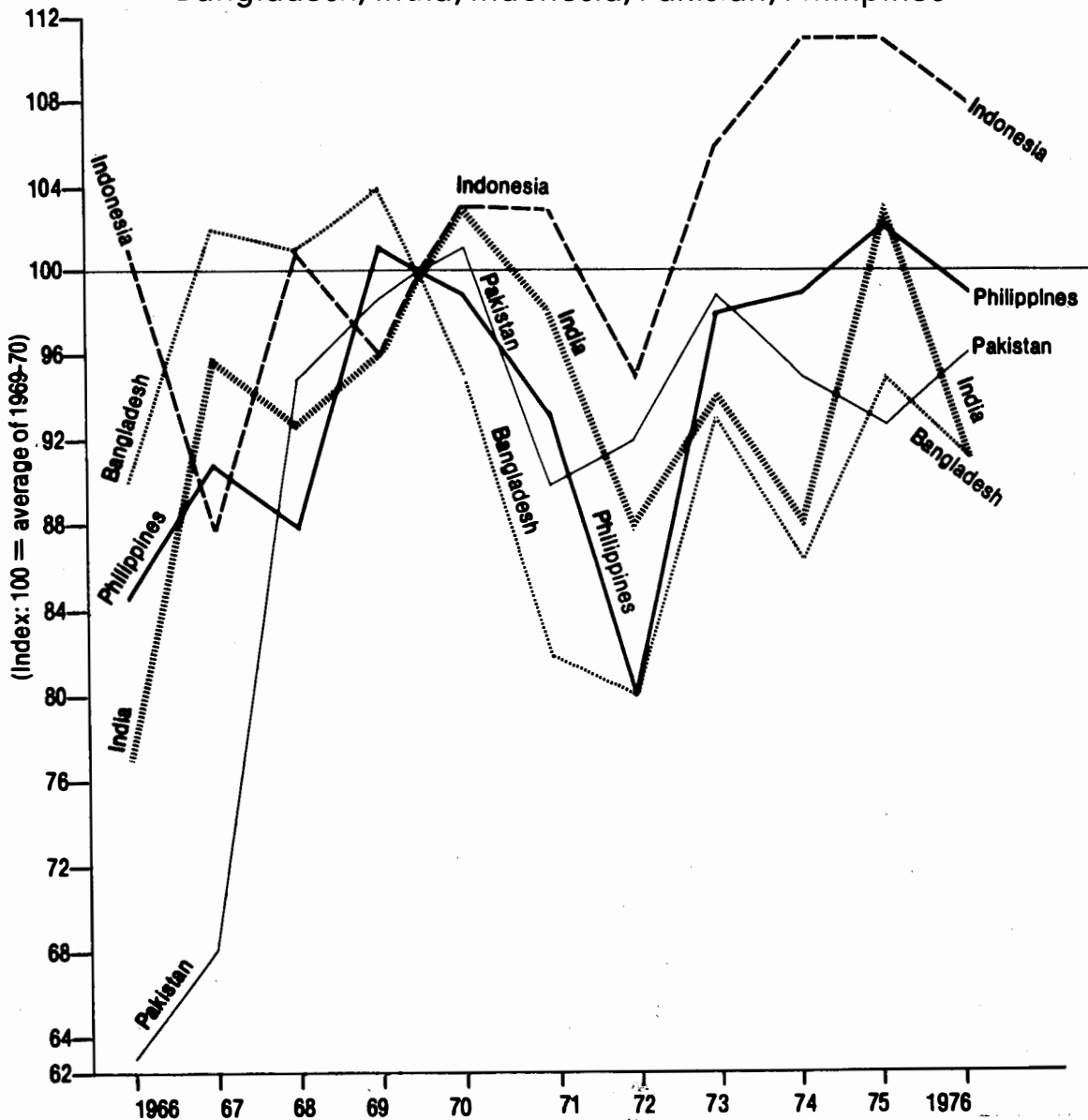
India

India is the Asian showcase for the "Green Revolution." India has the largest irrigation network in the world, outside of China, the best-educated and largest planning elite in the Third World, and has received sustained attention from the World Bank and the Ford Foundation for agricultural development. Today, fully one half of the total lands devoted to wheat and rice are planted in HYVs developed in Mexico and the Philippines. India accounts for over half the population and half the food production in non-Communist developing Asia. What are the effects of these programs after a full decade of development?

Graph 2 reveals the shortcomings of the programs to date. The most important figure is that for yields, measured in tons per hectare (t-ha). (Only wheat and rice are charted because they are the only crops significantly planted in HYVs. Here and throughout this report, all data on rice refer to *milled* basis.) While yields have risen from .9 t-ha in 1966 to almost 1.3 t-ha in 1975, fertilizer consumption rose during the same period from 1.24 mt (nutrient) (1967) to 2.57 mt, 44 percent and 107 percent increases respectively. Even more dramatically, the percentage of land sown in HYVs rose during the period from a negligible 3 percent to 44 percent. The greatest sustained yield increases came during the first half of the decade, reaching more than 1.2 t-ha in 1971 and then dropping after that even with increasing

Graph 1

Indices of Per Capita Food Grain:
Bangladesh, India, Indonesia, Pakistan, Philippines



use of HYVs and fertilizer. The immediate cause of the decline was inadequate rainfall. Although HYVs and fertilizer used on irrigated lands were intended to minimize such problems, they did not.

Graphs 3 and 4 show the problem in more detail. The yields on fields planted in traditional varieties (non-HYVs) remain fairly constant, varying with the year's rainfall for both wheat and rice. The HYVs show a pattern, most pronounced for wheat, of falling substantially, and then reaching an average level of two to three times the yield of TVs, (traditional seeds) from which level they also vary widely depending on rainfall patterns. In the case of wheat, the initial excellent yields of well over 2 t-ha have dipped to below 1.7, stabilizing near the level reached in neighboring Pakistan. For rice, initial levels

of over 2 t-ha dropped to below 1.7, and have since followed the weather pattern, returning to over 2.1 in the excellent rainfall year of 1975. (It should be noted that overall yields rise even when HYV yields are falling, or do not fall as fast, because the total area sown in HYVs is also rising, a factor not shown on the graph. If percentage of area in HYV were to remain constant, average yields would more closely parallel those of HYVs.)

The pattern of output declines has been explained as the result of bringing poorer and poorer land into HYV cultivation as the program expands. It is likely that better fields may be selected first for HYV use, but the performance of HYV of rice in Graph 4 in 1975 demonstrates that with optimal water, yields can return to the

Table 1— Foodgrain Production in Asia

	(THOUSANDS OF TONS)			(PERCENT CHANGE)		
	1974	1975	1976	1974-75	1975-76	1974-76
INDIA(1)	100,270	120,000	108,000	+19.7	-10.0	+ 7.7
PAKISTAN(2)	10,114	10,100	10,800	- 0.1	+ 6.9	+ 6.8
BANGLADESH(3)	11,109	12,560	12,700	+13.1	+ 1.1	+14.3
SRI LANKA(3)	1,072	790	690	-26.3	-13.0	-35.6
INDONESIA(4)	18,540	18,950	18,900	+ 2.2	- 0.3	+ 1.9
MALAYSIA	1,355	1,266	1,333	- 6.6	+ 5.3	- 1.6
BURMA(3)	5,715	6,090	6,130	+ 6.6	+ 0.7	+ 7.3
THAILAND(4)	12,107	13,120	12,700	+ 8.4	- 3.2	+ 4.9
PHILIPPINES(4)	5,562	5,920	5,900	+ 6.4	- 0.3	+ 6.1
TAIWAN(3)	2,452	2,494	2,700	+ 1.7	+ 8.2	+10.1
SOUTH KOREA	5,952	6,510	7,065	+ 9.4	+ 8.5	+18.7
TOTAL	174,248	197,800	186,918	+ 5.2	- 5.5	+ 6.7
SUBTOTAL, WITHOUT INDIA	73,978	77,800	78,918	+13.5	+ 1.4	+ 7.3
CHINA(5)	265,000	270,000	265,000	+ 1.9	- 1.8	0.0
TOTAL	440,000	468,000	452,000	+ 6.4	- 3.4	+ 2.7

(1) CROP YEAR, I.E., 1976=1976/77 CROP YEAR

(2) WHEAT AND RICE ONLY

(3) RICE ONLY

(4) CORN AND RICE ONLY

(5) 1974 AND 1975 FROM USDA. 1976 IS AUTHOR'S ESTIMATE. USDA REPORTS "SLIGHT DECLINE."

SOURCE: USDA

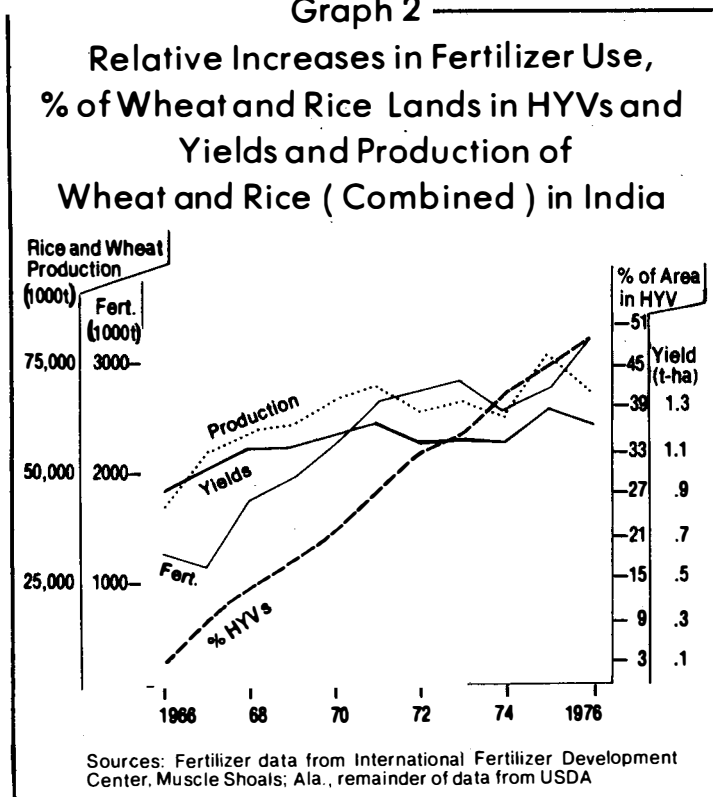
same high levels they reached when the program was initiated.

However, the yields of the HYVs on experimental plots when all conditions are controlled, and water and fertilizer are applied correctly, rises to 3, 4, 5 or more t-ha. The data demonstrate that the potential of these seeds is not even being approached. The data here presented on comparative yields from HYVs and TVs indicate that total reliance has been placed on increasing the ratio of HYV to TV, as the sole means to increase total output. The record proves that while total outputs do rise over time, they rise so gradually as to barely, if at all, keep pace with population growth. Only by returning to the existing HYV areas and enabling their yields to begin rising toward the potential of 100 percent increases in output per hectare can this cycle be broken.

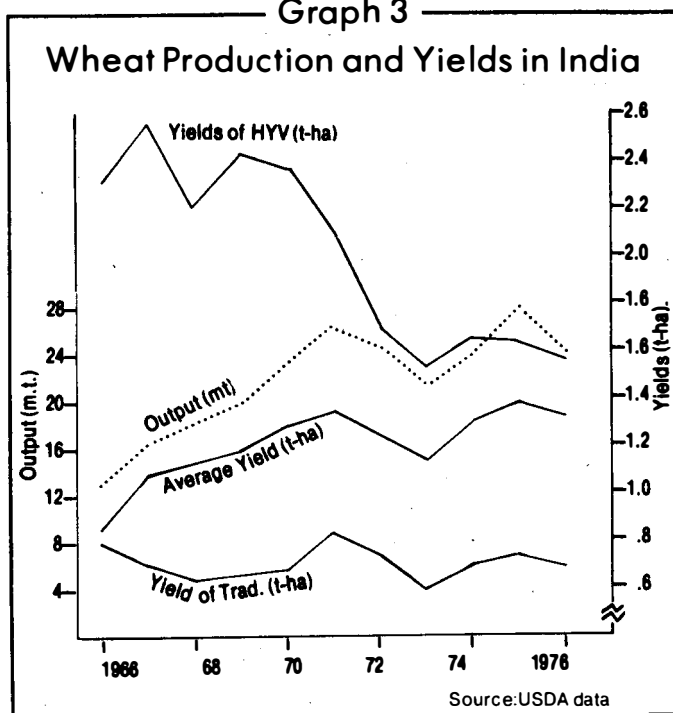
The urgency of this is underscored by the fact that the limit of lands suited for introduction of HYVs is fast being approached. At current rates of growth, the entirety of the 56-60 million hectares now devoted to wheat and rice would be sown in HYV in a decade or less. However, HYVs require irrigation, and the limit of irrigated lands — currently about 45 million hectares — will be reached by 1981-82 at current growth rates, or 1983-84 if irrigation is extended to about 50 million hectares as currently planned. But as the quality of irrigation is not uniform and is probably inferior on those irrigated lands yet to receive HYVs, yields can be expected to fall still further.

The optimal conditions for HYVs are finely regulated irrigation such that waterings can occur at specified, regular intervals in precise amounts; and ample fertilizer with appropriate mixes of nitrogen, phosphates, and potassium.

Graph 2



Graph 3



In India, the principal obstacles to achieving the first condition are the reliance for most irrigation water on canal water drawn from the major rivers. The reliance on river water subjects irrigation to the vicissitudes of rainfall. This can lead to large swings in the south, where rain water is the sole source of river water, but also partially affects the snow-melt-fed northern rivers.

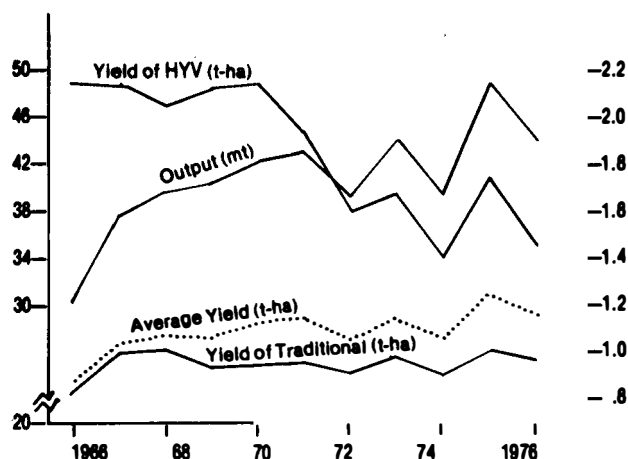
The manner of allocating water is an ancient anachronism based on complicated formulas to guarantee that every villager receives exactly equal amounts of water during the growing season — but on schedules that have absolutely no relation to when the water is needed. These schedules have wreaked havoc on attempts to scientifically utilize HYVs.

The second condition is proper quantities of fertilizer. Fertilizer figures for HYV lands are not available, but it is certain that two to four times as much could profitably be used if other conditions were correct. According to the 1975 projections of the International Fertilizer Development Center, India would be using twice its current consumption of fertilizer by 1980, which would still leave it well below adequate usage. After stagnating from 1972 to 1976, fertilizer use is expected to jump 18 percent to 3.24 mt of nutrient in 1977.

However, the increasing fertilizer use under present conditions confronts economic contradictions as well. According to a USDA expert on India, in 1976 the high price of fertilizer and the low price of wheat narrowed the profit margin so greatly on commercial wheat production that a full 7.5 percent of the wheat lands, 1.5 million hectares, were removed from wheat cultivation in 1976 and given over to cash and garden crops for sale in the cities. Fertilizer, water, and other input, cost the average commercial wheat farmer \$60-80 per acre in 1976, as against only \$100 expected gross receipts upon sale. Two years ago, \$100 profit was possible.

Graph 4

Rice Production and Yields in India



Source: USDA

One alternative under consideration is to substantially raise the procurement price, thereby raising profitability. As posed at present however, this appears to be more a political payoff to a small segment of landlords and wealthier farmers who would benefit. This solution does not provide for getting fertilizer and other modern inputs into the vast majority of fields that are still run largely by families for their subsistence; most lands would either be unaffected by such a measure, or it would induce families to sell food they need for themselves for a little cash to buy other consumer goods.

The problem confronted on a vast scale in India is classic: how to transform a predominantly agrarian-rural society to an industrial-urban one. In the underdeveloped sector, the initial problem is compounded by the sheer magnitude of population on the land, and low levels of productivity and general culture. In India, only multi-billion dollar regional projects for overall water control, regulation, and distribution can hope to solve the irrigation-for-HYV conundrum outlined above, and shake up the existing patterns of peasant cultivation (including busting up the landlord system as it now exists) which requires outside capital.

Already in his first few weeks in office, India's new Prime Minister Morarji Desai has made clear that he intends to go in the opposite direction. His administration has mooted the option of using most of India's 15 mt of foodgrains reserves (needed against likely crop shortfalls in coming years) to pay laborers subsistence wages in "food-for-work" labor-intensive infrastructure projects. His administration has stated its intent to dismantle much of the heavy industry, public sector of the economy and emphasize cottage and small-scale industry.

Pakistan

The agricultural situation in Pakistan is immediately more promising than that in India because the present government is embarked on a program for fast industrialization.

Pakistan achieved a record wheat harvest in 1976 of 8.4 mt, 8 percent above the previous high of 7.8 mt in 1973 and 1974. Rice production, at 2.5 mt, remained near the 1973 level. Expectations for the wheat crop in 1977, most of which is now being harvested, are 8.9 mt or higher, according to the USDA agricultural attaché in Pakistan. The two-year rise of 17 percent from the 1975 output of 7.6 mt is due to excellent rainfall, increasing fertilizer use, and the continuing extension of area in HYV.

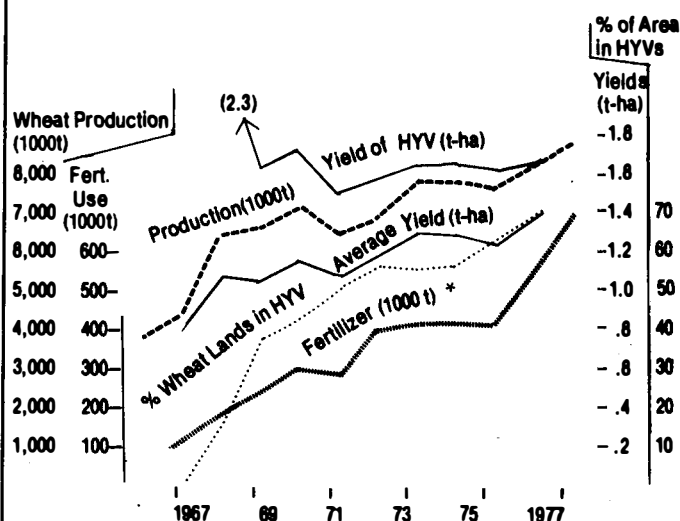
Graph 5 shows the progress of overall wheat production, the average yield, the percentage of wheat lands in HYVs, the amount of fertilizer used, and the yield on the HYV lands. The graph shows that yields and output are much less dependent on rainfall than in India; Pakistan receives little from direct rainfall, but is supplied by the snow-fed Indus and its tributaries. Areas irrigated by canal or tubewell, and provided with fertilizer, should have fairly regular yields.

The graph shows that fertilizer use increased with the increase of HYV lands, and that the steep rise in fertilizer use from 1975-77 is associated with the steep rise in output.

The curve for percentage sown in HYV belies the truism of falling yields as usage increases. Recovering from a low of 1.5 t-ha in 1971, HYV yields rose to 1.65 in 1973, where it has stayed since (and probably risen in 1977). Nonetheless, HYV yields still remain far below their potential. This question is even more immediate for Pakistan than for India, because HYVs already account for 68 percent of Pakistan's wheat lands and 82 percent of its wheat output. The overall increase in yields from .8 t-

Graph 5

Relative Increases in Fertilizer Use, % of Wheat Lands in HYVs, and Yields and Production of Wheat in Pakistan



* 1974 and 1976 interpolated

Sources: USDA for production data, World Bank for yields and percentage of wheat lands in HYVs, International Fertilizer Development Center for fert. data.

ha in 1967, before the arrival of HYV (when Pakistan's *per capita* grain production was at index 63, 37 percent below the 1969-70 level (see Graph 1) to 1.37 t-ha in 1976 was entirely due to the conversion to HYV of previously non-HYV irrigated land. But as of now, only an estimated 450,000 hectares of non-HYV irrigated land remains to be converted. At current growth rates, this will be gone in two years, halting expansion of yields and output. The remainder of Pakistan's wheat land, about 1.5 million hectares, is very low productivity (.4-.55 t-ha) non-irrigable land in Baluchistan and Northwest Frontier Province.

Even though the anticipated output for 1977 will return the country to the per capita foodgrains output of 1969-70 (index 99, Graph 1), Pakistan is expected to become an exporter of wheat in a few years. This calculation is based on the coming on stream of the Tarbella Dam which will irrigate an additional 900,000 hectares in the next few years, and other projects, much of it for wheat. A long-range program to reclaim 5-10 million hectares of currently saline or waterlogged land will also increase the wheat potential. But raising yields from 1.6 t-ha to 2.5-3 and more is, as in India, the only long-term answer.

Data is not currently available on why HYV yields have stayed at 1.6 t-ha. It is clear that irrigation, fertilizer and HYV combined have eliminated the year-to-year fluctuations in Pakistan. Except for occasional flooding, the Indus plus the approximately 150,000 tube-wells in operation provide a steady supply of water. The response rate for fertilizer use (increase in output increase in fertilizer use) is not obtainable, but yields of 2.5-3.0 t-ha for wheat, and comparable ones for rice, ought to be possible. A crash program to attain that level by 1985 would provide 18-20 mt, a yearly average increase of 7-8 percent.

The government of Pakistan is strongly encouraging the increased use of fertilizer. Fertilizer consumption rose from 116,000 t. (nutrient) in 1967 to 310,000 t. in 1970, 437,888 t. in 1973 and 693,000 in 1976-77. Production has lagged far behind, but plants to begin operation this year, in 1979, and in 1980 will increase production capacity 150 percent to nearly a million tons. This permits growth in the use of fertilizer to 790,000 t. with no imports (assuming current utilization rate of 84 percent of capacity), and more if importing continues. The fertilizer subsidy has been reduced from 50 percent to 20 percent, but there is still a price incentive to use more. Pakistan has ample feedstocks for its fertilizer plants, so prices in future may fall when its plants come onstream.

Official policy encourages tractor use, and tractor importation. At present, the demand for tractors exceeds the available supply.

In sum, Pakistan's agricultural future is bright if yields can be raised consistently at 5-8 percent a year on HYV areas, which will provide farmers the means to upgrade and mechanize their operations, and create capital for industrialization to absorb labor freed from the countryside.

Bangladesh

Bangladesh remains a country without hope of overcoming its underdevelopment, or escaping the ever-present danger of devastating famine, without massive outside help. Rice production (the only significant food crop) only surpassed the highest pre-Liberation level — 12 mt in 1969 — in 1975, and edged a little higher in 1976 (see Table 2 and Graph 1). Per capita levels remain 11 percent below the 1969 level. Yields for rice have varied from 1.13 to 1.21 t-ha in the last four years, depending on the weather. Fertilizer use is significant, reaching 195,000 nutrient tons in 1973, and 454,000 tons gross weight in 1977.

However, Bangladesh' rice agriculture is totally dependent on the monsoon and the Brahmaputra and Ganges river flow. Every year large portions of cultivable land is flooded with several feet or more of water. Under such conditions, HYVs and fertilizer are useless; only specially adapted strains of rice can tolerate such conditions. Apart from the other problems of Bangladesh's wretched backwardness, little can be done to improve yields until the regional development projects needed in India are undertaken to control the two mighty rivers that divide the country, to permit irrigation. A few years respite may result from labor-intensive projects currently underway to extend irrigation to certain less flood-prone regions. Even this depends on not having a failure of the monsoon, which would bring instant famine as severe as that of the fall of 1974.

Sri Lanka

Sri Lanka's education-literacy level is one of the highest in the Third World, and the inherent difficulties of agriculture compel the country toward industrialization. But with scant means to generate domestic capital investment and equally scant development assistance available from outside, Sri Lanka is stuck in a perpetual downward spiral.

Table 2— Rice Production in Bangladesh

	(thousands of tons)										
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
RICE PRODUCTION	9,575	11,171	11,344	12,005	11,144	9,912	9,930	11,721	11,109	12,561	12,700
PER CAPITA RICE PRODUCTION (KG.)	149	169	167	172	157	136	134	153	142	156	153

SOURCE: USDA

Table 3— Rice Production in Sri Lanka—

(THOUSANDS OF TONS)

	1974	1975	1976	1977
RICE PRODUCTION	1,072	790	690	1,200*

*ESTIMATED

SOURCE: USDA

Table 3 shows at a glance the basic problem. The huge swings in rice production — from 1.07 mt in 1974 down to 690,000, a 36 percent decrease, and then back up 1.2 mt estimated for 1977, a 74 percent increase — result from Sri Lanka's status as a small island with no possible snow-melt to maintain river flow during dry spells, and its dependency on the monsoon. Locally developed strains of HYVs are in use, but there is no prospect for substantially altering the near-total dependence of rice cultivation on an unreliable rainy season. Large food imports are likely to be a perennial part of Sri Lanka's foreign trade.

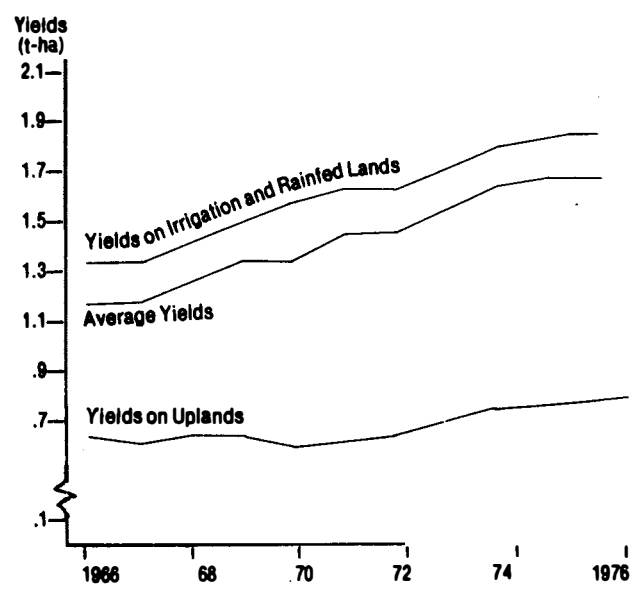
Southeast Asia

Indonesia

Indonesia is the only large country in Asia to have sustained a rise in per capita foodgrains production since 1969-70, and has also managed to minimize the year-to-year fluctuations of production since 1968. Foodgrains production has risen 20.5 percent from 1970 to 1976, from 15.7 to 18.9 mt. Discounting for population increases of 15 percent during the same period, a net increase of 5 percent per capita production was achieved over the period.

Graph 6

Yields of Rice in Indonesia



The increases are based largely on Indonesia's fairly stable and ample rainfall pattern, increasing fertilizer use, and the expansion of the Government's BIMAS and INMAS agricultural extension and credit programs. Together these programs have resulted in a steady increase in the average yield of rice, the main crop, to about 2 tons per hectare, the highest in South and Southeast Asia.

Graph 6 shows the yields for irrigated and rainfed rice, for upland rice, and the composite average yield. Table 4 shows total production for 1966-76. The graph reveals a steady increase in yields from the rainfed or irrigated lands and the composite index, and even from the upland areas. This growth parallels the expansion of the BIMAS-INMAS programs from 2.2 million hectares covered in 1970 to 4.7 million hectares in 1975, and more in 1976.

The BIMAS program provides for expanding and improving irrigation facilities, encouraging more extensive use of HYVs, fertilizers, and insecticides by providing extension services to farmers, and making available agricultural credits. INMAS does the same but lacks credit facilities.

Since 1968, 800,000 hectares have been added to the rainfed and irrigated lands, 400,000 by irrigating upland areas. Fertilizer use grew from 142,000 tons nutrient (NPK) in 1967 to 444,000 in 1973. Since 1973, use of nitrogen fertilizer, the preponderant component, has stagnated at just under 350,000 tons nutrient.

Yields on the BIMAS lands rose from 2.4 tons per hectare in 1970 to 3.0 t-ha in 1975. According to the World Bank, on lands for which water supply is assured and BIMAS or World Bank programs implemented, yields of

Table 4

Rice and Corn Production in Indonesia

(1,000 TONS)

	RICE PRODUCTION	TOTAL AREA IN RICE (1)	CORN PRODUCTION	TOTAL FOOD GRAINS
1966	10,311	7,691	3,717	14,028
1967	10,168	7,516	2,369	12,537
1968	11,426	8,021	3,166	14,592
1969	11,997	8,014	2,293	14,290
1970	12,862	8,135	2,825	15,694
1971	13,441	8,325	2,607	16,048
1972	12,912	7,987	2,254	15,166
1973	14,306	8,383	2,912	17,218
1974	15,300	8,395	3,239	18,539
1975	15,350	8,400	3,500	18,850
1976	15,400	8,400	3,500	18,900

SOURCE: WORLD BANK; USDA, AND ADJUSTMENTS BY THE AUTHOR
(1) 1974-6 ESTIMATED

3.5-4 t-ha are common. The HYV seeds being used have a potential yield of 5.5-6.0 t-ha.

However, several problems presently limit the prospects for near-term continued growth. One is that many peasants who have received BIMAS credits are unable to repay the loans. After two years of default, they are dropped from the program. Yields will begin to fall if this problem is not solved. Second, Indonesia is faced with a fertilizer glut. The crash PUSRI fertilizer production program has already constructed the PUSRI I complex with 120,000 tons a year of urea capacity, PUSRI II with 400,000 tons a year capacity, and PUSRI III is just now coming onstream, with 620,000 tons a year urea capacity. This total of 1.14 mt tons urea is well above current consumption of 340,000 tons nitrogen content (800,000 tons of urea), but PUSRI IV, also with 620,000 tons capacity, is 40-50 percent complete and scheduled to come onstream by early 1978.

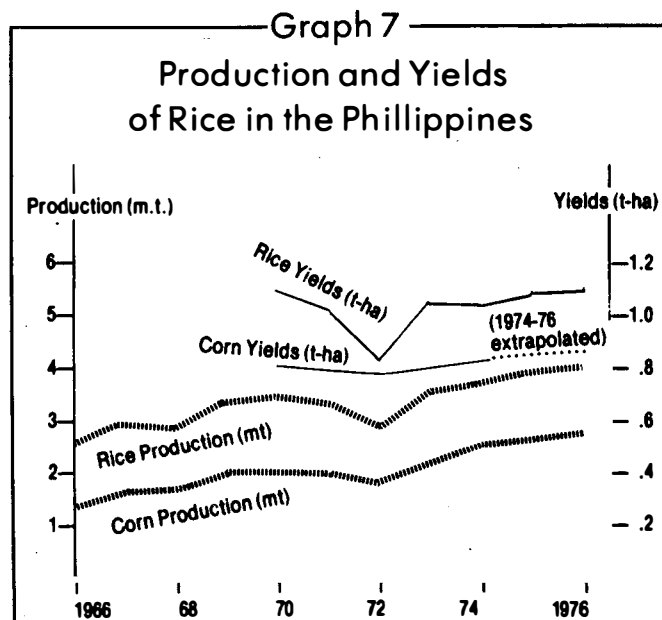
The problem is not that the fertilizer cannot be physically absorbed by Indonesian agriculture. It should be if output is to continue rising. But the market economies of fertilizer use today discourage increased consumption — with adequate rice production, rice prices are relatively low, while the Indonesian government is seeking to reduce the fertilizer price subsidy, raising fertilizer prices. The increased demand for fertilizer does not exist at these relative price levels. The government's problem is compounded by an estimated 2 million tons of urea currently in storage from an importing spree in 1974-75. That alone is more than two years' current consumption. The government has gone into the export market, but world fertilizer prices are also depressed. While 75,888 tons is being purchased by the Philippines, prospects are not bright.

Indonesia is out of the immediate danger of food shortage. However, the country seems headed for another round of a problem once dubbed "agricultural involution" by a noted anthropologist. Since the arrival of the Dutch several centuries ago, Indonesian agricultural productivity has advanced by a series of quantum steps based on advancing technology and farming competence. Yet this progress has never been accompanied by a shift of workers out of agriculture into manufacturing. Since the net result is always an increase in yield per hectare and a stagnation in yield per rural inhabitant, the increased output is squandered in sustaining more peasants, not a growing urban, industrial population.

With the collapse of Indonesia's state-oil company Pertamina as a spark for industrialization, and the siphoning off of much of the country's oil revenues to pay foreign debts and the consequent starvation of the national development plans, the agricultural advances appear doomed to be consumed again in the countryside by the growth of superfluous additional agrarian workers.

Philippines

The Philippines is the home of the Rockefeller Foundation and Ford-Foundation-established International Rice Research Institute, which has developed all the HYVs of rice for Asia. Yet the Philippines has one of the lowest yields for rice in Asia — below that of Bangladesh.



Graph 7 shows rice and corn production, and the yields on each (yield figures before 1970 n.a.) from 1966-76. As can be seen, rice yields maintain a miserable 1.05-1.15 t-ha level. Yields on corn, the second major foodgrains crop, are worse, at under .85 t-ha. The modest increase in total rice production from 3.56 mt in 1970 (12 percent), less than population increase, was entirely accounted for by increases in rice acreage, not yields. The steady growth of corn is also based entirely in expanding acreage.

A major reason for low output level is Philippine weather, which brings tropical storms during much of the growing season that frequently cause extensive flooding. There is also very little irrigation farming.

Fertilizer use reached a high of about 200,000 nutrient tons in 1970 and remained at that level through 1973. 1974 saw a sizeable jump, but in 1975 fertilizer use fell 24 percent, approaching the previous low level. Figures for 1976 are not yet available.

Government measures to raise production have included credit programs for farmers, but heavy defaulting over the past year has cast a pall over the program. There is the potential to double and triple output by reaching yields of 2.5-3.0 t-ha, based on use of HYVs. But attaining this target will take measures apparently not now on the planning board to vastly up the acreage under irrigation and extensive fertilizer use.

Thailand

Thailand is in an enviable position for an Asian country with ample foodgrains production to feed its population and sizeable quantities for export. Production of rice, its principal crop, fell marginally in 1976 to 9.9 mt (see Table 5). Corn, the second principal crop (mostly for export), fell from 3.0 to 2.7 mt, a 10 percent drop. Since 1966, the average rice output has only risen 20 percent from a 1966-68 average of 8.2 mt to the 1976 level; population has increased 38 percent. Nonetheless, per capita rice production is well over 200 kg-per-person-per-year, the

Table 5
Foodgrain Production in Thailand

(THOUSANDS OF TONS)

	RICE PRODUCTION	CORN PRODUCTION
1966	8,910	1,122
1967	7,391	1,315
1968	8,191	1,503
1969	8,851	1,700
1970	8,956	1,938
1971	8,718	2,300
1972	8,065	1,315
1973	9,471	2,350
1974	9,570	2,450
1975	10,032	3,000
1976	9,900	2,700

Table 6
Foodgrain Production in South Korea

(THOUSANDS OF TONS)

	RICE PRODUCTION	OTHER GRAINS	TOTAL (1)
1966	3,919	1,962	5,881
1967	3,603	1,862	5,465
1968	3,195	2,028	5,223
1969	4,090	2,032	6,122
1970	3,939	1,945	5,884
1971	3,997	1,816	5,813
1972	3,957	1,836	5,793
1973	4,211	1,613	5,824
1974	4,445	1,531	5,976
1975	4,700	1,812	6,512
1976	5,215	1,852	7,067

(1) EXCLUDING SORGHUM, MILLET, CORN AND PASSES, ALL VERY SMALL QUANTITIES.

SOURCE: USDA

highest in Asia. Over the same period, corn has surged from 1.1 mt in 1966 to 3 mt in 1975, adding to Thailand's export capacity. The basis for Thai production is adequate rainfall and land, as yields remain low, well below 1.5 t-ha, and fertilizer use is almost nil in rice production.

Malaysia

Malaysia is not an important foodgrains producer. Three quarters of the country's cultivated land is devoted to perennial tree crops: 1.7 mil ha of rubber trees, 0.5 mil ha of palm trees for palm oil, and 0.2 mil ha of coconut trees for coconut oil. Only 800,000 hectares, about 25 percent of the total, is in other crops, with about 600,000 in rice. Yields average approximately 2 t-ha, as an extensive irrigation network has enabled some areas to exceed 2.5 t-ha. Malaysia is likely to remain a food importer for the foreseeable future.

Burma

As Table 1 indicates, Burma's rice output has risen over 7 percent since 1974, with most of the increase in 1975. The potential for greatly expanded rice output and yields is well-known, but depends on the development of infrastructure, of fertilizer use, and raising the cultural level of the farmers, all of which are still a long way off in Burma.

East Asia

South Korea

South Korea is the success story of Asia in high yields for rice. Production in 1976 reached 5.2 mt, an all-time record and an 11 percent increase over 1975. Yields were 4.3 t-ha, a 12 percent increase over 1975, and one of the highest in the world. The basis for these levels is a high degree of irrigation, widespread scientific farming, and very large use of fertilizer, consumption of which has risen steadily from over 400,000 tons in 1967 to 920,000 tons in 1976, by far the highest in Asia outside Japan.

Table 6 shows the growth of rice, other grains (wheat, rye, and barley) and their total. Grains other than rice have remained static or fallen, while rice production stagnated for six years from 1966-72. The spurt of growth since 1973 has raised output 32 percent over four years. The figures for per capita grain production, therefore (see Graph 8, plotted as in Graph 1), show a high in 1966 and 1969 that has only now been regained.

South Korea's high yields place it in the same position as Japan, where little more can be done to raise yields. The crash industrialization program undertaken by the Park government has already made South Korea into a semi-industrial nation that can afford not to be dependent in food production for economic survival.

Taiwan

Taiwan enjoys very high yields of rice, its principal food crop. But as Table 7 shows, the country reached a level of over 3.0 t-ha in 1966 and has remained at about this level ever since. A record 2.7 mt rice harvest last year boosted the yield of 3.4 t-ha. (The real increases occurred between 1952, when yields were 2.0 t-ha, and 1965 when they first rose to 3.0). This record 8.4 percent increase in rice production was mainly due to extremely favorable

weather. Fertilizer use has risen only moderately since 1967.

China

Table 8 shows USDA estimates of China's foodgrain production for 1974-76. For 1976, a total estimate has not yet been made, but a slight decline is expected. This author anticipates about 265 mt, a 2 percent decline. 1976 was beset with bad weather, compounded to a great degree by disruptions caused by the succession upheaval, known to have severely reduced industrial production and caused substantial chaos in the countryside.

Despite efforts to increase chemical fertilizer use, including the importation of 13 large plants from the West, to educate the peasantry in modern farming techniques, and to provide mechanized equipment, China's agricultural production has done little more than keep pace with population over the past two decades.

The two main problems have been inability to carry out the large-scale water control programs that would tame particularly the Yellow River, minimizing the danger of flooding and providing reliable irrigation water to counter the frequent droughts, especially in North China; and an inadequate rate of industrialization for machinery inputs necessary to reach high annual rates of agricultural production growth. It remains to be seen how well the new leadership in China succeeds in its stated goal of significant mechanization of agriculture by 1980. As in India, the development of agriculture can only be sustained if it accompanies swift industrial growth. In China, this means returning to the focus abandoned in

the late 1950s of placing primacy on heavy industry — a change that will require abrogation of Mao's dictum on its subordinate place.

—Peter Rush

Table 7

Rice Production and Yields in Taiwan

	(1,000 TONS)	
	RICE PRODUCTION	RICE YIELDS T/HA
1966	2,380	3.0
1967	2,414	3.1
1968	2,518	3.2
1969	2,322	3.0
1970	2,463	3.2
1971	2,314	3.1
1972	2,440	3.3
1973	2,225	3.1
1974	2,452	3.2
1975	2,494	3.2
1976	2,700	3.4

SOURCE: USDA

Graph 8

Index of Per Capita Foodgrain Production in South Korea

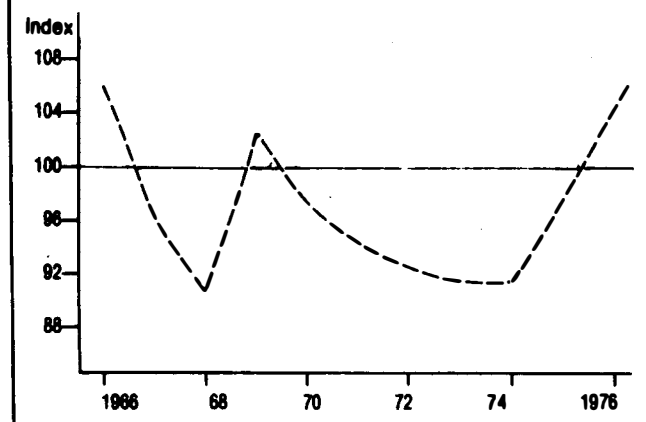


Table 8

Foodgrain Production in China

(THOUSANDS OF TONS)

	WHEAT	RICE	ALL FOOD GRAINS
1974	37,000	120,000	265,000
1975	40,000	119,000	270,000
1976	43,000	118,000	*

* USDA ESTIMATES A SLIGHT OVERALL DECREASE. THIS AUTHOR ESTIMATES 265 MILLION.

SOURCE: USDA

Venezuelan President Tours OPEC For New World Economic Order

VENEZUELA

Before leaving on a ten-day tour of the Mideast, Venezuelan President Carlos Andres Perez issued a series of statements reiterating his commitment to both a domestic and foreign policy of economic development. In an April 19 press conference Perez specifically stated that the purpose of his trip, which will include meetings with heads of state in Kuwait, Qatar, Saudi Arabia, Iran and Iraq was to strengthen OPEC as "an instrument of negotiation" in behalf of the Third World's effort to create the new international economic order. Perez's trip will also include a visit to Vienna OPEC headquarters.

The Venezuelan press has noted that an oil price and production package for OPEC is expected to be discussed while the Caracas daily, El Nacional reprinted an interview CAP gave to the French magazine, Vogue committing Venezuela to raise its present oil production in the near future.

Here are excerpts from a speech by President Perez before the Caracas conference of planning ministers from 20 Latin American nations April 13:

We cannot constrain planning to the limits of our borders...This is one of the gravest errors that we have been committing and one which compromises our future. Perhaps it is here that the glaring omission in the process of Latin American integration is to be found. We all talk about it; we all believe in it because we intuitively sense that as things presently stand in the world, there is no other alternative for our peoples. When we look at the United States, at the European Common Market, or at the Soviet Union, we realize that. . . there is no room in the world of the future, in the world of science and technology, for small territorial units — the Latin American Nations — without developing all possibilities for regional complementarity, economic integration, and the ties of the community we comprise.

It is because of this omission that we constantly encounter pitfalls. . . . And when attempts are made to develop some form of integrated system, we want to use a micrometer screw to measure what the advantages are that have been given to the other countries, instead of looking at the advantages that have been given to our

own country through complementarity with other nations.

This is what we are seeing every day in the Andean Pact. The interests created, the egotisms of poorly understood nationalism, have put a straitjacket on the process of integration of Latin America. And it will be the planners, with the potentialities of their countries, who will extend our sights beyond the tips of our noses. . . .

If planning is carried out without considering the human resource, a great fallacy is committed; it is simply false planning. Without the human foundation, our peoples cannot advance. . . .

Connected to malnutrition is the problem of health. Only through health and nutrition can we begin to talk about education. In a malnourished population, in a population without health, education is a delusion, a waste of resources.

Another issue. . . is the attempt to create an antinomy between the accumulation of capital and the redistribution of wealth. It has been held insistently that first it is necessary to accumulate, to capitalize, and then to redistribute. . . . We developing nations unanimously reject this argument. . . . It is indispensable that we search for formulas to accumulate, but, at the same time, to redistribute. Only in this way will nutrition and health become the bases that make the education and development of our countries possible.

Key is New World Order

Foreign policy today is an indispensable and necessary instrument for the development of our peoples. . . . Because if we were to think of the present world as static, with its unfair and uneven trade relations; . . . then we renounce our planning projects, because there will be no possibility of development for our countries, not for the large countries of the region, not for the rich, not for the small countries, nor for the poor ones. . . . For this reason, we cannot resolve our problems if we do not insist, solidly united in new relations of trade, on the new international economic order, which is the basic, conditional, and necessary premise for the development and progress of Latin America and the Third World. . . .

We believe there is another liberation we require: the liberation of our mind. . . . Liberation from that imperial paternalism which was submitting us to a dangerous situation, to the inferiority complex that has kept us in a vicious circle of not implementing plans because we do not have the human resources; and we do not have the human resources because the large plans with which to employ them do not exist. . . . We have undertaken the decisive tasks of national development, and we believe

this is how the great nations developed. They did not first create the human resources. They did not first create the science nor the technology. Rather, science and technology were the result of effort, of daring, of audacity, in overcoming phases in their progress and development. This is what we are doing in our country. . . .

CAP: U.S. Workers' Input Critical

On April 16 in a greeting to the Venezuelan delegation at the annual Inter-American Workers Organization (ORIT) conference in Mexico, Perez called on U.S. workers to join Latin American Workers in supporting the New International Economic Order. Excerpts of that letter are reprinted below.

America requires the combative presence of its democratic regional organizations of workers with dramatic urgency. The solidarity of the workers in the northern hemisphere with those of Latin America, in the long struggle to obtain better trade relations which contribute to the well-being of the Latin American masses, is an indispensable and necessary contribution we expect from the organized workers of the US. . . .

American workers are expecting this meeting in Mexico (annual meeting of the Regional Inter-American Workers Organization) to be the starting point towards a new combative presence of ORIT in the problems which move our hemisphere and the world. The achievement of an equitable and balanced new world economic order, which makes the well-being of workers of the developing

world possible. . . should be the undeniable and unitary banner of the democratic labor movement of America.

The organized action of the workers of the hemisphere can be the indispensable and necessary link to open the path to international justice which will make the economic, political and social rights of workers effective. . .

'Oil Is An Instrument'

The following excerpts from an interview with President Perez in the French magazine, Vogue, were printed in the Caracas daily El Nacional on April 14:

. . . . Saudia Arabia and Venezuela believe that oil is an instrument of negotiation for the creation of a new world economic order, and has permitted that the industrialized nations sit down face to face with the developing countries in the North-South Conference in Paris. . . .

Our aspiration (from the Paris North-South talks) is that Europe, which has its own interests and has invested with responsibility on a world scale, does not align its points of view with the rest of the powers, but on the contrary that it contributes to the creation of the new world economic order that the Third World nations are trying to establish. . . . That they try to convince the industrialized nations of its validity. . . .

Without a doubt, the presence of the 'Concorde' in Venezuela is important, and from what I have learned of its success, I am sure that it will contribute to stimulate tourism from Venezuela to France and from France to Venezuela. . . .

Plan Alvorada: Chase Manhattan's Program For Ruling Brazil

BRAZIL

Brazilian President Ernesto Geisel ordered a series of constitutional reforms April 15 designed to ensure the unchallenged political rule of the military government and its political arm, the Arena Party, by emasculating the nation's legal opposition. The package of so-called reforms was imposed by executive fiat after the April suspension of the Brazilian Congress and decrees that governors will be elected next year in easily controlled "indirect elections" and that only a simple congressional majority will be needed to effect changes in Brazil's constitution.

The political decrees overturn Geisel's own policy of gradual political "decompression" and end any chance for gains by the Movimento Democratico Brasileiro (MDB) politicians, gains predicted for the 1978 elections. More important, the decrees mark the consolidation of political and military control of Brazil by the extreme fascist wing of the military — the so-called Medici faction. The Medicistas, the military clique that ruled Brazil from 1969-74 during the height of Rockefeller's "Brazilian economic miracle," are known as the "ultra-hardliners." They are Nazis, committed to domestic genocide and foreign expansion, who see themselves as the vanguard fighters in an anti-communist World War III.

The *New York Times* would have its readership believe that last week's anti-democratic measures are a product, not of Medici pressure, but of Geisel's personal dictatorial initiatives. This week *the Times* characterized Geisel

as much more "dictatorial" than his predecessor Garastazu Medici, under whose regime torture and roving death squads were an everyday occurrence. The truth is quite the opposite.

The political death of the legal opposition and the effective Medici takeover in Brazil, was scripted in detail by David Rockefeller's Chase Manhattan Bank, one of the major holders of Brazil's \$30 billion foreign debt. The so-called political reforms were imposed by Geisel, only after lengthy discussions with the Brazilian National Security Council and banking sector and are nothing but a revised edition of the blueprint handed the president by Chase Manhattan and its Brazilian subsidiary, Banco Lar Brasileiro, three months ago. The intent of the Chase-Banco Lar proposals is to ensure that there would be no political threat to the implementation of Wall Street's program for collecting Brazil's foreign debt.

Plan Alvorada

In late January, and almost at the same time as the inauguration of U.S. President James Carter, Banco Lar Brasileiro drafted a document and presented it to President Geisel, Justice Minister and Medici ally Falcao, top Geisel advisor General Golbery do Couto e Silva, and another unidentified top-level government official. The draft proposed a six-point program of constitutional reforms — purportedly to help establish a "strong democracy, consistent with the present world reality" — that would guarantee the Arena party victories in the 1978 gubernatorial and senatorial elections.

Substantial excerpts of the 12-page Banco Lar report — later dubbed "Plan Alvorada" (the name of the presidential palace — were subsequently leaked by the pro-industrialist daily *Folha do Sao Paulo* March 10. *Folha* named Banco Lar administrative council director, Jorge Oscar de Melo Flores, as the principal architect of the paper, and reported that it was issued in the name of the entire Brazilian banking community. Melo Flores is well known as a key thinktanker involved in U.S.-funded counterinsurgency operations that paved the way for the overthrow of elected president Joao Goulart in 1964.

Plan Alvorado featured an extensive analysis of the substantial MDB gains in the fall 1976 municipal elections, and warned Geisel that he should make use of the reigns of power to make absolutely sure that the military government — and the ruling Arena Party — would not lose the 1978 elections. Geisel must act "now," the plan stressed, to implement the Chase-Banco Lar six-point constitutional reform package while "the government still has a majority in the federal Congress."

The measures included the "definite implementation of indirect elections" for governors and senators and constitutional revisions that would pave the way for the eventual "dissolution" of the two existing parties in favor of "others... created to replace them, changing the present status quo which more and more tends to favor the opposition. Although the latter revision was not implemented, the British Weekly *Economist* reported this week that it is rumored that Geisel will focus on precisely such an overhaul of the party structure when his presidential term ends next year.

To tighten up top-down control, and at the same time restrict the power of the office of the presidency, the Banco Lar proposed the creation of a new National Security Council composed of former presidents, that would act as a "moderating power" between the presidency, the Congress, and other civilian layers. Notably, Garastazu Medici is the only living ex-president in Brazil eligible to sit on such a council.

The bank's plans leveled severe criticism at the government's "delay for almost two years in adopting cuts in investments and federal government expenses" as welfare, the government's failure to root out "corruption" in both the private and public sectors — an implicit attack on the nationalist-controlled state sector of the economy. Targeting the growing anti-monetarist, nationalist opposition in the industrialist and military layers, Banco Lar demanded that the government purge "from key (government) positions... incapable people... or creators of blocks against the government's general policy."

Two weeks after the presentation of Plan Alvorada, Industry Minister Severo Gomes, the leading cabinet spokesman for the pro-industry forces, was forced to resign under direct pressure from ex-president Medici. The purge of Severo Gomes, an outspoken critic of the Wall Street policies of "economic loliberalism" imposed to guarantee Brazil's scheduled debt payments, was followed by a show of strength of the Medici faction which forced a wave of "cassations" — the elimination for 10 years of all political rights — of leading MDB politicians.

Aid from Carter

The Carter Administration's "human rights" crusade bolstered the Medici bid for increasing power over government policymaking. Emboldened by the illusion of backing from Carter, the MDB pressed their demands for further liberalization and for direct elections in 1978. This provided a pretext for Medici pressure on Geisel not to concede to Carter's human rights proclamations, under threat of a possible coup d'etat.

The confrontation scenario built up to a peak around the issue of the government's judicial reform bill, scheduled for congressional vote at the end of March. The MDB, whose vote was needed to provide the two-thirds necessary to pass this constitutional amendment, refused to support the bill without significant concessions — concessions the government was not willing to make. Congress vetoed the bill, and the government, true to its warning, suspended Congress April 1.

A week later, after meetings with the National Security Council and banking community representatives — including Banco Lar's Melo Flores — Geisel imposed the political reforms first proposed by Chase Manhattan Bank.

The measures were not passed without some resistance from within the military, as the week-long delay in announcing the decree indicates. To sweeten the bitter pill for the population, the executive added legislation granting 30-day worker vacations and controlling housing rental rates.

Peru Central Bank Finds IMF Terms 'Unacceptable'

PERU

The Peruvian Central Reserve Bank (BCR) has rejected as "unacceptable" IMF "recommendations" that it apply shock therapy to the Peruvian economy. Peru is required to comply with International Monetary Fund demands if it is to receive IMF approval for a contingency loan. The New York commercial banks which last year worked out a \$440 million refinancing scheme by which they took over "policing" of Peru from bailouts until the IMF applies its "stabilizing" remedies.

At this time Peru stands no chance of obtaining the programmed \$1 billion loan inflow (down from \$1.472 reportedly received last year). Peru will find it impossible to maintain payments on the \$700 million in debt service scheduled for 1977 without the political measures taken in Chile, which the IMF is demanding — or even with them.

What the IMF Wants

Linda Koenig, the head of the IMF mission which visited Peru for 10 days in March presented the following conditions to the Peruvian Government:

- * Peru must pay the entire \$700 million debt service due in 1977 without the \$234 million in refinancing which the BCR had earlier been promised to cover Peru's balance of payments deficit. To do this, Peru would have to cut import volume to about 40 percent below 1975 levels.

- * To bring down inflation from last year's 45 percent to 15 percent, Peru must repress wage levels, cut government spending, eliminate remaining capital goods imports, conclude the denationalization of public-sector industry, and raise tax levels.

- * The budget deficit must be trimmed to 20 billion soles (\$280 million) by forcing public-sector enterprises to break even through reducing services and raising charges. Remaining food price subsidies are to be eliminated. PetroPeru must make a profit, even if oil product prices have to be increased by 300-400 percent.

- * Peru must abandon all vestiges of the "revolutionary model" of state-promoted industrial development and shift to the Milton Friedman ideal of a "free market economy." Specific IMF orders include an immediate 30 percent devaluation shock (to 90 soles to the dollar) and the slimination of protective tarriffs, import priority systems, and tax rebates for non-traditional exports.

- * Wage increases are to be kept to 10-15 percent, despite the present 45 percent inflation.

Reserve Bank Says "No"

On March 21, the directors of the Central Reserve Bank

sent a letter to Finance Minister Barúa collectively threatening to resign if Barua followed his inclinations to accept the IMF demands. The BCR counterposed its more "realistic" proposal for only reducing inflation to 25 percent through continued tight money and "a greater austerity in public spending... including whatever further cuts can be made in the already approved budget."

Economic Gouging

In July 1976, President Morales Bermúdez surrendered the Peruvian Revolution to the IMF in a coup that established strict New York bank surveillance over the Peruvian economy. Since then, the real incomes of workers have fallen by 30 percent, according to studies made by the Organization of American States. (see Graph). Money supply has been cut by over 22 percent, causing many businesses to default on their debts. The Lima Chamber of Commerce has reportedly refused to publish its monthly list of bounced checks, since "it would be the size of a small phone book." The banks have managed to hold the lid on Peru during the last nine months only through a continuous state of emergency, the effective banning of strikes, and selective repression against the fishermen's union and leaders of working class resistance.

The overall impact of the reversal of former President General Velasco's Revolution, however, has been detrimental to foreign and locally-owned businesses. The Chrysler plant is on a two-day week, which Labor Minister Galindo recommends as the method for avoiding mass lay-offs or total shutdowns. The National Merchants Federation (CONACO) is calling for reflating the economy and rejecting the IMF nostrums on the grounds that "the cure would kill the patient."

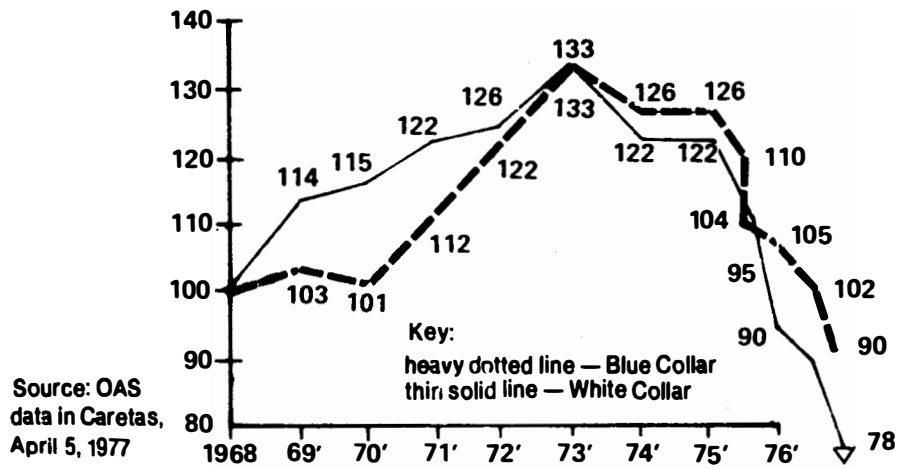
The IMF's cure would kill what remains of the nation's industrial and agricultural economy, leaving the skeleton of a few mines and a few ports for unrestricted looting. In rejecting the IMF's conditions, the BCR stated that they were "inflexible and unmanageable, without an extremely heavy political and social repression." It is likely that the bulk of the Peruvian Army — after looking at the results of IMF policies in Chile — would not carry out such a campaign. The centrist weekly *Caretas* suggests that "Perhaps Miss Koenig should have a chat with Patricia Derian. She's the State Department Human Rights Coordinator. Or perhaps the government should take preventive action in Washington to denounce the IMF for insisting on a policy which leads to the violation of human rights. Why not? . . . We're a patient people. For some time we've put up with belt tightening until our tongues are hanging out, but we surely won't put up with being killed by hunger."

There is widespread agreement in political and economic circles that Peru will require some form of debt relief by June. There is virtually insurmountable resistance from U.S. regional and foreign banks to throwing more money into Peru to roll over the debts of the big Eurodollar banks; some of these banks are only now coughing up their 1976 rollover money.

If a moratorium, such as the two-year one now under serious consideration by Japanese banking circles, is not

granted, Peru is likely to default during the next few months. Moratorium on LDC debt was proposed by former Foreign Minister Miguel Angel de la Flor in Manila, Feb. 2, 1976. Ex-President Juan Velasco Alvarado's collaborators, now regrouped in the Revolutionary Socialist Party, have taken debt moratorium as their program and a political debt moratorium is possible if Europe and the Soviets guarantee Peru would not be cut off from needed imports.

Index of Real Wages in Metropolitan Lima



Kennedy's Version Of S-1: 'A Clean Police State'

Sometime in the next two weeks Senators Ted Kennedy and John McClellan will introduce the "Criminal Code Reform Act of 1977" to the U.S. Senate. This is the so-called Kennedy S-1, the "clean" S-1.

The bill's predecessor, Senate Bill 1, was junked last year following an angry protest campaign conducted by the American Civil Liberties Union and other civil libertarians and the nation's press against the original bill's police-state measures that included an Official Secrets Act.

The Kennedy S-1, like its predecessor, recasts the entirety of Title 18 U.S.C., the federal criminal code. It is therefore a bill of major sociological and constitutional importance, purporting to map the United States' current values and morality by defining what type of offenses society chooses to punish through legal sanctions.

As might be expected given the constitutionally dismal histories of Senators Kennedy and McClellan, the bill is notably successful in providing a detailed map of the dirty mind and dirty tricks of Senator Ted Kennedy and his collaborators on the bill — Harvard Lawyer and criminologist Alan Dershowitz, police counterinsurgency expert James Q. Wilson, and the Carter Justice Department.

The Kennedy bill is the Fabian response to the equally noxious legal constructs embodied in the original S-1. Similar to the split in the German Nazi party between the anarchist Strasserites and the "Blood and Soil" SS, the question is *which* method of population control is appropriate to a particular stage of economic looting: fascism with a democratic face or the police-state variety. Under the cloak of its "white collar crime," "organized crime" and "official corruption" sections, the Kennedy bill institutionalizes such Rockefeller wrecking operations as the Institute for Policy Studies, PROD, the Fund for Investigative Journalism, Common Cause, and Ralph Nader. The legal code words for this process are "equality," "anti-corruption," and "down with special interest groups."

It is noteworthy in analyzing the organizing process underway for passage that the American Civil Liberties Union chapters in Boston and Washington, D.C. are circulating the only available drafts of the bill. While the counter-gangs backing the Kennedy bill do not expect passage of all of its provisions, the measure is dangerous whether or not it gets congressional sanction. It sets the terms for a managed debate on the "current crime situation," a context which legitimizes back-door implementation of its major provisions.

Former Attorney General Edward Levi, through his manipulation of the U.S. Supreme Court and the Justice Department, managed to implement many of the police-state measures incorporated in the last version of S-1 de-

spite the fact that the bill itself was killed in Congress. This insurrectionary strategy is being repeated by the Carter Administration. Trials are now taking place in California and New Jersey which will undoubtedly be pointed to as proof of the inadequacy of current anti-spionage provisions, a major debating point in the Kennedy bill. Pieces of the "official corruption" section of the legislation are already being tested in the Congress, while regulatory agencies and court reformers are trying out the bill's white collar crime and mandatory sentencing provisions.

The Legal Philosophy of the Kennedy-McClellan Bill

Philosophy, and in particular moral philosophy, has concerned itself for centuries with the appropriate relationship between society and the individual and the type of universe presumed by this relationship. From the standpoint of rigor, criminal sanctions have a rational meaning only in the elaboration of a particular society's definition of freedom. In the humanist tradition of moral philosophy embodied in the successive evolutions of Ficino, Dante, Descartes, Spinoza, Kant, Hegel, Karl Marx, and the American Federalists, freedom is the creation of new, lawful orders within the necessities posed by society, with society providing the opportunities for education and socialization which allow the individual to make such contributions. From this standpoint, crime is the function of the morality of a society, its capacity to progress through the mediation of the creative discoveries of the individual and the individual's capacity to assimilate new technologies.

As outlined in the U.S. Labor Party's Law Enforcement Reform Act of 1976, criminal sanctions assume an urgent importance only in a society which is increasingly bestialized, robbed of its capacity for progress, in which the individual is more and more degraded into exercising heteronomic impulses of the individual greed variety. While it is absolutely necessary to check heteronomic disorders through criminal sanctions and rehabilitation, this effort is doomed to be nothing but an expanding system of prisons unless there is a corresponding restoration of the principles of progress and freedom to society as a whole.

The Kennedy bill not only abandons this tradition but is ignorant of even providing its pretense. The closest the bill's "statement of general principles" gets to a universal is its declared purpose to establish "justice" in the federal system. Needless to say, this noun is not repeated once in the rest of the provisions.

The mandatory sentencing provisions establish what "justice" means. The bill sets up a Federal Sentencing Commission to be appointed not by Congress but by the

Judicial Conference of the United States — already preoccupied by Orwellian court reform proposals which stipulate management, efficiency, and economy rather than justice.

Criminology circles are currently enmeshed in a phony “right and left” debate about the activities of this Commission, involving the appropriate utilitarian mix of punishment and rehabilitation for the bothersome human cattle who keep intruding on the efficiency experts’ fine-tuning of the criminal justice system.

The “left” criminology school is in favor of more rehabilitation and less punishment, utilizing the counter-insurgency brainwashing methods and behavior modification techniques which have already shown their efficiency in spawning scores of terrorist groups out of the nation’s prison system. This school of thought is also preoccupied with a definition of crime as caused by the individual’s environment. But one should not misinterpret this notion: here the environment means not the world economy, but the isolated community from which the individual comes and to which he will return under the parole system advocated by these “left” criminologists, to reestablish his roots. The “right” criminology faction favors punishment only, complete computerization of crimes, including subjective designs and mitigating circumstances, and sentences delivered via a printout.

Kennedy does not take a stand in this “debate.” This bill allows experimentation with both methods, with reports to the Sentencing Commission on which one proves most effective.

According to the guidelines in the bill, sentences are to be determined by the grade of the offense (each and every federal crime is graded by the bill into class A, B, C, D, and E felonies, class A, B, and C misdemeanors and infractions — a veritable calculus of public morality established by Ted Kennedy), the community view of the gravity of the offense, the public concern generated by the offense, the deterrent effect a particular sentence may have on the commission of a crime by others, and the current incidence of the offense in the community and nation as a whole. The same criminologists employed in the bogus punishment versus rehabilitation debate will make the sentence determinations outlined by these guidelines.

The Crime of Offending Rockefeller

The Kennedy S-1 white collar crime, corporate accountability, and organized crime sections are a gussied up version of Jimmy Carter’s “get the rich off our backs” populism. Both are calculated to induce popular stupefaction about the actual state of the country and the world and untrammelled paranoia against advancing technology, by creating a “little man’s war” against complexity and bigness.

Every one of the Rockefeller faction’s Fabian operations for the past 50 years — wars on “corrupt labor,” wars on “big business,” wars on “monopoly capital,” wars on “organized crime” — despite their moral pretensions were mounted only to consolidate Lower Manhattan’s control over the economy. Now Kennedy’s S-1 codifies those operations which were successful with new law introduced to cover the troublesome loopholes in existing provisions.

The Kennedy bill’s conspiracy law is remarkable in three aspects. First, it outlaws use of these laws to deal with “dissident” and “political activity.” Second, it expands the law’s watertight potential by stipulating that a charge of conspiracy can be defended against only if the accused has moved affirmatively to stop every aspect of the conspiratorial plan. Since most conspiracies, whether they are undertaken by intelligence agencies or are alleged of private corporations or private individuals, operate on a “need-to-know” basis, the potentials of this law are obvious.

Finally, the law reveals its lineage in its exclusionary sections. According to the law it is not a crime to “conspire” to conspire. Since most Rockefeller operations work on the basis of setting into motion a middle-level network of agents who may employ still other agents to implement whatever specific dirty work is involved, this portion of the law controls such middle-level agent operations while protecting the actual high-level source.

Kennedy also goes after competing corporations and organized unions in the commercial and labor bribery sections of these provisions. The broad commercial bribery provision involves any “incentive” in the private sector which gives a competitive advantage. The labor bribery provisions induce federal investigation of a trade union if there is even a hint of patronage system by which trade unions normally operate. Bribery is defined to include job manipulation and job placement by a union official in reward for services performed for the union. The immediate experiential referents for these proposals are the Lockheed scandal destabilizations and the activities of PROD against the Teamsters Union.

No Kennedy-McClellan joint anti-crime measure could be complete without an organized crime provision. These laws formalize the organized crime investigations carried on through McClellan’s racketeering committee and later Justice Department operations, which consolidated banking control over the “crime industry” and smeared political opponents and trade unions by alleging links to organized crime activities. In addition to criminal sanctions against racketeering, the laundering of racketeering proceeds, and the facilitation of racketeering by violence, Kennedy and McClellan revive Bobby Kennedy’s white knight campaign of the 1950s, which set up Teamster leader Jimmy Hoffa for assassination and started attempts to crush the Teamsters Union, with provisions for civil remedies, including injunctions, civil forfeitures, and private damages suits, against organized crime activities.

With these laws stacked against organized political opposition, the Kennedy bill moves to rip apart the moral fabric of American society with “victimless crime” decriminalization measures. Under the Kennedy bill, carrying around a few joints of marijuana is perfectly legal, while possession of larger amounts will get the accused probations and, after a year, expungement of the offense. Cocaine does not receive explicit treatment in the bill aside from its decategorization as a Schedule 1 (high criminal penalty) drug.

The Institution of Watergate

If an opposition force cannot be disposed of in the private sector, Chapters 11, 12, 13, and 14 of the bill detail of-

fenses in the public sector which can be utilized for the same purposes.

The "Offenses Involving the National Defense" section of the bill, with a nod to liberal protestation against the old S-1's broad definition of treason (which would, it might be added, result in President Carter's indictment), returns this crime to its constitutional definitions and difficult proofs. Sabotage provisions are given an equally difficult *intent* criterion of proof. But the espionage laws preserve the basis of jailing selected political opponents on a national security basis. Espionage includes "communication and receipt of restricted data with intent to injure the United States or to secure an advantage to a foreign nation," with atomic energy matters particularly cited. Similarly, this section contains heavy sanctions against the dissemination or receipt of classified information, specifying receipt by a "communist organization." The bill does not specify that the information be duly classified, nor does it define the nature of a communist organization.

It would not be out of character of the bill's general knee-jerk Rockefeller content to posit that the U.S. Labor Party and the ridiculous Rudakov affair were in the forefront of Kennedy's mind when this provision was written. It opens the door to prosecution for telling the truth about current Soviet military advantage due to fusion technology development, and to prosecution of those who heard Soviet scientist Rudakov detail Soviet fusion-related researches to U.S. scientists before the U.S. Energy Research and Development Administration hurriedly classified his disclosures.

Chapter 12, "Offenses Involving International Affairs," is a compendium of the Church Committee reorganization of the intelligence establishment, with offenses such as attacking a foreign power, conspiracy against a foreign power, and entering or recruiting for a foreign armed force provided as a litany of Church Committee-documented covert operations abuses.

Independent moves toward developing the international economy also come under attack. Engaging in international business transactions involving prohibited exports, including technological information to countries in the Soviet bloc or the Third World covered by the Trading with the Enemy Act and the Export Administration Act of 1969 will result in heavy sanctions. In addition, it is declared illegal to disclose a foreign diplomatic code or correspondence, regardless of whether or not disclosure in the relaying of the contents of the correspondence. The national security provisions are also notable in their anticipatory criminal penalties against nuclear terrorism, despite the fact that such an incident has never occurred and could only occur with government collusion.

The preferred Kennedy-Carter method of political watering is not raised in the bill's national security sections, however. National security prosecutions carry the

penalty of high political risk. The preferred method is proposed in Chapter 13's "Offenses Involving Government Processes" provisions, and takes its lead from regulatory agency and Naderite operations against private industry over the past period. The shift in this section comes in the perjury, false swearing, and related offenses covering testimony or reports to Congress, the courts, or to regulatory agencies.

Requirements for proof in perjury and false swearing eliminate former requirements for corroboration. A statement becomes material evidence for prosecution of this crime if it is a "falsification, omission, concealment, forgery, alteration, or other misleading matter regardless of the admissibility of the statement or object *under the rules of evidence*, if it could have impaired, affected, impeded, or otherwise influenced the course, outcome, or disposition of the matter in which it is made, or in the case of a record, if it could have impaired the integrity of the record in question."

This insane provision parallels recent Rockefeller advances in environmental law which make a crime out of "omission." It establishes a similar principle in business dealings with government, requiring paranoid "conservation" of "all alternatives," no matter how irrational, in order to avoid prosecution under laws which are deliberately vague and overbroad, such as the National Environmental Policy Act.

The Official Corruption Sections of the Kennedy bill employ the sanctimonious, born-again morals of the Carter Administration to totally divorce politicians from legitimate constituency groups, known in Carter-Kennedy circles as "private interest groups." There are three crimes dealing with relationships between public officials and "outsiders," outlawing "trading in government assistance" (securing an advantage by offering to write or support legislation), "trading in public office" (securing an advantage by being offered or offering a political office), and "trading in special influence" (securing an advantage through lobbying or through a political party or a public servant reciprocating in this arrangement).

It is also illegal to "tamper" with a public servant. Tampering includes everything from spreading false assassination reports to deceiving a public servant in order to influence his action. Threats against public servants are fine, however, if they are "lawful" and intended "to make the public servant do his job."

It is a telling irony that the Kennedy bill contains specific prohibitions against vote fraud and obstruction or harassment of a political campaign, methods Carter used against the Labor and Republican Parties to gain his present position. But in the fantasies of Kennedy and Carter there will be no need for another election by the time 1980 rolls around.

— Barbara Boyd

Recount Ordered In Wisconsin, Carter Vote Bill In Trouble

Former President Gerald Ford, speaking before a meeting of California State Legislators in Los Angeles, April 16, took a jab at President Carter's electoral reform package by pointing out that universal on-site voter registration could lead to vote fraud. Ford's statement, which has provoked an angry response from Vice-President Walter Mondale, is the latest attack from the swelling ranks of nation-wide opposition to the Carter proposals, which include the elimination of the Electoral College.

On the same day, recount of the April 5 Madison, Wisconsin referendum and mayoral election was approved by the Madison City Council. Alderman Robert Estka introduced the petition to review the vote on a marijuana decriminalization referendum which passed by a 10,000 vote margin on the strength of postcard and on-site, same-day voter registration.

This is the practice used some five months ago to give Jimmy Carter Wisconsin's presidential election votes. Carter is using the Wisconsin example to push his election reform proposals for relaxed registration requirements.

The Committee for a Fair and Honest Election in Wisconsin has documented significant fraud in the April 5 election by false postcard and same-day voter registration, which will drastically reduce the margin in both the referendum and the mayoral vote. That evidence will be included in a suit to be filed by the CFFE in Federal Court challenging the constitutionality of the Wisconsin on-site registration law.

In the Nov. 2, 1976 General Election, over 30,000 fraudulent votes were cast in Milwaukee County alone, engineered by the UAW and the AFL-CIO for the Carter campaign. Carter, who carried the state by 25,000 votes, points to the Wisconsin law as the prototype of the "effectiveness" of his reform package.

State Senator George Klicka (R-Wauwatosa), in a joint press conference, April 12, with Wisconsin Labor Party chairman and CFFE representative Paul Greenberg, said: "President Carter is undermining the U.S. Constitution by attempting to make on-site registration a national policy. If this becomes law, we have disenfranchised the U.S. population and in essence legalized vote fraud...the curtailing of political liberty will become institutionalized in this country. Carter's cynical use of Wisconsin as a shining example must be exposed for the fraud it is."

The Evidence

Incumbent Democratic Mayor Paul Soglin defeated Republican Anthony Amato by an official vote of 45,090 to 26,569, a wide discrepancy from the primary election vote totals just a few weeks before. Then, Amato registered 16,000 votes to Soglin's 12,000. In Amato's aldermanic district, he defeated Soglin in the primary by a 3-1 margin. Yet in the April 5 election, Amato only carried his district by a mere five votes.

The new 10-day residency requirement legitimized voting by persons who register and vote absentee from other states or are in town for a brief period. While on-site registration dipped below the Nov. 2 General Election figures, the number of absentee ballots increased from an average of 1,000 to 13,000. The majority of the ballots came from "student radical" wards where the use of drugs is prevalent.

Of 3,5000 postcards sent out by the CFFE to check the validity of new registrants, 540 — or over 15 percent — have been returned as "undeliverable" or "address unknown."

Other evidence of fraud includes proof of multiple student registrations under different names and illegal procedures at the polls such as machine tampering, refusal by poll judges to allow poll watchers to view the opening of absentee ballots, and individuals being allowed to "vote" before the polls were legally opened. Affidavits are being collected on all these incidents.

Congressional and State Opposition to Carter Vote Proposals

Carter's intention to reform the electoral process and eliminate the red tape has met with cross-party opposition from state and federal political officials throughout the country. Their legitimate concern is that such proposals will open up the electoral system to tampering and manipulation putting an end to the Constitutional right to vote and the related "one man one vote" guarantee. In addition to the following statements, the list of opponents includes the North Carolina Board of Elections, Virginia Lieutenant Governor John Dalton, and the National Council of State Legislatures, which has drafted a statement of opposition subject to ratification at its August convention.

April 4: Rep. Edwin Forsythe (R-NJ) entered the following statement into the *Congressional Record*: "In the state of New Jersey, we have postcard registration and have been able to substantiate very little if any increased participation in elections." Forsythe then entered into the record a letter from the Burlington County Board of Elections which cited numerous abuses of the electoral process, including the voting of minors, and detailing the numerous "loopholes" for fraud and the impossibility of maintaining honest procedures at the polls.

April 5: Republican Party National Chairman Bill Brock withdrew his previous endorsement of the Carter reform package in the face of national opposition to the legislation. Brock is a Trilateral Commission member like Carter and his Cabinet.

April 6: Republican members of the House Administration Committee questioned Attorney General Griffin Bell on the Carter electoral reform legislation. Countering Bell's statements, Charles Wiggins (R-

Calif) stated that the proposed reforms would be "rejecting 180 years of history." The Carter proposals, Wiggins emphasized, may be unconstitutional and invites vote fraud. Bill Frenzel (R-Mn) "implicitly questioned the Justice Department's past dedication to exposing fraud in Federal voting, asking for detailing figures on prosecutions, and conviction," reported the *New York Times*. James Cleveland (R-NH) challenged Bell to provide evidence that state registration laws constituted a barrier to voting.

April 10: Congressman Robert Young (D-St. Louis) said the Carter "instant voter registration proposals could lead to Dial-a-Vote massive fraud, and stolen elections," reported the *St. Louis Globe-Democrat*. "Such relaxation opens the whole system to massive fraud, especially in the big cities." Young emphasized that the rationale for loosening up the election procedures — poor voter turnout — was attributable to disaffection within the political spectrum, rather than red tape in voting. He condemned Carter's proposal to abolish the electoral college. Young's chief aide, former state legislator Walter Meyer held hearings last August on the proposed computerized voting in Missouri.

April 12: The *Columbia (S.C.) State* carried an OpEd by Senator James B. Allen (D-Ala) entitled "Reform or Fraud": "Why, in the big cities they would clean out every skid row hotel, every street corner, every beer joint and loafing hang out, every x-rated movie house, every massage parlor and march them to the polls," Allen charged.

Press Opposition to Carter Reform Proposals

Press across the country have opened an attack on the election reform proposals. Major papers such as the Seattle Times, Chicago Tribune, Chicago Sun-Times, Phoenix Gazette, and Arizona Republic all point to fraud as the logical outcome of the "reforms". The Cleveland Press and the Cincinnati Post have editorialized against an Ohio bill for on-site registration. The Charlotte, N.C.

CBS affiliate WSOC is one of several television stations to voice opposition. The following excerpts are indicative of the national assessment that "the President's voting reform plan seems objectionable on every count."

The Arizona Republic, March 22, "Carter's Voting Plan": "...The real objection to Carter's proposal is that it would make fraudulent voting easier. Vice President Mondale, when he was in the Senate, insisted that Minnesota's elections were just as clean as ever, but he offered no evidence to support his assertion, and, in fact, no evidence exists..."

Rocky Mountain News, March 25, "Opening Up Elections": "...highly questionable however is Carter's proposal that voters be permitted to register at the polls on the election days for all federal elections...to begin with states do have — and should have — a right to require advance registration...beyond that there is a strong possibility of fraud and deception if all states suddenly were required to register at the polls as states like Minnesota and Wisconsin which have a long history of good government do now..."

Detroit News, March 25, "A Political Play? Carter's Election 'Reforms' Risk Fraud and Instability": "...President Carter's package of election reforms has been skillfully put together to help Mr. Carter get elected again in 1980. Paradoxically, it contains the risk of massive political fraud, electoral instability, heavy increases in election costs and the politicizing of federal workers..."

Madison, Wisconsin NBC-TV affiliate Channel 15, April 15: editorialized in favor of revoking the state's on-site registration law and against the national election reform proposals.

WPIX-TV, New York, April 15: this station, owned and operated by the New York Daily News, editorialized against the reform proposal pointing out the "false notion of democracy" implied and the potential for coercion and fraud.

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