

July 19, 1977
Vol. IV
No. 29

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

TABLE OF CONTENTS

INTERNATIONAL

- 1 Carter Rampages Toward Thermonuclear Catastrophe
- 2 — Establish A Counterpole To Carter
- 4 Carter Plots Bloodbath Against the Labor Party
- 5 Kostov Affair: International Incident Looming
- 6 Soviets Link Carter Posture To Dollar Crisis
- 7 Carter Purges Opposition In CIA
- 8 The Deadly Crisis Confronting Italy

NATIONAL

- 1 Carter Operation Behind NYC Blackout
- 2 — LaRouche Congratulates Mayor Beame
- 3 — How NY 'Night Of Terror' Was Checked
- 7 — Banks' Looting Set Preconditions For Shutdown
- 7 — Timetable For Blackout
- 9 Congressional Capitulation On Energy Paves For Emergency Powers
- 10 Carter Must 'Go After OPEC Directly'
- 11 — 'The Debt Crisis Is Staggering'
- 12 Call For A National Coalition Of Independents
- 13 Carter Rides Vote Fraud Through Congress

ECONOMICS

- 1 W. Germans Join Italian T-Ruble Turn
- 2 Foreign Exchange — Dollar Crisis Emerging
- 3 Business Outlook — The Pie Is Shrinking Fast

ENERGY

- 1 OPEC Stands Firm On Oil Production

SCIENCE AND TECHNOLOGY

- 1 Helmut Schmidt On 'Science And Society'

MILITARY STRATEGY

- 1 Richard Pipes' Dream — Utopian Nightmare
- 3 Neutron Bomb: Back Door To Schlesinger Doctrine
- 4 Cruise Missile: Buzz Bomb Provocation

EUROPE

- 1 European Labor Party Reviews Crisis In France
- 4 Report On Carter-Schmidt Summit
- 5 Terrorism Puts Italian Economy In Jeopardy

MIDEAST

- 1 Brzezinski Plans War Gov't For Israel
- 3 Report On Egyptian Resistance To Carter
- 5 Prospects For Mideast Settlement By October

ASIA

- 1 Indians Wonder: Who Killed Sanjay Gandhi's Father-In-Law?

LATIN AMERICA

- 1 Argentine General Exposes Economic Sabotage
- 2 Romulo Betancourt: 'Warrior For Democracy'

LAW

- 1 Uncover Cointelpro Against U.S. Labor Party
- 3 — Documentation Of FBI-UAW Cointelpro
- 5 NBC Covers Cointelpro Against Labor Committees

LABOR

- 1 Labor Leaders Falling For Carter Deals

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 —

A rapid **breakdown in U.S.-Soviet relations...** and the lunatic Carter Administration plunging out of control toward **World War III**. Our **International Report** marshals the **evidence**: Carter's "**first strike**" threats and **neutron-bomb** "limited nuclear war" provocations... **Brzezinski's** public promise to "**teach the Arabs a lesson**" through war in the Middle East... sharply increased **kidnapping** and **assassination** operations against **East Bloc** personnel and the leadership of the **U.S. and European Labor Parties...** a massive **purge** of anti-Carter traditionalist forces in the **U.S. intelligence community...** the **fog** blanketing the **U.S. Congress...**

* * *

In major articles in **Pravda** and **Izvestia...** the USSR has correctly identified that **bankruptcy** of the **New York banks** and the international **monetary system** as the underlying **motivation** for the Carter drive to war (see **International Report**). The Italian press reports that the USSR, doing its best to outflank Carter politically... is finalizing transfer ruble credits for European-East Bloc-Third World trade (see **Economics**).

* * *

U.S. Labor Party Chairman **Lyndon H. LaRouche, Jr.** has called for a quick formation of a U.S. "**government in the wings**" to get the exploding international situation **back**

under control. In a major **strategic analysis** delivered to the **Italian parliament**, LaRouche warns that "**The Deadly Crisis** in European Leadership" will result in general thermo-nuclear war **by the end of 1977...** unless **Europe's leaders** carry out a speedy **public break with the Carter** team and its monetarist policies (see **International Report**).

* * *

The **power blackout** in **New York City** was no "act of God" but the beginning of a massive **pre-planned** "**low intensity operations**" scenario for **race war** violence throughout the USA... scheduled to culminate in quick passage of Carter's energy rationing and slave labor package. An exclusive special section in our **National Report** documents... step-by-step... how **each feature** of the plan locked into place... and how New York's Mayor **Beame** and others have **cooled the situation**.

* * *

Congress is "**compromising**" Carter's **energy program** into effect... and James Schlesinger is now demanding additional "**emergency powers**" allowing consumption **cuts of up to 25 percent...** **Senator Frank Church** wants immediate action to **bust OPEC** oil producers... and the Administration's "**universal vote fraud**" package is back on the table in Congress (see **National Report**).

INTER-NATIONAL
NATIONAL
ECONOMICS
ENERGY
SCIENCE TECHNOLOGY
MILITARY STRATEGY
EUROPE
MIDDLE EAST
ASIA
LATIN AMERICA
LAW
LABOR

The U.S. **dollar** continues its **downward** slide on the foreign exchange markets... and the **collapsing monetary system** is taking the European, Japanese and U.S. economies with it... see **Economics**.

* * *

OPEC members **held firm** on a "keep prices down, production up" strategy at their recent **meeting**... but the infuriated Carter crew is determined to **wreck** the **rapprochement** between **Iran** and **Saudi Arabia**... and has trained its sights on the leadership in both countries... see **Energy**.

* * *

A **critique** of military strategist **Richard Pipes** finds his "Clausewitzian" analysis of Soviet defense posture largely **inadequate**... Pipes' thinking on U.S. preparedness a prescription for "limited nuclear war" **folly** (see **Military Strategy**). Plus the lowdown on the **cruise missile** and the **neutron bomb**...

* * *

A **fascist movement** is building in **France**... an **executive statement** from the **European Labor Party** explains who's behind it... why immediate action by forces **outside France** is required to contain the spreading pestilence... Plus reports on **Italy**... and West German Chancellor **Schmidt's trip** to the USA...

Zbigniew Brzezinski is hell bent for war in the **Middle East**... and **diplomatic sources** are broadcasting that a new Arab-Israeli conflict means **general war** between the U.S. and USSR. A full picture of regional developments on the eve of Israeli premier **Begin's visit** to Washington...

* * *

Were U.S. circles implicated in setting up the recent period of "**emergency rule**" in India? Does the mysterious recent death of **Sanjay Gandhi's** father-in-law involve "**the CIA**"? See **Asia**...

* * *

Argentina's leading military strategist has **blasted Nelson Rockefeller** and the IMF as responsible for the **zero-growth** massacre of that country's economy... see **Latin America**. Plus a **profile** of Rocky's top **agent** in Venezuela, **Romulo Betancourt**...

* * *

A massive **Cointelpro** operation involving the **FBI**, the **United Auto Workers**, the **New Republic** and others has been discovered in action against the **U.S. Labor Party**. See **Law** for the **documentary evidence** from government files. Also featured: the full transcript of **NBC-TV coverage** of FBI Cointelpro against the party...

Carter Rampages

Toward Thermonuclear Catastrophe

Jimmy Carter, Zbigniew Brzezinski, Cyrus Vance, and James Schlesinger this week stepped up their shoot-from-the-hip provocations against the Soviet Union in a wild rampage which demonstrated to the entire world that the U.S. Administration has gone certifiably insane.

"The utter lunacy of the Carter Administration has sent the entire world political situation careening out of control toward total economic prostration and thermonuclear conflict," charged U.S. Labor Party chairman Lyndon LaRouche, Jr. from Europe on July 12.

At the center of the Administration's unhinged strategic "thinking" is a hairbrained scheme to encircle the USSR in what it imagines as three "tactical nuclear war" theaters: Europe, China, and the Middle East-Persian Gulf-Horn of Africa complex. According to the publicly stated Soviet view of Carter's policy, the flaw in the Administration's tactical nuclear war theater deployments is that the next world war is going to be fought on United States soil *before* the threat of the USSR's tactical nuclear theater encirclement materializes.

Carter Backs Nuclear "First Use" Option

Despite nearly hourly warnings by Soviet news agencies that Carter's erratic course threatens world peace, the unstable President convened a press conference July 12 to announce that he may opt for "first use" of nuclear weapons.

In a performance which shocked even the most jaundiced Washington observer, Carter recklessly endorsed the neutron bomb as a "tactical weapon" which does not violate the SALT agreement and declared, "I want to maintain flexibility on first use of the neutron bomb or any other nuclear weapon."

Deliberately ignoring Soviet statements to the contrary, Carter blithely lied that the neutron bomb "does not effect our SALT or strategic weapon negotiations at all," and dismissed Moscow's criticisms of his Administration's policies as "erroneous and ill-advised."

Attempting to sell American allies on the "humane efficacy" of nuclear weapons which kill people and leave property intact, Carter said, "...if the neutron bomb or an atomic weapon should have to be used against enemy forces in occupied territory of our allies or ourselves, the destruction would be much less."

As the stunned press corps observed after the news conference, never has a world leader talked so casually about initiating nuclear war as a viable policy option.

Carter's macabre lies were primarily aimed at convincing our reluctant Atlantic partners to embark on a suicide course, rather than to seriously delude the Kremlin

leadership. As its proponents proudly boast, the neutron bomb is designed to make Europe the battlefield for nuclear war. The exact same principle was operative in Carter's June 30 decision to replace the B-1 bomber with the controversial cruise missile.

Presidential National Security Advisor Zbigniew Brzezinski rivaled the cavalier Carter in an interview published in the *Jerusalem Post* July 11. In it, Brzezinski claimed that a war in the Middle East which destroyed the Arabs was the only way to get peace in the volatile Gulf region. "If the Arabs were totally defeated (in a war) and on top of that were to feel guilty, both for the conflict and for their defeat, like the Germans after World War II, then it's possible they could accept truly significant changes," Brzezinski ranted.

Brzezinski's inflammatory statement was flaunted publicly even after an Egyptian government spokesman revealed what every world government already knows, that "U.S. officials inside the Carter Administration itself and with whom I have spoken know that the U.S. would lose in the event of a Middle East war. The Soviets have given a message to the Carter Administration serving notice that if Israel provokes another war they will land Soviet divisions in the Middle East, and that if the Israelis use nuclear weapons, Tel Aviv will be wiped out."

The Soviet leadership's responsible efforts to awaken the U.S. Administration to strategic realities have so far fallen on deaf ears. At his press conference last Tuesday, Carter made a virtue of obfuscation and irrationality, saying, "I think one of the concepts that must be avoided is an exact description ahead of time of what I as President would do under every conceivable circumstance." Put simply, Carter threatened: I am a loaded gun which might go off anywhere at any time.

Incident in Korea

Making good on such threats, Carter staged what amounted to a combined "U-2" and "Mayaguez" incident the evening of July 13, when a U.S. helicopter "accidentally" wandered over North Korea and was shot down. Carter, Brzezinski, and Secretary of State Vance convened an emergency secret meeting the same night, putting the White House on a war alert, and demanded a meeting with the North Koreans and return of the downed copter. If the North Koreans refused, the trio implied in public statements, the U.S. might be forced into a military confrontation. While the outcome of the affair is still in doubt at press time, Carter has already announced that the incident will not interfere with the previously announced total U.S. troop withdrawal prog-

ram from South Korea, an integral feature of the lunatic nuclear encirclement deployments around the USSR, using China as one staging ground in the destabilized Asian sector.

In the aftermath of the kidnapping of Bulgarian journalist Vladimir Kostov in France two weeks ago, of-

ficially protested as "foul play" by the Bulgarian government, attacks on East European officials have increased. A Soviet United Nations mission official was mugged in New York July 14, prompting an angry Soviet charge that the beating was a "provocative act (which) was evidently premeditated."

Establish A Counterpole To Carter

The following statement was released on July 13 by Lyndon H. LaRouche Jr., U.S. Labor Party Chairman and Presidential candidate.

It is urgent that a group of leading U.S. citizens act immediately to set up some figure, either myself or some Whig figure using my policy proposals, as a government-in-the-wings opposition to the Carter Administration. The problem of the moment inside the United States and among the USA's allies is that the Executive Branch of the U.S. government is cut off from the organic political processes of the nation to the point that the U.S. government in effect does not function. It is this lack of a functioning national political leadership which is prompting various leading factions inside the United States and among USA allies to exhibit a pattern of running hither-and-yon, one moment in one direction, the next moment in another.

What is driving the United States and its allies into a panic is not the monetary crisis or the breakdown in U.S.-Soviet relations as such, but the lunacy of the Carter Administration. Carter, whose eyes reportedly glaze over whenever any criticism of his policies is stated, is plunging ahead with already-discredited, lunatic policies without any real regard for elementary realities of world developments or the legislative and related political process inside the United States itself. In the main, outside a tiny cabal around Carter, his government is made up of forces which oppose one another and commonly despise Carter. The Carter Administration squats upon this process of factional thrusts and counterthrusts among the factions which formally comprise it. It is not the crises which are producing the present chaotic and dangerous situation, but the fact that the United States lacks a government which is competently responsive to realities. There is a lack of a leadership which is responsive to give-and-take within world realities and within the internal political processes in the United States itself. The world is plunging into crisis and the lunatic in the White House blunders onward, oblivious to reality, with that hideous, glazed-over expression in his eyes.

For example, one group associated with the Carter Administration is for adapting to the reality of

the Third World debt situation and a flexible policy on Middle East questions, southern Africa questions and Soviet relations. Another group has a hardline on bailing out the Manhattan banks, with no flexibility. These two factions around the Administration are chewing away at one another, while attempting to manipulate and fight off the conservative and other opposition. Instead of an open fight for shaping a national foreign and domestic policy, we have the worst situation in government since the decay of Byzantium which Michael Paleologue attempted to clean up.

Obviously, only the Congress can straighten out this mess. However, the sane forces within the Congress need a rallying-point, something apart from various combinations of senators and representatives. We need to start the 1980 Presidential campaign now, with the thought that the choosing of the next President might have to be made very, very soon. This must be done to create a counterpole of national political leadership, with aid of which Congress can mobilize itself around alternative policies to contain and channel the Carter Administration into a semblance of sanity.

I ask leading citizens to either publicly give a conditional endorsement to my Presidential candidacy, or to put up quickly another candidate who will push the kernel of the policies my associates and I have advanced. The short-term function of this tactic should be seen as creating a fixed point of reference around which Congressional and other relevant forces can group themselves to do the needed job.

I remind those who prefer to hesitate on this, that I warned the nation on a Nov. 1, 1976 television broadcast of the implications of a Carter inauguration. That warning is now fully borne out. We must assume that delaying corrective action into August might leave very few U.S. citizens alive to make necessary corrections in U.S. policy. It is not certain that we shall have war by August, but the possibility is so grave that no intelligent person would fail to act immediately and quickly to break the insane will of the Carter Administration. If you don't act now, you don't give a damn about the United States and its people... or, even your own and your family's lives.

*Carter Purges CIA,
Prepares for "Emergency"*

Carter's international provocations were concurrently accompanied by Administration deployments against the American population, designed to eliminate any domestic opposition to the Carterite war drive. On July 13 CIA director Stansfield Turner announced a sweeping purge of intelligence agency personnel who have opposed the Carter Administration's course toward war and deindustrialization.

According to the July 14 *New York Times* and *Baltimore Sun*, Turner forced the resignation of Deputy Director of CIA E. Henry Knoche because of differences over policy. Like Hitler's 1937 purge of the German General Staff, the Turner move is a pre-war mobilization of the Carter forces to consolidate total hegemony over the intelligence community.

Earlier the same week, Carter energy advisor James Schlesinger called the nation's governors to Washington for a conference on energy policy, Schlesinger predicted that energy blackouts and emergencies would spread throughout the U.S. this summer, necessitating extraordinary government emergency powers. Oklahoma Governor Boren reported that Schlesinger told the assembled Governors he would invoke emergency powers in far broader contexts than "what we normally think of as an emergency." Just days after Schlesinger's predictions, New York City became the first target of the former Rand Corporation analyst's domestic war plan, with even a New York Con Edison official and a New York City Councilman charging that the city-wide electrical black-out was caused by sabotage.

Dazed Hill Bows to Carter Insanity

Despite overwhelming evidence of the Carter Administration's collective mental and political instability, U.S. Congressmen, with few exceptions, reacted to the week's events like children transfixed by the demented Pied Piper's magic flute into dutifully trailing after him humming the same crazy tune. On July 13 the Senate voted 74 to 19 to approve funding for the development of the neutron bomb at the end of a heated debate in which opponents of the weapon charged it would lower the threshold for nuclear war.

An amendment sponsored by Senator Mark Hatfield (R-Ore) to delete funds earmarked for the bomb in the Energy Resources and Development Administration's fiscal budget was defeated 58 to 32. The final "compromise" approved by the Senate provides that a Presidential decision to go ahead with the bomb production in the future can only be overridden by a two-House veto within 45 days of the President's decision.

The bi-partisan sponsors of the so-called "compromise" issued statements after the Senate vote echoing Carter's week-long war provocations. Senate Majority Leader Robert Byrd declared, "I am for the neutron warhead, no ifs, ands, or buts," warning "friend and foe abroad" not to "misinterpret" the compromise as an act of weakness in a statement issued July 13. The next day's *Baltimore Sun* characterized this as a "clear warning to the Soviets."

Senate Minority Leader Howard Baker mimicked his Democratic counterpart by idiotically gushing, "The

compromise by no means means that the Senate is diminishing the authority of the President." The failure of traditional conservatives of both parties in Congress to put the nation's interest above their narrow enthusiasms for nuclear *wunderwaffen* is a serious miscalculation which may cost them their lives and the country its future in an international blow-out.

Carter's successful Congressional stampede was in evidence the same day when the Senate Appropriations Committee voted 9 to 5 to gut the aerospace industry by slashing \$1.47 billion from the defense appropriation for the B-1 bomber. The Senate vote came after an intensive lobbying effort mounted by the White House on Capitol Hill and reversed action taken by the House before the July 4 recess. Both Byrd and House Speaker Tip O'Neill announced they are confident the Congress will support the President's decision on the B-1

*Carter, Dems Ram Through
Intelligence "Watchdog" over Congress*

The following day, the House voted 227 to 171 to accede to Carter's demand for an Intelligence Committee with power to limit the access House members now have to intelligence information. The newly constituted House Committee will have exclusive jurisdiction over the newly reorganized CIA and will have the right to censure or expel any member or fire any employee who makes unauthorized disclosure of intelligence data. House Minority Leader John Rhodes complained that the overwhelming Democratic makeup of the new committee will "blatantly politicize" its operation and "raise the question of whether intelligence agencies would make any material available."

Rep. John Anderson (R-Ill) protested Speaker O'Neill's strongarm tactics on behalf of the Administration, prompting the rotund House leader to pound the rostrum and inform his colleagues to shut up and do what they're told. "This is not an animal farm where we all bleat and bray on signal," Anderson said, to which O'Neill responded by shouting, "The President, the Vice President and the head of the CIA have asked us to plug up leaks on the Hill.. There is no bipartisanship when we are dealing with matters of the security of the country."

On the Senate side, Senator Frank Church, chairman of a Senate Foreign Relations subcommittee on economic policy, and his chief counsel for the subcommittee, Jerome Levinson, announced their intention "to go after OPEC" at hearings next week. Their pronouncement, following Brzezinski's declaration of war against the Arabs, constitutes a dangerous provocation against the oil-producing Arab states in the Middle East.

The same day, July 14, Senator Bob Packwood accused the Carter Administration of "covertly crawling away from its stand on human rights" by abandoning its commitment to the Jackson-Vanik amendment to the 1974 trade act prohibiting preferential trade, government credits, or investment guarantees for any Communist nation that violates human rights. Senator Moynihan supported his crazed colleague's contention at Senate Finance Committee hearings. The Administration promptly sent the Committee a letter promising to implement the Jackson-Vanik amendment forthwith.

Only a House Armed Services Committee chaired by

Rep. Sam Stratton (D-NY) refused to be stampeded by Carter's war offensive. The same day the rest of the Congress rolled over and played dead, the Stratton subcommittee invited Army Chief of Staff General Bernard Rogers to air his differences with Carter over U.S. troop withdrawals from South Korea at subcommittee hearings. Rogers challenged the President's total withdrawal plan as a serious destabilization of the Pacific theater and proposed a phased twenty percent troop reduction over the next five years.

The committee instructed the White House to make PRM-13 (the Presidential review memorandum on Korean withdrawals) available to the committee immediately or face a Congressional subpoena, which would

Brzezinski: Middle East Peace Depends On Arabs Crushed By War

The following are excerpts from an exclusive interview with U.S. National Security Adviser Zbigniew Brzezinski published by the Jerusalem Post July 11 under the headline "Brzezinski: Peace Not Just End to War."

"And the purpose of negotiations would be to test the degree of their (the Arabs-ed.) willingness. If they are prepared to go down this path, that's all to the good. If, in negotiations, it becomes clear they are not, then it's obvious there would be no settlement..."

"If the Arabs were totally defeated (in war) and on top of that were to feel guilty — both for the conflict and for their defeat, like the Germans after World War II — then it's possible they could accept truly significant changes. But the actual scope of the changes they're likely to accept has to be defined in the course of the negotiations..."

"We have made it clear that any settlement between the parties will have to include, as the essential point of

bring the two branches of government into a constitutional confrontation. The committee action is the first public sign from Congress of a willingness to provoke a constitutional crisis if that is what it takes to dislodge Carter from the White House and avoid war. On July 13, U.S. Labor Party chairman LaRouche issued a call to Carter's opponents to go one step further and establish a government-in-the-wings to bring the international situation back under control. "It is urgent that a group of leading U.S. citizens act immediately to set up some figure, either myself or some Whig figure using my policy proposals, as a government-in-the-wings opposition to the Carter Administration...If you don't act now, you don't give a damn about the United States and its people...or, even your own and your family's lives," LaRouche said.

departure, a comprehensive peace treaty including mutual recognition and comprehensive relationships. It's possible — and in fact probable — that some Arabs continue to harbor the expectation that peace would only be stage *one* and that it'll lead to stage *two*, namely the liquidation of Israel.

"That's why we feel that any peace arrangement has to be a self-enforcing one, so that over time the Arab dream for stage *two* becomes increasingly an unreal one and simply fades as peace becomes more and more entrenched." (emphasis theirs)

Zbigniew Brzezinski said that peace in the Middle East will require more than just the end of belligerency.

"Real peace," he said, "has to mean mutual recognition of the permanence of a settlement, mutual recognition of the existence of the parties to that settlement, the undertaking of comprehensive political, diplomatic, commercial, and social relationships, and so forth.

"In other words, peace is not just the formal absence of war, but it's the reality of historical cohabitation in a single region. It is the acceptance of that cohabitation and it is building on it towards more cooperative collaborative relationships..."

Carter Plots Bloodbath Against Labor Party Leadership

The Administration of U.S. President Jimmy Carter has worked out covert operations plans for an intercontinental bloodbath against principal and secondary leaders of both the U.S. Labor Party and the European Labor Party.

According to best information this bloodbath is projected to go into operation during the month of August 1977 but might be operational earlier.

The bloodbath operation is directly coordinated by Carter National Security aide Zbigniew Brzezinski and involves the so-called Critical Intelligence special unit of Central Intelligence Agency as well as Interpol-coordinated and neo-Fabian networks. Murder operations in Europe will be assisted through U.S. embassies and

consulates in relevant countries.

The principal cover capabilities for this operation are known to be the fascist Maoist and related organizations of the international terrorist networks and include other species of networks based significantly in France. In view of the range of the bloodletting projected by the Carter Administration, it is expected that the same broad professional assassins' spectrum of actions used for the recent waves of assassinations in France and elsewhere will be deployed. Beatings by Maoists and other thugs, faked suicides, automobile accidents, and some selected assassination attacks are highlights of the expected pattern.

In Europe this operation has been developed with the

aid of combined efforts of Interpol, NATO Intelligence, and U.S. State Department channels. Interpol, NATO, and the U.S. State Department have conducted a massive surveillance operation over months for the included purpose of gathering information used in planning the assassination wave.

The principal motives for this bloodbath are two: most immediately, the Carter Administration is enraged from Jimmy Carter's glazed-over eyes on down over the effectiveness of the Labor Party's work against the so-called Carter energy package and the Carter Administration's efforts to facilitate international traffic in dangerous drugs. More broadly, this present projected bloodbath is the outgrowth of decisions made by the Carter campaign organization on the evening of November 1, 1976 to "get the Labor Party" following their viewing of the nationwide U.S. half-hour telecast made by the U.S. Labor Party presidential candidate LaRouche that evening.

The projected bloodbath is not an isolated action by the

Carter Administration but is projected to coincide with the escalation of a combination of power shows leading directly toward thermonuclear confrontation with the Warsaw Pact forces.

Our information on this matter has been obtained from several distinct highest-level sources in the United States and Europe. The bloodbath is projected to precede or coincide with a right-wing coup d'etat effort in France, a massive wave of "environmentalist-linked" terrorism in West Germany and Italy, and an effort to trigger a Mid-east war. These operations and others are now in various phases of being made operational and are projected on best information from several sources to be deployed by no later than sometime in August. It is also our best information that the Soviet leadership is knowledgeable concerning some of these projected actions, and one must therefore assume that they are now preparing their own reactions to such a pattern of events. One must "read" current Soviet conduct in the light of their foreknowledge of such operations afoot.

Bulgarians Charge 'Foul Play' In Disappearance Of Journalist Kostov

Bulgarian government officials have delivered a protest note to the French Ambassador in Sofia, charging "foul play" in the June 24 disappearance of Bulgarian radio and television journalist Vladimir Kostov. Mr. Kostov has been held virtually incommunicado and his whereabouts have been unknown. However, according to the French daily *Le Figaro*, Kostov held a press conference two days ago. The press was not allowed to ask any questions, nor did they venture to make any commentary on Mr. Kostov's demeanor in their coverage.

The Bulgarian protest, which also warned that Franco-Bulgarian relations would suffer as a result of this caper, was picked up by the Cuban press wire *Prensa Latina* July 12 which cited Bulgarian statements that there is

"something fishy" in the events. Since his disappearance along with his wife and children, his relatives, including his mother, have been unable to meet with him or even ascertain his whereabouts, according to PL. During his "press conference" Mr. Kostov reportedly protested against the "sovietization" and "russification" of Bulgaria and complained that "there is no possibility in our country of taking a political position as soon as it goes out side of the official line," according to the July 14 *Le Figaro*. Having been granted "asylum" in France, Mr. Kostov will, according to *Le Figaro* (the only paper known to have covered the conference) spend his time trying to organize a Bulgarian movement against Soviet control of Bulgaria.

International Incident Looming

French Secret Service Grab Bulgarian Journalist

The following statement was released on July 13, 1977, by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential Candidate

In an unprecedented criminal action, contrary to all international law, French secret services have abducted a leading Bulgarian journalist Vladimir Kostov Borisof, Kostov's wife and children, and are holding them incommunicado under the pretext of a fake report to the effect that Kostov has applied for "political asylum" in France.

Information received today confirms earlier overwhelming evidence that Kostov is not a "defector," but the victim of some ugly, devious plot, which will have the gravest chain-reaction, worldwide repercussions in international relations.

Vladimir Kostov was personally known to me since November 1975, interviewing me then and on several occasions since that time. He was also to have interviewed me again two weeks ago. It might be said that through the nature of my discussions with Vladimir Kostov, I know his "innermost self." Under no circumstances would he have defected to the Giscard government of his free will. Developments reported to me today confirm my judgment. Kostov and his family were "grabbed."

This is, to the best of my information, the precise perception of the Bulgarian government and the Warsaw Pact command. Someone is going to catch the full brunt of Warsaw Pact wrath very soon over this affair.

Soviets Link Carter Posture To Dollar Crisis

In a blistering propaganda barrage from the pages of *Pravda* and *Izvestia*, the Soviet Union has linked the collapse of the dollar with the latest war provocations from Washington.

The articles appeared July 9 and 10, coordinated with the announcement by Italian officials of pending major East-West deals financed in the socialist sector's transfer ruble (see *Economics*). Moscow is doing everything to aid and abet Western Europe's revolt in progress against the sinking dollar and Jimmy Carter's lunatic military policies.

Pravda's July 10 weekly international review column (excerpted below), written by the paper's top commentator Georgii Ratiani, juxtaposed an incisive summary of the dollar's precarious state with his indictment of Carter for war-mongering. Following Ratiani, several Tass releases continued to lambast the administration's decisions on the cruise missile, neutron bomb, and MX mobile missile. Tass commented July 13 that Carter's endorsement of neutron bomb production could bring the SALT negotiations to total failure and that the U.S. Administration will bear full responsibility if that occurs.

A *Novosti* commentary reported in the Italian press July 14 scotched presumptions that the anti-personnel

neutron bomb is an ideal "tactical weapon." *Novosti* commentator Kislov said that the weapon was part of a "campaign to create myths to legitimize nuclear war... Even if the Americans were to attack using this pseudo-humanistic pretext, nothing could prevent the Soviet Union from using all its weapons."

The Soviets are broadcasting the urgent need for Western Europe to separate from Carter in short order — on economic and military strategy matters alike. The Soviet government daily *Izvestia* July 9 predicted fierce clashes upon West German Chancellor Helmut Schmidt's arrival in Washington July 13.

The paper's Bonn correspondent reported Western European concern about the "insufficiently responsible approach of Washington on the most important questions of relations with the USSR." Europe has three fundamental interests in saving detente with the Soviet Union, he wrote: to prevent a new war, to unite the economic and scientific resources of the continent: and to make the best of European culture everyone's property.

There is no room on this side of the Atlantic for "evangelical sermons and Pharisaical teachings," concluded *Izvestia*, "...There is danger of a possible split between Western Europe and the United States."

'Chronic Illness'

The following is excerpted from "Chronic Illness," by F. Goryunov, appearing in Pravda July 9. Mr. Goryunov is a leading Soviet observer of international economic trends, and recently contributed an article to the weekly New Times in which he linked the bankruptcy of the IMF and the Wall Street banks to the war situations in Zaire and elsewhere.

Now even bourgeois economists are forced to admit that the so-called "floating" of currencies, which replaced the Bretton Woods system of fixed currency rates when it went bankrupt four years ago, has clearly not achieved its purpose. The "floating" rates...were supposed to stabilize the situation. The reverse occurred....

Even a "strong" country like the U.S. cannot boast that its currency is reliable. The dollar as well is subject to all the weaknesses of the Western currency and financial system...And it is important that the official U.S. foreign debt (\$164 billion) does not reveal its entire indebtedness, since it does not count the so-called "Eurodollars" and "petrodollars", controlled by multinational (American and Western European) corporations and banks. By modest estimates, approximately 280-300 billion dollars are circulating abroad. These are in actuality foreign obligations of the U.S. — approximately 15 times exceeding the country's gold reserves and three times the value of American annual export of goods and services. The dollar, we see, has neither full gold nor commodity backing....

In recent years, the U.S. has made serious efforts to strengthen its currency, and restore its prestige as the main international reserve — after the 1971-1973 dollar crisis. This is the context in which to view the U.S. efforts to "demonetize" gold...The "anti-gold" policy of the U.S. is counteracted not only by the growing industrial demand for the yellow metal, which is the basis for the growth in its price. In spite of the IMF agreement on "demonetization" of gold, several Western countries still consider it the most reliable defense against financial woes.

Pravda: Dollar System May 'Blow Up'

The following is excerpted from the "International Week" column by Georgii Ratiani in Pravda July 10:

...In Washington in recent days there have been verbose press conferences at the White House and even more loquacious ones on the other bank of the Potomac — at the Pentagon. Sessions of committees and sub-committees have also been held on Capitol Hill. All of this was excellently orchestrated to create the impression that it was with great difficulty ...that the White House made the "agonizing decision" to direct all its forces and means to the earliest possible production of cruise missiles, and therefore to temporarily put aside mass

production of the new B-1 bomber, while continuing research and work on it.

What has evoked such a hullabaloo with military preparations at a time when the barometer of international life is pointing to detente? In the United States there are forces who, like the French aristocrats returning in the train of Louis XVIII to Paris, "have forgotten nothing and learned nothing." They imagine that with one more round of the arms race, the USA will be able, if not to return to the time of the American atomic monopoly, at least to achieve a certain superiority to dictate their conditions, in violation of the principles of equal security and parity. The arms race is being continued to a new level for this purpose. Also characteristic in this regard is the racket raised in the American press about the "invulnerable" mobile missile the "M-X" and the neutron warhead approved by the Senate...

Of course, the ideological foundations of American and Soviet policy have always differed fundamentally, but over the recent years, in the determination of the goals and tasks of U.S. policies, there have been sober views taking into account the realities of the modern world. The ignoring of the historical experience of Soviet-American relations presently observed abroad, and the forgetting of everything positive which was achieved with such difficulty cannot help but evoke anxiety and alarm all countries who recognize the full significance of relations between the USSR and USA for the fate of the general peace.

The task is not only to preserve and strengthen what has been achieved, but also to go further, towards new

agreements and accords. The Soviet Union, as in the past, is ready for this, It is up to the American side...

Underground Tremors

...Bourgeois researchers are more and more often coming to the conclusion that the financial and economic difficulties of recent years were no ordinary cyclic phenomenon, but the harbinger of a whole epoch of profound economic and social changes.

Banking circles in the West are particularly alarmed by the extraordinary confusion of financial transactions and the colossal balance of payments deficits of individual countries, hundreds of billions of "Eurodollars" in circulation solely by whim of the printing press. This whole system may "blow up" one fine day, say financial experts....The largest private banks of the U.S. are also in a difficult position. The dramatic bankruptcy of one bank or the whole financial system of a country could cause a chain reaction....

The magazine *Newsweek* in a June issue published a quarterly review of the economic situation in the capitalist world....*Newsweek* especially emphasizes that "political instability" creates stagnation in private capital investments, and this in turn worsens the economic conjuncture and causes a growth of dissatisfaction.

One thing brings on another, creating a situation of general crisis, which causes an activation of extreme right elements in some countries, heats up the arms race, hardens foreign policy positions in others, and leads to a general sharpening of imperialist contradictions all along the line....

Carter Purges Opposition In CIA

In a move analogous to Hitler's 1937 pre-war purge of key figures of the German General Staff, President Carter and Nelson Rockefeller's intelligence chief, Admiral Stansfield Turner last week launched a clean up of the CIA and top personnel throughout the intelligence community. Coming up is a wave of forced resignations coinciding with Turner's call for a Congressional investigation into alleged CIA abuses.

The purge is a pronouncement by the Rockefeller forces that they intend to "officially" suppress all factional opposition within the Administration and government bureaucracies, including Congress. The CIA agents purged, including Deputy Director of the CIA, E. Henry Knoche, involve personnel from the CIA's Clandestine Services section and many analysts who opposed the "official" CIA energy report to the nation, a report actually prepared by White House energy czar James Schlesinger. According to one intelligence source, these individuals were explicitly anti-Carter and were opposed to the Carter war push and plans for deindustrialization. Also slated for ouster are officials of the National Security Agency. Although most of the press accounts state that only two agents have "resigned," other intelligence sources place the number of agents being forced to retire at 60, and say a housecleaning potentially in the hundreds is underway. Turner plans to institute an investigation

into the alleged misconduct and illegal activities of the agents involved.

A major feature of the purge is its removal of "safety valve" channels of communication between the U.S. intelligence community and the USSR intelligence community. Shutting down "hotline" channels on this level, of course, sharply increases the chances of a major U.S.-Soviet confrontation.

Nelson Rockefeller, an experienced hand at conducting such operations, is the guiding force behind the scenes aiding Turner in the moves to clean out the "old boy" network within the intelligence community. One of Nelson Rockefeller's leading intelligence operatives, Lyman Kirkpatrick, a former Inspector General of the CIA, is being proposed by Turner to replace Knoche.

In the case of Knoche, a career intelligence officer with the CIA for over 24 years who had been appointed by President Ford to the Deputy Director post in January 1976, intelligence sources revealed that the ousted official was in a constant struggle with CIA Director Turner over U.S. strategic policy. Turner, despite his denials to the contrary, forced Knoche to resign and is moving to implement a major reorganization plan which will place Turner at the helm of the entire intelligence community, excepting the Defense Intelligence Agency. In eliminating Knoche and other personnel, Turner is banking on a

passive response from public officials and intelligence personnel.

The proto-Whig opposition to Carter in the United States has so far failed to learn the lessons of Hitler's 1937 purge. Hitler and his finance capital backers had begun a systematic watergating operation of their military opposition, Generals Fritsch and Blomberg, at the point when Hitler realized that if Germany did not commit itself to a marcher-lord war policy of conquering other nations for economic looting purposes, the internal German economy would collapse. Fritsch and Blomberg knew that a war would totally destroy Germany and most of Europe.

Carter and his Trilateral-banking backers, are equally desperate to maintain the credibility of the New York banks through a series of "aura of power" scenarios and are willing to take extraordinary political risks designed to force the Soviets, the Europeans and domestic opposition to capitulate. As long as key institutions in the government, the military traditionalist layers in the Pentagon and within the CIA itself, remained effectively opposed to the insane policies being pushed, these scenarios, could be minimally, at least, undermined and opposition allowed time to coalesce around a sane program of massive capital investment to reindustrialize the U.S. Now, however, the pace of confrontation will rapidly accelerate if opposition forces in the military and the intelligence community refuse to come out publicly and attack the Carter policies with the necessary consistency.

In each major national security policy skirmish to date, numerous incidents with General Brown, the Singlaub Affair and the purge of the CIA, Carter and his Trilateral backers have been able to chip away, forcing their opposition into accepting political positions which are increasingly vulnerable to watergating, forced re-

tirement, or reassignment. The Singlaub Affair dramatically demonstrates the case in point!

To enforce its moves to wrest control over the entire intelligence community and political opposition, the Carter Administration is initiating a series of Congressional maneuvers to consolidate its forces within Congress on questions of intelligence and access to intelligence material. With Speaker of the House Tip O'Neill whipping into line the Democrats on the House Rules Committee, the committee passed a resolution to form a House Select Committee on Intelligence which will directly control all access of intelligence coming into the House. Rep. Samuel Stratton, an opponent of the Administration's energy and military policy, protested in vain that this newly formed committee will act as a control point for intelligence coming from the intelligence community. Simultaneously, this committee will be used to cover up the covert operations that the Administration institutes against its political opposition both domestically and internationally.

On the Senate side, the Intelligence committee has not challenged the planned reorganization which would place Admiral Turner at the post of Director of National Intelligence. In fact, Sen. Warren Huddleston (D-Ky) has strongly pushed plans which would place the National Security Agency and the National Reconnaissance Office under the jurisdiction of the Director of National Intelligence. Only the Defense Intelligence Agency would be left alone, at least temporarily.

A report is now circulating that Carter plans to rescind an "executive order" imposed by President Ford which had the Intelligence Oversight Board pass information on to the Senate Intelligence Committee on various abuses by intelligence agencies.

The Deadly Crisis Confronting Europe

The following personal report to the Italian Parliament was released July 15, 1977 by Lyndon H. LaRouche, Jr., U.S. Labor Party National Chairman and Presidential candidate.

The massive purge now going on in the United States Central Intelligence Agency is only the most prominent single feature of the Carter Administration's preparations to launch a spiral of terrorism, international incidents and a Middle East war which, if carried through, will mean intercontinental thermonuclear war possibly before the end of August 1977. It is urgent that the de facto alliance of Italian parliamentary humanist forces be given immediately a summary report on the nature of the current situation.

Since the U.S. Kennedy Administration, the U.S. intelligence community has been divided, in effect, into two principal factions, paralleling and intersecting a division between so-called "utopians" and "traditionalists" (Clausewitzians, semi-Clausewitzians) in the military leadership. The current purge of the CIA and the new attacks on the Church of Scientology in France and the USA are coordinate developments, in which Carter's CIA chief, Admiral Turner and the U.S. Department of Justice have acted as de facto agents of Interpol and the terrorist networks of Interpol and the "neo-Fabians," against those forces in the intelligence community and military leadership who are opposed to the terrorist wave and opposed to insane gambles in confrontation with the Soviet leadership.

Another feature of the current purge is a breakoff of safety-valve contacts between the U.S. intelligence community and the Soviet intelligence community.

I should state the nature of my special knowledge on these matters.

My half-hour, nationwide television broadcast of November 1, 1976 provoked a sharp reaction simultaneously within top echelons of the U.S. intelligence services and the Soviet military intelligence (GRU). Both intelligence services assessed my outline of the strategic situation and dangers of a Carter Administration as profoundly correct in thrust. In consequence, on November 2 and 3, 1976, conservative circles in the U.S. close to both the military and intelligence communities established channels for briefing me on certain matters and occasionally requesting my strategic evaluations.

In connection with this it has been my practice to respond to information and requests received by way of published press releases and articles, so that the relevant facts could be thus delivered promptly and efficiently to all relevant governments and parties.

Throughout this process, there has been a basic dissymmetry in reactions to our published evaluations by Comecon and U.S.-centered military and intelligence bodies.

On the Soviet side, there is naturally less difficulty in understanding how monetarist interests focused in certain international financier factions determine the shape of the policies of the governments and parties they control or substantially influence. Although Rockefeller and Barnett-connected currents associated with Georgii Arbatov (of the approximately 280-person U.S.-Canadian Institute in Moscow) were influential for a while in pushing the line that the financiers were the "realists" checking the war-hawk industrialist interests, the military and so-called "hard-line" currents within the Comecon states more readily understood and oriented toward the correct perception of the way politics and strategic postures are determined within the NATO and other countries.

In the USA, and most other NATO countries, all but a relatively small portion of so-called conservatives are almost hysterically blinded to the way in which financier forces shape domestic and strategic policies.

Thus, although the Comecon countries and Soviet leadership have shown increasingly accurate perception of the general world situation, the traditionalist forces within the United States and other NATO countries have limited themselves to fighting against predicated features of the monetarist faction's fascist-economic and confrontationist policies, and have been unable so far to mobilize themselves as a coherent force to deal with the current crisis at its root. Although traditionalist labor movement and other forces within the United States have done a number of excellent particular things, including support of the U.S. Labor Party's energy policy, they have allowed themselves to be generally manipulated into "Maginot Line" defensive postures, rather than building a coherent political offensive directed at the heart of the problem.

For the reason of that "Maginot" tendency, a temporary tactical alliance of otherwise competing financial interests has been able to move in for an attempted wipe-out of entrenched traditionalist influences within the military and intelligence communities inside the U.S. Although the results are not irreparable, for the moment the Carter Administration is plunging ahead on a berserker's course toward early thermonuclear war. Only a combination of appropriate actions by Soviet-led Comecon forces and by certain European governments represent a credible means for tilting the world back into control so that the growing war-danger might be averted.

Forces To Be Blocked

The following are the principal sources of insanity to be watched.

Interpol, although nominally a small organization itself, is the coordinating instrument, not controlled by any government, through which a vast, global apparatus

of private and some official intelligence and police agencies aggregates to the largest intelligence operations force and capability in the NATO and developing countries at present. It is Interpol which coordinates illegal global narcotics and arms smuggling operations, and which plays a crucial role in virtually all terrorist and assassinations operations.

Neo-Fabian networks. The networks of organizations associated with the Washington, D.C. Institute for Policy Studies and its European shell-conduits including the London Institute for Race Relations and the Netherlands Transnational Institute are in fact what is properly called the "left CIA," controlling all North American and European Maoist, Trotskyists, and related "left"-fascist organizations, such as the Armed Proletarian Nuclei terrorists, Lotta Continua and Autonomia Operaia. The so-called "environmentalist" networks are part of the same operation and substantially overlap the terrorist networks proper.

NATO Intelligence serves as a major cover for some of the dirtiest operations run against member-governments of NATO as well as non-NATO governments.

U.S. Embassies and Consulates. Although not all State Department personnel are wittingly complicit in terrorist and environmentalist operations, members of the CIA "critical intelligence" unit and associated groups, under Brzezinski's direction, including FBI men, have been placed in U.S. embassies and consulates for direct roles in assassinations and related operations. Richard Gardner, the U.S. Ambassador to Rome, who recently deployed in Italy in defense of known terrorist networks, came to his post from a direct executive role in a Washington D.C. agency which coordinates environmentalist action in Western European and other nations.

With the aid of these instruments, the following are included juicy (e.g., bloody) capers presently set up.

1. *A massive wave of terrorism* throughout the NATO and other countries, using a total mobilization of so-called "environmentalist" forces as the cover and context for these assassinations and related actions.

2. *A projected right-wing coup d'état in France.* The unleashing of a wave of "environmentalist" chaos-and-confusion, together with terrorist acts, is intended to crystallize a programmed "right-left" confrontation in France into the preconditions for a right-wing coup d'état. The special horror-current within Opus Dei (the groups gathering around both Monsignor Lefebvre and the fascist "new philosophers") are part of the OAS-Interpol-NATO intelligence-centered combinations deployed for this right-wing coup. Fascist anti-Italy and anti-Germany propaganda is a notable feature of the preparations for the coup d'état.

3. *Forcing a breakup of OPEC through war,* a thrust for which U.S. Senator Jacob Javits is presently a key spokesman.

4. *Forcing a massive escalation of "Cold War" moods,* through which to discipline Western Europe and other countries into a posture of supporting a Carter Administration thermonuclear confrontation with the Warsaw Pact.

Carter's Lunacy

Italian parliamentarians and their supporters must proceed on the basis of knowing that the U.S. Carter

Administration is functionally insane on two levels.

First, Jimmy Carter himself is personally mentally unqualified to hold any responsible office.

In my discussions with various leading figures of several countries, we have had occasion to consider the fact that certain heads of state are clinically insane. The name of Uganda's Amin comes up most frequently in such connections. This element of clinical insanity of heads of state of small countries has been one of the stubborn problems in the way of establishing stable relations in certain areas.

Now, we face the fact that the President of the United States is profoundly emotionally-disturbed, a person who reacts with glazed-over eyes to all criticisms or discussion of topics he dislikes, and who uses the powers of his office like a Nero, to "hurt those people who are frustrating me."

Moreover, Carter is advised by a Zbigniew Brzezinski who is himself a not-so-latent homicidal schizophrenic. Neither Carter nor Brzezinski are capable of responding to reality. Defeats for their incompetent policies, rather than warning them of the need to make corrections, merely infuriate them, causing them to plunge ahead on the same discredited line with maniacal determination to impose their lunatic wills on the world.

That is no news to any leading circles in the USA. Carter's backers know that he is mentally unbalanced in this way, and also know the homicidal-schizophrenic aspects of what is sometimes called Brzezinski's "playfulness."

This brings us to the second kind of insanity in the Carter Administration. Carter's backers tolerate Carter and Brzezinski, knowing the mental problems of both, on the presumption that those two lunatics are for the moment useful instruments for the policies of crisis-maddened financier interests.

The second aspect of the insanity of the Carter Administration is of a twofold character. First, it is now made indisputably clear that putting a person of Carter's known mental instability into the White House was a deliberate, calculated element of an intended thermo-nuclear confrontation with the Warsaw Pact. Second, those who have thus deliberately placed a lunatic into the White House for this purpose are themselves collectively functionally insane in a different, but very real sense of that term. We take these two problems up in sequence here.

The "Chicken Game"

The policy of which poor, babbling Jimmy Carter is a part is based on a RAND Corporation strategic-options study known as the "chicken game."

The RAND Corporation study likened one alternative U.S. approach to a strategic confrontation with the Soviet leadership to a game, popularly termed "chicken" (*bruta figura*), played by certain young lunatics on the highways of the U.S. State of California and spread to some other states. In this "game," two young existentialists drive head-on toward one another down the center of a highway. The object of the game is to gain "bella figura" by bluffing the opposing driver to turn away from the head-on collision and go off the road.

The RAND group asked themselves the following question. Suppose one of the two drivers ties down the

steering-wheel with rope, and places his hands straight up in the air, off the wheel, so that the other driver sees this. Faced with this insanity, will the other driver not turn aside?

Applied to strategic options, the "chicken game" was projected to be used in the following way. Convince the Soviets (and others) that the President of the United States is a raving lunatic. Thus, seeing that it is impossible to influence that President by reason or realities, "the Soviet leadership will have to back down to avoid war."

What better way to make this game credible than by putting a lunatic into the White House for this purpose, and having an immoral schizophrenic, like Zbigniew Brzezinski, to handle the babbling Carter?

Adding the most recent developments inside the United States now to the pattern since November 2, we have conclusive evidence that the Carter Administration is tracked onto the "chicken game" scenario.

A few highlights. First, the Mutt-and-Jeff act put on by Vance and Warnke around March Moscow SALT discussions. Although the Soviet reaction, as it unfolded, was contrary to Manhattan's expectations, the folly of the U.S. proposal was not a result of amateurism, but was a calculated piece of lunacy. The "human rights" caper is similarly a calculated piece of lunacy. The flagrantly illegal actions of Carter's Federal Election Commission, openly professing to do things exceeding those with which the Nixon Administration was charged in Watergate, is another case of deliberate lunacy. Carter's summit appearance in London and meetings in Washington, as well as his press conferences, are also a means for leaving no doubt in the eyes of Europeans, the Soviets and others that the man is a lunatic.

Now, the purges in the U.S. intelligence community and parallel attacks on the military community. These have two principal consequences: they blind the U.S. intelligence and military command concerning the strategic situation as it develops, and also convince the Soviets that the United States is operating "in the blind" with respect to crucial elements of vital strategic intelligence.

We, of course, know exactly what this lunacy will lead into. The Soviets who lost thirty million people during World War II and estimate that they would lose significantly less of their population in World War III, will not be bluffed into capitulation. Knowing this is a virtual certainty, the forces behind the present Carter policy are prepared to take that risk, the risk of the United States' being obliterated as a nation within an Hour-One total Soviet strike against United States population and logistical centers.

Of course, there are still some Europeans who delude themselves they can negotiate with the Carter Administration — an administration now committed to an effort to destroy France in a right-left bloodletting scenario and launching parallel efforts in Italy, with the Federal Republic of Germany a further target. If Europeans lack the intelligence and courage to risk the gravest diplomatic crises with the Carter Administration, including public declarations concerning the functional insanity of the administration, it is probable that war will occur during 1977. Only by the sharpest crises,

which encourage action inside the United States to dump Carter and his controllers, can this war be stopped.

Any other approach is folly, and most probably mixed with a large dose of cowardice as well.

I am a devoted United States citizen, one of the nation's responsible leading figures. I am defending my nation by asking you to help me save my nation *and your own* by helping the people of the United States to push this evil nightmare from their backs.

The Monetarist Insanity

The underlying basis for the insanity I have described so far is the lunacy of the world's leading financier groups.

The monetary system those financiers have created and managed is now hopelessly bankrupt. That already advises us that these leading bankers are by no means the most competent sources of advice on monetary and economic policy. It is worse. How do these bankers propose to overcome the fact that the world, at present levels of production, can not meet the total debt-service requirements? They propose to refinance the debts (that is, increase the debt by refinancing), and to drastically cut world production by "zero growth" programs of austerity against both production and consumption! There is only one word to characterize a Robert McNamara of the World Bank or those bankers who attempt to justify his austerity-refinancing packages: *immoral imbeciles!*

These cretins are prepared to set genocidal austerity into motion — using imitations of Nazi-occupation economics — in service of a scheme which will not work.

It is amusing, in a certain sense, to be told — as I am — by some bankers that my criticisms of their policies shows that I am mistaken on "monetary theory"!

Some further examples of the mentality of these bankers.

They say that OPEC must be smashed, because high oil prices are the cause of the problem. That is sheer nonsense. If OPEC countries accumulate \$40 billions annually from increased petroleum margins, how could that in itself cause a depression of production? If the \$40 billions is funneled into world-trade investments in plant, equipment and so forth, that \$40 billions acts simply as reinvested profits to force economic growth.

The problem with the 1973-1974 OPEC price-rise was, first of all, its shock-effect on Western European and other economies not prepared to absorb that shock in that way at that time. The major problem was that the dollar-denominated OPEC receipts did not flow into productive investment, but into the speculative spirals of the Manhattan banks controlling the major "Seven Sisters."

Now, if the Arab Monetary Fund is securely established on a gold-reserve basis, and if Western Europe, in three-way cooperation with the Arab Monetary Fund and IBEC, begins exporting on the basis of OPEC and related reserves as hard-commodity-credit reserves, this accumulation of profit through OPEC acts to the greatest benefit for European economic recovery.

In principle, what the London and Manhattan bankers are proposing to do is the same thing that ruined Italy, and other parts of Europe during the period of the 14th

century Black Death, when austerity imposed in support of such Guelph bankers as the Bardi and Peruzzi nearly destroyed the level of culture reached under the Hohenstaufens and others by the time of Dante Alighieri. What those foolish bankers are proposing to do is the same thing that the Fuggers did, in cooperation with their puppet, Charles V, in the 1527 sack of Rome and other depredations against humanity. These foolish bankers, who have been pursuing the same ignorant, unworkable policies of Lombard banking since the thirteenth century, have learned nothing from seven centuries of experience. They are still insisting on imposing their "monetary doctrines" upon the world.

It is that seven centuries of unimproved imbecility,

called monetarism, which is the direct, and directing hand behind the lunacy of the Carter Administration. Either we end monetarism now, or the United States will probably go out of existence by the Fall of 1977, all Western Europe will be overrun by Soviet occupation forces — Soviet occupation forces which will not be exactly pleased with the effects of thermonuclear war on their own nation.

Do you so despise humanity, hate your children so profoundly, that you will not clean up NATO Intelligence, Interpol and Richard Barnet's neo-Fabian fascists, and will not say openly that the Carter Administration is functionally insane?

Carter Operation Behind The New York City Blackout

On July 13 at 9:34 PM, all electricity in New York City went out and a nearly 24-hour blackout siege began in the New York metropolitan area. The blackout was accompanied by looting and arson in ghetto areas in the city which were played throughout the nation's press as a "night of terror." Throughout the blackout period, NSIPS went into action to find out the causes for the blackout and the real story behind the night of terror.

Mounting evidence gathered in an NSIPS investigation into the blackout leads to the following basic conclusions:

1. The blackout which struck the Con Edison regional electrical system was no "act of God," as one Con Ed. official claimed, but the lawful and known-to-be im-

minent result of the progressive decay of the system over the last decade. (see report on Con Ed below)

2. As soon as the blackout occurred, a classic "low-intensity counterinsurgency operation" coordinated by an apparatus which reaches to the White House went immediately into operation. This Carter Administration operation through the use of "left CIA" provocateurs was responsible for the looting and arson which occurred in some ten ghetto locations throughout the city. (see *Chronology* below)

3. The purpose of that counterinsurgency was to create the climate for nationwide urban riots which would require the declaration of a state of emergency and the imposition of military rule in the United States.

4. As the interviews below with Operation Pacesetter's James Cuddy and the *Newsday* editorial of July 15 indicate, such a total emergency and mass chaos is deemed necessary by the forces behind the Carter Administration — notably the David Rockefeller faction of New York financial interests — as necessary to institute Energy Advisor James Schlesinger's energy conservation dictatorship which would destroy United States industry and the economy. It is noteworthy that only two days before the blackout, at the governors Conference in Washington, D.C., Schlesinger had once again reiterated his demand for command rationing of energy and emergency powers over the economy, and that the day before the blackout descended over New York City, New York's Governor Hugh Carey had been told by the White House to go ahead with the fascist regional energy program first outlined at the Conference of Northeast Governors in Saratoga Springs, N. Y. in November 1976.

Project Pacesetter Spokesman: I Wasn't Surprised By Blackout

The following are excerpts from an interview with Jim Cuddy, the public relations director of Project Pacesetter, the Pittsburgh based energy conservation pilot project.

Reporter: What is your reaction to the New York City blackout? Do you think it will help your (Pacesetter) organizing?

Cuddy: I wasn't surprised by what happened to New York. People had been expecting some kind of trouble — maybe not as bad as what happened. The problem in New York and elsewhere is that people don't conserve enough electricity. Then you have some unfortunate act of god — like a lightning bolt — and you have a disaster....Of course, we will make use of what happened in New York. You can't avoid it...I have always thought that you needed something that could stir the nation's consciousness on the energy question during the summer. Now we have that...the nation's press have implanted it on the minds of every American..It has been dramatic and effective...It is our job to shape that consciousness. You won't see us here in Pacesetter going out with a PR drive saying "Conserve energy or you'll have a "New York" here. That wouldn't be true. Pittsburgh may not be as fouled up as New York and Con Ed. It would be overkill — people are now getting the message through the evening press. We just have to make sure that they hook up with our conservation policies....

Behind The Night of Terror

The *Chronology* below of the 24-hour blackout shows that the sequence of events was carefully orchestrated by Carter backers in New York State to create a situation which would require imposition of military rule in the city.

From the top down, the Carter forces in the State carried out a barrage of attacks against the Beame administration, attempting to manipulate the Mayor into bringing out the National Guard. Such a move — as the Newark events of 1967 proved — would have precipitated full-scale rioting, and total chaos and deaths. Governor Carey, Emergency Financial Control Board head Stephen Berger, Consolidated Edison Executive Director Charles Luce, Bronx Borough President Robert Abrams, Manhattan Borough President and mayoral candidate Percy Sutton and *New York Times* editor Roger Star were among the principal Carter machine men involved.

From below, the LEEA and Ford Foundation ghetto counterinsurgency apparatus — the same apparatus that was last mobilized to carry out the massive November 2, 1976 vote fraud that imposed Jimmy Carter in the White House — carried out an organized “loot and burn” action in a dozen targeted ghetto areas almost immediately after the blackout. Reports from police and other observers of groups of vans and cars driving into these targeted shopping districts and initiating the looting conform precisely to the *modus operandi* employed by “left CIA” provocateur networks in the Detroit riots of 1968 and represent crucial evidence that the triggering of the looting was the result of conscious, organized pre-planned deployments.

With few exceptions, the national media, the New York press corp, led by Cyrus Vance’s *New York Times* and Rupert Murdoch’s *New York Post*, played the most glaring agent provocateur role — feeding out a stream of black propaganda aimed at spreading the violence and severely undercutting the leadership provided by the Beame administration in the crisis.

It was in fact the strong leadership role played by Beame — with the support of Police Commissioner Codd, the PBA, the fire and sanitation departments, Herman Badillo, Paul O’Dwyer and the Black Muslims — that proved to be the determining force in stabilizing at least temporarily the situation in New York.

LaRouche Commends Mayor Beame, Other NYC Officials On Handling Of Power Crisis

Lyndon H. LaRouche, Jr., the 1980 U.S. Labor Party candidate for President of the United States, issued the following statement July 15 through his New York headquarters:

“I wish to personally commend Mayor Beame, Police Commissioner Codd, City Council President O’Dwyer, and the New York City Police, Fire and Sanitation Departments for their leadership and professional handling of the crisis brought on by the past 26 hours’ Consolidated Edison power blackout, which prevented the escalation of a murderous preplanned riot scenario and brought the situation promptly back under control.

“The Mayor, the police, and others performed an extraordinary job under the most trying of circumstances, and it is no exaggeration to say that the command they exercised over the situation averted a far more serious crisis for New York City and its citizens.

“Among those individuals and organizations who deserve special praise for their collaboration with the mayor and city officials in the effort to restore normal functioning to the city, I wish to single out in particular the Nation of Islam, the New York City Patrolmen’s Benevolent Association, and Congressman Herman Badillo.

“The mayor and others’ success in restoring normalcy is the more worthy of note as they faced a veritable conspiracy by a powerful coalition of leading individuals and organizations linked to the New York banks whose actions in and proposals for dealing with the crisis were calculated to magnify it beyond any possible control by the forces of law, and serve as a model for Carter’s energy dictatorship. These include: Emergency

Financial Control Board head Stephen Berger; Governor Carey; Con Edison Chairman Luce, who was a participant in last fall’s Carter Administration secret conference to plan an energy crisis at Saratoga Springs; Manhattan Borough President Percy Sutton; Bronx Borough President Robert Abrams; New York Times Editorial Board member Roger Starr, who advocates eliminating 2 million of New York City’s citizens; the Law Enforcement Assistance Administration, which controls networks of youth gangs and zombie looters; and Leslie Campbell of the Brooklyn “anti-poverty” apparatus, who openly promoted race riots during the crisis.

“I further offer my full endorsement to the efforts of the blue ribbon commission appointed by the mayor to determine the causes of the crisis, and wish personally to extend to Mayor Beame and the commission members whatever assistance and professional expertise I and my organization can provide toward that end. I would go so far as to recommend a national investigation in coordination with Mayor Beame, so as to prevent the spreading of this riot scenario to a national scale.

“Later this evening I will be issuing a full statement on the crisis, including a chronology of events, which will significantly help to shed a clearer light on the deeper causes of the crisis, and correct intentionally false accounts of the situation which are presently being circulated by the likes of *AP*, *UPI*, and the *New York Times*.

“It is eminently possible that Mayor Beame’s success in halting the New York City chaos scenario will give us the leverage we need to mop up Carter’s dirty LEAA operatives nationwide. And after this, who can deny the need for the development of nuclear fission and fusion power?”

How New York 'Night Of Terror' Was Checked

In order to provide the nation's and the world's press with a reliable report on the events during this city's catastrophic blackout, New Solidarity International Press Service is summarizing here a chronology of the actual political battle which took place during and immediately after the power failure which began on the evening of June 13.

The following report documents the efforts of Rockefeller-linked agencies to use the blackout to provoke race riots, and the success of Mayor Beame and others - including New York City's police force - in preventing the realization of that threat. The investigative journalism in this report reflects direct intelligence gathered by NSIPS in collaboration with honest police and elected officials and community leaders throughout the five New York boroughs.

In a statement issued today, the U.S. Labor Party's national chairman Lyndon H. LaRouche congratulated Beame, City Council President O'Dwyer, and others who under extreme political pressure avoided "police brutality" and other incidents dangerous to the lives of the citizenry.

Night One: July 13

****From 9:35 p.m. July 13 through the early hours of July 14, radio reports carried over WINS, CBS and other stations depict a constantly escalating pattern of spontaneous "terror" - pointing to massive looting, arson and arrests throughout the city. CBS radio broadcasts sympathetic interviews with looters not arrested by the**

police, legitimizing the looting as a "natural" phenomenon and portraying lumpenized youth as Robin Hood heroes. It is reported, simultaneously, that Mayor Beame had declared the city in a "state of emergency." Four separate, contradictory accounts of the cause of the blackout are broadcast, including the story that lightning had struck a power plant at Indian Point near New York, putting it out of commission.

****On-the-spot observers, including police officers and other city employees, reported to NSIPS that firstly, while most of the crowds assembled become involved in the looting, the great majority of looting and arsons are started by neighborhood drug-related networks who are supplied with vans and trucks - not at all spontaneous activity. Secondly, the sources said, where escalations occur they are directly due to provocations by these drug-related networks.**

Thirdly, the looting is generally confined to only about one dozen small sections of the city and is not spreading out of police control. Finally, media indicate that Mayor Beame's declaration of a "state of emergency" was called in response to these confined centers of looting, it is known that Beame was well aware of a deliberate attempt on the part of New York banking interests and Con Edison to get a riot "going" in the city by keeping the blackout going in selective areas - the areas where looting is taking place and where the "riot networks" are deployed.

****Throughout these first 12 hours of the blackout, the**

'There Will Be Action Tonight'

Les Campbell, head of the Brooklyn-based black nationalist organization known as EAST, became notorious for his role as the leading anti-semitic provocateur in the 1968 New York Teachers strike.

EAST began as an overt scab-herding operation around Campbell and Albert Vann, now a member of the New York state legislature, in an exact replication of the rise of Leroi Jones alias Imamu Amiri Baraka in Newark, whose career began with the Newark riots of 1967. Campbell, who adopted the name "Jitu Weusi" soon joined Baraka's National Congress of African People.

From the moment of their acceptance of the roles of strike-breakers and riot provocateurs, both Campbell and Jones were heavily funded from a multitude of government and foundation sources continuing to this day.

Campbell later broke with Baraka to maintain his own black racist group in the ravaged Bedford-Stuyvesant section of Brooklyn. From that vantage point he has fallen under the scrutiny of the New York City Police Department under suspicion of advising community youth to take revenge on "the system" by looting neighborhood merchants and

setting fire to the city. Here are some of Campbell's remarks in an interview conducted on July 14.

EIR: Were the police arrests irregular in any way?
Campbell: No nothing unusual...As usual police protected the big white businesses and let the black and minority owned stores be looted...

EIR: Did any community people try to tell people to stop?

Campbell: No. Thank god no politicians came out and told people to cool it. That would have been degrading. It may have worked once but now everybody knows the politicians have no jobs to offer, nothing, and this is an oppressed community.

EIR: If there's no power tonight, will the disturbances continue?

Campbell: I'll tell you something, there will be action tonight, power or no power. People have gotten a taste of something and they're going to be out again for more....We have people on the street keeping us informed of what's going on."

Mayor fights off all attempts to turn the city into a riot situation. Emergency Financial Control Board President Steven Berger and a Con Edison representative try to gain audience with the Mayor during the night to feed him pre-packaged lines to "explain" the blackout and to call the situation in New York City as desperate and in need of state intervention. Beame refuses to see them; and rolls up his sleeves to put the city on a healthy footing.

Beame groups together his police and firemen, thousands of whom had shown up voluntarily during the first hours of the blackout, and give strict orders that no weapons should be used except under the gravest of "deadly circumstances" — an order that is followed to the letter. Unofficially, Beame sends the word down that under no circumstances should the word "riot" be used to describe any situation, only "disturbance."

Day One: July 14

**From the morning hours and throughout the day, Beame and his allied politicians battle attempts by other city and state officials to guarantee a riot by bringing in the National Guard. Simultaneously, the Mayor opens fire on Con Edison for "gross negligence" in allowing the blackout to occur in the first place — an attack which Charles Luce of Con Edison tries to counter by charging that the Mayor was "playing politics."

**First reports received by NSIPS are that Governor Carey has spoken with the Mayor between 8 and 10 a.m.

and urged him to accept National Guard troops. Beame refuses. The Governor puts the Guard on a "standby" status anyway. Now Beame raises the ante against Con Edison. He calls for the Federal Power Commission to investigate Con Edison and the blackout.

**At this point the political forces who wanted a riot come out of the woodwork. Bronx Borough President Robert Abrams, on a radio call-in show in the early attention attacks Beame for letting the city deteriorate and calls openly for deploying National Guard troops. In response, U.S. congressman Herman Badillo from the Bronx calls into that radio show to denounce Abrams. Badillo states that a National Guard deployment would start a riot, not prevent one — that the Guard was simply not trained, like New York City police, to handle the situation.

Shortly after Abrams' statement Manhattan Borough President Percy Sutton joins Abrams in calling for a National Guard deployment and furthermore attacks the city for putting looters in the "Tombs" (a Manhattan detention center which had been closed) where they were "without food and water."

EFCB head Berger holds an impromptu press conference that morning announcing provocatively that all financial matters during the crisis are going to be under his control, since it is "an emergency," and implies strongly that Mayor Beame will have to answer to *him*.

**At noon, the Mayor holds his press conference. He

NYPD Spokesman: 'We Didn't Want The National Guard....'

An officer in the Public Information Office of the New York City Police Department explained deployments and thinking during the blackout in the following interview:

A: We had about 8,600 men out on the first night, at least 6,000 were sent into the black and Puerto Rican ghetto areas, with the rest of us spread out to cover the rest of the city. Overall, people throughout the city were just great. We made over 3,500 arrests and the last count I saw, over 430 police officers were injured, with 18 hospitalized and many in critical condition. The cop who was just shot today, at 3:00 p.m. in the 34th precinct, he's in critical condition. Shot twice in the chest. Four cops were beaten brutally with baseball clubs.

Orders came down not to use weapons unless faced with extreme bodily injury, but you know with people throwing rocks and bottles by the time you can make that determination, well it's too late. Those cops beaten with the baseball bats, they didn't go for their guns. We practiced restraint facing tremendous odds.

Q: How did the police department feel about calling in the Guard?

A: We didn't want the Guard called in. History will bear me out on this, whenever they've been called in is when you have a riot on your hands. The Guard is made up of civilians, who can't handle themselves in this kind of situation; they panic and use

firepower and bang! — you've got a riot on your hands. They're not professionals. We wanted to bring in State Troopers, professional men, who are able to stare a crowd down...In my opinion, if the troopers had been brought in on the first night, not as much damage would have been done.

Q: What about the Department of Justice, they have people here in the city from their Community Relations Service (CRS) and from their riot monitoring apparatus, the people who make the determination as to whether or not federal intervention...

A: Yeah, well here a political decision was made, unofficially orders came down that we were not to report a riot, or anything like a riot potential, just to report disturbances.

Q: Are you saying that NYPD made a political decision not to report a riot potential, so as to give the Justice Department any reason for calling for federal intervention, that by reporting in "disturbances" the Department felt they could keep the situation under police control and avoid Carter calling out the National Guard?

A: You got it, we had the situation under control, I think the Department did a good job. We would have liked to have gotten the troopers earlier than we did, but we wanted to avoid bringing in the National Guard unless it was absolutely necessary.

minces no words ("I am outraged") in criticizing Con Edison for not yet restoring power to the city (at that time only partial restoration has taken place and the "riot target" areas are still without power). Beame praises the police, firemen and other city workers for the tremendous effort in maintaining the safety and well-being of the population of the city, and thanks the citizens of the city for standing behind him and following the guidelines requested for the duration of the crisis (such as not making unnecessary calls into the police emergency number 911 such that real emergencies could be responded to with rapidity). The Mayor emphasizes throughout the question and answer period of the press conference that it is up to Con Ed to give a definitive time when power will be restored to the city. Finally, Beame announces the formation of a blue-ribbon panel to investigate Con Edison's "negligence."

**In the afternoon hours, the press, in particular WINS, begins characterizing the looting in the Bedford-Stuyvesant area and elsewhere as expanding geographically. NSIPS calls police and fire officials in the area who deny this report, explaining that, on the contrary, the situation was becoming more and more "under control." However, WINS reports, from reporter Al Shaw, continue claiming that the situation is getting out of control. (Only later in the evening does Shaw reverse earlier reports after NSIPS had informed both WINS and police officials of the enormous characterizations being played over WINS!). At 3:00 p.m., Con Edison president Charles Luce, holds a press conference. He praises the Mayor for his outstanding "leadership" during the crisis

but claims that the Mayor has been "unfair" by attacking Con Edison.

A few hours later, CBS radio carries a "live" phone interview with Governor Carey trying to get Carey to admit that the National Guard could be called out imminently. But, at that point, even though power is still out in the "hot spots" throughout the city — Jamaica Queens, Bedford-Stuyvesant in Brooklyn and areas of the South Bronx and Harlem — the riot potential has been sharply reduced. Carey can only mutter that the city had the situation under control "at the present."

Around this time, NSIPS interviews an editorial board member of the *New York Times* Roger Starr who bitterly denounces the Mayor for not bringing the National Guard into the city. In another NSIPS interview, black Ford Foundation-funded counterinsurgent Les Campbell in the Bedford-Stuyvesant section of Brooklyn, laments that indeed there was really nothing going on in Bedford-Stuyvesant, but that he hopes to get "action" that night, "power or no power."

Night Two: July 14

**A few last attempts are made to start a riot. Along with Leslie Campbell provocative threats, former Weatherunderground terrorist John Froines, now a radio personality on WBAI, claims police brutality where some of the looters are being held and demands that people mobilize to protest the next day in front of the detention areas.

Edwin Newman, NBC-TV personality, on his program

New York Times' Starr: 'Beame Gets Hurt By Blackout'

The following is a July 14 interview with Roger Starr, Editorial Board of the New York Times

Q: Now that there has been so much looting throughout the city, do you think that the basis has been laid, with this destruction of key areas of the city, for your relocation proposals — that is your proposals to relocate people in the rundown, slum areas of the city to other areas?

A: People who called me inhuman, now see that local residents were not so happy with their life and responded this way. What has been destroyed now is the lifework of people who owned the local stores. Nobody could doubt how critical things are. But I am more interested in who gets hurt by this.

Q: What do you mean?

A: Well Beame gets hurt by this. It will hurt him considerably. People will remember him as the mayor who was mayor during the blackout.

Q: I understand there is a fight between Beame, Carey and Berger now. What is the reason for this?

A: The fight between Beame, Carey and Berger has been going on a long time. As a matter of fact Beame

would not receive Berger last night when he went to call at his home. Beame is furious over Carey's support for Cuomo for Mayor.

Q: Beame charged that the blackout may not have been an accident. Isn't this the basis of the dispute?

A: I don't believe that, do you? I heard Beame, he charged gross negligence, maybe worse.

Q: What do you think he meant by that?

A: He thinks that Con Ed knew the networks would be not sufficient to handle the load and did nothing.

Q: Why is he saying this? Why would Con Ed let this happen?

A: He has to do something to get the heat off him.

Q: Does Berger now have emergency powers?

A: Berger announced that he is representing the Governor. Beame should have asked for the National Guard to come out. There will be more looting tonight if the lights are not on. And it will spread because so many places have had looting. This has got to hurt Beame unless he alleges that Con Ed is responsible. There will be looting if the lights are not on and maybe if they are.

in the evening tries desperately to portray the situation in the city as reminding him of the "urban violence of the 1960s" and that it is growing out of control. Unfortunately for him, a co-reporter who has actually been at the scenes, continuously contradicts Newman on the "live" show.

City Council President Paul O'Dwyer offers a statement to the press which put the finishing touches on the riot potential. O'Dwyer reveals that he had conducted a fact-finding visit to the Indian Point nuclear power plant that afternoon, and had discovered that not even the employees there had bought the line that lightning was the cause of the power failure. In a strongly worded statement broadcast by Channel 5 television at 10 p.m. O'Dwyer documents that employees at the plant at the time of the powerout saw "no lightning" at that time. Although O'Dwyer's statement is either buried in a corner of the next day's press or simply not covered at all the pressure on Con Edison to restore the power has reached a peak.

Thus, by 11:00 p.m., the "riot" potential has been destroyed. Con Edison by now has put the power back on in the "riot prone" areas. Throughout the night, police, along with community volunteers, work together to clean up existing debris and to watch for any attempts at provocations.

Day Two: July 15

With power restored, as the city returns to "normal," the Rockefeller-linked press has not given up its political effort to create a race riot — if need be, with further lies. The *New York Times* characterizes the 24 hour period as having "far exceeded the outbreaks that followed the assassination of Reverend Dr. Martin Luther King, Jr. in 1968." The *Times* also lyingly depicts a meeting of 75 community leaders with the Mayor the night before as a unified call for "deploying the National Guard."

Editorially, the *Times* labels the crisis, not so much a blackout as a riot — an analog of "the hot summers of the 60's which started in Harlem and in Bedford Stuyvesant in the summer of 1964, a year before Watts." Rupert

Murdock's *New York Post* runs a four-inch banner headline, "24 Hours of Terror," and carries a multifaceted attack on the Mayor for not calling in the National Guard — joining with the *New York Times* in claiming that, in fact, there had been a riot.

The side of the mayor and New York City is taken by the *New York Daily News*. The *News* editorially defends Beame, laying the "burden of proof" on Con Ed. The *News* also notes that the much-publicized marauders "had moved as though on signal at the start of the power blackout."

Newsday: Blackout Shows Blacks Need Slave Labor

Newsday editorialized: "It's not a coincidence that the neighborhoods where housing, education, and employment are poorest...were the ones plagued by looting Wednesday night... The remedy," according to *Newsday*, is "jobs for youths and hispanics...the city is entitled to look to Washington."

In the wake of the New York blackout, much of the U.S. press has editorialized heavily for energy conservation and power rationing. The July 15 issue of Long Island's *Newsday* added a new wrinkle — by asserting that the blackout shows the need for a massive program of slave labor jobs to "help oppressed minorities."

While the *New York Times* and the *New York Post* did not issue such thinly veiled calls for a Humphrey-Hawkins national slave labor program, both papers heavily played up the looting as a "legitimate sociological tendency" resulting from "oppression." The *Times* went so far as to say the looting was the "white man's heritage for having so long mistreated" blacks and other minorities.

Press in Baltimore, Boston, and Chicago have echoed the *New York Post's* "24 Hours of Terror" headline with the constant query: "Can it happen here?" The *Boston Globe* has blamed the blackout on "too much technology."

Banks' Looting Of Con Ed Sets Preconditions For Shutdown

Although it is not yet clear whether a bolt of lightning caused this week's New York City blackout, one thing is clear. Responsible Con Edison officials knew that, given the condition of their equipment systems, a blackout was imminent. According to one Con Edison engineer interviewed by this newspaper after the crisis, "The New York City power grid is so unstable that a guy with a shotgun and a pick-up truck could bring down the whole thing."

In fact, there were at least two other occasions in 1977 when similar blackouts of the region were barely avoided. These near emergencies, and New York City's 24 hours of crisis two days ago, were directly due to Con Edison's financial and investments policies over the past decade. These policies, directed by Con Edison's Wall Street creditors, have rendered the giant facility virtually unable to meet the city's power needs on a day-to-day basis.

Con Ed Cutbacks

For at least the past ten years, Con Edison's board of directors, chaired by David Rockefeller protégé Charles Luce, has overseen the utility's sale of a number of its power-generating facilities to the New York State Power Authority. The revenues of these sales have been funneled directly into the coffers of Con Edison's cash-starved Wall Street creditors. Under this forced liquidation policy, Con Edison not only maintained quarterly debt payments to the banks, but actually retired large chunks of its outstanding debt as well.

This Luce-Rockefeller "cost-effective" approach has resulted in a top-down purge of Con Ed officials since 1967. Its effects on Con Edison led directly to the July 13-14 blackout of New York, and prolonged the crisis once it had arrived.

First of all, continuing sales of generating facilities forced Con Edison into even larger purchases of electricity produced by other companies at stations outside of the New York metropolitan area. In the last five years, Con Edison has added approximately 2,000 megawatts to its nominal generating capacity, giving a total capacity of 9,000 megawatts. However, the bulk of this energy — nearly half of all that Con Ed generates after 5:00 p.m., for example — is obtained through agreements with various "New York State Power Pool" companies from which Con Edison buys electricity. This has resulted in a dangerous over-reliance on imported power passing through the Westchester region.

Under these circumstances, trouble on the Westchester lines could force the New York power pool, as well as New Jersey and Long Island companies, to "pull the plug" on New York City to prevent a full Northeast blackout or damage to overloaded transmission lines into New York City. This is exactly what happened on July 13. Without back-up generating capacity immediately available to the city, all engineers' attempts to reduce load and voltage had little chance of preventing growing in-

stabilities in the lines and the resulting total shutdown.

Secondly, the gutting of Con Edison's facilities resulted in the junking of auxiliary generating and equipment capacity, facilities which should have been available to insure a rapid return to normalcy after the July 13 blow-out. In January and May of this year, near breakdowns alerted Con Edison officials of the necessity of maintaining emergency and auxiliary equipment in top condition. In January, the entire system teetered at the edge of blowout for several hours, a near-emergency attributed to operation at near-capacity during intense weather. In May, the system blew several circuit breakers, and it was only the manual opening of these switches by an alert supervisor that averted a major blackout. These warnings were overlooked and when the crisis came it was seriously prolonged by multiple equipment failures. In at least two instances, poorly maintained reactors (inductive coupling devices) on the Westchester power lines collapsed during the night of July 14. If this equipment had functioned properly, power could have been restored after only four to six hours of darkness.

This delay was compounded by the 30 to 35 percent understaffing of maintenance and service personnel Con Edison has implemented as a cost-saving measure. Crucial time was lost during the emergency in transporting personnel to affected areas because required emergency personnel had been attrited over the past several years.

Investigate Con Ed

In 1965, with plants damaged and the entire energy grid of the Northeast involved in the malfunctions, electrical service was restored to most areas within only a few hours after the blackout began. The more than 24 hour delay in power restoration on July 14 was due to a combination of deliberate manipulation of the blackout and the decrepit state of Con Edison's facilities.

It is impossible to discount the possibility that sabotage or terrorism played a part in triggering this week's blackout. As officials of Con Edison said themselves, the reported sequence of three lightning bolts hitting three separate electrical lines during one thunder storm is a one-in-a-million possibility. However, even such disasters can, and must, be protected against.

A detailed investigation into the precise causes of this week's blackout must be undertaken to equip public officials for immediate decision-making to reverse Con Edison's policy and prevent the near-future crises we can expect if no action is taken.

Timetable For Blackout

January, 1977: During intense cold weather, the Con Edison system teetered for several hours on the edge of a major breakdown. The operation of the system dangerously close to full capacity was blamed. News

of the near blackout was not publicly released.

5:00 pm, May 7, 1977: Due to unseasonably hot weather, the system blew several circuit breakers. Thanks only to the manual reopening of these switches by an alert supervisor (who over-rode automatic safety devices) a major blackout was averted.

8:00 pm, July 13: A severe series of thunderstorms hit the southern Hudson Valley. Eyewitnesses reported extensive lightning and damage from falling tree branches. However, the storms had been predicted and were not a surprise.

8:37 pm: Lightning is reported to have struck a 345 kilovolt electrical line near Buchanan, N.Y., triggering circuit breakers which isolated the line.

8:50 pm: Lightning is reported to have struck a 120 kilovolt electrical line near Millwood, N.Y. (about 15 miles from the first line.) Again the line was shut down.

9:00 pm: Lightning is reported to have struck another line, leading south from Pleasant Valley, N.Y. (in the same area). The three strikes together cut about 3,000 MW from New York City, almost the total "external power" supplied to the city. The tripping of the circuit breakers resulted in efforts by the automatic load-shedding equipment in the system to compensate for the disruption, by decreasing the demand on the system. Voltage was reduced on the system first by 5 percent and then by 8 percent. At this time, emergency allocations of power from New Jersey and Long Island were patched into the New York grid.

9:10 pm: Attempts to balance the load and match the emergency capacity with the load were unsuccessful. The power from Long Island was cut for fear of damaging the lines. At this point, the major source of power to the city was the "Ravenswood 3" fossil fuel plant in Queens, and a line from New Jersey. This line was described by Con Edison engineers as "very weak."

9:30 pm: The system was by now heavily overloaded, and, because of the inherent instability of the overloaded and underprotected system, unstable oscillations set in. In a scenario familiar to any engineer, the coupled nonlinear oscillations quickly shut down the whole system, and the blackout resulted. This same instability, exacerbated by the necessity of transporting electricity from long distances into the system, *delayed full resumption of power for almost 24 hours.*

10:15 pm: There was another incident, the explosion of a transformer at the transmission station at Buchanan. This occurred after the blackout, and seems to have had minimal effect on the loss of power or its restoration.

1:30 am, July 14: Attempts to restore power through the Westchester corridor require energizing an inductive coupler on the line between Eastview and Dunwittie. This coupler fails because of undermaintenance and delays for several hours restoration of power.

4:00 am: Feeder lines to southern Manhattan blew out their inductive couplings due to undermaintenance. This caused delays in restoration of power to the whole system.

Congressional Capitulation On Energy Paves Way For Emergency Powers

The coincidence of the biggest electrical blackout in New York's history with this week's harsh demand by the Carter Administration for wartime emergency powers over energy shows to what lengths the White House will go to force its faltering program for de-industrialization and dictatorial control of the economy into high gear.

Energy Czar James Schlesinger spelled out this scenario on July 10, 72 hours before New York was shut down, while speaking on NBC-TV's "Meet the Press." Because of possible emergencies, Schlesinger said Carter was asking for wartime-type powers which, if invoked, would allow him to reduce the nation's energy consumption by an industry-killing 25 percent in order "to equalize" shortages. Schlesinger also said the Administration would be proposing measures to the Joint Energy Committee to empower the President with alternative means to deal with any oil crisis, including: limiting the flow of oil in the United States; shutting down gas stations; and imposing a temporary rationing system.

Simultaneous with Schlesinger's Meet the Press appearance, Carter was obsessively telling a gathering of the nation's governors that they must ignore Arab oil production increases, proven energy technologies and their own constituents' wishes and give the Administration carte blanche to shut down industry. Gov. David Boren of Oklahoma, formerly a strong Carter supporter, angrily told the press that the White House-sponsored meeting "was not a conference on energy. It was misnamed and flying under false colors. It was a conference on implementing President Carter's conservation plans." The chairman of the conference, Kentucky Governor Julian Carroll, had to admit that there was general criticism of the administration and that "really a lot of the governors felt we ought to concentrate on production rather than concentrate on conservation."

"Rotten Compromise" in Congress

In their statements, both Carter and Schlesinger carefully noted that they were displeased with Congress and that the President might veto the nuclear energy budget passed this week by the Senate which most press are calling a "stinging defeat" for the Administration. The Administration and its press allies are only providing the cover for the fact that Congress capitulated completely to Carter's anti-energy program, thereby leaving the door wide open for Carter to push through his "emergency powers" plan.

The Senate's vote on the Energy Research and Development Agency's nuclear budget on July 11-12 not only keeps the Clinch River breeder reactor project paralyzed in its present design stage, but also supports the Administration's plan to gouge nearly 20 percent from ERDA's thermonuclear fusion power research and development budget. Both the breeder, which "breeds" plutonium fuel, and fusion power, which will supply an almost unlimited amount of cheap energy, are the

world's most scientifically advanced technologies. No further worldwide economic growth — and the definitive end to "blackouts" — is feasible without the guarantee of these two key technologies.

On July 11, the Senate backed by voice vote what has been called a "rotten compromise" to fund the Clinch River project at \$75 million, rather than the \$150 million promoted by pro-growth congressmen and the \$237 million originally proposed by President Ford. Earlier that same day, the Senate, again by voice vote, voted to ban the Allied Chemical reprocessing plant at Barnwell, S.C. from producing plutonium. In both cases, the Senate adopted this "compromise" after successfully defeating amendments to totally scrap both the breeder and reprocessing introduced by Senators Dale Bumpers (D-Ark.) and Edward Kennedy (D-Mass.) respectively.

By July 12, the legislators had retreated even further. Virtually without debate, the Senate voted by voice vote to accept the Administration's crippling fusion cuts with only an almost meaningless \$3 million increase for magnetic confinement thrown in.

White House spokesmen privately concede that the Senate package is quite acceptable. "Look, it could have been better, but when you get right down to the nitty-gritty and look at the end result of the Senate vote, its not far from what Carter's after," he said.

Trap for Pro-Growth Forces

While Carter would have certainly preferred the Bumpers-Kennedy hard-line amendments, the compromise gives the Administration an excellent device for busting up the emerging alliance among largely conservative Congressmen with labor and industry. The game-plan is to deceive these Congressmen into thinking that their "compromise" vote was really an anti-Carter vote — a ploy intended to make Congress fall right into the lap of the Administration.

The Senate vote also props up the credibility of Fabian Senator Church (D-Id.) and his war-mongering sidekick Senator Henry Jackson (D-Wash.), both of whom crafted the compromise. The hope is that pro-energy growth conservatives will be lured into seeing this duo as the leadership of Carter's opposition. This was clearly the message in syndicated columnist Mary McGrory's recent article in which she portrayed conservative Strom Thurmond (R-S.C.) literally "beaming" over Church's "realpolitiking" role in "defeating" Carter.

Why Congress Capitulated

Church's "pro-breeder" facade was effectively stripped by informed Capitol Hill sources who revealed that he was solidly behind the Administration's plan to entirely cut out the program, but proposed the so-called compromise figure because ERDA, which runs the breeder program including an Idaho-based breeder-related test facility, is one of his state's largest employers.

It is exactly Church-style "realpolitiking" which doomed the energy vote by weakening Congressional resistance to Carter's overt and covert armtwisting. Conservative Alabama Senator Sparkman (D), who only last week supported the breeder program this week supported Bumpers' amendment to kill all funding because of Administration pressure, one Hill insider revealed.

The other side of the "realpolitiking" came from labor. An analysis of Senator Bumpers' amendment — the only major vote that can be analyzed in that the Senate reverted to a voice vote on all other votes — points to a surprisingly large labor vote. Senator Glenn (D-Ohio), who supported the Bumpers' amendment, represents a strong labor state as does Senator Case (R-N.J.). Senator Muskie (D-Ma.), who also has strong labor ties, voted "no" on the breeder. This, coupled with the fact that so-called friends of labor Jackson and Church spearheaded the compromise vote, brought the entire Congressional labor coalition into supporting either the hard-line or soft-line plans to kill the breeder.

This opposition to further development of the breeder from labor-allied congressmen contrasts sharply to the mobilization led by trade union organizations which culminated on June 26 with the Seabrook, N.H. demonstrations. The sabotage of this momentum occurred when pro-Carter elements in the trade unions, particularly the building trades, fed more traditionalist leaders the line that they awaited an easy victory. According to sources on Capitol Hill, labor's silence left key Senators off-guard, vulnerable to the "compromise" funding and willing to trade-off the breeder for a minimal wage package and token labor law reform.

House Vote Next Week

This same ERDA nuclear budget proposal goes to the House, where it is expected to be voted on next week. Most Capitol Hill sources predict a sharper battle there because of more intense constituency pressures. If labor resumes a hardhitting campaign, the compromise victory could be turned around. At the same time a number

of congressmen, including Rep. Gary Meyers (R-Pa.), have vowed to wage a floor fight around increasing the fusion budget.

Immediately following the nuclear energy vote, the House will begin floor debate on the remainder of the Carter Administration's energy program. According to the July 15 *Washington Post*, the National Energy Act — which includes various taxation schemes, fuel pricing, conversion requirements, etc. — will begin floor debate the first week in August with a House vote expected before the August 7 recess begins. At this point the legislation is now being reviewed by the special Ad Hoc Committee on Energy which can add floor amendments to the package worked out by mainly the House Ways and Means Committee and the Commerce Committee.

Both House Committees have kept most of Carter's April 20 plans intact. The committees approved legislation intended to raise prices to exorbitant levels through such schemes as the well-head tax and raising the ceiling on regulated natural gas. The danger of quick passage was enhanced by the fact that the House leadership is tremendously hastening the legislative schedule so that the bill can reach the Senate by early September, rather than lagging until next January, as the leaders had earlier predicted.

In addition to the conspiracy in the case of the New York blackout — which demands a full, public investigation — the Administration is right now openly wrecking the nation's oil supplies. Despite the fact that engineers claim that the Alaska oil pipeline — closed after last week's highly suspicious explosion — can quickly be reopened, Carter Interior Secretary Andrus has ordered an indefinite shutdown until he can personally inspect the pipeline.

Even if Alaskan oil flows again, the price of the oil will be prohibitively high since the Administration has also announced that an embargo has been placed against all oil going to Japan. Now oil will be shipped to the Gulf of Mexico before being piped elsewhere. The oil industry predicts exorbitant prices as a result.

Church Committee Spokesman:

Carter Must 'Go After OPEC Directly'

Jerome Levinson, long-time hatchetman for Fabian "left CIA" Senator Frank Church (D-Idaho), told a reporter July 12 that "Church and Javits feel that it is necessary to go after OPEC directly. The debt crisis is staggering," he added, "and the Carter Administration is playing a dangerous game in not going after OPEC." Levinson insisted that austerity regimes imposed internationally to collect dollar-denominated debt were precipitating a revolt by industrialists, particularly in Brazil, Mexico, and Peru, as well as Europe. Levinson called for a massive development of Latin American oil to break the OPEC price.

During Senate hearings in March, Church had admitted that "we are heading toward a serious economic collapse like that in 1929...we haven't found a way to

contend with OPEC capital accumulation (which Rockefeller wants contributed to a Third World debt-bail out fund-ed.) and all that you (Trilateral Commission member, Assistant Sec. of State Richard Cooper who backed commodity funds) have discussed today is only rearranging the chairs on the deck of the Titanic."

The Church proposal to create a U.S. government oil purchasing agency, called a monopsony, is merely the reiteration of an old scheme articulated by Church and others more than two years ago and recently proposed by Congressman John Conyers (D-Mich.) as an amendment to a House appropriations bill. Library of Congress Senior Economist Henderson (formerly of Senate Banking Committee) has also given private backing to the monopsony proposal. Senator Ted Kennedy (D-

Mass.) is preparing a parallel attack on the multinational oil companies using his anti-trust subcommittee for hearings on divestiture.

These attacks on the major oil companies' purchasing arrangements and the attempts to blame the international debt crisis on OPEC oil prices only serve as a "left" rationalization for the Administration's war drive in the Middle East, aimed to force the Saudis to accept an IMF-petrodollar bailout for Wall Street.

Current proposals by Sen. Hart and others, for domestic U.S. oil price deregulation are similarly an attempt to placate Texans and other domestic oil producers who have traditionally represented a conservative check on the Trilateral schemes to force a showdown with the Soviet Union.

Levinson speaks with considerable authority for the "left CIA" fascists around Vance, Javits, and Church. He had been Church's counsel on the Senate intelligence subcommittee and the Senate multinationals subcommittee, where he orchestrated the Lockheed scandals. He is presently top staff member of Church's subcommittee on economic policy. Levinson had previously been Deputy Director of AID in Brazil in 1964 and, with Vance, was implicated by former U.S. Ambassador to Chile Edward Korry in the 1964 Brazil coup, the 1964 vote fraud against Chile's Allende, and the 1973 Chile coup against the Allende government.

'The Debt Crisis Is Staggering'

Excerpts from Levinson interview July 12.

Church is no longer willing to discuss his differences with the Carter Administration in executive session. He wants to go public with it and will do so at our hearings on Tuesday (July 19). We think that the Carter Administration is playing a dangerous game: rather than go after OPEC directly, they are sticking the IMF in wherever they can with adjustment policies — a deflation policy — and are refusing to go after OPEC. The Carter Administration is running around like a bunch of little Dutch kids sticking their fingers in holes in the dike.

Church and Javits are feeling that the Carter Administration has underestimated the seriousness of the international financial situation and the volatility of international financial structures. The Carter Ad-

ministration does not want to deal with the underlying problem. If the Administration were serious about getting at this problem they would have an oil policy which they would put through under maximum crisis conditions.

The government must get in as an oil purchaser and play one OPEC country off against the others to drive the price down. The debt crisis is staggering and the Carter Administration was counting on OPEC investments — the capital account — to compensate for the U.S. trade deficit. Yes, the Europeans and Japanese are refusing to cooperate with the Carter Administration. They know that the IMF is not going to be a panacea to all the problems.

The debt crisis is not only a Third World crisis. Turkey, Spain, and weaker OECD countries are also in bad shape. Industrialists in Brazil, Mexico, and Peru are rebelling against the austerity regimes and creating a political crisis. Citibank and Chase are likely to get hurt in Brazil.

We need a new departure in Latin American policy around oil. The Falkland Islands have more oil than Kuwait, and Guatemala has huge reserves as well. We need to develop these as quickly as possible under maximum crisis conditions and thus force the OPEC price down. With the development of these fields with the present oil glut, a government oil monopoly will be able to play one OPEC nation off against the others.

The Venezuelans at one point wanted to get preferential access to the U.S. oil market and they have kept this option open in private negotiations. In Iraq the same situation could prevail...they have high production and increasing pressure from the Kurds. We need to tell the Latin American countries that we will sponsor oil production by raising the needed money in the U.S. and European money markets.

The Carter Administration is committed to a high OPEC price. This is reflected in the fact that Exxon kept figures in its high North Sea reserves secret for 18 months, with Administration knowledge, to keep the price up. We (Church, Javits and Kennedy-ed.) are working with no one in the Cabinet on this. They represent the old guard protecting the oil companies. They have a sweetheart agreement with the oil companies. Look at Schlesinger...he's just an old conservative Republican.

Call For A National Coalition Of Independents On Issues

July 9 (NSIPS) — The National Coalition of Independent Voters on Issues, chaired by Colonel Thomas McCrary, has sent out an open letter, excerpted below, calling upon independents throughout the country to join together to reinstitute the American System for the continued growth of the United States. Col. McCrary (USA, Ret.), whose distinguished military record includes service on the Joint Staff of the Joint Chiefs of Staff assigned to the Central Intelligence Agency, is chairman of the Committee for Fair and Honest Elections and Chairman of the Independent Party of Georgia.

July 7, 1977

The National Coalition of Independent Voters on Issues was organized and instituted early in 1977 for the purpose of inducing all individual Independents of all political parties and political bodies to close ranks on those public issues of mutual concern in which there is common agreement and support. The goal of this coalition is to reestablish the republican concept of the framers of the United States Constitution based on the Principal of Majority Rules vs. Special Interest.

Powerful financial corporations, foundations and so-called public information groups have combined their influence and so pressured our governmental institutions into adopting special and vested interest programs that the entire democratic process envisioned in the U.S. Constitution is out of balance with the wishes of the majority of the people.

There is increasing evidence that recent Administrations and particularly the present Administration is using inordinate and unfair pressure and harassment through the Federal Election Commission, the FBI, IRS and other federal agencies to suppress political opposition. Such practices will ultimately destroy our freedom of choice, freedom of speech, civil rights, and the right for self-determination in our government. It must stop and, as a coalition, we can stop it.

The Coalition of Independents has already established National Committees to fight for majority wishes. A national committee, representing a cross-section of activists in the various political parties, for Fair and Honest Elections was established in April of this year. It was chaired by Colonel Tom McCrary (State Chairman, Independent Party of Georgia) who appeared as a witness before the Senate Rules Committee. He also set in motion a coalition of southern Democrats and northern Republicans to oppose some of the undesirable features of the Administration Election Reform bill. Energy Research and Development National Committee, chaired by Hal Short, Washington, D.C. was established in early May. The purpose of the Committee was to bring together leading experts in the various energy producing fields for the purpose of proposing a Balanced Energy Program. The Administration-proposed program is more of a fossil fuel conservation program that fails to address itself to the major potentials of energy production both now and in the near future. It tends to regress the United States to the coal age of the first part of the century.

Now we are calling you to mobilize on yet a great-

er effort, to create a continuous coalition on fundamental issues of agreement. We believe that we can assemble a far larger cross-section of America and majority support through this method rather than bringing together splinter third parties who tend to bicker over minor issues and often "paint themselves into a corner." We can't be 100 percenters and expect to win — politics in a democracy is the *Art of the Possible*. What we believers in the *American System* can do is to pull together to achieve Majority Rule.

The Chase Manhattan Bank, owned and operated by the Rockefellers, along with other New York City banks, have made billions of dollar loans to underdeveloped nations that are about to default. If these major U.S. banks go under, there will be a national panic unless we offer an alternative immediately. Senator Javits of New York on June 16 requested the Senate to introduce a bill which would require the American taxpayer to underwrite these banks or provide the financial aid to the defaulting countries in order for them to meet their obligations. Such a bill would set the precedent of the American taxpayer subsidizing any private bank which gambled on high-risk loans or speculation in foreign countries which would give no beneficial returns to the taxpayer-underwriter.

Lyndon LaRouche, Chairman of the U.S. Labor Party and the party's candidate for president, has recommended a solution for the impending monetary collapse based on the American System, developed by Alexander Hamilton and embodied in the First and Second National Banks. LaRouche's proposal is to restore the American System through the creation of a private International Development Bank and the establishment of a Third National Bank to defend hard-commodity production at the expense of speculators.

We now propose that:

Time is of the essence to take measures immediately to establish this committee. We are asking you as an Independent to participate in this endeavor to save our country and its people from this ominous financial situation. Please indicate your desires and intentions to close ranks with us and support this committee and its purposes by filling in the attached form and mailing it to Box 1972, GPO New York, N.Y. 10001.

Colonel Thomas McCrary
National Chairman, Coalition of
Independents on Issues
975 Green St. Circle
Gainesville, Georgia 96350

Carter Attempts To Railroad Vote Fraud Package

The Carter Administration last week rallied its forces in Congress to railroad the stalled Universal Voter Registration through committee onto the House floor, simultaneously forcing a favorable vote on the Birch Bayh-Ted Kennedy bill to abolish the electoral college in the Senate Judiciary Committee.

In what is reported as a "concession" made by Carter to partisan opposition to his measures which would destroy the U.S. electoral process, the Administration agreed with Democratic House leaders to amend the registration bill to make it "optional" in the upcoming 1978 elections. The maneuver was specifically designed to curb opposition, which has verged on exposing the Administration's role in last year's vote fraud, a move which would be tantamount to impeaching the illegitimate President.

Carter met early this week with the House Rules Committee where he announced that he wanted the Universal Voter Registration bill, which would legislate same-day voter registration, to be brought onto the House floor immediately. The bill had been indefinitely removed from the House legislative calendar nearly two months ago, after Democratic backers of the Administration warned Carter that they could not assure him of the bill's passage. The personalized arm-twisting by Carter, aided by House Majority leader Tip O'Neill (D-Mass.), resulted in a Rules Committee vote of 9-6, along party lines, to bring the bill to the floor. The bill will go to the floor with the Administration "concession," prompted by the bill's sponsor Frank Thompson (D-NJ).

The Rules Committee action came just one day after the House Administration Committee heard testimony from Federal Election Commission chairman Tom Harris on campaign financing. Harris cited the "success" which the FEC had found in administering the presidential public campaign financing legislation, and argued in favor of extending the current law to include Congressional campaigns, thereby greatly extending the powers of the FEC which is already acting as the Administration's private "plumbers unit."

While the Administration has sought to act with impunity to ram through a full package to institutionalize vote fraud, these attempts have not been met without opposition in Congress. That opposition, however, is not fully cognizant of how effective a well-coordinated campaign to expose Carter's "Achilles heel," the vote fraud and campaign scandals would be in terminating the Carter-Mondale Administration. The basis of such a discrediting, reaching far beyond the scale of Nixon's

Watergate, was hinted at in a series of developments throughout the past week.

Jeffrey St. John, a television reporter for station WRC, a Washington, D.C. affiliate to NBC, opened a line of fire against the Administration's illegal use of the FEC to destroy political opponents of the Administration. St. John reported that the FEC had been sent 11 boxes containing 200,222 letters and postcards from U.S. voters opposing the Carter-Mondale voter registration bill. The letters were sent, St. John continued, for the purpose of preparing an Administration's enemies list by the FEC. High on such a list, St. John claimed, are the U.S. Labor Party, the Liberty Lobby, and the Libertarian Party.

While the St. John story was being widely circulated on Capital Hill, Rep. Charles Wiggins (R-Cal) led an attack on the registration bill before the Rules Committee voted to bring it onto the House floor. Wiggins, a leading minority member on both the House Judiciary and Administration Committees, declared that "the penalties to the American people will be far greater than any conceivable benefits from the bill." Wiggins demonstrated how the legislation would contribute to "tremendous vote fraud" in the states of at least Illinois, Ohio, Texas and Pennsylvania.

Wiggins broke from past GOP policy by accurately reporting to the committee on the extent of vote fraud in the Wisconsin 1976 elections, thereby destroying Walter Mondale's lying assertion that no vote fraud occurred in Wisconsin or Minnesota, two states where same-day registration is already in effect. Wiggins told the committee that the "GOP and a newspaper" had launched an investigation into the Wisconsin vote fraud and found a rate of fraud of 45 percent.

Despite such opposition, other aspects of the Carter-Mondale electoral package are moving smoothly through Congress. The Senate Judiciary Committee this week voted 9-8 in favor of bringing the Bayh bill to amend the Constitution to eliminate the electoral college to the Senate floor. A full 50 Senators, one-half of the upper house, is already co-sponsoring the amendment, which requires 67 votes to approve a Constitutional change. While Senate opponents to the move have threatened a filibuster, only 60 votes are needed to end such a debate on the Senate floor. With the Senate and House committee actions, the Administration has cleared two hurdles in its push to end democratic elections. The test for serious Congressional opposition will occur during House floor debate on the registration bill, scheduled for July 21.

Italo-Soviet T-Ruble Deal Forged; W. Germans Join Turn Eastward

SPECIAL REPORT

Niccolo Gioia, the President of the Italian-Soviet Chamber of Commerce, and FIAT representative in Moscow, announced July 8 that the socialist sector's transfer ruble will definitely be included as a credit instrument in a \$500-700 million trade package to be finalized soon. Confirming that the Italo-Soviet arrangement is understood by both sides as a means to replace the bankrupt dollar monetary system and get world trade going again, Gioia asserted that "projects are not lacking, some will be realized with the participation of third countries. Italy is now seriously considering the possibility of using the transfer ruble in three-way and multilateral" deals.

These trade deals, noted several Italian sources, are in the spirit of the private International Development Bank proposal of U.S. Labor Party Chairman Lyndon LaRouche. That bank, once in operation would issue credit on a gold-reserve, hard-commodity basis for multilateral trade and technology transfer deals. The transfer ruble, as is well known, is precisely the sort of hard-commodity-based currency that can ensure stable trade relations.

Thus, Italy's decision to go with t-ruble financing of trade marks the first concrete step toward actualizing a new world monetary system to replace the debt-sodden U.S. dollar and to free world trade from the death grip of the bankrupt New York banks. It also coincides with the initiation of a new "Rapallo" alliance between West Germany and the socialist bloc, in the spirit of the aborted German-Soviet Republic Rapallo Treaty of 1922

Maximum Effort for Development

The announcement of the Italo-Soviet arrangement was made at a Moscow meeting in the presence of Gioia's Soviet Chamber of commerce counterparts, the Italian Ambassador to the USSR and his commercial attaché, and TASS reporters. *Il Fiorino*, the Italian financial daily, which, together with *Corriere della Sera*, broke the story July 9, stressed that economic cooperation is key to detente: "The major conclusion coming from the Great Hall of the Moscow office of the Italo-Soviet Chamber of Commerce is that Italy is interested in cooperation with the Soviet Union and will make the maximum effort for its development. The Soviets feel the same way about Italy."

Knowledgeable Soviet sources indicate that these deals are in the final stages of negotiation. It only remains to plug loopholes which could expose the transfer ruble to currency speculators, they said.

Italian industry insiders reveal that a ruble-denomi-

nated letter of credit will be utilized in at least one major deal for wide diameter pipe for natural gas between the Soviets and the Italian state-owned firm IRI. The French daily *Le Matin* corroborated the pending Italian transfer ruble contracts describing the go-ahead decision as a big plus for the Italian economy.

Schmidt's Rapallo Push

Backing up the t-ruble deal, which has been in negotiation for many months, is the recent political decision by West German Chancellor Helmut Schmidt to, for the first time, support a new East-West trading currency system. Schmidt last week signaled, through an interview in the Hungarian newspaper *Nepszabadsag*, that his government supports the Italian negotiations in Moscow and their expansion to include the rest of Europe. He called upon the socialist sector's economic alliance, the CMEA, to create a "new common currency system" with Europe.

Just days before Schmidt was to arrive in Washington to, on behalf of Western Europe, tell Carter that Europe is now firmly committed to a new world economic order based on industrial progress, the West German industrialists' daily *Handelsblatt* damned the Carter Administration's attempts to force a de facto revaluation of the deutschemark through runs on the dollar. "Currency traders are again talking of stormy developments (with the dollar)," *Handelsblatt* observed, "and are doing so with an undertone of thorough satisfaction; for finally, the ruble is rolling for them quite nicely, if the monetary infrastructure collapses altogether.

West Germany, and the rest of Western Europe should know by now that such tricks as currency counter warfare can't save a world economy tied to the dollar. Recently rebased figures show that West European industrial output and manufacturing orders declined from May to June, 2 percent for West Germany in both categories.

Accordingly, a growing number of government officials, industrialists, and bankers are publicly or privately endorsing the creation of a gold-pegged European monetary unit, backed by a European wide central bank linked to the gold-based transfer ruble in an East-West European economic zone.

"Despite the International Monetary Fund agreement to 'demonetize' gold," wrote Felix Goryunov, observer for the Soviet daily *Pravda* July 9, "a number of Western countries increasingly consider it the most reliable defense against financial zig-zags." Goryunov emphasized that the dollar has "neither gold nor commodity backing" and that the \$300 billion Euromarket is in fact part of U.S. debt — U.S. notes held abroad. Thus, the *Pravda* article continued, "U.S. foreign liabilities are approximately 15 times larger than its gold reserves and twice the volume of American exports..."

Full-Blown Dollar Crisis Emerging

FOREIGN EXCHANGE

The downward stagger of the dollar last week at times reached historic and near-historic lows vis-a-vis the yen and deutschemark respectively. The currency crisis is taking on a life of its own as a free-for-all with a basically defensive character on every side.

U.S. Treasury Secretary Blumenthal continued to assert publicly that he is satisfied with the dollar's ongoing depreciation and does not intend to take measures to arrest it. Elements in the Federal Reserve — which intervened July 8 when the dollar decline became really precipitous — are more vigilant about the possibilities of a panic.

However, as the West German business daily *Han-delsblatt* underscored last week, the Fed lacks sufficient reserves of currencies like the deutschemark and Swiss franc to sell them for dollars at conjunctures when large dollar purchases are needed to hold up the U.S. rate. The Fed finds it unseemly to buy its own currency, and borrow others' to do so. Consequently Washington has relied on other central banks to perform support operations, at a rate of \$250 million a day on the average during 1976, when the markets were far calmer than today. This strain on reserves can become acute during the kind of full-blown destabilizations that have not yet occurred.

Whatever its preferences, for the time being the Fed has bowed to Blumenthal's let-'er-rip posture, merely begging the Europeans to temper the dollar devaluation. Blumenthal and a number of New York banking strategists are moving up the timetable for an austerity depreciation pummeling of the weaker northern and southern European countries to smooth out the dollar's decline and, above all, make a concerted European counter-policy effectively impossible. Washington expects Europe and Japan to swallow U.S.-dictated monetary adjustments as they did in 1971-73.

Apart from Blumenthal's bromides — which increasingly resemble the bunker pledges of total victory uttered by Admiral Donitz as Allied troops moved in — all factions of the New York banking community now openly recognize the perils of the dollar slide. "The dollar is finished as a major currency," said a Rothschild-linked observer this week. The Rockefellers' Citibank sees "no current bottom to the dollar. It's like Catch-22: the lower it gets, the lower it goes. There is no confidence in the dollar." One Bankers Trust executive had just returned from Europe, where "everybody was asking me what's happened to the dollar and they were moving out of it. No one wants to hold dollars. They're going into D-marks, Swiss francs... Yeah, I know the problem of you have to end up holding dollars (as reserves), but no one wants them. The trade deficit is really a problem." The trade deficit, be it noted, is merely one expression of those bank's debtors' inability

— like Mexico — to maintain their imports from the U.S. The downturn in commodity and stock prices meanwhile reciprocally reinforces dollar weakness.

On the West German end, the monetary authorities saw the mark approaching its historic high of 2.23 to the dollar on July 11 — even though in principle the imminent devaluation of the Spanish peseta might have been taken as a testimony to the "aura of power" of the International Monetary Fund's policies, and thus have strengthened the dollar. The central banks of Italy, Holland, and France had to intervene to prevent their currencies from appreciating too sharply against the dollar.

This in turn posed a problem for West Germany, and a short-term response on July 14. The problem is the mark's tendency to stick up like a lonely thumb. France and other key trading partners rightly expect damage to their export competitiveness from appreciation of their currencies, while their import demand will remain too low to offer sufficient compensatory advantages from cheaper foreign purchases. They are therefore loath to move with the mark, despite their interim capacity to do so. Thus West Germany faces a solitary upvaluation which, although the effect on its specialized exports is probably marginal, puts intolerable strains on the joint-float European "snake" and brings an inflationary inrush of "hot money," at the same time that real economic activity is fearfully slacking.

Accordingly, on July 14 the Bundesbank lowered the Lombard rate (the central bank repurchase rate, comparable to the U.S. Federal funds rate) by half a point to 4 percent, pulling down the mark's spot and forward purchase parities and deposit interest rates as well. Observers thought this move, which occurred in coordination with Swiss monetary authorities, was not forceful enough, short of a bank rate cut, to hold down the mark. Bundesbank president Otmar Emminger, noted for his servility to the U.S. Treasury, was obliged to hold a press conference the same day emphasizing that the Lombard cut was due to "the explosive erosion" of the dollar and suggesting that the West Germans do not want to see the mark much higher than 2.29 to the dollar. The net effect of the Bundesbank's ploy was to prop the dollar (which again was slightly weaker July 15 across the board) and give the mark a little breathing room.

Following the Japanese elections, the Bank of Japan was expected to return to its unpopular pledge not to intervene to keep yen appreciation from devastating Japanese exports. Last week, however, this abstention was not strictly maintained. More important, the Japanese press began to spell out the view that the issue is not dollar-yen parities, but what they describe as a general crisis of the dollar comparable to the 1971 collapse. The prestigious *Asahi Evening News* of Tokyo called for genuine solutions to the global economic and monetary crisis, tacitly sweeping past the fears of Japanese industrialists that if they do not accept Blumenthal's upward push on the yen, the U.S. will slam them with drastic protectionist measures. The degree of

Washington's push may be measured by a U.S. Embassy survey concluding that a yen rate of 250 to the dollar is required to drive Japanese export prices to a level where U.S. manufactures can compete with Japan; yet in fact, Japanese exporters cannot live with a yen rate much above 262 to the dollar! The *Asahi* slyly noted that if the dollar crisis continues, Japanese government sources say they may feel compelled to ask Washington to do something about the mammoth U.S. trade deficit. The Japanese press has also made a point of reporting that Arab investors are moving out of dollar holdings into mark, yen and Swiss denominated ones.

This is small comfort to the French and British, for New York and Washington strategists, as everyone from Manufacturers Hanover and Bank of America to Lloyds of London agrees, are counting on mopping up sterling and the franc after deutschemark appreciation has destabilized the "snake" currencies. The markets are already primed for such a move, with the news that the French trade deficit moved from .444 million French francs in May to a shocking 2.3 billion in June, while industrial production continues to stagnate. Some U.S. bankers are actually counting on capital flight from France to help boost the dollar.

In Britain, the Callaghan government is trying to fend off the wolves by slashing appropriations for nationalized industry, insisting on a 10 percent ceiling on wage hikes (with inflation at 17 percent a year) and threatening that any corporation attempting to reach a higher wage accommodation with its work force will be penalized with loss of government contracts. This butchery against Britain's two key assets, the expansive potential of its nationalized industries and its skilled work force, cannot be compensated for by any amount of North Sea oil revenue. French Premier Raymond Barre has re-launched an equivalent incomes policy. Moreover, far from forestalling a threat to the franc and sterling, this will only encourage further assaults.

West German policymakers are proclaiming a dollar crisis but it remains to be seen what they will do to salvage their trading partners. The West German

newspaper of record, the *Frankfurter Allgemeine Zeitung*, attributed the dollar slide to the anticipated \$24 billion U.S. trade deficit in an article July 13, adding that Blumenthal's statements about the desirability of dollar depreciation represent "an incitement for dollar holders to switch to D-marks." Bundesbank officials specify smugly that the current dollar selling is not a normal speculative reflex but "a restructuring of currency deposit ratios," that is to say, a sizeable shift of longer-term assets out of the dollar. This shift is clearly welcome to West Germany and Switzerland, but no one pretends that it can stabilize the international monetary situation. One proposal from Bundesbank circles this week was an official reserve status for the mark; Brookings Institution Fellow Lawrence Krause told the *Asahi Evening News* two weeks ago that both the mark and yen should become reserve currencies. In the absence of a remedy for the underlying weakness of the dollar, and the dollar-debt overhang, this would simply lock West Germany, Japan, and everyone else further into the mess, as shown, mutatis mutandis, by the buffer experience of sterling over the past decades.

Dealers expected the dollar slide to continue in the coming week, with only temporary alleviation from the Bundesbank's Lombard drop and aggravation from the bank of England's dollar buying. If a terminal crunch were anticipated, however, a level of scuttling to sell dollars short would have been apparent, as has not been thus far. And the price of gold would be shooting beyond its present \$143-45 range as investors of all sizes hedged against a dollar collapse.

The peseta devaluation is only the most obvious case in point of a country left to the mercy of the IMF without sufficient backup from its European partners. After the 20 percent devaluation July 13 (technically speaking, an agreement to let the currency sink to that level), the OECD is demanding a further 20 percent devaluation in the near future. Sweden is under increasing pressure to do the same as industrial production drops, the stock market sags, and key banking figures publicly accept the IMF imperative.

The Pie Is Shrinking Fast

BUSINESS OUTLOOK

If there are any lingering doubts that the world economy is now a "shrinking pie," the following review of the present status of the U.S. economic "recovery" should dispel them.

Though the government's hallowed economic statistics hardly reflect the real state of decay of the U.S. economy, even they are signalling the onset of a new depression. Seventy percent of first quarter spending by businesses on new equipment was accounted for by purchases of new autos and trucks for business use! And

equipment accounted for the bulk of "plant and equipment" spending.

Shipments of factory durable goods are falling faster than orders because existing capacity is too decrepit to keep up even with the low level of orders.

Or take the lockout in the copper industry. World demand for copper from the electrical and other copper-consuming industries has been in a slump for four years running. World copper stocks are estimated at around two million tons — more than double the usual amount — and prices are below the cost of production.

While the copper workers went out on strike early this month, the New York financial networks who control the copper industry were making plans to triage the "uncompetitive" U.S. industry in favor of cheaper

production in the Third World.

The collapse of the U.S. economy is now accelerating to the point where even the government economic statistics point to a "broad-based" downturn. In June the unemployment rate bounced back up above 7 percent, as the increase in new jobs failed to keep up with the exceptionally large increase in the number of individuals looking for work — housewives looking for jobs because one income is no longer enough to support a family, and an unusually large number of youths leaving school permanently and entering the job market for similar reasons.

Most of the economists on Wall Street hailed the sharp drop in wholesale prices in June as an encouraging sign that inflation is finally abating. However, the 0.6 percent drop in the Wholesale Price Index reflects a collapse in prices for farm products and a continuing slowdown in prices for industrial commodities — and severe liquidity problems ahead for both sectors.

Simultaneously, the Justice Department's Antitrust Division has launched an investigation into alleged price fixing by about 10 steel companies on hot-rolled sheet steel. This is the product used in making autos, appliances, and other consumer items, which has been the main source of income for the major steel companies in the recent period.

Consumer Credit Bubble

However, the thing that is really sending jitters through Wall Street is the over-stretched consumer debt bubble. For weeks the *Wall Street Journal* and other publications have been sending out dire warnings: watch out for the housing bubble, watch out for the consumer debt bubble. The news on July 8 that consumer credit expanded by yet another \$2.53 billion in May, the third largest increase on record after March and April, prompted analysts to hint, "major problems could develop for banks and other lenders if consumers have trouble paying off their mounting debts and thus push up the loan default rate."

Their worry is that the consumer behind the "consumer-led recovery" is himself "spent" — his savings are running down and he is already up to his ears in debt. The main prop that has been holding up the moribund

U.S. economy through over two years of pseudo-recovery, is about to go.

In this regard the three-month-straight drop in retail sales is particularly foreboding. The report of the drop in June retail sales today was punctuated by the news that the roof just fell in on United Merchants, the holding company for the "low overhead" Robert Hall chain. The bankruptcy is the largest since W.T. Grant folded in October 1975, in the early days of the "recovery."

The overall slowdown in consumer spending means that the last "pocket of prosperity" in the economy — auto and spin-off industries like steel — are living on borrowed time. There are already rumors of a particularly long retooling period in the auto industry this summer. Steel output has declined for five weeks straight, and the industry is just waiting for the outbreak of wildcat strikes to put into effect de facto layoffs.

Strike Situation

A quick look at those sectors where workers are striking or contemplating strikes underlines the futility of normal trade union actions in a shrinking economy.

* Municipal: Most major cities have already been put through two years of severe budget cuts. They are staggering under the combined effect of economic decay and shrinking revenues on the one hand, and ballooning debt service payments on the other. Short of debt moratoria and enactment of the USLP's Third National Bank proposal, only further budget cutbacks are on the agenda.

* Steel: Steel production has gone into a nosedive coming off the pre-price increase spurt of orders. The stagnation of capital formation worldwide has guaranteed a "shrinking" market for steel, and now the expected downturn in auto sales will wipe out steel's last market.

* Copper: The suicidal character of the copper strike has already been demonstrated. Phelps Dodge, the company which provoked the strike last month by offering its workers an effective three-year wage cut, is just getting down to negotiating with its striking workers. The industry has been waiting impatiently for a strike to begin working off the glut of copper and rationalizing out of existence the capital-intensive U.S. copper industry.

Under Threat, OPEC Stands Firm On Production

The Organization of Petroleum Exporting Countries (OPEC) delivered another blow to Rockefeller interests during the OPEC's semi-annual meeting this week in Stockholm. Both Saudi Arabia and Iran, exhibiting a rapprochement in their previously strained relations, vowed to keep the price of crude oil down through the remainder of 1977, with the aim of keeping any further price rises to a minimum for the next two years. At the end of the two-day meeting, Saudi Arabian Oil Minister Sheikh Ahmed Zaki Yamani reiterated the Saudis' determination to raise their daily production from the present 9 million barrels a day to the 14 million barrel target over the next two years. According to the *Financial Times*, the Saudis have quietly agreed not to raise their present output for the immediate future in order to allow the other Gulf producers, Iran, Kuwait and Iraq to gain a fair share of the market.

OPEC's firm policy for increased production and limited price rises makes implementation of Carter's zero growth energy program much less saleable to the U.S. public. Only days before the OPEC meeting James Schlesinger warned that "supply interruptions" of oil from foreign sources would speed imposition of gas rationing and controls. Rumors from the OPEC meet of Arab maneuvers against the dollar, coming just as the dollar is taking a severe drubbing on the international markets, have made Rockefeller visibly nervous. Sources in Stockholm confirmed that OPEC is actively investigating alternatives to the dollar, including according to a CBS correspondent, the use of gold. An executive of Italy's public sector Montedison chemical giant commented that the oil producers are "fed up" with the dollar and are dumping it and buying up deutchmarks and Swiss francs.

The Arabs are also buying gold. It is widely known that one formula for a new pan-Arab currency, the Arab dinar, favored by the influential oil-producer Kuwait, is that it be gold-backed. As a well-informed New York market analyst put it, "The European central banks love gold and would welcome the dinar."

Rockefeller Retaliates

In the last month, Kuwait has experienced two hijacking incidents, the most recent four days before the OPEC meeting. According to the *London Times* and the

Manchester Guardian's David Hirst, Syrians operating closely with Israeli military intelligence, were responsible for the incidents. These same networks have conspired to destroy the Palestinians in Lebanon, an operation bankrolled by Rockefeller. This week, Rockefeller anti-Arab blackmail escalated to military threats against the Saudi oil fields by the Israeli military machine.

The gulf states, led by Iraq, have maintained defensive measures against such an Israeli attack since indications of the threat were first received early this spring.

Last week Iraqi Information Minister Tariq Aziz informed *Wall Street Journal* reporter Ray Vicker in Baghdad that Iraq is preparing to counter a "leapfrog" Israeli attack over the Arab confrontation states into Iraq itself. Vicker reported having seen a number of Iraqi oilfields surrounded by batteries of anti-aircraft missiles.

The Shah Comes Under Fire

The Iranian alignment with Saudi Arabia on pricing moderation is a radical departure from Iran's past lobbying for drastic price rises. Just days before the OPEC parley convened, Iranian Oil Minister Jamshid Amouzegar, in an interview with the *Baltimore Sun*, proclaimed Iran's new decision to back a levelling off of the price of OPEC crude through 1979. Iran's hardline on oil prices was a valuable means of selling global energy austerity by Rockefeller dominated institutions such as the International Energy Agency.

Since the OPEC meeting, a wave of attacks against the Shah on the issue of "human rights" has spread throughout the international press. The "radical" branch of the NSC, the Institute for Policy Studies, and its European adjunct, the Transnational Institute have led the drive. According to a high ranking Iranian government official, there is widespread fear in Tehran that the Shah may soon be assassinated by "the CIA." CIA Director Stansfield Turner has issued a statement condemning U.S. sale of the sophisticated airborne surveillance system known as AWACS to Iran. Turner claims Iran could deliver the craft to the Soviets. The Italian daily *Il Giornale* recently reported that the top leadership of the Iranian secret service, SAVAK, was split over whether or not to support the AWACS purchase since some argue, that "it will be an act of aggression against the Soviet Union."

EXCLUSIVE

Schmidt On The Responsibility Of Research For The Future Of Society

A speech by West German Chancellor Schmidt, delivered June 28 before the German Research Association.

In his eloquent address, excerpted below, Chancellor Schmidt redefines the zero-growth slogan, 'quality of life' as scientific humanism. He calls upon the West German scientific community to take up an intellectual, scientifically grounded battle against "left-wing" extremism, bestialism, and anti-humanism, and profoundly locates the role of scientific research in social progress in a broad but precise context.

...The underlying reason for the expectations in society coming from (scientific) research can be found in the feeling — even if it is not clearly and consciously formulated — that in a world of rapidly changing economic, and also political situations, we Germans can only maintain our well-grounded welfare, and resulting political and social stability ... if we mobilize our resources, namely:

— the potential of our skilled workers; that is why my government has put so much emphasis on improved vocational education;

— the potential of our engineers and corporate leaders;

— and — last but not least — the potential of our scientists and researchers.

The population feels unconsciously that we must not saw off the tree branch on which we are sitting, although there are obviously a great many people who are diligently sawing away; that must be recognized.

Permit me to give an example. Our exports of full industrial plants and major technical installations, for example, for the peaceful use of nuclear energy, demonstrate as a tendency, where the course of our economy must go in future decades. Certainly, we are not only going to export blueprints and establish our future living standards on the returns from them. That would not suffice to employ our 60-million population, and would certainly displease our trade unions, factory councils, and the women and men represented by them in the factories. However, our strength must be the production of highly specialized, technically exacting goods and installations, with our noses always a bit in front of everyone else. In a country which has no oil, and no natural gas, and that with the exception of soft coal and hard coal is very poor in raw materials, this must be the case.

The second reason that many people expect a great deal from research — even if they perhaps would not formulate it this way — is that they have increasingly understood in the last years that we cannot completely consume the natural resources of the world and of our

Our exports of full industrial plants and major technical installations, for example, for the peaceful use of nuclear energy, demonstrate as a tendency, where the course of our economy must go in future decades.

country, which have emerged in the course of millions of years, in the course of a few decades.... Thus, many people expect from research modes of production and products which conserve energy, which make useful the regeneration of energy sources (for example of the sun and wind), perhaps even tidal energies: not to mention the energy policy options about which we are certainly already speaking, but which are not yet technically or economically realizable: such as fusion, coal gasification and coal liquefaction.

....Many of you will not have the feeling that I am speaking strictly of goal-oriented research, while without question, the crown of research is goal-independent and basic research. I would like to avert such a misunderstanding. The federal government is by no means interested only in research which produces hardware for industrial innovation. That is not the case. We do not want to put ourselves, one-sidedly, on the side of immediate utility. Basic research must also in future constitute the basis of fermentation and guarantee simultaneously sufficient potential in qualified successors.

For these reasons, there is little doubt in government circles — in parliaments and cabinets of the states and federal government — that state promotion of basic research is a necessity, for which no particular lobby is needed to guarantee maneuvering room in this field in relation to the state, as has been accounted for in the Basic Law, Article 5, paragraph 3, on science and research.

On the other hand, the state must bear responsibility for the spending of tax monies which it takes from its citizens. A certain degree of co-determination on the part of the state is unavoidable. I have the feeling however that those who are collaborating in the Research Association, cannot and do not want to protest against too great intervention on the part of the state.

I genuinely wish to find in each individual one of us a synthesis of general education, as to what concerns humanity; knowledge, insight and learning as to the process of the unfolding of humanity on the one side and of specialized expert accomplishments on the other; a 'thinking together' of both.

I am starting from the assumption that all research must be conscious of its social determination. The dilemma is to evaluate this correctly. Research is not merely socially organized investigation for knowledge; it is also social, societally financed, and thus should also be socially obligated.

No one can set the boundaries of research generally and abstractly.... In each concrete case, this becomes somewhat easier. If I am correct, there exist until now no undisputed, general criteria: and Robert Oppenheimer's question about the ethos of research and of the researcher will remain an urgent question for coming generations.

I myself believe that science and research must recognize providing value to the human being as their main task, and that they must see the code of not injuring the human being as the absolute boundary of all research activity.

Now it is certainly the case that scientific and technical progress, and the resulting growing welfare are necessary preconditions for human-worthy existence, but by no means are they sufficient preconditions for the preservation of the value of the human being. This is a realization which — I think — must be permitted to have its effects on the goals of research, which you set for yourselves, or which we jointly establish.

For example, I am not certain whether the future deficiency of certain raw materials, or a deficit in the patent exports of the Federal Republic of Germany are really any more grave for the strength and future of our society than for example the broadly spread deficiency in historical consciousness; or than the broadly prevalent inability for reasonable — that is partnerly — collaboration...

How has man actually come today to be what he is? We must know this if we want to prevent ourselves from declining into a spiritless 'technocratic society' — as this was once said by a man who at present is playing a major role in the government of a friendly major nation. For me, what is decisive ... is a comprehensive look, a comprehensive interpretation of humanity and of its undoing, a continuous comprehensive look.

Permit me to give an example of what I mean: The laudatory commentary from some individual students and their little papers — allegedly leftists — on the death

of Buback, Wurster and Goebel reminds me of a process which I did not consciously live through, but which I have consciously taken out of history into myself: the deaths after the First World War of Rathenau, Erzberger, Rosa Luxemburg and Karl Liebknecht, and the laudatory cynicism towards the murdered — that time, apparently coming from the right. If there is a problem at German universities which profoundly moves me, then it is this: that something like this could happen again, fifty years later. Thus, I ask myself what we all, what each one of us can contribute, guiding, enlightening, so that not all of the terrible mistakes of recent German history are repeated.

To learn how to understand human beings is extraordinarily important and does not mean to polarize knowledge and to play it out against itself, but rather to identify contexts and interdependencies.

I wish that we had long ago rejected an interpretation of history ... which conceives of history merely as a succession of wars and rulers, which puts the history of economics, of literature, of law or of art into simplistic special, little packets which are each individually investigated and observed. I genuinely wish to find in each individual one of us a synthesis of general education, as to what concerns humanity; knowledge, insight and learning as to the process of the unfolding of humanity on the one side and of specialized expert accomplishments on the other: a 'thinking together' of both. For this purpose, one must not become a 'generalist'. For this purpose we need more interdisciplinary work; we must penetrate the entire realm of culture and intellectual science in this respect, including the sciences of communication and language, of politics and ideology, of behavior and self-evidently of the entire realm of labor.

It appears to me that our contemporaries have a latent hunger for historically founded, unified comprehension of what man is and how he has become so. The fascination which has been provoked by the Roemisch-Germankischen Museum on Cologne, which is visited by hundreds of thousands; the fascination, which a few years ago resulted at the Caspar-David-Friedrich Exhibition in Hamburg, which until then had not been a part of the lives of the majority of the visitors of this exhibition: the fascination which today hundreds of thousands are experiencing at the Stauffer Exhibition, are indications for me of the need within man to understand how we really came to be what we are.

...Practically any scientist is ready to speak to his monetary benefactors; he is also willing to talk to the colleagues in his field; however, the willingness is considerably less — and also opportunities for this are not often sought out — to speak to colleagues in other fields of expertise. And unfortunately, even less is the readiness, and unfortunately many fewer opportunities are sought, to inform a broader public.... I want to put it this way: in a democratic society, lucidity, transparency of science and research is a moral obligation to bring forward! It is not the moral obligation of the 60 million citizens to retrieve, but the moral obligation to bring by scientists and researchers!

... We all know: mankind wants further progress, especially in its wellbeing. However, its unhampered faith in progress has perhaps disappeared. Many men simply want more electricity, but no powerplants, or

they want an auto to drive, but not to have the roadway pass by their house. That is internally contradictory, but typically human.

... We politicians, in our field, must insure that the human element (Humanum) remains the essential kernel of our society. We cannot with certainty accomplish that alone. We must aid one another. I concede that until now scarcely one political system has thoroughly solved this problem in a lasting way. neither the western democracies, and certainly not, as we all know, the compulsory systems which exist in our immediate or distant proximity, nor the military dictatorships. That is the task for all of us.

(Schmidt then discussed higher level schools and universities. He emphasized the particular problems West Germany faces because of its demographic imbalances caused by World War II, and its present zero rate of population growth. He affirms that the government wants both to get rid of numerical restrictions on university education, and also to shorten the length of university level education.)

I am opposed to our permitting ourselves to become

discouraged. I also do not support the fact that those who want to paint black visions of the future on the walls of scientific progress are allowed to be the only agitators. I think that we all have the obligation to take responsibility so that the men of our age and those who follow understand that we have both the chance and the ability to take the future into our hands, and that we are not delivered over to processes which cannot be controlled.

...Removing the cloak from the hidden, bringing the unknown as much as possible out of the realm of secrecy into the realm of the transparent, is not merely a democratic task; one could similarly formulate the task of research in this way. But, I am no philosopher and have not reflected for a long enough time over these formulations.

We need curiosity about the future. Pessimism in relation to the future we cannot use. Through pessimism, we could destroy the human element of our society. We need curiosity about the future, and that means: We need research, we need you. However, since you also need others, please accept the one or two suggestions which I have permitted myself to offer to you.

Richard Pipes' Dream — Another Utopian Nightmare

Richard Pipes' highly-touted article "Why the Soviet Union Thinks It Could Fight and Win a Nuclear War" run in the current issue of *Commentary* magazine has been picked up and generally favorably received in the "American Whigs" press, including the *Chicago Tribune*, the *St. Louis Globe-Democrat*, and the *Indianapolis Star*. These American Whigs, well aware of the fundamental fallacies of the Mutually Assured Destruction (MAD) strategic doctrine, have been eagerly looking for a serious and honest assessment to appear on the actual Soviet military doctrine and war-winning preparedness strategy. They have been led to believe by all the hype that Pipes produces a rigorous analysis of the "Clausewitzian" Soviet strategic doctrine and a devastating critique of Fabian-linked stalwarts such as Paul Warnke, Henry Kissinger, and Robert MacNamara, who generally deny that it is possible to fight and win a nuclear war.

If Pipes' purported scholarly purpose were in fact fulfilled and this common superficial reading of his article correct, then indeed Pipes' *Commentary* piece would be a valuable contribution to the strategic debate now taking place in this country, being spearheaded by the U.S. Labor Party, Generals Keegan and Singlaub, circles at the American Security Council and others. But this reading is a pipe dream.

Monetarist Faction

In fact, *Commentary* magazine is the house organ of the financier-controlled Committee on the Present Danger (CPD), an outfit composed of monetarist lunatics. Included on its executive board are Goldman Sachs partner Henry Fowler, the unstable Eugene Rostow from Social Democrats USA, Dillon Read investment banker-turned arms negotiator Paul Nitze, banker C. Douglas Dillon, also of Dillon Read, and the discredited Democratic Party pro-dope hack Admiral Elmo Zumwalt, as well as Pipes, a Harvard Sovietologist, himself. It is well known that this faction collaborates behind the scenes with Jimmy Carter's National Security Council Director Zbigniew Brzezinski and Energy Czar James Schlesinger. The Pipes piece is in fact a factional document put out by a grouping of financiers with powerful connections at the top levels of the Carter Administration.

The fact of the matter is that Pipes and his CPD cohorts, under the cover of scholarly analysis, are retailing the *Big Lie line* that the Soviet Union as a matter of political policy, intends to launch and win a nuclear war that will destroy the United States.

Pipes strongly hints at the above formulation in his article, and left no room for doubt about his thesis in an interview with NSIPS. In his article he writes, "And insofar as military doctrine is indicative of intent, what

the Russians think to do with their nuclear arsenal is a matter of utmost importance that calls for close scrutiny... above all, however, looms the question of intent: mutual deterrence does not really exist. And, unilateral deterrence is feasible only if we understand the Soviet war-winning strategy and make it impossible for them to succeed." In the interview, Pipes confirmed, "In my article I am not at all talking about Soviet military capability. I am talking about their intent, their political and military intent."

Further, in the *Commentary* article, Pipes explicitly advocates that the U.S. adopt a brushed-up version of Herman Kahn's escalation (rung-ladder) nuclear war scenarios. Pipes excoriates the foolish Mutually Assured Destruction (MAD) doctrine because it does not "deal in a considered way with the particular nuclear attack on hand so as to minimize further damage to the United States and maximize the possibility of an early settlement on reasonably acceptable terms..." He enthusiastically boasts "limited-response options," the "refinement introduced into U.S. doctrine by James R. Schlesinger."

He also strongly suggests, demonstrating either a shocking ignorance of the ABC's of modern nuclear war-fighting or simple duplicity, that a Soviet first-strike against the U.S. would *not* be a total, all-out attack against U.S. military capability and population centers to destroy the United States as a functioning nation and thereby eliminate NATO's in-depth war-fighting capability. "Soviet nuclear strategy is counterforce oriented. It targets for destruction — at any rate in the initial strike — not the enemy's cities but his military forces and their command and communication facilities." He then uses this falsification to sneak in his own suggestion that the U.S. assume a "mirroring" counterforce "preemptive strike" posture (not surprisingly the only "preemptive strike" posture the U.S. is potentially anywhere near capable of): "Any evidence that the U.S. may contemplate switching to a counterforce strategy such as occasionally crops up, throws Soviet generals into a tizzy of excitement. It clearly frightens them..."

When interviewed, Pipes frankly admitted favoring a massive civil defense program, quick deployment of the full assortment of utopian Nazi-style wunderwaffen weapons — including the cruise missile, the neutron bomb, the MX mobile missile, and the M-12A nuclear warhead — and improvements in U.S. missile targeting and MIRVing to give the U.S. what he called a "preemptive first strike" capability to meet "the Soviet war threat."

Why Now?

The appearance of Pipes' CPD factional piece at this

particular time is extremely significant. What has the financier-controlled CPD faction terrorized is the fact that the Soviet Union is helping to bring down Lower Manhattan's bankrupt "American Century" world financial order — not with missiles and bombs, but with an aggressive political organizing drive to re-industrialize Europe and develop the Third World through economically sound transfer ruble-financed projects.

Contrary to Pipes, Soviet policy is to neutralize the war danger caused by the Carter Administration's debt collection and deindustrialization efforts which constitute the *propelling force* toward general war.

Pipes' CPD deployment is being undertaken with the full support and cooperation of Brzezinski and Schlesinger for a dual purpose. First, Brzezinski and Schlesinger are hoping that Pipes' call for a U.S. "pre-emptive first strike" posture will give desperately needed credibility to their "aura of power" confrontationist policy, and cow the Soviets into backing off from their economic strategic perspective.

In this regard, the CPD monetarist grouping and their associates are using Pipes to try to discredit "soft-liners" Paul Warnke and Henry Kissinger, who represent other monetarist groups whom Pipes specifically attacks, and with whom the CPDers have heretofore collaborated as part of a Mutt-and-Jeff psychological warfare game against the USSR. The CPD crowd now wants to cast off Warnke's British Fabian-style 18th century-like "ceremonial warfare" negotiations approach and Kissinger's neo-Metternichian balance of big power maneuvering, which they see as no longer effective in deceiving and intimidating the Soviets. The puppet Carter himself as well as Cyrus Vance and Paul Warnke are now moving into complete lock-step toward nuclear confrontation behind the Brzezinski and Schlesinger Utopian *wunderwaffen* push.

The CPD, which has strong ties into the AFL-CIO leadership though Lane Kirkland and some, if dwindling, influence in industrial and military layers, is also out to manipulate Whig layers — increasingly looking to the U.S. Labor Party for leadership — around their profiled paranoia about the Soviets and with the boondoggle bait of low-technology *wunderwaffen* "defense" production (the Cruise missile, neutron bomb, MX mobile missile, et al.). They are hoping that American Whigs will not concentrate their energies on maintaining high-technology industries, (like aerospace, through, for instance, prototype development of the B-1) and will not seek new military applications primarily as spin-offs from fusion and other high-technology development within the industrial-military complex.

Whose Peasant Mentality?

Richard Pipes reveals himself in his commentary piece to be a crude Social Darwinist and nominalist whose "analysis" of the Soviet Union and its leadership is largely projection. A leader in the Committee on the Present Danger and plant on the "outside" Team B evaluation group, Pipes is a Polish refugee who betrays an unmistakable "peasant mentality" with no comprehension of the American Whig industrial capitalist tradition.

For example, Pipes gives several paranoid reductionist arguments, to build his ridiculous case that the Soviet Union is *intending* a first strike against the United States as a matter of political policy. According to Pipes, "an extreme social Darwinist outlook on life" permeates the Russian elite as well as the Russian masses, which only (Brzezinski's very own) Russian "democratic intelligentsia and religious dissenters oppose to any significant extent." In Pipes' warped perspective, "the Communist revolution of 1917.. in effect installed in power the *muzhik*, the Russian peasant."

From there, Pipes argues that the Soviet Union has developed its "intent" to fight and win a nuclear war as the only means of controlling its own population — as he puts it, "to ensure internal stability"!

In the same vein, he argues, in language reminiscent of Nazi "blood and soil" jargon, that what he calls the "middle class, essentially Protestant ethos" of the United States, held by "the educated and affluent," regards fear — that is, "the organism's biological reaction to the threat of violence" — as inadmissible and therefore, unfortunately, does not feel threatened by the Soviets. He quotes fellow Utopian, flap-jawed Daniel Moynihan as scientific authority: "If you're not very educated, you're easily frightened. And not ever being frightened can be a formula for self-destruction."

Within Pipes' own "peasant mentality," science and technology are downgraded, if not actually despised. "When the Soviets launched Sputnik, which their propaganda hailed as a great contribution to the advancement of science, (it)...represented in fact a significant military demonstration." Pipes digs up a quotation from British strategist P.M.S. Blackett to emphasize this recurrent theme in criticizing U.S. strategists: "More chess playing and less nuclear physics might have instilled a greater sense of the realities."

In his interview, Pipes insisted that Darwin — in fact a Malthusian nominalist who categorically denied man's creative ability to alter nature — was "a humanist"!

On Clausewitz

Pipes, a self-proclaimed "Clausewitzian," correctly identifies that the Soviets' military doctrine is in the tradition of Clausewitz: "Clausewitz, buried in the United States, seems to be alive and prospering in the Soviet Union." Despite his quoting of Clausewitz's "war is the continuation of policy by other means," Pipes doesn't understand what Clausewitz meant by this idea. Nor does he really believe it. He asserts that the Soviets have the *political intention* of launching a thermonuclear war to destroy the United States, which he derives from the fact of their development of a war-winning military doctrine. Nowhere in his article does Pipes analyze Soviet political or economic program, their commitment to industrial progress at home and abroad, thereby reducing Soviet politics in a totally un-Clausewitzian manner to mere military considerations.

Pipes completely covers up, of course, that the Soviets developed a Clausewitzian war-winning military preparedness posture in response to decades of monetarist threats to destroy the Soviet Union's existence as a republic — and that the USSR doesn't want war but would go to war only if *forced* by extreme Carter-

Brzezinski provocations.

Clausewitz was a great humanist and German republican, greatly influenced by the American Revolution and the ideas of Franklin, Hamilton, and Washington. Confronted by Pipes, the "Clausewitzian," Clausewitz himself would doubtless exclaim: "I am not a 'Clausewitzian'!" Clausewitz would scoff at Pipes' assertion that Russian "peasants" are intending to fight and win a total war. As Clausewitz elucidates in *On War*: "Military genius depends on the general intellectual development of a given society... the most highly developed societies produce the most brilliant soldiers... the greatest military names do not appear before a high level of civilization has been reached. We will on the other hand never find a savage who is a truly great military commander... since this requires a degree of intellectual powers, beyond anything that a primitive society can develop..." The adoption by the Soviets of a

Clausewitzian military doctrine was made by the most advanced Soviet political and scientific cadre, a far cry from Pipes' muzhiks.

Pipes no more meets Clausewitz's dictum that "one should think through the full consequences of war to the end before starting a war," than do his incompetent opponents, Warnke, Kissinger, MacNamara, et al. Confronted by an interviewer with the three main purposes for which war is fought, given by Clausewitz, Pipes readily agreed to only one — "the destruction of the enemy's armed forces." He blanched at "the occupation of the enemy country," and hysterically denied altogether the validity of "the establishment of a viable and durable peace" as the ultimate *political* purpose of warfare.

— Bob Cohen
Paul Goldstein

Neutron Bomb: Back Door To Schlesinger Doctrine

The Carter Administration's announcement that it will move ahead with the development of the supposedly humane and "clean" atomic weapon, the neutron bomb — a weapon which, Carter officials are frank to say, they hope will increase the possibility of a limited, "theater" nuclear war in Western Europe — was promptly followed by a claim from NATO Supreme Commander U.S. General Alexander Haig, that the U.S.'s European allies are enthusiastic about the weapon.

From other quarters, however, including the Soviet Union, came sarcastic comments concerning the supposed "humanity" of a weapon which aims at killing people while leaving real estate untouched. And the Soviets underscored their continuing refusal to accept any "limited nuclear war" strategy by stating explicitly that if the U.S. uses neutron weapons, they will respond with all their available arsenal.

This all leaves room for serious doubt that the NATO allies — who fear above all any strategy that would attempt to make Europe the main battlefield of a nuclear war — will be pleased by the weapon's development.

The neutron bomb is touted in the press as the ideal battlefield weapon. Instead of exploding with the blast and fallout of a regular nuclear weapon, the neutron bomb saturates an area of about a square mile with penetrating neutron radiation. The idea, as stated by such proponents of the weapon as Sen. Stennis, is that such a weapon, with low yield in the region of a few kilotons TNT equivalent, could be used in "tactical" or "theater" nuclear wars without causing as much damage as regular nuclear weapons. Presumably this would be advantageous both for troops rapidly occupying the irradiated area and to "contain the level of violence" according to the theories of limited nuclear war.

This logic, like all such "theater" nuclear war garbage ignores the simple fact that no "theater" nuclear war or "limited" nuclear war — for example limited to Europe — will ever or could ever be fought. The Soviet Union has made it clear in statements and publications too numerous to list, and in their own military training and

deployments that the use of *any* nuclear weapons by the U.S. or its allies, no matter how small, clean, or well-behaved, would provoke a full-scale nuclear war, *beginning with* in-depth Soviet strategic strikes against the continental U.S. In such a full scale nuclear war, ground warfare in Europe or other "theaters" would be no more than the "mopping-up" operations following saturation nuclear bombing. In such a situation, regular old dirty nuclear weapons, with highly effective blast, will be far more useful than neutron bombs, whose effect could be eliminated by well-constructed bunkers.

The use of the N-bomb to back up U.S. claims that it holds military-technological superiority over the Soviets is about equally ludicrous. The fact is that the principle used in the bomb has been developed by the Soviets to a far more advanced level, as demonstrated by last summer's disclosures by Soviet fusion scientist L.I. Rudakov.

Most important, neutron bomb research has immediate scientific application to laser and electron beam fusion research. A low-blast, neutron-rich hydrogen bomb (that is, a neutron bomb) is ideal for the project PACER proposed by New Mexico's Los Alamos fusion laboratories, a program designed to produce cheap fissile fuel and energy from hydrogen bombs. The Carter Administration, however, has sabotaged the development of these peaceful applications of neutron bomb technology and is now dismantling the scientific research teams needed to do the job with cuts in the fusion research budget.

How the N-bomb Works

The conventional hydrogen bomb uses a nuclear fission or atomic-bomb explosion as the igniter for obtaining the high densities and temperatures needed to induce fusion reactions in large amounts of fusionable material (the heavy deuterium and tritium isotopes of hydrogen) contained in hydrogen bombs. The fusion explosion deposits over 80 percent of its energy in fast neutrons which are then trapped in the H-bomb assembly, usually

by a blanket of uranium. These trapped neutrons induce secondary fission reactions, creating a far more destructive blast. In this way, the percentage of fissile fuel undergoing fission in an H-bomb explosion is substantially increased over that of a pure atomic bomb.

The neutron bomb, however, is constructed without the containing blanket built into the H-bomb. Because of this, a large proportion of the fast neutrons released in the neutron bomb's primary fission explosion can escape the fireball plasma of the explosion and do so without losing much of their energy. These fast neutrons move into the environment where they kill living organisms with irradiation but do little damage to non-living matter.

In order to produce efficient fusion H-bombs in the first place, the energy output of the fission bomb must be compressed and transformed into a form capable of accomplishing a special type of compression and heating

of the fusion fuel, called isentropic compression. To do this the dynamics of energy dense plasmas must be mastered. The Rudakov disclosures of last July and Soviet work on the non-linear processes which dominate energy dense plasmas demonstrate that the USSR is far ahead of the U.S. in basic aspects of this research.

In fact, given that the British press announced in early 1976 that NATO was about to deploy the neutron bomb, a possible secondary motive for the Soviet's Rudakov disclosures could have been an effort to sidetrack U.S. military applications of neutron bomb research and direct it toward joint peaceful applications. As Soviet scientists have pointed out on several occasions, this research on energy dense plasmas constitutes the main frontier of scientific research.

— Charles Stevens

Touted Carter Cruise Missile: A Buzz Bomb Provocation

At first glance, Carter's decision to give the go-ahead to the deployment of the cruise missile seems utterly incomprehensible. From a military or technological standpoint, the cruise missile was obsolete 20 or more years ago. Unfortunately, the motivation behind the cruise missile, which is a purely political one, is even more insane than any strictly military aim. Like the simultaneously announced neutron bomb, the cruise missile is seen by the Trilateral government as a means of increasing the credibility of limited nuclear war tactics and as a direct preparation for a limited nuclear war. As such it is the most direct possible provocation of the Soviet Union, and its deployment would take the world a very long step towards a new general war.

Carter's Buzz Bomb

The cruise missile is technically ludicrous. It is a pilotless, subsonic jet plane which can be launched from the ground, an airplane, or (in another version) from a submarine. It travels toward its target at low altitude, about 200 feet, thereby flying under enemy radar screens, and then guides itself by the terrain into a "pinpoint" accuracy nuclear explosion. Except for its sophisticated guidance, and the nuclear warhead, it is an exact replica of the German buzz bomb, or V-1, of World War II. Like the buzz bomb, the cruise missile's extremely low speed makes it very vulnerable to being shot down by Soviet fighters, which typically travel three or more times faster. Its guidance system is more easily confused both by electronic countermeasures and simple misidentification of terrain features. One intelligence source commented that the main danger of the cruise would be to those sending it, since countermeasures could so confuse the guidance system as to turn the missile entirely around!

Compared to an ICBM which travels 30 times faster, the cruise has only disadvantages. So why was it ever proposed? The simplest answer, but only partially correct, is the SALT agreement. Unlimited production of U.S. ICBMs in an attempt to overwhelm by saturation

any sophisticated Soviet defense is at present prohibited by the SALT treaty. For the Carter crew to abrogate the treaty and begin churning out missiles would be the plainest possible message to the Soviets to prepare for imminent war.

Warnke's Tricks

In the abortive Moscow SALT talks, U.S. Chief Negotiator Warnke tried to get around this by proposing that the cruise missile not be considered as a strategic weapon, thus allowing unlimited production in preparation for possible saturation bombing. Warnke's "suggestion" was one of the main reasons for his unceremonious leave-taking from Moscow. The Soviets of course did not buy such logic.

Subsequently, Warnke proposed a "compromise" — that the cruise missile's range be limited to such an extent that it could only be used in "theater" nuclear wars, such as to reach targets in Eastern Europe from airfields in Western Europe. This "compromise" gives away the real purpose of the cruise program as a whole. In a "tactical" engagement where the target is masses of Soviet tanks rolling into West Europe, the Carter-Schlesinger "strategists" reason, the cruise will act as heavy nuclear artillery for saturation-bombing of Soviet troop concentrations. In such a situation, a little lack of accuracy, or loss of half of the missiles under enemy defense fire would hardly matter. This, Schlesinger and Co. believe will be the counterweight against Soviet tank superiority and will make their long-planned theater nuclear wars in Europe and elsewhere feasible.

In real life, however, there is a small flaw in this logic. Theater nuclear wars will never happen. If a war breaks out in Europe, or nuclear weapons are used anywhere by the U.S. or its allies, the Soviets unleash strategic strikes against the U.S. and West Europe as the beginning of a global, general war. By the time cruise missiles arrive at their targets, the U.S. will have ceased to exist as a nation.

European Labor Party:

Why You Should Act Now To Change The Course Of Developments In France

FRANCE

The following statement was issued July 16 by the Executive Committee of the European Labor Party.

It is in the immediate and urgent self-interest of everybody to ensure that the course of events projected by French President Giscard d'Estaing and his associates for the remainder of this month and the month of August is aborted as rapidly as possible.

By approximately the middle to the end of next month Giscard intends to have consolidated a fascist coup within the French national territory. His primary aim is to strengthen his own position, and that of his fascist base of crazed peasants, shop-keepers and bureaucrats, against the only other force which is capable of ruling France at this juncture, namely an alliance of Gaullists, industrialists and CGT-led trade unionists.

If Giscard succeeds, nuclear war between the United States and the Soviet Union will be the almost inevitable result, probably by no later than the end of August. To add leverage to his efforts Giscard and his backers, including the London and Paris-based house of Rothschilds, are endeavoring to accumulate marginal advantages by exacerbating relations between the Soviets and the insane Carter Administration in the United States. They choose to do this at exactly the time that the Carter Administration is forcing the Soviets to the point of war to protect David Rockefeller's bankrupt New York-based banks. This, in essence, is why you should act now, to stop Giscard and his supporters, and to strengthen the hand of his opposition.

There are certain very elementary measures which can be taken to put an end to Giscard's designs, once you have understood what he is up to, and what social forces he is deploying on his behalf.

Giscard's entire strategy is premised on a conscious revival of all that is most sordid and disgusting in the annals of French history, from the St. Bartholomew's Day Massacre, the Days of the Barricades, Marat-Danton and their fascist jacobin mobs, the Dreyfus affair, and May 1968. He is rigging a political charade of synthetic "left" versus synthetic "right" to create a manipulated social crisis in which his enraged peasant and petit-bourgeois constituency can be deployed to crush his trade union and industrialist opposition. Such a strategy in turn is designed to generate social energy *outside* France among the lumpen elements of especially Italy and the BRD. Such forces will be hurled against the governments of Andreotti and Schmidt, and will be used

to provide the 'political' cover for assassination attempts and terror attacks on the leadership of the European Labor Party and allied forces among political trade union and industrial layers. Much of such activity is scheduled to be carried out for the account of the Carter Administration, through deployments of those special forces which in the recent past have conducted the De Broglie assassination, the Abu Daoud affair, the Kostov kidnapping and many other such unsavory incidents.

The 'Left-Right' Scenario in France

The centerpiece of this unfolding strategy is the series of ecologist demonstrations scheduled to begin in the French city of Grenoble on July 31 and to last through August 15. These demonstrations, against everything which human beings have always fought for, have been turned into a rallying point for the lumpen and enraged throughout Europe. Units from the BRD and Italy among other countries in Europe, are being attracted to Grenoble and its environs for their two-week long 'Walpurgisnacht' celebrations, in much the same way that units of waste matter are passed through a sewer system.

This August the ecologist freak show is supposed to set off the same kind of chain reaction that was unleashed in France, and throughout Europe by the Trotskyist gangs and student movements in May and June of 1968.

This time the results will not be the same. There is already a discernible counter-deployment from the French CGT-led trade unions and certain industrial circles which is being used to inflame the passions of Giscard's own petit bourgeois and peasant base.

To the extent that Gaullist leaders, and their industrial allies are kept entrapped in the right-wing environmentalist rhetoric of Giscard's present majority leadership, Giscard's fascist base will crush trade union and industrial opposition forces.

That desired result is being encouraged by the outpourings of Giscard, his prime minister Raymond Barre, and by nominal agent leader of the so-called left François Mitterrand, and their allies in the Parisian press corps.

Since Giscard's speech at Carpentras last week, French political circles have been filled with talk of 'coup d'états', of incipient civil war, and alternatively from the side of the so-called 'left wing', of constitutional reforms, and mobilizations for such constitutional reforms in order to strip the Vth Republic's dominant institutions of their authorized powers. Such talk from both sides of the manipulated spectrum is designed to enforce the division on intended 'left' 'right' lines: keeping Debré and his hard core Gaullist Barons locked in behind Barre

and Giscard, while simultaneously maintaining the CGT-led trade union base in its cowed loyalty to the Mitterrand-headed common program of the agent-led Socialist and Communist parties.

Under conditions in which such a lineup is not rejected by political forces within France, forces which have not yet shown themselves possessed of the political intelligence and courage needed to discern what is planned for them and being done to them, then to that extent, it is incumbent on forces outside France to intervene into the pre-planned setup in order to derail the whole scheme before it gets off the ground; and to assist forces within France itself to act rationally on the basis of self-interest. If such a course of action is not conducted successfully, the consequence may well unleash global thermonuclear confrontation which would end the existence of the human race as we now know it.

The so-called 'ecologists', this enraged collection of vermin deployed across Western Europe to commit acts of terror and hooliganism against the scientific and industrial accomplishments on which human historical development has been predicated, are the weak link in the whole course of Giscard's anticipated chain of developments. If we can develop the application of sufficient muscle throughout Europe to prevent the deployments for Giscard's Elysée-backed Grenoble demonstrations, then we stand a good chance of derailing the whole scheme and fostering relatively positive developments in France.

Who are the Ecologists?

Today's ecologists are the direct descendants of Hitler's storm troopers from the 1930s, and as such their bestial pedigree locates them directly in line with the lumpen mobs deployed against the Roman Republic, with the Parisian rabble unleashed by the Guise Committees of Public Safety in the St. Bartholomew's Day Massacre of 1572, and in line with the deployments of British Prime Minister William Pitt the Younger through Danton and Marat against French-based supporters of the American System in the years from 1789-1793.

Such a pedigree is no mere literary convenience. The lumpen mobs that will gather behind the ecologists' banners at Grenoble on July 31 — if Giscard's scheme is not stopped before then — represent the spearhead of New York bank and related interests' efforts to turn the clock of human progress back through more than seven hundred years of scientific, technological and cultural development.

Look at the writings of the new Occamites, the peripatetic new philosophers who have blossomed out of the Parisian dung heaps since this spring. What do they attack? For Bernard-Henry Levy what and who is the enemy of his "La Barbarie à visage humain": science and technological progress is the enemy. For him, René Descartes, the "first barbarian" of modern times, is the opponent, because he asserts that human reason can be employed to know universal law to increase human power over nature. For Levy and his co-thinkers, Descartes is therefore an "oppressor," the forerunner of fascism, since he insists that heteronomic individual impulses for action be subordinate to the universalizing conceptions of reason in the conduct of man's affairs.

Levy and his associates are not new philosophers. Least of all in cowed France are they new philosophers. They merely reassert that there is no essential difference between man and beast. They merely claim that to be truly 'free' from the oppressive dictates of reason man must be truly bestial.

Peasant and petit-bourgeois dominated France has regularly produced such moral and intellectual abominations in its history. It is the prevailing insanity of the normal Frenchman and woman which ensures the continued toleration of such bestiality. Might one be entitled to expect something else from that cowed nation of peasants and shopkeepers?

The problem however is somewhat different. There have been periodically the most vile eruptions of bestial obscenities as organized social forces in French history. Those eruptions have always been deployed by forces *outside* France to set back the general achievements of human progress elsewhere. The St. Bartholomew's Massacre was financed by Phillip II of Spain and organized by his ambassador in Paris to crush a burgeoning European-wide alliance against his throne and his financial backers, the House of Fuggers, an alliance organized in large part by Admiral de Coligny. Similarly, the Danton-Marat Jacobin-Cordeliers club eruption of the same bestialized social force was deployed knowingly and consciously by William Pitt the Younger, the House of Baring, and the British East India Company. The Plom-Ploniades of the third quarter of the nineteenth century are representative of the same phenomenon, at that time acting for the Rothschilds. May '68 also saw the eruption of the same tendency, this time for the American House of Rockefeller. As British Prime Minister Harold Wilson said after he returned from Washington at the beginning of '68, "we have cooked up something that will really make the General de Gaulle foam at the mouth."

That pattern must not be allowed to repeat itself this July and August. If the French population and its dominant political, industrial, and trade union institutions lack either the leadership, the intelligence, or the will to prevent such an eruption of manipulated bestiality then they must be assisted to do so.

The ecologists and the hired peons of the peripatetic new Occamites are no mere epiphenomenon of French politics. They are the core capability of an international political financial machine whose European operations happen to be largely conducted out of Paris.

The New Philosophers, and their ecologist allies like Brice Lalonde, are the new generation in the development of that machine. They are the surface phenomenon of a political machine developed in France since the end of the Second World War, gaining momentum especially since 1963 and 1968. The guts of the machine are represented by the interface and collaboration between a group of government, and non-government, French and non-French institutions. They include the notorious Nazi-descended Interpol international machine of drug running and terrorism, the Musée des Sciences de l'Homme, Ecole Pratique des Hautes Etudes VIè section based private political intelligence left and right wing operations, sections of the French Interior Ministry, Secret Services, and government backed research institutions, and, of course the U.S. State Department, its

French Embassy and such private institutions as the Ford Foundation and the Hudson Institute.

This group of agencies and agency interfaces are responsible for most of the foul deeds and bestialities which have been deployed in Europe since at least 1962 and increasingly since 1968. There are a mere handful of key individuals who control the development of this process, and it is this group of individuals which has called forth the present eruptions of social obscenity on the scale of Europe as a whole.

Key among this handful of individuals is the group made up of the notorious Jacques Soustelle, Raymond Aron, Charles Bettelheim, Roland Barthes, Archbishop Henri LeFebvre, Edgar Morin, Jean-Paul Sartre and Michel Crosier, and pseudo-Occamite psychologist Lacan. This group operates out of the Musée des Sciences de l'Homme in close collaboration with the neighboring Ecole Pratique des Hautes Etudes VIé section. They collaborate with the notorious R.D. Laing and Duff Cooper of London's Tavistock Institute, and they provide the interface between Interpol's Paris centered drug and gun-running global operations and the so-called left-CIA as represented by the networks of Marcus Raskin's Washington D.C.-based Institute for Policy Studies. The semi-official position held by such individuals in the conduct of French government affairs both covers their activity and provides the means of access for such direct collaboration as exists with official rather than private U.S. agencies.

These are the individuals who brought you the 'New Left', May 1968 and their spin-offs, terrorism and ecological guerrilla warfare. You may have thought such sociological phenomena were more or less spontaneous. You were stupid. This Paris-based group along with their collaborators in the United States like George Kennan, Marcus Raskin and Richard Barnet, and their associates in Europe like the now late Bertrand Russell, Dennis Healy, Anthony Wedgewood Benn, Richard Lowenthal, Willy Brandt, the Graf von Oertzen, Giorgio Amendola, Francesco Alberoni, and the unfortunate Mr. Mandel brought you the whole shebang.

And to the extent that they will be allowed to — they are doing it again.

Convicted traitor Soustelle is perhaps the key figure in the bunch. He personally represents the interface between 'left' and 'right' wing sides of Giscard's present scenario. His old OAS terror and assassination apparatus hooks him up with Interpol and the right wing operations conducted for Giscard and his backers by such French politicians as Olivier Guichard, Prince Poniatowski and Jacques Monod. Through his operations at the Musée des Sciences de l'Homme, he hooks up with so-called left-wing figures like Michel Foucault, Gilles Deleuze, and Felix Guatterri, the 'minds' which trained the new Occamites. In alliance with Trilateral Commission members like Michel Crozier and others such as Henri LeFebvre, Edgar Morin, André Bosquet, Soustelle et al. created the social institutions and conditioning techniques which spawned the modern French left from the Rocard autogestionnaire wing of the Socialist Party, through the CFDT trade union which has thrown its full weight behind the ecologists, to such excrescences as the PSU, the Maoist and Trotskyist gangs and their latest resurrection the ecologist movement and the new

philosophers. Foucault, Guattari and Deleuze trained them all, and through the activities of Edgar Morin-linked Radio Vert, and psychological manipulation of such newspapers as *Le Monde*, *Le Matin*, and *Le Nouvel Observateur*, have created the climate in which such detritus of human society are encouraged to run wild.

These are the people and institutions which are being deployed to realize Giscard's schemes for July and August in all their horror.

These are the people who through their support work for the Interpol directed Rote Armee Fraktion in Germany and the activities of the Jean-Paul Sartre, Jean-Paul Vigier, and the Claude Bourdet controlled Committee against German and American domination of Europe are encouraging a renewal of terrorist violence and its concomitants in the BRD itself. These same people are directing the escalation of the present brutal terror wave in Italy. This is known to both Italian and West German governments and relevant appropriate authorities.

Now it is necessary to clean up the mess before the whole business gets out of control and a situation is created which will destroy us all. There is no mystery about either who these people are or who their individual and institutional supporters are outside of France. These people are common criminals and enemies of the human race. They should be treated as such.

What You Can Do

We have to move very rapidly between now and the end of the month to forestall Giscard's efforts. There are two principal ways to achieve such an objective. First, Giscard's "left-right" scenario must be contained and neutralized. Second, conditions must be created to strengthen the potentials for an alliance between Gaullists, industry, and trade unions as the combination with the best potentials to replace Giscard once his schemes have been frustrated and thwarted.

Let's take the primary requirement first. It is past time that this obscenity of a political movement which has dirtied our political life over the past years should be cleaned up. The anticipated chain of events should provide the extra motivation to ensure that that is done. Since Giscard's France has become the deployment center for such operations and capabilities, it is therefore necessary to put a security quarantine around France. This should take the form of a special border blockade. Its targets are relatively straightforward, the Interpol apparatus, the left-wing gangs, and ecologists associated with the present Paris-centered efforts to wreck nuclear power and related forms of scientific and technological progress in Europe. If the Giscardians want to play around in their historic stomping grounds in Eastern France, let them.

But meanwhile measures should be taken to protect the rest of us. By placing an international quarantine on the activities of Interpol and its 'left' wing supporters within France, through appropriate border measures, legal and judicial police security actions to concurrently clean up their allies in the rest of Europe, we expose the central coordinating points of the deployment and begin to create the conditions in which the venomous spider can be knocked out of its web. Political spokesmen and

newspapers should be suitably encouraged to speak out against Giscard's plans and the network which is charged with implementing them. Again, if the French are so crazy as to periodically tolerate such obscene charades of national masochism then let them, on condition that they keep the phenomenon contained where it belongs.

Such an approach must be complemented by efforts to accelerate the re-emergence of the relatively more healthy and sane elements among French leading individuals and institutions. This purpose can be most speedily effected if relevant forces in West Germany and Italy proceed full steam ahead rapidly with the creation of a new gold-based monetary system along the lines of the Labor Party's Private International Development Bank proposal, in alliance with the Comecon Sector and

leading Third World nations.

Such measures resolutely pursued over the next weeks will destroy the motivation for Giscard's presently proposed course of developments by bringing down the bankrupt monetary and debt structures on which it is predicated. More positively, by facilitating a tremendous increase in global economic activity, the new monetary system and its concomitant packages of investment and trade-related deals will provide a powerful stimulus for rationality among the relevant forces of French Gaullists, industrialists and trade unions.

Under those conditions, perhaps the French can finally be induced to clean up their own mess, and bring their nation back into alliance with the rest of the human race for progress. You, meanwhile, had better act as if your life depends on it. It does.

Carter Throws Up Smokescreen Around Schmidt Summit Meet

SPECIAL REPORT

The Carter Administration has thrown up a smokescreen around the July 13-14 summit meeting between President Carter and West German Chancellor Schmidt. Official Washington reports on the meeting have attempted to give the entirely incredible impression that Carter fully agrees with Schmidt on the necessity for a dramatic relaxation of tensions with the Soviet Union. Schmidt, who during his visit was delegated to act as official spokesman of the European Economic Community, is well known to consider détente the priority international issue, and to have profound reservations about the Administration's provocative and highly dangerous posture toward the Soviets.

The official July 15 communiqué asserted that "Basic agreement on major issues" had been achieved. These issues include, in addition to détente, international nuclear energy development, which the Schmidt government considers a matter of economic survival for Europe, in sharp contrast to Carter's commitment to zero energy growth; and Washington's demand that Bonn help to "stimulate" the world economy by reflating its currency, to which Bonn is averse. The communiqué dismissed these tense, unresolved questions by claiming, "The small differences (between the two governments) have often been exaggerated in public accounts." In the future, the two chiefs of state will maintain more frequent telephone contact to "ensure that exaggerations don't occur."

It remains unclear at this time whether Schmidt was indeed duped by the eery, conciliatory reception he received, or whether he will be spurred to execute a more vigorous policy of détente in response to Carter's obvious stonewalling. At a press briefing on July 14, Schmidt announced that in the second half of this year, he will

issue a "new initiative" to further disarmament talks with the Soviets at the Mutual and Balanced Force Reduction (MBFR) talks in Vienna. In contrast to the Strategic Arms Limitation Talks (SALT), at MBFR, Western Europe has a negotiating position independent from the U.S. Interestingly, Schmidt cited the need for this "new initiative" by referencing the "stalemate" at the SALT rounds, which the U.S. has intentionally used as a forum to provoke Soviet hostility. However, it is most remarkable that Carter — publicly — showed little concern for Schmidt's efforts to use MBFR as a substitute for SALT, and according to both the *Washington Post* and the *New York Times*, simply endorsed Schmidt's call for progress.

Powell's Cynicism

The cynical attitude of the Administration about achieving any genuine policy consensus with its "leading western ally" was flaunted at the official press briefing on the talks delivered by Carter press secretary Jody Powell. Powell repeated the line that no serious disagreements had emerged. An incredulous press corps groaned throughout his remarks. At one point, Powell claimed that both leaders had decided that if the present sessions of the Belgrade preparatory sessions for the Conference on Security and Cooperation in Europe (CSCE) proceeded well, the western delegations would accept Soviet President Brezhnev's proposal for the convening of international conferences on energy and environmental problems.

Prior to his arrival in Washington, Schmidt has specifically endorsed this Brezhnev plan. However, the U.S. delegation at the CSCE rounds has not only shown no interest in this proposal, but has attempted to rally the West Germans and other Europeans there for the show-down with the Soviets on "human rights." A member of the press corps challenged Powell whether the United States had then changed its policy for CSCE. Powell's only response was, "I don't know."

Canadian Round Shows Minimal Success

Before meeting with Carter, Schmidt spent six days in Canada, speaking twice with Canadian Premier Trudeau, and also holding a series of closed sessions with regional officials. During these talks, marginal success was achieved by the West German delegation in convincing the Canadians to break an embargo agreement with the United States, whereby both countries have refused to export uranium for nuclear reactors.

Schmidt is reported by West German press to have taken a hard line with the Canadians. However, according to Canadian Foreign Minister Jamieson — a known operative for the Carter Administration — the preliminary agreement reached with Schmidt to resume Canadian shipments of uranium to the European Economic Community is very tentative, and will only be

signed if the West Germans agree not to re-export the uranium to chief contractors, like France.

Responses in the West German media to the Washington stopover have been guarded so far. The industrial daily *Handelsblatt* headlined its report, "The Fight is No Longer in the Open," and emphasized that none of the controversial issues were allowed to come up. The *Frankfurter Allgemeine Zeitung* noted with concern that "détente has become quiet," and that U.S. foreign policy is responsible for the present "low-point" in relations to the Soviets. *Allgemeine* editor Harry Hamm correctly remarked in addition that the Soviets appear to have responded to Carter's ploys by strengthening ties to Western Europe as much as possible. But, Hamm made the devastating mistake of claiming in the same breath that Carter is an extremely popular U.S. President.

Carter Steps Up Terrorism To Stop DC-PCI Economic Program

ITALY

On July 13 the head of the large center faction of the Italian Christian Democracy, Flaminio Piccoli, stood up in Parliament to announce that he had received "direct and indirect" information that Italy was scheduled to be the scene of an imminent wave of terrorism of completely unprecedented proportions, and consequently drastic measures must be taken if a bloodbath were to be prevented. Piccoli's warning came on the heels of an escalating round of grisly shootings throughout the north conducted by the Red Brigades extremist countergang, and days after Jean Paul Sartre led an attempt to drape terrorism in a veil of legitimacy by labeling the Italian government a "police state."

The trigger for the scheduled Italian terror wave is the successful conclusion of a programmatic agreement between the ruling Christian Democracy (DC) of the Prime Minister Giulio Andreotti and the Communist Party (PCI). Although formally including four other political parties, it is well known that the recently signed agreement is in fact a bilateral DC-PCI effort formalizing a close alliance that has existed since the formation of the present government in the summer of 1976.

Earlier this month the Andreotti-allied wing of the Christian Democracy, which includes the group around Piccoli, succeeded in drafting a joint program with the Communists that established the guidelines for government policy in all major areas of domestic policy. With the signing of the programmatic document, the shaky pro-development coalition of Premier Andreotti for the first time has been placed on a solid footing, with enormously enhanced powers to pursue a policy course whose hallmark has been anti-Atlanticism from its inception.

Although the precise terms of the agreement have yet to be made public, some key included features are sufficiently well known to establish the nature of the policies it is based on. One of these is the bill known as Law Bill 382, now in Parliamentary committee. According to PCI Central Committee member Armando Cossutta who drew up the bill, it aims at creating the bureaucratic infrastructure for more efficient national economic planning. Bill 382 would simultaneously curtail the independent powers of key ministries, powers which have allowed the holders of these ministries to effectively sabotage key aspects of Andreotti's programs. Industry Minister Donat Cattin, for example, is violently opposed to the bill's passage. Not accidentally, Donat Cattin is known by Italian political insiders to be part of the retinue around the Agnelli family of FIAT fame, the leading representative of monetarist and hence, anti-Andreotti policies inside the country.

Behind the Threats

There is no doubt, however, that something rather more substantial than the formal content of the DC-PCI program is responsible for the sudden threats of retaliation which have been launched against the Andreotti government of late.

Thinly veiled threats have been issued by the Carter Administration, whose abrupt about-face on the subject of Eurocommunism has been extensively commented on by the Italian press. While the DC-PCI agreement was still under negotiation, Secretary of State Vance gave an interview to Italian daily *Il Tempo* reserving for the United States the right to issue strict sanctions against Italy if the PCI was allowed into the threshold of government. This policy reversal away from Carter's earlier promises of non-interference was once again reiterated by Kissinger and Brzezinski during their July 14 meeting with West German Foreign Minister Hans Dietrich

Genscher. In a blatant attempt to gain West German cooperation in opposing the PCI government alliance, Brzezinski and Kissinger warned Genscher that "communist participation in European governments would call for on the scene unpredictable plans or decisions by the U.S. Congress."

As the very different position of the U.S. Administration toward the infamously Atlanticist Spanish Communist Party chief Santiago Carrillo demonstrates, it is not the abstraction of so-called "Eurocommunism" which is at issue. It is the fact that Italian communists with their relatively recent pro-development orientation are aligning with the similarly anti-monetarist Andreotti that has prompted public threats from the White House. These are already on their way to realization through the promised wave of unprecedented terrorism warned of by Piccoli and prepared by Atlanticist puppet and fascist apologist, Jean Paul Sartre.

Sartre, whose political antecedents are documented elsewhere in this publication, in early July drafted a letter to the gathered world leaders meeting at Belgrade denouncing rampant violations against "human rights" by the Andreotti "police state." The Italian Communist party was also included in the denunciation and accused of "betrayal" because of its close cooperation with the government. Such prestigious Italian newspapers as the Milanese *Corriere della Sera* exposed via its Paris correspondent that Sartre and his French "intellectual" cronies had taken this action in conjunction with a group of similar Italian "intellectuals."

Included among these was the infamous Francesco Alberoni, already exposed by the magazines *Giorni Vie Nuove* and *Il Settimanale* as being the creator and controller of the Red Brigades, the most infamous Italian terrorist gang and the same group which over the past two weeks has maimed a number of individuals including a priest, a bookkeeper, and others by emptying pistol cartridges into their legs. Lotta Continua, whose connections with the Red Brigades and other terrorism is also well documented, was another among the Italian "political" grouplets which acclaimed Sartre's initiative, going further to spell out its implication. Accordingly, Lotta Continua's paper featured an editorial last week explaining that since the Andreotti cabinet was now

publicly recognized to be an outlaw "authoritarian" government, any and all acts of terrorism and the like were the legitimate political recourse for opposition factions.

Italian Foreign Policy

The reason for this drastic and transparent counter-gang mobilization becomes obvious when the active policies of Andreotti and his PCI allies is considered, together with the *political* implications inherent in the signing of a formal agreement establishing the PCI as a party no longer in the opposition. As expressed by Foreign Minister Arnaldo Forlani on July 10, "the six-party agreement strengthens the international role of Italy."

The thrust of Italy's current foreign policy is the development of increasingly stronger ties with the Soviet Union, particularly financial and economic ties. In this regard, Italy under Andreotti has been on the international forefront in pushing for the development of East-West trade. Most significant, however, the Italian government with the support of the currently hegemonic layers among the PCI leadership are very actively seeking to finance that trade in transfer rubles, moving towards this solid currency as the alternative to the bankrupt dollar. While this fact is only too well known to financial analysts among New York monetarist circles, it has also begun to break open into the press. On July 9 the president of the Italo-Soviet Chamber of Commerce Nicolo Gioia, an outspoken supporter of the transfer ruble alternative, announced that Italy is currently negotiating with Moscow for sizeable credits (\$500-700 million) in transfer rubles, and that the negotiations were nearing a successful completion. Gioia's statements were covered in headlines in *Corriere della Sera* and the financial daily *Il Fiorino*. This announcement was the first public admission of information widely known throughout top Italian banking and political circles. It was subsequently followed up with a series of articles in such press outlets as *Il Sole 24 Ore*, the official publication of the industrialists association, exposing the bankrupt state of the dollar and the highly-indebted U.S. economy, comparing the present situation to that preceding the crash of 1929.

Brzezinski Plans Israeli Coup To Avert Peace

Zbigniew Brzezinski's National Security Council launched a plan this week to force a military coup against the government of Israeli Prime Minister Menachem Begin. The coup, which would be led by Foreign Minister Moshe Dayan, is the leading edge of a Brzezinski-NSC plan to impose Rockefeller's control of the Middle East, crush the Palestinian movement, and secure a firm supply of Saudi Arabia's petrodollars to bail out the bankrupt New York banks.

The plans for the coup against Begin, who in recent weeks has shown signs of breaking with the U.S. and seeking an independent peace arrangement with the Arabs, were announced today in the *New York Times* by C.L. Sulzberger from Jerusalem. If Begin "isn't hard enough to suit his hawkish generals," Sulzberger warned, "they may whip off their hoods." Long-time Rockefeller conduit Sulzberger reported signs of a split between Begin and the triumvirate of generals in the Cabinet: Dayan, Defense Minister Ezer Weizman, and Ariel Sharon.

Brzezinski's goal is to use the threat of unleashing the Israeli military to force the Arabs to accept total U.S. political control of the Middle East. Strategically, the NSC takeover plan for the Middle East is designed to block the emergence of a European-Arab axis that, with Soviet support, would challenge the dollar empire with a new monetary system based on the transfer ruble and the Arab dinar.

"If the Arabs were totally defeated in war and on top of that were to feel guilty — both for the conflict and for their defeat, like the Germans after World War II — then it's a possibility they could accept truly significant changes," raved the psychotic NSC director in an exclusive interview in the *Jerusalem Post* on July 11. The purpose of negotiations, he continued, was to "test the degree of the (Arabs') willingness" to accede to Carter's blackmail.

Soviets Warn Against War

A Middle East war, whatever the fantasies of Brzezinski and Co. who may believe that the USSR would remain quiet, would in fact immediately engage the Soviet Union in a no-holds-barred military support effort for the Arabs — including the thermonuclear obliteration of the United States, if they are forced to.

The fact that the Soviets would involve themselves in another Middle East war is known both to Israel and to Egypt. The chief of staff of the Israeli armed forces, General Mordechai Gur, announced yesterday that the arrival of USSR land forces in Egypt and Syria is a probable contingency in the next war. "It is difficult to

assess how they will come in," said Gur. "They should bring a lot of forces." Earlier, a Kuwaiti newspaper reported that Egypt and the USSR, in recent talks in Moscow, had agreed that the Soviet Union would launch an unlimited military airlift if Israel launches a war.

An official Egyptian spokesman was more blunt. "I know that U.S. officials know that the United States would lose another Middle East war," he said. "The Soviets have served notice on Washington that they will land forces in the area if war breaks out. Nuclear weapons will almost certainly be used, and Tel Aviv will be wiped out."

The result of such a conflict, given the Carter Administration's headlong plunge into confrontation with the USSR, would be the eruption of World War III.

Arab Diplomat: Administration Officials Know U.S. Will Lose Next Mideast War

A representative of the Egyptian government recently gave the following interview to a U.S.-based reporter:

Q. What is the Egyptian government thinking about the upcoming Carter-Begin meeting?

A. The American Administration knows very well that Israel is preparing for war and the Americans, nonetheless, are not exercising enough pressure to prevent Israel from doing this.

Q. But isn't your assessment in contradiction to the position taken by your government, which continues to state that Carter is for peace?

A. No, what we have said is that if America puts pressure on Israel peace can be achieved because of the U.S. influence on Israel. Look, Carter has gotten the message from the new Israeli government, and it is clear: hard line toward the Arabs and war. And, what's more, my understanding is that there are officials *within* this administration who have understood clearly that the sole loser of another Arab-Israeli war will be the U.S. Israel will not come out a winner.

The Soviets have given a message to the U.S. and to the Arab governments that if Israel provokes another war the Soviets will land divisions in the Middle East!

But the Carter regime is not prepared to accept the military facts of Soviet strategic superiority and the danger of general war. Instead, a wild campaign of bombings, terror, assassination and blackmail swept the Middle East this week — coordinated by the NSC, Interpol, and Israeli Intelligence — aimed at destabilizing moderate Arab leaders and Israel's Begin to block what appears to be a healthy momentum toward reconvening the Geneva Conference by October 10.

The Begin-Sadat Exchange

Since last week, the leaders of both Israel and Egypt have been dropping broad hints that they would support the convening of a Geneva conference, despite behind-the-scenes pressure from the Carter crowd to drop the idea. Begin proposed October 10 as a date, and Sadat responded by saying, "We will be ready then and even sooner." Begin commended Sadat for refusing to engage

in polemical attacks and instead thinking seriously about peace. The exchange won the praise of Italian Foreign Minister Arnaldo Forlani, who saw a chance for peace developing.

Then, three days ago, the Egyptian War Minister Gamassi sent a letter to Begin concerning routine matters concerning the ceasefire in the Sinai peninsula in the first direct Israeli-Egyptian contact since the period immediately after the October 1973 war. At that time, Gamassi had a series of quiet talks with Israeli officials — until Kissinger intervened to break up the direct contacts and install himself as manipulative "mediator."

The series of Israeli-Egyptian exchanges, which has considerably eased the overall level of Arab-Israeli tension, are surprising in light of the supposed role of Begin as a "fanatic hardliner." But, according to inside sources, the Likud government in Israel is relatively

Dayan Will Be 'High-Stakes Gambler' In Dealings With Arabs

The following interview was held with a leading strategist at the Brookings Institution:

Q: Isn't Carter's policy toward the Palestinians, which he is coordinating with Israel, threatening a full-scale confrontation with the Arabs and Soviets?

A: Look, with the new Begin government in power, all the old ideas Carter had about a comprehensive solution in the Mideast are virtually out the window. The Administration has a choice: impose a solution or go back to step-by-step. For the latter, it is noteworthy that Mr. Dayan will in fact be Israel's chief negotiator on U.S.-Israeli issues. This means that Begin, while here, will only discuss principles. He'll spend his time explaining the differences between his approach and that of the former Administration and will leave the details to his chief negotiator.

Then, Dayan will come in with detailed strategic assumptions. His concentration will be on Egypt. He will give the Egyptians the choice of accepting most of the Sinai back without a new war, and will signal to Sadat that he need not go back to the Soviets. He knows that Egypt is confronted with difficult internal social-political-financial realities. He knows that Egyptians are sick and tired of the conflict, so he figures, why relieve Sadat of his domestic troubles? And Dayan will have a similar approach ready for the Syrians.

And a deal will be ready for Jordan, involving full open bridges between the two countries, Palestinians elected to the Jordanian Parliament. Dayan knows that Jordan is already present on the West Bank, and wants Israel to be allowed to continue to settle the West Bank. Dayan wants to go for a provisional agreement until the Arabs are ready to go for real peace.

Q: Won't any attempt to get Sadat to desert the

PLO create enormous problems for him internally?

A: Of course, of course! But Dayan is saying, I don't care what Sadat sticks to, that's Sadat's problem. If Sadat wants to fight for the sake of the PLO, Israel is ready. Egypt really has a problem: it went very far towards the U.S., it is dependent on U.S. and Saudi aid. It's not easy now for Sadat to simply cable Brezhnev and say that the rift is over, to say, "Here I am, your obedient servant Sadat, back in the fold." Sadat has enormous difficulties, and Dayan is capitalizing on this.

It is very difficult for the Egyptians, but they may go along with this if Syria goes along too. Meanwhile, the Israelis will make all sorts of demands to neutralize the Arabs. This is a high-stakes game, and in it you have to ask yourself, what are Egypt's domestic problems, what is the status of the Egyptian army, and so on.

Q: It seems ridiculous to think Syria will go along with this, Assad is already so unstable at home...

A: That's not important! The real key is whether Egypt will be willing to join in an Iraq-Syria front. Israel's strategy since 1973 has been to take Egypt out of the conflict and make the country more American-affiliated. The Israelis now ask: what will Egypt do, muddle through, or go to war? It's very difficult for the Egyptians. After the 1967 war, obviously, there were no other alternatives. But now? Sadat has to ask himself, what do we say to the Egyptian masses? After all, he thinks, "We started this thing up with the Americans." So, again, are the Egyptians ready to go to war if they can retrieve Sinai without a shot?

Dayan is a gambler, a high-stakes gambler, he thinks fatalistically, like the Arabs do, he's inclined to accept a gamble insofar as it is dictated by its goals. He doesn't answer to others when he's determined to do something.

more open to new means of seeking an Arab-Israeli peace, and is — under Begin — not willing to play games with the Carter Administration's attempt to revive Henry Kissinger's step-by-step policy. In addition, Israeli industrial interests who support the Likud are looking at the possibility of cooperating with the European Economic Community and even the Comecon to salvage Israel's debt-ridden economy.

The destabilization of Begin has already begun. A crisis with the Religious Party coalition partners of the Likud, which provide Begin with a narrow majority in Parliament, has erupted, and the fanatic Agudat Israel bloc is threatening to withdraw from the Government. This, in turn, is forcing Begin closer to the NSC-controlled fascist Democratic Movement for Change of Yigal Yadin.

Target: Egypt

On the Arab side, the chief target of the Brzezinski operation is Egypt. So far, despite series of unholy compromises, Sadat has not dared to drop Egypt's commitment to the PLO, which Egypt backed against Syria and Jordan during the two-year civil war in Lebanon. Three days ago, at a meeting in Cairo between Sadat and King

Hussein of Jordan, the king pleaded unsuccessfully with Sadat to support the Jordanian wish to reclaim the Israeli-occupied West Bank from the PLO, which intends to set up a Palestinian state there and in Gaza.

Sadat's refusal to support Hussein's anti-PLO scheme has virtually wrecked what hopes Secretary of State Cyrus Vance would have had to persuade the Sadat regime to acquiesce in the planned destruction of the PLO. The U.S. has stepped up arms shipments to Lebanon's extreme right in Lebanon, and — with the help of Syrian Intelligence — is heating up the Lebanon war again to crush the PLO.

As a result, a series of bombings and religious disturbances swept Egypt in the last week, which one source in Washington hinted was the work of Dayan and his military-intelligence thugs. Dayan and Rockefeller are counting on Sadat's desperation for peace to try to blackmail Egypt into a suicidal break with the PLO as a condition for peace — but Sadat isn't buying. A source at Brookings Institution in Washington said, "If Sadat wants to fight a war for the sake of the PLO, Israel is ready."

— by Bob Dreyfuss

Nationalists, Pro-Europeans Give Sadat Backing To Resist Carter

EGYPT

Egyptian President Anwar Sadat surprised some international observers this week by continuing his refusal to bow to Carter Administration demands that he end his country's support for the Palestine Liberation Organization, and accept instead the vague Carter formula of a vague Palestinian "entity," a formulation under which the Carter Administration hopes to bury PLO demands for a Palestinian state as an integral part of an overall Middle East settlement.

Pressure on Sadat from Carter and Presidential National Security Advisor Zbigniew Brzezinski has not stopped at diplomatic armtwisting. Brzezinski-run destabilization operations, run through Interpol and Israeli intelligence, are in high gear inside Egypt, to box Sadat in on the Palestinian issue. A wave of terrorism by bands of Moslem "religious fanatics" has been described by Chase Manhattan sources as "the most brazen lawlessness since 1952" — when the despised King Farouk was overthrown.

The inside agent controlling these actions is no less a figure than Prime Minister Mamdouh Salem, who doubles as Interior Minister, a man who acquired nearly

two decades of experience in such black operations while serving as police chief of Alexandria.

With these operations underway, said a Brookings Institution thinktanker close to Israeli Foreign Minister Moshe Dayan this week, "Dayan will capitalize on Sadat's internal difficulties" to force Egypt to break with the PLO.

With all this going for them, some Carter Administration figures apparently thought that Sadat might use the occasion of his meetings with Jordan's King Hussein this week to redefine his nation's stance vis-à-vis the Palestinian question.

But this did not happen, and the reason is attributable to two factors: the continued, extremely strong Soviet influence within vital sectors of Egypt's military, and the existence of a strong "Europeanist Mediterranean" current running in the Egyptian Foreign Ministry and related intellectual circles.

These factors, even more than the admittedly strong pro-Palestinian sentiment in the general population, give Sadat — a master of Byzantine balancing acts — the ability to avoid the dangerous path being charted by Brzezinski and Chase Senator Jacob Javits (R-N.Y.).

Sadat is also working from a greater-than-usual position of strength because Chase Manhattan and the International Monetary Fund have been compelled to stabilize to some extent the country's devastating external debt situation to insure that Sadat is not hit by a

new round of nationwide riots similar to those of January, 1977; the consensus of competent observers is that he would not survive a new round of such unrest.

Soviet, European Influence

As described by informed Capitol Hill sources, the Egyptian Air Force and missile corps are still bastions of Soviet hegemony in Egypt. "If the Egyptians ever turned over that missile outfit to the U.S.," one source noted, "the Soviets would invade the country."

This source also revealed that the Egyptian Air Force is receiving significant supplies from the East Bloc, as evidenced by the very high rate of practice sorties being flown by Egyptian pilots. So extensive is Soviet influence in these areas, he concluded, that the cherished Brezinski hope of purchasing Egyptian military allegiance from the Soviets through U.S. arms sales to Egypt is "pointless." U.S. aid should be consolidated in "high-profile projects" geared to calming down the restless Egyptian middle class, he recommended.

At the same time, a leading Egyptian expert, Richard Mitchell of the University of Michigan, noted in an interview this week that the Egyptian Foreign Ministry is a hotbed of "pro-European" elements among the country's top bureaucratic and administrative levels. This group, Mitchell said, wishes to consolidate a powerful "European-Arab axis" over the coming months.

The Egyptian press itself corroborates this view. The English-language *Egyptian Gazette* throughout late June implored the European Economic Community to publicize its long-suppressed policy document on the Middle East. The paper used the occasion of a visit to Egypt by an Italian parliamentary delegation to stress the importance of independent EEC initiatives toward the Arab states. Once the EEC document was in fact published, on June 28, the press carried an official notice of welcome from Egyptian Foreign Minister Ismail Fahmy.

Reflecting the influence of Mediterranean oriented circles, Fahmy has recently been working to patch up relations with Libya, a vital step toward any form of workable Mediterranean security arrangement. Fahmy and Libyan counterparts recently met in the West African country of Togo and agreed to try to reverse the past year's deterioration in the two nations' relations.

One further element in the European and Egyptian picture will center around the expected visit to Egypt of West German Chancellor Helmut Schmidt, whose country has been taking a prominent role in developing "triangular" EEC and East Bloc ties with Middle East countries.

The Tinderbox

Egypt remains, however, a hotbed for externally managed unrest. Immediately after the recent wave of

kidnappings and urban bombings attributed to a small band of zealots, Prime Minister Salem, Brzezinski's "inside" man on the scene, demagogically told a mass public rally that a nationally coordinated crackdown was already in operation to find the "terrorists." Salem's current role is to keep Sadat's regime off balance enough to prevent a Egyptian commitment to provide support for the PLO.

The most revealing public commentary on the terrorism was a recent *New York Times* dispatch likening the zealots, who have operated under a series of weird names, to West Germany's Baader Meinhof gang and to the Japanese Red Army. These two groups are widely known as NATO controlled agents provocateurs.

The Egyptian economy is also in a highly volatile state, despite the June 27 evaluation of an official Chase Manhattan publication headlined, "Egyptian Economic Prospects Bright," and the respite the government has gained from the Chase and IMF backoff on debt collection is only momentary.

According to the Soviet government paper *Izvestiya* this week, the Egyptian government has been forced to declare a national emergency because of the collapse of the cotton crop under conditions of an invasion of cotton fields by hordes of destructive cotton worms.

U.S. Department of Agriculture Egypt desk officer John Parker confirmed in a July 13 interview that "this is the worst cotton worm crisis Egypt has had in years." Parker reported that the American embassy in Cairo is writing worried reports to Washington about this cotton situation. He attributed the disaster to a number of causes, including government mismanagement and the inability of the government to import enough pesticides due to the crisis of the Egyptian economy.

Parker agreed that the cotton problem could trigger "rural unrest" and make life difficult for the government in Cairo.

The Egyptian economy is under intense scrutiny from the World Bank and Washington circles. World Bank Egypt head Khaled Ikram and World Bank chief loan officer Istenberg are both now in Egypt at the head of a delegation scheduled to spend three weeks in the country. The heads of the Mideast departments for the U.S. Agency for International Development, a Mr. Wheeler, and for the U.S. Chamber of Commerce, John Brewer, are both now in Egypt.

In sum, the resolution of the Egyptian situation, with its key implications for the overall Mideast situation, may well hinge on how rapidly Egypt's nationalist and Europeanist forces are able to turn for outside backing to Western Europe and the Soviets, most likely in the context of the Mediterranean Security Pact plan now under broad discussion.

— Mark Burdman

Permanent Settlement in the Middle East by October?

by Lyndon Hermyle LaRouche, Jr.

WIESBADEN, BRD, July 11 (NSIPS) — Our best information to date on the Middle East situation is that, provided that Senator Jake Javits and similar types keep their snouts out of the situation between now and the tentatively scheduled Oct. 10, 1977 Geneva conference, the world will quickly see the beginning of a permanent Arab-Israeli settlement emerging before the end of this year.

For various reasons, neither the Israeli government nor Arab leaders will publicly state the "bottom-line" arrangements establishing the peace settlement. Even U.S. Congressmen, such as Senator Robert Dole, are not fully at liberty to report confidences, since such reports would appear to be a direct leak of Israeli government thinking.

This creates a political problem inside the United States. If the Arabs and Israelis won't tell, and if briefed U.S. visitors such as Bob Dole are prevented by diplomatic considerations from telling the whole story if they were taken into confidence on this point, who is left to tell the so-called Jewish Lobby and other concerned U.S. citizens what the actual situation is.

So, I better let the United States public in on the basic facts of the situation.

The PLO is the Key

No matter what anyone tells you to the contrary, the key to a Middle East settlement is a direct negotiation between the leadership of the Palestine Liberation Organization (PLO) and the Israeli government. However, this must be brought off in the proverbial "certain way."

The idea of such a negotiation intersects such bitter prejudices both within Israel and among Arabs, that any direct, open meeting between — for example — Menachem Begin and Yasser Arafat will still require some preliminary political road-building with the aid of other parties before the fact of the meeting could become properly acceptable to a majority of Israelis and a key combination of Arab forces.

The key role of the PLO in a settlement is determined by the following considerations.

First, although the PLO is not the cause of Middle East war dangers — nor of the terrorism with which it is charged so frequently nowadays, the Palestinian Arab is the crux of the issue between Arabs and Israelis as such. Without a peace between Israel and the Palestinians, there will never be a peace worth the name between Israelis and any Arabs.

Second, Israel can not make peace with Palestinian Arabs in general: the kinds of proposals made by Moshe Dayan and others to this effect in the past are a mixture of propaganda and political imbecility. One can not make peace with a nation by walking up to various of its individual citizens on the street and getting signatures as for a petition. One can make peace only with governments which those governments' peoples accept as

credible. (Hence, Kissinger's proposed black puppet-show for Rhodesia could not possibly work.) The Palestinian Arabs (excepting the Assad-controlled Saiqa) regard the PLO as their only legitimate government-in-waiting. Thus, one negotiates with the PLO leadership or the negotiation is a useless side-show.

What Israel requires is an Arab "buffer state" between most of its borders and other Arab countries. Not an Israeli puppet-state, but Arab states which have a deeply principled basis for maintaining peace with Israel. Such a set of buffer states is represented by a stable Lebanon (substantially Arab) and a new Palestinian Arab state based on what are called "the occupied territories." However, if this is regarded simply as a real-estate operation, it does not function at all.

To make Lebanon and a new Palestinian Arab state stable countries on Israel's border requires an economic development program along the lines long recognized by the Israeli Mapam and other forces inside and outside Israel itself. My best rough estimate at the moment is that about \$20 billion in long-term credit for industry and agriculture will be needed to make a new Arab Palestinian State viable. Between \$2 to \$5 billion will also be required to restore Lebanon to the kind of economic condition in which that nation is politically stable. Israel itself will require over the foreseeable next few years a sizeable chunk of long-term capital for industrial development, and an immediate, substantial line of hard-commodity export credit to get itself out of the super-austerity and depression it is presently suffering.

None of these sums will be "charitable handouts." Israel has a highly developed labor-force which can readily multiply any reasonable amount of hard-commodity credit and industrial capital supplied. It has an insane foreign debt, built up significantly through military costs and related things, which must be variously written off in part and otherwise "frozen" until the economy gets back on its feet. A new Palestinian Arab state will rapidly emerge as an industrially oriented "economic miracle" if the right ingredients are supplied. A reconstructed Lebanon has a similar potential. Supplying these three nations with grants and credit is not to be compared with charity to some beggar-country. These nations, as sovereign, are eminently viable economic investments.

Arab Problems Generally

Although on particular issues, Arab politics are as diversified as those of any nation, the Arab world has three distinct principal philosophical currents, whose interplay must be understood to understand the kinds of problems an Israeli government — and others — confront in the process of seeking and maintaining a Middle East settlement.

The cultured Arab humanist is in the tradition of the great Arab renaissance — Al-Farabi, Ibn Sina (Avicenna), Ibn Rushd (Averroës) and Ibn Khaldon. He is essentially an Islamic neo-platonic humanist, whose

political-economic outlook would not be alien to Benjamin Franklin, George Washington, Henry Carey and Abraham Lincoln. This cultured Arab (and other Islamic leaders of the same impulse) represents that stream of culture on whose influence the 12th through 16th century European Renaissance based the development of modern science and humanist republican conceptions. These humanist Arabs (and other humanist Islamic currents) are an Israeli government's potential principal partners in reaching a durable peace settlement.

The second category is made up of Arab politicians of purely mercenary conscience. Too mercenary to be bought, they merely can be rented, under rental contracts which last only until payment on a better offer is delivered to them. This includes certain Arab figures who were officially Nazis working in fact for British or U.S. intelligence before and during World War II. This layer of Arab politicians was the key to Kissinger's Middle East games. These mercenary creatures can, however, be handled as long as the market for Middle East politicians itself is kept under strict control.

The third Arab philosophical influence is in the tradition of the irrationalist Mongol agent and fanatic Al-Ghazali.

During the period of the Crusades, the humanist forces in Europe, including the Hohenstaufen and their relatives the ruling house of Castile (Toledo) were effectively allied with the Ismaili-Fatimid Arab forces. The anti-humanist currents tending to take control of the Papacy during that time had been allied with the Mongol hordes (Genghis Khan, et al.) against the humanist Arab Caliphates and the Egyptian Fatimids.

The case of Frederick II, the Hohenstaufen humanist ruler of the Holy Roman Empire is exemplary. For factional reasons, the current Pope, an anti-humanist, sent Frederick off to a crusade to take Jerusalem. Frederick outwitted the Pope by making an agreement with the Egyptian Fatimids (his friends) through which Jerusalem was opened up.

This connection between Arabs and humanist currents in Europe was not new during the period of the Crusades. It dated from the time of Charlemagne and Harun Al-Rashid. As the humanist versus anti-humanist controversies erupted in Europe, factional alliances developed across Mediterranean religious lines of division. The Papal alliance with the Mongols against the Baghdad Caliphate was characteristic of the centuries from Charlemagne into the 15th century.

Al-Ghazali, a dominant figure of the late 11th century, was a typical "Maoist" for that time: he was an agent of the Mongols built up for their purposes as a figure to attempt to weaken Arab culture from within. He was especially directed to attempting to destroy the influence of the person whose influence was most hated and feared by the Mongol barbarians, Ibn Sina. It was Al-Ghazali, the Mongol agent, who organized the burning of most of the books of Ibn Sina, in the guise of a movement of "zero-growth" "religious purification" against the influences of science and philosophy.

Al-Ghazali's "constituency" — like British agent Marat's — was the "mob," the urban lumpen and rural backward masses. To this day, Mongol agent Al-Ghazali, the anti-science fanatic, lives on in tradition wherever

the degrading influence of backwardness and bitter poverty prevail among Arabs, and wherever there are corrupt Arab leaders who prey upon such poor people as political merchandise. The current conduct of Sudan's Numeiry exemplifies this tradition, the tradition of that evil poison which destroyed the besieged Arab culture of the past from within.

In consequence of this spectrum of Arab forces, Israel's potential security in the Middle East compels it either to be a client-state (a virtual puppet) of a great power, or to establish an alliance in principle with the humanist currents and potentials within the Arab populations. This means that there must be a Middle East economic-development program based on high-technology policies. By unifying the Palestinian Arab leadership (PLO) on the basis of such an economic-development program and practice, we must give substance to the Arab humanist impulse, to ensure that Arab humanists have predominant political control of the Arab world as a whole.

That is the only workable approach to a Middle East peace settlement.

*Why Carter is Anti-Arab
And Anti-Israel*

We in the United States must clearly understand that the Carter Administration's efforts to appear pro-Arab one day and pro-Israel the next reflect the fact that the Administration is in fact both anti-Arab and anti-Israel. That is why we must keep Brzezinski's, Schlesinger's, Jake Javits's and Humbert Humphrey's snouts out of the Middle East.

The essential difference between the Likud and the Mapai leaderships is that the Mapai leadership has been effectively a puppet of the United States National Security Council, with aid of U.S. intelligence-controlled European channels of the international social-democracy. The Likud represents an effort by industrially oriented forces within Israel both to end the destructive austerity ruining the nation and to finally establish Israel as in fact an independent nation in the Middle East. Because the Mapai was massively discredited through its U.S.-dictated Schachtian-like austerity measures in Israel, the Likud was able to pull off an electoral victory, and is now working to attempt to free Israel from the last vestiges of puppet-status in its relationship to the Carter government.

Many of us are working to help create the environment in which the Likud's efforts will be successful. The establishment of the private International Development Bank in the Mediterranean by this writer will supply the final, indispensable link in the combination of actions needed to bring that effort off.

Although the Soviet-led Comecon's IBEC banking system is already functioning as the beginnings of a new world monetary system along the lines proposed in the International Development Bank proposal, it is clear that a monetary system controlled by the socialist countries is not the acceptable, workable alternative to the IMF. The private IDB provides the kind of vehicle required both to replace the bankrupt IMF and World Bank and to apply the proper functions of banking to solving problems such as those of the Middle East and southern Africa.

With a bank capable of funneling new lines of hard-commodity-credit both to Israel and a new Arab state, we shall have exactly the combination for freezing the Israeli external debt and moving all the other financial elements essential to implementing Arab-Israeli agreements.

Without that key link in the chain of circumstances, a durable Middle East peace settlement is not possible. Carter is violently opposed to this — at least, Brzezinski informs Carter he is opposed to this. Thus, Carter is moving to launch genocide against the PLO in Lebanon and is launching a wave of terrorism and other dirty operations aimed at destabilizing the Israeli government, assassinating responsible leaders in Lebanon and the Arab countries, and similar atrocities along those lines.

Naturally, for reasons which ought to be obvious enough, very few Israelis and few Arabs could discuss the situation in the way I have reported here. No matter. A sound United States foreign policy depends upon

reachable workable solutions consistent with national and world vital interests, solutions which may differ from what parties state they desire. That is the ABC of diplomacy to date. The United States should adopt and stick to the policy perspective I have outlined and maneuver in such a way as to aid both Israelis and Arabs in regarding the objectively acceptable elements of a workable solution as subjectively acceptable to a sufficient portion of their constituencies to make the package work.

I warn you of this. Unless you clean up this lunatic Carter Administration, and force action toward a solution along the lines I have indicated, there will be a war in the Middle East. Such a Middle East war probably would trigger a general thermonuclear war, and would at best so foul up the Middle East situation that even I would have difficulty pulling the United States quickly out of the deep depression into which we are now being plunged. So, act accordingly.

Indians Wonder:

Who Killed Sanjay Gandhi's Father-In -Law?

India's Desai government has set up various investigatory panels to look into the events and issues leading to the June 1975 declaration of a state of emergency by former Prime Minister Indira Gandhi. The main thrust of these inquiries, under the guidance of right-wing Home Minister Charan Singh, has been to expose the "excesses of the emergency": tortures, coercion and police violence in maintaining "law and order."

A second, very much related theme has been the use of government to the benefit of a small clique of people around Mrs. Gandhi's son, Sanjay. Special committees have begun work investigating Sanjay Gandhi's business operations and bank swindles, but so far almost no one has publicly caught Sanjay out in any unsavory foreign connections. Major reorganization of the Indian special security forces and intelligence agencies is also underway.

Still many in India believe that the U.S. CIA did have a role in preparing the conditions for the emergency and possibly had a direct decisive input into layers of the Gandhi government during the emergency period. As of this moment, none of the inquiries has cleared up these doubts and some believe the issue is being consciously covered up.

Reprinted below, is an exclusive story from the June 19 issue of New Wave, a weekly published in New Delhi, which tends to substantiate the charges of U.S. involvement and opens up a new area for investigations. The murder of Sanjay Gandhi's father-in-law Col. T.S. Anand has made headlines in Indian papers for two weeks but the case still remains unsolved.

Who Committed Anand's 'Suicide'?

Who murdered Col. T.S. Anand, father-in-law of Sanjay Gandhi? The Central Bureau of Investigation (CBI) has taken over the case from the Delhi police. Investigators have stumbled on some sensational details in their efforts to establish the motive for the crime.

The CBI, which does not believe in the police theory of "suicide" has been digging deep into the past of Anand, particularly during the last two years when he emerged as a top consultant for some companies.

It is now known that Col. Anand had long association with the CIA, first at the official level, and later at personal level. Anand was with the border intelligence organization of the army for some years in the late sixties. At that time, India relied, to some extent, on intelligence reports of the CIA and there was regular coordination between the two organizations. As a key man in the Indian outfit, Anand had ample opportunities to establish close contact with the notorious American spy network.

Close Friendship

Later, he came over to the Cabinet Secretariat, again in a department in charge of coordination of intelligence reports. Here too Anand had a chance to retain his close and intimate relation with the CIA. All these details are now part of official records. What was not known then, but has come to light during the investigation is the fact that Anand had more than mere official relation with the CIA.

He had built up intimate friendship with some top CIA operatives in India. This relationship continued even after he quit the government services, and opted to act as a liaison man for some top manufacturing units. At the time of his murder he was the consultant to Demag and MAN, both of West Germany (Sanjay Gandhi's Maruti company was their agent in India). He also "represented" some companies which are known to be CIA conduits.

Information now available with the investigators reveals that Anand landed these cushy jobs with the help of Kreisberg, the top CIA operative in India. One guess is that the CIA exploited its close West German connections to provide Anand with regular source of huge income, a major part of which could have gone to support the small pro-American group entrenched in vantage positions in government.

Anand proved very useful to his American friends on several occasions. One example of this was his successful intervention in persuading the then Prime Minister Indira Gandhi to attend a luncheon hosted by the U.S. ambassador William Saxby during the emergency. The luncheon was in honor of some visiting U.S. Senators, and it came in the midst of a high powered anti-U.S. campaign. Even the every smiling Saxby did not expect that Indira Gandhi would condescend to attend the luncheon. But on the advice of Kreisberg, Anand and his son-in-law, Sanjay prevailed on the former Prime Minister to attend the luncheon ignoring the protocol.

Anand's Ally

Incidentally, Anand was not the only friend of Kreisberg, the CIA spook. Kuldip Narang, one time a member of the AICC who came to wield some influence during the emergency, was also close to the CIA man. Informed circles believe that it was Narang who first escorted Sanjay Gandhi to visit Kreisberg at the latter's residence. Being close to Sanjay Gandhi, Narang could boast of being an important member of the close set-up around the pro-U.S. group.

Today, neither Kreisberg nor Kuldip Narang is available for seeking corroboration of these details. Kreisberg left India within a few days of March election results.

Kuldip Narang too has left the country and is now living in the USA along with his wife. He has now a job arranged thoughtfully by Kreisberg.

Anand was thus the last living link between the CIA and some important people in position of power during the emergency. He knew all the ramifications of the CIA in the corridors of power particularly during the emergency. In fact, no other person was so well placed as Anand to have direct access to the constant flow of information and inducements between the all powerful CIA and its Indian clients.

His death has forever choked this vital source of information. Particularly at a time when the Janata govern-

ment has set up a number of commissions of inquiry to probe into all aspect of the emergency.

In a manner of speaking, had Anand lived, he could have proved to be a great source of embarrassment to many people. He could have helped the commissions of inquiry with solid information to bring the guilty to book, as no other man could have done. Is it then possible that Anand was killed only for this reason? To blot out the last living link between the CIA and its network in high position?

In murder cases motive is the main thing. Maybe the investigators already have the details to establish the motive.

Argentina General Rips IMF, Rockefeller For Economic Sabotage

ARGENTINA

Argentina's leading military strategist, General Juan Guglielmelli opened a campaign to prevent monetarists in the Economics Ministry from deindustrializing Argentina. In a series of published statements, Guglielmelli, a retired Division General with strong prestige in the armed forces throughout Latin America, intervened against the International Monetary Fund program applied to Argentina by Economics Minister José Martínez de Hoz. Guglielmelli named Nelson Rockefeller as the mastermind of Martínez' schemes.

Guglielmelli is associated with the MID (Independent Development Movement), Argentina's second largest political grouping. Industry and working class organizations, as well as the nationalist military, have until now been waging separate, rearguard battles around issues defined by the hegemonic monetarist forces. Although he does not control any significant portion of the Armed Forces, Guglielmelli's anti-IMF campaign could rally a national coalition in defense of the economy.

The June 23 announcement that Argentina would fight inflation by eliminating protective tariffs, so that local industries would have to compete with a flood of manufactured imports, triggered Guglielmelli's initial remarks. According to the Buenos Aires daily, Clarin, the tariff-cutting gimmick was pledged by de Hoz in a letter of intent which he signed in order to receive IMF standby credits last year. Bankrupt Argentina is now asking the IMF for \$200 million more in debt rollover funds.

Last week, Guglielmelli published two articles denouncing "technocrats with vocation of international bureaucrats" who implement the policies of Nelson Rockefeller and the IMF.

He noted their efforts to dismantle Argentine industry were an extension of the "free trade" policies imposed by the British and their local agents on Argentina during the 19th century, and described the historical background of the fight for protection of national industry a hundred years ago as providing a lesson for today's defenders of national sovereignty.

Reprinted here are excerpts from "Tariff Policy and the National Security," are published July 11 in Clarin.

According to our economic policy makers, the tariff cuts serve a dual purpose, on the one hand to preserve in the present productive apparatus "efficient" industries, while eliminating all others. On the other, to contain inflation by facilitating the import of competing foreign products to provide "price ceilings."

In our opinion, despite the announced purposes, what is involved is much more transcendent and dangerous. It's a question of inserting Argentina in a foreign ordering based on the formula of Nelson Rockefeller: that each country should specialize "according to its greatest selective and relative efficiency." Under such a premise, our role will be to specialize in agriculture....

The medium term plan of the Economics Ministry postulates that the greater "relative efficiency of the agricultural sector gives it an advantage in the world market, which could be translated into an increase in agricultural exports... It is expected that there will be a major increase in imports of other goods (especially finished products) encouraged by the tariff cuts."

...The obvious implicit consequence is the underestimating of urban industrial sectors and the deterioration, or even liquidation, of our production of finished products... The tendency of international trade is for the prices of raw materials to fall or stagnate, while those of finished industrial products unceasingly increase.

...The imbalance described even falls on agricultural production, since agriculture inevitably must use industrial inputs. It's here that the supposed "comparative advantages" of our agro disappear in the face of the production of lands less favored by nature, but which are worked with mechanization and other technological contributions (fertilizers, herbicides, etc.) provided by their own integrated industrial structure.

The alternative chosen by the economic decision-makers also vetos the setting up or expansion of basic industries, since their starting up implies costs, and thus prices, above those whose industries of this type are already in full operation... National industry is thus checkmated from two directions. From one side by being forced into an unequal competition with foreign production. On the other by preventing the nurturing of its indispensable base, which is the internal production of intermediate inputs and capital goods...

Less Protection

As an anti-inflation mechanism, the tariff cuts on imports could cause a momentary drop in some prices.... But that transitory containment of prices will be achieved at a high industrial and social cost: the imported articles which displace the national one will restrict local production with a train of bankruptcies and resulting loss of employment. We also expose ourselves to the risk of imports at "dumping" prices whether to get rid of foreign surpluses or to wipe out our business and then buy them up at a miserable price, as has happened.

...Instead of encouraging competition from within, creating favorable conditions for our businesses (less tax pressure, cheap credit and basic inputs, increase in consumer buying power, expansion of the market, etc.),

even promoting real investment, they operate in terms of foreign competition. Is this procedure valid? The answer is negative....

Foreign Dependency

It is worth recalling once more, the Morgenthau Plan, drafted in 1944 to be applied to a conquered Germany. According to an unimpeachable source, W.W. Rostow, "the plan called for a restructuring of the German economy in such a way as to eliminate or reduce its component of heavy industry and turn the Germans back to agriculture and light industry in search for a modest and unaggressive subsistence." In the end the plan was rejected, partly because Germany, with the resulting economic weakness, would not provide an adequate

barrier to Soviet penetration attempts. Could we accept an economic structure similar to one which the Second World War allies considered applying to their unconditionally surrendered enemy? Would a productive apparatus thus disintegrated solve the Argentine problem?

The role of agricultural exporting country which we would be relegated to by the ending of industrial protection restricts our freedom of strategic action in regard to national security, creates grave vulnerabilities in regard to the power relations between the nations of the Southern Cone and, on the internal front, puts us up against a situation of permanent dissatisfaction and social agitation.

EXCLUSIVE

Romulo Betancourt — Nelson Rockefeller's 'Warrior For Democracy'

"The most destabilizing factor against the government of Carlos Andres Perez is not the Central Intelligence Agency, not the *New York Times* or those who are behind it...it is Romulo Betancourt." So wrote the widely read Venezuelan weekly *Resumen* June 19, correctly noting the concrete objective of Betancourt's recent efforts to get his man Luis Pinerua Ordaz nominated the Accion Democratica's candidate for the 1978 presidential elections.

My intimate friend for more than a quarter of a century...

—Nelson A. Rockefeller

Although Pinerua is given no better than a fifty-fifty chance in an honest July 17 election against Jaime Lusinchi, a supporter of Perez's economic development policies, *Resumen* predicted that "Within scarcely a month, the real political power of Carlos Andres Perez will have diminished considerably," and that Venezuela would be ruled by "three presidents:" Perez, Pinerua ... and Betancourt.

Twice president of Venezuela, now "president vitalicio" of the ruling social democratic party, Accion Democratica, Romulo Betancourt is widely credited with being the "father of Venezuelan democracy." In fact, he is neither a democrat nor a nationalist, but has belonged to Nelson Rockefeller throughout his public political career, now nearing 50 years of faithful service. It is he who has played a leading role in destroying every real development of democracy in Venezuela in the last half-century.

Betancourt's greatest political crime, prior to his current subversion of the government of Carlos Andres Perez was the overthrow of the progressive bonapartist regime of General Isaias Medina Angarita in October 1945. Like the Perez government today, the government of General Medina from 1941 to the 1945 coup was a *truly* democratic government in its battle to organize the Venezuelan population in defense of its right to progress and

industrialization. Betancourt actively led the military coup which overthrew the Medina regime and destroyed that opening for democracy. Then, as provisional president from the 1945 coup until 1947, Betancourt turned Venezuela over to the multinational oil companies and the Rockefeller family, and paved the way for the brutal Perez Jimenez military dictatorship in the decade that followed. This is the legacy of "democrat" Betancourt.

The charge against Don Romulo is not merely that he has served Rockefeller interests. Other national leaders throughout the world have found themselves — for reasons of ignorance, gutlessness, or opportunism — in that ignominious position at various points. But others have broken from Rockefeller when he has demanded the literal destruction of their nations. Romulo remains firm: his *outlook* coheres with the psychotic monetarism of the parasitical Rockefellers.

Don Romulo is an ideological fascist. His conception of "democracy" is the demagogic manipulation of an uneducated, lumpenized and peasant multitude in the tradition of Danton and Marat — the Jacobins who, in the name of the "people," massacred the republicans in the French Revolution.

Betancourt's demagogic populism is the very antithesis of real democracy and humanism, embodied in the republican form of developing an educated population around a policy of progress and growth for the nation as a whole. Indeed, if actual democracy is to survive in Venezuela today, the legacy of Betancourtian democracy — the mafia and boss-ridden parties that manipulate the fears and prejudices of the population against the national interests — must be destroyed. Unless Betancourt's control, both actual and *ideological*, is broken, that legacy will be turned once again against industrial development in Venezuela, this time to bring down the Perez government.

The antidote is simple, but urgent. An immediate vigorous and systematic education of the population around its actual interests of expanding industrial growth will rapidly destroy the basis for Betancourt's manipulation.

Towards that end, the Latin American Labor Com-

mittees have already submitted a draft program to transform Venezuela and its oil production into the hub of vast regional development (EIR Vol. IV, No. 19).

History of an Agent

Romulo Betancourt is and always has been a debt collector. His first job as a youth before his emergence in politics in 1928 was as a bill collector for a local Venezuelan company. He has never changed his occupation.

Betancourt's first public appearance in Venezuelan politics as a "leftist" leader of the student Generation of '28 did not last long. Forced into exile and penniless, Betancourt nevertheless managed to make "contacts," obtain a false passport, tour the Caribbean and go to Peru and Colombia before settling in Costa Rica in 1930. There he joined the Costa Rican Communist Party (PCCR), and proceeded to subvert the internationalist outlook of the PCCR by promoting a Eurocommunist-style "national road" to socialism. He left the PCCR in 1935, vehemently protesting its resolution to join the Third International, and returned to Venezuela. There he launched a similar campaign against internationalism in the Venezuelan Communist Party (PCV). In 1940 he was again forced into exile, and he went to Chile to help organize the First Congress of Democratic and Popular Parties with the fascist Peruvian APRA party, headed by fabian agent Haya de la Torre.

Betancourt returned to Venezuela in 1941 with a firmly established left cover. He founded AD as a "policlasista" party (party of all classes) and claimed the country's backward and uneducated peasant population as his base. By this time, Betancourt's agency was a well known fact. Even the PCV commented: "It is certain that many will find it difficult to consider Betancourt a traitor...But...he does not shrink from helping yanqui bankers and tirelessly runs errands for the politicians tagging behind the Roosevelts and Rockefellers."

As Betancourt ripened as an agent, he became less and less discreet about his allegiances. He visited the U.S. State Department in June 1945 right before the coup against Medina, when Nelson Rockefeller was Assistant Secretary of State for American Republic Affairs. It was here that Serafino Romualdi, Rockefeller's personal top labor agent in Latin America became his life-long controller. Back in Venezuela with Medina's overthrow, Betancourt received visits from Romualdi in 1946 and then Nelson himself in 1947. The Venezuelan press, shocked by the openness of Betancourt's allegiances to Rockefeller, printed a cartoon of Betancourt and Nelson dancing together in bathing suits under an oil geyser!

In 1949, when Betancourt was exiled for the third time, as Colonel Perez Jimenez took power, he did not hesitate in moving directly to Washington, D.C. Romualdi later described his relationship with Betancourt at this time as a friendship that "has led to what I believe is the most fruitful political collaboration of my life." Romualdi boasted equally about his ties to Rockefeller: "My war-time association with Nelson A. Rockefeller...was transformed into one in which I have ever since received his sincere encouragement for every one of the many labor, political and educational activities in Latin America in which I later became engaged."

With special funding from Nelson, Betancourt, Romualdi and a third personal friend of Rockefeller,

Francis R. Grant, formalized Rocky's Second International networks in Latin America in the Interamerican Association of Democracy and Freedom (IADF) in 1950. Under the cover of human rights, the IADF has been the coordinating body for ongoing "democratic" wrecking operations against bonapartist and progressive governments in Latin America. Among the participants in this fascist roundtable were notorious Latin American agents like Haya de la Torre, Juan Bosch, and Eduardo Frei, as well as Anglo-American agent Sidney Hook, Eleanor Roosevelt, Robert Alexander, a writer for the Fabian Society and Betancourt admirer, and Norman Thomas. One of Don Romulo's top buddies since at least these IADF days is the notorious social democratic ex-president of Costa Rica, Jose Figueres. Figueres, more honest than Betancourt, recently admitted: "I was closer to the CIA than most...and with their help we financed a labor center in Costa Rica, a center for democratic leadership training, and a social democratic magazine."

The magazine referred to by CIA agent Figueres was *Combate*, run jointly by Figueres, Haya de la Torre...and Betancourt.

Throughout his stay in the U.S. in the 1950s, Betancourt remained in constant contact with Romualdi, who kept him up to date with the State Department line on Venezuela. Finally, in June 1957, Betancourt received word through Romualdi that Rockefeller again had plans for him. At that point, Romualdi wrote Betancourt that Allan Stewart, then director of the Central American and Caribbean section of the State Department, had assured him that "there is a change in the official U.S. attitude toward you (Betancourt) in the sense that the Department is not 'courting' you because there are indications of drastic changes in the political scenario of Venezuela." A year and a half later Betancourt was installed as president, where he served Rockefeller well from 1959-1963.

During his term the *New York Times* repeatedly gushed that Betancourt was a "great statesman." *Readers Digest* called Don Romulo "the human hinge upon which Cold War for this hemisphere may turn."

No wonder Nelson Rockefeller acclaimed Betancourt in 1965: "All of us who believe in democracy and liberty should consider Romulo Betancourt as a companion in arms...my intimate friend for more than a quarter of a century..."

Nation-Builder Medina

It is from the standpoint of the brief expression of actual democracy embodied in the Medina years that the farce of Betancourtian democracy is most clearly understood.

The early 1940s government of General Isaias Medina Angarita was a crucial point in Venezuela's transition from a backward oil-dependent dictatorship into a viable, sovereign republic. For the first third of the twentieth century, Venezuela was hardly a nation at all. The predominantly agricultural economy was presided over by the corrupt, boorish dictator and U.S. puppet, General Juan Vicente Gomez, who collected the token royalties from Venezuela's oil to maintain his personal power. With no organized institutions outside the army, itself under Gomez's thumb, two major oil companies, Rockefeller's Standard Oil and Rothschild's Royal Dutch

Shell, ran the country for themselves. With the death of Gomez in 1935, a period of initial development under the rule of General Lopez Contreras began, but remained limited until Medina came into office.

In 1941, General Medina deliberately set out to build institutions of democracy by rapidly transforming the country from its divided backwardness into a unified, industrialized economy. The core of Medina's program was to employ the nation's wealth — until then purely the object of foreign looting — as Venezuela's greatest asset in bringing progress to the country. Medina saw the battle for a diversified growing economy as Venezuela's battle for "economic independence," as important to the nation as its earlier winning of political independence.

Medina demonstrated a relatively advanced understanding of the basic principles of scientific political economy, building his audacious program of state investment around two key principles. First, "the permanent aim of all well-directed political economy," Medina stressed, is a constant increase in national production. And, second, state credit and investment is a vital necessity for that increase in production. Medina stuck to that course throughout his presidency, despite cries from more backward elements in Venezuela's business sector who resented "state intervention" against their "right" to purely speculative profits.

Under Medina, as with President Perez's V Plan today, Venezuela's oil wealth was invested in road infrastructure, irrigation, housing projects, importing of seeds, machinery, and raw materials, as well as the development of technical training and investigation. "We must make the transitory wealth take root" in Medina's words.

In 1944, Medina announced an audacious 60 million bolivares program of government investment, to be matched by private capital. He told Congress that the political will and material resources for a "true mobilization of the national wealth" were available and that the only thing missing was credit — "abundant, cheap and quick." In elaborating his views, Medina demonstrated a Hamiltonian understanding of the role of credit in generating real surplus as distinct from speculative profits, and argued that even vast amounts of credit would not be inflationary as long as "this idle money" is directed to "exclusively productive ends." "If, as I am sure, the resources are not diverted from their proper ends, if no part of them is applied to the payment of mortgages or the substitution of existing obligations, if credit is granted at low interest and reasonable terms, if it is concentrated in the most vital branches of production in the country,...I am certain that we will have taken an immense and definite step to free Venezuela from its present fragile economic condition, whose entire structure depends on the fate of a single product."

Medina also had a good notion of the need to develop Venezuelan labor power in order to achieve national progress. In a 1941 memo to the state governors, Medina stated: "An essential part of the work of the government is to create an environment propitious to the flowering of the human personality, to create and maintain conditions that will permit the normal development of the individual and the nation, stimulating them towards the collective well-being." Medina encouraged the formation of trade unions as necessary means to ensure the worker's rights to health, leisure, and economic benefits. He also

passed an advanced obligatory social security law, and took pride that, as he put it, this was one government which was not afraid of having workers think.

Medina's political program was the mobilization of a "great national crusade" behind this policy of economic independence generated by educated workers, peasants and industrialists. On that basis he drew around his government a layer of 80 bonapartist industrialists, a collaboration epitomized in the prominent role of Eugenio Mendoza, Venezuela's leading national industrial capitalist, as Medina's Minister of Development for most of his term. He also took his program before the population to organize that "national crusade" — the first Venezuelan president to do so — and received strong labor and popular backing.

Despite Betancourt's distortions about "Dictator Medina," the Medina regime encapsulated the most politically tolerant period in Venezuelan twentieth century history until the late 1960s. Sharply contrasting with Betancourt's two administrations, Medina kept no political prisoners, forced no exiles, throughout the entirety of his government, and all political parties, including the Partido Comunista Venezolano (PVC) were permitted to organize. Under the Medina administration diplomatic ties were reestablished with the Soviet Union.

Oil: Excremento del Diablo or Development?

The fundamental gulf separating the outlooks of humanist Medina and monetarist Betancourt is especially clear in their respective handling of the nation's oil. Oil for Medina, as for Carlos Andres Perez, meant Venezuela's access to progress, the means by which Venezuela would supersede its dependence on oil entirely. Oil for Betancourt is wealth-in-itself, magically rising out of the bowels of the earth for men to loot or conserve, separate from the actual process of economic reproduction. Venezuela's chief petroleum strategist and twice Betancourt's Minister of Development and Oil, Juan Pablo Perez Alfonso expressed this superstitious, physiocratic conception of oil in the title of his recent book: "Drowning in the Devil's Shit!"

These two distinct notions are the basis on which two distinct oil policies were developed for Venezuela. Medina fought for Venezuelan control over increased refining and production, although always stopping short of proposing outright nationalization — a task which had to wait until 1976 and the CAP administration. Betancourt and Perez Alfonso, on the other hand, have always proposed holding the oil industry back, decrying nationalization as "irresponsible" while demagogically crying "no new concessions."

Medina's regime is noted for its 1943 Petroleum Reform Law — the first general overhaul of the oil companies relationship to the government since the 1920s. The Medina Reform Law is distinguished by two provisions: the implementation of a 50 percent tax on oil company profits, and provisions for the construction of oil refineries within Venezuela for the processing of its own oil. It was the latter demand that became the focus of a bitter battle between the U.S. government, the oil companies and Medina.

Medina enforced the Reform Law by taking his de-

mands to the population, and mobilizing national support behind his negotiations with the U.S. In November 1942, Medina toured four states, and spoke before labor, business and military gatherings. The tour culminated with mass rally of 50,000 people in Caracas, which gave Medina full backing in his negotiations. Emotionally moved, Medina promised the crowd that the government would nationalize the oil industry if all of its demands were not met and stressed that the government was determined to "insure the industrial processing of oil" within the country as a "sure source of work for Venezuelan labor."

The 1943 Reform Law, despite its limitations, was an important step toward Venezuelan control of its oil industry. Betancourt's Accion Democratica fiercely criticized it. Betancourt charged that the law was to the oil companies' advantage because it granted new exploration concessions to the multinationals. This line was the precursor to the obsessive campaign for conservation and limited production which presently plagues Venezuela's efforts to fulfill Medina's program of using oil to achieve national development.

With the Mexican nationalization all too freshly in mind, and World War II requiring an assured supply of oil from Venezuela, the Roosevelt Administration, with Nelson Rockefeller personally heading the State Department's Interamerican section, decided not to force the issue with Medina, and signed the petroleum reform law in March 1943.

The Battle between Medina and the U.S. did not end there. In the spring of 1944 Medina set out to enforce the oil companies' agreement to construct refineries within Venezuela. He threatened to freeze all new concessions until the companies agreed to refine 10 percent of all Venezuela's production within the country, and send the other 90 percent to be refined outside the Caribbean area. The measure was aimed to shut down the multinationals' refining complexes just off Venezuelan borders on Aruba and Curacao. The refineries had been built there with the explicit aim of insuring separation of production and refining, to undercut the Venezuelan government's ability to control its own industry.

The U.S. government would not tolerate this demand and answered Medina's show of force with their own. U.S. Ambassador Corrigan threatened Medina with a full trade embargo if he continued his freeze on concessions and demands for refining. Medina backed down in the face of this determined U.S. economic and political blackmail.

The Treason of Romulo Betancourt

Despite Medina's capitulation, and the fact that his term of office was to end in 1946, Rockefeller decided by mid-1945 that it was nonetheless necessary to stage a coup d'etat against him. Nelson was going for long-term control of Venezuela, and needed to rip apart the institutional basis on which Medina had begun to construct democracy. For this task, Nelson turned to the "democratic" Don Romulo.

It is a matter of public record that Romulo Betancourt and Raul Leoni traveled to Washington in June 1945, and there received the go-ahead for a military coup against Medina from the Office of Coordinator for Inter-American Affairs (OCIAA), then headed by Nelson

Rockefeller himself. Betancourt has openly acknowledged that his role in the coup was to provide the cover of civilian legitimacy to what was otherwise a standard, U.S.-directed banana republic coup. Grand "principles" aside, Betancourt became president of Venezuela in 1945 as a common, U.S. military-backed puppet.

By the time of the actual coup in October 1945, Medina was already critically weakened. Betancourt's Accion Democratica (AD) was engaged in a gutter rabble-rousing opposition to the government, weakening Medina's earlier strong popular support. Medina's own allies were in disarray around personal squabbles in preparation for the upcoming presidential elections, and discontent within the military was also on the rise.

In the entire period leading up to the coup, Betancourt lent the Accion Democratica newspaper and its organizing to prepare the political isolation required to over-

It is a matter of public record that Romulo Betancourt...traveled to Washington in June 1945, and there received the go-ahead for a military coup...

throw the popular Medina. *El Pais*, the Accion Democratica paper, for months ran demagogic tirades against the government for alleged corruption in its development programs — much as the opposition today attacks CAP. "Embezzlement is the order of the day" *El Pais* made their slogan, and turned the population against Medina's policy of industrial expansion by arguing that growth is merely a source of graft for the politicians: "They are producing much to gain many commissions."

By the time of the actual coup, Medina had lost the battle where it could have been won: by politically building a base of scientifically educated leaders of the country to defend its policies of growth. By then, Betancourt had reduced "politics" and government to cynical issues of personalities, caudillos, corruption and thievery and Medina had lost the basis on which to fight Betancourt's zero-growth anti-humanist thuggery.

Rockefeller's Ranch

Betancourt used his succeeding period as provisional president through most of the "trienio," the 1945-1948 period before the next military coup, to institutionalize his demogogy. His regime was a Dantonian anti-republican shell of democracy, which dismembered the embryonic worker-industrialist alliance Medina was creating, and once more Venezuela returned to stable Rockefeller control.

Economically, the oil multinationals' fears were assuaged and they again began to run Venezuela for themselves. But it is in the area of political control for Rocky that the trienio was most successful.

Betancourt built up a party machine based on graft,

favoritism and outright mafioso tactics, whose main "popular" base was cynically manipulated and lumpenized peasantry. Among his first acts were to grant the illiterate peasantry the right to vote — in the name of democracy! — and to distribute tiny plots of land to them under the name of "land reform." Betancourt not only gained political support through these land reform measures, but also the financial indebtedness of the peasantry on these inefficient plots.

Venezuela under Betancourt also became a pilot project for two crucial arms of the Rockefeller family's private international apparatus in the area of social control: the International Basic Economy Corporation (IBEC), and the American International Association for Economic and Social Development (AIA). Both were the direct post-war extension of Nelson's private fiefdom, the OCIAA, with the explicit purpose of continuing economic and psychological warfare in Latin America.

IBEC, under Rodman Rockefeller's direction, established monopolies over fishing and milk production, and created vast truck farming, chain stores, coffee plantations, and cattle ranching. Betancourt's government set up the Corporacion Venezolano de Fomento (CVF) to interface directly with IBEC's operations.

The AIA was the sociological unit, and IBEC's non-profit twin. Venezuela and Brazil were selected as the AIA's first targets, and functioned as the prototype for AIA activity throughout the developing sector. Nelson personally organized the founding chapter in Venezuela, and Betancourt himself signed the founding agreement with Nelson. Even Nelson commented that his personal role was so vulgarly displayed that his "neck stuck out five miles." Eight individual members of the Rockefeller family, the Rockefeller Brothers Foundation Fund, and the four major oil companies financed the operation.

The principle task of the AIA's various programs was the psychological profiling of the population: studying

the ideology and targetting, recruiting and training the natural leaders within Venezuela's communities in order to maintain the webs of social control over the population, using as a strict model the psychological warfare techniques developed by John Rawlings Rees of the London Tavistock Institute.

The mass communications experiments in Venezuela were described by AIA's director of information and mass brainwashing expert, H. Schuyler Bradt, as the "biggest snow-job" he'd ever been connected to. They were so successful they became the model for the 1958 Programa Interamericano de Informacion Popular (PIIP), extending the Reesian psychological shock troops throughout the continent.

The trienio government practically served as an adjunct of AIA and IBEC operations, with various cabinet ministers serving on AIA programs. In Betancourt's second term as President, from 1959-63, the AIA even brought its Latin American headquarters to Caracas. AIA then began creating local extensions of its operations, aimed towards the eventual phase-out of the organization itself later in the 1960s. CENDES, the Ford Foundation, and others took over the AIA role and networks, as Nelson's native ranchhands.

When Betancourt returned to run Rockefeller's ranch in 1959, his main task was to destroy the Venezuelan left, creating the conditions for its massive police takeover in the subsequent demoralization. Since then, Venezuela's left has presented a horrible spectacle of near universal support for fascist zero-growth ideology, and ideological control only now threatening to break down as honest Venezuelan nationalists begin to rally around the pro-development regime of Carlos Andres Perez. This initial and urgent support for CAP can only be successful with the destruction of Betancourtian "democracy."

—Marietta Didier
Gretchen Small

Carter Administration Caught Redhanded In Cointelpro Against U.S. Labor Party

Evidence uncovered from several sources has revealed efforts by New York banking circles acting through the Carter Administration to destroy the U.S. Labor Party.

The aim of the conspiracy — in which the Carter Administration played the central organizing role — was to shut down the Labor Party by late September. The agencies and organizations that have been caught redhanded are the FBI and its Director Clarence Kelley (who of course follows the directives of his superior Attorney General Griffin Bell in this affair); the Federal Elections Commission; the United Auto Workers (UAW); the National Broadcasting Corporation (NBC); and the *New Republic* magazine.

In light of the escalating pattern of illegal activity of the Carter Administration the Labor Party has decided to make public selected disclosures now. Additional material is being supplied to the Judiciary Committee, the Senate Intelligence Committee, Senate Rules Committee, and the House Government Operations Committee. Official charges have also been filed with the Integrity Section of the Justice Department, and Congress has been called upon to hold immediate emergency hearings on the illegal "Watergate-type" activity of the Carter government. Attorneys for the USLP have also been granted an emergency hearing on August 4 to bring before the court evidence of illegal collusion between the FBI and the UAW.

The September Scenario

The Labor Party has known for one month that the Carter team and the New York banks were preparing a massive assault programmed for September. This campaign was to include a nationwide press and media slander campaign, harassment suits jointly pulled together by the "Left-CIA" and the FBI, and wild charges that the organization is "violence-prone" and so forth.

* Scheduled for early August was the \$30,000,000 "trademark" suit filed by the UAW against the Labor Party, a suit which also demands that every copy of the Labor Party newspaper *New Solidarity* be burned. As is well known, the UAW bureaucracy plays a pivotal role in both domestic and international operations of the "left-CIA."

* NBC, which is owned by "Our Crowd" investment houses (Lehman Bros., Goldman Sachs, Kuhn-Loeb of the Schiff-Warburg group and Lazard Freres), and whose Board of Directors were large contributors and backers of the Carter campaign, were scheduling a half-hour slander program on the U.S. Labor Party for early September on the show "Weekend." The program was to

transmit the line on the USLP as a "violence prone" "Moonie Cult" etc.

* *New Republic*, the mother of Fabian journals in America going back to the days of Walter Lippmann, was preparing to publish a manuscript in the fall written by an FBI informant who would launder FBI originated slanders through the *New Republic* journal.

These activities were to proceed in tandem with the unconstitutional harassment campaign of Carter's plumbers in the FEC who have issued subpoenas against the entire leadership of the party including its national chairman Lyndon H. LaRouche, Jr., and against the party's vendors.

The FBI, and Clarence Kelley personally, have played a central role in illegally coordinating this affair, in supplying "witnesses," in carrying out illegal Cointelpro operations. As the attack on the USLP was to mount, the FBI would be called upon to supply the appropriate "violence prone" labels and other slanders to give credibility to Carter's Cointelpro operations. But one of the immediate problems that both Bell and Kelley face is the fact that over two weeks ago a report was put on Mr. Bell's desk which, after going through all USLP activities, cleared the party of every charge and label put upon it by successive Rockefeller henchmen in the Justice Department.

"Star Witness"

In virtually every element of the September scenario, the FBI had planned to use as a "star witness" a pathetic former member of the Labor Party, Gregory Rose, who is presently employed by the FBI as a paid informant.

* *UAW*: Rose left the USLP in May 1975 after being confronted with evidence of criminal activity, namely stealing, and was asked to make financial restitution to several USLP members including several weeks' living expenses which he stole from a handicapped member of the party. Since he left the organization, the USLP headquarters in New York have received numerous court notices and judgements against Rose from department stores and other vendors for not paying his bills. This individual was to be the "star witness" for the UAW suit, the author a Cointelpro book to have been laundered through the "left-liberal" circuit by the *New Republic*, and the star slanderer of the NBC special program on the history of the U.S. Labor Party.

The Chief Counsel for the UAW, Mr. Stephen Schlossberg, has admitted to third parties that the UAW case worked out with the FBI and Clarence Kelley, and that Kelley himself cleared Rose for use in this so-called "trademark" suit.

One may very well ask himself how a lawyer in a civil suit gets to FBI informants, to Clarence Kelley, to FBI "debriefings" — to the highest levels of the Carter Administration — in a case against a major political party.

Rose has written an eight-section report for the UAW consisting of paranoid profiles of the USLP leadership with fabrications concerning the history of the party. The USLP has also secured hard evidence that Rose, as an FBI informant, stole part of the USLP legal files on the UAW case and made these files available both to Schlossberg and the FBI.

* *NBC*: The party also has documentation that the producer of the NBC Weekend show, James Gannon, interviewed Rose at 170 East 83rd Street, Apt. 2A, New York City, with prior and full knowledge of the fact that Rose was a paid informant of the FBI. Despite this knowledge Gannon was to have presented Rose as a "disaffected member" who had been threatened by the Labor Party and who had "inside knowledge" of violence and so on. For Rose's preliminary interview Gannon paid him \$200.

* *New Republic*: the USLP also has evidence that the editor of the *New Republic*, Martin Peretz, had agreed to

pay Rose \$1,500 a month for a book project on the USLP, which was to have appeared once NBC and the FBI had made it safe for the *New Republic* to peddle such filth to its "liberal-human rights" audience. Here too, the USLP has irrefutable evidence that Peretz knew beforehand that Rose was an FBI informant.

Peretz who is presently in Israel, was not in the country for comment; however, the managing editor of the *New Republic* assured the USLP (after first denying any knowledge of Rose or the book) that the project was being dropped. Similar assurances were given by NBC after they were confronted with the evidence that the USLP had caught them in a Cointelpro operation inspired by the Carter Administration.

In a statement released on the case, U.S. Labor Party Chief of Staff Costas Kalimtgis said: "In summation, we have shown that the officials of the Carter Administration are involved in an outrageously illegal operation against the USLP, and that key sections of the "left CIA," the UAW, *New Republic*, NBC, all of whom are directly tied to Carter, are directly involved. Just how long is Congress going to stand for this filth?"

Documentation Of Joint FBI-UAW Cointelpro

In Nov. 1975 the United Auto Workers (UAW) initiated a trademark and prima facie tort suit against the National Caucus of Labor Committees, the U.S. Labor Party and associated individuals and organizations. The UAW claimed that the NCLC-USLP twice-weekly newspaper, New Solidarity, was in unfair competition with their in-house paper UAW Solidarity and infringed on their trademark, which they were granted after the suit was initiated. The UAW also claimed that the defendants in the suit had damaged the reputations of the union leadership by stories printed in New Solidarity. The union asked \$30 million in damages and demanded that every copy of New Solidarity ever printed be destroyed.

The UAW's extraordinary demands for relief are the first indication this is no normal trademark infringement suit. FBI documents released under the Freedom of In-

formation Act to the NCLC make it clear that the UAW in fact had been collaborating with the FBI and the Department of Justice and the Department of Labor in gathering information on the NCLC and USLP, whom they all regarded as a major political enemy, and in planning a Cointelpro operation to destroy the organizations.

A full hearing into the UAW's illegal and unethical "dirty tricks" collaboration with the FBI will be held before Judge Lawrence W. Pierce, U.S. District Court for the Southern District of New York, August 4.

The attached documentation shows that not only has the FBI collaborated closely with the UAW in this suit, but that the UAW was intending to use as its star witness against the USLP, one Gregory Rose - an admitted FBI informant, a petty criminal and purse-snatcher, and a former member of the USLP.

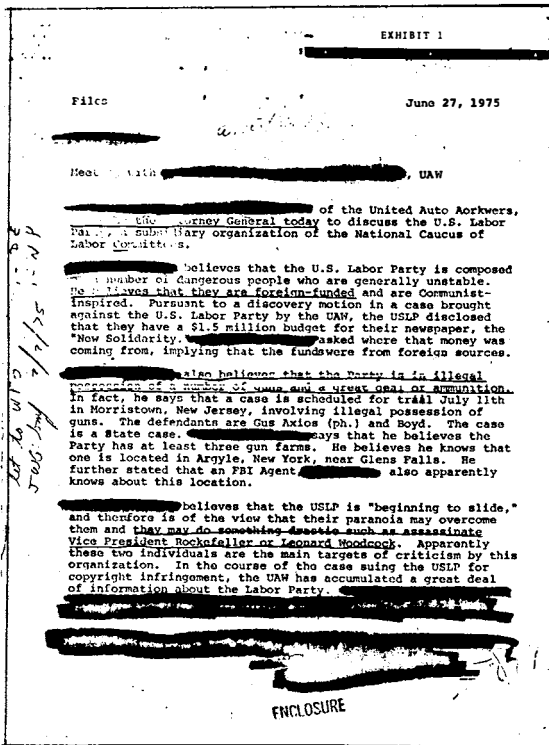


Exhibit 1: FBI memorandum concerning a June 27, 1975 meeting between Stephen Schlossberg, General Counsel of the UAW, and Attorney General Edward Levi, saying that the UAW has accumulated "a great deal of information about the Labor Party."

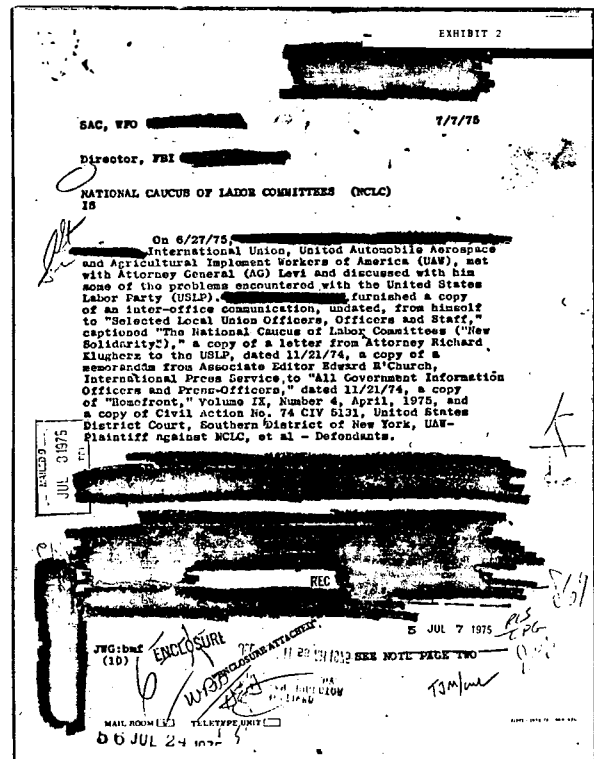


Exhibit 2: FBI memorandum from FBI Director Clarence Kelley to the FBI's Washington, D.C. field office, referring to the above meeting. Confirming the fact that it was Schlossberg himself who met with Levi, is the phrase "(deleted) furnished a copy of an inter-office communication, undated, from himself to "Selected Local Union Officers..." etc. This memo is from Schlossberg.

EXHIBIT 3

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/16/75

1

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), 1125 15th Street, N.W., furnished the following information:

In November, 1974, the UAW filed a civil action in the United States District Court for the Southern District of New York against the National Caucus of Labor Committees (NCLC) and its subsidiary organization, the United States Labor Party (USLP). The action is for unfair competition under the United States Trademark Act of 1946 and seeks judgment enjoining NCLC/USLP from further use of the words "Solidarity" or "New Solidarity" as they imitate "Solidarity", the name of the UAW official newspaper. A judgment of \$10,000,000 in punitive damages is also sought.

He believes that NCLC is composed of a number of dangerous people whose primary aim is to commit acts of violence such as assassination of Vice-President ROCHFELLER or UAW President LEONARD MCCORMACK. For example, on December 6, 1973, GUS AXIOS, whose true name is CONSTANTINOS KALIDIGIS, NCLC Director of Organization, and NCLC member ELLIAB BOYD, a former Black Panther, and DANIEL WASSERMAN were arrested by police at Mountain Lakes, New Jersey. The search after arrest disclosed guns and they were charged with illegal possession of hand guns. On May 25, 1975, a jury trial ended in a hung jury. A retrial was scheduled for June 23, 1975, but was delayed to July 8, 1975. He believes that NCLC maintains at least four "gun farms" (NCLC parlance) where are kept illegal guns and ammunition. One such farm is, or was, located near Argyll, New York.

Interviewed on 7/10/75 at Washington, D. C. by [redacted] and [redacted] on 7/11/75

2

Exhibit 3: FBI transcript of a second meeting with Schlossberg, where Schlossberg gave additional information to the FBI on July 10, 1975. The FBI notes that

FBI, and [redacted] investigated it. [redacted] had no additional information regarding locations of the farms or descriptions of guns.

Pursuant to a discovery motion in the above-described civil action, NCLC disclosed that they have a \$1.5 million budget for their newspaper "New Solidarity". In 1974 (First Name Unknown) ULLAWSKI from Philadelphia, Pennsylvania, gave or loaned NCLC tens of thousands of dollars. NCLC Chairman LT. MARCUS recently [redacted] from Iraq where he met with Iraqi leaders. NCLC members are meeting in Washington, D. C., with representatives of foreign Embassies. [redacted] concluded from these facts that NCLC receives foreign funding.

[redacted] has taken preliminary steps to file additional discovery motions for further disclosure of NCLC finances.

The UAW has recently requested the United States Department of Labor to investigate NCLC to determine if NCLC is a "labor organization" within the purview of the Landrum-Griffin Act and hence subject to its reporting requirements.

[redacted] furnished copies of the following documents:

1. Chart of General Organization, NCLC (NCLC prepared)
2. Report dated June, 1975, on NCLC prepared by Anti-Defamation League
3. Memorandum on NCLC from an unknown "left, but anti-NCLC" person

3

Schlossberg "has taken preliminary steps to file additional discovery motions for further disclosure of NCLC finances."

EXHIBIT 4

INTERVIEW WITH STEPHEN SCHLOSSBERG

(Following are excerpts from a telephone conversation with Stephen Schlossberg, the General Counsel of the UAW, held on July 13, 1977.)

Q: Now, what we would like to know is your opinion of whether or not you think...

A: He's [Greg Rose] genuine? ...He is genuine. ...No question about it. I'm absolutely convinced about it. I've seen his debriefing notes from the FBI and I've had three different lawyers work him over and there's no question in my mind he's genuine.

Q: O.K. The other question would be do you believe that he could substantiate the materials in terms of being a good courtroom witness....

A: ...Look, I've had a lawyer in Ohio and a lawyer in New York who both feel that he's going to be a superlative witness and that he can substantiate this material. And I think that with the FBI connection it makes it even better.

Q: They would, they would as far as you know give back up, uh, they would give the kind of support that would be necessary to confirm these allegations?

A: Well, I've seen a letter...I've seen a letter from Kelley, saying that he was an informant and he's on the payroll so many months, and I've seen some debriefing notes and I think that you that you wouldn't have anything to worry about.

A: ...Well, there's a lawyer in New York who's handling the case for me, and I'd suggest you might want to talk with him.

Q: O.K.

A: His name is Roger Zissu, Z-I-S-S-U. He's in the phone book under lawyers or attorneys or whatever they are and he's a very first-class guy.

Q: Right. Now has he spoken to Greg, or does he...?

A: Oh, yes, he's going to use him as a witness....

Exhibit 4: Excerpts from the transcript of a telephone conversation with UAW General Counsel Schlossberg, in which Schlossberg states that he has a letter from Kelley confirming Rose's role as an FBI informant, and that Rose was "on the payroll."

EXHIBIT 5

The following material will be included for examination and evaluation in reference to U.A.W. v. N.C.L.C. et al.:

- 1) History of personal involvement with N.C.L.C., U.S.L.P. and associated front organizations;
- 2) background sketches of leading personalities in the N.C.L.C., U.S.L.P. and associated front organizations;
- 3) the organizational structure, modes of organization and internal discipline of the N.C.L.C., U.S.L.P. and associated front organizations;
- 4) strategic and tactical political and organizational perspective of the N.C.L.C., U.S.L.P. and associated front organizations in the U.S. and abroad;
- 5) methods of operation and tactical/strategic perspective of the N.C.L.C., U.S.L.P. and associated front organizations toward the U.S. trade movement;
- 6) policy making, organizational and production structure of New Solidarity;
- 7) history of N.C.L.C., U.S.L.P. and associated front organizations' operations in U.A.W. and
- 8) general political history of the N.C.L.C., U.S.L.P. and associated front organizations.

Exhibit 5: The first page of an informant report prepared by Gregory Rose for the UAW at the request of Stephen Schlossberg. Schlossberg agreed to pay to Rose an undisclosed amount of money for the background report, composed of wild fabrications and the sort of petty gossip for which FBI files are well known.

NBC Covers Cointelpro Against Labor Committees

The following is a transcript of a TV news report by NBC reporter Carl Stern. The segment was aired July 5 on NBC Nightly News.

David Brinkley (NBC): Among the sensations in Washington in the last year or two was the discovery the FBI, the CIA and Internal Revenue had been snooping and spying on people in great numbers — often illegally and often without reason.

There were promises it would stop — that Congress would stay on top of it. Carl Stern reports that in at least one case, neither has happened.

Carl Stern (NBC): Fifteen months ago Attorney General Edward Levi issued guidelines limiting FBI surveillance and infiltration to groups breaking federal law and using force or violence, or about to do so. Since then, the number of domestic security investigations has dropped to 214.

But an investigation by NBC News shows that the government may still be doing far more than the facts warrant to surveil political fringe groups — and that Congress is not keeping watch though it promised to do so.

This building houses the Washington office of the National Caucus of Labor Committees, a left-wing organization with about one thousand members.

A recent report by Attorney General Griffin Bell described the group as a “violence-oriented Marxist revolutionary organization” involved in “beatings, kidnappings, and other forms of intimidation.”

But the group claims that information is just plain wrong:

Richard Cohen (NCLC): I’d simply tell the FBI that they are absolutely wrong in that — that they know they are wrong in that.

Stern: O.K. Do you have a potential for violence? Do you intend violence?

Cohen: Absolutely not.

Stern: Do you intend to break the federal criminal law?

Cohen: Absolutely not.

Stern: To find out why NCLC was being surveilled, we

asked the Justice Department whether it had prosecuted any member. The answer was “no.”

Department sources said the files showed violence by NCLC in eight cities —

But checking through police records only two arrests were found in Buffalo and two in Philadelphia — none more recent than four years ago.

The police departments said they regard NCLC as a nuisance, but not criminal.

These photos supposedly depict NCLC violence. But of four persons named as having been physically attacked, none said it was true, though one *did* say he’d received late night obscene phone calls from NCLC.

Government records show the group threatened to kill a Congressman but that is disputed and no charges were filed.

The records also suggest the group started a fight in Seattle — but Seattle police records show just the opposite occurred.

Nonetheless, NCLC is known, to those who have studied it, as very abrasive:

Harvey Kahn (Repression Information Project): NCLC has been attacking — I don’t know if violently is the most accurate word to describe it. Certainly they have been assaulting, disrupting — ah — using bullhorns to shout at people on picket lines. They’ve been involved in actually breaking into a meeting room and demanding the microphone. They’ve tried to take over organizations.

Stern: This panel — the Senate Intelligence Committee — is supposed to be the watchdog — to review FBI surveillances. Yet it says it hasn’t checked any in the year that the guidelines have been in effect.

The Justice Department says the surveillance is warranted because members of NCLC are “emotionally unstable” and pose “a potential for violence.”

But that does not seem to meet the guidelines *standard*....

Much of the file information seems stale or inaccurate...

Congress is *not* watching —

And the types of surveillances the guidelines supposedly ruled out, *still* seem to be going on.

Carl Stern, NBC News, Washington

Labor Leaders Falling For Carter Deals

The pro-growth leadership of the American labor movement did nothing but watch as the U.S. Senate voted earlier this week to cut funding for the breeder reactor program.

According to sources on Capitol Hill, labor had played the decisive role in bringing a vote on the breeder to the floor of both Houses of Congress. Only two weeks ago, the AFL-CIO, led by its Building Trades department, had engaged in an extensive lobbying campaign on behalf of proposals to fund the breeder at \$150 million: such efforts had included a letter under the signature of AFL-CIO President George Meany to all Congressmen urging passage of breeder funding as being in the best interests of the country.

But over the course of the last two weeks, these same Capitol Hill sources report that labor "demobilized." The office of Building Trades department head Robert Georgine told a reporter that their assessment was that the vote was sown up. "We have it made in the shade," he stated.

As the vote indicated, labor was wrong in this assessment. Informed observers have stated that labor's problem is not confined to simply a case of bad intelligence. Such sources note that it is symptomatic of a willingness on the part of key AFL-CIO leadership circles, especially around George Meany, to minimize and mitigate points of confrontation with the Carter Administration in exchange for "horse trading," with the White House and more particularly Fabian networks linked to Vice President Walter Mondale and Sen. Hubert Humphrey (D-Minn). Thus, labor is suddenly reaching "accommodations" with the Administration and its Congressional torch bearers on such things as labor law reform and the minimum wage, while pulling back in disarray on the breeder.

Lies

On the breeder question, it is widely acknowledged in Washington that if labor mobilizes and calls in its cards in Congress on the breeder, full funding will pass. Since it is only the Senate that has voted, even at this late date, labor can still pull the chestnuts out of the fire in the House vote next week.

Our sources in Washington report that the so-called Church compromise on the breeder would have never passed the Senate if several Senators had not been confused on the labor movement's position on the proposal. Since labor was saying nothing, and since such "friends of labor" as Sen. Scoop Jackson (D-Wash) and Sen. Frank Church (D-Id) were the people pulling the rug from the full breeder funding, several "border line" Senators figured that they had better line up behind a "labor-backed" compromise.

Meanwhile, at least one pro-development labor leader has indicated, ex post facto, that the compromise was

the best that could have been gotten "under the circumstances..." This leader and several others were shocked to learn that the "compromise" would all but destroy the breeder program: it seems that his "friends of labor" on Capitol Hill had been telling him something else.

Mutt and Jeff

The Meany AFL-CIO clique, which includes the gullible Building Trades, are falling for a pack of lies emanating from primarily the Mondale-Humphrey networks within the Administration and Congress. The game is Mutt and Jeff. On almost every issue, labor has been confronted with a "hardline" coming from various "Mutts" including at times, Carter himself. They are told by these "Mutts" that there will be no breeder program at all, that wage-price controls are in the works, there can't be labor law reform, etc. This is reinforced by psywar stories in the Wall Street press about the impotence and isolation of organized labor, usually dredging up some isolated fact to prove the point such as the defeat earlier this year of "common situs" picketing legislation in Congress.

Behind this smokescreen, various "friends of labor" - Jeffs—push a "soft line" of deals, compromises, and accommodations. Such Monty Hall-types as Church, Jackson, Labor Secretary Ray Marshall, productivity expert John Dunlop, provide labor leaders like Meany face-saving compromises touted as victories. As in the case of the breeder compromise, the victories only thinly - and temporarily - mask crushing defeats. But the key point, is that with each defeat, labor's overall *strategic* position vis-a-vis the monetarist enemy is weakened. And as soon as one compromise is reached, the next level of Mutt and Jeff operations begins.

The Labor Reform Hoax

The case of the labor reform compromise shows clearly how this "Mutt and Jeff" game works.

Early last week, the Carter Administration announced that it had reached a compromise with the AFL-CIO on a proposal to "reform" existing labor laws to make organizing workers easier and to provide monetary sanctions for those companies who resist. In exchange for Administration support, the *Wall Street Journal* reported that the AFL-CIO had decided to forego, for the time being, its efforts to push for repeal of the open shop provisions of the Taft-Hartley law and more extensive revisions of the National Labor Relations Act.

The compromise had been set up by statements from hardliners such as Federal Reserve Chairman Arthur Burns that labor reform was unnecessary and even dangerous. The Wall Street press had done its bit by printing stories about how the AFL-CIO didn't have votes to pass its own package and would go down to a disastrous defeat with Carter support.

According to sources, Mondale and Labor Secretary Marshall, putting themselves forward as "labor friends," were able to work out the reported accommodation over a period of months.

Deluded labor leaders think that they have "won" an important victory that will eventually bring them millions of new members. They have been dealt a fast one.

They have pushed themselves onto a collision course with right-wing industry and political spokesmen, nominally associated with the agent-controlled "Right to Work" formations. Such a confrontation would be avoided if the labor law reform was included as a predicate of an overall national industrial development and incorporated credit policies, precisely the policies which are the antithesis of the deindustrialization and slave-labor program of the Carter Administration and its social fascist friends of labor like Mondale and Humphrey.

Now, instead of having key industrialists as their allies, Meany et al. are using what they perceive to be Carter Administration muscle to finally get "their way."

The announcement of the compromise has had the effect of a red flag being waved in front of a bull on industrialists, especially southern and southern rim defense textile and others who would be the targets of any union-government organizing drive: not coincidentally, these

layers represent the core of the non-labor opposition to Carter. With an issue to "get the troops out on," networks associated with Buckleyite agent Richard Viguerrie are already at work mobilizing an anti-labor offensive. In addition, the National Association of Manufacturers and the U.S. Chamber of Commerce have announced plans to "fight to the death against labor law reform..."

If the package should make it through Congress – and that is by no means certain, the reforms would mesh perfectly with Mondale-backed plans for a national productivity drive based on fascist labor management committees. An aide to New York Sen. Jacob Javits, the key Congressional spokesman for this effort, said, "If you are going to have a national productivity drive, then you need to have labor people to talk to (on labor management committees) and you are going to have to let labor organize to get them." This opinion of the "usefulness" of a labor organizing drive is shared by several Administration officials, especially in Marshall's Labor Department.

The fact that is obvious to almost everyone around Washington – including some Administration officials – is that labor leaders such as Meany and the Administration have nothing in common. Observers will be watching next week's vote in the House on the breeder – a vote in which labor will be decisive – to see if the people over at the AFL-CIO headquarters are finally wising up.

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