

June 7, 1977
Vol. IV
No. 23

EXECUTIVE INTELLIGENCE REVIEW

New Solidarity International Press Service

five dollars

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EXECUTIVE INTELLIGENCE REVIEW

P.O. Box 1922 GPO New York, N.Y. 10001

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Executive Intelligence Review is published by Campaigner Publications, Inc.,
231 West 29th Street, New York, N.Y. 10001 — Printed in USA
Single issue price: \$5.00 (U.S.)
Subscriptions by mail: \$225 for 1 year (52 issues)
\$115 for 6 mos., \$60 for 3 mos.
Address all correspondence to: Campaigner Publications, Inc. P.O. Box
1922, GPO New York, N.Y. 10001

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IN THIS WEEK'S ISSUE —

Carter moots U.S. “**first strike**” against USSR... White House hawks “**Mark 12A**” **fantasy** of U.S. nuclear superiority... Defense Secretary Brown studies “**limited nuclear war...**” This week’s **International Report** charts **David Rockefeller’s** course to a “**Cuban missile crisis**” showdown with the Soviets which will reduce the USA to a pile of radioactive rubble **during 1977.**

* * *

The **Soviets** will not cave in to Carter’s **bluff...** as included excerpts from the statements of **Brezhnev** and his generals strongly indicate. Our **International Report** also reviews how Italy’s **Andreotti** and West Germany’s **Schmidt...** together with the more intelligent **East Bloc** circles... are acting to forestall holocaust by concluding political-economic cooperation **agreements** at the upcoming **Belgrade** conference on **European security.** The Carter policy... unveiled in interviews presented here... to use “**human rights**” issues to “**provoke the Soviets to storm out of the conference.**”

* * *

U.S. Labor Party chairman **Lyndon H. LaRouche, Jr.** has issued a special open letter, “**To The Governments of a World at the Brink of War,**” (see **International Report**). LaRouche’s detailed global military-strategic

analysis concludes with a warning that if national leaders do not act on what they know... **by publicly espousing the LaRouche policy** to destroy the Rockefellers through international **debt moratoria** and the establishment of a **new monetary system...** the **West** will die this summer a victim of its own **cowardice.**

* * *

In the USA... the **Carter Administration** has begun a head-on **Gestapo assault** against LaRouche and a wide spectrum of its lesser political opponents. The **Federal Elections Commission** is a central element in the conspiracy... Our **National Report** details the **scope, history, legal machinery** of the FEC operation... documents the police state tactics with excerpts from **government files...** and the **security records** of the U.S. Labor Party.

* * *

A **fog** descends on **Congress...** which has okayed the Carter No-Energy Department scheduled to be headed up by **James Schlesinger.** **Rockefeller Democrats** are now “**challenging**” the President to “**toughen up**” his program to shut down U.S. industry... and **speed up** its timetable for **passage.** Our **National Report** also includes a report on the Administration’s “**non-proliferation**” energy blackmail against the rest of the world...

INTER-NATIONAL
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ASIA
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U.S. press finally breaks the story — Third World **can't pay** dollar debt... North South talks **collapse**, U.S. threatens "19th century **repression**" of Third World... U.S. banks' **death wish**: more dollars go to refinance Rockefeller debt... **LaRouche** economic analysis published by **French parliamentary press**... see **Economics**.

* * *

The **Middle East** flashpoint is near explosion. **Arab** nations have gone on **alert**... a war cabinet is forming in **Israel**... The **Arabs** have confirmed that **Zbigniew Brzezinski** was behind the bombing of **Saudi oil fields**... There's an **inside-outside** job on **Algeria**... and **Carter** has targeted **Lebanon**, the **Aegean** and **Red Sea** regions for crises which could trigger **full-scale Arab-Israeli war**.

* * *

Rhodesia invades **Mozambique**... with the behind-the-scenes blessing of the **Carter Administration**... now pushing **race war** in southern **Africa**. A **bloody coup attempt** by **Carter** intelligence networks against the pro-socialist government of **Angola**... for the full story, including **dossiers** on the **coup plotters** and **bios** of key **Angolan leaders murdered** in the **coup attempt**, see **Africa**.

* * *

Cuba has blown the **whistle** on **David Rockefeller's Trilateral Commission**, the gang that runs the **Carter Administration** top to bottom. Our **Latin America** section carries the **Cuban attack**... includes a report on the **U.S.-Mexico Interparliamentary Conference**... which ended with a **victory** against **Carter's oil grab** and **drug proliferation policies**.

The **USSR** has sent the **Maoist leadership** in **China** a **stern diplomatic warning** against collaborating with **Carter Administration** plans for a "second front" against the **Soviets** in **Asia**. The **EIR** carries the **complete text** of the **Soviet note**.

* * *

Contrary to the assertions of **Schlesinger and Co.**, **decreased energy consumption** produces direct increases in **infant mortality**. See our **Energy** report for documentation from **Bangladesh**. Plus an **eyewitness report** from the international energy conference in **Salzburg** on the **Soviet fast breeder reactor program**.

* * *

"**Conservation**" as an alternative to expanding energy resources is **unconstitutional**, according to a **U.S. Labor Party brief** to be filed with the **U.S. Supreme Court**. For excerpts of the brief, written in **defense** of a **nuclear power plant** in construction in **Michigan** under attack by **Naderite environmentalists**, see **Law**.

* * *

The **USSR** has "**sputniked**" the **USA** again... this time on the important **MHD process**... which provides a sane **energy alternative** to **Rockefeller's coal gasification schemes**. See **Science and Technology** for a report on the recent **international MHD conference** in **Pittsburgh**.

* * *

This week's **special economic survey**... the state of the state of **New Jersey**... prepared by the **USLP's candidate** for governor **Leif Johnson**.

Carter Bluffs First Strike Capability

In a series of statements by President Jimmy Carter and his Administration spokesmen and stories leaked to the press by the White House, the Carter Administration this week demonstrated its commitment to an early nuclear showdown with the Soviet Union — including the use of a U.S. first strike — and acted to psychologically condition the United States population for nuclear war.

On May 19, Jimmy Carter shocked ten select Senators called to the White House with the pronouncement that the U.S. “has a first strike capability” which has “the Kremlin deeply worried.” The President then boasted in an interview in this week’s *U.S. News and World Report* that “in areas where nuclear weapons are deployed in the Western Pacific and also in Europe, their very deployment implies a possibility of their use, if necessary.”

On May 28, Carter informed reporters that “I believe we are well ahead of the Soviets in technology.” The President’s statement directly contradicts revelations by Air Force General Major Keegan that the Soviet Union has developed an electron beam weapon which gives the USSR a nuclear war-winning capability.

In the May 28 press conference, Carter also foreshadowed a story which appeared June 1 in the *Baltimore Sun* under the headline “U.S. Soon to Deploy Warhead Able to Destroy Soviet Missiles in Silos.”

The next day White House press spokesman Jody Powell pushed the Carter Administration’s new “wunderwaffen” hoax with the claim that the U.S. is deploying a “new” Mark 12A warhead “which you might say give us a temporary distinct nuclear advantage.”

However, the Pentagon had earlier issued a statement asserting that the new warhead will in no way increase Soviet vulnerability and will only begin to be deployed in two years.

On June 2 the Pentagon went officially on record with the assessment that “the Mark 12A program is so far short of actually threatening the Soviet deterrent force... that there’s no way that the Minuteman improvement force would make the Soviet Union force vulnerable to American attack.”

The only source aside from the White House and its press outlets who seemed to agree with the Mark 12A story was Rockefeller agent Georgii Arbatov, a member of the Central Committee of the CPSU, and chief of the Canada-USA Institute, who furnished the *Baltimore Sun* with the comment that “I find it interesting that no one spoke of the Mark 12A warhead, which constitutes a major threat now — not in several years.”

The 1962 Parallel

The President’s behavior is an almost exact rerun of the Kennedy’s Administration’s moves that precipitated the 1962 Cuban missile crisis. That crisis was set up when the Rockefeller-backed Kennedy dispatched his Secretary of Defense Robert McNamara to deliver his June 1962

Ann Arbor “counterforce” war-speech — in which McNamara suddenly announced in an 180-degree turn-in-line that the “Missile Gap is closed,” “the U.S. has a 4 to 1 ICBM advantage,” and “we are targeting and can destroy with a first strike Soviet missiles in their silos.” The Kennedy psychological warfare campaign destabilized the world strategic situation and led directly to the October, 1962 nuclear confrontation with the USSR.

However, the Carter replay of the Ann-Arbor confrontation scenario occurs under different and far more dangerous circumstances: in the middle of a world financial collapse in which the financier faction behind the Trilateral Commission and Carter Administration is desperate to preserve its bankrupt holdings at all costs. In addition, the Soviet Union is currently committed, if provoked, to a war-winning nuclear fighting posture and enjoying the capability to carry it out. The White House is in fact engaged in an effort to cover up the actual strategic situation and the virtual collapse of the SALT talks caused by the Administration’s provocative demands for “technological disarmament.”

Leading U.S. Congressional patriot circles — well aware of the Carter-induced collapse of the SALT talks and informed by Maj. General Keegan and others of Soviet technological and war-fighting superiority over the U.S. — were reportedly very “worried” by the Carter briefing and the President’s “lack of contact with reality.”

In their nationally syndicated column May 28, Evans and Novak report that “President Carter worried ten select Senators when he gave them a description of what he said was worrying the Kremlin... The President said the Russians were worried about U.S. first-strike capability... In fact, the U.S. is not close to such capability, and the Russians know it.”

According to Evans and Novak, “Carter next suggested that the Kremlin is deeply worried about revived German militarism... a theme even further removed from reality than U.S. first-strike capability... ‘This was not the time or place to argue with the President,’ one defense-minded Senator told us. ‘But I, for one, was worried.’”

On June 3 the Carter issued a Presidential Review Memorandum 10 (PRM) for a “nuclear policy review,” which according to *Newsday* will examine “whether it is possible to have a limited nuclear exchange” and “reevaluate the targets at which U.S. missiles will be aimed and possible scenarios in a nuclear war.”

But there are indications that not even the U.S. population — let alone the Soviet Union — will accept the Carter Big Bluff. On June 2, ABC commentator Howard K. Smith, attacked Carter’s “cover-up” of the actual military strategic situation. Smith cited “overwhelming evidence” of Soviet military superiority and war preparation and stated that “the nation’s future and survival depends on ending the suppression of the truth by the Administration.”

Belgrade Preparations Threatened By New 'U-2 Affair'

East and West European leaders are now more confident than ever that the mid-June Helsinki follow-up meeting in Belgrade, Yugoslavia, can be turned into an effective instrument for initiating what Italian Prime Minister Giulio Andreotti has termed "Phase III" of international relations. However, all the preparations of the past weeks could come to naught through a report leaked by the U.S. "liberal" press that the Soviet dissident Anatolii Shdiarskii has been charged with treason.

Sources within the U.S. Congressional Helsinki delegation said yesterday that at Belgrade the U.S. intends to filibuster on this incident, and hopes thereby to provoke the Soviet delegation into walking out of the conference in protest. This U.S. ploy is identical with the 1960 "U-2" incident, which led to the collapse of the detente negotiations between Khrushchev and President Eisenhower. If it succeeds, it would be a serious blow not only to U.S.-Soviet relations, but to Europe's efforts to form a workable alliance with both East Bloc countries and the Third World.

The Third Phase

The resounding success of Italian Prime Minister Andreotti's visit this week to Rumania properly situates the reason why the Carter Administration has been compelled to act in this way. Speaking at a press conference following meetings with Rumanian President Nicolae Ceausescu, Andreotti announced the dawn of a post-cold war, post-détente "third phase" in international relations, which he identified as the new world economic order. This phase is "characterized by the opening of relations with the Third World and socialist states," he said, describing the Belgrade conference as a place where this could be put formally into motion.

Andreotti has been prominently touring the Mediterranean area in order to organize a policy consensus on the need for a Mediterranean peace zone to include the Balkans and the Middle East. The first leg of his travels has included Greece and Rumania, and he will make a second foray to Iraq and Libya during the first weeks of June. Meanwhile, Andreotti's Foreign Minister, Arnaldo Forlani, has already been to Spain, and will be arriving in Yugoslavia in the next few days.

Their work has resulted in full support from Greece, Rumania, and Spain for the peace zone proposal, signifying good prospects for this item to be at the top of the Belgrade agenda.

But Andreotti is fully aware that if the Belgrade results are not to be mere scraps of paper, they must be complemented with a drastic intensification of development-oriented international cooperation. Therefore at his Rumanian press conference he praised the Belgrade conference and the Helsinki accords preceding it for being "revolutionary," since they taught the world the need for "multilateral relations" to supercede bilateral

negotiations between the superpowers.

In order to demonstrate the kind of cooperation required, Italy and Rumania signed a multilevel agreement for mutual development and joint ventures into Asian and African projects, amounting to \$240 million.

Exactly the same sentiments were reflected in comments by Yugoslavian President Tito, currently the host of West German Chancellor Helmut Schmidt. In a statement on his Belgrade objectives, Tito warned of the "present worsening of relations between the two superpowers," and said that an effort by other countries could improve the overall world situation.

Schmidt, who in an only slightly more quiet way is working towards these same goals, found broad agreement with Tito, especially on the issue of nuclear "non-proliferation." Contrary to the U.S., both leaders insisted that although effective non-proliferation measures are desirable and necessary, in no way should this put roadblocks in the way of "technology transfer" — the code-word for serious capital exports to the Third World and East bloc countries. This statement reinforces Schmidt's firm stand at the London economic summit against U.S. attempts to halt West Germany's large nuclear technology deal with Brazil.

Yugoslavia has also been host to another internationally known pro-development figure. Former Mexican President Luis Echeverria, now special ambassador for Third World affairs under the Lopez Portillo administration, arrived in Belgrade last weekend to attend a conference on "The New World Economic Order for Development." Although the Third World has taken relatively few independent political initiatives recently, a hardening and potential change in their position is indicated by the title of one working group in this conference: "The Impact of the Trilateral Commission on the North-South Dialogue."

West Germany's Federal President Walter Scheel, meanwhile, has himself been visiting Mexico for consultations with President Lopez Portillo and industrialists. Since Chancellor Schmidt, who has assumed the role of advanced sector interlocutor on behalf of the Third World, has repeatedly hailed West Germany's "model" relations with Yugoslavia, it is very likely that Mexico will be next in line for special ties. At a press conference in Mexico City, Scheel has called for clearing away many of the regulations which currently hinder small- and medium-sized West German firms from doing successful business with Mexico.

Military Détente

If the Belgrade conference succeeds, in spite of the Carter Administration's "human rights" antics, in sealing an agreement on Mediterranean and Third World cooperation, the next immediate questions to be considered will have to be in the area of military strategy, centering on the role of the NATO and Warsaw Pact countries.

West Germany's authoritative position in NATO puts Chancellor Schmidt into the most favorable position for reducing the threat of nuclear war through serious disarmament efforts with the Warsaw Pact. Over the past week there have been certain indications that the Schmidt government is moving in the direction of discarding NATO's official "forward defense," "limited nuclear war" strategy in favor of one more in keeping with West Germany's actual defense needs.

In response to a question from the opposition parties about what the country would do in the event of a "surprise" Warsaw Pact attack, the government has stated that a complete surprise is impossible, since the imminence of war would first be signaled politically. In addition, instead of complying with General Haig's desire for massive arms build-ups in the North German plain, the government merely acknowledged the weakness of

NATO forces there. The West German forces therefore need a "certain level" of cooperation with NATO, while at the same time the government insists that the Mutual and Balanced Force Reduction talks in Vienna are useful and can help the continuation of detente.

This position was backed up by an article appearing in the Munich daily paper, the *Süddeutsche Zeitung*. Military correspondent Franz Potyka explicitly attacked Christian Democratic defense "expert" Manfred Wörner for demanding an increase in the number of army reserves. Potyka correctly pointed out that the major real problem with the West German army is a lack of the kind of high-quality education which produces soldiers who can make intelligent decisions in the midst of unpredictable situations. The kind of "flexibility" Potyka is calling for is therefore completely alien to automated dolls required for the "flexible response" scenarios of Schlesinger, Brown, et al.

'I Can't Imagine Anything But Confrontation'

An attempted replay of the famous U-2 incident — this time with "Soviet dissidents" instead of a card-carrying spy in the featured role — appears to be on the agenda of the June 15 Belgrade meeting of the Conference on Security and Cooperation in Europe (CSCE).

Sources in and around the Carter Administration point to such an incident as a way to preempt European and East bloc initiatives for a Mediterranean peace zone and North-South development relations. The Soviets are to be provoked into walking out of the conference over the proposed "human rights basket," in particular, accusations of Soviet "political repression."

This strategy was described in interviews this week by a top CSCE staffer and, somewhat more guardedly, by a State Department official specializing in CSCE affairs.

CSCE Staffer: 'The Soviets Will Storm Off and Go Home'

Meg Donovan, assistant to the chairman of the CSCE, Rep. Dante Fascell, told the Executive Intelligence Review this week that a U.S.-Soviet confrontation at the conference is bound to occur.

EIR: What preparations are you making for the upcoming Belgrade conference?

Donovan: Rep. Fascell introduced into the Congressional Record today a strongly worded protest against the Soviet charge of treason against Anatoly Scharansky. The Commission will hold hearings June 3 on Soviet repression of the Orlov Helsinki group, set up to monitor Soviet compliance with the Helsinki accords. The group was formed a year ago and since then, its members have been jailed or forced to emigrate. Our hearings will focus on the repression of this group. We will hear testimony from two members of the group who have been

forced to emigrate. We will also take testimony from Edward Bennett Williams, hired by (Alexander) Solzhenitsyn to defend another member of the group who is now in jail, Alex Ginzburg. Williams has been denied a visa by the USSR to defend his client. We will also release a report put out by the Orlov group in Moscow.

EIR: What are the prospects for the Belgrade conference?

Donovan: We don't want a confrontation, but I can't imagine anything else at this point. I just read a May 28 Pravda article in which Brezhnev lambasted the human rights campaign and stressed cooperation in trade and science. Given his statements, I imagine the Soviets will storm off and go home when we raise human rights compliance.

EIR: What is your view of Italian Prime Minister Andreotti's tour of Greece and Rumania to organize a consensus for a Mediterranean peace zone? Also, what do you think of the Andreotti-Ceausescu call for the Belgrade conference to set up a working group "to deal with the problem of security in its Mediterranean dimension."

Donovan: The Mediterranean peace zone will be the topic some people prefer, but it's of limited interest to us.

EIR: What of the Andreotti-Ceausescu agreement for mutual development and joint ventures in Asian and African development? What about Andreotti's declaration that the upcoming Belgrade conference is the proper forum for discussion of the new world economic order, and North-South relations? Since the recently concluded Paris North-South talks satisfied no one, will the U.S. support Andreotti's proposal?

Donovan: I really don't know anything about this. I don't think anyone here is working on North-South relations.

State Department: 'Italy and West Germany Will Go Along With Us'

An official at the CSCE Affairs desk of the U.S. State Department indicated that "human rights" issues will dominate the conference, and declared that the "Western states" will stand behind the U.S.

EIR: How is the U.S. responding to Andreotti and Schmidt's pre-Belgrade initiatives? How does the State Department view the Andreotti-Ceausescu call for discussion of the "Mediterranean dimension?" And will the U.S. agree to discuss development issues at Belgrade?

Madden: At the substantive meeting in the fall, there will be a review of Helsinki provisions relating to the Mediterranean. At that time there will be an opportunity to make new proposals. In general, however, our interest is in the East-West aspect of the final accord. The main focus of the U.S. and Western countries will be on family reunification and the free flow of information and ideas.

EIR: How will the East bloc respond to the U.S. emphasis on human rights?

Madden: It's difficult to say at this point. The Soviets are not terribly interested in those aspects of the negotiations which you mentioned. At the CSCE the Mediterranean issue was only a concern of a few states — Malta, Cyprus, Yugoslavia. The final result was a broadly worded section, representing the interests of only a few states.

The other states were willing to go along, but not terribly interested. I would expect this pattern to continue at Belgrade.

EIR: What about Western European nations like Italy and West Germany? They seem to be in favor now.

Madden: When it comes to the bottom line, they'll go along with the U.S. Basically, you'll have the Western states and the Eastern states and two groups of neutral states. The first group is countries which have the same interests as we do, such as Switzerland, Sweden, Austria. The second group are those like the Maltese and Cypriots, who have their own interests.

EIR: What about North-South relations?

Madden: That goes a great deal beyond CSCE. It's very unlikely there would be much support for opening up a whole new field — there are more appropriate arenas than the CSCE. It's difficult to see how you could open up a whole new field, even though you can put forth new provisions in the fall.

EIR: What implications does the Scharansky affair have for the Belgrade conference? Doesn't that indicate that the USSR will not agree to make the human rights issue the paramount subject of discussion?

Madden: First of all, all we have on the charges against Scharansky is press reports. We have no confirmation from the Soviets on that. What develops in the human rights field will be in the next four months no one can say at this point. Anything could happen.

To The Governments Of A World At The Brink Of War

The following statement was issued on June 4th, 1977 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential candidate.

It is now clear to all leaders of the governments and major parties of the world that the analyses and warnings I have circulated among you during recent years to date are profoundly correct. Global events have proceeded along the line of development of which I have warned, and, in consequence of that, we now stand at the brink of global atomic-biological-chemical warfare.

Although the exact timing and exact circumstances of an outbreak of general war can not be precisely predicted, we have entered into a geometry in the relations among finance, economy, nations and major factions which is at the verge of becoming an uncontrollable plunge into general war during the immediate period ahead. The issue before us is not that of attempting to predict exactly when and how war might erupt; the issue is that of adopting resolute action to effectively disrupt the complex of interacting processes which are the rapidly developing preconditions of imminent general war.

The Driving Force Toward War

The driving force impelling the world toward general war is the commitment of financial circles typified by David Rockefeller to attempt to stabilize monstrous bubbles of financial speculation, such as the notorious "Bermuda Triangle" element of the Eurodollar market.

This has been underlined in recent statements by President Carter and in other public statements by spokesmen for the Carter Administration. The extent of the international financial overhang is of such a magnitude that a postponement of total collapse of the remains of the Bretton Woods system past the third quarter of 1977 could not be accomplished without imposing Chilean models of austerity throughout both the developing and OECD nations. The interests allied with David Rockefeller and the Carter Administration itself have made it clear that such austerity, modeled in intensity upon Nazi occupation practices of the 1940-1945 period, is the conscious policy commitment of those forces at this time.

This leads directly toward probability of general intercontinental war during 1977 because of the strategic implications of such austerity measures. Forces allied with David Rockefeller's interests are determined to force a Soviet back-down in face of a gigantic parody of the 1962 Cuba missiles crisis, as a calculated effort to break the will to resist austerity throughout the OECD and developing nations, and to also set up the preconditions for conquest and assimilation of nations of the Warsaw Pact at a subsequent date.

Although Rockefeller puppet, Jimmy Carter, compares unfavorably with Adolf Hitler in matters of attention-span, comprehension and emotional stability, as the puppet of the David Rockefeller-centered interests Carter's personal inadequacies only contribute to the

effect that he is in practice a far worse menace to the human species than Adolf Hitler.

Furthermore, the Carter Administration and allied forces prove conclusively that they are committed to general, intercontinental ABC warfare by the way in which they have lately increased their blatancy in lying concerning the military-strategic balance of war-fighting capabilities of the NATO and Warsaw Pact forces. Exemplary of this is the most recent chatter from Air Force Academy cheating-expellee Jody Powell concerning the so-called Mark 12A warhead. Powell attributes a war-winning potential to a war-head scheduled for delivery two years hence, whose sole projected military effect would be to damage *empty* Soviet missile silos.

The significance of this lying is that the pro-confrontation faction dominating the Carter Administration is disposed to risk actual thermonuclear war, but, knowing that most U.S. citizens and NATO governments are not,

The theory of depth operations was a major achievement of Soviet military thought. Here the problem of breaching the enemy's in-depth defense and turning a tactical success into an operational one was solved for the first time. This fundamentally new theory of offensive operations made it possible to renounce slow, gradual overcoming of the enemy's defense positions in favor of more decisive and maneuverable forms of waging combat and operations.

The essence of the theory of depth operations was the simultaneous destruction of the enemy's defenses throughout the depth of their positioning; breaching of the tactical zone of defense; and swift, deep offensive action...

A great deal of attention in our military theory was devoted to the economic prerequisites for war and use of the moral-political factor for victory over the enemy.

— Marshal of the Soviet Union, I. Bagramyan
Kommunist, May 1977

the Administration is flagrantly lying as an attempt to manipulate the wills of the credulous.

The only possible political alternative to near-certainty of general, intercontinental ABC war during 1977 is the establishment of a new world monetary system immediately.

I can not guarantee that that measure will succeed. While President Ford was still in office, it would have succeeded; with the Carter Administration, all rationality and realism concerning U.S. vital interests is effectively lacking. The Carter Administration will not respond rationally or realistically to the interests of the United States or its allies as a capitalist industrial nation; that Administration is governed solely by the perceived self-interests of David Rockefeller and allied circles.

All that I — or anyone else can promise competently — is that establishing a new monetary system, if done immediately, will enormously reduce the risk of war. If such a new monetary system is not established, war is certain, and with a proverbial 90 percent probability, before the end of August 1977.

The danger of war does not arise because the Carter Administration is committed to having such a war. It is merely committed to creating an overwhelming risk of general war, clinging hysterically to the hope that Warsaw Pact political surrender will enable them to avoid actual war-fighting. The Warsaw Pact clearly does not wish a general war. However, the policies of David Rockefeller et al. have put the NATO forces on a short-term collision-course with the most vital and fundamental interests of the Warsaw Pact nations. World War III will erupt for the same reasons of wishful miscalculation that determined the course of World War I. It will erupt for the same reasons of criminally wishful miscalculation that Neville Chamberlain and Daladier exhibited during 1938 Munich discussions with Hitler, their criminal stupidity in imagining that a Nazi Germany projected eastward would not secure its position for that enterprise by first crushing France.

It is the stupidity of men driven mad by the desperation of their financial bankruptcy which is impelling the world toward general war.

See It From the Soviet Side

As for the Warsaw Pact side, I am not privy to their councils, and can not be certain that they themselves have thought through this situation fully enough. I know the relative strategic capabilities of the forces deployable, and I know I would be forced to act if I were placed in the position Soviet leaders will soon confront if the Carter Administration continues its present policy.

I state that here, because there are certain governments and parties who are still duped into wishful pictures of a theater-limited military confrontation involving NATO and allied forces.

The military and related strategic advisors upon whose opinions the Rockefeller forces rely — what we in the United States refer to as the “utopians” — reject the lessons of the American Revolution and all the major wars following it. Their strategies converge upon the “set-piece” military doctrines of the mid-eighteenth century. No professional military person or political strategist who has studied military Machiavelli and Clausewitz on war and the militia principle, who has studied the period 1776-1815, the U.S. Civil War, two world wars, the Yugoslav partisan warfare or the lessons of Indo-China 1946-1976, would tolerate so abysmally incompetent a strategic policy and evaluation as these utopians provide.

Certainly, the Soviets will not base a political strategy or a war-fighting doctrine upon such utopian nonsense.

The object of war is to win a durable peace. This prescribes that the defeated forces will accept peace because it is based on policies corresponding to the vital interests of their nations, in which the economic prosperity of the nation is fundamental and determining of the feasibility of fulfilling other forms of self-interests. Hence, the forces associated with David Rockefeller, because they

are committed to austerity policies emulating Nazi occupation policies, are incapable of winning a peace, and therefore can neither win a war against a well-matched adversary, nor induce him to surrender in favor of some alternative set of vital national interests.

The principal reason Napoléon Bonaparte was finally defeated was that his foreign policies were those of looting the nations of Europe rather than establishing republican governments efficiently directed toward developing industrial progress in concert with France. It was not England or Prussia, or Russia, that defeated France, but Napoléon himself, a fact exemplified by the militia forces created by the Scharnhorst reforms.

Nazi Germany was defeated for the same categorical reasons, the same vital political principles of strategy which defeated the U.S. forces in Vietnam. U.S. strategy toward Indo-China was degraded to the objective of pure destruction, because U.S. policy, especially after the dumping of “Big Minh,” precluded offering the adversary population the positive basis for a durable peace. Nazi Germany had no war-aims but the cannibalistic looting-to-extension of the subjugated economies and populations. Nazi Germany therefore had no competent strategic war-objectives but an interminable war-fighting whose very successes accumulated the potential forces of the Nazi forces’ destruction.

The strategic policies of David Rockefeller and his allies are identical in character and implications to those of Adolf Hitler. Just as the Nazi regime was impelled to loot Europe because austerity against the German industrialists and labor force, austerity in behalf of the Mefo-Bill and Rentenmark financial bubbles, could no longer be continued without destroying Germany, so David Rockefeller and his dupes and allies are embarked on the same extrapolation of a Schachtian inward-turning hyperinflation. The Carter Administration, while it continues to be David Rockefeller’s puppet, can not win a war for the fundamental reason that it is incapable of adopting durable peace-winning objectives.

In that sense, the Carter Administration is incapable of formulating a war-winning strategy against any well-matched adversary. It is incapable of gaining wilful surrender against any well-matched adversary, because the results of surrender are the same as those of surrender to the Nazis. The Carter Administration can obtain the surrender only of forces which lack effective means to resist overwhelming pure military forces deployed against them.

Thus, the utopian’s reversion to the degenerate “set-piece” military doctrines of the eighteenth century.

This is exemplified by the nonsense doctrine of “deterrence.” Military capabilities define only threshold-levels for war-fighting. When the most vital interests of any nation are threatened, it must fight a war at all costs, if it has the means to do so. The Carter Administration’s utopians do not think in terms of fighting a war against a well-matched adversary, but only of the use of the threat of war, the “aura of power,” in place of war-fighting itself.

The Soviet command, on the contrary, *if forced to war*, has a basis for a war-winning political strategy. Whereas, the Rockefeller strategic policy is slashing the extent of the productive forces of agriculture and industry, and

reducing populations, Soviet economic policy is development of productive forces and realizing the productive potentials of labor forces. This distinction arises because the financially bankrupt Rockefeller forces have a *monetarist* policy, while the Soviets have an *economic* policy.

If, then, the Soviets are confronted with the choice between losing all of their population through surrender or some of their population through war, they must choose war, and pursue that with a commitment to establishing a durable peace through a war-winning strategy, no matter how awful the price this incurs. War, if won, saves something: surrender means all is lost. Faced with such a choice, at such time they are confronted with that calculation, the Soviets must launch general intercontinental war.

If I were in command of Soviet forces, I would have only one course of war-fighting action accessible to my view. I insist that any qualified political or military strategist placed in the same position, would achieve the same outlook. The first act of war must be to destroy as much of the adversary's in-depth war-fighting capability as is immediately possible by the maximum of means available to that purpose. That means that an immediate full-scale launch of maximum intercontinental throw-weight of all ABC weapons against the military bases and population centers of the United States and Canada, plus, simultaneously, nuclear and other ABC destruction of every NATO and allied military base or relevant deployment in every part of the world, with special emphasis on ABC-armed naval capabilities.

The urgency of dwelling briefly on that point, as we are doing here, is that numerous frightened governments and similar circles have wishfully accepted at least an approximation of the utopian doctrine of "escalation." It is wishfully argued that since modern war is so terrible, principal adversaries will therefore elect to limit the scale of warfare as much as possible. That is not an arguable military-political doctrine: any belief in the doctrines of "escalation within maximum deterrent capability" is sheer imbecility.

The governing risk in war is the danger of losing the war.

Hence, the conduct of war must start with the maximum possible destruction of the adversary's *in-depth* war-fighting capabilities. This pre-shapes the circumstances in which the outcome of the war will be determined.

The possibility of winning a war by limiting initial objectives to first-line military targets in an illusion, comparable to the would-be professional boxer who enters the ring believing that if he is sufficiently clever he will never be hit a painful blow. One must, in fighting a war, start by acknowledging that the adversary's deployed military capabilities will effect that damage of which they are capable, a damage which can be only partially deflected. The idea of some "Superman" from the American comic strips arriving to destroy an adversary's first-line weapons before they are fired is just that — an infantile fantasy, like Goebbels' "miracle weapons."

On the other hand, if one can eliminate an adversary's war-fighting capabilities in depth, and is prepared to survive his initial force capabilities, then the basis for

winning the continuing war is firmly grounded. It is *after* the maximum possible destruction of in-depth logistical and related capabilities of the principal adversary that the continuation of the war by ground-fighting in an ABC-shaped geometry of aerial-and-ground artillery and infantry begins.

World War III does not begin with ground-fighting on a theater-limited scale between principal adversary forces. Once the war between principal adversary forces is initiated, the war begins with total, simultaneous use of the so-called "maximum deterrence," and then the ground-fighting begins amid the ABC-saturated rubble-piles.

There is no other way to order the fighting of a thermonuclear war, unless one is determined to lose that war.

This is the situation the lunatics of the Carter Administration are gambling with.

The Edge of Midnight

To avoid that, or to at least secure an excellent possibility of avoiding that, the governments and major parties of the world must immediately cast off those wishful delusions which have shaped their pathetic vacillations and blunderings on the crucial strategic issues to date.

It is indispensable that the bulk of the Third World external financial debt be frozen immediately: debt moratoria. Without that nothing works. There are those who threaten to do horrible things if this occurs, but what is to be feared more than the general thermonuclear war which becomes immediately unavoidable unless a new monetary system is established?

Debt moratorium by itself will not work. Without a new monetary system, providing credit for international trade and vast imports of high-technology into the developing nations, there is no way out of the current depression, and therefore no possibility of avoiding general war. Any leading force which acts in any way to attempt to block the establishment of such a new monetary system is, intentionally or not, an accomplice in promoting World War III.

The issue is not between the United States and the Soviet Union. It is between David Rockefeller and the human race.

Every informed person knows this, but most governments and leading parties have so far lacked the courage to tell the truth on this issue, or to act competently to neutralize Rockefeller and his dupes and allies. Although I have warm regard for many of these governments and parties' leaderships as well-meaning persons, in face of the most vital issues facing their nations and humanity, most of them have behaved like cowards.

You know that I am not seized by such intellectual cowardice. I have presented competent solutions to this mess, and will not flinch from fulfilling those commitments. Therefore, I ask all those governments and major party leaderships which have the perception and courage to save the human race from war to publicly state their confidence in the proposals I have made. If you do, we have a chance to prevent war. If you do not, then the death of your nation and general thermonuclear are to that extent the awful guilt of cowardice you must carry with you to your grave.

June 4, 1977

Brezhnev Answers Carter Provocations

In the week following the May 24 plenum of the Soviet Communist Party Central Committee, which removed President Nikolai Podgorny from the Politburo, General Secretary Leonid Brezhnev charged the Carter Administration with obstructing détente and creating "new difficulties and problems." On a French television broadcast May 29 and in welcoming Bulgarian leader Todor Zhivkov to Moscow the next day, Brezhnev threw his weight behind Soviet Foreign Minister Gromyko's denunciation of the U.S. for preventing "any serious forward movement" at the Strategic Arms Limitation Talks (SALT). Brezhnev indicated that in Moscow's view, any progress on SALT at the recent Cyrus Vance - Gromyko discussions in Geneva could be seen only by comparison with Vance's earlier mission to Moscow when the provocative package of "deep cuts" was first unveiled by Carter and vehemently rejected by the Soviets.

The predominating feature of Soviet foreign policy since Podgorny's ouster — indicated in Brezhnev's statements, the Soviet press and from diplomatic sources — has been increasingly visible war prepared-

ness, as the Soviets are faced with one gross provocation after another from the Carter Administration. Sources present at a recent Warsaw meeting of "Peace Builders" report that Czechoslovak and Rumanian delegates there were privately warning the Western politicians in attendance that the war danger was reaching a point of no return.

Brezhnev's remarks appeared on the background of censorious coverage of Carter in the Soviet press and mounting concern that developments in the Middle East, in particular, are leading straight to a war confrontation. Commenting that the Israeli Likud bloc's invitation to Gen. Moshe Dayan to join the new government points to "an open rejection of the possibility of a Middle East settlement," the party daily *Pravda* also emphasized Carter's press conference declaration that he has "no policy for a Middle East settlement."

Even more direct in its attack on Carter — and more telling on just how serious a provocation the Soviets will perceive in Carter's planned disruption of the June 15 Belgrade conference — was the military daily *Red Star*

Brezhnev: U.S. Still Trying To Chisel SALT Advantage

The following are excerpts from the May 29 speech of Soviet Communist Party chief Leonid Brezhnev. Brezhnev's speech was carried on both French and Soviet television:

...Everyone understands how important it is in our day to strengthen trust among nations. This is especially important when it comes to a delicate sphere of relations such as ensuring security of each people and all peoples. The fundamental task here is to prevent the spiral of the arms race from being wound up further.

Perhaps someone will say that much has already been said on this theme. But truth is not a coin which is worn down from frequent use. And a spiral is not just repeating what happened before. Not only is the planet already saturated with means of mass destruction, but there exists a real and annually growing danger that there will be created new types and new systems of weapons, many times more destructive. You might say, the farther you go the worse it gets. This is the point: It's time to stop!

I am convinced that no national or public leader and no thinking person can back off from his portion of responsibility in the struggle against the war danger. After all, this is responsibility for the very future of humanity.

I will not hide the fact that our concern over the continuing arms race, including strategic arms, has grown due to the line taken on these questions by the new American administration. It is clearly aimed at obtaining unilateral advantages for the U.S. This line, of course, does nothing to help the preparations and conclusion of a new long-term

agreement between the USSR and the U.S. on strategic arms limitation, which has been delayed even before this.

True, the recent meeting in Geneva between the USSR Foreign Minister and the U.S. Secretary of State saw a certain rapprochement of positions — in comparison with the March talks in Moscow — on several questions which had previously been disputed. But it must be said outright: because of the unconstructive U.S. line there has been no serious forward movement. Obviously great efforts are still required in this. The important thing is for the American administration to take fully realistic positions and proceed from the principle of parity and equal security.

As for the Soviet Union, I have said recently and I repeat: We will spare no effort in the struggle not only to limit the arms race — quantitatively and qualitatively — but also for disarmament under mutually acceptable fair conditions. If it is impossible to move the whole block of these problems at once...we are prepared for partial measures. After all, they only have this modest name — in fact the realization of any one of these "partial" measures would push back the war danger to some extent and lessen the burden of the arms race which is so heavy on the working masses....

Brezhnev then listed the following points:

- non-proliferation of nuclear weapons
- agreements banning new types and systems of mass destruction weapons
- a vow of signatories of the Helsinki European Security agreement not to make first use of nuclear weapons

May 30, which covered the U.S. president's human rights crusade as part of an all-out psychological warfare campaign aimed by Western intelligence agencies against the socialist sector. Lieutenant General Shevchenko laid the blame on Carter personally, citing his decision to increase funding for Radio Free Europe.

Equivocation

The question has not been satisfactorily answered of whether the Soviet "hard line" indicated by Brezhnev and the press portends more than war preparedness on Moscow's part. Since the plenum, the Soviet Union has made a visible diplomatic push to organize forces in Japan against the opening of a "Second Front" against the USSR in the form of a Peking-Tokyo-Washington axis (see *Asia Section*). Major trade-related negotiations have occurred with Britain and West Germany. Notably absent, however, has been a shift in Soviet posture vis-à-vis political forces in the United States — other than the more and more furious responses to Carter.

On the contrary, Moscow exhibited on the pages of *Pravda* that certain fundamental lessons have *not* been learned. Thus the same issue of *Pravda* which criticized Carter's press conference idiotically displayed, under the headline "A. Harriman's Opinion," remarks by aging "Russian handler" Averell Harriman in praise of Brezhnev's détente policy — the very policy which has proved so bankrupt in the context of the Carter Administration. Brezhnev's French television speech itself, following his criticisms of Carter's SALT stance, called on Jimmy Carter to take a "realistic position" and get on with détente. Brezhnev pleaded that in lieu of comprehensive disarmament, "partial steps" were desirable, since any agreement on arms limitation would "push the war danger back a little."

On May 30, *Pravda* called General John Singlaub, the officer whose opposition to Carter's Korean troops withdrawal in reality places him and like-thinking American

conservatives in de facto collaboration with Moscow against the "Second Front" strategy, a "hero of the hawks" and representative of the mythical "military-industrial complex." The insidious disinformation on U.S. politics, fed the Kremlin for years by the CPUSA-Georgii Arbatov channels, has not yet stopped.

Denounce Carter SALT Position

The following is excerpted from L.I. Brezhnev's speech at a May 30 dinner welcoming Bulgarian leader Todor Zhivkov to Moscow:

Our enemies should have no illusions. The solidarity of the socialist community is unbreakable. Everything that the enemies of socialism have done to date to break our ranks and set us at cross purposes has had the opposite result...

The road to peace has never been easy, nor is it now. I will say openly that we would like to see the leaders of certain Western countries more ready to consolidate and deepen détente and, as a minimum, refrain from steps which create new difficulties and problems. But what, for instance, did the recent NATO Council session show? ... In essence it boiled down to the NATO leaders agreeing to increase military spending and step up the offensive strength of the bloc, and planning the arms race for years to come.... Or take the question of West Berlin. It would seem that the well-known Four-Power Agreement created the conditions for this problem to be rid of its previous acuteness. But certain circles in the Federal Republic of Germany repeatedly try de facto to amend that agreement ... and heat up the situation around that city. We, on the other hand, want West Berlin to be an area of détente and an active participant in détente....

'The Maneuvers Of The Ideological Diversionaries'

The following article by Lt. General A. Shevchenko is excerpted from May 28 issue of the Soviet military paper Red Star.

Today even the most inveterate enemies of détente are forced to somehow accommodate themselves to the situation that has developed. Bourgeois propagandists are seeking new forms and methods of subversive activities, and are masking lie and slander beneath a facade of democratic and high-sounding slogans. Of course, they have not changed their goals and tasks one iota, although they are striving to make it seem as though they were not acting against the countries of the socialist community as such, but just want to help to somehow "liberalize" the social order in these countries.

The theoreticians and practitioners of ideological

diversion consider the notorious theories of "de-ideologization" and "bridge-building" to be among the foundations of their subversive activities. The essence of these theories states that under conditions of détente and expansion of contacts between states with differing social systems, conditions supposedly are created for bringing peaceful coexistence to the ideological sphere. The proponents of these theories allege that for the further deepening of détente it is necessary to "bring down the ideological barriers," which in fact means striving to open up the socialist countries for bourgeois ideas.

According to a lying theory that has become extremely fashionable in the West, a certain leveling occurs during the scientific-technological revolution, not only the domain of technical achievements such as the equipping

of the armed forces in various countries with new models of weapons and other technology is affected, but also the views, interests and sentiments of those specialists who create and service this technology. Supposedly they stand "outside politics."...

Keeping absolutely silent about the ideological motives of people's behavior, including a given state's engineering-technical and other military specialists while striving to minimize the decisive significance of the social-political system which the armed forces are defending, bourgeois ideologists are trying to replace the problem of soldiers' political consciousness with some sort of "craft" principle. This is done with the goal of cultivating an apolitical attitude and narrow-mindedness among a significant portion of military cadres. At the same time, in ideological diversions against the troops of the socialist countries, attempts to discredit the leading role of the Marxist-Leninist parties in the development of the armed forces play a significant role.

Bourgeois propaganda also tries to make use for its own purposes of the particularities existing among the armies of the various socialist countries, to set one army against the others, and within the armed forces of a single country, to set one group of soldiers against the others....

It should be noted that the "threat from the USSR" syndrome has recently seriously stricken the minds of some extremely highly placed political and military leaders in the West who possess significant real power, especially in Washington. How else can one interpret the

sharply escalated anti-Soviet political campaign? It is precisely in the U.S. that hypocritical lamentations are getting louder and louder on "human rights," and verbiage about the "dangerous growth of Soviet military might," the scope of which ostensibly "contradicts the general tendencies of detente."

These statements are backed by extremely indicative actions, from the unpardonable flirtation with various turncoats like the criminal Bukovskii (received by Carter -ed.) to the decision to significantly increase allocations for anti-Soviet propaganda. As is known, not so long ago President Carter asked the U.S. Congress, supposedly in the name of the "free exchange of information and ideas," to significantly expand the technical base and capacities of the "Voice of America," "Radio Liberty," and "Radio Free Europe."...And all of this is cynically labelled "the desire to encourage a constructive dialogue with the peoples of the Soviet Union and of Eastern Europe."

It is well known what sort of "constructive dialogue" these double-dyed anti-Soviets from "Liberty" and "Radio Free Europe" are engaged in. Here you have slander against the socialist countries, disinformation, joint espionage activity with other spy bureaus (for example, "Intora" in Austria), and much more....

We would be wrong to underestimate the danger of ideological diversions by the opponents of detente. Their activity demands from the Soviet people, from our soldiers, high vigilance and readiness to reject any actions by the organizers of "psychological warfare," no matter how they may disguise themselves.

LaRouche To FEC:

Your Actions Are Evidence For Carter's Impeachment

Federal Elections Commission
1325 K Street NW
Washington, D.C. 20463

SPECIAL ATTENTION:

Thomas E. Harris, Chairman
Joan D. Aikens, Vice Chairman

**SUBJECT: Unconstitutional Harassment of a
Political Minority Party**

Gentlemen:

In respect of your demands for further information.

Your organization is presently the defendant in two suits before the Federal courts, for reason of your improper and most extraordinarily discriminatory practices against the Committee to Elect LaRouche and its supporters. By this action, by your hideously unconstitutional ruling of April 1977 respecting imputed campaign contributions, and by your actions implementing such unconstitutional, self-serving rulings, your agency is engaged in attempting to tear the U.S. Constitution to shreds.

Moreover, your actions to the cited effect are overwhelmingly tainted with the color of massive corruption in abuse of office by the Carter administration, far exceeding in this respect any offense alleged before the Congress in proceedings against the administration of President Nixon.

Firstly, your rulings of April 1977 relevant to your purported inquiry are a defiance of every aspect of the First Amendment respecting freedom of association and freedom of the press.

Secondly, if your measures were to be applied to the *New York Times*, the Ford Foundation, the Russell Sage Foundation, the networks of organizations linked with the Institute for Policy Studies, the foundations funding environmentalist groups, and so forth, there are few aspects of current public

support for the Carter administration and its programs which would not be found in gross violation of your rulings. In fact, to our present knowledge, there has been no significant application of such rulings to this effect against organizations supporting the Carter administration and or its energy proposals, but there is an effort to massively apply the unconstitutional measures to various persons and institutions which are critical of the Carter administration or of its energy proposals.

For this reason, your inquiry is not only in such flagrant violation of the Constitution as to constitute an impeachable prima facie repudiation of your oaths of office, but represents unconstitutional action representing in intent and effect the most monstrous, impeachable partisan abuse of office by the Carter administration.

Members of the Nixon administration were indicted, convicted and even imprisoned for far less abuse of office than is typified by your actions.

Your actions are otherwise despicably ironical in light of the Carter administration's self-righteous posturing on the issue of "human rights." Is there not at least some shred of honor or simple decency left among your ranks?

Proper legal response concerning your latest affront against the U.S. Constitution is being taken under advisement with appropriate legal counsel. In the meantime, this response, which will be circulated by means of copies to relevant persons and institutions, should be taken as my official response to your outrageous conduct in the cited matters.

Sincerely,

Lyndon Hermyle LaRouche, Jr.
Chairman, U.S. Labor Party

The Federal Elections Commission Has Become Carter's Gestapo

In the past three weeks, the Carter Administration has unleashed a multi-million dollar financial warfare operation against the U.S. Labor Party, led by actions of the Federal Elections Commission (FEC). It is clear from the pattern of evidence of the FEC's actions against the Labor Party and supporters of the party's Presidential candidate, Lyndon LaRouche, plus the FEC "black bag"-style investigations of other political figures that a coordinated reign of terror is being initiated in this country.

Analyzing the pattern of harrassment, Lyndon LaRouche described it as, "treason, pure and simple. Anyone who aids the FEC in its work is to be regarded as guilty of complicity in treason, and should be informed that they will be held so accountable if we avoid general war, which is a probable result of such treason."

FEC Plumbers

The Federal Elections Commission on May 13 informed New Solidarity International Press Service and Campaigner, Inc. (publishers of this weekly) that because they were owed money by the Committee to Elect LaRouche (the 1976 primary campaign committee of Lyndon LaRouche) they were required to provide their complete books, from 1975 to the present, for FEC inspection. At the same time, the U.S. Labor Party and National Caucus of Labor Committees (a cadre association) were charged with having a "concealed" relationship with the Committee to Elect LaRouche and each group was instructed to submit months of detailed back records to the FEC.

However, while LaRouche and the Labor Party remain the foremost anti-Carter targets of the illegal FEC operations, the creation and deployment of the FEC as a plumbers outfit is not confined to use against the Labor Party. In recent weeks, harrassment by the FEC and agencies directly related to it (such as the Justice Department's Public Integrity Section) has also been aimed against the American Medical Association, Governor Meldrim Thompson of New Hampshire, Governor Milton Shapp of Pennsylvania, the Liberty Lobby and others. The details of each situation are given below.

What is clear from every case is that the Carter Administration is out to politically destroy any force opposed to its policies — just as Hitler and Mussolini did in consolidating their regimes.

These FEC plumbers unit moves were initiated against LaRouche under unconstitutional powers claimed by the FEC in April of this year, after the failure of relevant Congressional Committees to exercise oversight on the FEC. The pretext for the FEC's financial warfare is their unconstitutional claim that any unpaid commercial account held by a creditor to a political campaign can be

redefined as an "undeclared political contribution." Unpaid creditors are supposedly required to open their books to the FEC, which may prosecute them with fines and imprisonment for extending credit "for political purposes," unless collection procedures, agreeable to the FEC, including lawsuits, are pursued.

In fact, unlike several other Presidential contenders, LaRouche would have no back debt at all for his 1975-76 primary campaign if the FEC had not illegally withheld \$111,000 due him in federal primary matching funds, and if illegal containment operations were not inhibiting fund-raising. The Committee to Elect LaRouche and LaRouche contributors have two legal cases now pending in Federal Court to gain matching funds due, with damages.

Financial Warfare

In conjunction with the FEC dirty-tricks, a massive FBI COINTELPRO-type drive has been unleashed against the Labor Party involving all manner of dirty-tricks and classic black bag jobs aimed at bankrupting the Party and associated individuals and agencies. According to a survey undertaken by the Labor Party Security Section, in the last two weeks over 150 incidents of illegal terror operations against the Labor Party and associates have occurred.

The patterns of incidents include: spread of misinformation that Campaigner, Inc. and others dealing with the Labor Party are about to go bankrupt, while creditors have been warned not to give credit under penalty of prosecution for undeclared political gifts. Labor Party members have had personal loans cancelled, and been fired due to FBI harrassment, which has otherwise been directed at hundreds of Labor Party supporters, and so forth.

This sabotage operation, of unprecedented scale, is an intensification and expansion of illegal activity on the part of operative networks in place in the Justice Department, State Department and elsewhere under a succession of recent Attorney Generals, all in the service of the Rockefeller and related private interests. Under the Freedom of Information Act (FOIA), material has been obtained by the Labor Party and analyzed by legal experts to show clearly how illegal containment operations and financial sabotage have been underway for at least the last six years.

Fifty pages of the voluminous records obtained from FBI files under the FOIA were devoted exclusively to detailed profiling of the personal, business and organization-connected finances of LaRouche backers going back to 1975. The reports are replete with instances of FBI agents sabotage operations against these individuals.

The difference between the past illegal operations,

conducted under auspices with quasi-legal “covers” and what is happening right now is that under the Carter Administration these criminal elements and criminal activities are being consolidated into official government policy — outright treason. At the same time as Carter is steering a course for war abroad, he is installing the agencies of dictatorship at home, importantly including use of such private, Trilateral Commission intelligence networks such as the Institute for Policy Studies.

The FEC has been turned into a full-scale plumbers unit as part of this overall design to batter down all opposition to the treason of the Administration. This week the Justice department convened a Grand Jury to investigate charges that Gov. Meldrim Thomson of New Hampshire, a vocal opponent of the Administration’s energy policies, had misused federal funds during petitioning in support of New Hampshire’s Seabrook nuclear power plant. (It is indicative of the Administration’s desire to get Thomson that the Justice Department’s Law Enforcement Assistance Administration has refused Gov. Thomson’s request for funds to aid in the jailing of hundreds of demonstrators who attempted to disrupt the Seabrook construction ... *but has given funds to the demonstrators to pay their lawyers’ fees!*)

Likewise, Senator Jesse Helms (R-NC), a key link in the Congressional pro-growth voting bloc which opposes Carter policy, is being subjected to ominous press leaks in his home state regarding “campaign funding irregularities” — the usual code-word for an FEC assault in the offing. Even Pennsylvania Governor Milton Shapp, who has been a notorious toady of Carter’s austerity policies, is involved in Round One of an FEC watering, also concerning alleged funding irregularities.

On the local level, lesser watergates are being nationally coordinated through the FBI and related

federal agencies to search out and destroy all pockets of traditionalist resistance to Carter. Typical is Charlotte, N.C., where the police force is under investigation for allegedly illegal wiretapping during a 1970-1971 drug case. In Philadelphia, the political machine of Mayor Frank Rizzo has been deluged with FBI investigators. State Assemblyman Fineman, a Rizzo associate, has already been forced to resign under pressure from a contrived watergate-type scandal last month.

The FEC has charged the American Medical Association with illegal campaign contributions, after a complaint filed by Common Cause. The FEC has also claimed the Liberty Lobby — which issued a tabloid exposing Jimmy Carter’s connections to cocaine freak and rock star Greg Allman, and Allman’s funding of the Carter campaign — must register as an “anti-Carter campaign committee,” and subject itself to FEC scrutiny.

Tanks on the Street

Only idiots or liberals need tanks on the streets to understand the point of the treason of the Carter Administration. The Carter Administration itself spells it out. Under Carter-approved legislation, soon to reach a Senate floor-vote (the Clarke-Kennedy Bill) and already introduced in several versions in the House, the FEC is to become the arbiter of all elections. They will decide which states get how much money to subsidize no-registration elections. They will decide which candidate for Federal office — the entire Congress as well as the Presidency — gets matching funds money, so that they may run.

The entire FEC apparatus must be dismantled, and the illegal operations networks destroyed, and this means impeaching the Carter Administration. The material which follows is sufficient, if fully investigated, to begin that impeachment.

FEC History: Creation Of A Plumbers Unit

The record of the Federal Elections Commission (FEC), first established in 1971 by the Federal Elections Act, is the story of the creation of a plumbers unit. In the aftermath of the Nixon Watergate, a few innocents hoped the FEC would guarantee honest election practices. On the contrary, the FEC for its prime movers, John Gardner and Common Cause, was a deliberate maneuver right from the start to set in place an agency which could instigate vendetta investigations into political figures for policy reasons.

The following are the key milestones in the creation and deployment of the FEC as a plumbers unit. The telling features of the operation are the blatantly illegal treatment of the Lyndon LaRouche Presidential campaign, and the equally blatant portection racket accorded to the illegalities of the Carter-for-President campaign.

1971 — FEC created by the Federal Elections Act. Powers-of-the-purse were granted to disburse Federal tax revenue as matching funds for Presidential primary and general election campaign

expenses. Equally important were the powers this entailed to inspect campaign fundraising books.

1976 — FEC reconstituted in a way to diminish the oversight control the Congress can exercise over the agency, and to officialize liaison channels with the Justice Department, which was given expanded enforcement powers. This was done after a Supreme Court ruling called for such changes, in a decision favoring a deliberately contrived legal case against the FEC brought by James Buckley and Eugene McCarthy. (Buckley vs Valeo)

1976 — Spring-Summer. Powers of Congressional oversight on the FEC are further weakened. As part of the effort to block potential House opposition to free reign for the FEC, the Chairman of the House Administration Committee, which has purview on elections and the FEC, is watergated out of office — the Wayne Hayes scandal. Hayes was part of the traditional voting bloc which would oppose the FEC dirty tricks. On the Senate side in the Rules Committee, which has FEC oversight, a motion to review the FEC’s charter,

brought by FEC opponent Senator Allen (D-Alabama) is defeated.

October, 1976 — FEC stalls on disbursing LaRouche primary matching funds.

November, 1976 — FEC refuses to investigate any of the numerous indications of criminal irregularities and fraud connected with the Presidential election. In particular the FEC refuses to investigate the Carter campaign expenditures which exceeded the overall \$22 million limit. Hundreds of thousands of dollars of Carter campaign funds were disbursed in the final days before November 2, in neat amounts of hundreds of dollars, to entities recorded only vaguely as connected with "Get Out the Vote." (See exhibit from Carter campaign report) The money was concentrated in areas where vote fraud was heavily perpetrated.

On the income side, the Carter campaign records are equally in need of investigation, showing clear indications of largescale corporate contributions (largely Coca-Cola) being illegally conducted through Gregg Allman drug concerts.

December, 1976 — FEC continues stall on disbursing LaRouche matching funds, and continues hands-off treatment to Carter campaign despite increased press coverage of irregularities.

A watergate action is launched against the potential source of opposition within the FEC to the rapid evolution of the FEC as a plumbers outfit. The chairman of the FEC, Vernon Thompson, a conservative Republican from Wisconsin, is slapped with a charge of illegally leaking information about an FEC investigation of Democratic Congressional contender Sasser from Tennessee, before the November elections. A Justice Department investigation is launched. Charges were not dropped and Thompson cleared, until three days after his term as chairman ran out in May. The original falsified charges were trumped up with the complicity of Melvin Laird, part of the same policy circle as the Carter Administration.

The Chief Counsel of the FEC resigns, reportedly over the increased "bending of the law" within the agency.

January, 1977 — The FEC launches a harassment campaign against LaRouche supporters in three states, including the use of surprise home visits at odd hours, and "G-man"-type coercion and interrogation of Labor Party voters' relatives, employers and associates. Chief Auditor Joe Stolz demanded that the Committee to Elect LaRouche produce the private books of many of its creditors — an unauthorized request revealing the financial warfare intent of the overall FEC operations against the Labor Party.

Evidence is obtained showing that the FEC harassment operations were coordinated by Michael Hershman of the Investigative Unit, whose background includes specialization in contrived watergate-style investigations from experience gained working for the discredited Special Prosecutor Maurice Nadjari, and numbers of others. It was determined that the FEC operations against the Labor

Party under the auspices of the FEC were requested by the Carter campaign on November 2, after LaRouche's nationwide television broadcast election eve.

The FEC meanwhile filed requests with the new session of Congress for vastly expanded powers, which unless specifically vetoed, would go into effect in April. As a contingency to lessen the change of veto, a court suit brought by Ramsey Clark is reactivated, whose purpose is to end the legality of a "One House Veto" — the system by which action by only one House is necessary to stop Executive Department arrogation of powers.

February, 1977 — The FEC officially denies LaRouche the \$111,000 in matching funds owed to his campaign committee. The Committee files suit in Washington, D.C. Court of Appeals to have the decision reversed, and to have the FEC actions against LaRouche supporters reviewed by the courts. Affidavits of harassment are submitted to Congress by the LaRouche Committee, and submitted to the United Nations Commission on Human Rights, to whose principles the United States is a signatory nation under the Helsinki accords.

March, 1977 — LaRouche supporters file a damages suit against the FEC harassment in Washington, D.C., U.S. Court of Appeals.

A case against the FEC arguing its unconstitutionality is brought by a legal group created by the National Chamber of Commerce.

New evidence of fraud and irregularities connected with the Carter campaign expenditures comes forward in the revelations of fraud perpetrated by the SERA (Services for the Education and Rehabilitation of Addicts) methadone maintenance program in New York City's South Bronx. The SERA program is shown to have falsified the existence of hundreds of patients to illegally gain government funds. SERA also received thousands of dollars of funds from the Carter campaign conducted through intermediate sources to "Get Out the Vote" November 2. Despite the major national press coverage, the FEC continues to refuse to investigate.

April, 1977 — The FEC gains vastly expanded illegal powers through the lack of exercise of Congressional oversight. An attempt to deny these powers, entered by Rep. Gaydos (D-Pa), is defeated 9-6 in the House Administration Committee.

May, 1977 — The FEC launches major financial warfare initiatives against the Committee to Elect LaRouche, the U.S. Labor Party, and their creditors and associates. All records back to 1975 are demanded of each group, including private companies.

Classic financial warfare Watergating operations are initiated by the FEC and their liaison office in the Justice Department — the Public Integrity Section — against a number of other political figures including Gov. Meldrin Thomson of New Hampshire, Gov. Milton Shapp of Pennsylvania, and others. Fifty court suits are currently in progress by the FEC against political figures and campaign committees.

FECA Amendments Unconstitutional

The series of amendments to the Federal Election Campaign Act which became effective April 7, 1977 radically alter the intent and form of the original Act, and surpass the original act's dubious constitutionality with blatant violations of the First and Fourteenth Amendments and Article IV, Section 4 of the Constitution.

U.S. Supreme Court Chief Justice Burger, in his dissenting opinion on the Supreme Court's efforts in *Buckley v. Valeo* to review the FECA section by section — from the most reductionist standpoint — to determine its constitutionality, noted: "...the Court's result does violence to the intent of Congress in this comprehensive scheme of campaign finance. By dissecting the Act bit by bit, and casting off vital parts, the Court fails to recognize that the whole of this act is greater than the sum of its parts... I question whether the residue leaves a workable program."

Burger was quite correct insofar as he went. In *Buckley v. Valeo*, the Court ruled that the Federal Election Commission must be entirely appointed by the President. President Carter has now succeeded in transforming the FEC into a plumbers' unit to persecute the Administration's political opponents through impossible strictures on financing, harassment of contributors and vendors (whose identity must be disclosed in reports to the FEC), and most of all through selective enforcement of the nightmare web of regulation surrounding every political act.

First Amendment

The First Amendment guarantees rights of free speech and association. The FEC now has the capability to hold the dual threats of criminal indictment and bankruptcy over those who speak against Carter's treasonous policies or associate (even in the form of extending business credit) with organizations who do so.

The Campaign Act, 2 USC 14 S 431 defined a contribution as a payment of any sort "for the purpose of influencing the nomination for election, or election, of any person to Federal office..." However, the new amendments obliterate what the U.S. Supreme Court, in *Buckley v. Valeo* describes as the "well understood and accepted notion of a political contribution." Instead, the Federal Elections Commission has determined that any transaction which places cash or its equivalent in goods and services, particularly the extension of credit, in the hands of a political committee, *for whatever purpose and intent*, is a contribution. The Act is now so amended. The FEC insists that a vendor, supplying a political campaign with goods or services, if he does not receive payment within the "normal" commercial collection period, has made a "contribution" to a political committee. Similarly, an individual who works for a political campaign, if he is not an unpaid volunteer, must be compensated at the "normal" market rate. Any discrepancy be-

tween his pay and "normal" pay will be considered a contribution — a situation that, within a very short time, would place any skilled person in the position of an illegal contributor exceeding the amount any individual may contribute to a single candidate (\$1000).

The constitutionality of the FEC and its regulations was challenged in *Buckley v. Valeo*, decided by the U.S. Supreme Court in January 1976. The heart of the challenge was the obvious danger governmental regulation of the means of selecting the government posed to First Amendment political freedoms of association and expression. As Sen. Howard Baker stated during the Congressional debate before passage of the FECA, "I think there is something politically incestuous about the Government financing and, I believe, inevitably regulating, the day to day procedures by which the Government is selected...I think it extraordinarily important that the Government not control the machinery by which the public expresses the range of its desires, demands, and dissent."

Because no significant harassment of political parties or their contributors had been shown at that time, the provisions of the act limiting the contributions of individuals and forcing disclosure of both contributors and expenditures was not unconstitutional.

Of course, we now see a pattern of overt and covert harassment which is not speculative. The USLP has two lawsuits — one before the District of Columbia Circuit in U.S. District Court — which document direct FEC harassment of CTEL and its contributors.

The Supreme Court did rule, in *NAACP v. Alabama*, exactly what disclosure requirements do violate First Amendment rights of free association. The NAACP, required by the Secretary of State of Alabama to disclose the names of its members, showed instances where that disclosure led to intimidation and harassment. In such circumstances, the Supreme Court held, the government's interest in disclosure is outweighed by the need to protect Constitutional rights and disclosure is not required. The Carter Administration has not profited from the lessons of the civil rights movement and imagines that it has unlimited rights to persecute and harass opponents.

In *Buckley v. Valeo*, the Court ruled by extremely circuitous reasoning that contribution limitations did not impinge on rights of free speech because contributors were merely *financing* someone else's speech. However, the new amendments which calculate the time of poorly or partially paid campaign workers as a contribution *directly* interfere with rights of free speech and association, and fall directly within the Court's very limited notion of interference with First Amendment rights.

Fifth and Fourteenth Amendments

The provisions governing the extension of credit to campaign committees, forcing collection according to

“normal” commercial practices, very clearly violate the Fifth and Fourteenth Amendment due process rights of both vendors and political candidates and committees. The Commission, under the new amendments, has arrogated to itself full rights to review credit practices of vendors, to force vendors, under threat of criminal penalties, to initiate court action for collection. It has also won the right to force bankruptcy proceedings on political candidates and committees. The amendment deprives both vendors and candidates of liberty and property without due process of law, and certainly “chills” their exercise of First Amendment rights to political expression.

Testimony by Washington, D.C. attorneys Joel Joseph and Paul Kamener before the Senate Rules Committee that FEC law is so confusing and entrapping that “every federal political candidate in 1976 *could* be prosecuted for a technical violation of the law” demonstrates how the FEC’s *selective enforcement* policy against Carter op-

ponents violates the equal protection clause of the Fourteenth Amendment.

With its new powers and operating methods, the FEC is transformed into a political gestapo. Every opposition spokesman or organizer can wait for the proverbial knock at the door in the middle of the night — accompanied by threats of civil and criminal prosecution, shutoffs by intimidated creditors, and sharp drop offs in contributions from harassed and intimidated supporters. Obviously the creation of such a police state violates Article IV, Section 4 of the Constitution which guarantees a “Republican form of government.”

Both Congress and the Courts must act to eliminate the entire FEC apparatus. The so-called “concern for the public interest” used to justify the Act in the first place is shown for what it is: a naked attempt by Carter and Trilateral Commission cohorts to seize dictatorial control of the government.

A Grid Of Carter’s Plumbers Operations

A week-long investigation by U.S. Labor Party security personnel has uncovered an intensive pattern of “plumbers unit” operations against party members, creditors, political allies, etc. These actions and the degree of coordination involved represents a chain of evidence leading directly back to the Carter Administration’s National Security establishment. The number of incidents reported, catalogued and investigated by the U.S. Labor Party national center staff amounts to an average of close to 100 separate incidents per day; and this figure itself represents only a portion of the total if unreported incidents are taken into account.

The accompanying grid is intended to provide, through representative case reports, a profile of the quality of the criminal operations currently being run through the Carter Executive. It should be noted that the names of several business establishments have been targeted for Federal Elections Commission and related “Cointelpro” attacks have been withheld for obvious reasons.

For purposes of clarity, the following grid has been organized into three categories of criminal operations:

1. Explicit “financial warfare” conducted principally through the FEC, the Justice Department, the Department of Health, Education and Welfare, the Department of Labor and private “credit agencies” deployed under Cabinet agency auspices.

2. Physical disruption and containment activities directed at denying U.S. Labor Party organizers their First Amendment rights. These deployments have been conducted through LEAA-controlled local and state police components and through allied private security networks.

3. Black operations run by Institute for Policy Studies Co-Director Marcus Raskin and Rand-MIT brainwasher Noam Chomsky, including harassment, extortion and outright terrorism.

Financial Warfare

Case 1: A business concern in New York City involved in providing New Solidarity-International Press Service with long-term contract access to telecommunication systems confirmed that their representatives had been approached by “unidentified parties” and advised that credit extension to NSIPS constituted a violation of FEC regulations, and that such actions were the basis for potential legal action on charges of “illegal political contributions.”

Case 2: Files maintained by the Better Business Bureau and Dunn and Bradstreet — both agencies that provide central credit information — were found to maintain “Cointelpro” files on Campaigner Publications Inc. and on individual publicly identified members of the U.S. Labor Party. These files were found to contain both unjustified “poor” credit ratings and slanderous misinformation. In the latter case, the character of the information indicated direct use of FBI records and LEAA police records that would contain conscious false characterizations.

Case 3: At least one printing firm that conducts a high volume of business with NSIPS has indicated recent difficulties in obtaining previously accessible lines of credit from its own vendors. Investigations are currently underway to determine the precise extent to which the firm’s business relationship with NSIPS is being openly identified as the “cause” of the shift in credit availability.

Cases 4-11: No fewer than eight individual members of the U.S. Labor Party have been ordered to appear before local Internal Revenue Service panels for review of recent income tax statements. While these audits have been initiated in eight separate cities, the consistent pattern of the specified areas in question (all relating to campaign contribution writeoffs and personal medical bills) indicate that these are “fishing expeditions” aimed

at manufacturing evidence for a case against the U.S. Labor Party or an allied institution.

Case 12: The Internal Revenue Service has launched an "investigation" into the financial statements of the editor of the Cheektowaga Times. This Buffalo area local newspaper played a significant role in breaking the press blackout of the November, 1976 Carter vote fraud; and the editor was a personal participant in legal actions against the Carter-Mondale Committee. Based on all past experience with IRS, there is strong contextual evidence that this current "investigation" is in fact politically motivated financial warfare on the editor and his newspaper.

Cases 13-16: Over the past two weeks, at least four U.S. Labor Party organizers were fired from jobs under highly suspicious circumstances. In one case, an employer openly acknowledged having received an "anonymous phone call" that motivated the firing.

Cases 17-18: Two members of the U.S. Labor Party were subjected to considerable abuse by private collection agencies this week demanding immediate repayment in full of back bills and loans. Investigations revealed that the credit agencies had been instructed by the U.S. Department of HEW to use "any and all means necessary" to collect the payment in full.

First Amendment Violations

Case 1: Democratic Party officials associated with Rep. Parren Mitchell (D-Md) have been confirmed to be directly responsible for a week-long intensive police disruption of USLP street rallies in Baltimore and Annapolis. One case in the latter city saw a campaign organizer ordered into a police car and driven away from the rally site with no warning, no notification of arrest, etc.

Case 2: An identical pattern of LEAA police disruptions in suburbs north of Boston has been similarly traced to initiatives coming out of Rep. Michael Harrington's office (D-Mass.)

Case 3: At a campaign rally in Lincoln Park, Mich. a Labor Party organizer was physically assaulted by a young white, hippy-type male who has been since identified as the same individual who conducted an assault on the same USLP member in another Michigan town in November, 1976.

Cases 4-5: Within a 12-hour period this week, two separate goon attacks were conducted against Labor Party organizers circulating a leaflet on the Institute for Policy Studies at plant gates of the Sparrows Point U.S. Steel plant in the Baltimore area. Also during this period, five separate physical attacks were conducted in various U.S. cities.

Case 6: A North American Labor Party (Canada) member transporting campaign literature across the U.S.-Canada border was stopped at a British Columbia crossing station and detained pending payment of a \$500 "tax" on the literature. Both the car and the campaign material were confiscated and at this moment still remain in custody. The border crossing is a weekly routine which has never before been disrupted on these fraudulent tax charges. The law governing taxable items specifically includes political literature on the list of un-taxables.

Institute for Policy Studies Operations

Case 1: Bob Willig, an IPS agent known to be personally funded by Marcus Raskin and to have close family ties to leading elements within the Carter-Democratic Party machine, has been confirmed to be the principal "case officer" conducting a slander-extortion program against a score of members of the National Caucus of Labor Committees. While receiving personal financing through Raskin, Willig joined the NCLC during the 1972-75 period for the purpose of planting a nest of IPS-controlled and manipulated individuals inside the organization and gathering "profile" information on other members. One targeted individual was unwittingly drugged and questioned on the internal workings of the Labor Party. This project was conducted on both the East Coast and in the Pacific Northwest and cross-graded with FBI Cointelpro programs known to have been run simultaneously (through Freedom of Information Act releases).

Case 2: Sources have reported a late May, 1977 meeting in New Paltz, New York convened by IPS agents including Charles Young, a reporter for Crawdaddy magazine. The purpose of the meeting was to organize harassment and disruption of Labor Party organizing activities — including coordinated psychological attacks on targeted Labor Party members.

Case 3: Drug zombies associated with Noam Chomsky's "Black Rose" anarchist cell carried out a violent attack on a prominent Labor Party organizer in Buffalo, New York — resulting in the organizer being bedridden for at least one month. The USLP member is believed to have been targeted on the basis of his extensive organizing network which generates between \$500 to \$1,000 per week in literature sales and political contributions.

Case 4: At the University of Washington, IPS agents associated with the Kings County Democratic Party and with the campus chapter of Ralph Nader's PIRG conducted an intensive campaign of slanders and coercion directed against leaders of the campus Labor Party Club.

FBI Documents Show Four-Year Financial War Against USLP

The use of the Federal Elections Commission for financial warfare against the NCLC, the U.S. Labor Party, the Committee to Elect LaRouche and creditors of these organizations is the most recent and sophisticated innovation in a four-year campaign by government agencies and affiliated private-sector agencies to financially strangle these organizations.

The following are extractions from the FBI investigative files received under the Freedom of Information Act by the USLP and the NCLC demonstrate the consistent and extensive intrusions by the FBI and other agencies into the financial affairs of these organizations.

Bank Account Monitoring

* An investigative report dated Jan 22, 1976 and routed from the FBI field office in New York City to the Director of the FBI purports to be an investigation of the NCLC and reads as follows:

For the information of the Bureau, *(deleted)* has advised that the Committee to Elect Lyndon LaRouche has a bank account at a branch of the First National City Bank in NYC.

FBI
Date: 1/22/76

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Precedence)

TO: DIRECTOR, FBI _____

FROM: SAC, NEW YORK _____

SUBJECT: NATIONAL CAUCUS OF LABOR COMMITTEES
(NCLC)
IS
(OO:NY)

For the information of the Bureau, _____ has advised that the Committee to Elect LYNDON H. LA ROUCHE has a bank account at a branch of the First National City Bank in NYC.

11

184X

REC-25

JAN 24 1976

1-4440-JEH

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

The remainder of the report is deleted in total.

*Another investigative report reveals extensive monitoring of NCLC bank accounts by the Philadelphia field office of the FBI and reads as follows:

The NCLC opened a bank account on February 27, 1974 with \$280.50.

PH T-16
April 17, 1974

NCLC had approximately \$620 in its checking account at the end of March, 1974.

PH T-16
May 14, 1974

a group of corporations and that these corporations are under the control of the ROCKEFELLER family, headed by ELISON ROCKEFELLER. Available at this conference were copies of the NCLC newspaper, "New Solidarity" and leaflets alleging CIA activities in the Reading, Pa. area.

PH T-8
February 20, 1974

F. FINANCES

The only known source of revenue of the NCLC in Philadelphia are the proceeds from the sale of the National NCLC newspaper "New Solidarity" and donations from members and sympathizers.

PH T-1
April 30, 1974

The NCLC opened a bank account on February 27, 1974 with \$280.50.

PH T-16
April 17, 1974

Signs at the NCLC office, 46 South 40th Street, indicated that monthly dues for NCLC members are \$20.00 per month.

PH T-2
May 8, 1974

NCLC had approximately \$620 in its checking account at the end of March, 1974.

PH T-16
May 14, 1974

G. PUBLICATIONS

The Philadelphia Chapter of the NCLC has no publication of its own. The NCLC in Philadelphia distributes the NCLC national publication "New Solidarity" and occasionally uses mimeographed throw-aways.

PH T-1
April 30, 1974

21

000990

Creditor Monitoring

The FBI has gained direct access to the records of creditors of the USLP and NCLC in an attempt to monitor the business activities of those organizations. In numerous cases the FBI enjoys the cooperation of creditors who have been made to feel obliged to report on the status of their customers.

*A telex communication from the New York field office to the director of the FBI reads:

Referenced teletype advised of National Caucus of Labor Committee's (NCLC) financial crisis and fact that *(deleted)* had advised that the NCLC had lost much of its phone service, and was to lose all of it by close of business on June 27, 1975.

Investigation by New York Office (NYO) has obtained the following information regarding this situation...

With the exception of a list of NCLC telephone numbers, the remainder of this report is deleted in total.

* Another file reveals a Chicago creditors compliance in allowing the FBI to review credit records:

Records of the Illinois Bell Telephone Company, 225 West Randolph Street, Chicago, as of April 17, 1975, indicated that service for telephone number 431-1280, previously furnished to the NCLC, 711 So. Dearborn St., Chicago, had been discontinued effective April 15, 1975.

Subsequent to that investigation and others, the FBI field office in Chicago summarized its assessment of the financial status of the Chicago chapter of the NCLC in Oct. 29, 1975 as follows:

The financial situation of the NCLC Chicago Regional Office has been bad for over a year and in October, 1975, remained in very poor condition. The biggest problem has always been the telephone bills. The telephone company has always followed the payment or non-payment of its bills very closely and the NCLC has always had trouble with them. During September and October, 1975, the Chicago NCLC office had to operate on a day to day basis as far as office supplies...were concerned. In order to get along with the NCLC National Office in New York practically all funds raised in Chicago were forwarded to New York, leaving very little to work with in Chicago.

An investigative report from the Buffalo Field Office of the FBI states:

The NCLC office telephones at 1370 Main Street were cut off for nonpayment of the bill.

Source: *(deleted)*
October 4, 1974

The Buffalo Office of the NCLC has telephone numbers of 884-5212, 884-5213, and 884-5214. Bills are paid by the NCLC National Finance Office in New York City. A deposit of \$5,500 was required and paid before service was connected on these telephones.

Sources: *(deleted)*
December 11, 1974

* Various investigative reports indicate the FBI's interest in landlord-tenant financial relations:

The members of NCLC at 46 South 40 Street (Philadelphia-ed.) are experiencing difficulty with the landlord of said property due to failure to pay

rent on time...

The rent for 329 W. Water Street, former headquarters of the Syracuse NCLC organization was \$150 per month and this organization is in arrears for two months rent.

* Each and every NCLC and U.S. Labor Party local, according to the FBI FOIA files, has a report on its internal finances submitted to the Justice Department at least four times yearly as part of the FBI "investigation" of these two organizations.

UAW-FBI Collaboration

The FBI is not the only agency used for financial warfare. FOIA documentation reveals the extensive collaboration of Steven Schlossberg, chief counsel to the United Autoworkers of America with the Justice Department and FBI in such efforts. Schlossberg has furnished the FBI with extensive documentation obtained through pre-trial discovery in a suit brought against the NCLC by the UAW for trademark infringement. The suit itself constitutes a "fishing expedition" into the financial affairs of the NCLC by requesting extraordinary documentation of financial transactions, debts, profits and credits of the NCLC, and in the word of Schlossberg was filed to "find the sources of NCLC financing."

An FBI document dated June 27, 1975 reveals a meeting between an unidentified official of the UAW and the Attorney General Edward Levi to

discuss the U.S. Labor Party, a subsidiary organization of the National Caucus of Labor Committees.

The document further states that:

Pursuant to a discovery motion in a case brought against the U.S. Labor Party by the UAW, the USLP disclosed that they had a \$1.5 million budget for their newspaper, the "New Solidarity". *(deleted)* asked where that money was coming from, implying that the funds were from foreign sources...In the course of the case suing the USLP for copyright infringement, the UAW has accumulated a great deal of information about the Labor Party... *(deleted)* has taken preliminary steps to file additional discovery motions for further disclosure of NCLC finances.

The UAW had one previous meeting in 1975 with then-Attorney General William Ruckelshaus. According to the FBI report on that meeting, the UAW Counsel discussed with Ruckelshaus whether or not a prosecution of the NCLC and U.S. Labor Party would be possible under the Labor-Management Disclosure Act.

In the meeting between Schlossberg and Levi, numerous documents from the UAW were turned over to the Justice Department. Included was an AFL-CIO in-depth profile of the NCLC and U.S. Labor Party compiled by the League for Industrial Democracy. This document recommends lawsuits, like the UAW suit, and disruption tactics to destroy the NCLC and the U.S. Labor Party at their most vulnerable point: "their precarious finances."

Coordinated Legal Disclosure Strategies

Previous to the use of the disclosure of finances obtained through reports on file with the Federal Election Commission, financial warfare against the NCLC and U.S. Labor Party has been conducted through a strategy of financial discovery in pending litigation. This includes suits in which the NCLC and U.S. Labor Party are parties plaintiff and suits in which they are defendants.

Aside from the UAW suit mentioned above, (the first action of this kind filed against the two organizations), discovery questions in *Whitman v. U.S. Labor Party* and *Klaif v. U.S. Labor Party*, two libel suits filed by Institute for Policy Studies networks, seek disclosure of U.S. Labor Party finances through exactly *the same questions asked* in interrogatories. The same phrasing of financial disclosure questions has occurred in *Ghandi v. Detroit Police and FBI* and *Turney v. Singerman*, actions on behalf of the U.S. Labor Party against the FBI and Revolutionary Union, respectively.

Perhaps the most startling activity of this kind occurred in 1977, soon after the U.S. Labor Party and the NCLC were told that they were targets of an "all-out, 90-day bankruptcy operation conducted by the National Security Council" by highly informed sources. In December 1976, \$90,000 appeared in an NCLC bank account in Buffalo which the NCLC insists was a contribution. The Bank of Nova Scotia and their Wall Street law firm of Sherman and Sterling claim it was an error and have sued the NCLC. Rather than following normal legal procedure and simply filing a complaint, the bank asked for disclosure of all "financial records of the NCLC and Campaigner Publications Inc. dating back to 1971." The New York State Court Appellate Division has issued a stay on discovery by the bank until the NCLC's appeal against the granting of this motion by Judge Abraham Gellinoff in New York Supreme Court was in total violation of the First Amendment among other constitutional sanctions.

Current Legal Actions To Stop FEC Criminality

The Committee to Elect LaRouche (CTEL) and individual LaRouche contributors currently have two lawsuits pending against the Federal Elections Commission in the federal courts of the District of Columbia and have taken the Carter Administration's extraconstitutional use of the FEC to the United Nations Human Rights Committee in Geneva, Switzerland. The UN Subcommittee on Minority Political Rights is currently investigating CTEL's charges against the Carter Administration and will receive new materials on the latest round of abuses.

With the escalation of financial warfare operations in the past two weeks, the Committee to Elect LaRouche, the National Caucus of Labor Committees, the U.S. Labor Party and two vendors of CTEL — Campaigner Publications and New Solidarity International Press Service — have also demanded under the Freedom of Information Act "all memoranda, reports, directives, letters, notes, logs or notes of telephone conversations and interagency communications, and contacts with vendors" from the FEC. These FOIA answers will pinpoint the exact nature and coordination of the financial warfare involving the FEC, the Securities and Exchange Commission, the Internal Revenue Service, the FBI and the Public Integrity Section of the Justice Department.

Provided that CTEL can secure adequate funding for these lawsuits and any litigation arising out of the Freedom of Information Act disclosures, enough concrete evidence can be put before the Congress to insure that the FEC is abolished for massive violations of the U.S. Constitution, and that the Carter Administration will be taken to task for similar high crimes and misdemeanors.

In the Matter of CTEL v. FEC there is a petition for review filed with the District of Columbia Circuit Court of

peals concerning the FEC's denial of over \$100,000 in primary matching funds to the LaRouche Committee. The petition puts the entire process by which the FEC denied CTEL its matching funds, under review by the Court of Appeals. Last week, attorneys for CTEL, also filed a motion for consolidated discovery with the Court of Appeals, an unusual motion in a review proceeding. The harassment of CTEL by the FEC and the violation of the FEC's own administrative procedures in its investigation of CTEL are the reasons stated for the extraordinary discovery motion.

Jones v. FEC is a multimillion dollar class action damages suit now pending before the District of Columbia District Court. The action seeks damages on behalf of the class of all LaRouche campaign contributors for violations of their First, Fourth, Fifth, Sixth and Ninth Amendment rights in the FEC's January harassment operations which included raids on the homes of LaRouche contributors to "verify" their campaign contributions.

Since the full commission did not authorize the "verification check" the suit also charges the FEC with violation of its own procedures. In its Seventh Cause of Action, the damages suit also seeks the court's jurisdiction over the FEC's violation of the Helsinki accords in its harassment of LaRouche contributors. On June 6, attorneys for CTEL in this suit will ask the District Court for a protective order against further harassment by the FEC and the Carter Administration. The protective order motion will demonstrate to the court through the use of FBI files and the grid of FEC harassment activities that the Federal Election Commission is engaged in major violations of civil rights similar to those encountered in *NAACP v. Alabama*, and therefore is in violation of even its own provisional constitutionality as established by the U.S. Supreme Court in *Buckley v. Valeo*.

Who's Who In Carter's Gestapo

Thomas E. Harris, present Chairman of Federal Elections Commission: Harris personally has used his vote on the Commission to block the claim for over \$100,000 by the Committee to Elect LaRouche since October, 1976, when he initiated the first delay by the FEC by contending that the USLP nominating convention was illegal. Harris was the only FEC Commissioner to take this stand against CTEL.

A top Democratic Party wall Street operative since the administration of FDR, Harris got his initial training in the late 1930s in the "special operations" law firm of Covington and Burling (which conducted, among other operations, the coup in Iran in 1953): Harris joined the wartime FDR administration where he specialized in financial warfare: Office of Price Administration, 1942; Board of Economic Warfare, 1943; U.S. Military High Command in Germany, 1945-46; Special Assistant to the Attorney General in the Alien Property Rights Division of the Justice Department, 1947-48. From 1948 to 1975, Harris served as associate general counsel for the CIO and later, the AFL-CIO, the organization which helped to fraudulently elect Jimmy Carter through its "Operation Big Vote" activities.

Michael Hershman, former chief investigator for the FEC during the deployment of thugs to terrorize contributors to CTEL: Former counsel to the Senate Watergate Committee and later, the National Wiretap Commission, Hershman has since been promoted to conducting Watergate operations on Carter's opponents in Congress as counsel to the House International Relations Subcommittee headed by Rep. Donald Fraser (D-Minn) which is investigating alleged KCIA scandals.

Benjamin Civiletti, Assistant Attorney General for the Department of Justice Criminal Division: With Attorney General Griffin Bell, Civiletti is a key component of Carter's plumbers who is shaping the Justice Department into a weapon against Carter's political opposition. Civiletti oversees the Public Integrity Section, established by his predecessor, Richard Thornburgh. Civiletti was chosen for his post by the chief of the "Atlanta Mafia", Charles Kirbo, senior partner of Bell's former law firm, King and Spalding, and who now is trustee for Carter's personal financial assets. Washington sources reveal that before the appointment was announced, Bell directly cleared Civiletti with the White House. Civiletti is a former tax law expert with Baltimore law firm of Venable, Thatcher and Harris, the firm which handled King and Spalding's Washington, D.C.-based accounts and was a top Democratic Party campaign fundraiser for the 1976 campaign of Maryland Congressman Paul Sarbanes.

Richard Thornburgh, former head of the Department of Justice's Criminal Division and now the frontrunning choice for Director of the FBI. As U.S. Attorney in Western Pennsylvania in mid-1960s, Thornburgh built a reputation as "organized crime buster," a cover which he used to destroy the area's old-line Democratic party machines and put the present Deputy Attorney General, Peter Flaherty, in power as mayor of Pittsburgh.

Thornburgh conducted massive reorganization of the Department of Justice under Edward Levi, and was responsible for the classification of USLP and NCLC as "violence prone" to cover for ongoing Cointelpro operations.

Rep. Thomas "Tip" O'Neill (D-Mass): O'Neill is Carter's battering ram against members of Congress through his post as Speaker of the House of Representatives. Capitol Hill sources indicate that O'Neill is subtly threatening Carter's Congressional opponents with dossiers on campaign financing, office slush funds and personal lives obtained from the FBI and the Federal Elections Commission.

Rep. Michael Harrington (D-Mass): On behalf of the Sen. Ted Kennedy-Tip O'Neill Boston machine, Harrington has been a disseminator of slanders against the U.S. Labor Party published by the Institute for Policy Studies. At a recent town meeting in Massachusetts, Harrington attacked the USLP electoral campaigning as fraudulent fundraising and pressured local Democratic Party officials to enact soliciting laws to prevent the USLP campaign activities.

Chip Marshall: A former Weatherman terrorist, now part of the King County Democratic Party in Seattle, Washington, Marshall has close ties to CounterSpy, the IPS subdivision staffed by "former" U.S. intelligence officers. Marshall was influential in setting up attacks against USLP members, and most recently, he and the Democratic Party's Seattle mayoral candidate coordinated an anti-Labor Party slander campaign with the Naderite Public Research Interest Group (PIRG) at the University of Washington.

Noam Chomsky: A leading international figure in field of linguistics, Chomsky has helped U.S. intelligence agencies use "artificial intelligence" methods of brainwashing to create "radical" zombie terrorists. Chomsky was recently named by leading press in Italy as involved in the creation of two terrorist gangs, the Red Brigades and Lotta Continua. Despite connections to these and U.S.-based terrorists out of the Institute for Policy Studies, Chomsky maintains top-level security clearance to work on MIT-Rand Corporation intelligence scenarios. Chomsky is also the personal controller of anarchist networks, the "Black Rose" and the "Black International," which include gangs in Buffalo, New York, Washington, D.C. and the Charlotte, N.C.-based "Red Hornets" who have launched physical attacks on USLP organizers.

Marcus Raskin: Raskin is co-director and co-founder of the Institute for Policy Studies, the National Security Council's deployment center for international "new left" terrorism. He is a consultant to the Democratic Party. Chomsky was the initiator of the Rockefeller interests' private intelligence operation, CounterSpy, a clearing house for slanders against the USLP. Raskin personally funded a rock music-drug culture project in Washington, D.C. which has been activated over the last month to harass USLP members.

Congress Capitulates On Energy Dept., Carter Hardens Policy

Following in the cowardly footsteps of the U.S. Senate, the House of Representatives approved June 3, by a vote of 310 to 20, the Carter Administration's proposal to establish a superagency with sweeping powers over all energy and energy-related policy. The Department of Energy bill, the keystone of Carter's "no-energy" program, will now go to a House-Senate conference committee, which is expected to produce a version for final Congressional passage within a week.

The House's passage of the Energy Department proposal after only one full day of floor debate, with only minor modification, is a significant setback for opponents of the Administration's overall energy package. This defeat underscores the absolute failure of the "step-by-step" approach being employed by Carter's Whig opponents, in and out of Congress. Once in existence, the department will provide the Administration with its most important institutional weapon for enforcing the destruction of the country's industrial and agricultural infrastructure under cover of "conserving scarce resources." Moreover, the Congressional capitulation to Carter on this crucial issue has convinced the Administration that it can now move to "strengthen" its energy program and get it through Congress more rapidly than originally anticipated.

This shift was signalled earlier this week by release of a Congressional Budget Office (CBO) report criticizing the Carter Administration's energy program as inadequate for achieving the energy-conservation goals it set. Alice Rivlin, a former Brookings Institution fellow who now heads up the CBO, told reporters May 31 that if Congress wants to pursue the goals of reduced gasoline consumption, and curtailed dependence on foreign oil imports outlined by the President, then "the choice is either a tougher plan or a more distant timetable." "There has been a lot of talk of 'sacrifice' or of the 'moral equivalent of war,' Rivlin complained, "but one doesn't see it in (Carter's) plan."

Rivlin's outburst was immediately echoed by Senator Adlai Stevenson (D-Ill.). In an interview in the June 2 editions of the *Chicago Daily News* and *Chicago Sun Times*, Stevenson railed at Carter for not being tough enough on energy. "When Carter broached the energy proposal," Stevenson said, "it appeared to be with the attitude, 'This is going to be war.' Now, it is more like a picnic....Much of the urgency is gone....Carter should have declared, 'This is Pearl Harbor,' and gone to the people with his program."

According to the Chicago papers, "Stevenson also spoke with deep concern about the Soviet potential for creating havoc because of the West's dependence on imported oil. 'I hesitate to talk about this, because I don't want to sound like a hawk...but the fact is that the turbulent world is occupied by Russia, with its global designs, already occupying one-eighth of land mass of the planet, already the world's greatest oil producer ... ?

think it's a Pearl Harbor, dammit!' " Stevenson concluded by threatening that if Carter doesn't become a "stronger" President, then "Congress will take the bit in its own teeth."

Rivlin's and Stevenson's "criticisms" of Carter are deliberately intended to set the stage for Carter's Congressional operatives such as Stevenson himself, to push through a "tougher" version of the Administration's energy program — with the Administration's full behind-the-scenes complicity.

In fact, Carter and soon-to-be Energy Czar Schlesinger met with the House Commerce subcommittee on Energy and Power Wednesday morning just before it opened two weeks of mark-up on most of the non-tax components of the Administration's package. Carter's message to the subcommittee was: "I hope the Congress will draft an even stronger package than the one I presented."

The subcommittee, chaired by Rep. John Dingell (D-Mich), has been quick to oblige. Dingell yesterday introduced an amendment which would turn the Administration's proposed home insulation program from a voluntary into a mandatory one, while extending it to include not only private residences, but apartments, condominiums, etc. Other Carter Congressmen, such as Rep. Toby Moffett (D-Conn) are vowing to toughen up other parts of the package.

In the face of such Congressional compliance, the Administration has now decided to speed up its original timetable for securing enactment of its energy package.

Following a tete-a-tete with the President June 2, House Speaker Tip O'Neill (D-Mass) announced that he had "set a deadline" of July 13 for Dingell's subcommittee to finish the mark-up, with a view to full House passage by the end of that month. According to an aide to the subcommittee, "The members haven't been able to decide where they stand on any of the issues they're dealing with in mark-up. Hearings just ended last Friday. They've been deluged with information and what they're trying to do now is to clear the fog out of their heads just so they can figure out where they are."

The Administration is also moving to create an intensified climate of hysteria about the energy crisis to ensure that its timetable runs on schedule. To this end, the Office of Technology Assessment, dominated by pro-Carter members of Congress such as Senator Ted Kennedy (D-Mass), will shortly issue a report claiming that unless the Carter program is enacted, there will be "depressions, revolutions and even wars." Though the report is still in the drafting stage, an OTA staff member already briefed the House Ad Hoc Committee on Energy on the report's most hysteria-mongering aspects prior to the House vote on the Energy Department.

While a number of conservatives objected to the Department of Energy bill during the House debate, emphasizing the inherent dangers in giving its director such unprecedented powers over the vital question of

energy policy, none addressed the fact that the Carter energy program and the Administration's fundamentally-interlinked push for nuclear confrontation are *impeachable* offenses. The House's overwhelming approval of the Energy Department bill combined with the

Administration's speed-up timetable for passage of the overall energy package provide ample evidence that unless Carter's Congressional opposition summons up the courage to go for impeachment, any other form of resistance will be quickly steamrolled.

Carter Appoints Trilateral Member For Nuclear Sabotage

The Carter Administration's announced appointment this week of Gerald C. Smith as Ambassador-at-Large in charge of international attempts to control development of nuclear technology, is the latest move in a game of international bluff whose aim is as much political and economic as it is energy-related.

The Smith appointment is a blackmail and arm-twisting operation, scripted by the Trilateral Commission before Carter stepped into the White House, to sabotage the growing array of international economic cooperation and industrial "technology transfers." The U.S. Administration's official line is the same RAND-Trilateral line that the development of nuclear energy in Third World countries opens the door to nuclear weapons "proliferation." Smith himself, whose nuclear energy expertise appears limited to service as Arms Control and Disarmament Agency Chief negotiator, is an executive member of David Rockefeller's notorious Trilateral Commission.

With the Smith appointment, the Carter Administration is trying to persuade the world to agree with the incompetent and suicidal Carter energy policy, in particular the ban on the development of nuclear fuel reprocessing centers and the related fast-breeder reactor. The same Rockefeller family financed oil companies such as Exxon which dominate the current world petroleum markets, and hold major U.S. coal reserves as well as uranium for existing light water generation reactors, stand to lose control of international energy prices if the fast-breeder and reprocessing technologies become widely available. (See EIR, Vol. IV, No. 7).

Increasingly, advanced industrial countries such as Japan, West Germany, France, and Britain have turned to nuclear transfer agreements to provide long-term nuclear energy development to the developing countries. The multi-billion dollar deal between West Germany and

Brazil which provides Brazil with complete fuel cycle independence and a similar arrangement between France and Pakistan have been the major targets of intense Carter Administration pressure.

Reports in the last 24 hours, initiated in the *New York Times*, indicate that following a Paris meeting with U.S. Secretary of State Vance, French Foreign Minister Guiringaud told Vance that France was "postponing" delivery of critical blueprints for the Pakistan reprocessing facility, citing the "political instability" of the Bhutto government as the reason. If confirmed, the French "delay" would allow the U.S. to greatly increase pressure on the Schmidt government in West Germany to back down on its sale of reprocessing technology to Brazil, a move which, if successful, would destroy European and particularly West German credibility and ability to enter into major international nuclear export contracts.

In the face of heavy political opposition to the Carter "proliferation" line from European, Japanese and developing countries, the U.S. has stepped up pressure to get the semblance of international compliance with the Trilateral anti-nuclear policy. This week in Argentina, long a proponent of peaceful nuclear development in Latin America, the Videla government called for a "reconsideration" of its previously pro-nuclear policy. The U.S. increased pressure on Argentina and Brazil the following day by signing the Tlatelolco Treaty to prohibit "nuclearization" of Latin America. With the exception of Argentina, Brazil, Cuba and Guyana are now the only other non-signatories. Japanese sources report that the Carter Administration is also threatening that country, which is pressing development of reprocessing, with repeal of the Japan-American security treaty if the Fukuda government goes ahead with plans to complete the Tokai Muri reprocessing center.

Third World Debt Crisis Breaks In U.S. Press

SPECIAL REPORT

Breaking a long-standing press blackout, leading U.S. newspapers provided unusually frank coverage of the Third World debt crisis this week — including the possibility that a wave of defaults could bring down major banks. In a May 31 article entitled “50 Billion Dollars in Overseas Lending Haunts Bankers, Feds,” the *St. Louis Post-Dispatch* reported that Zaire has already been in technical default and that “at least five other countries — Peru, Turkey, Mexico, Brazil and Indonesia — are being watched closely by the international financial community.” “The billions of dollars of foreign loans on the books of major banks,” wrote Post-Dispatch Washington correspondent James Deakin, “have revived memories of the 1931 failure of the huge Creditanstalt Bank in Austria, which set off the depression in Europe, and the more recent failure of the Franklin National Bank of New York.”

On June 1, the trade-oriented New York publication *Journal of Commerce* led with the news that Peru could default on \$190 million in debt service payments due by July, as a result of the Peruvian military's opposition to IMF austerity conditions. According to the *Journal of Commerce*, “military circles are considering the option of default, which the local press is also advocating... Bankers think that President Morales Bermudez will go the IMF way. But there is no indication from Lima that military circles are willing to pay the political price...”

Also on May 31, the *Chicago Daily News* revealed that plans to prop the debt through the formation of a special \$20 billion IMF bail-out facility — the so-called Witteveen Plan — were “dissolving like a rope of smoke.” Since the Saudis broke rank and refused to chip in their petrodollars, the Witteveen negotiations have broken down and “default could become a very real possibility... the Arabs are not going with the IMF, instead they are setting up their own fund. The IMF may only be able to finance balance of payments deficits in the industrial sector leaving the Third World out in the cold.”

Global Poker Game

The fact that several regional press are breaking the Third World debt story now is a sign that leading U.S. industry and regional banking interests are groping for a solution to the crisis. Commenting on the Post-Dispatch piece, one St. Louis banking source said: “You know, that article didn't come from nowhere... No banker will say this, but the IMF died in 1971, and anyone who doesn't realize this doesn't know a thing about banking. The problem is, no one knows what to do about it.”

The position of many regional and European bankers is

probably best summed up by an article in the June 2 *London Times* by reporter Frank Vogel. Vogel characterizes the Eurodollar debt build-up as a gigantic “poker game,” which appears to be able to go on forever — until some of the frightened participants decide to withdraw their chips. While complaining loudly that recent loan syndications are being used solely for debt-refinancing rather than for viable development projects, U.S. regional and European banks have yet to pull out their chips and some are even trying to “out-compete” the major New York and Chicago banks at the Eurodollar lending game.

“Murder, Torture, Detention...”

This week's press coverage indicates at least some of the poker players could be wising up. The *St. Louis Post-Dispatch* article, in particular, makes several jibes at Carter Administration policy. Quoting Rep. Tom Harkin (D-Iowa), the Post Dispatch notes that, in order to pay off debts, a country may “slow down its national rate of growth, drastically reduce government spending... and freeze or restrict the real wages of its workers.” “How does a regime enforce such fiscally conservative policies?” Harkin said recently. “It enforces them by repression — by union busting, mass arrests, murder, torture, detention without charge. If enforces them by allowing an ‘acceptable’ level of hunger and unemployment.” Congressional liberals have noted with some irony that economic stabilization, especially in poorer countries with authoritarian governments, is not very compatible with President Jimmy Carter's world-wide human rights campaign.”

The Post-Dispatch also notes the “controversy” which has recently arisen over whether the huge volume of foreign loans “were made on the implicit assumption that if anything went wrong, international lending agencies such as the World Bank and the IMF would bail out the banks by serving as lenders of last resort.”

Turkish Default

In the meantime, events in Turkey are confirming Harkin's scenario to the letter. Turkey has already defaulted on some foreign obligations, and according to the Turkish newspaper *Cumhuriyet*, the country's central bank is channeling every available penny of foreign exchange into debt repayment on a day-to-day basis — at the expense of essential imports. Between April 13 and May 13, the Turkish central bank received \$300 million in foreign currency but applied only \$58 million to import payments, indicating a particularly heavy schedule of short-term debt repayments. Outstanding import orders awaiting central bank funds now stand at \$1 billion — or two and a half months' worth of imports — because the central bank is “not taking the risk of releasing imports.” This has resulted in large-scale black-market activities and stockpiling, exacerbating a chaotic atmosphere which, some observers say, could precipitate a military coup.

Soviets Comment On Third World Debt

The following is reprinted from the USSR's Ekonomicheskaya Gazeta.

In their entirety, Western loans to the developing nations are an essential element of the economic foundation of neocolonialism...

Brazil, Mexico, and Indonesia have the largest debt among the developing nations. At the beginning of 1977 Brazil's debt reached \$26.7 billion, Mexico's \$25 billion and Indonesia's \$11.2 billion. More than 30 other countries are also having a difficult time — the nations which have suffered the most from the economic and energy crises. The following countries belong to this group: Pakistan, Bangladesh, Ivory Coast, and a number of other Asian, African and Latin American states...

Bourgeois statistics belittle the magnitude of the actual indebtedness of these countries. In a number of cases they do not include short term credits of a year or less, loans for military purposes, and various other categories...

Problems of Repayment

The difficulties of the developing nations in repaying their foreign debts are compounded by the low effectiveness in the use of the received credits, a situation often artificially created by western capital. This low efficiency is determined by the very way in which the funds are applied. So far, most of the state loans to the developing countries have been for infrastructure development. Only 22.5 percent of the credits are granted for industry and energy. World Bank investment in industry of the borrowing countries averages about 20 percent of total loans while in infrastructure it averages 50 percent. Since the amortization period for infrastructure is longer, and their annual financial yield small, capital investments in it do not lead to a corresponding increase in budgetary revenues. As

a result the nations do not possess the means of repayment in order to cancel their debts. When capitalist "aid" does finance industry in the developing nations, it mainly finances private enterprise. The developing states are forced to spend part of the received loans for paying off old debts, as well as on the purchase of food stuffs. All this lowers the efficiency of credit utilization...

At the present time some developing nations spend more than 15 percent of their whole export income for debt repayment; for Egypt, Uruguay and a few other nations it is more than 20 percent. As a result, the developing nations have reduced capability to import machines, equipment, industrial materials and consumer goods — all of which brakes their economic development.

In Search of a Solution

The developing nations are increasingly standing up for their economic and political rights... In the last few years they have sparked the struggle for a New World Economic Order. Its implementation would remove the unfair trade, would help establish effective control over the activities of the international monopolies, assure an equal footing in solving the world's currency-financial problems, provide for a more just distribution of financial, technical and material resources.

One of the demands of the developing nations is also the solution to the foreign debt problem. The developing nations seek better repayment conditions (mainly through postponement of repayments), arranging of special credits for the cancellation of the debts (so-called debt refinancing), and annulment of a part of the debt...

At the V Conference of the Heads of States and governments of the Nonaligned nations at Colombo (Sri Lanka) in Aug. of 1976, its participants declared their determination to seek means to reduce indebtedness...

North-South Talks End In Failure

SPECIAL REPORT

After 18 months of shadow boxing "dialogue" and seemingly endless negotiations between representatives of oil producing and developing countries and developed capitalist countries, the Paris Conference on International Economic Cooperation (the North-South

talks) ended June 2 in complete failure. The issue which has been at the center of the talks since their inception, the point of confrontation all along, was the source of final breakdown — the demand of the developing countries for a general moratoria on the huge accumulation of largely unredeemable debts, estimated conservatively at some \$200 billions, owed to the New York banks, their Eurodollar affiliates, and the multilateral institutions that front for them, the IMF and the World Bank.

What emerged from the final Ministerial-level session of the Paris talks was a communique which largely stated an "agreement to disagree" on debt and almost every other major issue before the delegates. The failure of the talks, long predicted, was absolute certainty the moment after U.S. Secretary of State Cyrus Vance delivered the Carter Administration's final offer to the Third World representatives.

Vance's message, stripped of the usual Carter style, was simple — we offer you an opportunity to capitulate on all the key demands for debt moratoria and the establishment of a new world economic order, on which we will not yield one inch, and if you refuse you must face the consequences.

Left unsaid, but visible for all to see in southern Africa and the Middle East, are exactly what those "consequences" are. *New York Daily News* columnist and Carter aficionado James Weighart was not so diplomatically shy about making them clear: "The alternative to the peaceful, if painful negotiations now taking place is the continued exploitation of the have-nots by the haves, a process that will require force on a level that would make the repression of the 19th century colonialism seem pale by comparison."

Vance, speaking for David Rockefeller and the Trilateral Commission, asserted as the number one priority of the Carter policy toward the developing sector the collection of Chase Manhattan's blood money. Vance sanctimoniously told the delegates that the future would call for "many painful adjustments, accommodations and sacrifices." He offered nothing on debt except the now standard Kissinger "case by case" rape formula, throwing in an insulting plan for the creation of a \$1 billion "action fund" to roll over debts of the worst-off developing countries.

The response of the Group of 19 developing country representatives at the talks was best expressed by the action of the Peruvian Foreign Minister who walked out on Vance's speech, later terming it a "farce." The conference ended with separate communiques issued by the Group of 8 and the Group of 19, with the latter declaring, according to BBC, that their demands for debt moratoria and the new world economic order were not met. The Italian press reported the comments of Jamaican Foreign Minister P.J. Patterson "we didn't reach our goals, which were a debt moratorium and a reform of the world monetary system."

Earlier in the conference the co-chairman of the talks and spokesman for the Group of 19, Venezuelan International Economics Minister Perez Guerrero, replied to Vance's outrageous "concessions." Guerrero mildly stated that the offers were "far below our expectations" and "not commensurate with the grave problems the developing countries face." He labeled Vance's pastiche "isolated gestures," rather than "fundamental changes" the developing countries are calling for.

Vance's "concessions" added up to very little. At the center were two items: the \$1 billion fund which the *New York Daily News* correctly called "a bribe aimed at keeping the conference from breaking up" and a commitment to the establishment of some sort of "Common Fund" to stabilize raw material commodity prices. The

latter has been the key ploy of the U.S. all along — a big concession of raw materials scheme they themselves already back because it will jack up the prices of raw material exports of the debtor Third World nations, thus ensuring payment of those debts and an inflationary windfall for the cash-starved banks and multis who mine and speculate on those commodity prices. The big game plan of Carter's "new look" toward the Third World was built on trading off this agreement on the Common Fund (or Common Fraud as it is known in certain circles) for a Third World abandonment of its debt moratoria demands.

Just to make sure that the Group of 19 did not miss the everpresent war threat behind these gestures, Nelson Rockefeller's Senator from New York, Jake Javits, a member of the U.S. delegation, warned the delegates if they did not "moderate" their "unrealistic" demands, the U.S. population and Congress would not even agree to Vance's "concessions." Vance himself made the same conditions clear.

The Group of 19 also issued a separate rebuff to Vance's attempts to establish an ongoing and separate "energy dialogue" between oil producers and consumers, through some kind of energy "institute." While the press reported that some of the oil producers were willing to go along with this, it was shot down by Iraq, Venezuela, and Algeria. This proposal too is part of the original Kissinger package, aimed at trying to isolate the energy issue from the entire new world economic order program of the developing countries, and at splitting the OPEC countries from the non-oil producing developing countries.

Vance also surprised even his own Group of 8 partners in calling for the entire North-South dialogue to continue in some forum or another. This bid for the developing countries to keep talking until hell freezes over was also rejected. The Common Fund issue will be taken up in the United Nations Conference on Trade and Development which is scheduled to meet again in November. As for the other questions, the position of the developing countries once the talks finished up is to refer everything back to the United Nations.

The Group of 19, while showing a complete unwillingness to be bribed, threatened, or otherwise terrorized into capitulation, is equally unwilling so far to take any kind of decisive unilateral action to force the debt and monetary issue. That means declaration of debt moratoria which no government so far has shown the guts to carry out despite the fact that numerous countries have de facto defaulted on their payments. Instead those countries are collaborating with their creditors in keeping the whole unholy mess quiet.

This softness was evident in the talks, which went on for an extra day and with all night sessions as some developing country reps tried to find room for agreement. The totally unyielding position of Vance and friends made it impossible to come up with much more than some vague agreements in principle on a few areas, like increases in official aid to the Third World and the commodities nonsense.

More resolute action by OPEC may come at the Belgrade European Security conference coming up later this month; there the question of Mediterranean security can be linked to economic issues.

Big U.S. Banks Exhibit Death Wish

BANKING

In their market newsletters this year, New York's largest commercial banks have singled out as dangerous the continuation of Eurodollar lending to "credit-risky" Third World or OECD countries. But paradoxically, because of a deteriorating domestic lending and profitability picture, these banks must actually greatly increase such Euro-dollar lending this year, violating their own intentions and better judgment.

What is now accelerating as a lending policy for 1977, originally emerged strongly in early 1976 as a policy of the large commercial banks especially — the shakiest segment of the banking industry, the New York commercial banks. The domestic lending of the largest U.S. commercial banks (1) dropped by one percent for 1976 — a closing up of credit for commerce and industry — and quite a different pattern than the yearly 6 to 7 percent increase in domestic lending that characterized the late 1960s and early 1970s. At the same time, the net income on domestic loans of these same banks increased by only one percent for the entirety of 1976.

For the group of largest New York banks — the Big Six — the situation was even worse. Their domestic loan-booking dropped by 8 percent. Moreover, they experienced large drops in net interest income on their domestic loans, ranging from 1.5 percent to 9.5 percent, as indicated in the accompanying chart.

Banks	Domestic Net Interest Income	Foreign Net Interest Income	Non-Interest Revenues	Aftertax Income
Bankers Trust	-9.5	31.0	24.5	- 9.0
Chase Manhattan	-9.0	1.0	19.5	-33.0
Chemical	-2.0	2.0	9.5	- 6.5
Manufacturer's Hanover	3.0	22.0	9.5	5.0
Morgan	-1.5	-5.0	21.0	5.5
Citicorp	-1.5	8.5	24.5	16.5

Source: Kidder, Peabody and Co.

(1) This group of large commercial banks includes: Bankers Trust, Chase Manhattan, Chemical, Manufacturer's Hanover, Morgan, Citicorp, Bank of America, Continental Illinois, First Chicago, First Bank System, First International Bancshares, and Wachovia.

As can be seen from the chart, only Manufacturers Hanover experienced a gain in net interest income. Within this category, the biggest loser of net interest income was the lending to commerce and industry. While figures don't exist for how large the Big Six net interest income loss is on the account of C and I lending, we can hypothesize that the loss averaged greater than 10 percent for the Big Six banks.

Thus, as domestic lending dried up, the largest commercial banks substantially increased their lending to OECD and Third World LDC nations for 1976. Overall, for the entire commercial banking group under consideration, the increase in foreign lending was 15.5 percent for 1976. Correspondingly, most of the Big Six registered substantial net interest income gains on their foreign loans as indicated in the chart.

The story doesn't stop here. By itself, the categories of foreign and domestic lending would *not* have produced an after tax profit for the largest commercial banks even though domestic and overseas lending generated 80 percent of total bank earnings in 1976. It was the remaining 20 percent earnings realized by *non-interest revenues* that actually, for most large commercial banks, generated the *margin of profit* for 1976.

Non-interest revenues is basically a category that includes a large component of speculative holdings, including earnings from bond trading, foreign exchange operations, and service charges, fees and commissions from a myriad of activities such as credit operations, issuance of letters of credit and equity from unconsolidated subsidiaries. The decline in interest rates in the fourth quarter of last year led to bank profits on the selling of mature Treasury issues, etc. Thus, bond trading income for 1976 rose by a huge 131.5 percent and income on fees, commissions and service charges rose by 15 percent.

The non-interest revenues were needed to generate a margin of profit partly because of the high level of loan losses. Whereas loan losses charged off against total bank loans outstanding last year was only 0.71 percent, when measured against earned bank income — a much truer measure — they exceeded 12 percent!

Precisely one-half of loan losses for 1976 occurred in real estate losses:

Total loan losses: \$1.23 billion

Real estate loan losses: \$0.648 billion

The volume of loan losses reported here may be far too conservative, despite the fact that it has been compiled from bank annual reports and a special Kidder, Peabody and Co., banking report (Commercial Banking Industry, May 3, 1977). The chief cause for doubt is that the reported losses on account of non-performing foreign loans is much too low to be accepted without serious question. The figure commonly agreed on — of \$135 million — is much smaller than the combined total of known defaults by Zaire and Argentina, which exceeded \$500 million last year.

This notwithstanding, predictions that this year's loan losses, notably REIT's, will decline, must be dismissed.

This is because (a) foreign lending loan losses will inevitably accelerate (already this year Turkey is defaulting on payment of over \$2 billion of supplier's trade credits, because of lack of foreign reserves); and (b) there is another heavy real estate boom underway in the U.S., which is very speculative, and which is increasing the banks' exposure to real estate losses.

This year, as EIR documented in a special banking survey two weeks ago, the pace of foreign lending and acceptance of foreign deposits by the U.S. commercial banks increased for the first quarter of 1977. Moreover, because of further U.S. commercial bank deteriorated domestic lending and profit positions, this shift must become more pronounced. This creates the paradox of thrusting U.S. commercial banks into greater Euro-dollar-lending at precisely the point that they are desirous — for their own survival — of getting out of this market.

*New York Commercial Bank
Domestic Lending Shrinks*

In the first quarter of this year, while national commercial bank lending to commerce and industry has experienced a moderate increase, there has been no pickup at all at Chicago and New York money center big banks, and in fact a further drop.

Currently, large corporations are going to the commercial paper market for funds, where interest rates are 1.5 point lower than are obtainable from commercial banks. The current excess of liquidity available to invest on the commercial paper market is a result of a combination of the lack of profitable productive investment outlets, simultaneous with a slosh of funds created by the rapid increase in money supply to finance the moderate level of economic uptake in the last two and a half months. This has created a very competitive commercial paper market, and acted to give a downward push on commercial paper interest rates. This has prevented the commercial paper rate from rising as fast as either the federal funds rate or the prime lending rate during the last few weeks. (So far, the commercial paper market financing has already increased by \$5 billion this year)

Thus, the 1.5 percent spread between commercial paper and the prime lending rates seems certain to hold for a while, and since a spread of even one quarter of a percent is often enough to attract business, it doesn't seem likely that the large New York banks are going to get back their large industrial customers very quickly. In fact, the commercial banks have raised the lending

rate from 6.25 to 6.75 percent within the last two weeks, and conservative economists interviewed by the May 25 *Journal of Commerce* — Glen Picou of Irving Trust and Dr. Allen Sinai of Data Resources — estimate that pressures will force the prime rate up to between 7.0 and 7.5 percent by the end of the year.

The other potential market for New York commercial bank lending — small and medium size industrial and agricultural customers — is now receiving its financing from other regional banks, who have stuck with such customers during the high interest rate period of late 1975 through September 1976. These medium and small size industries are not about to suddenly jump to the New York banks, who abandoned them when they needed cash badly.

The New York banks, of course, worked themselves into this situation. During the period 1974 through September 1976, the New York commercial banks were quite willing to forgo domestic lending for the beauties of the Eurodollar market. Then, beginning about November 1976, after many corporations had used various sources to restructure their debt, the banks found they had an "excess" of funds to lend one another and by about December 1976, the phenomenal growth of the commercial paper market began to take hold.

Since the current domestic lending situation is now significantly stacked against the New York big banks, these banks will have to go further into Euro-dollar lending, which has become very competitive since January 1977, especially with the heavy participation of the Germans and the Swiss. But that market — aside from greatly increasing non-interest revenues earnings, which have a natural limit — is where the New York commercial banks must increasingly place their money: *against their will and better judgment*. Thus, according to the Kidder, Peaboy and Co. special banking study, all commercial banks increased their Eurodollar lending by \$8.7 billion during the first quarter of 1977 (only one-quarter of this was to non-OPEC developing sector nations).

If the May 6 Federal Open Market Committee (FOMC) meeting which set the 5.5 percent Fed funds rate can be interpreted as setting a policy of higher and higher federal funds rates to snap the inflationary bubble of the first four months of this year — represented by a 13.5 percent annualized growth in the wholesale price index — then the prospect for New York commercial bank domestic lending will become worse. Even if a regime of high interest rates is not immediately instituted, the New York commercial banks can derive no solace.

Parisian Journal Cites Growing LaRouche Influence In U.S.

SPECIAL REPORT

In its April 28-May 23 issue, the prestigious Parisian journal Le Courrier du Parlement a publication widely read by France's foremost policy-makers, published an article written by Lyndon LaRouche, Chairman of the U.S. Labor Party. The article was preceded by the following introduction:

Mr. LaRouche is hardly known to European political men and even less so to public opinion. President of the U.S. Labor Party, he was a presidential candidate against Carter. The minimal number of votes collected — which made him contest the regularity of the vote — gives only a rather imprecise idea of the penetration of his theses into a significant number of decision-making and information centers of trade unions, industrialists and very high government agency functionaries...Specialist and expert in industrial management questions, Mr. LaRouche is president of the International (Caucus of) Labor Committees. Through his polemical and virulent positions against the power of the New York banks, the background omnipresence in world political and economic life of the Trilateral Commission, the implications of an energy policy which could lead to a generalized thermonuclear confrontation, and condemnation of the Bretton Woods monetary system, Mr. LaRouche is more and more retaining the attention of observers. He is, in fact, transposed into modern political action, a 'radical' in the firmest tradition of American opposition forces. Of Marxist influence, his personal thought, his militant action and that of small but efficient teams which he mobilizes, bring to the American continent and now to Europe, new paths for exploration and politico-economic thought."

Excerpts of Mr. LaRouche's article, entitled "1977: Decisive Year" appear below (translated from the French):

The world has reached the decisive point, the point of no-return. We must make a decision during the course of the year 1977. Will there be a fascist world order with a descending spiral of production capacities? Or will we build a new monetary system, to infuse new magnitudes of capital into industry and agriculture and relaunch world economic growth?

...What we must do has been clear for at least ten years in the eyes of every economist with character, capable of appreciating reality. But most of them — and this in-

cludes those who have a commitment to solving these problems — have preferred to believe in the futility of financial reorganization measures. But this year, a point has been reached in which all euphoric illusions will properly explode, and the collapse which will result will lead to the most serious threat, of thermonuclear war, if nothing is done to solve it.

Despite the state of disinformation in which the United States keeps most of the Europeans — this applies sometimes to the best informed Europeans — it must be known that the possibilities of technological progress in America are being voiced in an ineluctable manner, affirming at the same time the existence of a solid resistance to the austerity measures in "energy" called for by Rockefeller-Carter. U.S. trade unionists and industrialists constitute a broad base of forces which are rightly denouncing Schachtian austerity, represented as 'necessary' conservation. In fact, this is an effort to hide the price which must be paid in order to save the collapsing interests of lower Manhattan, a price which the American people do not want to pay.

This resistance in the United States, to bailout measures of the Schachtian type for Rockefeller banks, are echoed — in the area of energy problems — by German industrialists and unionists. The same goes for industrial forces in Japan. This more and more vocal resistance is heading toward a decision to establish a new international monetary system. It is this year, in 1977, that this system must see the light.

...Naturally, we will not permit the resulting collapse of certain banking institutions to lead to a general economic collapse. We will act to put an end to the chain collapse which otherwise could take place.

But let it be very clear that we must act in 1977.

What we must do — and it really must be done — is to establish a monetary system based on a gold reserve and hard credit. This new monetary system will take the form of an international discount bank, whose shareholders will be the central or regional banks of participating countries. These central or regional banks will have to respect a policy of credit-creation in support of weak or lazy productive capacities — this will produce the future national surpluses. National surpluses will be rigorously and exclusively devoted to loans aimed at capital investment for industry and agriculture. Through these methods, we will reactivate idle capacity, accelerate international trade and investment and finally emerge from the depression.

...The emphasis will also be placed on necessary technological progress. Even though our first duty is to reactivate idle capacity, we must not lose sight of the fact that the essential priority in new investments must

be to advance technologies. For it is the new production issuing from advances in technologies which is, beyond the short term, the sole source of wealth. Any other credit policy would revive the same old nonsense from which we have suffered since the Versailles Treaty order, and the Bretton Woods order which followed. If we adhere to this clear and firm credit policy, the new monetary system will be supported by a system of strong currencies with growing productive capacities.

The new monetary system will be marked by several dominating characteristics. It will be, above all, an instrument favoring the massive export of advanced technologies from the industrialized countries to the developing countries. The developing sectors will thus reinforce advanced-technology agriculture on a vast scale.

...Another dominating characteristic will be an essential program of massive production of energy through nuclear fission and fusion. The approximate objective will be the production of half of world energy needs by 1993-1995 through the combination of fission and

fusion. To meet this indispensable demand, global industrial production must massively increase in relation to the production capacities of 1977....Fission must be considered an integral part of the transition toward fusion energy.

...In short, the new monetary system in the first 25 years of its existence must contribute to that global development of the economy necessary for the take-off of a plasma physics economy, that of the 21st century.

The only difficulty for our undertaking is political: If the industrialists and unionists of the industrialized OECD nations appreciate themselves as a political force, there is no reason for us not to succeed...If we succeed, 1977 will be the year in which we will have insured our posterity, a future for the human race.

If we do not do this, the race may very well be condemned.

All that is required of us is a few simple degrees of self-consciousness, each of us acting in our present spheres, and we will win.

New Jersey — State Of The State:

High Wages Means Skilled Labor And Efficient Production

The following excerpts from a Report to the Citizens of New Jersey, by Leif Johnson, U.S. Labor Party candidate for Governor of New Jersey, is reprinted with permission of the U.S. Labor Party. The report is accompanied by a letter to the citizens of the state by the candidate.

Orange, New Jersey
May 10, 1977

Dear Citizen:

My campaign for Governor of this state intends to build a Whig Alliance that would be immediately recognizable to Franklin, Washington and Hamilton in both its composition and its purpose.

Two hundred years ago we went to war to defend our future against the zero-growth looting policies of the London banks, and won.

Today, most Americans maintain a commitment to expansion of industry and energy supplies against Jimmy Carter's plans to sabotage energy production and de-industrialize the nation. Most Americans believe that the legalization of drugs advocated by Carter's drug-control nominee Peter Bourne contradicts the national interest. Most Americans want a foreign policy that again puts the U.S. in the forefront of industrial and agricultural leadership worldwide, as opposed to Carter's plunge toward nuclear confrontation.

The 19th-century American Whigs, who later formed the Republican Party of Lincoln, were merchants, ironmasters, pro-industrial landholders, textile producers, frontiersmen, inventors, and artisans.

Today, members of the emerging Whig Alliance find themselves in the Democratic and Republican Parties, in trade-union positions, in chambers of commerce, civic and religious organizations, scientific, engineering and educational circles, as well as groups of friends who "discuss" at passionate length.

The purpose of the Whig Alliance was and is the

best utilization and advancement of our skilled labor power. That requires a maximum rate of capitalization of new technologies, to transform the scientific basis of production as fast as possible; that is the concrete meaning of freedom.

Our Alliance will achieve its ends through vigorous use of a political system designed expressly by the Founding Fathers to facilitate scientific innovation and enhance national wealth. The only form of government appropriate to the de-industrialization policies of the Trilateral Commission and its Carter administration is a police state.

The Whig Alliance is beginning to mobilize for "Cartergate" — the reassertion of the national will over the Rockefeller-funded vote frauders, drug pushers and industrial saboteurs.

In the early months of the gubernatorial campaign, people have detected the stench of horse-trading. "If he'll deliver, I'll deliver...I've got my man." His energy program, his economic program? "I'm not sure yet but I'm sticking with him" — the kind of clever stupidity that has perpetuated New Jersey's economic depression and allowed Carter to take office.

Even if, as I hope will not be the case, the other parties select the most brainless and unprincipled candidates, the following report examines in broad terms the questions we must debate and act on in each community, business and labor organization, and on every possible platform in the state.



Leif Johnson
U.S. Labor Party

PART ONE

High Wages: Skills, Innovation, Capital

"...the annual produce of the land and labor of a country can only be increased in two ways — by some improvement in the productive powers of the useful labor, which actually exists within it, or by some increase in the quantity of such labor...."

"...there is in the genius of the people of this country, a peculiar aptitude for mechanic improvements; it would operate as a forcible reason for giving opportunities to the exercise of that species of talent, by the propagation of manufactures...."

"So far as the dearness of labor may be a consequence of the greatness of profits in any branch of business, it is no obstacle to its success. The Undertaker can afford to pay the price...."

"There are grounds to conclude, that undertakers of Manufactures in this Country can at this time afford to pay higher wages to the workmen they may employ than are paid to similar workmen in Europe."

— Alexander Hamilton
Report on Manufactures, 1790

"Whoever thinks this question (of the reason for manufacturing ascendancy) is to be irrefutably determined solely by predominating low prices of manual labor will fail in solving the problem."

— Annual Report, Bureau of Statistics,
New Jersey Department of Labor and Industry, 1878

A common belief, especially among hard-pressed manufacturers, is that comparatively high New Jersey wages and fringe benefits are ruining business and fields are greener in North Carolina, Taiwan or Puerto Rico. A recent report compiled by the Fantus Company for the New Jersey Manufacturers Insurance Company concludes that high labor costs prohibit capital formation in all industries surveyed: knitted wear, paper, pharmaceuticals, glass, plastic, industrial machinery, communications, and motor vehicle parts.

It is an undeniable fact that wages in New Jersey were 8 percent above the U.S. manufacturing average. It is also undeniable that New Jersey has lost 13 percent of its manufacturing output in the last four years. Could it be that Alexander Hamilton was wrong, and investment flows toward low-wage areas because low wages mean higher profits?

New Jersey has always been a high-wage sector of the United States, and North America was noted for its high wages a hundred years before Alexander Hamilton. For most of the period from Hamilton's day to the onset of the present international crisis of industrial collapse in the mid-1960s, New Jersey wages have been upwards of 25 percent higher than the national average. And that disparity has increased precisely during the periods of highest capital inflow and manufacturing expansion.

For example, look at the following table: using Fantus's logic, where would you expect capital to locate?

WEEKLY WAGES PAID IN 1878
(New York taken as equivalent to New Jersey)

Occupation	Italy	Ireland	New York
Bricklayers	\$3.45	\$7.58	\$12-15.00
Masons	4.00	7.58	12-18.00
Carpenters	4.18	7.33	9-12.00
Painters	4.60	7.54	10-16.00
Plasterers	4.35	7.54	10-15.00
Laborers	2.60	4.50	6- 9.00

(Scotland)

-- Annual Report, 1878 N.J. Bureau of Statistics

Lest anyone think our American wages simply reflected the high cost of necessities, in the same year flour was 7 cents a pound in Genoa, Italy and 3-4 cents in New York. Beef was 18 cents compared with 8-16 cents in New York; coal was \$11 a ton in Genoa compared with \$5.25 a ton.

Notwithstanding "scarcity of labor" and "cheap land" arguments, what high wages reflected was the necessary social cost of creating the skills necessary for industries undergoing rapid technological growth. The high wages

were not some arbitrary bonus paid out of profits but the *sine qua non* of the development of the development of labor power itself, the very basis of America's industrial preeminence.

Low wages produce just the opposite of their alleged benefits. A low-wage policy attracts the least-skilled workers, stifles their development, and fosters labor-intensive, low-technology and low-profit industry, then creates high tax levels to pay the burden of maintaining these workers. Aren't the devastated inner cities of Newark, Jersey City and Camden prime examples of the effects of low-capital, low-wage business? Who would contemplate investing there?

In any sustained period of industrial growth, high-wage industries tend to squeeze out low-wage industries because the high-wage industries are based on *rapid productivity increases generated by new capital investment*. The following two tables illustrate, first, the effect of capital increments on output relative to increases in labor used, and second, the general shift to high-wage industries in New Jersey even during the 20th century.

New Jersey's Actual History

As Hamilton explained to President Washington in his *Report on Manufactures*, only by improving the productivity of labor, by using the mechanical genius of the nation, would we prosper. Constant invention of new machines and processes was the key to national wealth. And since the colonial period New Jersey has been the invention capital of the nation. Today it remains the highest in per capita research and development spending in the U.S. Here lies the key to our future: it now requires sufficient capitalization to ensure success.

In 1792, Hamilton searched for the proper location to combine labor skills, hydraulic power, and investment capital to challenge the British cotton industry. The spot he chose to erect his mills was Paterson, New Jersey. Since that time silk, cotton and dyeing, as well as other textile enterprises, were progressively superseded by locomotive-building, machine tool production, and aircraft engine assembly. Given Hamilton's impetus,

Paterson became a great manufacturing center.

Historically New Jersey has been a center of industry:

** Washington's army spent most of the war years in New Jersey — iron and skilled workers were combined to supply the army with muskets and shot.

** John Fitch plied the Delaware between Trenton and Philadelphia in the first steamboat.

** John Stevens made the first cast iron pipe in New Jersey.

** Cables for the Brooklyn bridge were made in New Jersey — as the only place capable of making suitable cables.

** Isaac Singer mass produced his sewing machines, first in New Jersey — making ready made clothes first available in America.

** Thomas Edison established his first factory in New Jersey.

** Alfred Nobel located his first U.S. factory, for the production of dynamite in New Jersey.

And by the turn of the century, New Jersey had the most consolidated railroad grid in the country. This density, combined with an unsurpassed highway system, led to the construction of the East's largest container terminal at Port Newark and Elizabeth.

The Present Economic Depression

Before laying out the further productive advances we can and must make in the next four years, it is necessary to grasp the magnitude of the industrial collapse that began in the post-World War II years, worsened in the mid-1960s, and went into a tailspin after the 1973 Rockefeller oil hoax.

At the peak production point of World War II, it is estimated that almost two-thirds of the state's workers were engaged in goods-producing work. That includes manufacturing, mining and construction.

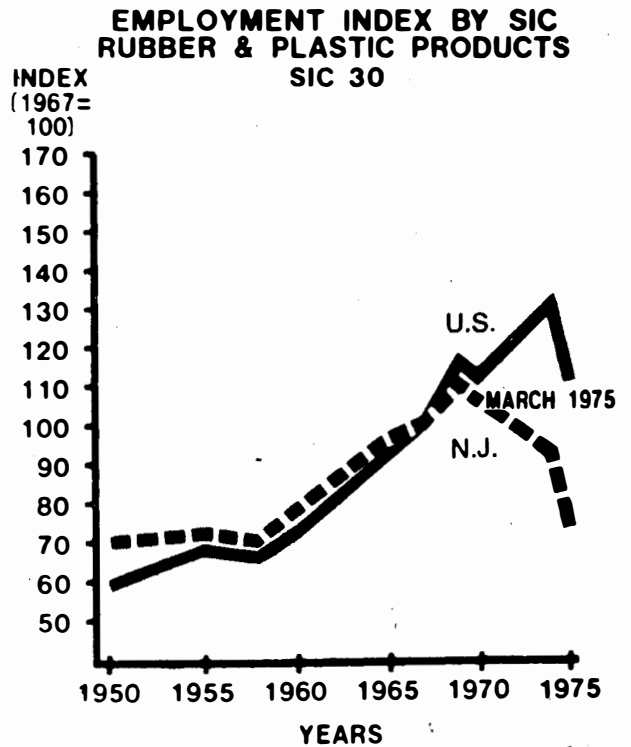
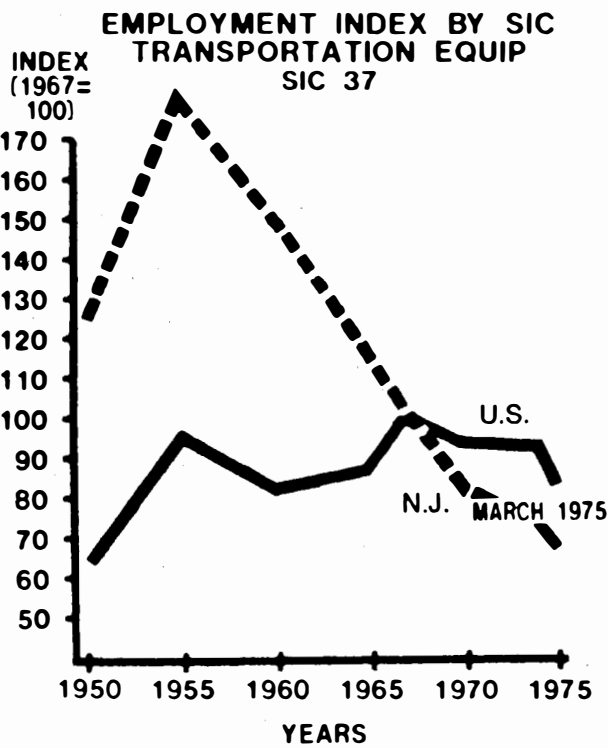
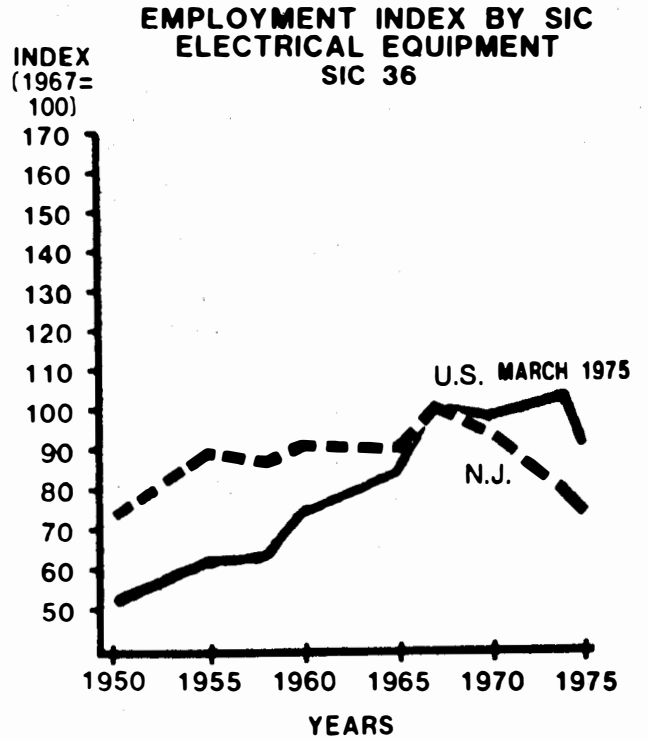
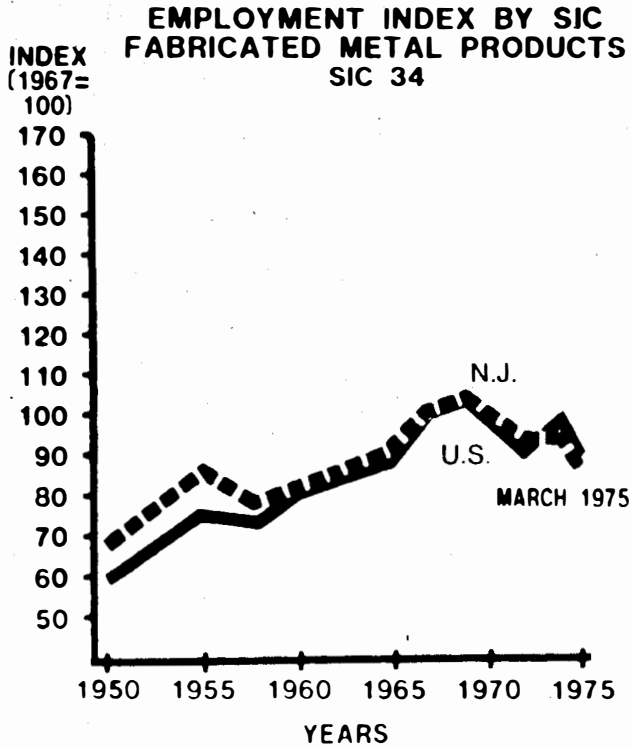
By 1950, the proportion has slipped to 50.8 percent; in

GROWTH OF INVESTMENT, OUTPUT AND WORK FORCE 1900-16			
	1900	1916	% increase
Total Investment (million \$)	502.8	1,338.5	164%
Installed Horsepower	322,500	932,000	189%
Average No. Workers	241,582	437,757	81%
Goods' Value (million \$)	611.7	2,116.3	246%

Sources: James M. Stevens, *New Jersey Manufacturers*, 1899-1927; N.J. Bureau of Statistics, *Annual Report*, 1917

HIGH- AND LOW-WAGE INDUSTRIES' PROPORTION OF NATIONAL PRODUCTION, 1900 AND 1940			
Industry	Average 1954 Wage/Salary	New Jersey Output as Percent of Total U.S. Output	
		1900	1940
Petroleum	\$5,375	8.3%	13.3%
Chemicals	4,905	19.5	23.0
Instruments	4,828	7.1	12.0
Printing	4,591	1.5	2.6
Non-elec. machinery	4,726	6.2	4.1
Average	4,256		
Food	4,245	2.1	4.0
Rubber	4,145	21.2	5.4
Stone, glass	4,045	8.1	5.5
Textiles	3,872	7.9	6.5
Leather	3,204	4.4	3.2
Apparel	2,743	4.4	5.4

Collapse of Industrial Employment, U.S. and N.J.
 (Note sudden post 1973 decline)



1970 to 37.8 percent; and in 1975 to 32.6 percent. Notice that the decline in the industrial workforce is accelerating toward 1975. In that postwar time period "services" are the lowest-paid. Labor-intensive work has increased as a percentage of the labor force by 70 percent, and government employment has risen 60 percent.

You will also note in the employment index charts that a job didn't simply flee to North Carolina — in most cases it simply disappeared. Look carefully at the "U.S." line.

In the face of this devastating collapse, economists and politicians are selling various nostrums for recovery. The most common is tourism — the same schemes

pressed on Mexico and Portugal. Maybe another race track, more gambling casinos, fixing up a few hotels in Atlantic City, and this state will have jobs and become prosperous again.

The real horror of these schemes is that what is proposed is the fleecing of citizens who have watched their incomes and futures vanish and turn to the magic of a lucky number.

It is also clear that as industry declines, taxes are imposed on anything the government can assess, including other real property, sales, and incomes. *There is absolutely no way to relieve the burden of income taxes or other taxes without a sustained industrial boom.*

Part Two

A Capital Development Program For The New Jersey Industrial Region

"The year was one of very great activity in all industries throughout the country. The upward turn in production...crowded established plants to their capacity. Labor was everywhere fully employed, all varieties of productive industry being carried on to the uttermost of established facilities.

"New Jersey as a manufacturing state of the first rank, enjoyed its full share of the prosperity resulting from these conditions."

—Annual Report, N.J. Bureau
of Statistics, 1899

Because of its central location in the Northeast, its heavy industry and transportation networks, and its access to seven power grids, New Jersey should become the "energy center" of the Northeast industrial corridor.

Simultaneously, the state will radically expand its transportation and docking facilities to support the following parameters of growth over the coming four to five years:

1) **CHEMICALS** will double in output, largely to provide fertilizer for world agriculture and industrial chemicals for expanding world production. Chemical production will be closely tied to increased metals production as the Jordan steel process unites the two.*

2) **PETROLEUM REFINING** will also double, both to provide more energy and as feedstock for the chemical sector.

3) **STEEL AND OTHER PRIMARY METALS** will be very rapidly increased in capacity and output to meet the needs of rail, port rehabilitation, new port facilities,

ties, industrial construction, and exports.

4) **AEROSPACE, MACHINE TOOLS, ELECTRICAL AND ELECTRONIC EQUIPMENT** will put back into production all unused plant and equipment, like the huge Curtiss-Wright, Bendix and Pratt Whitney installations in the northern part of the state which stand nearly idle at present. These plants will manufacture the machine tools, agricultural equipment and transportation equipment needed globally.

5) **FARMING**, because of our excellent weather and soil conditions as well as access to markets and energy supplies, will increase production by at least 50%, and look toward the extensive use of the Larsen-Motz desalinization process, which when developed can provide water for \$30 per acre foot! Hydroponic farming will subsequently be introduced.

6) **OTHER INDUSTRIES**, including glass, stone, rubber, non-electrical machinery, and especially hydraulic pumps, fabricated metals, and possibly ship and offshore port construction, will expand in line with the advances scored in the key industries listed. Needless to say, the exponential growth in industry will magnify demand for consumer goods and home-building.

The following charts give a rough estimate of the capitalization needed to achieve this initial result over the coming four years.

* The Jordan process, developed at U.S. Steel in 1966 by Robert Jordan but not yet applied, can double the throughput of blast furnaces with fairly simple, cheap modifications. Instead of hot air, a mixture of oxygen and CO₂ raises temperatures 4-500 degrees, producing a top gas extremely rich in CO which can then be used as feedstock for methanol and ammonia production. When linked to a fusion reactor providing plentiful oxygen and reutilizing the chemical plants' CO₂ byproduct, the process permits a revolutionary industrial complex to be assembled.

INFRASTRUCTURE

<i>Element</i>	<i>Four-Year Capital Needs (in billion \$)</i>	<i>Notes</i>
Rail	1.0	The \$1.75 billion over ten years promised by the federal government is too small and too dubious. This category covers roadbed, rolling stock, motive power and stations.
Roads	.5	Despite excellent highways, the bottlenecks in the areas of Jersey City, Port Newark and Elizabeth must be eliminated, and interstate highways completed, including Route 18.
Ports, waterways	.5	This includes rehabilitation and dredging of harbors, including Perth Amboy and the Delaware River.
Offshore port	1.0	Amplified below.
Construction Equipment	1.0	This includes new capital equipment for rail, roads, harbors, pipelines and offshore ports.
Energy	5.0	The major industrial supplier, PSE and G, envisions an investment of \$2.5 billion through 1980 to provide a 4% annual power increase. To ensure an annual increment of 15%, the minimum needed, i.e. a doubling in five years, we specify a \$4 billion investment <i>above</i> the PSE and G estimate; see below.
Research and Development	2.0	Although most of the 700 R and D facilities in New Jersey are industry-connected, it is necessary to make this budget allocation separately. A large part will be directed to nuclear fusion power and its industrial applications. This figure represents laboratories, equipment, supplies, and salaries.
SUBTOTAL	\$11.0 billion	
INDUSTRY		
<i>Sector</i>	<i>Four-Year Capital Needs (in billion \$)</i>	<i>Notes</i>
Primary metals	2.0	This includes steel and non-ferrous metals. It covers expansion of copper and aluminum smelting, plus the estimated cost of converting the U.S. Steel plant at Fairless Hills to the Jordan process.
Petroleum	1.0	
Chemicals	1.0	
Electrical equipment	1.0	
Fabricated metals	.5	
Transportation equipment	1.0	Covers the retooling of aircraft and machine shops for tractors, farm equipment, buses, trucks and high-speed rail equipment.
Non-electrical machinery	.5	Primarily pumps plus other machinery.
Instruments	.5	Measuring and control devices.
Other	1.0	Glass, stone, rubber, paper, printing, shipbuilding and repair.
Agriculture	.5	Includes desalinization, reforestation watershed, irrigation, and crop experimentation.
SUBTOTAL	\$9.0 billion	
INFRASTRUCTURE	11.0	
TOTAL	\$20.0 billion	

Comments

***Infrastructural costs are higher here than the direct investment in industry. While energy production is highly capital-intensive, the extraordinary costs for infrastructural development make New Jersey appear to be a Third World country. It takes a crash program, however, to reverse decay, the kind of decay exemplified by the fact that the number of workers on our railroads has declined from about 40,000 in 1945 to 15,000 in the 1970s.

***Energy expansion takes the bulk of the capital. It must be realized that from 1973 (the onset of the Rockefeller oil hoax) to 1977, there was no increase in energy consumption.

Yet over the period of the past 75 years, energy consumers have increased demand severalfold. Sound investment principles enabled the utilities to meet this demand. At the same time, per unit costs of energy dropped. Until 1973, energy prices remained relatively low.

This was because the costs of the new technologies and expanded facilities were not passed on to consumers. These costs were met through established credit markets. The utilities paid debt service and principal by bringing new equipment on line and adding new consumers.

In 1973-4, along with the increase in petroleum prices, the utilities found themselves in a classic squeeze. On the one hand, the costs of existing technologies were skyrocketing. Though this gave added impetus to bring new forms of technology in, particularly nuclear technology, on the other hand the banks refused sufficient credit to do so. Indeed, it was the same banking conduits that funded the environmentalists' lies about the dangers of nuclear technology, as a cover for their inability any longer to fund necessary new technologies.

At this juncture, the utilities were forced to begin passing on the costs not only of increased oil prices but of debt-service, from which consumers had previously been shielded. At this point, the financing and operating costs mean the threat of bankruptcy to the utilities unless they can immediately expand and add new customers.

***Over the four-year period, not counting R and D for fast-breeder reactors and fusion research, which is included in the R and D allocation, minimal energy investment must be in the \$5-billion range. This gives us about 10,000 megawatts added to nuclear power capacity by 1980-81, or about twice the installed capacity of PSE and G in 1977, and more than twice what they hope to add by 1990.

To ensure even cheaper power, the fast-breeder reactor, which produces more nuclear fuel than it consumes, must come on line as soon as possible, contrary to Carter administration policy.

Fusion power is commercially feasible within exactly the time frame we are considering. In four to five years the first fusion reactors will be generating power, if we succeed, putting this nation and the world into a second industrial revolution. Three major breakthroughs, one at Sandia Weapons Laboratory in electron beam fusion ignition, one at Los Alamos Laboratory in laser beam ignition, and one at MIT's Alcator facility, have even

1975 COST OF ELECTRICITY AT A NEW STATION

(1,000 MW capacity sited in New Jersey)

	NUCLEAR	COAL	OIL
CAPITAL \$ per KWH	\$976	\$718	\$515
INVESTMENT cents per KWH	2.742	2.018	1.448
FUEL cents per KWH	.517	2.844	4.640
OP. AND MNT. cents per KWH	.529	.797	.637
COST OF KWH (cents)	3.788	5.659	6.725

Source: Governor's Economic Recovery Commission

induced the federal Energy Research and Development Agency (ERDA) to agree that fusion is feasible within five years. Jimmy Carter wants to cut the fusion budget 20%.

By 1990, only thirteen years away, virtually all electrical power generation will be nuclear, and a growing portion of that will be fusion-powered. With the present Tokomak magnetic-confinement fusion apparatus at Princeton's Forrestal Laboratory, and the large number of scientists and engineers in this state, we will be the location of one of ten or so national R and D centers. The immediate scientific problem will be further design of the fast-breeder uranium-plutonium fission reactors and commercial design for fusion (hydrogen) reactors. (See the U.S. Labor Party's *A Program For U.S. Energy Development*, January 1977.)

***To achieve a 100% industrial growth rate in four years, it will be necessary to pump oil and natural gas from deposits in the Atlantic off the New Jersey coast, a move presently banned by a ruling on a suit brought by the Rockefeller-funded Center for Law and Social Policy. Judges who attempt to deny our Constitutionally-guaranteed right of industrial progress will be invited to swim out to the drilling site and view the chief environmental hazard: sharks.

An Offshore Oil Port

One of the most exciting developments for our region is the potential for an offshore oil port. In a 1972 U.S. Department of Commerce Study, *The Economics of Deepwater Terminals*, it is shown that for an investment of \$1 billion, a Delaware Bay deepwater port for oil would save \$335 million a year in delivery costs to Marcus Hook, Pa. and Perth Amboy. By simply allowing direct supertanker transportation to our coast, we would amortize this facility in three years — and proceed to scrap the antique fleet of 40,000-ton vessels that now navigate our shallow-water ports.

Then consider — as the Japanese are now doing — the prospects of integrated floating industrial complexes, combining the PSE and G floating nuclear power plant with other heavy industry, especially plants that required bulky parts during construction, water for cooling or processing, and those emitting atmospheric waste products.

Another possibility is exporting these floating industrial platforms to any coast in the world. Three or four such plants could be constructed here each year for export.

Financing Investment

How could five billion dollars be invested annually when total investment in New Jersey is currently around a billion a year?

Labor Party financial analysts, using Commerce Department and McGraw-Hill statistics, have found that a capital investment nationally of \$250 billion is required simply to return plant and equipment to age levels existing in 1967. If New Jersey represents 6% of the nation's capital, then \$15 billion would merely bring us back to 1967 levels, not counting depreciation over the next four years. Since New Jersey plant and equipment tends to be somewhat older than the national average, the requisite investment is undoubtedly higher.

How could industrial output double in four years?

Between the middle of 1939, before war orders came in, and the middle of 1943, the peak of wartime production, factory employment jumped from an index figure of 90 to 170 in New Jersey. Contract construction rose no less than 700%. Electrical power consumption by industry zoomed from 118 million kilowatt hours to 335 million kilowatt hours, nearly a threefold increase. Simultaneously, public assistance caseloads dropped from 135,000 to 15,000, and business failures fell from an index of 110 to 20 in 1943 and 5 in 1945.

Most significantly, the composition of the work force made a dramatic change. From about 40% employed in the production of goods, the percentage climbed to 65%.

The record for World War I is very similar.

War is not required to achieve an industrial boom, however. The question of capitalizing productive expansion was definitively settled by Alexander Hamilton, who, as he drafted his *Report on Manufactures* for the

President, worked feverishly to create a national bank. The First National Bank was not based on gold, Oriental loot or sterling notes, or any other "original capital," but on the productive potential of the American economy; its purpose was to provide credit for industrial and technological growth, as occurred — though on top of an inflationary pile of old, fictitious debt — in the World Wars.

In Hamilton's time, the nation's potential was largely the faith of passionate geniuses like Hamilton, Franklin and Robert Morris. At present, our ability to double industrial production is an absolute certainty. It is our policy to establish a Third National Bank, to create the earmarked industrial and agricultural credit sufficient to capitalize a maximum rate of national economic growth. This credit will not be monetized, and will not be issued by the Federal Reserve system, which is currently led by the New York banks and has funneled credit away from industry and industry-related banks into speculative financing.

For the capital issued to be usable and non-inflationary, it will be necessary to prohibit any circulation into payment of existing masses of this speculative capital, such as Eurodollar debt, Real Estate Investment Trusts, Big MAC paper, and other claims by the Rockefeller group of banks. All municipalities must have the right to declare debt moratoria, and a selective debt freeze will apply to industry as well. Agriculture will be granted broad debt relief to allow full-scale expansion.

The Third National Bank is the U.S. analogue to the International Development Bank (IDB) proposed in March 1975 by Labor Party national chairman Lyndon LaRouche, Jr. and presently being discussed by policymakers around the world. The IDB would be a central clearinghouse for multibillion-dollar credits to finance foreign trade and broad-scale development projects, following a freeze on payments of the debt now preventing a rush of Third World and advanced-sector industrial orders to New Jersey and the rest of the U.S.

Soviets Report Fast Breeder Developments

The commercial introduction of nuclear fast breeder technology was the central question at the Salzburg conference of the International Atomic Energy Agency. The following is a summary of the presentation made by Petros Janc, Chairman of the Soviet State Committee for the Use of Nuclear Energy.

In the Soviet Union, the increases in energy demand will be entirely taken care of by construction of nuclear power plants from 1980 on. Besides fast breeders, new light water reactors will also be put into operation. A pressurized water reactor with an electrical capacity of 1000MW is planned. The decision to keep the maximum capacity under the 1300MW range of the Biblis type, is based on technical transport considerations. In Salzburg, the Soviet experts emphatically expressed their interest in close collaboration with the Federal Republic in this area. Talks with West German representatives indicated that this interest is by no means one-sided. The same was

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true for the British Steam Generating Heavy Water Reactor (SGHWR), which is similar in design to the Soviet modified graphite pressurized water reactor (RBMK). The RBMK will be constructed in blocks with an electrical capacity of 1000MW each, which can then be raised to 1500MW. The BN-1600 is foreseen as a compatible fast breeder model. It is supposed to have an electrical output of 1600MW and a doubling time of 6 to 8 years.

The Soviet Union has pursued research on fast breeders since the end of the 1940s. In the middle of the 1950s they constructed a number of small experimental reactors, BR-1 to BR-5. From the very outset, major emphasis was put on working out the inherent qualities of the breeder as an integral component of the development of energy technology. The high energy density of the primary energy medium is shown by the minimal fuel consumption of nuclear reactors. This crucial characteristic is most prominent in the breeder, where the production of Plutonium 239 represents the first successful "artificial" creation of a highly enriched "raw material" for energy. The span of time after which the bred material can be utilized to operate a second reactor of this type (the doubling time), is of fundamental significance and mainly depends on how efficiently the reactor breeds, and on what quantities of plutonium must be present in the total fuel cycle. If energy supplies are to be based primarily on nuclear energy, then doubling times must be achieved which are below the doubling time of electricity consumption (currently about 10 years). Accordingly, from the very outset high breeding rates and rapid reprocessing have been priorities for Soviet breeder research. In addition, the size of a fast breeder must be larger than

that of the light water reactor, since otherwise additional reactors, which take longer to build than LWR's, could not be constructed at the necessary rate.

On the basis of Soviet scientists' experience with oxide fuels in the sodium-cooled BR-5 reactor, in 1964 it was decided to proceed with construction on the BN-350 industrial power plant. This reactor was designed for a thermal capacity of 1000MW, which means a two hundredfold increase over the thermal 5MW of the BR-5! The only serious difficulties, however, arose with material problems in the steam generator. At that location, the materials separating the liquid sodium at low pressure from the high-pressure steam are put under tremendous stress. Even the tiniest leaks become very quickly enlarged, creating the danger of an explosive reaction between the water and the liquid sodium. Therefore, five of the BN-350s six steam generators have already had to be replaced. For safety reasons, in every sodium cooled reactor there is inserted a second cooling system between the core and the steam generator.

Construction is almost completed on the BN-600 fast breeder reactor, which will then be the world's largest electricity producing reactor. Unlike the BN-350, this reactor is a "pool reactor," in which the sodium system, pumps and first heat exchanges are all located within one large reactor vessel. This design has turned out to be the simplest to construct for large-output reactors, even though the projected enlargement of the BN-600 design to a 1600MW electrical capacity, involves a reactor vessel whose diameter is 18 meters. Sizes on this order are practicable for fast breeders, since the pressures developed in the reactor vessel are not as great as in pressurized water reactors. A variant of the BN-1600 is also being considered, in which the diameter of the pool can be made as small as 8 meters by placing it on its side.

In addition to the LMFBR type BN-1600, the gas-cooled GCDFR is also being investigated for technical and economic viability. This reactor is designed for an electrical capacity of 1500MW, and will use nitrogen tetraoxide (N_2O_4) both as a coolant and as the working medium. Widely used already in industrial applications, N_2O_4 breaks down into $2NO + O_2$ when it has absorbed 442cal/kg, and so is quite able to achieve an efficient transfer of heat from the core. Aside from its broad spectrum of variant models and good technical safety features, this reactor type has the advantage of extremely high breeding rates, which could attain doubling times of from 3.5 to 6 years! A reactor of this type with an electrical output of 300MW is already completely designed. The Soviet Union estimates that by introducing the GCDFR five years after the sodium cooled reactor starts up, an almost 50 percent reduction in the consumption of natural uranium could be achieved.

The planned BN-1600 and the reliably functioning BN-350 are, of course, separated by technical barriers comparable to those involved in the step from the BR-5 to the

BR-350. But a wealth of experience has already been obtained from the construction and repair work done on the BN-350, and this is a reliable indication that the future problems can also be solved on schedule. Along with the construction of the new breeder, new industrial centers will spring up, which will alter the Soviet landscape even more than did the BN-350. This latter reactor was set up in Shevchenkov, in the middle of the desert bordering the Caspian Sea. In addition to electricity, it also currently produces 50,000 cubic meters of distilled water per day

for the population of the desert city, which makes its per capita water consumption higher than it is in Moscow. "For nature-lovers," magnificent city parks are irrigated with the water distilled by the BN-350, as was emphasized by Mr. Trojanov at the end of his speech, followed by a prolonged ovation! Even the majority of the United States representatives, who do not want Carter to send them back into the technological desert, applauded enthusiastically.

For Third World It's Nuclear Power Or Death

The Third World's urgent need for the most advanced nuclear technologies was stressed by representatives of the Bangladesh Atomic Energy Commission at the recent conference of the International Atomic Energy Agency in Salzburg, Austria. These brief excerpts from a Bengali spokesman's presentation to the conference indicate Third World nations' turn from merely negative resistance to the Carter Administration's anti-nuclear stance toward an aggressive policy of rapid, well financed nuclear power development in the underdeveloped sector.

The accompanying diagram, also presented at the conference, counters "zero growth" rhetoric by showing the relationship between energy consumption and infant mortality and longevity for 130 countries.

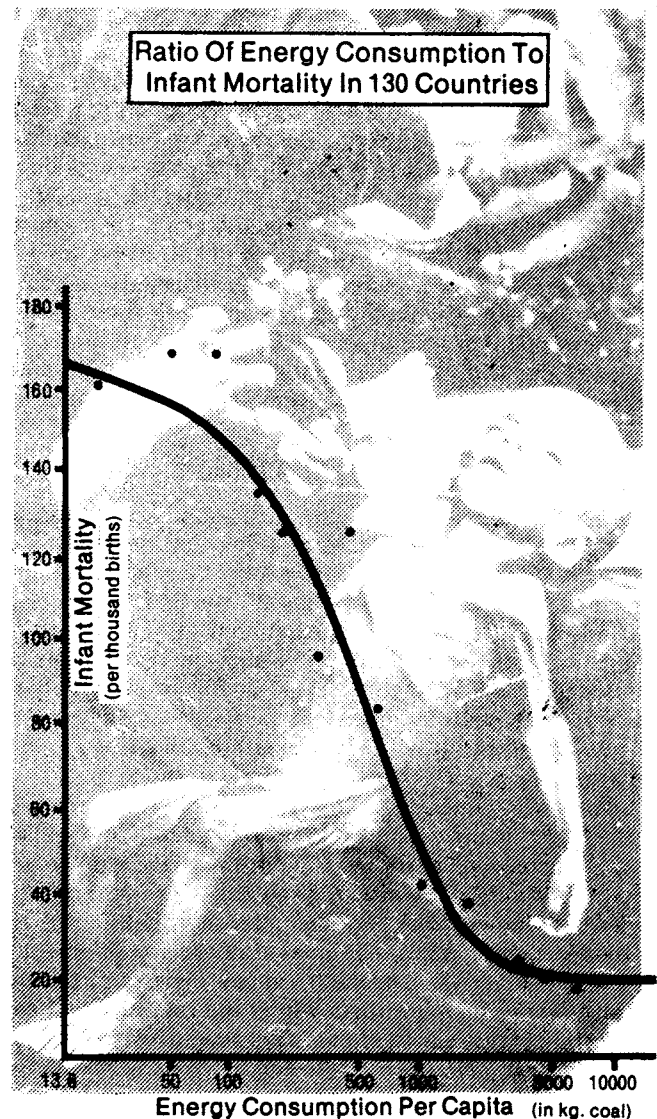
Problems Faced By Bangladesh In Introduction Of Nuclear Power Program (Excerpts)

Bangladesh has one of the lowest per capita (levels of) energy resources and consumption of energy. The per capita GNP of Bangladesh is also one of the lowest in the world. With a population density of 1,380 persons per square mile, it is one of the most densely populated countries of the world. Population is growing at an average rate of 3 percent per annum. The dominant sector of the economy is agriculture, contributing about 60 percent of the Gross Domestic Product. (And) Bangladesh is very poor in indigenous energy resources.

It is obvious that if Bangladesh is to grow economically and to build up a modest industrial base to improve its standard of living, it will require much greater energy resources than are now available locally.

In view of the limited indigenous energy resources of Bangladesh, nuclear power as an alternative source for power generation has been considered since 1961. However, the attempts to procure financing for the project were not successful. The oil crisis and the economic upheaval in 1974 played their deadly role in compounding the post-independence troubles of Bangladesh.

The growth of opposition to nuclear power in developed countries, particularly in Sweden and the



U.S., has had its adverse affect on the public in Bangladesh. The views of anti-nuclear lobbies abroad tend to be accepted as the "truth." The slow-down in ordering for nuclear stations in the USA, Britain, and Sweden has been taken to mean that there are as yet unsolved problems in the utilization of fission power.

The sooner nuclear power receives wider public acceptance in the developed countries as a method of power generation, the better it is for Bangladesh in breaking the ground for its first nuclear power station.

Recent Advances Reported At International MHD Symposium

The 16th International Symposium on Engineering Aspects of MHD held in Pittsburgh May 16-18 heard reports on the most recent advances in fossil-fuel based Magnetohydrodynamics experimentation. The most important advances in the last year included the first MHD generator running for 250 continuous hours, the successful testing of a coal-fired MHD generator with potassium seed removal of sulfur, a new record for efficient electricity conversion, and developments in the testing of electrode and channel materials for test generators.

The most exciting advance reported on at the conference, though not included in the published technical papers which went to press before the tests were concluded, was the running of the Soviet U-25 pilot plant for 250 continuous hours. One of the major problems in developing commercial MHD has been the manufacture of electrode and channel materials which could withstand temperatures of 3,000 degrees over long duration. The 250

hour continuous running was one of the criteria the U-25 had to meet to begin the third and last stage of the Soviet program, which will be the construction of a 1,000 MW commercial demonstration plant.

The remaining test for the U-25 is operation with a superconducting magnet which is being sent from the USA's Argonne National Labs next month. The magnet has just been successfully tested and is operational at its projected 5 tesla strength. It will be tested on a by-pass loop of the U-25 channel that has one tenth the mass flow of the main channel. As soon as results are generated, the Soviets will "cut metal" on the commercial demonstration plant.

Also not included in the conference papers was the testing of the University of Tennessee Space Institute's coal-fired test generator with a coal-potassium mix. The potassium is added as a "seed" to increase ionization of the coal plasma and through recent tests, also bonded

What Is Magnetohydrodynamics?

The conventional thermal method for generating electricity is to burn a fossil fuel (coal, oil, or natural gas) and use that heat to boil water to produce steam. The steam turns turbines that rotate through a magnetic field, producing an electric current. Because the fuel burns at over 23,000 degrees, but the turbine material can handle temperatures of only approximately 600 degrees, a good deal of the heat energy is dissipated and simply lost. As a result, thermal power plants operate at a rate of efficiency between 30 and 40 percent.

The development of fusion reactions and the study of the properties of plasmas (ionized gases) led scientists to postulate the following: large pulses of fusion energy could be converted — as from thermonuclear explosions — into huge quantities of electricity, that is Magnetohydrodynamics (MHD). Instead of converting heat to mechanical energy (to turn turbines) that would then interact with a magnetic field to produce a current, a hot ionized gas could be pushed directly through a magnetic field, generating current essentially with no moving parts. The plasma, or working fluid, could be produced either by fusion reactions or by burning fossil fuels at extremely high

temperatures. Electricity would be produced directly by the interaction between the electrical potential of the plasma and the external field.

In fossil-fuel-based MHD, the gas produced from burning the fuel does not completely ionize, so a "seed" — a metal with a low ionization temperature, such as potassium — is introduced to increase the ionization rate and the electrical conductivity of the plasma. Most commercial MHD designs are "open cycle," where the plasma, which has dropped about 1,000 degrees after going through the MHD duct, is then put through a further steam-turbine cycle similar to a conventional thermal generator. By thus using the plasma's heat "twice," efficiency is raised to between 50 and 60 percent.

In the case of coal-based MHD, the potassium seed, in addition to enhancing the ionization rate, also chemically bonds with any sulfur in the coal, therefore providing a pollution-free combustion process. Researchers at University of Tennessee Space Institute announced recently that 95 percent of the sulfur was removed by their MHD generator, and that they had developed ways to recycle the potassium seed.

with the sulfur pollutants in the coal. The university is developing the technology to also separate the seed from the resultant slag so it can be recycled.

Avco Everett Research Labs in Massachusetts recently obtained a 15 percent enthalpy extraction rate on their Mark V Test generator. This is the highest rate obtained by any test generator. A 20-25 percent extraction rate, corresponding to a 50-plus percent efficiency for thermal power plants, is the standard set for commercial MHD power generation. Avco also reported results of studies of their Mark VI machine which were mapped to computer models they had developed, with satisfactory results.

In addition work-in-progress was discussed, including that on gaseous or plasma electrodes that Reynolds Metal Company has been developing. The second joint US-USSR electrode system test was done at

the U-02 Soviet test facility with the least deterioration being exhibited by electrodes manufactured by Westinghouse and Batelle Northwest Labs. These are made of alloys containing lanthanum, iron oxides and magnesium and were tested at 2,600 degrees.

One of the most interesting experimental areas is the use of CO₂, helium and cesium to produce a carbon dioxide laser in the MHD channel itself. CO₂ lasers can be used for isotope separation and, if powerful enough, to trigger thermonuclear reactions. L.M. Biberman and others at the High Temperature Institute in Moscow have been working on this idea for the last seven years and reported at the symposium that an MHD laser had been produced at the Institute with an experimental output of 10MW of laser radiation. In this experimental design, the laser and energy source (the MHD electric power generation) are joined together in a single device.

How The Soviets Sputniked The U.S. In MHD

In 1962, at the First International Conference on MHD in England, two prominent Soviet scientists announced that the USSR had embarked on a program to develop commercial MHD. A.E. Sheindlin, the head of the Soviet Institute of High Temperatures, outlined a four-phase program which would bring the Soviets to commercial demonstration by the early 1980s. Academician E.P. Velikhov, the deputy director of the Kurchatov Institute of Atomic Energy and one of the most renowned plasma physicists in the Soviet Union, presented some fundamental analysis of the thermodynamic and electromagnetic instabilities which could be expected under certain conditions in MHD plasmas. Both presentations have since been dramatically realized.

Soviet scientists' initial interest in MHD was for direct conversion of fusion energy to electricity, and the MHD work at the Kurchatov Institute has continued to focus on thermonuclear energy as the source of heat for an MHD generator. The Institute of High Temperature's MHD program has had the parallel goal of demonstrating commercial feasibility of MHD using fossil fuel as the heat source. This latter program, now nearing the successful completion of its third phase, will bring a 1,000 megawatt commercial demonstration plant on line by 1982. It will be the only such plant in the world.

It should not be surprising to U.S. scientists and military intelligence personnel that the Soviets may also have developed an MHD generator fueled by pulsed fusion explosions, nor will such persons be unaware of the possible military implications. The operation of an anti-ballistic-missile particle beam would require a tremendous source of pulsed energy, invulnerable to attack and independent from commercial power grids. Since only thermonuclear explosions could satisfy those requirements and still provide the magnitude of energy needed, it would be necessary to develop a

controlled way of converting that energy to electricity. It appears that the Soviets have effectively solved that problem.

In the case of fusion-based MHD, the Soviet Union had undoubtedly pursued both military and commercial applications simultaneously. Likewise, the unique success of the Soviets' fossil-fuel-based program demonstrates their commitment to carry through a 20-year scientific and technical perspective. Furthermore, it should be crystal clear — especially since it has been said directly by Velikhov and others — that it is the Soviets' theoretical understanding of plasma behavior that is the basis on which all of their MHD work, both nuclear and fossil fuel, has been done. This is incomprehensible to many scientists in the United States only because U.S. work on MHD has never been done on such a rigorous scientific basis.

Originally the West was actually ahead of the Soviets in MHD. The U.S. MHD fossil fuel program was initiated by a handful of corporations, as early as prior to World War II. Researchers at Westinghouse, General Electric, and Avco Corporation began by experimenting with small generators, but by the mid-1960s only a government-supported program could have scaled up the experiments and solved the problems associated with a commercial program. The U.S. government chose to fund MHD research only in military and space applications, and the commercial generating designs were scrapped. These non-commercial applications, aiming for a short burst of energy for space propulsion or weapons and radar pulses, did not pose the problems involved in generating electricity for long durations that would have to be solved for utility use of MHD. As a result, when the Soviet Union announced in 1971 that their phase three pilot plant, the U-25, was now running, the United States was left on the short end of the technology gap.

This is a very promising area of work which the Soviets have pursued with the idea of an integrated fusion-MHD machine.

Future plans for the U.S. coal-based MHD program include the completion of the MHD Component and Integration Facility in Butte, Montana which began construction in May 1976. The facility will test components in the 40MW range and is the first engineering test phase of the program. By 1985 the Energy Research and Development Administration expects to complete an Engineering Test Facility which will demonstrate the integrated performance of key component and subsystems in the 250MW range, and finally by 1990 the last test phase will center on the Commercial Demonstration Plant which will be a direct coal-fired open cycle MHD plant ready for commercial application.

The U.S. program, based on the use of coal, still has many engineering problems to solve. It is at least five

years behind the Soviet natural-gas based system due to a lack of governmental interest and support throughout the 1960s. After the announcement of the operation of the U-25 in 1971, the U.S. was embarrassed into starting a fairly serious program. In 1973 the joint U.S.-USSR MHD program was initiated and there has been an open exchange of technology since then, but an insufficient commitment from the U.S. federal government to fund a crash program.

As industry representatives have recently remarked when briefed on the recent advances in MHD technology and the possibility of natural-gas based MHD for commercial use by the mid-1980s, it seems that money could be more wisely spent on developing MHD for a 50 percent increase in fuel efficiency, rather than forcing industries to go through a costly and wasteful forced conversion to coal.

Italian Terrorist Trials Shake IPS, Rockefeller

ITALY

After years of forced postponement, two major trials have begun in Italy which threaten to dismantle once and for all the Interpol-Institute for Policy Studies destabilization capabilities within that country. The trials — being held against the failed 1970 “Borghese Coup” and the 1969 massacre in Piazza Fontana, Milan — were opened immediately after a Constitutional Court ruling which revoked the so-called “political-military secrets” act invoked most notably by former Premier Aldo Moro to kill all investigations by magistrates at their inception by withholding evidence.

From the information on the two incidents presently available, as the leading defendants have finally been brought to trial, it is clear why Moro, a leader of Italy’s Atlanticist forces, moved so vigorously to suppress information on the affairs.

The Borghese affair in 1970 involved an attempted coup carried out by Prince Junio Borghese — who headed Mussolini’s “death squads” 40 years ago — and his neo-fascist paramilitary organization Avanguardia Nazionale. Behind Borghese, the threads of the investigation have led to General Vito Miceli, former head of the NATO-linked “parallel” division of the military secret services, the SID, and to figures in both the Interior and Foreign Ministries. Notable among these figures is former national chief of police Federico D’Amato, who maintained ties to both the Rockefeller-run Interpol organization and the CIA and was the mentor of present Interior Minister Cossiga.

The Piazza Fontana massacre involves an odd combination of right and leftwing terrorists which is characteristic of the terrorist networks traceable to the Washington, D.C. Institute for Policy Studies. Accused of bombing the Banca Nazionale del Agricoltura office in Milan on Dec. 12, 1969, killing 12 persons, are an extreme leftist-anarchist, ballerina Gianni Valpreda, and an avowed admirer of Adolf Hitler, Franco Freda. Valpreda and Freda were arrested immediately following the bombing, but were not brought to trial until this week.

Swift and vigorous prosecution of the cases has become an urgent matter for the government of Premier Giulio Andreotti, whose hands have been tied both domestically and in foreign policy conduct by Atlanticists around Moro who are seeking to topple his fragile one-party government. The likelihood is that Andreotti will be able to use the trials to clean out his Rockefeller-backed opposition, providing himself with a stable domestic base of support in the coming weeks’ and months’ international economic negotiations.

For the Rockefeller faction, on the other hand, the

Italian developments threaten to unravel their entire nest of Interpol, IPS and intelligence agency terrorist built up painstakingly in some cases as long ago as the Versailles period.

The Constitutional Court — under pressure from the republican forces typified by Italian Prime Minister Andreotti — has now redefined the notion of state secret as that information which, if released, would “endanger national sovereignty and the people’s democratic institutions” and proceeded to grant Andreotti *full powers* to determine what is and what is not to be considered a “state secret.” As stated repeatedly by Andreotti before the Court’s decision, he intends to pursue a no-holds-barred policy against the comingled “right” and “left”-wing terrorist networks of Interpol and the Institute for Policy Studies operating in Italy.

Testifying today before the Chamber of Deputies Special Commission for the Reform of the Secret Services — a reform project drafted by Andreotti himself — the Premier restated those intentions in unequivocal answers to two questions posed to him by his long-time ally in the Socialist Party, Giacomo Mancini. Regarding the question of whether foreign secret services are involved in Italian terrorism, Andreotti stated that “there are well founded reasons to suspect so,” while on the state secrets issue he said that “I will not invoke any secrecy, except for in some specific cases, which we will have to examine.”

The court’s decision was the culmination of years of see-saw struggles and factional fights between Italy’s constitutional forces headed by Andreotti and the Atlanticist forces grouping around Moro. At least since 1972, Andreotti has been the target of destabilization operations by Rockefeller’s Atlanticists as he became increasingly the outspoken leader of a faction committed to end Atlanticist domination and unmask and prosecute the domestic top-level terrorist controllers. In 1974, after previously being unseated as Prime Minister, in his new capacity as Defense Minister, removed and ordered the arrest of SID leader General Miceli for his involvement in the Borghese coup and for being implicated in the Piazza Fontana massacre. Furthermore, Andreotti declassified relevant military secrets, prevented the SID files from being destroyed and handed them out to the judges in charge of the investigations. Then, as now, he was backed by Mancini’s wing of the PSI and the hard-line, pro-Soviet faction within the Communist Party.

The files released by Andreotti at the time threatened to completely bring into the open the relations between the centers of political and economic power in Italy and the Rockefeller’s interests. But then-Premier Aldo Moro removed Andreotti as Defense Minister, blocked all investigations into the Borghese coup and related affairs, and proceeded to direct a cover-up which resulted in the now famous “omissis” (deletions) scandal.

Moro's Cover-Up Over

Now, with the trials underway, the hand behind the Italian terror wave is about to be exposed. As early as January 30, 1976 the leading Milanese daily *Corriere della Sera* identified the common elements of all the trials being blocked by Moro: "The investigation into the bombing of Trento could intervene into this (Piazza Fontana) trial creating within all the judges involved the suspicion that there is a much broader plot — a plot which is not limited to the events of 1969 — and of a scheme which includes even the successive events of the 1970 Borghese coup attempt, the Brescia massacre and the 1974 Sogno coup attempt."

The days of Moro's cover-up in behalf of the Rockefellers are over. Andreotti himself, encouraged by his allies in the PSI and PCI, will take the stand to testify in the Borghese trial because "in this trial he has come to be the representative of a democratic government fighting to defeat fascist subversion," in the words of *Corriere della Sera* two days ago. Yesterday *Corriere's* editor Michele Tito, blasted Moro for being one of the key politicians responsible for allowing the terrorists net-

works to remain intact. Tito charged that Moro's use of the state secrets act was "the beginning of the inevitable terrorist degeneration of Italy." As the trials develop it will be uncovered, as is already clear for Italian traditionalist forces, that the Borghese coup, Piazza Fontana, Trento — in short all terrorist activity either from right or left — are a single operation directed by the "parallel CIA" in coordination with Moro and the "parallel SID."

The Rockefeller-Institute for Policy Studies forces have responded to the likelihood of their being rounded up and jailed in the near future with a redoubled terror spree aimed at creating a state-of-seige mentality within the Italian population at large. June 1, the entire city of Milan was held hostage as a "common criminal" threatened to bomb all schools. The following day, within a period of 12 hours, two leading conservative journalists — Indro Montanelli of *Il Giornale* and Vittorio Bruno of *Secolo 19* were shot and wounded in an obvious attempt to scare Italian journalists away from continuing the press exposés campaign against the Institute's and related terrorist outfits in Italy.

NSC Takes Another Shot At Toppling West Germany's Schmidt

WEST GERMANY

U.S. President Jimmy Carter and West German opposition leader Walther Leisler Kiep, a fellow member of David Rockefeller's Trilateral Commission, met in Washington May 31 to coordinate strategy to topple the government of West German Chancellor Helmut Schmidt.

Schmidt has been targeted for removal ever since he began his defense of nuclear energy by supporting the sale of West German nuclear reactors to Brazil last year. Schmidt's coalition government is made up of Schmidt's own Social Democratic Party (SPD) and the tiny Free Democratic Party (FDP), whose chairman is Schmidt's Foreign Minister, Hans Dietrich Genscher.

Kiep, an executive committee member of the opposition Christian Democratic Union (CDU), told the press after his return to West Germany that although he was impressed by Carter, he was much more interested in "discussing what a good Foreign Minister Genscher would make in a CDU government." Kiep added that even if Genscher would not immediately accept this offer to pull out of and thereby sink the Schmidt government, he (Kiep) would still pledge CDU support for certain of the present government's policies — mainly "Genscher's foreign policies" — as proof that a CDU-FDP coalition could work.

Playing Trilateral Commission transmission belt into West German politics is an old role for Kiep. After the Carter vote fraud victory last November, Kiep personally tried to prevent U.S. Labor Party evidence of the fraud from circulating in West Germany. In his present post as Finance Minister of the state of Lower Saxony, Kiep brought in Edward Pestal, a member of the anti-technology Club of Rome, as the Lower Saxony Science Minister, in direct opposition to Chancellor Schmidt's support for nuclear energy.

The FDP has been chosen as the lever to oust Schmidt because even CDU chairman Helmut Kohl fears a frontal attack on Schmidt through the legal method of dismissing a government — a parliamentary vote of no confidence — would split the CDU itself. Both Kohl and fascist Franz Josef Strauss of the CDU's Bavarian sister party, the Christian Social Union, recently tried to make a scandal out of a court decision against Schmidt's use of funds three years ago, but conspicuously avoided calling for a vote.

On May 28 Schmidt challenged this cowardice. "They should call a vote of no confidence, the most powerful weapon the constitution gives — but they don't dare," Schmidt said. "This is because of Kohl's weakness as a leader: Kohl knows that many CDU members would vote against such a vote of no confidence, and that this would end his long-term career as a Chancellor candidate."

On May 31 Friederich Zimmermann, the parliamentary chairman of the CDU-CSU faction admitted that "a vote of no confidence would not be successful at the

moment, because it is evident that the (government) coalition is stable enough." Kohl backed up Zimmermann by demanding that Schmidt do the only principled thing and call for a vote of no confidence against himself!

In addition to Kiep's offer to Genscher, the FDP is also being heavy-handedly wooed away from its coalition government with the SPD in the state of Hessen. The Hessen SPD has been wracked by a series of contrived scandals over education, local government reform, and the near-bankruptcy of the Hessen state bank, leading some FDP politicians to consider forming a new government with the Hessen CDU. One of the two candidates for the position of chairman of the Hessen FDP, a post which will be filled at the FDP state convention June 4 and 5, is campaigning on a platform of overtures to the CDU. A CDU-FDP government in Hessen would give the CDU control of the nation's Federal Senate.

No scenario for dumping a West German Chancellor is complete without a spy scandal, and an alleged East German spy was recently discovered working right in Chancellor Schmidt's office. However, it was not until May 31, after Kiep met with Carter, that an article ap-

peared in the daily *Die Welt* charging that the alleged spy passed confidential material to East Germany about the West German position on the Belgrade CSCE meeting, Soviet influence in Africa, Carter's "human rights" provocations, and the West German strategy against Carter at the recent London summit. Schmidt's predecessor as Chancellor, Atlanticist Willy Brandt, resigned after an alleged East German spy was uncovered in his office.

These volleys against Schmidt have been interspersed with rumor-mongering by the Atlanticist-linked press, such as the weekly *Der Spiegel*. The magazine's May 30 issue tried to create maximum insecurity in Schmidt's own cabinet by lying that he intends to fire some cabinet ministers in the fall, and maximum demoralization among detente supporters by claiming that the Soviet Union will force East Germany to stop its special "swing credit" trade with West Germany.

May 31 witnessed still another attack against Chancellor Schmidt as CDU parliament members stormed out of the parliamentary committee that was preparing an agenda for the Belgrade CSCE meeting, charging that the SPD was sabotaging the cross-party position on CSCE.

Gulf States Brace For Mideast War

Amid a deteriorating situation in the Middle East last week — marked by Israeli threats of armed strikes against “distant” Arab states, Israeli military incursions into Lebanon, and Arab confirmation that United States National Security Council chief Zbigniew Brzezinski was responsible for last month’s suspicious Saudi oil pipeline fire — the Persian Gulf Arab states have begun joint defensive preparations in case of war.

The government of Iraq announced last week that it was establishing a special defense perimeter and day and night cover around its oil fields in order to protect them against developing plans by the Israeli military for a long-range preemptive attack. Iraq cited recent warnings by Israeli Chief of Staff General Mordechai Gur that Israel is prepared to attack “distant Arab states” beyond the immediate-confrontation states of Syria, Egypt, and Jordan if the need arose.

Reflecting Arab concern that such an Israeli move would occur as part of a larger U.S. National Security Council strategy to cripple independent Arab oil production to abet Jimmy Carter’s energy-reduction program, the Iraqis extended their defense cover to other states in the Persian Gulf, the London *Financial Times* reported June 1. This security offer undoubtedly extends to neighboring Kuwait and likely to Saudi Arabia as well, and implies the development of broader regional joint security moves. Significantly, informed Arab sources in London reported last week that well-placed Saudi officials have independently confirmed U.S. Labor Party assessments that the recent fires in Saudi Arabian oil fields were set by operatives working under the direction of NSC head Brzezinski.

In Israel, since the May 17 elections, the rightist Likud bloc, pressured by the NSC is catalyzing the formation of what amounts to a “war cabinet” featuring, prominently, former Defense Minister Moshe Dayan, former Air Force commander Ezer Weizman, and extremist General Ariel Sharon. The coalescence of such a coalition — committed to retaining Arab territory occupied during the 1967 war — is being aided by the crisis situations in Lebanon and the Red Sea area, and by the rapidly accelerating deterioration of the Israeli economy.

In Lebanon earlier this week, 1000 Israeli soldiers made incursion raids against several Palestinian-held strongholds in the south of the country, leaving upwards of thirty dead and abducting numbers of Lebanese citizens back to Israel. Refugees fleeing to the southern port city of Sidon have reported joint Israeli and Christian fascist shelling of Lebanese villages five kilo-

meters from the Israeli borders.

According to the June 1 *Pravda*, newspaper of the Soviet Communist Party, the Palestine Liberation Organization declared a special meeting this week to discuss the worsening southern Lebanese situation. PLO chairman Yasser Arafat announced the formation of new PLO military units to combat both Israeli and Christian extremist forces.

Arafat last weekend warned that the Israelis would launch a preemptive strike into Lebanon and elsewhere in order to divert domestic attention from the crumbling Israeli internal situation. Lebanese moderate leader Raymond Edde has also warned that he expects Lebanon to blow up in the coming days under the impact of joint Israeli and Lebanese rightist provocations, very likely triggering a broader, region-wide conflict.

Preparing for such eventualities, Iraq last week issued an appeal for all Arab chiefs of staff to meet in emergency session to prepare joint regional defense preparations. Iraq also offered to station Soviet-supplied Mig jet fighters on Egyptian territory and to supply Egypt with badly needed spare parts to the Egyptian military.

The implied Warsaw Pact back-up for these moves received greater credibility with the presence of Czechoslovak President and Communist Party Chairman Gustav Husak in Iraq throughout the week. A Soviet military delegation is now traveling throughout the Mideast.

The U.S. Rockefeller forces may try to channel Arab moves into a familiar pattern of managed escalation, as occurred in the 1967 Arab-Israeli war, using high-level Syrian government officials as key agents in the operation. According to the June 3 *Christian Science Monitor*, high-level Syrian Foreign Ministry officials are insisting that Syria “does not exclude the possibility of an outburst in the Middle East” within “three or four months.”

Efforts by Saudi Arabia to prevent such a 1967-style Syria-Israel staged conflict are suggested by France’s *Le Figaro* June 2, which reported that the Saudis are substantially reducing their aid to the Assad regime in protest against Assad’s plans to form — with the aid of the Carter Administration — a “Greater Syria” federation of Syria, Jordan, Lebanon and the Palestinians.

But further Saudi efforts to defuse the war tension would minimally have to include finding mechanisms outside of U.S. control for taking the immediate economic pressure off Israel. This is especially the case with this week’s announcement by the Bank of Israel of drastic austerity measures, which will only feed into the national hysteria manufactured by Dayan, Sharon, and company.

The Season Of The Generals In Israel

ISRAEL

The government coalition which is now emerging in Israel two weeks after the surprising victory of the Likud, is a war cabinet. Assuming top cabinet posts will be ex-generals Moshe Dayan, Ariel Sharon and Yigal Yadin. The function of this warhawk triumvirate — all of whom have associations with the National Security Council — will be to take control of the war machine from under the official leadership of the Likud party, and run Israel along the breakaway ally scenario for a National Security Council controlled Israeli preemptive strike against its Arab neighbors.

Foreign Minister, Moshe Dayan: Likud leader Menachem Begin chose Moshe Dayan as Foreign Minister without prior consent from the other Likud leaders. Dayan was still nominally a member of the Labour Party and a Knesset member. Begin announced his choice after discussion with National Security Council shuttle operative Rabbi Alexander Schindler.

Dayan's nomination was met by intense opposition and shock not only from within Likud, but from the Israeli population in general. The number-two man in Likud,

Liberal faction leader Simcha Erlich, a long-time Sharon and Dayan antagonist, appealed to Dayan to reject the designation. Privately paid advertisements bordered in black were run in daily papers on the dangers of warhawk Moshe and protesting the growing war climate.

The Israeli population was horrified to hear of a political comeback of Dayan for legitimate reasons, Dayan's foreign policy has essentially mirrored the extreme right-wing "rejectionist" stand of Begin himself. Dayan has said that wherever Israelis settle they will be protected by the might of the Israeli army.

Minister Without Portfolio, Ariel Sharon: After receiving two seats in the election on a one-man ticket, Sharon has formally accepted to rejoin the Likud coalition. The founder of Likud after the 1973 war, Sharon was recently quoted as saying that if Israel wants to, it can conquer the Arab world from "Bagdad to Algeria to Khartoum." His views on the Arabs and the occupied territories are identical to Dayan's.

Deputy Prime Minister, Yigal Yadin: Ex-professor Yigal Yadin is heading the NSC's own party, the Democratic Movement for Change, which was spawned specially for the elections to wreck both the Labour Party and the Likud by taking votes and people from both parties. The party is composed of ex-military and civilian intelligence personnel like Meir Amit and former

Schindler The Swindler

Within hours of the Likud victory in Israel May 17, National Security advisor Zbigniew Brzezinski dispatched Rabbi Schindler to Israel. With credentials as the head of the Conference of Presidents of Major Jewish American Organizations, Schindler has been installed as the mediating potentate between Israel and the Carter Administration. Schindler's mission this time was to orchestrate the maneuvers which would lead to Menachem Begin's choice of Moshe Dayan as the new foreign minister and Yigal Yadin's acceptance of negotiations with the Likud.

Brzezinski's Rabbi

This isn't the first time Schindler has done dirty work for the Rockefellers. "Schindler has been up to his ears for the past ten years in the CFR (Council on Foreign Relations-ed.)," noted one American Jewish leader. During the 1976 Presidential election campaign, Schindler time and again broke his officially neutral position to inform contacts of his wholehearted support for the Carter forces.

Schindler became Chairman of the Conference — an umbrella organization for most American Jewish community and political groups — with the support and collusion of the Rockefeller-liberal wing of the Democratic Party.

In mid-1976, Schindler was contacted by the U.S. Labor Party, a spokesman said, to win from him a condemnation of Israel's official collaboration with the fascist Lebanese Falange Party, a formation that had evolved out of the Arab Legion forces set up by German Admiral Wilhelm Canaris during World War II. Schindler answered with a charge that the Labor Party was "supporting the genocide of 400,000 Lebanese Christians." Schindler repeated this slander to callers during 1976 and advised a reporter inquiring on the impact of USLP programmatic proposals on the American Jewish community to "watch them very closely."

Yehuda Hellman, Schindler's travelling companion during his recent Israeli visit and assistant to the rabbi at the Conference of Presidents, has voiced the opinion that outside forces not intervene in Israel with the rationale that "maybe the time has come any way for the world to end."

Leading forces in the American Jewish community are rapidly coming to the conclusion that the time has come for the end of Schindler's reign over the Conference of Presidents. Judah J. Shapiro, noted commentator on American Jewish affairs for WEVD radio, earlier this week condemned Schindler's interference into Israeli politics and asked, "Who says he is speaking for American Jewish community opinion?"

Labour Party member and ex-head of military intelligence Aharon Yariv.

Rabbi Schindler advised Yadin to return to the negotiating table with the Likud after Yadin pulled out when Dayan was appointed.

Schindler's role as Brzezinski's go-between is complemented by the simultaneous presence in Israel of Sen. Stone (D-Fla.).

Throughout the maneuvers for a government coalition, the NSC has operated to contain any attempt at a comeback by the Labour Party. Yitzhak Rabin, the incumbent Prime Minister, has let it be known that he

intends to make a strong play to regroup the Labour Party and its left-wing allies to counteract plans of the Likud and its proposed economic advisor Milton Friedman to destroy the state enterprises of the Histadrut.

To head off such a Rabin move, Shimon Peres, incumbent Defense Minister, has decided to stay with the Labour Party rather than go with Dayan into Likud. Peres is not perturbed by Dayan's defection, as he feels that Labour will serve as "an honourable opposition — unless something very serious happens..." implying that if a war should break out, they will form a unity government.

Persian Gulf Nations, Arbiters Of World Monetary System

The nations of the Arabian Gulf — by virtue of their over \$70 billion in annual oil revenue, the result of the 1973 Great Oil Hoax in which Rockefeller quintupled the price of crude — have now become the arbiters of the world monetary system. The Arab nations of the Organization of Petroleum Exporting Countries (OPEC), together with the Comecon sector, are the two principal potential sources of hard-commodity credit denominated in gold-backed currency — and, increasingly, both sectors are showing readiness to cooperate with the OECD countries on the outlines of a new monetary system.

The basis for such an arrangement is already being laid as the Arabs begin the ponderous shift from speculative ventures and dutiful bailouts of David Rockefeller's uncollectable debt to real, productive investment.

Carter Sends Saudis Into Shock

Although the primary motion in that direction by the Arabs comes from Iraq and Libya, and although the tiny

sheikhdoms of Kuwait and the United Arab Emirates are also moving in the same direction, the most interesting phenomenon is the growing tendency of Saudi Arabia to stop serving as a trough for Rockefeller's pigs to grovel in. In part, the new indications of Saudi Arabia's developing an independent oil policy are the result of the trip to Washington last week by Crown Prince Fahd and Oil Minister Zaki Yamani, whose clashes with President Carter left the Saudis in a state of shock.

According to informed sources, in two days of talks with Carter Fahd and Yamani did not budge from their insistence that the U.S. move to ensure peace in the Middle East before approaching Saudi Arabia on cash assistance for the IMF and on institutionalizing the so-called U.S.-Saudi "special relationship."

Since the Saudi delegation returned home, a number of indications have emerged that the Saudis, as one observer overstated the case, "have been radicalized" by their confrontation with Carter. Most significant is the report in the *International Herald Tribune* that Saudi Arabia has successfully completed the nationalization of

Kuwait Program Of International Joint Ventures

The Kuwaiti government is now considering a far-reaching proposal put forward by the Kuwaiti Oil Ministry to engage in a number of downstream joint ventures. In most cases the ventures will include third partner participation by Royal Dutch Shell, Gulf and British Petroleum. Both Shell and British Petroleum have recently begun to back the European nationalized companies in their efforts to delimit European market manipulation by Rockefeller-dominated multinational, Exxon.

According to the May 23 *OPEC Bulletin*, the Kuwaitis want to insure purchasers of their crude through setting up such ventures. Among the proposals before the government is one to expand local refinery capacity from 400,000 barrels a day to 600,000 b-d by 1980 and then 800,000 b-d by 1985. Among perspective partners for other possible joint venture in refining are South Yemen, where a British Petroleum refinery has just been

nationalized and is being prepared for expansion. Similarly the Kuwaitis have been taking an active role in the Eritrean conflict with an eye to setting up a strategic refinery there. Numerous Far East countries are perspective sites for new downstream Kuwaiti investment, where already Kuwaiti owned refineries in Singapore and Kuwait are supplying fuel to the Fuel Organization of Thailand.

One of the most crucial areas for downstream development, however, is the Eastern Mediterranean. Kuwait has been engaged in contacts with Greece, Cyprus and Spain and has already finalized an enormous deal with Rumania for a petrochemical plant to be located on the Black Sea which when completed will take 170,000 b-d of Kuwaiti oil. Rumania uses most of its approximately 300,000 barrels a day of locally produced crude for petrochemical production for which it is highly skilled.

the giant Arabian-American Oil Company (Aramco), which until now has been 40 percent owned by the Rockefeller multies Exxon, Mobil, Socal, and Texaco.

The takeover of Aramco, a longstanding goal of Yamani, will free the entirety of Saudi oil production from the stranglehold of the Rockefeller "Seven Sisters," and thus allow the Saudis to strike up state-to-state oil sales with Western Europe and Japan, bypassing the Rockefeller bottleneck. If the Saudis indeed are pushing through the nationalization of Aramco, it is in direct defiance of overt pressures from Carter's National Security Council, which upon Carter's inauguration declared oil supplies to be a "matter of national security."

In addition, yesterday the official Saudi radio station declared that all foreign banks in Saudi Arabia, including Rockefeller's Citibank, must sell a controlling share to Saudi citizens, effectively purging the domestic banking scene of old-time Rockefeller and Rothschild interests.

There are also indications that the forced "Saudi-ization" of foreign-owned banks is part of a Saudi effort to clean up the Saudi currency, the riyal, in preparation for linking that currency to an already existing bloc that includes such other Arab countries as Kuwait and the UAE — which, in turn, could create the preconditions for the establishment of an Arab currency bloc. Citibank, Rockefeller's biggest, is resisting the Saudi takeover, according to the *International Herald Tribune*, and instead is insisting — say informed sources — on completing a scheme for isolating the Saudi currency under Citibank control and using it for floating bailout loans for bad Citibank-held debt!

This is merely a sign of bigger things to come. The Italian daily *Repubblica* reported that the IMF was becoming "desperate" over the Saudi refusal to hand over more than a token contribution to the nonexistent IMF "special facility." *Repubblica* quoted the Saudi finance minister Abu Khail — who reportedly will authorize at most only a piddling \$2 billion of the \$7 billion the IMF has requested — saying, "We will not give more because it is not for productive investment."

Abu Khail continued to say that Saudi Arabia "is not a wealthy country" despite its immense financial resources, since wealth lies only in real means of production and labor. "We must use every cent for economic development," he said, pledging Saudi liquidity to investment in "real things."

Kuwait, UAE Lead the Gulf

The signs of motion from Saudi Arabia, the lumbering giant of the Gulf, are much less developed there than in neighboring Kuwait and the UAE, two statelets with huge oil revenue surpluses.

From Kuwait, there are reports that the sheikhs have established a full-fledged capital market for investment in industrial shares that already has reportedly dealt in more daily volume than the centuries-old London Stock Exchange.

"The Kuwait government has been trying to lure investors away from land investment (i.e., real estate speculation) and into industrial investments," said the *Baltimore Sun*. For that reason, the Kuwaitis have clamped strict regulations on the flows of capital into the market to ensure that Kuwaiti petrodollars are channeled into "industry and natural resources."

Kuwait has been a leading force in the establishment of the new "Arab Monetary Fund" (AMF) which, according to Arab diplomatic sources, is a direct attempt by the Arabs to create an alternate money market opposed to the dominance of New York and London in the Gulf. This is part of Arab moves to foster a Gulf Dinar, a common Arab currency linked to gold that already is in operation among Kuwait, the UAE, Qatar, Oman, and Bahrain. All 20 Arab states and the PLO are members of the AMF, and the Dinar Bloc countries are planning to expand to include several North African countries and perhaps Saudi Arabia as well.

According to Arab sources, both Kuwait and the UAE are working together — undoubtedly with some British backing — to bring the USSR into the Gulf as a "balance" to U.S. influence in the region. Kuwait has recently signed unprecedented arms deals with the USSR, and has made major economic overtures to the Comecon sector, including loan agreements and pipeline construction and oil sales.

The Arab "Ruble Bloc"

The moves by the Kuwaitis and the UAE have done much to shape the climate around Saudi Arabia and to propel the Saudis, slowly but surely, in the direction of a break with Rockefeller's banks. This activity, in turn, is itself generated by the fast-developing triangular moves by the USSR, Italy, and the Arab states of Iraq and Libya toward the establishment of a Ruble Zone.

A pattern of diplomacy since late May points in the direction of such a potential. Italy's Prime Minister Giulio Andreotti is scheduled to visit both Libya and Iraq in a few weeks, amid speculation that Italy may sign a preliminary agreement on trade in transfer rubles. Czech Prime Minister Husak left today for Iraq, and in mid-May Libyan Prime Minister Jalloud visited both Italy and then Czechoslovakia for talks with Andreotti and Husak.

During a visit to Greece and Rumania last week, Andreotti engaged in intense discussions that centered, in part, on the situation in the Middle East, especially with Rumania's President Ceausescu, who had just returned from a visit to Cairo, Egypt.

What this indicates is that the possibility of an emergent bloc of Italy, Iraq, Libya, and the socialist countries for triangular trade in rubles may not be farfetched, and might win the support of other Arab states such as Kuwait.

— Bob Dreyfuss

Carter Blew Saudi Oil Field

The following statement was released on June 2 by U.S. Labor Party Chairman, Lyndon H. LaRouche, Jr.

Information received here today from top Saudi government sources confirms the recent sabotage of a major Arabian oil field was done under direction of the United States government.

This is confirmed by circumstantial evidence as well as direct information received.

First, United States operations in the Persian Gulf and adjoining regions are under direct, overlapping direction of key White House aides Zbigniew Brzezinski and James R. Schlesinger. Although Israeli and French intelligence agencies are reported as directly involved in the execution of the sabotage operation, those agencies are presently operating under White House overall direction — which means Brzezinski. Brzezinski's recent visit to Switzerland, from which aspects of the operation were conducted, becomes most interesting in this light, as does the U.S. ambassador to Switzerland, a proponent of the Frank Nitti school of diplomacy.

Second, our best information is that this operation was not processed through regular U.S. intelligence channels, but through a special team working under direct coordination of Brzezinski, and that the operation was channelled through foreign intelligence agencies and multinational corporate intelligence networks, to minimize risk of leaks to conservative intelligence and political circles in the United States.

Third, on the basis of intensive intelligence briefings this writer earlier received from high-

level Arab quarters, it is known that the kind of sabotage conducted could have been accomplished only by persons working from inside Aramco security establishments. An outside sabotage would have required mounting a highly-visible operation from outside Saudi Arabia — which did not occur. From the inside, persons with access to certain key features of the security arrangements could pull off the sabotage almost on a moment's notice — which is what did occur. It is also known that no Arab faction was involved.

The function of Israeli and French intelligence in the caper was to provide a pretense of cover for the real authors. However, Saudi security was not deceived by the charade. Without complicity from known categories of insiders, which has been narrowed down, no French-Israeli caper could have been possible.

In the light of this incident and others of similar character, it is most shocking to discover that there are key circles inside the United States and among European governments who would rather see the United States radioactively incinerated in World War III this year than "commit the offense" of being blamable for provoking a constitutional crisis over Jimmy Carter's impeachment.

In Saudi Arabia, the penalty for the kinds of crimes committed by the Carter Administration's accomplices is public beheading by an official executioner wielding a heavy scimitar. If a few culprits of U.S. citizenship should end their careers in such a fashion, remember that the Saudi executioner may be helping to prevent your children from freezing this coming winter.

Carter Uses Polisario To Upset Algerian Development Stance

Jimmy Carter has developed a keen interest in the Saharan refugees currently encamped in southern Algeria according to a Washington Post feature entitled "War in the Sahara." Behind Carter's ambition to "aid" northern Africa with the introduction of his human rights campaign, is an administration plan to force Algeria off the path of development and into a war with their former ally, Morocco.

The aim of the Carter Administration's multi-edged destabilization is two-fold: first, to "box in" Algeria, former spokesman for Third World debt moratorium and the new world economic order. Secondly, to turn the Mahgreb countries (Morocco, Algeria and Tunisia) into warring factions, thus assuring the collapse of the Soviet-sponsored "Mediterranean zone of peace" proposal scheduled for discussion at the Belgrade conference June 15.

This squeeze-play is being conducted from the inside by Algerian Foreign Minister Abdelaziz Bouteflika, and from the outside by the synthetic Polisario Liberation Front.

The Polisario, a scraggly band of desert nomads, was recently heralded in the Atlanticist press for its "courageous" guerilla war against Morocco and Mauritania over the latter's occupation of the contested Spanish Sahara in Northwest Africa. By supporting the Polisario, Algeria is pitted against Morocco.

Bouteflika Paves Way for French

Carter's inside man is "playboy" Foreign Minister Bouteflika, who recently made gains in an ongoing power struggle with President Boumedienne. Boumedienne backed off from his original decision to oust Bouteflika as Foreign Minister during last month's cabinet

reorganization. Bouteflika then emerged to champion the Polisario's rights for "self-determination." By launching virulent attacks against the "neo-capitalist" regime of French President Giscard d'Estaing, which traditionally supplies arms to Morocco, and by calling for French left-wing support for the Polisario, Bouteflika has created a French "right-left" dispute as cover for Carter's "neutral" intervention.

The Atlanticist-controlled French left has rallied to the "cause célèbre" of the Polisario. Recently, French Communist Party (PCF) Politburo member Jean Kanapa, a loyal Atlanticist, travelled to Algeria to meet personally with President Boumedienne. Kanapa promised the PCF's "clear" and "constant" support to the Polisario. Mimicking Bouteflika, he attacked Giscard d'Estaing for his role in the crisis and officially "made his entry into the French-Algerian contention," as the French daily *Le Matin de Paris* reported.

Kanapa's links to the IPS terrorist network in France were also used to make contact with the Unified Socialist Party (PSU), which received a Polisario delegation in Paris recently. Also complicit in this destabilization is the Gaullist left-opposition, the Federation of Republicans for Progress, headed by Jean Charbonnel. Charbonnel actually paved the way for the gutter French left to be introduced into Algerian politics by first recognizing the Polisario as a "bona fide" liberation movement.

Dollar Dependency

Carter is using Algeria's dependence on the dollar to keep the country in line. Approximately \$8 billion has been invested in the current natural gas liquefaction

projects which have been coordinated solely with American companies. Carter is also banking on Algerian natural gas as part of his energy blackmail against the U. S. population.

The Carter connection also surfaced at the North-South Conference during which Bouteflika appeared "satisfied" after discussions with U.S. Secretary of State Cyrus Vance, whom he described as a man "who understands our problems." Carter also sent a personal message to Boumedienne on the importance of the North-South dialogue and as the *New York Times* reported, he invited Boumedienne to the U. S.

Soviet Diplomacy

Cognizant of the imminent war danger, the Soviet Union has intervened gingerly in North Africa. Recently, the Mahgreb desk officer for the Soviet Union, Shevdev, visited Tunisia and Morocco. His Tunisian visit focused on the mediation of the internecine dispute between Libya and Tunisia over oil drilling rights in the Gulf of Gabès. By eliminating the Tunisian-Libyan dispute, the Soviets would help to "smooth out" the Mediterranean in preparation for their zone of peace diplomacy, a major item of discussion at the Belgrade Conference. As reported in the French daily *Le Figaro*, the stakes in Morocco are higher. The article stated that the Soviets were interested in developing Morocco's enormous phosphates potential in exchange for some hefty political concessions. The Moroccans were asked not only to withdraw their troops from Zaire, but also to disengage from any continued involvement in the destabilization of the African continent at the Carter Administration's behest.

U.S. Threatens Turkey With Coup On Eve Of Elections

Just days before the June 5 Turkish general elections, the Carter Administration has threatened the Turks with a military coup if they continue to balk at adopting the drastic austerity package being pushed by the International Monetary Fund. *New York Times* columnist C. L. Sulzberger — a known conduit for the Carter Administration and the Trilateral Commission — wrote on June 1 that "it is hard to predict a stable future unless the army — as has so often happened in Turkish politics — moves in and takes over." Sulzberger's prediction was backed up by another *Times* staffer, Athens-based Steven Roberts, who warned on May 29 that if "the country continues to drift without direction, the chances for a new military move could rise sharply."

The coup threat emanates from the growing fear in Rockefeller financial circles that whatever shape the next government takes — whether it is led by Prime Minister Suleyman Demirel or his electoral opponent, social democratic opposition leader Bulent Ecevit — Turkey will resist the IMF's austerity demands of a 50 to 75 percent devaluation of the Turkish lira and massive cutbacks in imports and consumption. The threat should also alert Turkish political leaders that they will be able

to avert a military takeover only by declaring a moratorium on their dollar debt and expanding current negotiations with Arab and European governments for the establishment of a new international credit institution.

Neither Demirel nor Ecevit has addressed these issues during an electoral campaign marred by daily clashes provoked by right-wing extremists, murders, assassination attempts, and terrorist attacks. Last week, Ecevit survived the fifth assassination attempt against him in the past month when he escaped harm after shots fired at him at Izmir's airport. In Istanbul last weekend, bomb blasts rocked the airport and the railroad station, killing five people and injuring several more. The military and gendarmerie were put on alert amid predictions of an increase of terrorist activities in the final days before Sunday's elections.

Simultaneously Turkey's economic crisis deepened. Employees at more than 30 Turkish embassies are currently unable to cash their paychecks drawn on the Central Bank because of the government's insolvency. Two weeks ago, reserves plunged to an all-time low of \$431 million. Of \$300 million in foreign exchange earnings

or loans obtained between April 13 and May 13, \$240 million went for debt service while only \$60 million went for imports. Drastic cutbacks in imports have already resulted in a pile-up of \$1 billion in import orders. Not surprisingly, stockpiling and black marketeering are rampant.

Following reports that the government had imposed a moratorium on all import payments except for oil and defense supplies, Central Bank officials issued a denial despite pledges from West Germany that Bonn would continue exporting to Turkey. The West Germans also attacked fanatical Deputy Prime Minister Necmettin Erbakan — a coalition partner of Demirel and a likely partner of Ecevit should the latter win the election — for blocking foreign investment in Turkey.

Soviets, Italians Organize Mediterranean Peace Zone

While the Carter Administration is busy planning scenarios for regional chaos — ranging from a war in the Aegean to a new Cyprus flare-up — the Soviet Union and Italy have intensified their efforts to defuse these hot spots. According to the Greek press, spokesmen for Turkish Cypriot leader Rauf Denktas, were forced under direct “pressure from Moscow,” to officially announce this week that “no independent Turkish state will be declared in Cyprus.” The announcement follows weeks of rumors that the Turkish Cypriots were planning to declare independence in the days just preceding the Turkish elections, a move sure to throw the region into chaos. Just two days before the Turkish Cypriot announcement, Soviet ambassador to Cyprus Astavin met with Denktas and with Cypriot President Archbishop Makarios, and clarified “his country’s opposition to the declaration of an independent Turkish state... and any Western interference in Cypriot affairs,” according to the Greek daily *Eleftherotypia*.

Paralleling the Soviet efforts, the Communist Parties of Greece, Turkey and Cyprus issued a joint communiqué last week declaring their efforts toward a “just Cyprus settlement” and calling for the removal of Turkey’s occupation forces from the island. *Haravghi*, the newspaper of the Cypriot Communist Party AKEL, charged that last week’s collapse of negotiations between Greek and Turkish Cypriots in Nicosia is part of a

“NATO conspiracy” setting the stage for another round of Cyprus hostilities. Last week the Greek Communist daily *Rizospastis* revealed that the coordinated strategy of the three parties follows an historic meeting in late April of their leaders.

The renewed Cyprus crisis would serve to militarize the region, in the face of a possible declaration of debt moratorium by Turkey. A Cyprus flare-up is also aimed at removing Makarios from power and destroying his powerful alliance with the Cypriot Communist and Socialist parties. According to the Lebanese magazine *Events*, Socialist leader Lysarrides has mobilized his militia to counter an expected coup attempt by Makarios rival Glafkos Clerides.

Following talks with a high-powered Soviet delegation in Cyprus last month, Makarios declared that “the Cypriot government will not tolerate Cyprus talks being carried out in ‘secret rooms’ ” and closed sessions — a sharp rebuff to Carter’s efforts to prevent settlement of the Cyprus issue by keeping it an “internal NATO squabble” subject to the personal mediation of Clark Clifford, Carter’s personal emissary to the region.

Significantly, the Turks are also resisting the attempts to heat up the region by indefinitely delaying the sailing of the controversial oil survey ship Sismik I into the disputed Aegean waters.

Italian Prime Minister Giulio Andreotti’s recent visit to Greece is crucial to defusing the region. While in Greece, Andreotti continually emphasized the importance of establishing a zone of peace and security in the Mediterranean and stressed that Italy’s support of Greece’s rapid entry into the European Economic Community is based on the interest of expanding “democratic cooperation” in the area around economic development. Andreotti also addressed himself to Turkey’s catastrophic debt situation and worked out an agreement with Greek Prime Minister Constantine Karamanlis over continental shelf rights of Greek islands in the Ionian Sea. The agreement was explicitly designed to set precedent for settling the Greek-Turkish dispute over Greek islands in the Aegean, preventing continued manipulations of the area. The Greek daily *Kathimerini*, the mouthpiece of Karamanlis, praised the “spectacular results” of the Andreotti trip.

Red Sea Crisis Looms As Sadat, NSC Isolate Ethiopia

Right-wing Arab nationalists under the control of the U.S. National Security Council are blundering into a crisis over the strategic Horn of Africa and the Red Sea that could provide a trigger for a Middle East war.

The key to the NSC scenario involves the isolation of the increasingly pro-Soviet regime in Ethiopia by Arab countries who support a sputtering rebellion of separatists in the Ethiopian province of the Eritrea, which — together with a single railroad through the French colony of Djibouti — provides Ethiopia with its only access to the sea. The eruption of a war between Ethiopia and its Arab neighbors, according to informed sources, could touch off an Arab move to close the Straits of Bab el-Mandeb at the mouth of the Red Sea,

thus threatening Israeli shipping and oil supplies.

West Germany’s daily *Die Welt* reported this week that NATO officials are concerned over the threat that the closing of Bab el-Mandeb — like the closing of the Straits of Tiran by President Nasser of Egypt in 1967 — could provide Israel with an excuse for launching a preemptive strike.

According to the *Financial Times of London*, Egyptian President Anwar Sadat has called for a meeting of states along the Red Sea, but excluding Ethiopia (and, of course, Israel). The conference, which reportedly will include representatives of the Eritrean guerrilla movement, is designed to give support to the Eritrean Moslem rebels and their allies in Djibouti.

The Soviet Union, which is growing increasingly close to Ethiopia, has repeatedly denounced Arab attempts to turn the Red Sea into an "Arab lake," and has started to supply arms to the Ethiopians. The USSR is also close to Somalia, Ethiopia's Arab neighbor, and both the USSR and Cuba's Fidel Castro have sought to create a "federation" linking Ethiopia, Somalia, and several other Arab states to defuse the danger of an Arab showdown with the largely Christian Ethiopians. But there is a strong right-wing Arab nationalist element in Somalia, and it is this nomadic faction which Sadat and Sudan's President Numeiry are seeking to encourage by fueling the threat of a regional war.

On June 1, Numeiry warned darkly that the continued supply of arms to Ethiopia by the USSR would "lead to war" between Ethiopia and Somalia, the latter presumably receiving support from Sudan and Egypt. Earlier,

the Soviets this week withdrew their ambassador from Khartoum, Sudan, in protest over the Sudanese provocations in the region.

A related danger hovers around Djibouti, which is set to receive its independence from France on June 27. Through the capital of Djibouti passes Ethiopia's only railway, carrying over 80 percent of Ethiopian trade. Officials in Djibouti reported yesterday that "unknown saboteurs" blew up the rail line, crippling Ethiopia's access to the sea and raising tensions in the area.

Both the *New York Times* and the *Wall Street Journal* this week gave prominent front-page coverage to the growing crisis in the Red Sea, with the Journal noting that huge quantities of oil passing through the Bab el-Mandeb Straits would be endangered by the outbreak of war in the region.

Carter Scrambles For Leverage In Southern Africa

Seven hundred Rhodesian soldiers, backed by jets and helicopters, invaded neighboring Mozambique May 29 in an effort to wipe out guerrillas of the Rhodesian Patriotic Front nationalist movement and destroy their bases. The Rhodesians bombed Mozambican villages, killed civilians, and destroyed rail lines and bridges as part of their effort, according to Mozambican and Patriotic Front sources. For several days they occupied the town of Mapai in the southern Gaza province. Another Rhodesian raid in Tete province further north was reportedly driven off.

The raid has been accompanied by an increase in repression inside Rhodesia, following the dictum issued this week by Rhodesian Defense Minister Roger Hawkins that supporters of the guerrilla movement should be "eliminated from society." At present, black Rhodesian civilians are fleeing across the western border into neighboring Botswana at the rate of 800 each week to escape the "free fire zone" tactics recently imposed in western Rhodesia.

At the same time as the Rhodesian raid, the Anglo-American negotiating team of British Foreign Office Under Secretary John Graham and U.S. Ambassador to Zambia Steven Low left Salisbury, Rhodesia, for Maputo, the capital of Mozambique. In Maputo, Patriotic Front co-chairman Robert Mugabe reiterated his objection to American participation in the talks and refused to meet with Low. Mugabe later accused the United States and Great Britain of complicity with the Rhodesian invasion, a charge echoed in the Mozambican press this week which said that the "growth of Smith's aggression is due to the indulgence and complicity of Western countries." The Mozambican report added that "it is not by chance that this raid coincided with the visit of the Anglo-Americans, whose settlement efforts are aimed at ending the isolation of the Smith regime."

The Rhodesian aggression coincides with the flop of the vaunted Anglo-American initiative over Rhodesia, and follows by a week the near-unanimous rejection by African leaders of UN Ambassador Andrew Young's hustle diplomacy. The invasion is clearly designed to be an intolerable provocation to the black front line states around Rhodesia, aimed at forcing them to call in outside — presumably East bloc — military assistance to create the stage for an East-West showdown over Africa. Such an escalation would also put considerable right-wing pressure on the Vorster government in South Africa to come to the defense of Smith.

British Edgy

It is by no means certain, however, that the British will stick with Carter's plans for an East-West showdown

over southern Africa. Even avid Conservative Party supporters of the American involvement are now having serious second thoughts: "The Carter Administration's attitudes to South Africa," say the conservative *Daily Telegraph* June 1, "though echoed by Dr. Owen, may be going further and faster towards confrontation than a purely British policy would have done..." The *Telegraph* also reports that envoy Graham will have "no progress to report to the Commonwealth Conference when it convenes in June...American involvement is not bringing Black nationalist factions any closer together and is resented by some of them. Nor has it aroused any great enthusiasm among leaders of neighboring African states..."

To regain leverage over the front line, the State Department and the Foreign Office have both denounced the invasion and are proposing to take the matter to the United Nations Security Council. The invasion "calls into question the sincerity of the Smith government's intention to implement majority rule next year," Owen told reporters May 31, adding that he was expressing to African governments "the seriousness with which we view the latest developments." The State Department in a June 1 statement also viewed the invasion as a "very serious matter," and said they "share the concern expressed by...Owen that the Rhodesian attack threatens the British-American peace efforts and challenges the territorial integrity of a member state of the United Nations." American officials told the June 1 *New York Times* that the Security Council might be asked to condemn the aggression. They also told the *Times* that they were "concerned that the Soviet Union might use the incursions as an excuse to step up its military involvement in the area..." and that to counter this possibility, the U.S. and Britain were in close touch with key African states, "urging them to take the lead in keeping outside powers out of the situation."

UN Intervention A Trap For Front Line States

Making the Rhodesia question an official U.N. issue would give the Trilateral Administration the chance to define the political environment in southern Africa, following the lines of the example set in the Middle East. Such a development would constrict the maneuvering room of the front line states, by depriving them of the authority to call in military allies unilaterally, and enabling the U.S. to brand socialist country military support of the front line as "impeding the efforts to negotiate a peaceful settlement" or some similar formulation equivalent to the "just and lasting peace" slogan in the Mideast.

Given the U.S.'s already existing ability to manipulate

the Smith regime, the Carter Administration would be in a position to orchestrate provocations against Mozambique, already branded as a "Soviet puppet," and could set up the "Cuban missile crisis" showdown with the Soviet Union he is seeking.

One such provocation-option surfaced this week in Lisbon, where the leader of an organization calling itself the Democratic United Front of Mozambique (FUMO), announced the launching of an "anti-communist freedom crusade" against Mozambique's ruling FRELIMO. The leader, Domingas Aronca, claimed to have the support of the Rhodesian government and a recruitment pool of 20,000 Mozambican exiles to launch an armed struggle.

With United Nations involvement, furthermore, Ambassador Young would have a forum to continue his effort to portray the southern Africa situation as merely an issue of white racism, while attempting to downplay the broader issues of North-South relations and Third World debt which lie at the root of, particularly, the U.S. involvement on behalf of the white regimes. Young's "white racism" line has already caused President Machel and other African leaders to brand Young a racist himself. Further attempting to establish this line of Carter diplomacy, columnists Evans and Novak on June 2 published a rather disingenuous "criticism" of Carter's Africa policy, claiming that Vice President Mondale's treatment of South African Premier Vorster at their meeting in Vienna "ought to shatter any illusions that the Carter Administration intends to take an even-handed position on racial conflict in southern Africa..." The columnists even accused Carter of uncritically backing any black movement against any white government.

The response to U.N. Secretary General Kurt Waldheim's offer to Mozambique to convene the Security Council has been total silence to date. Efforts to intimidate the Zambian government of Kenneth Kaunda — targeted as the "weak link" in the front line alliance — with threats of invasion from the Rhodesians have also been unsuccessful. Speaking to reporters June 1, at the beginning of a visit to Europe, Kaunda said that Foreign Secretary Owen had "made a profound impression on me when we first met. But I am sorry to say that this is disappearing very quickly." Kaunda also said he was "disillusioned" with Owen's handling of the

Rhodesian invasion. The Anglo-American opposition to the armed struggle over Rhodesia was not motivated by their desire to avoid bloodshed, he said, but by their "dread of communism." "There is now only one solution left," he said, "to give all our support to the armed struggle."

The cohesiveness of the front line alliance was further emphasized at a meeting of the alliance's Defense and Interior Ministers, where the five constituent states pledged their mutual military support. "We shall spare no effort," said Tanzanian Defense Minister Rashidi Kawawa at the meeting, "to ensure that the momentum of the liberation struggles reaches its logical conclusion, while ensuring the territorial integrity and security of the front line states are effectively defended."

South Africans Eyeing Overture to Soviets

Heavy-handed efforts to push the South African government into a "breakaway ally" mode are also backfiring. The Carter Administration hopes to play on South Africa's fear of communism and the spectre of a black onslaught to force the Vorster government to come to the defense of Smith and possibly launch some invasions of their own — acting as Carter's proxy in "facing down" the Soviets.

The South African option which was not foreseen by Administration policy makers, however, is to make a separate peace with the Soviet Union, a policy reportedly advocated by Prime Minister Vorster's brother among others. "If we can find no friends in the West," comments the South African *Financial Gazette* May 20, "maybe we should start looking eastward..." Trial balloons have also been floated by various high-level officials in recent weeks concerning the internal changes South Africa would have to make to come to an accommodation with the Soviets and with black Africa.

In addition, Prime Minister Vorster has launched an attack on David Rockefeller's (and Andrew Young's) close South African ally, mining magnate Harry F. Oppenheimer. In a recent speech in Parliament, after Oppenheimer had played host to Young, Vorster told Oppenheimer: "The time has come for you to say where you stand and what you are playing at..."

Angolan Leaders Murdered In Coup Attempt

ANGOLA

Western intelligence agencies, acting on the Carter Administration's policy of provoking a race-war in Africa and a "managed" U.S. confrontation with the Soviet Union, drew blood last week with the kidnapping and murder of six top leaders of the pro-socialist government of Angola's President Agostinho Neto. The six were found dead after a coup attempt by rebel forces whom Neto branded a "black racist faction" was crushed May 27.

Those murdered included Finance Minister Saydi Mingas and four members of the Angolan army's General staff, three of them on the central committee of the ruling Popular Movement, as well as the head of the Angolan security organization.

Neto himself noted that the coup attempt occurred just as Angola is threatened by invasion from Zaire, and immediately following armed attacks on Angola launched from that country. The assault on Angola follows a U.S. backed military intervention into Zaire directed by

Carter's ally, French President Giscard d'Estaing.

On Feb. 26 of this year, Neto had exposed an elaborate four-pronged invasion operation against Angola, code named Cobra 77, then being put in place. The attack was slated to be carried out using the FNLA, FLEC and UNITA countergang liberation movements created by U.S. intelligence agencies and used against Neto's Popular Movement (MPLA) during Angola's fight for independence; it was to be coordinated by an array of right and left fascist networks directed by the government of France's Giscard d'Estaing. On May 31, following an incomplete and misleading expose of the same operation days earlier in the London *Sunday Times*, the Italian Communist Party daily *Unita* detailed the links between the Cobra 77 plotters, West German neo-Fascist Franz Josef Strauss, and the French secret police, SDECE.

The Coup Attempt

Early on the morning of May 27, the Luanda radio station was seized by rebel networks headed by one-time Angolan Interior Minister Nito Alves and political commissar Jose van Dunem, both of whom had been purged from the central committee of the ruling MPLA

Putsch Victims Were Top MPLA Cadre

The Cuban Wire Service Prensa Latina reported brief biographies of the six MPLA leaders killed on May 27, noting that the objective of the operation was to eliminate the most staunch defenders of the country. Those killed were:

*Commander Paulo de Silva Mungungu, originally of Mexico. He was on the General Staff of the Armed Forces of Angola (FAPLA), was on the Central Committee of the MPLA, and on the Revolutionary Council. During the war he was commander on the Eastern Front, and successfully combatted tribalism and the divisionist campaign of Daniel Chipenda and his allies. Chipenda, while claiming to be a hardline Marxist-Leninist, waged an anti-Neto campaign in the MPLA during the early stages of the war which was remarkably similar to that led by Alves later. Chipenda tried to pull the eastern army of the MPLA out of the MPLA, but this was successfully defused by Paulo de Silva Mungungu. Chipenda linked up with the FNLA gang, and later brought what was known as the Chipenda brigade to southern Angola, and cooperated with the South Africans when they invaded Angola, the operation which provoked the Cuban entry into the war.

*Commander Eugenio Verissimo da Costa (Nzaji) was chief of operations for the FAPLA in the crucial province of Cabinda during the war. He was on the General Staff of FAPLA, the Central Committee of the MPLA, and the Revolutionary Council. He was one of the highest ranking officials in the Department of Information and Security of Angola.

*Commander Jose Manuel Paiva, Deputy Commander on the General Staff of FAPLA, member of the Revolutionary Council.

*Commander Eurico Manuel Correia Gonzalves, member of FAPLA General Staff and the Revolutionary Council. A lawyer, he organized clandestine cells of the MPLA in Portugal before going to Angola.

*Major Saydi Mingas, Finance Minister. Member of the Central Committee of the MPLA and of the Revolutionary Council.

*Helder Ferreira Neto, key member of the Security Department, and was in charge of surveilling the Alves faction. He was tortured by the Portuguese secret police (PIDE) and sent to the Cape Verde Islands. In 1964 he succeeded in returning to Europe, then went to Algeria where he organized for the MPLA. he directed the prosecution in the trial of the mercenaries.

and imprisoned on May 21. According to the London *Financial Times* of May 30, "Alves, an uncompromising hardliner...had insisted that the whites be denied Angolan citizenship and that the government be purged of whites." The London *Daily Telegraph* added the next day that the plotters, despite their supposedly "strong pro-Moscow leanings...were basically Black Power racists who resent the presence of the Cubans...They wanted Neto to foreswear his reliance on Cubans, White Portuguese Communists and Mulattoes and establish an authentically African regime."

The rebels freed Alves and van Dunem from prison, also released imprisoned members of FNLA, UNITA, FLEC and convicted European mercenaries, all used against the MPLA during the independence struggle. Neto later commented that their release demonstrated that Alves was a "creature of imperialism."

Angolan troops hurried to the presidential palace only to find no attack had been mounted against it. The troops were then sent to take the radio station, which proved to be a relatively simple task, despite some initial resistance, because most of those occupying the station had been duped into thinking they were doing something that was in support of Neto. Neto himself later commented on the manner in which many of the participants in the affair had been led into the operation by its leaders, only to be abandoned by them, letting the dupes hold the bag.

The initial period of chaos and confusion, accompanied by shooting and shell fire, provided time for the rebels to kidnap six leaders of the MPLA. The bodies of the MPLA leaders were later found burned and dismembered, a practice reminiscent of the bestial FNLA actions during the Angolan war.

The loss of such key cadre is a tough blow to the Angolan government. As a result of the particularly backward Portuguese colonial experience, 98 percent of the Angolan population is illiterate. President Neto has

admitted that it is not possible to have an Angolan diplomatic corps because of the lack of qualified personnel. "I wouldn't have enough educated people left to be ministers," he said. Because of the monstrous nature of these murders, "This time we can not waste time with prosecutions because there is no reason to when they behave in such an obvious form of fascism," Neto said. He announced that revolutionary justice will be carried out: "Those who killed MPLA leaders must pay for their actions."

When Neto announced the purge and imprisonment of Alves and van Dunem on May 21 before 8,000 MPLA cadre, he also warned about a possible aggression against the country from Zaire. Two days before there had been attacks at several border points. In addition on May 16 a squadron of helicopters from Namibia attacked the Angolan locality of Santa Clara in Cuene province. In the same period forces from Zaire attacked the populations of Nakto and Beira in Labinda province in northern Angola. Neto pointed out that the coup attempt complemented these attacks.

Neto linked Alves to Portuguese extremists in a June 1st speech, and has declared the Angolan government's intention to root out the remnants of the Alves networks in Angola that hook up with these international networks. *Le Monde* on June 1, reported that Neto stated among the arrests made "some elements of the political commissary of FAPLA (Armed Forces of Angola), as well have been arrested in Luanda. We can say that in the next days other elements will be arrested for having participated actively in this divisive (fractionalist) activity. These elements have constituted a political leadership and an operational command. They also mobilized certain provincial commissaries.

"A serious combat against fractionalism is necessary. In each neighborhood, in each city, we are going to search out the fractionalists and we will carry out justice."

Italian CP Exposes Coup Plotters

The May 29 London Sunday Times published a front page article on the planned "Cobra 77" four-prong invasion of Angola, purporting to expose the international connections of the operation. The paper attempted to link the operation to Gaullist circles in France, as well as to unspecified circles in the West German government.

The Sunday Times also claimed that large sections of the Angolan population were disaffected from the government. This judgment was in part based on incidents that occurred during the war two years ago. Pravda of May 31, referring to the Times article, noted that the Times is well known for spreading false information.

The Italian Communist Party daily Unita, on May 31, published the following exposé of "Cobra 77" revealing the European connections of the networks involved and how they operate.

The Sunday Times revealed Sunday that the operation "Cobra 77" against Angola, denounced Feb. 26 by President Neto and planned for September to October of

this year, was prepared with the collaboration of the French Secret Services (SDECE) and those of the West Germans (BND).

Our readers have already been able to document, through these columns, the provocations plotted against independent Angola set up in Europe. Today we are able to furnish the particulars on the French-German involvement, and on the participation of the Black International in the provocations against Angola.

...We are able to note the address of the Senegalese office where the plans for aggression are in preparation: 58 Rue Carnot, Dakar...In fact, this African affiliate of the Americans is one of the largest centers of provocation operations collaborating with the French Secret Services, which lately has been committed to the operation of safeguarding the Mobutu regime, to the attack on the republic of Benin, and the attack on the Angolan province of Cabinda. We are dealing here with the same organization that we have identified in this column before as under the leadership of the ex-De Gaulle agent Foccart,

whose pseudonym is Monsieur Charles.

The Paris office of this organization heads up, among others, FLEC (the so-called Front for the Liberation of the Enclave of Cabinda), which, according to the same Sunday Times article has an important role in the "Cobra 77" plan...A meeting in Belgium in mid-January between Zaire dictator Mobutu and Monsieur Charles was the cause of the firing of the FLEC director Luiz Ballu and of Presidential advisor Bisegimana Rwema, and their replacement with more loyal men like Jean de Costa, former French official, whom the Sunday Times now denounces as an SDECE agent, and like Nimy Mayikika Ngimbi, new Presidential advisor to Mobutu. Since then, the activity of the FLEC is, or was until recently, directed by Col. Prevost of the SDECE. It has intensified; arms supplying has increased overwhelmingly, as has military activity in the Cabinda province. The latest act of this escalation, one of the stages of the "Cobra 77" operation, was the establishment of a so-called government in exile in Paris, with the consent of the French government, which even so has relations with Angola.

The other organization with an important role in "Cobra 77" is Savimbi's UNITA, supported by South Africa (whose government has armed and furnished it with nuclear technology from Paris and Bonn despite the UN embargo). UNITA has its main offices in Paris and Monaco, and Strauss' Bavarian fiefdom.

In the French capital UNITA has a large office whose employees enjoy diplomatic covers as "friends of France" from countries like Zaire and Tunisia, and whose director is a high-ranking official. He is in fact Vice Foreign Minister of the organization, John Kakumba, whose diplomatic cover is furnished by the Ivory Coast of Felix Houphouët-Boigny, one of the African countries most dependent on Paris.

We have had the opportunity of speaking with some of these Paris circles behind all the provocations against independent Africa.

— Who helps Savimbi against independent Angola?

"South Africa, naturally, knows everything. There is also support from certain French circles, like societies and banks with investments in Angola. In Germany, important aid comes from Strauss' party, but Savimbi has other friends in London, Lisbon, etc."

— And in Italy?

"I have no information on his relations with Italian circles, but in any case, there is an Italian whose name I don't remember who may have connections between Savimbi's base in Namibia and Kipenda's apartment in Kinshasa." (Kipenda is a secessionist ex-director of the MPLA who today is protected by Mobutu.)

...The Angolan government, however, is informed on the relations between the Italian right and Savimbi, publishing at the beginning of this year in the Angolan and South African press a rather exact article. "The Aginter agency is one of the most active and best organized centers of neo-fascism in Europe supporting UNITA with money gathered from the former colonies of the Angolan zone. There are close contacts between Savimbi and Stefano delle Chiade, an Italian neo-fascist who is vice-director of Aginter, founded in 1963 with the support of PIDE."

Neto Exposed 'Cobra 77' In February

This article appeared in the May 31 Unita under the headline, "Neto's Denunciation."

Last Feb. 26, the President of the People's Republic of Angola first denounced the existence of the Cobra 77 plan. After having listed the 18 bases arranged by the Zaire government for aggression against Angola, President Neto continued thus: "We have received information which says that Operation Cobra 77 is in preparation, and will be realized by elements we know well; the puppets of the FNLA, FLEC, besides mercenaries. This operation directed against Angola is foreseen for September to October of this year...I don't want to name all the names. I will content myself with noting those who take part in the so-called 'three major states'..."

Among the forces of "Cobra 77" is the Black International. (with the Italian section in the forefront) which by the end of 1976 had defined its primary objectives at the Congress in Barcelona: 1) Opposition to the growth of left forces in Southern Europe; 2) Work to ruin the relations of determinist forces in Africa after the revolutionary victories of Angola, Guinea Bissau, and Mozambique."

The Alves Faction: What Is It?

Nito Alves adopted an extreme African nationalist posture, and had been progressively moving away from President Neto ever since independence in 1975. He is described by the U.S. State Department as one of the few "African Africans" on the MPLA Central Committee. Holding secret meetings and setting up clandestine networks, Alves appealed mainly to urban lumpen elements, playing on current difficulties — food and clothing storages, principally. A few weeks prior to the coup attempt, the Alves faction launched a pamphleteering crusade accusing the government and MPLA leadership of "bourgeois" tendencies and "elitism." And the night before the coup attempt, MPLA General Secretary Lucio Lara read a statement from the party's 10-man Politburo accusing Alves of leading a secret committee within the party and of "developing extremely secret methods for taking over power."

Neto has openly condemned Alves for leading a "black racist faction." Alves advocated an all-black administration and expulsion of whites from the country, attacking Neto for the inclusion of mulattoes and whites in the MPLA and the government. The Alves faction criticizes Neto for speaking only European languages, and not being able to speak any of the local African dialects. Alves told the lumpens he was organizing that now that the Portuguese had left, they were being "colonized by the mulattoes."

Alves also attacked Neto for economic dealings with the West, such as Angolan arrangements for Gulf Oil Company to produce oil in Cabinda province. Oil production has again regained the prewar production level of 135,000 barrels per day, and Gulf has agreed to further exploration this year in order to expand production. Alves calls for the elimination of all economic ties with the West, and dealings only with the Soviet Union. Since he blames the economic problems of the struggling Angolan economy on its ties with the West, Alves has

been called by some an "ultra-pro-Soviet."

Alves's current stance is only the latest of his opportunistic shifts. He has no more trouble swinging to the right than he does in using his pro-Soviet or supernationalist postures. In a June 1 speech Neto charged that Alves had connections with Portuguese extremists, and that it was with their aid that he pulled off the coup attempt. And just a year ago the Washington Post described Alves as "wanting to keep Angola out of the East bloc."

Moscow Delivers Stern Diplomatic Warning To China

On May 19, the Soviet Union delivered a lengthy note to China. The note warned that the Chinese leadership carries personal responsibility to the Chinese people and to the world for the consequences of China's current campaign against the USSR — a campaign based on a perspective of global war.

The note, the first of its kind in a decade, paralleled a May 14 Pravda article on the same subject and directed primarily toward China's collaborators in the West. Moscow has apparently realized that a military alliance between China and certain circles in the U.S. and Europe willing to supply China with modern arms, is an imminent possibility. The Soviet note points out that it is to the end of a possible world war that imperialist circles are supporting the Chinese stance. The note was made public in Pravda on May 27, as reprinted below.

In a speech on May 30 at a dinner welcoming Bulgarian leader Todor Zhivkov in Moscow, Soviet General Secretary Brezhnev amplified Moscow's concern for Chinese-Western military collusion against the Soviet Union and warned that the Soviet Union will strongly counter any "dangerous, adventurist calculations" that China and her Western allies may make. These remarks are reprinted below.

To The Embassy Of The People's Republic Of China

On May 19 the USSR Minister of Foreign Affairs delivered to the Embassy of the People's Republic of China a note to be conveyed to the government of the PRC.

The note states that in China a campaign hostile to the Soviet Union and conducted by the organs of propaganda and officials on all levels is taking on broader and broader scope. The Chinese press and other mass media are day after day spreading obvious fabrications and slanders regarding the Soviet Union — and these in no way differ from mendacious imperialist propaganda which has long since been compromised in the eyes of the peoples.

Contrary to the facts and common sense, there continue to be stubborn attempts to distort the domestic policies of the USSR, unceremoniously interfere in the affairs of our country, and teach the Soviet people what it should and should not do. The instigators of the anti-Soviet campaign blacken the glorious results of the heroic struggle and labor of our people and the socialist way of Soviet people, their militant revolutionary traditions and communist ideals; they spread fantastic in-

situations against the state and social order chosen by the Soviet people; they make ignoble attempts to slander the great friendship and unbreakable unity of the peoples of the Soviet Union.

They are fanning a provocative racket about some sort of aggressive intentions of the Soviet Union in regards to China, which is intended to poison the consciousness of Chinese workers with the poison of hatred to the Land of the Soviets; to pick a quarrel between the Chinese and Soviet peoples. Meanwhile the truth about the USSR's policy regarding the PRC is entirely hidden from the Chinese people, as is that about the Soviet Union's efforts to improve Soviet-Chinese relations, and all our steps aimed at creating a normal situation and favorable conditions for the improvement of relations between our states are turned against the Soviet Union by means of demagogic tricks.

There are constant attempts to tarnish the peaceful foreign policy of the Soviet Union, the fraternal relations of the countries in the socialist community, and the efforts of the USSR to strengthen friendship and cooperation among peoples, as well as its struggle against the

Brezhnev Hits 'Dangerous Calculations' Of West

I will say a few words about China. We would like to have normal, good-neighborly relations with this country. We have spoken about this before and we repeat ourselves now. But relations between any states depend on both sides.

China is presently going through a difficult period. This probably influences to some extent the present position of the Chinese leadership. But we are not going to discuss the internal situation in China. The Chinese people are primarily concerned with this. But it is a different matter, that both inside and outside China there are forces striving to drive Soviet-Chinese relations into a dead end and worsen them. These are the same forces who see political gain for themselves in the aggravation of international tension. They make dangerous, adventurist calculations against which we must and will struggle. At the same time, we would like it understood in Peking that to act against the aspiration of the peoples and to make war on everything good and healthy in international relations is an ignoble and hopeless thing.

forces of imperialist reaction and aggression. The thesis on the inevitability and even desirability of a new world war is preached, while anathema is pronounced on the idea of relaxation of tensions and everything possible is done to hinder the affirmation in international relations of the principle of non-use of force. Instead: a policy of setting one country against another.

Not only Chinese propaganda, but high-ranking officials as well, come out with statements hostile to the Soviet Union. In order to back up their call to "take the struggle against the Soviet Union through to the end," they ascribe to it truly wild intentions, such as: "The USSR does not stop thinking for a minute about enslaving China."

This deliberate anti-Soviet campaign is hypocritically portrayed by some in China as some sort of "principled debate." But what can there be in common between an ideological argument and actions, which cannot be qualified as anything other than malicious slander, calumny and provocation?

All this, of course, is incompatible with the elementary norms which are generally recognized and which all states are obliged to observe, especially those which have diplomatic relations.

The question arises: what is the goal of those who are fanning anti-Soviet psychosis, enmity to their neighbor. Whom do they wish to serve with their attacks?

All of this only works in favor of those forces who benefit from China feuding with the Soviet Union and other socialist countries. The current anti-Soviet propaganda in China, intended to further worsen Soviet-Chinese relations, is laden with dangerous consequences and does not correspond to the interests of the Chinese people itself.

Those called upon to organize a crusade against the Land of the Soviets should not forget how previous such crusades ended. Historical experience has proven the untenability of such calculations. It is hopeless even to imagine that it will be possible by lies and slanders to turn the Soviet peoples from the path of building a communism which it has chosen once and for all.

As a permanent member of the U.N. Security Council, the PRC carries serious responsibility for maintaining international peace and security and for the development of cooperation among states. But the actions of the Chinese side both in relations with the USSR and other socialist countries, and on the international scene as a whole, indicate that the PRC leadership does not want to bear that responsibility and in foreign policy is balancing on a dangerous brink.

Only people who do not care about the fate of the peoples, including their own people, can act in such a way — people who don't care about the tragic consequences that can follow from a policy directed towards sharpening international tension — a policy fraught with a threat to all humanity. And it is precisely to this end that the reactionary circles of imperialist states are pursuing the matter. The organizers of the campaign in China, which is hostile to the Soviet Union and dangerous for peace in the world, are in effect acting in concert with them.

The government of the USSR has delivered a protest to the government of the PRC against the slanderous campaign against the Soviet Union in China and has warned seriously that the Chinese leaders are taking on themselves a great responsibility before their people for the consequences of continuing this campaign.

Cubans Unmask Carter As A Trilateral Creation

Open factional warfare at the highest levels of the Cuban leadership has surfaced during the second half of May, in response to Jimmy Carter's "carrot and stick" approach to normalization of relations with that socialist country. Carter's negotiating line has been to offer the Cubans normalized diplomatic and economic ties in the near future, but demanding in return that the Cubans pull their troops out of Africa and make significant "human rights" concessions within Cuba, such as freeing various U.S. citizens who are being held as prisoners.

The clearest expression of Carter's position came two days ago, when he told the press: "I think we will have indications in the next few weeks of strengthened diplomatic relations with Cuba, far short of recognition... (However, I) would like very much for Cuba to refrain from this intrusion into African affairs in a military way."

Despite continuous attempts by the Western media to portray Cuban President Fidel Castro as softening before Carter's offers, the fact of the matter is that Castro has constantly explained that Cuba's commitment to Africa is not negotiable, at any price. Other layers within Cuba, however, including a faction of "pragmatists" who see the necessity of making concessions in order to achieve a new "entente" with the U.S., as well as a group of outright long-time agents of the Rockefeller interests who have been deeply imbedded in the top leadership of the Cuban Communist Party, have signaled their willingness to make a deal.

The most blatant statements to date from this anti-Fidel faction came on May 20, when Carlos Rafael Rodriguez, the Vice President of the Cuban Council of State and a Rockefeller agent for decades, went out of his way to praise the Trilateral Commission (see below.) Rodriguez has a background that on numerous occasions has raised doubts about just where his loyalties lie. In the early 1940's, "communist" Rodriguez was a cabinet minister in the government of the infamous Cuban dictator, Fulgencio Batista. A few years later he led up the Browderite faction in the Cuban Communist Party which favored the self-dissolution of the party. And throughout the 1950's, Rodriguez was a vigorous opponent of Fidel Castro and his "barbudo" movement, refusing to back him until a few weeks before he actually seized power.

Rodriguez' praise of Trilateralism was quickly answered by the Cuban "hard-liners", in the form of a feature article carried by *Prensa Latina*, the Cuban wire service, On May 30 (see below). We draw the reader's

special attention to the concluding paragraph of the Gómez feature, for its important analysis of the "Whiggish" tendencies in American political life which have historically and are now again resisting the assault on democracy.

Rodriguez: 'Carter's Moral Ingredient Much To The Liking Of Americans'

Statements made by Carlos Rafael Rodriguez, Vice President of the Cuban Council of State, to the magazine Cuadernos del Tercer Mundo, as carried by Prensa Latina May 20.

Today in Caracas and Mexico, Willy Brandt, Mario Soares and others are working to spread to Latin America the positions of western Social Democracy. I personally think that it would be wrong to consider this presence, which is no doubt useful to imperialism; as dangerous as that of the supporters of fascism...

It is difficult and premature to define the (U.S.) president. He has traces of Woodrow Wilson and of John F. Kennedy, but Carter neither taught at Princeton nor was he trained in the millionaire groups of Boston. He is a product of Plains, and he is marked by that initial formation. There is in him a moral ingredient much to the liking of the North Americans and which; after the disaster of Nixon, constitutes a recovery...

Carter has proposed to rescue that moral ingredient of foreign policy and for that reason reminds one of Wilson, but at the same time he wants to do it with a more liberal coloration, similar to that of John F. Kennedy. His style, however, is more peasant, and that is the trace of Plains...

It would be an error if it were not taken into account that the new policy-making mode under the Carter administration imposes the necessity of a different response to those provoked by the brutalities of Johnson and Nixon. The presence of Young in Africa is not the same as that of Kissinger although what is sought does not differ. What does not change is the essence of the imperialist positions. It suffices to analyze Carter's speech at NATO to understand that.

Detente will continue. It is almost inexorable. But the 'Trilateralism' the globality of criteria which Carter wants to achieve instead of Kissinger's Atlanticist hegemony, gives the international situation a new dimension.

Prensa Latina: Rocky's Trilateral Seizes U.S. Executive Power

Excerpted below is the article "United States — Uncertainty and Ambitions" by Yolanda Gómez, Prensa Latina Special Service. The article was released May 30.

...Analysts of U.S. internal politics claim that three important events led to a worsening of the domestic crisis:

* The smashing defeat given the U.S. by the Vietnamese...

* The economic crisis and the growth in unemployment rates.

* The first resignation of a president in the country's history, which showed publically the magnitude of the internal crisis.

...In the midst of the Watergate crisis, in 1973, the multimillionaire David Rockefeller and other representatives of the principal financial entities of the world created a team of 200 people which was given the name 'Trilateral Commission.'

From its birth the Commission began to draw up a plan which, following the short and inefficient administration of Gerald Ford, brought this sector to seize the reins of executive power with James Carter in the presidency of the country.

Their fundamental goal was to try to stop the process of decadence taking place in the so-called Western Democracies.

Many analysts consider the Trilateral plan to be a first serious attempt by these nations, headed by the multinational companies of the U.S., to draw up and develop some kind of joint state program in world and domestic economic, ideological and cultural fields...

...The plan requires a certain amount of support from the population. Internally they try to keep workers concerned with labor problems to keep them away from political worries and demands...

...The founders of the Trilateral promote so-called neocorporativism, in which production is dominated by the big businesses, which also possess the reins of political power, which permits them governmental control and the investment of their dollars in those sectors which serve their objectives.

...The maneuver also would serve to create a greater depolitization of the citizenry, in such a way that the dominant groups, grouped in the Trilateral, could carry out their plans without a confrontation with the population...

The naming of Andrew Young, an ex-Civil Rights activist in the 1960's, as U.N. Ambassador, is an example of the efforts of the Trilateral to confuse this (black) sector of the population, whose number exceeds 20 million...

The proclamation of a policy in defense of human rights, which has, among other objectives, trying to hide the history of the U.S. as an interfering country, an aggressor, and starter of bellicose adventures, is seen as another maneuver to attract the population.

But the existence of the Trilateral Commission does not mean, according to the analysts, that it has a solution to the so-called crisis of democracy.

The opposition of free enterprise, which served as the basis for the birth of the U.S. Republic, and the attempt to 'dominate' a population — which for more than a century has been sold the idea that they lived in the most democratic country in the world — constitute domestic contradictions which will be obstacles to the favorable development of this commission created by the multimillionaire David Rockefeller.

Mexico Fights Off Carter Oil Grab

MEXICO

The yearly U.S.-Mexico Interparliamentary meeting held in Hermosillo, Sonora ended May 29 with a firm and emphatic rejection of the Carter Administration's attempts to gain control of Mexico's oil. In addition to a strongly worded statement emphasizing Mexico's control over its oil and other resources, the final communique called for friendly relations based not on "opinions" but on "the views of the U.S. population" and "a democracy...which is based on the constant economic, social and cultural improvement of society."

The U.S. and Mexican Congressmen and Senators also signed a statement, dubbed the "Declaration of Hermosillo," condemning the "financing, cultivation, use and smuggling of drugs" which will be used to organize

other countries around an anti-drug position.

The stage for the meeting was set a few days earlier on May 23, when Mexico's Natural Resources Minister Jose Andres de Oteyza stated, "Mexico will not yield to any international pressures regarding the sale of its oil." De Oteyza's statement was a direct slap in the face to the Carter Administration whose recently appointed Ambassador to Mexico, Wisconsin Governor Patrick J. Lucey, had stated on the previous day that the White House was willing to "exert its influence" on Wall Street and international financing agencies to help Mexico increase its extraction of oil and "its export to the U.S." On the 24th de Oteyza responded even more directly to Lucey's statement by saying, "Mexico is not willing to commit its oil to the U.S. in exchange for financing received through the good graces of that country." The Minister added that Mexico will use its oil resources in a "rational" way for a broad development policy which will help increase the standard of living of the Mexican population.

Despite this firm public stand, two days later at the start of the Interparliamentary meetings, Senator Lloyd Bentsen (D-Texas) called on Mexico to lower the price of oil it exports to the U.S. "in exchange for" a reduction of tariff barriers for Mexican goods.

Augusto Gomez Villanueva, head of the Mexican delegation and leader of Mexico's Chamber of Deputies, reminded Bentsen: "We are not here to discuss oil. Mexico will sell its oil to the highest bidder." This position was driven home by the Mexican press. An editorial in the *Diario de Mexico* on May 28 noted that Bentsen is not representative of the U.S. population since he only represents "the House of Rockefeller." The official government daily, *El Nacional*, described Bentsen's statements as "a diplomatic blunder" and the Popular Socialist Party called the proposal "unac-

ceptable" since "our oil is not up for auction."

Only two days later, Bentsen was forced to eat his words when he stated that "the U.S. would never pressure Mexico to sell its oil...Mexico knows whether or not to sell the oil and to whomever it wants."

A positive approach to improving Mexican relations with the U.S. in the context of solving the current "international economic and financial disequilibrium" was presented by Gomez Villanueva in the keynote address to the meeting. After denouncing the Carter Administration's plans to impose fascist economies on Third World countries through debt strangulation Gomez Villanueva called for "alleviation of the foreign debt of the poor countries" through the formation of a new international economic order." Only in this way, Gomez added, "can the survival of international democracy be insured."

What U.S. Declaration Of Independence Means To Mexico

The following are excerpts of the speech given by Augusto Gomez Villanueva, head of the Mexican delegation to the 16th Mexican-U.S. Interparliamentary Meeting which was held in Hermosillo, Sonora, Mexico, May 27-29, 1977. The translation of the speech is by NSIPS.

Now in its bicentennium, the Declaration of Independence of the United States, signed by the fifty-six representatives of the first Congress of your nation, holds that all men were created equal before the law, to live in liberty and in pursuit of happiness. This humanist political conception became reality in the historic speech of Patrick Henry on March 23, 1775, before the House of Burgesses in Virginia, when he exclaimed, "Give me liberty or give me death."

The United States and Mexico share the North American geography but their people exhibit contrasting levels of development due to the unequal distribution of wealth which still clouds the vision of economic democracy conceived as their objective by the founders of our nations, by Benjamin Franklin and Hidalgo, by Adams and Morelos, by Lincoln and by Benito Juarez.

The inviolability of national sovereignty is the historical pact of neighboring countries, to guarantee the peaceful settlement of controversies and the achievement of friendly coexistence. This pact is based on the principle of nonintervention for which the weak countries have fought so long, for which we will continue to fight as long as neocolonial powers attempt to assume supreme privileges. Nonintervention and self-determination of nations are the reason and essence of Mexican foreign policy. They are the result of old and new battles in defense of our independence, and they constitute the only international law capable of preventing the triumph of bellicose interests over the search for peace on this planet.

Mexico has not only defended these principles for its

own benefit but to maintain respect for the sovereignty of all the nations of the world. In the event that the rights of self-determination of each country are jeopardized, we know that it would mean losing a part of their independence. For this reason we have historically defended the right of the Cuban people to choose their own form of government; it is for this reason that we have given our full support to the legitimate demands of Panama...

We approach these topics with the greatest objectivity and with the best intentions of contributing to the achievement of peace in the hemisphere, understanding that when a nation's economic and social rights are disregarded, peace can become a chimera.

The capacity of the human species to create a new world economic order is the best option for assuring international democracy and reducing the foreign debt of the poor countries which are already carrying a \$400 billion burden, which is the equivalent of the gross annual product of the ten richest countries on earth. To the extent that the peripheral countries are forced to resort to credits from the metropolitan centers of capital, their debt will increase through technology transfers, through manipulation of prices of basic export products, and through transnational investments that denationalize the productive plant and equipment of our nations, imposing subsistence living standards.

That is how a long-term breach in the equilibrium is generated, for which the foreign debt is an arithmetic global expression of international economic inequality which perpetuates deep chasms between the vast geography of hunger and its tiny islands of opulence.

We do not ask privileges but justice in all economic interchange: in commerce, in technology transfer, in credit, in investment and in the just treatment that migratory workers deserve...Justice that finds its pragmatic expression in the market; in the prices to which interchange is subject; in the terms in which tech-

nological transfer is carried out; in the conditions under which labor is contracted; in the cost of foreign credit...because after all the hunger of the masses throughout the world, one can not, should not, continue to romantically invoke the "favors" of international justice.

It is not justifiable that the industrialized countries aspire — at any price and before the rest of the world — to become autarchic islands that, in the end, tend to cancel all real or potential comparative advantages of the poor countries, reducing them to the traditional role of primary producers...

Frequently, interest groups in both countries (U.S. and Mexico) distort the image of Mexican reality and of our relations; they opt for presenting the economic, political and social problems in isolation. They apply the fallacious theory of induction and, because of that, they focus the problem of drug trafficking as if it were exclusively a criminal issue; they present the problem of unregistered workers as a unique fact and, lamentably, this fragmented and mystified view is favored by the powerful communication media.

As part of the developing world, we suffer the effects of world economic fluctuations and its cyclical crises. The inflation, the foreign debt, the unemployment and the devaluations are not phenomena unique to Mexico but of the industrialized and cannibalized worlds. In

order to stabilize the world economy, it is essential to also assume the responsibility of avoiding inflationary speculation, to seek new sources of energy, to broaden employment opportunities and to equalize the distribution of wealth on an international scale.

We are also students of your history which, at the end of the Eighteenth Century, contributed to the organic formation of the lawful modern states of the New World through the federalist theses of Madison and the constitutional concepts of Jefferson. Since then, we have followed closely the rapid development and the creative talent of the North American people which reaches its zenith in science and technology...

While inequality continues to exist between developed and underdeveloped, our political responsibility will have to grow and become more capable of dictating important measures which are not only conjunctural but which eliminate servitude and supremacy, in order to be able to arrive in the Twenty-First Century in a higher state of coexistence.

The issue is to fight for international economic justice which, we know, is the only means to eliminate the danger of a new world conflagration which is imminent as long as resources continue to be employed in the arms race, as long as there persist hegemonic pretensions over strategic economic zones, over oppressed populations and over war-torn territories like the Middle East....

U.S.-Mexico Declaration On Drugs

The following is the joint declaration on drugs issued from Hermosillo Mexico and signed by all members of both U.S. and Mexican delegations.

It is the will of the peoples and governments of the United States and Mexico:

To energetically condemn, without any reservation, the illegal cultivation of all plants, which, used as intoxicants, cause great harm...

To tenaciously and tirelessly prosecute with all measures at our disposal — within the constitutional and legal bounds of each country — the traffic of these drugs within each country and across our borders...

We declare that, in addition to the economic incentives given to the use, production and traffic in such noxious substances in the United States of America and Mexico, since the beginning of the Twentieth Century, occurrences and situations have developed over the entire world which have created an atmosphere of skepticism, laxness and fear, encouraging...particularly among the youth, the use and abuse of drugs...through the acts of criminal organizations dedicated to this inhuman traffic.

The youth of the world — captives of discouragement and pain, of the succession of world, regional and local wars in the Twentieth Century, the appearance of the threat of nuclear catastrophe, the worsening of the material conditions of life...and the lowering of educational and

cultural levels — have taken the course of avoidance and escape...and have lost faith in their won futures, all of which serves to broaden the realm in which drug addiction and other grave deviations and vices which afflict the human masses of our era proliferate.

For these reasons, the parliamentarians of Mexico and the USA, faithfully interpreting the sentiments, the worries and the cherished hopes of our peoples, declare that it is the decision of the public institutions and the most responsible forces in our two nations, to deepen, strengthen and expand to the greatest possible extent, the fight against the cultivation, traffic, the use and abuse of drugs, and to adopt with this proposal, all legislative, judicial and political measures conducive to the eradication of this plague of such enormous proportions.

We make a cordial and urgent call to all governments and people of the world, to rise up against drug trafficking once and for all...to make a decisive and total fight against an illicit and criminal commerce which represents a degenerative danger to the culture of all the world's people...

We recommend and demand measures that will be stringent, preventative, persecuting and punitive to discourage the cultivation of plants which can produce this type of drug, and to eliminate drug traffic; but at the same time we call attention to the historic necessity to create for youth...a sure alternative of peace and work.

USLP Brief Charges Conservation Is Unconstitutional

On June 6, the U.S. Labor Party will submit an amicus curiae to the U.S. Supreme Court in the case of Consumers Company v. Nekson Aeschliman, Saginaw Valley Nuclear Study Group, now on appeal to the U.S. Supreme Court in response to decision by Judge Bazelon of the Washington, D.C. Circuit Court of Appeals.

The case is one of the most significant brought under the National Environmental Policy Act (NEPA), which has been continually used by Naderite environmentalists to impose a "zero-growth" straight jacket on U.S. industry under the guise of protecting the environment.

Since December 1967, environmentalists have attempted to block the construction of two nuclear power reactors in Midland, Michigan through various legal maneuvers. Most recently, D.C. Circuit Judge Bazelon held that despite numerous procedural delays, construction could still be halted by the fact that the Consumers Power had not considered "conservation" as a viable alternative to building the reactor.

The U.S. Labor Party's amicus brief argues that Judge Bazelon's interpretation of the National Environmental Policy Act is not consonant with the U.S. Constitution or with the idea of progress which is the natural law basis of the Constitution. This is the first effort to attack the usage of NEPA on the basis of the real history of the American Republic.

SUMMARY OF ARGUMENT

Congress did not intend to legislate an end to industrial growth when it passed NEPA in 1969, nor did Congress intend to repeal the commitment to "scientific and industrial progress" spelled out explicitly in the Atomic Energy Act of 1954, a commitment which expresses the unique foundations of the American republic. Had Congress legislated an end to technological progress, such an Act would have been in violation of the most fundamental principles of the American Revolution and the United States Constitution. Nonetheless, this is the interpretation which has been placed upon NEPA by the court below in this and earlier cases.

The court below erred by interpreting NEPA in a manner contradictory to both the language and history of NEPA; namely by holding that NEPA requires the consideration of alternatives which are inconsistent with the mandate of the Atomic Energy Commission, now the Commission. Specifically, the court committed plain error by ruling that "conservation," i.e., reducing the production and consumption of energy, is a "colorable" alternative to building the power plant in question....

ARGUMENT

Introduction. The question before this Court revolves around the proper construction of the National Environmental Policy Act of 1969. As the history of NEPA in the courts make clear, this Act is open to a variety of interpretations. One interpretation, adopted by the court below, is that the *non-production* of energy, and restraint of economic growth, are viable, ponderable alternatives to the production of power under NEPA. Another interpretation is that NEPA represents a congressional commitment to the accomplishment of economic growth and technological progress by those means which have the least deleterious effects on the environment. *Amicus* here submits that the latter interpretation is that which is virtually compelled by every canon of construction.

The American Republic is unique among the Western nations in that it is the only country founded upon an explicit commitment to scientific and technological progress. A commitment to the idea of progress is the natural-law foundation of the United States Constitution, and is the generative principle which guided this country through its revolution and its replacement of the Articles of Confederation by the Constitution of 1787. To impute to Congress the intent to reverse this traditional policy *sub silentio* would be monstrous — although this is exactly what the court below and some other lower courts have done. Such an imputation would defy 200 years of American history, it would defy this Nation's remarkable Constitution, and it would defy numerous other explicit congressional declarations. Congress's concern that technological progress continue in a manner which takes environmental considerations into account should not be read as an intent to attack technological progress *per se*, the very foundation of our republic.

The Constitutional Interpretation of NEPA

We clearly have before us two possible interpretations of NEPA. One interpretation would be that which is consistent with the Atomic Energy Act's policy to develop atomic energy so as to "increase the standard of living" and "to encourage maximum scientific and industrial progress." The other interpretation would be that which views NEPA as hostile to the "national commitment to economic growth and development" (Caldwell) and as intended to "control...the destructive engine of material progress" (*Calvert Cliffs*)....

History could not be clearer that the foundations of the U.S. Constitution, and indeed of the Republic itself, were forged in the battle for progress. Countless parliamentary statutes and edicts during the first half of the

eighteenth century were devoted to stifling industrial and commercial expansion in America. Legislation such as the Iron Act of 1750 — an act which prohibited the production of finished iron products in the colonies — put up formidable barriers to the development of manufactures and rising living standards for the colonial population. It was against this constriction of the “American genius for mechanical improvement” that Benjamin Franklin, George Washington, John Adams, Thomas Jefferson and others led a revolution and then constituted the United States of America.

Even after the Revolutionary War was won, however, the sabotage from the British throne did not cease. Instead of legislation, trade warfare, credit cutoff, and the fomenting of anarchy within the newly formed United States was directed to stifle the economic growth of the new republic. If the United States had not created the political structure for a rapidly developing *national* economy, it was virtually doomed to being split among the major European powers and returned to the status of a plantation. The Constitution was the solution arrived at by Washington, Alexander Hamilton, Franklin and other leading patriots, as the lawful political framework for building a strong industrial nation...

Without question, this was also the understanding of the early Supreme Court, and was expressed most profoundly by Chief Justice John Marshall and Associate Justice Joseph Story. Major decisions of Marshall and Story, such as *Gibbons v. Ogden*, 9 Wheaton 1 (1824), *Dartmouth College v. Woodward*, 4 Wheaton 518 (1819), or *McCulloch v. Maryland*, 4 Wheaton 316 (1819), can only be understood as expressing a commitment to a policy of encouraging the rapid development of commerce and industry, and of fashioning the instrumentalities of government to that end...

In his renowned *Commentaries on the Constitution*, (1833), Story noted,

“A question has recently been made, whether Congress have a constitutional authority to apply the power to regulate commerce for the purpose of encouraging and protecting domestic manufactures.” (*Commentaries*, II, Section 1077)

“Now it is well known that, in commercial and manufacturing nations, the power to regulate commerce has embraced practically the encouragement of manufactures...

“It is manifest, from contemporaneous documents, that one object of the Constitution was to encourage manufactures and agriculture by this very use of the power. (I) (II, Section 1082)

Story’s famous dissent in the *Charles River Bridge* case located his views of contracts and charters in the context of public development, and, indeed, it could have been written as a commentary on the circumstances surrounding the construction of commercial nuclear reactors today, under the procedures mandated by interpretations of NEPA:

“I can conceive of no surer plan to arrest all public improvements, founded upon private capital and enterprise, than to make the outlay of that capital uncertain, and questionable both as to security and to productiveness.” *Charles River Bridge v. Warren Bridge*, 11 Peters 420, 608, (1837)....

(1) Elliot’s Debates, 74, 75, 76, 77, 115; 3 Elliot’s Debates, 31, 32, 33; 2 Amer. Museum, 371, 372, 373; 3 Amer. Museum, 62, 554, 557; The Federalist, No. 12, 41; 1 Truck. Black. Comm. App. 237, 238; 1 American Museum, 16, 282, 289, 429, 432; Id. 434; Hamilton’s Report on Manufactures, in 1791; 4 Elliot’s Debates, App. 351 to 354.

Carter Puts Welfare Slave-Labor Program Into Effect

The Carter Administration is putting its forced-work program for welfare recipients into effect without bothering to ask Congress for its approval. Sources at the Departments of Labor and Health, Education and Welfare confirmed this week that more than 100,000 welfare mothers are slated to be given the choice of "public service" jobs or loss of benefits, over the next several months, with funding for the program coming from funds recently passed for Comprehensive Employment and Training Act (CETA).

Many of these recipients will be taking away union jobs — especially in the municipal unions — a Labor Department spokesman said. Duped leaders of the trade union movement are the strongest lobbyists for such funding legislation.

Simultaneously, HEW Secretary Califano reaffirmed the Administration's commitment to pay starvation-level wages for its forced work, while Secretary of Labor F. Ray Marshall announced plans to tie federal education grants for "disadvantaged youth" to their participation in forced-work programs, such as the newly passed Civilian Conservation Corps.

An administrator of New York State's "workfare" program summed up the fascist concept behind all the Carter manpower programs: "We must force people to work. We don't care what kind of jobs they do. People must not be allowed to get paid for doing nothing...The work ethic is what is important." Under the New York program, all able-bodied recipients are forced to work off their checks for three full days a week, regardless of how little assistance they receive. Some recipients are already working for as little as \$20 or \$30 a week, New York officials boasted.

Carter's message to workers who may feel that they will not be affected by "workfare" is: "you are next." Labor Department spokesmen indicated workfare, which could force over 1.4 million recipients into jobs, is part of a "total overhaul of the transfer payments system, which includes unemployment insurance, social security," as well as relocation assistance and welfare. "The goal is to make every able-bodied person now on the government dole work," the spokesman said. "It is not a question of if, but of how."

Two recent decisions by the judiciary have reinforced Carter's fascist work ethic. Last week a federal judge in New York declared unconstitutional a state law that allows strikers to collect unemployment benefits; the judge charged that the law encouraged strikes. Earlier this week, the U.S. Supreme Court upheld an Ohio state law that bars payment of unemployment benefits to workers whose plants are shut down due to shortages of parts or raw materials caused by strikes; under this ruling, steelworkers, for example, would be ineligible for

benefits if their steel plants were closed by a coal shortage caused by a miners' strike.

Workfare would be used to recycle and relocate workers forced onto the government roles through the implementation of Carter's no-energy program. "They (the workfare and related programs — Ed.) will let us make an orderly transition to the kind we are creating through the energy program," the Labor Department spokesman said.

Manpower planner, Eli Ginzberg, a self-professed Nazi admirer and the man said to be the author of the Carter proposals, has stated in previous interviews that such a "full employment" economy is premised on the continuous recycling of workers to lower and lower skill levels until finally they are burned out. "We will have to de-skill a large number of American workers to achieve full employment," Ginzberg has stated.

Workfare All Ready

Labor Department aides boasted to reporters how well prepared everyone was to implement the workfare. Orders had gone out as soon as Marshall took over the Department to prepare to place large numbers of welfare mothers on work projects. "They can't do complicated labor," one planner said. "You have to break down jobs, maybe have three mothers do what one worker would normally do."

"Work-for-welfare" programs are already being implemented in several states, including New York, Massachusetts, Oregon, and California, while the Labor Department has a functioning slave-labor program through both the WIN and CETA programs. "We just have to plug in the money," the aide said.

The \$6.6 billion CETA funding legislation, which recently cleared Congress and was signed by Carter, was viewed as important "to getting things really going." "We were a little bit worried about the unions screwing things up," the planner said. "We thought they might oppose the program for taking some jobs away. But they didn't. They lobbied harder for it than anyone else." He confided that the unions "may not really understand what we are doing."

A spokesman for New York state welfare commissioner Toia, a leading regional spokesman for "workfare," said that forced-work programs will "definitely not be limited" to public service-type jobs. He reported that in the New York program, counties and other local governments are already being told to place recipients — both men and women — into public works jobs. He singled out "road construction" and "road repair" as two good areas for slave labor placements: "They always need people." Congress, with AFL-CIO and

especially building trades backing, recently passed an expanded \$4 billion public works jobs appropriation bill.

The New York Times, last week described how an ongoing workfare "pilot" project — a residue of the 1930s WPA — was "working."

Recipients, the article reports, are being forced to work at \$2 per hour; their pay has already been cut from \$2.30. Supervisors are reported to work the recipients to almost the point of collapse.

The duped union leaders who were supporting the Milwaukee program are now screaming "slave labor." "Our people are being put out of work while the pay-for-work people are still there at \$2 an hour," one union spokesman is quoted as saying. "It is involuntary servitude. They got these people over a barrel — it's work or no aid. It's inhumane."

Starvation Wages

While the Labor Department was in the process of implementing the workfare plan through the backdoor, HEW Secretary Califano made public some details the proposed Carter welfare reform package — *to be introduced to Congress late in the summer!* "We have decided to put as many people to work as possible," Califano told the press, which dutifully reported the statement as if it were a revelation. The plan is shocking in its open commitment to starvation-level wages. Healthy adults with no children would get a basic payment of \$1,100; they would then be forced to work at or around the minimum wage and would have their benefits reduced by 50 cents for each dollar earned; such individuals, while not now "eligible" for welfare, receive food stamps for approximately the equivalent amount. In two-parent families, at least one parent would be required to work as would single parents with no small children. The payment to a family of four would be \$2300; it would be reduced by 50 cents for each dollar earned above a certain fixed amount. In all, the income of a family of four on "workfare" will likely average around \$5,500, or well below the poverty level. Asked if this wasn't slave labor, an HEW official would only reply, "We didn't think that everyone would like what we are doing."

Phony Debate

Labor leaders are being sucked into supporting slave labor programs that will destroy both their unions and members in part by a phony debate between Labor Secretary Marshall and HEW Secretary Califano over the size of the Carter job program.

Califano, according to sources in Washington, is being represented as the "tough cop." There is ample evidence to support such a representation. A McNamara-connected cost-efficiency lunatic, Califano has moved to slash certain key "hand-out" programs such as food

stamps and school milk programs and has authored the incompetent Carter Hospital Cost Reform proposal that would wreck the nation's hospital system. Simultaneously, he has reorganized the entire Department, setting up "task forces" to deal with corruption and crime in the administering of programs. Califano, the man who under Ginzberg's tutelage helped to run Johnson's Great Society, is reported — according to the Carter-planted rumors — to "oppose jobs creation programs" and to "favor" reducing welfare rolls by "dealing firmly with cheats."

Marshall, the protégé of the fascist Ginzberg, on the other hand is known among "enlightened" AFL-CIO circles as "the best damned friend we have in Washington." He is reported to be lobbying against Califano for increased "jobs creation" programs and is trying hard to "win Carter's support" for "billions more in public jobs."

According to sources in the Labor Department and HEW, however, Marshall and Califano are in complete agreement on almost every point of the Carter slave labor program and are "planning jointly" to implement it. For example, Marshall proposes programs to integrate youth slave labor and low-skill education are being studied by a joint Labor-HEW task force.

Similarly, Califano has leaked to the press a series of "cost cutting" measures aimed at "saving billions" and keeping the program within Carter's announced stipulation that it must cost no more than the one presently in operation. The guts of Califano's proposed efficiencies is eliminating millions of marginally employed individuals and others from the rolls while deploying his "anti-cheating" task forces to provide an excuse to throw off others. When the proposal, which according to Washington sources was worked out with Marshall, was announced it prompted a cry of outrage from several state officials, who said that, in effect, HEW will need a Gestapo network to enforce it. An aide to the HEW Secretary answered his critics by stating, "we told people that this would be painful to some people. And it's going to be..."

The net effect of the Califano-Marshall "Mutt and Jeff" operation is to rally the credulous leadership of the AFL-CIO behind Marshall and his slave labor programs. "We intend to push and push hard for jobs and back the Labor Secretary," and AFL-CIO spokesman said.

An editorial in the May 29 Boston Globe indicates that labor leaders will pay dearly for such stupidity. The Globe attacks the miserable gains in the steelworkers' recently announced contract with the aluminum industry asking how can one justify granting such benefits to fortunate steelworkers while providing subsistence-level jobs to welfare recipients. This "stark contrast" the Globe says, must be eliminated — by cutting back on wage and benefit gains for unionized workers.

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