

gin of debt will cover chiefly intermediate-term and long-term loans to developing countries, and will be applied to industrial and agricultural development projects, including a very large portion going into creating full-cycle fission and (later) fusion energy production.

To ensure that the new banking system does not repeat the same old crap which got us into the present mess, developing-sector loans will be limited to projects which increase the level of productivity in those countries through more-advanced, higher-energy-consuming forms of industrial and agricultural production. The code-word used for this in many circles today is "technology transfer."

The national government debt of net capital-exporting countries will be defended, but much of the pyramided financial debt of the developing nations is going to be written off the books or frozen, and the new loans issued will be at low interest rates and for sufficiently long terms that the new debts are matched by a realistic future projection of ability to pay. By pushing the actually worthless debt to one side, we clear the way for high-technology exports into the developing sector in the order of \$100 to 200 billions annually over current trade balances.

This means that modern U.S. (and Canadian, West European, and Japanese) high-technology industrial and agricultural capacity is literally "as good as gold." Every modern productive capacity will be put to work, and every job that represents will be filled.

There will not be a significant increase in employment opportunities for social workers, or for service-employment increases outside of production-related services. The job increases will be among skilled and semi-skilled industrial, construction, transportation jobs of all categories, and among scientists, engineers, and technicians.

There will also be an increased requirement in the U.S. for certain categories of teachers at all levels. These will be for teaching jobs related to technology. On the university level, this will mean a shift to emphasis on physics, chemistry, biology and so forth, away from sociology and

such useless types of liberal-arts subjects.

New Credit Policies

In the coming period, credit-issuing policies inside the United States are going to shift drastically away from past patterns toward selective credit policies. The emphasis will be on new production, with a heavy emphasis on new technologies and export.

Our toughest problem is going to be real estate paper. It is in the urgent interest of the United States to dry out sources of credit for all forms of speculation. This means no easy credit for secondary markets in stocks, or real estate. New construction, maintenance of useful structures, genuine improvements, and so forth are classed as new production. This means a collapse in secondary-markets for mortgages and old real estate. However, we will have to manage this in a way which does not crush savings institutions, certain pension funds, and so forth.

Our basic approach to that problem is already worked out, as the USLP's draft Emergency Employment Act specifies. No one is going to go hungry or be driven into the degradation of relief because of the collapse of the old monetary system. As long as we crank up industrial production on the basis of high technology, we have the means available to deal with each of these problems — and, naturally, we will do just that.

However, interest rates are going to drop down to the levels of between 1 and 2 percent, and a lot of purely paper financial book values are going to drop.

We are going back to pre-Jacksonian national-banking and national-economic policies, to the foundations in sound economic policy upon which the achievements of our nation were based. Banking in general is going to become industrial and agricultural banking. Get-rich swindles will evaporate; our source of wealth will be solely what we produce and the increase in the productive powers and real incomes of our people, achieved through steady advances in skills and productive technologies.

Andreotti, Schmidt: Belgrade Conference For Energy And Mideast Peace

The final days of May have seen a dramatic increase in diplomatic activity throughout the Mediterranean region. This is certainly what could be expected in advance of next month's European security meeting in Belgrade, Yugoslavia. But the circumstances of Italian Prime Minister Giulio Andreotti's visit to Greece and Rumania, and West German Chancellor Helmut Schmidt's upcoming visit to Yugoslavia, clearly indicate that these two leaders are coordinating their activities in order to make Belgrade into an important step toward averting war in the Mideast, thereby helping to avoid general thermonuclear war.

The Belgrade meeting will bring together delegations from the 35 nations, the U.S. and Canada among them, which signed the Helsinki agreement on Cooperation and Security in Europe (CSCE) two years ago. For months

the Carter Administration has been intent on using this occasion to harass the Soviet Union over "human rights" questions. The intention of Schmidt, Andreotti, Yugoslav President Tito, and others, however, is to expand CSCE into a comprehensive set of agreements on Mediterranean security and energy cooperation. The first step is to put such vital issues right on top of the Belgrade agenda, letting "Basket 3" simmer on a back burner.

Andreotti's trip is intended to set a model for the type of Mediterranean cooperation required. During his talks with Greece's Prime Minister Constantine Karamanlis, he concluded an agreement on national rights to the Ionian Sea, which lies between the two countries. Italy's concession of continental shelf rights to islands in Greece's possession serves as a model which could be used to settle the festering disputes between Greece and

Turkey in the Aegean. As Andreotti commented on the need for further cooperation, "The only obstacle to this development now would be a repeat of the 1973 monetary crisis."

Proceeding to Rumania, Andreotti conferred with President Nicolas Ceausescu, who himself had just returned from Egypt. Both leaders agreed to work towards a Balkan nuclear-free zone, and *Il Giorno*, the Italian state-sector daily, wrote that Andreotti particularly sought leverage to secure peace for the deteriorating Middle East situation. Rumania is the only Warsaw Pact country which maintains diplomatic relations with Israel.

Just as this meeting concluded, Ceausescu invited Helmut Schmidt to pay him a visit as well. Schmidt has just departed for Yugoslavia with a delegation of trusted advisers, in order to hold six days of talks with President Tito and others. Reliable sources within the West German foreign ministry say the prospects are good for making Mediterranean security the focus of Belgrade. West German newspapers report that Tito is "leaving all doors open" to Schmidt, and hint that Schmidt, Tito, and Andreotti are working out a unified strategy.

These visits have been supplemented by a considerable number of secondary-level talks. Right before Andreotti's departure, his Foreign Minister Arnaldo Forlani returned from Spain bearing a pledge from the Spanish government to back the Italian position at Belgrade. Shortly before this, West German Economics Minister Hans Friedrichs also made a stop-over in Madrid on his way back from Tunisia. This diplomacy neatly coincides with a reported Soviet overture to Madrid: an offer to sell Spain oil in return for Spain's rejection of U.S. pressure to join NATO.

A number of top-level East bloc delegations are touring, or plan to tour, European capitals, Hungarian party chief Kadar, accompanied by his Foreign minister and Foreign Trade Minister, will arrive in June for talks in Bonn and Rome. This week West Germany hosted a Polish delegation led by Politburo member Babiuch, and

Michael Solomentsev, chairman of the Ministerial Council of the Russian Soviet republic, who is meeting with top Ruhr industrialists.

Yugoslavia, in the meantime, is rebuffing the Carter Administration's attempts to make a mockery out of Belgrade. Last weekend, President Tito personally told U.S. Vice President Walter Mondale that Yugoslavia is not about to listen to lectures on "human rights" from anyone, particularly from the U.S. The host country's Foreign Minister Milos Minic told a West German interviewer that the Belgrade conference will concentrate instead on the international issue of nuclear energy development. The Yugoslav daily *Vjesnik* has criticized Carter for his "medieval crusade against nuclear energy and nuclear technology," which has "slammed the door in the face of the developing nations...and angered the United States' allies as well."

Carter has been trying to keep the Yugoslavs off balance though alternating "friendly" with menacing policy decisions and propaganda. Mondale informed the Yugoslavs that Washington has dropped restrictions which would have held up completion of a nuclear power plant under construction there by the Westinghouse Corporation. Aging Democratic Party Eastern Europe specialist Averell Harriman and the Second International's Willy Brandt have given interviews to the Yugoslav paper *Politika* in which they discuss scenarios for U.S. "support" to Yugoslavia in case of a "Soviet attack."

The U.S. has cleared the appointment of Lawrence Eagleburger as its ambassador to Yugoslavia. Eagleburger is a former aide to the detested Henry Kissinger. Eagleburger's close ties to Trilateral commission terrorist specialist Anthony Lake serve to remind Belgrade of the ever-ready threat of deploying Croatian "Ustashi" terrorists to destabilize the country.

The Yugoslav Interior Minister has responded to this latter threat by praising West Germany's efforts to root out the Ustashi networks in that country as a "positive contribution to Helsinki."

Podgornyi Ouster Presages USSR Foreign Policy Shift

Yesterday's ouster of Soviet President Nikolai Podgornyi from the Communist Party Politburo without an official explanation signals that the biggest Soviet leadership struggle since the end of the Khrushchev era has begun.

While the dust has not yet settled from the surprise demotion, and news dispatches from Moscow report rumors of more leadership shuffles to occur there in short order, coinciding Soviet international moves indicate that Podgornyi's removal was part of a Soviet faction fight over major foreign policy decisions. The assertion of an "interventionist" foreign-economic-policy tendency is particularly strongly suggested.

Yesterday's *Financial Times* of London carried an interview with Janos Fekete, director of Hungary's Central Bank and a leading advocate of a gold-backed international monetary system — one capable of replacing the bankrupt dollar system. Fekete reported

an expansion of his bank's operations including the news that its deposits from Arab customers amount to \$30 million dollars. Fekete's reemergence is all the more significant because the Hungarian Communist Party leader Janos Kadar, accompanied by his Foreign Minister and Foreign Trade Minister, will begin a European tour in early June by conferring with Prime Minister Andreotti in Rome and Chancellor Helmut Schmidt in Bonn, the two foremost anti-dollar political leaders in Europe.

In preparation for a meeting of the CMEA's permanent currency and financial commission this week, Hungarian Finance Minister Lajos Faluvergi issued an article in the Hungarian party daily *Nepszabadszag* calling for upgrading and streamlining the functioning of the transfer ruble within the CMEA countries. The Hungarians have consistently been the major spokesmen in favor of extending the transfer ruble for use as credit out-